Societe Generale - Ordinary General Meeting of 23 May 2023

Answers to written questions from shareholders

The actual wording of the following questions has been summarised (without distorting the meaning) whenever it was not deemed useful to present them verbatim for the purpose of clear understanding.

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20) Your bank responded to a question at your 2022 Annual General Meeting, stating that “Societe Generale remains mandated as financial advisor and lender to the Mozambique LNG project, which has been declared in a state of force majeure since last year”. Does the bank still act as a financial advisor to the project today? ............................................................................................................................... 11

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24) The situation on the ground has now fundamentally changed. In particular, the war resulted in 4,000 deaths and 1 million displaced persons. Sporadic attacks continue. Militarisation is increasing with even more soldiers deployed. In view of these changes, have you asked or do you intend to ask TotalEnergies to review the due diligence process and present a new risk assessment before any decision is made on the future of the project? If not, can you explain why? ...... 11

25) In February 2023, TotalEnergies asked Jean-Christophe Rufin to assess the humanitarian situation in Cabo Delgado, a report which has not yet been published by the company. Is your bank aware of this assessment and the fact that civil society has not had the capacity to question or contribute to the results? Has your bank received this assessment? If so, does your bank plan to make it available to shareholders, local communities, civil society, experts and other stakeholders? ....................................................................................................................................... 12
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26) Will the bank conduct its own assessment and due diligence of the new situation, or will it rely on the lender’s assessment? ........................................................................................................................................................................ 12

27) Your bank responded to a question posed at your 2022 Annual General Meeting, stating that “While the security situation is improving in Cabo Delgado province, further sustainable improvements will be required before construction can resume”. Your bank added that “Societe Generale remains fully committed to its clients and partners and to supporting the return to a stable and normalised situation necessary for the resumption of Mozambique LNG’s activities”. What is the basis for your assessment that “the security situation in Cabo Delgado is improving”, and what are the sources of this assessment? Do you also take into account the regional and Mozambican context as a whole when assessing the security situation? Could you describe precisely what you think are the “sustainable improvements [...] required before construction can resume”? Could you describe precisely what you consider to be “a stable and normalised situation necessary for the resumption of Mozambique LNG’s activities”? What are the specific human rights and safety conditions - of communities and workers - that will need to be met for Societe Generale to remain a funder of Mozambique LNG and approve a release of funding? ........................................................................................................................................................................ 12

28) Given that ExxonMobil is going ahead with Rovuma LNG, has your bank already been approached to participate in the financing of the project? ........................................................................................................................................................................................................................................ 12

29) Does your bank have any idea of the expected timeframe for reaching a final investment decision on the project? ........................................................................................................................................................................................................................................ 12

30) In the event that it is approached to participate in the financing of the project, and in light of the dramatic developments on the ground as well as the changes made by ExxonMobil and Eni in the design of the Rovuma LNG project, would you require the companies to conduct a new and accurate due diligence process and present a new risk assessment before making a decision on potential financing? ........................................................................................................................................................................................................................................ 12

31) If approached to participate in the financing of the project, would the bank make its own assessment of the situation on the ground or would it rely on the assessment of the companies? ........................................................................................................................................................................................................................................ 12

32) What are the specific human rights, security, environmental and climate impact conditions that must be met for Societe Generale to participate in the financing of Rovuma LNG? ........................................................................................................................................................................................................................................ 12

33) Can Societe Generale follow BNP Paribas in making a public commitment not to finance the Rovuma LNG project? ........................................................................................................................................................................................................................................ 12

Questions from Mr Emmanuel BESSON, individual shareholder .......................................................... 15

1) Could you please inform me of the main points that have been indicated so that shareholders can also form their views on the new management before the next AGM? ........................................................................................................................................................................................................................................ 15

2) In order to reduce the asymmetry of information between the shareholders, owners of the bank and the management of the bank and the main supervisory and regulatory authorities, could you inform me of the main polarising topics of your exchanges and/or any other useful information? ........................................................................................................................................................................................................................................ 15

Questions from Mr Dominique LEROY, individual shareholder .......................................................... 17

Why, again, limit the payment of cash dividends in order to implement a share buy-back programme? ........................................................................................................................................................................................................................................ 17

This is certainly a common financial practice across the Atlantic, but is it a good reason, especially as the political world has now found an angle of attack? ........................................................................................................................................................................................................................................ 17

Question from Reclaim Finance - NGO governed by the French law of 1901 (sent by email on 17 May 2023): ........................................................................................................................................................................................................................................ 18

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Questions from Mr François PLASSAIS, individual shareholder .......................................................... 23
In this context, beyond the external factors of imbalance and the obligations borne by all the players, what are the internal causes of the Group's devaluation, of this slow drift? How do you explain these setbacks, this profound rejection of the markets since you took office?

In a fickle, complex, brutal environment and in the absence of a more secure balance sheet, how can we restore the image affected by years of turpitude, what effective remedies do you suggest apart from those already proposed and a priori notoriously insufficient?
Questions from Mr Jean-Bernard PONTHUS, individual shareholder (sent by registered mail dated 21 March 2023):

Why does Societe Generale label certain clients as US tax residents when they are just holders of US shares? What are the criteria for qualifying a client as a US Person?

Response from the Board of Directors:

Under FATCA, Societe Generale must identify "Specified US Person" clients in its systems on the basis of indicia of a connection to the US:

- American nationality (including country of birth in the USA)
- Tax residence in the USA
- Effective presence in the USA
- Phone number in the USA
- Power of attorney to a third party resident in the USA.

In addition, third parties who are "HVA" (High Value Account) clients with assets in excess of $1 million must also be reported, for which Societe Generale must confirm the absence of any indicia of a connection to the US. It should be noted that a client holding US shares does not in itself warrant qualification as a US Person.

By means of a self-certification of tax residence provided by the client (confirmation or denial of indicia), Societe Generale makes an annual declaration to the French tax authorities (DGFIP) for transmission to the IRS (Internal Revenue Service).

In cases where a client has not provided their self-certification of tax residence, the bank is obliged to report the client as an "undocumented US PP" based on the evidence in its systems.

However, if a client, after having provided us with their self-certification of tax residence, has been wrongly reported on a previous occasion, Societe Generale will make a corrective declaration for that previous year to the tax authorities.

Since 2022, we have taken steps to ensure that all our relevant third parties (with substantial assets) provide us with their self-certification when requested in order to avoid misreporting.
Questions from the Association of Ethical Shareholders (sent by email on 09 May 2023):

Most of the carbon information of European banks covers only their lending activities. However, banks also help their clients to raise finance from investors via the capital markets, by arranging share and bond issues.

ShareAction's research found that between 2016 and 2021, 48.3% of Societe Generale's financial support to oil and gas expanders took the form of capital market financing.

