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# 2016 REMUNERATION POLICIES AND PRACTICES REPORT

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## SUMMARY

The objective of the remuneration policy implemented by the Group is to attract, motivate and retain employees in the long term, while ensuring an appropriate management of risks and compliance, and promoting the Group's values. With respect to the Chief Executive Officers, it is furthermore aimed at rewarding the implementation of the Group's long-term strategy in the interests of its shareholders, its clients and its employees.

## CORPORATE GOVERNANCE OF REMUNERATION POLICY

**The governance applied by the Group ensures an exhaustive and independent review of the remuneration policy, through:**

- > An annual review of remuneration, which is coordinated by the Human Resources Division and involves the Bank's control functions, in successive stages of validation up to the level of General Management;
- > A ultimate validation of this policy, including principles, budgets and individual allocations of the highest remunerations, for all the Core Businesses and Central Divisions, by the Board of Directors after review by the Compensation Committee.

**This remuneration policy has been established in compliance with relevant regulations, in particular the European Directive 2013/36/UE**, published on 26 June 2013 (hereinafter - "CRD IV") and its transposition in France via Order n°2014-158 of 20 February 2014, for the staff members exerting a significant impact on the Group's risk profile (hereinafter "regulated population"). It is subject to regular review:

- > Externally by the various supervisory bodies;
- > Internally through an independent review by the Internal Audit Division.

In addition, with respect to the Chief Executive Officers, it respects the recommendations of the AFEP-MEDEF Corporate Governance Code.

## GROUP'S POLICY AND PRINCIPLES WITH REGARD TO REMUNERATION

In addition to the constraints imposed by CRD III, the CRD IV, which applies since 2014, includes provisions for:

- > A definition of the regulated population, based on regulatory technical standards developed by the European Banking Authority (EBA) in the Delegated Regulation (EU) No 604/2014;
- > A cap on the variable component of remuneration of this regulated population, which cannot exceed the fixed component, with the possibility for the Annual General Shareholders' Meeting to approve a higher maximum ratio of up to 2:1 between variable and fixed components.

**In 2014, the Group completed the implementation of the CRD IV requirements through:**

- > The definition of the regulated population in line with the Delegated Regulation (EU) No 604/2014;
- > Obtaining an approval from the Annual General Meeting of 20 May 2014 for a maximum ratio of 2:1 between variable and fixed components of remuneration for the regulated population and ensuring that all beneficiaries comply with this maximum ratio.

° **The 2016 regulated population was defined, as in 2015, on the basis of the identification criteria specified in the EBA regulatory technical standards** (level of responsibility, impact in terms of risk exposure and level of total remuneration). On the basis of these criteria, **the regulated population for 2015 included 754 staff (excluding the Chairman of the Board and the Chief Executive Officers)**, compared with 676 in 2015. This increase is mainly due to the Group's decision not to notify exemptions of some employees identified only by their level of total remuneration.

° **The approach in terms of the determination and structure of variable remuneration for the regulated population is in continuity with that applied in previous years and remains compliant with the CRD IV requirements.** The key principles are as follows:

- > **The variable remuneration pools are determined by business line on the basis of:**
  - **the financial results** after taking into account the risks, the Finance Division ensuring that the total amount of variable remuneration does not undermine the Group's capacity to meet its objectives in terms of capital requirements;

- **qualitative factors** such as market practices, conditions under which activities are carried out and risk management, through an independent appraisal process performed by the Risk and Compliance Divisions, essentially for the Global Banking and Investor Solutions, for International Banking and Financial Services and for the activities of Retail Banking in France.
- > **The allocation of individual variable takes into account annual individual appraisal based on the achievement of quantitative and qualitative objectives known to the employee**, further complemented by an evaluation on risk management and compliance<sup>1</sup> carried out by the Risk and Compliance Divisions.
- > **A variable remuneration structure is compliant with regulations, including:**
  - a non vested component subject to continued employment, minimum financial performance conditions and appropriate management of risks and compliance, which vests over three years on a pro-rata basis, with a deferral rate of **at least 40% and up to 70% for the highest variable remunerations**;
  - the award of **at least 50% in the form of Societe Generale shares or share equivalents** (representing 50% of the vested component and two thirds of the non vested component).

As a result, **the part of variable remuneration that is immediately paid out in cash is capped at 30% and can go down to 15% for the highest variable remunerations**. The share equivalents, in addition, are subject to a retention period of at least six months.

Starting from 2014, the variable compensation arrangements for the Group Executive Committee and the Management Committee impose more stringent rules as compared to those applicable to other regulated staff, and are aligned with the scheme applied to the Chief Executive Officers (cf. below). The non-vested component of their variable remuneration is deferred over five years, including a part deferred in one third over three years as described above, and a part in the form of long-term incentive vesting after five years, attributed in the form of Societe Generale shares or share equivalents and subject to performance conditions depending on the relative performance of Societe Generale share (cf 2.3.3).

° In compliance with regulation, **Societe Generale's General Annual Meeting which took place on 20 May 2014 approved the increase of the ratio between variable and fixed components of remuneration to 200% for all the Group regulated population**. This decision will remain in force until reconsidered by the General Meeting.

° **The variable remuneration pool awarded to the regulated population with respect to 2016 was 240.1 M€ and total variable and fixed remuneration amounted to 491.1 M€**. The resulting average remuneration is down as compared to 2015, by -12% in terms of the variable component and by -8%, in terms of total fixed and variable remuneration<sup>2</sup>, at constant exchange rate:

<b>2016</b>	<b>Group Total</b>
<b>Regulated population</b>	754
<b>Total Remuneration</b>	491,1
of which Fixed remuneration	251,0
of which Variable remuneration	240,1
% of instruments	53%
% of deferred	44%
average ratio of variable / fixed	97%

*Data excluding Chairman of the Board and Chief Executive Officers*

1 All reference in this report to compliance includes the notion of reputational risk.

2 Excluding severance pay

# PREAMBLE

This document was drafted in application of Articles L511-71 to L511-88 of the French Monetary and Financial Code, as amended by Ordinance n°2014-158 of 20 February 2014 which modified the regulatory requirements concerning the remuneration of staff whose activities are likely to have a significant impact on the risk profile of credit institutions and investment firms. Ordinance n°2014-158 of 20 February 2014 (complemented by Decree n°2014-1315 and the Order relative to internal control, both dated 3 November 2014) transposed into the French law the remuneration provisions of the European Directive 2013/36/EU of 26 June 2013 (hereinafter - "CRD IV").

## PART 1. CORPORATE GOVERNANCE OF REMUNERATION POLICY

**The Group's remuneration policy is reviewed every year. It is defined by General Management, on a proposal of the Group Human Resources Division. The Board of Directors approves this policy, after examining the Compensation Committee's recommendation.**

The Group's remuneration policy, in particular with regard to the categories of staff whose activities have a significant impact on the Group's risk profile (hereinafter "regulated staff"), is applied to Societe Generale as well as the entities it controls, in France and throughout the world. The policy applied to the regulated staff is adapted outside France in order to comply with local regulations. The Group's rules are prevalent, except when local regulations are more stringent.

The definition of this policy draws on analysis of the market context and compensation surveys carried out by external consultants (e.g. Aon-Hewitt/MacLagan, Towers Watson, Mercer, PricewaterhouseCoopers).

### 1.1 The composition and the role of the Compensation Committee

As of 31 December 2016, the Compensation Committee is composed of four members, including three independent directors. Lorenzo Bini Smaghi, Chairman of the Board of Directors, participated in all the sessions of the Compensation Committee, starting from the date of his appointment. The link with the Risk Committee has been reinforced via the nomination of an Independent Director who is both member of the Risk Committee and the Compensation Committee.

The Compensation Committee includes the following directors:

Jean-Bernard LEVY, Chairman and Chief Executive Officer of EDF: Independent Director, President of the Compensation Committee, Member of the Nomination and Corporate Governance Committee.

Gérard MESTRALLET, Chairman of the Board of ENGIE: Independent Director, President of the Nomination and Corporate Governance Committee, Member of the Compensation Committee.

Juan Maria NIN GENOVA, Company Director: Independent Director, Member of the Risk Committee, Member of the Compensation Committee.

France HOUSSAYE, Product and partnership Coordinator at the Rouen branch: Director elected by employees, Member of the Compensation Committee.

The main missions of the Compensation Committee are defined in Section 3 on corporate governance of the 2016 Registration Document.

The Compensation Committee reports its findings to the Board of Directors. It carries out the same tasks for the Group companies supervised by the French Prudential Supervisory Authority (hereinafter "ACPR") on a consolidated or sub-consolidated basis.