Although it accounts for almost half of its financed emissions, Societe Generale does not currently disclose the carbon emissions of its capital markets activities and does not have a net zero target for these activities. Failure to report these activities misrepresents the level of funding the bank provides to carbon-intensive sectors, some of which rely heavily on debt financing as opposed to conventional business lending. It also exposes the bank to significant transition, reputational and legal risks.

We know that discussions are underway within the Partnership for Carbon-Related Accounting Financials (PCAF) to determine a methodology for an industry standard, but these discussions have stalled again due to disagreements over the degree of responsibility banks should have in relation to issues they facilitate, with some arguing for a weighting as low as 17%. ShareAction believes that banks should take full responsibility for issues facilitated by them and, therefore, that a 100% weighting is most appropriate. Societe Generale is currently not reporting on its true climate impact and should urgently remedy this.

Our questions are therefore as follows:

1) Will Societe Generale commit to covering capital markets activities in its disclosures and targets by its 2024 Annual General Meeting?
2) Will Societe Generale commit to a 100% weighting?

Response from the Board of Directors:

The debate within the Partnership for Carbon-Related Accounting Financials (PCAF) may seem technical, but it is necessary in order to correctly attribute an industry’s emissions to creditors, equity holders, or actors that facilitate that industry’s access to capital markets. The calculation of emissions from the provision of capital market activities is far from straightforward and is very different from that of financed emissions. The standard is not yet defined but work is underway. We are addressing and following this expert discussion closely and are committed to promoting comparability when choosing a reporting standard.

Once the methodology has been established, we will be able to assess the extent to which the metric is relevant to the definition of a target on which we can report. Similarly, alignment metrics are defined when clear methodologies are published. Alignment targets are defined according to a materiality principle in order to cover the sectors with the highest emission levels and prioritise certain parts of the value chain of the sectors concerned.
Questions from Mr Jean-Claude ROBERT, individual shareholder (sent by email on 09 May 2023):

The net tangible asset value per share is €62. The current share price is €21.

Why is there so much mistrust of SG? How can such a large discount be explained? What do you intend to do about it?

Response from the Board of Directors:

The share price does not reflect the intrinsic value of the Group as represented by the tangible net assets. After a significant rebound between January 2021 and February 2022, which pushed Societe Generale's share price above €35, this increase was interrupted by the outbreak of war in Ukraine, which led the Group to divest its Russian operations in an orderly and responsible manner.

Since then, banking stocks have been penalised by an uncertain economic environment, due in particular to the inflationary environment, and by the very specific difficulties encountered in the United States by several regional banks, and more recently by Crédit Suisse. Specific features of the French market (Livret A, fixed-rate home loans and attrition rates in particular) prevent French banks from benefiting as quickly as their European peers from the rise in interest rates. These benefits are expected to materialise from 2024 onwards and thus contribute to supporting the stock market prices of banking stocks on the French market.

Going forward, the completion of the Group's main strategic projects, which create value by enabling the development of resilient and diversified sources of revenue while reducing the overhead base, should support the share price: merger of the SG and Crédit du Nord retail banking networks and creation of a new retail bank in France, development of Boursorama, acquisition of LeasePlan by ALD to create a leader in mobility, creation of a joint venture with Bernstein to accelerate our development in the equity businesses.

In addition to this strategic roadmap, the Group enjoys strong fundamentals. First, Societe Generale's balance sheet is strong, with a high capital position (13.5% at 31 March 2023), ample liquidity ratios (e.g. LCR of 171% at 31 March) and a granular and diversified deposit base. In addition, Societe Generale has developed and strengthened a culture of risk management and compliance over the last few years, as evidenced by the very low cost of risk and non-performing loan rate we reported in Q1 2023. This is a key asset on which the bank can build.

All teams are fully mobilised to carry out the group's strategic roadmap, in which the business model is confirmed and will enable it to achieve its target profitability. Combined with continued recurring and predictable financial performance and continued strong capital ratios, the completion of these projects should lead to a significant reduction in the discount.
Questions from the Association of Ethical Shareholders (sent by email dated 10 May 2023):

This question is asked on behalf of Anthony Collins of the Save Our Songlines group of traditional custodians in Western Australia.

Societe Generale financed a urea-based fertiliser production project by a Western Australian company called Perdaman. The traditional custodians of the land on which the plant is proposed to be built oppose the project because of the damage it will do to their cultural heritage. The region has over a million ancient rock artworks, some of which are over 50,000 years old. It is as if a heavy industry was built in the caves of Lascaux or Chauvet.

With the financial support of Societe Generale, Perdaman removed ancient and sacred rock art at the end of April in order to build its factory. Unfortunately, this is not the only damage this project will inflict on rock art: sulphur and nitrogen oxide pollution from the plant will add to the degradation of the millions of works of art in the region. Experts believe that this art form could disappear in our lifetime due to this pollution. The traditional custodians requested that the factory be built 26 km away, in an existing industrial area, to avoid the destruction of their cultural heritage. Some of the rock art has been removed, but it is not too late to save the long-term future of the remaining artworks.

Our questions are as follows:

1) Will Societe Generale agree to meet with traditional custodians to discuss how best to defend the rights of First Nations?
2) Will Societe Generale use its influence to ask Perdaman to suspend construction of the project until the bank has met with the traditional custodians to discuss it further?

Response from the Board of Directors:

As a matter of principle, Societe Generale does not comment on situations involving specific clients or transactions. In relation to the Perdaman project in Australia, it should be noted that issues raised in relation to petroglyphs have been dealt with by the project company in accordance with the applicable legal and administrative processes.

Societe Generale seeks to engage with its stakeholders in a constructive manner and to adapt its system to best meet their expectations whenever possible, in compliance with the regulations and laws in force.
Free translation - In the event of discrepancies between the French and the English versions, the French one shall prevail.


**Issue 1: Ending support for shale oil and gas expansion**

The shale oil and gas industry is a major threat: air pollution, water contamination, disease and public health risks, earthquakes, and so on. The boom in the exploitation and export of these fossil fuel resources, mainly in the United States, is also one of the main threats to the global climate. The United States is expected to show the strongest development of oil and gas production in the world by 2050, almost exclusively based on shale hydrocarbons. The planned exploitation of the Permian Basin, the largest petroleum-producing basin in the world, located in Texas and New Mexico, could alone consume 10% of the remaining carbon budget to limit global warming to +1.5°C.

Noting some of these impacts, your bank published an oil and gas policy in January 2022, which provides for the exclusion of companies that derive more than 30% of their production or revenues from shale oil and gas, tar sands or Amazon or Arctic oil. It also provides for the exclusion of shale oil and gas exploration and production projects, as well as greenfield projects or significant expansion of liquefied natural gas (LNG) production or exports located in North America. The latter commitment has resulted in your withdrawal from several financial advisory mandates for LNG export terminal projects. The most recent is the announcement in 2023 that you withdrew from the Rio Grande LNG project in Texas in 2022.

However, it appears that Societe Generale continues to provide support to this sector, inconsistent with its own commitments.

- While it has clarified its position on Rio Grande LNG, it has not publicly done the same for the planned Driftwood LNG project in Louisiana, in which your bank became involved in 2017.
- Furthermore, we identified that Societe Generale participated in June 2022 - i.e., after the adoption of its policy - in loans to the Corpus Christi LNG terminal phase 3 expansion project by Cheniere, for an amount of almost €200 million. This is a very large project, with 7 liquefaction trains and a total capacity of over 10 Mtpa.
- In addition to providing direct financing to new North American LNG projects, Societe Generale is also a financier of the companies behind them. Since 2016, for example, you have provided €4.24 billion in financing to Cheniere, the US industry leader.
- Finally, Societe Generale is restricting its policy to one geographical area, North America, even though the shale oil and gas industry and new shale gas LNG terminals are generating the same impacts elsewhere in the world, for example in Argentina.

Our questions are therefore as follows:

1) **Is Societe Generale still involved as a financial advisor in the Driftwood LNG project? If so, is it committed to withdrawing from it? If not, when did it withdraw from it, and which bank(s) took over this advisory mandate?**

2) **Is Societe Generale currently involved in any other financial advisory mandates for new North American LNG terminals? If so, which ones?**

3) **Does Societe Generale confirm its intention not to provide any new financial services to the Rio Grande LNG project?**

4) **Does Societe Generale confirm its intention not to provide any new financial services to new North American LNG projects? And to projects to expand existing North American LNG terminals?**

5) **How does Societe Generale justify its June 2022 financing of the Corpus Christi LNG Phase 3 expansion project? Has it decided not to apply its policy in order to participate in these transactions?**

6) **Can you clarify the conditions of application of the exception that remains within your sectoral policy, which states that your measure to exclude new terminal projects or expansion of existing terminals would only apply "after the completion of projects for which Societe Generale has a mandate"? What exactly do you mean by "projects for which the group has a mandate"? How many projects does this exception cover? Can you give details of the projects concerned by this exception, for the sake of transparency vis-à-vis your shareholders and the general public, and so that they can have confidence in, and follow, the proper application of this sectoral policy by your bank?**
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7) Will Societe Generale commit to removing this exception, in order to allow full and consistent application of its oil and gas policy?
8) Will Societe Generale commit to extending its exclusion of North American LNG terminal projects to all shale gas terminal projects?
9) Will Societe Generale commit to stopping support for any company developing new shale oil and gas projects in all geographies and across the entire value chain, including exploration, extraction, transportation - in the form of pipelines and LNG - storage and processing?

**Issue 2: Exit from fossil gas power generation**

In its AR6 report, the Intergovernmental Panel on Climate Change (IPCC) highlighted the need to urgently accelerate the phase-out of fossil fuels in order to meet the target of limiting global warming to 1.5°C. In his recent presentation of a summary of the report, United Nations Secretary-General António Guterres stressed the need for an end to fossil fuel power generation, including gas, in OECD countries by 2035 and in the rest of the world by 2040.

Les Amis de la Terre France is a member of Beyond Fossil Fuels, a coalition of over 40 organisations working to eliminate fossil fuels from the European electricity mix by 2035. Amongst other things, we call on financial institutions to stop supporting gas developers and producers who have not adopted a plan to phase out gas by 2035 in Europe.

According to the report "Gaslighting: Financing fossil gas power is leading Europe's energy transition astray" published in April 2023 by Reclaim Finance and Beyond Fossil Fuels, between 2019 and 2022, Societe Generale supported gas-fired power plants and the companies that operate them with €10,752 million.

In November 2022, Societe Generale set a new CO2 emission intensity target for its exposure to the power generation sector of 125g CO2 per kWh by 2030. In addition, the "thermal sector" policy adopted by the bank in November 2021 sets a criterion for new gas-fired combined cycle power plants of more than 300 MW to comply with a maximum emissions intensity of 420 kg CO2 eq / MWh. This target is well above what is set by the European taxonomy, which itself is not aligned with science. These commitments are therefore far from sufficient. In particular, they do not guarantee concrete and immediate exclusionary measures concerning fossil gas and in particular the cessation of all financial support by Societe Generale for the development of new gas-fired electricity generation projects.

10) Can the Bank confirm its intention to change its specific policy on the electricity sector and, in line with the demands of the scientific community, to commit immediately to ending all support for new fossil gas-fired power stations developed by companies that do not have a plan to move away from gas by 2035 in Europe?
11) Does the bank intend to actively engage with companies involved in fossil gas power generation to pressure them to stop developing new gas-fired power plants?
12) Will the bank commit to no longer providing new financial services to power companies that do not abandon their investments in new fossil gas power plants and do not adopt a fossil gas exit plan consistent with a gas phase-out by 2035 in Europe?

**Issue 3: Ending all support for gas expansion in Mozambique**

We want to give the bank a hypothetical situation: there is a project to process and export gas from an offshore gas field.

The project takes place in a country that is on the World Bank's list of conflict-affected areas. It is being developed in the midst of a violent conflict with insurgent attacks that have already left thousands dead and a million people displaced, fuelled in part by the gas industry and outrage at the worsening of an already poor socio-economic situation on the one hand, and militarisation on the other.

The project is incompatible with the objectives of the Paris Agreement (with which Societe Generale claims to be in line), which limits global warming to 1.5°C and achieves zero net emissions by 2050. The scientific community as well as the International Energy Agency agree on the need for an immediate halt to all investments in new oil and gas fields in order to stay within these limits.
The project is being developed without the knowledge or informed consent of the affected communities and has destroyed their villages, and they have lost their livelihoods, with the loss of agricultural land, as well as the loss of access to productive fishing areas. It would also exacerbate climate change, which is already wreaking havoc in these same communities.

The project is fuelled by ultra-deepwater unconventional gas drilling, which takes place at a depth of more than 2000 metres. Scientific research published in the journal *Energy Policy* has found that the likelihood of a serious accident, death, injury, explosion or fire being reported increases by 8.5% with every additional 30 metres of depth at which an offshore platform operates. When a gas spill occurs, it will be very difficult to clean up and will have a devastating and irreversible impact on marine life.

Societe Generale does not have a policy to restrict the financing of ultra-deepwater drilling. Nor does it have a policy in place to exclude funding for new gas exploration and production projects or the midstream sector. The bank does not even seem to have an outright exclusion for projects in such situations.

Our questions are therefore as follows:

13) Does the bank agree that it is not advisable to finance a project in a very unstable area and in a country and province where there is conflict?
14) Are you aware that the UN Working Group on Business and Human Rights has issued guidelines for companies to conduct enhanced due diligence when operating in conflict zones?
15) Does the bank agree that the informed consent of local communities is required before developing a project that will impact on their lives and livelihoods?
16) Does the bank recognise the urgency of stopping the exploitation of new oil and gas resources today as a red line to limit warming to 1.5°C and achieve net zero emissions by 2050?
17) Does the bank agree that there are increased environmental risks associated with ultra-deepwater gas extraction?
18) Why does the bank not exclude the financing of gas extraction projects and in particular ultra-deep water gas extraction projects, when it has already committed to excluding the financing of oil extraction projects?
19) Can you confirm that, in theory, an intermediate gas project fed by ultra-deepwater gas drilling in a country on the World Bank’s list of conflict zones could hypothetically still be financed by Societe Generale?