More specifically, the Compensation Committee met seven times during the remuneration review process spanning the period 2016 - 2017. During these meetings, the Committee prepared the Board's decisions with respect to the following issues:

Chief Executive Officers	<ul style="list-style-type: none"> <li>- Status and remuneration of Chief Executive Officers;</li> <li>- Appraisal of qualitative and quantitative performance with respect to 2016 of Chief Executive Officers and discussion with the other Directors of the Group</li> <li>- Review of annual objectives set with respect to 2017 for Chief Executive Officers proposed to the Board</li> </ul>	<ul style="list-style-type: none"> <li>April 2016</li> <li>December 2016</li> <li>January 2017</li> <li>February 2017</li> <li>March 2017</li> </ul>
Regulation	<ul style="list-style-type: none"> <li>- Verification that Group remuneration policies comply with regulations, in particular those covering the regulated population (payment structure and terms)</li> <li>- Review of changes in regulations with regard to remuneration and regulators' requirements</li> </ul>	<ul style="list-style-type: none"> <li>April 2016</li> <li>July 2016</li> <li>December 2016</li> <li>January 2017</li> <li>February 2017</li> </ul>
Group remuneration policy	<ul style="list-style-type: none"> <li>- Verification that remuneration policy is in line with the Company's risk management policy and the objectives set in terms of capital requirements</li> <li>- Review of the extent to which risks and compliance are taken into account in the variable remuneration policy</li> <li>- Proposal put to the Board with respect to performance share plans</li> <li>- Review of the fulfilment of the performance conditions applicable to deferred remuneration and long term incentives of the Group</li> </ul>	<ul style="list-style-type: none"> <li>October 2016</li> <li>December 2016</li> <li>February 2017</li> <li>March 2017</li> </ul>

The Compensation Committee specifically ensured during the last period that the remuneration policy takes into account the risks generated by the businesses, and that employees comply with the risk-management policies and professional norms, and consulted with the Risks Committee on the issue.

## 1.2 Internal governance of remuneration within the Group

The annual process conducted to review individual situations (fixed salary and, when relevant, variable remuneration and/or performance shares) is coordinated by the Group Human Resources Division following various validation stages at the level of subsidiaries/business lines, Core Businesses and Central Divisions, the Group Human Resources Division and General Management and finally the Supervisory Board upon the recommendation from the Compensation Committee. The final validation covers policy and budgets for the whole Group, as well as individual allocations for the key positions and the highest levels of remuneration, with the Group Human Resources Division ensuring the consistency of the overall process and documenting the final validation stage at Group level. Legal and regulatory obligations in force in entities in France and in entities and countries outside France are taken into account in this process.

Moreover, General Management has defined, in addition to the annual process conducted to review individual situations, a system for the governance and delegation of remuneration decisions which applies to the entire Group. Above certain thresholds and under certain conditions, decisions relating to remuneration, which can be taken in various situations of human resources management (recruitment, functional or geographical mobility, promotion, departure,...) require validation by the Group Human Resources Division or General Management. These delegation rules are notified to Core Businesses and Central Divisions that subsequently apply them at their level.

## 1.3 The role of control functions

In compliance with the rules concerning bank remuneration policies and practices defined within the framework of the European CRD IV Directive and transposed into French law via notably Ordinance n°2014-1158 of 20 February 2014, **the control functions, including in particular the Risk Division, the Compliance Department and the Finance Division, are involved in the process of reviewing the Group's variable remunerations and, more specifically, those of the CRD IV regulated population.**

Control functions intervene in particular at the following key stages:

- > The Group Human Resources Division identifies the regulated population, both in terms of the covered perimeter of activities as well as covered positions, in cooperation with the Human Resources Division of each Core Business, the Risk Division and the Compliance Department (cf. 2.2 below);
- > The Finance Division validates the methodology used for setting variable remuneration pools, notably for Global Banking and Investor Solutions, ensuring that the various kinds of risk have been taken into consideration, and furthermore checking that the total amount of variable remuneration does not hinder the Group's capacity to build up its capital base (cf. 2.3.1.1 below). The Finance Division takes part in the process of defining deferred remuneration schemes (structure, performance conditions and malus clauses) (cf. 2.3.2 and 2.3.3).
- > The Risk Division and the Compliance Department assess risk and compliance management essentially for the sub-business lines of Global Banking and Investor Solutions, of International Banking and Financial Services and French Retail Banking (cf. 2.3.1.1 below), and give their opinion about the manner in which regulated staff take these aspects into account (cf. 2.3.1.2), leading to an adjustment of variable remuneration pools and individual awards in consideration of these assessments.

The independence of these control functions is guaranteed by hierarchical reporting to the Group's General Management. Moreover, as with all Group support functions, these functions are compensated through variable remuneration pools determined according to the Group's overall performance, independently of the results of the activities they control. The allocation of these variable remuneration pools is based on the extent to which objectives specific to their function are met.