This hypothetical example is in fact the situation in Cabo Delgado province in Mozambique. Societe Generale has already financed two gas projects in Mozambique, Coral South FLNG and Mozambique LNG, in the context of escalating conflict. In addition, your bank is still the financial advisor for the Mozambique LNG project. Regarding this project, TotalEnergies plans to lift its *force majeure* and resume operations soon, despite the critical situation on the ground and without having yet published the promised report on the humanitarian and human rights situation. A third project, Rovuma LNG, is also moving forward with a new design including even more LNG export capacity than originally planned and is or will be seeking financing.

We have written to Societe Generale asking them to take this dramatic and unstable context into account and to withdraw from Mozambique LNG and publicly exclude financing for Rovuma LNG. However, the bank did not respond to these particular requests.

Our questions are therefore, regarding Mozambique LNG:

20) Your bank responded to a question at your 2022 Annual General Meeting, stating that "Societe Generale remains mandated as financial advisor and lender to the Mozambique LNG project, which has been declared in a state of *force majeure* since last year". Does the bank still act as a financial advisor to the project today?
21) Is the bank’s loan to Mozambique LNG still suspended after the *force majeure*?
22) Has Total Energies asked the banks and Societe Generale to release all or part of this financing? If so, what was the response of your bank to this request?
23) When Societe Generale agreed to advise and finance Mozambique LNG, the conflict was already active in Mozambique and the risk of escalating violence had already been identified. However, this risk was underestimated by the promoter as well as by the project’s financiers. What lessons has your bank learned from this underestimation and how do you plan to change your decision-making process accordingly?
24) The situation on the ground has now fundamentally changed. In particular, the war resulted in 4,000 deaths and 1 million displaced persons. Sporadic attacks continue. Militarisation is increasing with even more
soldiers deployed. In view of these changes, have you asked or do you intend to ask TotalEnergies to review the due diligence process and present a new risk assessment before any decision is made on the future of the project? If not, can you explain why?

25) In February 2023, TotalEnergies asked Jean-Christophe Rufin to assess the humanitarian situation in Cabo Delgado, a report which has not yet been published by the company. Is your bank aware of this assessment and the fact that civil society has not had the capacity to question or contribute to the results? Has your bank received this assessment? If so, does your bank plan to make it available to shareholders, local communities, civil society, experts and other stakeholders?

26) Will the bank conduct its own assessment and due diligence of the new situation, or will it rely on the lender's assessment?

27) Your bank responded to a question posed at your 2022 Annual General Meeting, stating that "While the security situation is improving in Cabo Delgado province, further sustainable improvements will be required before construction can resume". Your bank added that "Societe Generale remains fully committed to its clients and partners and to supporting the return to a stable and normalised situation necessary for the resumption of Mozambique LNG's activities". What is the basis for your assessment that "the security situation in Cabo Delgado is improving", and what are the sources of this assessment? Do you also take into account the regional and Mozambican context as a whole when assessing the security situation? Could you describe precisely what you think are the "sustainable improvements [...] required before construction can resume"? Could you describe precisely what you consider to be "a stable and normalised situation necessary for the resumption of Mozambique LNG's activities"? What are the specific human rights and safety conditions - of communities and workers - that will need to be met for Societe Generale to remain a funder of Mozambique LNG and approve a release of funding?

Finally, our questions on Rovuma LNG:

28) Given that ExxonMobil is going ahead with Rovuma LNG, has your bank already been approached to participate in the financing of the project?

29) Does your bank have any idea of the expected timeframe for reaching a final investment decision on the project?

30) In the event that it is approached to participate in the financing of the project, and in light of the dramatic developments on the ground as well as the changes made by ExxonMobil and Eni in the design of the Rovuma LNG project, would you require the companies to conduct a new and accurate due diligence process and present a new risk assessment before making a decision on potential financing?

31) If approached to participate in the financing of the project, would the bank make its own assessment of the situation on the ground or would it rely on the assessment of the companies?

32) What are the specific human rights, security, environmental and climate impact conditions that must be met for Societe Generale to participate in the financing of Rovuma LNG?

33) Can Societe Generale follow BNP Paribas in making a public commitment not to finance the Rovuma LNG project?

Response from the Board of Directors:

Issue 1: Ending support for shale oil and gas expansion

As a matter of principle, the Group does not comment on individual transactions and cannot disclose the list of mandates to which the bank has committed.

As you will recall, Societe Generale published a new Oil & Gas Sector Policy in 2022 which tightens the limitations of its origination policy, and in particular focuses on greenfield projects or major expansions to liquefied natural gas (LNG) production or export projects located in North America.

Specifically, the Group confirms that it is no longer a financial advisor to the Rio Grande project and that it is no longer a financial advisor to the Driftwood project.

As regards the Corpus Christi extension project, this falls within the scope of Article 5.2 of the Oil and Gas Sector Policy.

As for clarification concerning the projects for which the group is already mandated, it simply aims to guarantee continuity of support for its clients in accordance with the commitments already made to those clients.
With regard to your question about companies that are involved in shale gas at any level of their value chain, these are managed within the overall environmental and social management framework.

We would point out that Societe Generale has committed to a short-term target of reducing its exposure to the oil and gas production sector (off 20% to 2025 vs. 2019) coupled with an absolute reduction target for Scope 3 emissions (-30% over the period 2019-2030). This last metric makes it possible to monitor the decline in oil and gas production over time at a rate compatible with the challenges of combating climate change, in line with the IEA’s Net-Zero scenario.

We aim to systematically integrate into annual credit reviews the E&S review of clients (review of the positive and negative E&S impacts of the client and how these are addressed), the climate vulnerability index which allows us to assess the transition risk of our clients, completed by a specific mechanism for analysing the energy transition of companies. All of these elements are intended to feed the discussion with our clients and allow us to adapt the bank’s appetite to accompany them, on a case-by-case basis.

Thus, the Group applies E&S policies that govern new relationships and the flow of business. Where appropriate, the E&S practices of clients are specifically discussed. The Climate Vulnerability Index is used to assess the transition risk of our clients. In addition, the Group is beginning to integrate an analysis of its clients’ climate strategies to inform commercial engagement, based in particular on the following elements:

- Carbon footprint
- Climate targets
- Diversification of the activity
- Resources deployed (Capex, R&D)
- The governance set up to implement the objectives.

**Issue 2: Exit from fossil gas power generation**

The scientific community, through the reports of the International Energy Agency and the IPCC, is drawing up carbon neutrality trajectories, while recalling certain conditions that are essential for their implementation, particularly in terms of social acceptance and maintaining energy security. In these 1.5°C scenarios, the use of oil and gas is strongly reduced but these energies still represent one fifth of the energy need in 2050.

With regard to electricity generation, Societe Generale strengthened its commitments in October 2022, reducing its target for CO2 emission intensity in 2030 to 125g CO2 per kWh. This compares with the IEA’s net zero emissions by 2050 scenario of 138g CO2 per kWh. This reduction in the carbon intensity of our power generation financing portfolio mechanically leads to an increasing share of less carbon-intensive power generation. We would stress that this metric, which sets a framework for the origination of new plants, is more ambitious than the IEA NZE scenario.

On the issue of stopping the provision of new services to electricity companies that do not abandon their investments in new fossil gas power plants and do not adopt a plan to exit from fossil gas that is compatible with an exit from gas by 2035 in Europe, the Group’s approach is to support its clients in the transition from fossil fuels to renewable energies, which is more beneficial than an abrupt halt to the financing provided to these clients. This is done through the setting of emission targets, sectoral policies and innovative financing solutions. The financial services offered to companies active in electricity generation are in line with these targets and policies.

**Issue 3: Ending all support for gas developments in Mozambique**

- **Unstable areas / Impacts on communities**

With regard to its financing, the Group adopts and respects the values and principles enshrined in the main international declarations and conventions (listed in its General Environmental and Social Principles), as well as the guiding principles recommended by the major institutions (including in particular the United Nations’ guiding principles on human rights). It also complies with applicable international embargoes and sanctions. Finally, the Group’s participation is subject to a thorough analysis of credit risks, including country risks, which is particularly strengthened in the case of operations in areas of tension and in countries with fragile regulatory frameworks, a lack of transparency or high levels of corruption and/or in which human rights violations have been observed. More generally, as a signatory to the Equator Principles, the
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Group is committed to particularly demanding standards. As such, the impacts on local populations are also given particular attention when evaluating dedicated transactions, especially in the oil and gas sector. In addition, on these subjects, the Group is, as a matter of principle, open to civil society organisations that wish to bring to its attention E&S issues related to its activities.

- **Stopping new oil and gas developments / Special case of ultra-deepwater**

As mentioned above, the International Energy Agency and IPCC reports outline carbon neutrality trajectories, while also pointing out certain conditions that are essential for their implementation, particularly in terms of social acceptance and maintaining energy security. The Group is working to strengthen its policies wisely on these key climate issues for the future.

The Group is delivering on the 2020 commitment to reduce oil and gas production exposure by 10% by 2025 compared to 2019 and has already completed its exit from reserve-based lending for US onshore assets which was set for the end of 2023. It announced an acceleration in 2022 and now envisages a reduction in exposure to the entire oil and gas production sector of at least 20% by 2025. It has also set an absolute reduction target for Scope 3 emissions (~30% over the period 2019-2030). This last metric makes it possible to monitor the decline in oil and gas production over time at a rate compatible with the challenges of combating climate change, in line with the IEA’s Net-Zero scenario.

The Group has also implemented exclusions for certain types of hydrocarbons or for certain geographical areas. Ultra-deepwater production does not fall into these excluded categories because it involves conventional hydrocarbons and conventional extraction methods. The great depth of water, on the other hand, is an element of technical complexity that gives rise to particular attention in the analysis of the projects concerned.

- **Mozambique LNG Project**

The Group is a lender to the Mozambique LNG Project and is legally bound by the provisions contained in the credit documentation. As such, it is not possible to comment on the status of the project. Any new due diligence updates will be reviewed by the Group in accordance with its E&S policies.

- **Rovuma LNG Project**

As a matter of principle, the Group does not comment on specific transactions or policies implemented by other banks.
Questions from Mr Emmanuel BESSON, individual shareholder  (sent by email on 16 May 2023):

Following the planned appointment of Slawomir Krupa as CEO and the numerous appointments that have taken place at Societe Generale, I would like to be informed of the bank’s responses to the EBA (EBA/GL/2021/06) and ESMA (35-36-2319) document of 2/7/2021 regarding the adequacy of the management and key function holders.

1) Could you please inform me of the main points that have been indicated so that shareholders can also form their views on the new management before the next AGM?

For your information, Societe Generale is trading on the stock market at extremely low levels of equity while it appears to be making money and is a "solvent and safe" bank. Investors therefore see this as a very important risk as it is quite rare to see such a discount (the discount is in addition to the sector discount). Recent bank resolutions have been drastic regarding the capital invested by shareholders, with stock market values being reduced to zero (Banco Popular, Crédit Suisse).

2) In order to reduce the asymmetry of information between the shareholders, owners of the bank and the management of the bank and the main supervisory and regulatory authorities, could you inform me of the main polarising topics of your exchanges and/or any other useful information?

Response from the Board of Directors:

1) Could you please inform me of the main points that have been indicated so that shareholders can also form their views on the new management before the next AGM?

In compliance with the recommendations issued by the EBA (EBA/GL/2021/06) and ESMA (35-36-2319) on 2/7/2021 regarding the suitability of senior management and key function holders, Societe Generale has a policy for assessing the collective and individual suitability of members of the Board of Directors as well as a policy for assessing the suitability of executive directors and key function holders. These policies describe the principles, criteria and processes that apply to the selection, assessment of suitability and management of succession plans of corporate officers and key function holders. The related principles take into account the five criteria and guidelines of the EBA and the ECB, namely knowledge, skills, experience, reputation, absence of conflicts of interest and independence of mind, as well as the needs and specific factors identified by the Board of Directors as necessary for the activities and strategy of an international banking group such as Societe Generale.

In 2023, three directors’ mandates expired and one director wished to step down from his mandate at the General Meeting of 23 May. The search process for candidates to replace them was launched in the summer of 2022, with the help of an external firm, on the basis of criteria defined by the Nomination and Corporate Governance Committee and the Board, which are described in detail on page 73 of the Universal Registration Document and on page 22/23 of the notice of meeting brochure that was sent or made available to all our shareholders. The Board of Directors relies in particular on a skills matrix, which is reviewed each year by the Nomination and Corporate Governance Committee and ensures that a balance is maintained in terms of age and parity within the Board of Directors as well as professional and international experience. These requirements are reviewed during annual evaluations, the results of which are presented on page 104 of the Universal Registration Document.

The process for the appointment of Mr. S. Krupa is also described in the Universal Registration Document, on page 73, as well as on page 23 of the notice of meeting. The search process for candidates was launched in May 2022. It was conducted by the Chairman of the Board of Directors, in coordination with the Nomination and Corporate Governance Committee. The Board was advised by an independent firm and considered a number of high quality candidates, both internal and external, French and international, before selecting Mr. S. Krupa.
In addition, in order to meet our obligations in respect of regulatory bodies, the evaluation files for corporate officers are submitted to said bodies within fifteen days of appointment.

2) In order to reduce the asymmetry of information between the shareholders, owners of the bank and the management of the bank and the main supervisory and regulatory authorities, could you inform me of the main polarising topics of your exchanges and/or any other useful information?