**This governance system ensures that remuneration decisions are made independently and objectively. The process is annually reviewed *ex post* by the Internal Audit Division.**

## PART 2. GROUP REMUNERATION POLICIES AND PRINCIPLES

**The aim of the Group's remuneration policy is to enhance the efficiency of remuneration as a tool for attracting and retaining employees who contribute to the long term success of the company while ensuring that employees manage risks in an appropriate manner and comply with regulations.** This policy is based on principles common to the whole Group, which are then implemented by each business line and geographic area in which the Group operates, taking into account the market practices.

Remuneration includes a fixed component that rewards the capacity to hold a position in a satisfactory manner through the employee's displaying the required skills and, when relevant, a variable component that aims to reward collective and individual performance, depending on objectives defined at the beginning of the year and conditional on results, the context and also the behaviour displayed to meet said objectives, according to standards shared by the entire Group.

Employees whose variable remuneration award is below a certain level may also benefit from a long term incentive award in the form of performance shares. The corresponding pools of LTI are mainly dedicated to employees who have been identified as strategic talents, key resources and top performers.

**The Group's remuneration policy is defined in a manner that avoids providing incentives that may result in situations of a conflict of interests between employees and clients.** The governance principles and rules governing remuneration are set out in the Group's normative documentation concerning the management of conflicts of interest.

### 2.1 Conformance of the Group remuneration policy with regulatory requirements

In defining its remuneration policy, Societe Generale Group undertakes to comply with all the applicable regulations, notably:

- > Directive 2013/36/UE of the European Parliament and of the Council of 26 June 2013, transposed in the Monetary and Financial Code by Ordinance n° 2014-158 of 20 February 2014 (hereinafter - "CRD IV");
- > Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011, transposed in the Monetary and Financial Code by Ordinance n° 2013-676, and Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014, transposed in the Monetary and Financial Code by Ordinance n°2016-312 of 17 March 2016 (hereinafter - "Directives AIFMD and UCITS V");
- > Law n° 2013-672 of 26 July 2013 on separation and regulation of banking activities (hereinafter - "French Banking Law");
- > The rule enacted by Section 13 of the Bank Holding Company Act, implementing Section 619 of Dodd-Frank Wall Street Reform and Consumer Protection Act (hereinafter - "Volcker Rule");
- > Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, transposed in the Monetary and Financial Code by Ordinance n° 2007-544 of 12 April 2007 (hereinafter - "MIFID");
- > Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009, transposed in the Insurance Code by Ordinance n° 2015-378 of 2 April 2015 (hereinafter - "Solvency II").

**The main provisions of the regulations above regarding remunerations are as follows:**

- > The CRD IV, targeting credit institutions' and investment firms' worldwide activities, imposes constraints on the variable remuneration structure of employees considered as assuming significant risks (hereinafter - "CRD IV regulated staff"), including notably deferral of a part of the variable compensation and payment of a part of the variable compensation in the form of financial instruments indexed on the long-term interests of the bank, as well as a cap on the variable compensation as a multiple of fixed compensation;
- > Directives AIFMD and UCITS V, applicable to asset management firms' worldwide activities, impose constraints on the variable remuneration structure of employees identified as assuming significant risks (hereinafter - "AIFMD and UCITS V regulated staff"), including notably a requirement to defer a part of the variable compensation and to pay a part of the variable compensation in the form of financial instruments which reflect the performance of the funds under management;
- > The French Banking Law, targeting worldwide market and treasury operations, requires the Group to isolate in a separate subsidiary proprietary trading operations not linked to client activities and to ensure determination of the remuneration of the market operators in consistency with the organizational rules and internal functioning of activities, so that the remuneration does not encourage risk-taking without link to the pre-defined objectives;
- > The Volcker Rule, applicable to the worldwide scope of market operators, prohibits certain proprietary activities and requires that the compensation arrangements do not incentivize the activities prohibited by the Rule nor excessive or impudent risk-taking;
- > MIFID, implemented with the objective to protect the clients, and concerning employees providing investment and related services to clients in the EU / EEA, requires that the compensation arrangements encourage responsible professional behavior towards clients and help avoid conflict of interest;
- > Solvency II, applicable to insurance and reinsurance companies of the EU / EEA, requires setting remuneration policy compliant with the company strategy and with risk-management objectives, incorporating measures aimed at avoiding conflict of interest, promoting sound and efficient risk management, and not encouraging risk-taking

exceeding the risk tolerance limit of the entity. The Directive recommends a balance between the fixed and variable remuneration components and requires that a substantial part of the variable of the employees having significant impact on the risk profile of the entity be deferred over time.