The share price does not reflect the intrinsic value of the Group as represented by the tangible net assets. After a significant rebound between January 2021 and February 2022, which pushed Societe Generale’s share price above €35, this increase was interrupted by the outbreak of war in Ukraine, which led the Group to divest its Russian operations in an orderly and responsible manner.

Since then, banking stocks have been penalised by an uncertain economic environment, due in particular to the inflationary environment, and by the very specific difficulties encountered in the United States by several regional banks, and more recently by Crédit Suisse. Specific features of the French market (Livret A, fixed-rate home loans and attrition rates in particular) prevent French banks from benefiting as quickly as their European peers from the rise in interest rates. These benefits are expected to materialise from 2024 onwards and thus contribute to supporting the stock market prices of banking stocks on the French market.

Going forward, the completion of the Group’s main strategic projects, which create value by enabling the development of resilient and diversified sources of revenue while reducing the overhead base, should support the share price: merger of the SG and Crédit du Nord retail banking networks and creation of a new retail bank in France, development of Boursorama, acquisition of LeasePlan by ALD to create a leader in mobility, creation of a joint venture with Bernstein to accelerate our development in the equity businesses.

In addition to this strategic roadmap, the Group enjoys strong fundamentals. First, Societe Generale’s balance sheet is strong, with a high capital position (13.5% at 31 March 2023), ample liquidity ratios (e.g. LCR of 171% at 31 March) and a granular and diversified deposit base. In addition, Societe Generale has developed and strengthened a culture of risk management and compliance over the last few years, as evidenced by the very low cost of risk and non-performing loan rate we reported in Q1 2023. This is a key asset on which the bank can build.

All teams are fully mobilised to carry out the group’s strategic roadmap, in which the business model is confirmed and will enable it to achieve its target profitability. Combined with continued recurring and predictable financial performance and continued strong capital ratios, the completion of these projects should lead to a significant reduction in the discount.
Questions from Mr Dominique LEROY, individual shareholder (sent by email on 16 May 2023):

Why, again, limit the payment of cash dividends in order to implement a share buy-back programme?

Unfortunately, these share buybacks are not reflected in the valuation of SG shares, and therefore potentially in the pockets of shareholders.

This is certainly a common financial practice across the Atlantic, but is it a good reason, especially as the political world has now found an angle of attack?

Response from the Board of Directors:

Our distribution to shareholders takes two forms: cash dividends and share buybacks.
As a reminder, the Group will pay a cash dividend of €1.70 per share for 2022, compared to €1.65 for 2021, an increase of 5%.

In addition to a cash dividend, share buybacks are often used, particularly in the banking sector, as a way of rewarding efficient shareholders, with several advantages:

- firstly, it has an **accretive effect**: as the shares bought back are cancelled, the shareholding of each shareholder in the company increases. As a result, the profit per share received by each shareholder increases proportionately. For the same reason, share buybacks **improve the valuation of the company** and therefore support the share price, at equivalent valuation multiples;

- share buybacks are economically more attractive to the shareholder if the stock is discounted from its intrinsic value, as measured by tangible net assets. This is the case for Societe Generale;

- the share buyback is also a **strong signal to the financial community** of the management team’s confidence in the share’s potential for appreciation.

- finally, as share buybacks must be authorised by regulators, they are a sign of the latter’s confidence in the capital trajectory of banks and that said capital can be distributed.
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**Question from Reclaim Finance - NGO governed by the French law of 1901** (sent by email on 17 May 2023):

1) **Question 1**

The scientific community is clear that in order to keep global warming above 1.5°C with little or no overshoot and limited recourse to negative emissions, no new oil and gas fields should be developed, even after the energy crisis triggered by the health crisis and exacerbated by the invasion of Ukraine.

The IEA projects in its Net Zero Emissions by 2050 scenario that peak gas consumption for power generation is to be reached in 2025, before declining by 97% between 2021 and 2040. In Europe, gas demand is expected to decline from 2024 and electricity generation is expected to be carbon neutral by 2035. The Institute for Energy Economics and Financial Analysis (IEEFA) estimates that if the LNG import projects currently planned to be built go ahead, Europe would have 415 billion cubic metres (bcm) of import capacity for an estimated demand of 150 bcm by 2030, a surplus of 177%.

Will you continue to provide financial services for the development of new oil and gas projects? If so, when do you plan to end it, as Crédit Agricole (for oil only) and BNP Paribas have already done?

What measures do you plan to take to ensure that the oil and gas companies you finance stop developing new fields as soon as possible and adopt a trajectory of decreasing their hydrocarbon production in line with the 1.5°C scenarios?

In your business dealings with these companies, do you explicitly ask them to schedule a halt to the development of new projects? If so, by when?

Does or could this criterion determine your financial support for these companies in the short term? If so, from when?

2) **Question 2**

The adoption of decarbonisation targets is a useful tool for steering your group's climate strategy, provided that you follow a trajectory that aims to limit global warming to 1.5°C with little or no overshoot and limited use of fossil fuels.

In addition to the findings in the previous question, the scientific community believes that to maintain our chances of limiting global warming to 1.5°C and to rely on a limited use of negative technologies and emissions, oil and gas production and consumption must decrease by 30% by 2030. This means a decline of about 3% per year for each of these hydrocarbons over the decade. The IEA also estimates in its Net Zero Emissions by 2050 scenario that between 2030 and 2040, gas and oil production must decline by 51% and 47% respectively. In addition, 40% of developed hydrocarbon reserves must remain underground to have a 50% chance of limiting warming to 1.5°C.

In this context, can you commit to steering your decarbonisation pathway towards a target of limiting global warming to 1.5°C with little or no overshoot and limited recourse to negative emissions? If not, can you explain why you do not wish to refer to such a scenario, and can you specify which scenario you are referring to as an alternative?

Furthermore, you refer to the IEA's Net-Zero-by-2050 scenario to justify your climate commitments, including your decarbonisation targets. Why not also refer to it in all your energy-related sectoral policies, in particular with regard to the financing of oil and gas projects and the companies developing them?

3) **Question 3**

The IEA projects a doubling of annual investments in the energy sector by 2030 to achieve carbon neutrality by 2050 and thus limit global warming to 1.5°C, with a 3.2-fold increase in investments in the energy transition. This target is in addition to a decrease in fossil fuel financing in order to reach a ratio of 1 euro invested in fossil fuels for every 5 euros invested in "clean" energy production and distribution by 2030 (mainly in solar and wind energy), and 4 euros in energy end-use and energy efficiency.
At the global level, we are currently far from this ratio since, again according to the IEA, for every euro invested in fossil fuels, barely 1.5 euros are invested in "clean energy" (according to the IEA definition).

From the “€300 billion contribution to sustainable finance by 2025”, what is the share earmarked for the energy transition and what types of energy are targeted?

Are you considering setting a target for the amount of specific funding for the energy transition by 2030? Which energy sources do you include in this amount?

Do you plan to apply at least a 5:1 ratio to your financing of sustainable energy production and distribution (5) on the one hand and fossil fuels (1) on the other, by 2030, with an intermediate target in the short term?

4) Question 4

At the beginning of March 2023, the Autorité des Marchés Financiers came out in favour of the systematisation of Say on Climate resolutions on the agenda of annual general meetings of listed companies. These resolutions aim to strengthen shareholder dialogue by seeking shareholder approval of the company’s climate strategy through a vote at the general meeting.

The AMF specifies that companies must have made public the details of their climate strategy, including the precise objectives associated with it. It is also in favour of regular monitoring of the implementation of this strategy by the general meeting.

In parallel, the Responsible Investment Forum sent a letter to the SBF 120 companies in September 2021 and then published opinion pieces in March 2022 and March 2023 calling on companies to broadly include Say on Climate resolutions. It recommends an annual consultative vote on two separate resolutions presented by the board of directors: one on the company’s climate strategy and one on the implementation of that strategy.

Furthermore, in order to provide investors with sufficient information to assess the alignment of a company’s climate strategy with a 1.5°C trajectory with little or no overshoot and limited negative greenhouse gas emissions, your climate strategy should include at least the following key indicators:

1. Short- and medium-term greenhouse gas emission reduction targets for Scopes 1, 2 and 3, expressed both in absolute terms and in terms of intensity.
2. Financing volumes and amounts underwritten, as well as emissions targets for short, medium and long term financing for high emission sectors - at least fossil fuels and electricity.
3. Robust policies for the fossil fuel sector that:
   a. cover all products and services offered by a company;
   b. cover the coal, oil and gas sectors;
   c. plan to stop providing financial services to companies involved in the expansion of the coal, oil and gas sectors;
   d. set a target of phasing out the provision of financial services to coal projects and companies by 2030 in OECD countries and by 2040 at the latest in the rest of the world;
   e. require portfolio companies to publish a fossil fuel phase-out plan consistent with a 1.5°C trajectory.
4. A robust policy for a sustainable electricity sector that:
   a. includes a clear definition of the scope of sustainable energy;
   b. excludes the natural gas and nuclear power sectors.
5. The volume of financing in sustainable energy in the short, medium and long term or/and the amounts subscribed, as well as the objectives for the development of new capacities.
6. The reference scenario used to define the objectives.

In view of this, do you commit to submitting each year, to the vote of the shareholders, a Say on Climate consisting of two resolutions, one on the approval of your transition strategy, and the other on its implementation, and containing the key indicators mentioned above?
Since investors need to assess the credibility of your climate plan, do you intend to have it certified on the basis of a 1.5°C trajectory with little or no overshoot and limited use of negative emissions?

5) Question 5

You recently announced that you stepped down in 2022 from your advisory role in the financing of the Rio Grande LNG terminal in Texas. This welcome decision echoes your commitment to no longer "provide dedicated financial transactions, products and services where the underlying activities are greenfield projects or major expansions of liquefied natural gas (LNG) production or export located in North America".

Numerous LNG production and export projects are being prepared around the world and systematically pose a threat to local communities and the environment - in addition to their climate consequences. This is true whether it is related to shale gas or not.

This is particularly the case in Argentina, in the Vaca Muerta basin, where oil and gas production from shale could increase significantly in the next few years to supply the world market with LNG.

The Mapuche indigenous community has been mobilising for years to defend their land against the expansion of the oil and gas industry. Some of its representatives travelled to Paris a few days ago to express their strong concerns and to solemnly call on the banks not to finance the expansion of shale oil and gas in Vaca Muerta.

So, in order to avoid any deterioration of the situation in Argentina and thus follow the logic that has been decided for North America, are you considering extending your policy of excluding shale hydrocarbon projects and LNG terminals for export to the rest of the world?

Response from the Board of Directors:

Question 1

The scientific community is drawing up global carbon neutrality trajectories, pointing out certain essential conditions for their implementation, particularly in terms of social acceptance and maintaining energy security, and warning against the consequences of too rapid a disengagement from the oil and gas sector in isolation from the overall energy transition issue. An immediate halt to funding to this sector would have significant consequences, according to the scientists themselves. The Societe Generale Group wishes to encourage an approach that supports its clients in the transition from fossil fuels to low-carbon energies, which is a more constructive approach than an abrupt end to the financing provided to these clients.

We would point out that Societe Generale has set a short-term target of reducing its exposure to the oil and gas production sector (of -20% to 2025 vs. 2019) coupled with an absolute reduction target for Scope 3 emissions (-30% over the period 2019-2030). This last metric makes it possible to monitor the decline in oil and gas production over time at a rate compatible with the challenges of combating climate change, in line with the IEA’s Net-Zero scenario.

We aim to systematically integrate into annual credit reviews, the E&S review of clients (review of the positive and negative E&S impacts of the client and how these are addressed), the climate vulnerability index which allows us to assess the transition risk of our clients, completed by a specific mechanism for analysing the energy transition of companies. All of these elements are intended to feed the discussion with our clients and allow us to adapt the bank’s appetite to accompany them, on a case-by-case basis.

Thus, the Group applies E&S policies that govern new relationships and the flow of business. Where appropriate, the E&S practices of clients are specifically discussed. The Climate Vulnerability Index is used to assess the transition risk of our clients. In addition, the Group is beginning to integrate an analysis of its clients’ climate strategies to inform commercial engagement, based in particular on the following elements:

- Carbon footprint
- Climate targets
- Diversification of the activity
- Resources deployed (Capex, R&D)
- The governance set up to implement the objectives.

**Question 2**

We confirm that we are working on setting sectoral alignment targets consistent with scenarios to limit global warming to 1.5°C with little or no overshoot. The IEA’s Net Zero Emissions by 2050 scenario was used to define the CO2 emissions intensity target for electricity generation and the targets for the oil and gas sector in terms of exposure and absolute CO2 emissions by 2030.

Your question calls for vigilance regarding the choice of 1.5°C scenarios, some of which may overestimate the use of industrial CO2 capture techniques. We confirm that we do indeed ensure that such scenarios are ruled out in the definition of targets. On the other hand, with a view to achieving global carbon neutrality in 2050, we have not ruled out any capture solution to date.

Sectoral policies have historically been defined to specify the criteria for exclusion or identify significant environmental and social objectives in certain particularly exposed sectors. For example, the oil and gas sector policy defines a series of unconventional extraction techniques and more broadly addresses the possible impacts of transactions on the environment and populations. These policies are reviewed as necessary to reflect the Group’s latest commitments in a given sector.

**Question 3**

In its carbon neutrality scenario, the International Energy Agency has effectively quantified the significant evolution of investments in renewable energies required in the coming years as well as investments in energy efficiency compared to residual investments in fossil energies. It should be noted that this scenario incorporates a notion of progressiveness in order to avoid the consequences of an overly rapid disengagement of the oil and gas sector in isolation from the overall issue of energy transition.

We understand the approach and note that, although it concerns the entire international economy, it will differ greatly depending on the geographical area and the historical energy consumption choices of states.

To date, we have defined a target that combines a contribution of €300bn to sustainable finance with alignment targets that have been prioritised on energy-related sectors. We are therefore committed to increasing our contribution to the energy transition, which will be reflected in a gradual increase in the share of renewable energy and energy efficiency efforts in the financing of the energy sector.

With regard to the target of €300bn of sustainable finance over the period 2022-2025, two thirds of the finance originated in 2022 is environment-related and one third is related to the financing of social infrastructure. Renewable energy financing accounts for one third of environment-related financing, the rest being financing related to sustainable mobility and sustainable buildings. As for bond issues, the bulk of the 2022 achievement corresponds to green bonds and bonds including climate-related indicators.

Societe Generale is also focusing on sustainable bond activity. Its market share in sustainable bond financing is six times higher than its market share in oil- and gas-related bond financing (4.16% and 0.62% respectively) (source: Dealogic).

In the area of renewable energy, Societe Generale has developed a global franchise to finance renewable energy around the world. In particular, we are the world’s leading financier of offshore wind energy in terms of the number of operations over the period 2003-2022 (source IJGlobal extract March 2023). Our target of €300bn is to 2025. In parallel, we have targets to 2030 through the alignment of sectors.

**Question 4**

Like many companies, Societe Generale gets requests from investors on the issue of Say on Climate voting, in addition to Societe Generale’s regular discussions with its investors on its climate strategy.

The Board of Directors considered this issue in 2022. Say on Climate faces legal and practical issues. From a legal point of view, the question arises as to the distribution of prerogatives between the General Meeting and the bank’s management.
bodies insofar as the bank's climate strategy is approved by the Board of Directors on the proposal of the General Management.

From a practical point of view, such a resolution would imply a presentation according to standards which, at this stage, are not yet defined. The European text (CSRD - Sustainability Reporting Directive), which will standardise the way companies communicate their energy transition plans, has not yet been transposed into French law.

In addition, the AMF published a press release on the topic of Say on Climate in March, in which it "invites companies listed on a regulated market to further strengthen their communication on their climate strategy and to present it at each general meeting as an agenda item with debate."

This is why, at this stage, it seemed more appropriate to provide information in the form of an agenda item within the framework of the general meeting, as we did last year.

Regarding your question on certification, we are closely following the strengthening of audit obligations, which is currently being discussed in the framework of the future CSRD, especially in terms of the transition plan. At present, the information contained in the Group’s Universal Registration Document under the extra-financial performance declaration is reviewed by an independent third-party organisation, which verifies its sincerity and compliance with French regulations on extra-financial transparency.

**Question 5**

Societe Generale has published a new Oil & Gas Sector Policy for 2022 which, as you will recall, tightens the limitations of its origination policy, and focuses in particular on greenfield projects or major expansions of liquefied natural gas (LNG) production or export located in North America. The policy also includes broader global exclusions on unconventional oil and gas.

In practice, unconventional oil and gas refers to oil sands, extra-heavy oil, shale oil and gas, as well as oil produced in the Arctic and the Ecuadorian Amazon, for which Societe Generale excludes:

- New dedicated transactions involving exploration and production of these hydrocarbon categories.
- Exploration and production companies for which these categories of hydrocarbons represent more than 30% of their overall production.
- Diversified players for whom production of these categories of hydrocarbons contributes more than 30% of their overall turnover.

As already mentioned, the continuous improvement of our alignment targets and sector policies means they are regularly adjusted.
Questions from Mr François PLASSAIS, individual shareholder (sent by email on 19 May 2023):

The broad destruction of value seen over the last 15 years, at an overwhelming and disproportionate cost, has not been enough for those at the top to restore an appropriate level of confidence.

Societe Generale's reputation has taken a beating, it continues to lag far behind its main competitor, and more than other banks, it has been severely sanctioned on the stock market.

In terms of its valuation, the group is now seen more as a simple regional entity than a reputable international bank, and more prey than predator.

The spartan earnings per share served up over this long cycle compare only very modestly to its sector and faintly with the dividends of its heyday. It does not promote recovery.

Its share price is close to its 1987 introductory level, methodically approaching the least enviable rankings, highly exposed to criticism, and subject to growing disaffection.

Despite the changes that have taken place, recent orientations do not seem very popular due to a lack of convincing innovative trends. Societe Generale appears to be very responsive to market demands. Unstable circumstances have marked this dark period for the Group, without bringing about a concrete capacity for resilience.

In this context, beyond the external factors of imbalance and the obligations borne by all the players, what are the internal causes of the Group's devaluation, of this slow drift? How do you explain these setbacks, this profound rejection of the markets since you took office?

In a fickle, complex, brutal environment and in the absence of a more secure balance sheet, how can we restore the image affected by years of turpitude, what effective remedies do you suggest apart from those already proposed and a priori notoriously insufficient?

Response from the Board of Directors:

The share price does not reflect the intrinsic value of the Group as represented by the tangible net assets. After a significant rebound between January 2021 and February 2022, which pushed the Societe Generale share price above €35, this increase was interrupted by the outbreak of war in Ukraine, which led the Group to divest its Russian operations in an orderly and responsible manner.

Since then, banking stocks have been penalised by an uncertain economic environment, due in particular to the inflationary environment, and by the very specific difficulties encountered in the United States by several regional banks, and more recently by Crédit Suisse. Specific features of the French market (Livret A, fixed-rate home loans and attrition rates in particular) prevent French banks from benefiting as quickly as their European peers from the rise in interest rates. These benefits are expected to materialise from 2024 onwards and thus contribute to supporting the stock market prices of banking stocks on the French market.

Going forward, the completion of the Group’s main strategic projects, which create value by enabling the development of resilient and diversified sources of revenue while reducing the overhead base, should support the share price: merger of the SG and Crédit du Nord retail banking networks and creation of a new retail bank in France, development of Boursorama, acquisition of LeasePlan by ALD to create a leader in mobility, creation of a joint venture with Bernstein to accelerate our development in the equity businesses.

In addition to this strategic roadmap, the Group enjoys strong fundamentals. First, Societe Generale’s balance sheet is strong, with a high capital position (13.5% at 31 March 2023), ample liquidity ratios (e.g. LCR of 171% at 31 March) and a granular and diversified deposit base. In addition, Societe Generale has developed and strengthened a culture of risk management and compliance over the last few years, as evidenced by the very low cost of risk and non-performing loan rate we reported in Q1 2023. This is a key asset on which the bank can build.

All teams are fully mobilised to carry out the group’s strategic roadmap, in which the business model is confirmed and will enable it to achieve its target profitability. Combined with continued recurring and predictable financial performance and continued strong capital ratios, the completion of these projects should lead to a significant reduction in the discount.