The remuneration policy of Societe Generale Group incorporates the different constraints listed above in the following manner:

- > Ex-ante, taking into account risks while defining variable envelopes and individual allocations (cf. 2.3.1):
  - for the entire Group, applying quantitative financial indicators factoring in risks and also qualitative indicators in the definition of variable envelopes and including criteria related to risks and compliance management and to taking into account client interests and client satisfaction;
  - in addition, within Global Banking and Investor Solutions (GBIS), International Banking and Financial Services (IBFS) and French Retail Banking (RBDF), conducting independent annual evaluations by Risks and Compliance divisions regarding risks and compliance management by entities / activities which have a major impact on the Group's risks profile and by employees regulated in the sense of the CRD IV, AIFMD, UCITS V operating in these entities / activities.

Via the mechanisms described above, absence of direct link between commercial performance and variable remuneration is ensured.

- > Ex-post, taking into account risks in the deferred variable compensation schemes (cf. 2.3.2 and 2.3.3):
  - CRD IV regulated staff are subject to the following constraints: deferral of 40% minimum of the attributed variable over three to five years vesting on pro-rata temporis basis, starting from a certain amount of variable; attribution of 50% minimum of the variable in the form of financial instruments; non-vested part subject to presence and performance conditions, as well as to appropriate management of risks and compliance;
  - staff regulated under AIFMD and UCITS V are subject to similar constraints as imposed by the CRD IV in terms of deferral rate and period, payment of variable in instruments and conditions applicable to the non-vested part;
  - beyond the scope of staff regulated under CRD IV, AIFMD and UCITS V, the employees of Global Banking and Investor Solutions and those of the Central Divisions are subject to the following remuneration provisions: above a certain threshold, variable deferred on progressive rate over three years vesting on pro-rata temporis basis and paid in the form of financial instruments; non-vested part subject to the same vesting conditions as for CRD IV regulated staff.

### **Assessments carried out internally and externally demonstrate that the Group's remuneration policy complies with regulatory requirements.**

Internally, the Group's remuneration policy is reviewed regularly and independently by the Internal Audit Division since 2010. The latest review carried out in 2016 covered the remuneration policy applied for 2015 to the regulated population. The Internal Audit Division concluded that the risk of non-compliance of the Group's remuneration policy was managed in a satisfactory manner, both from the point of view of governance of the overall process and of the respect of the quantitative and qualitative rules applied to the variable remunerations awarded for the performance year 2015.

In addition, the Group's remuneration policy is regularly reviewed by external supervisory bodies (ACPR, ECB, EBA, Federal Reserve,...).

## **2.2 Perimeter of the regulated population in 2016**

In continuity with the previous financial years and in line with regulations, the regulated staff scope covers all employees whose professional activities have a material impact on the Bank's risk profile, including employees exercising control functions.

In 2015, the methodology of determination of the Group regulated staff, based on the Regulation (EU) 604/2014, led to the identification of 676 staff members (excluding Chief Executive Officers).

In 2016, the scope of the regulated staff was updated on the basis of the same regulatory technical standards which include:

- > Qualitative criteria linked to the function held and the level of responsibility;
- > Criteria linked to impact in terms of risk exposure based on limits of authority for credit risk and market risk, above the thresholds fixed by the EBA;
- > A level of total fixed and variable remuneration, including long term incentive awards (LTI).

On this basis, the perimeter of the 2016 regulated staff includes:

- > The Group's three **Chief Executive Officers** – Frédéric Oudéa, Séverin Cabannes and Bernardo Sanchez Incera - 3 persons;
- > **The Chairman and members of the Board of Directors** - 13 persons;



- > **The members of the Group Executive Committee and Management Committee**, which includes the Heads of the main business lines and subsidiaries of the Group, as well as the Heads of control and support functions for the Group (risks, compliance, internal audit, finance, legal and taxation, human resources, information technology) - 56 persons;
- > **Key staff members in charge of control functions or support functions** at Group level and who are not members of the aforementioned bodies - 17 persons
- > **Within the “material business units”<sup>3</sup>, the main operational managers** (members of the executive committees of activities or subsidiaries) **and managers responsible for control functions**, who are not already identified by the above criteria - 216 persons;
- > **Staff having credit authorisations and/or responsible for market risk limits exceeding materiality thresholds** at Group level, as defined by the EBA, and who are not already identified by the above criteria - 119 persons;
- > **Staff members whose total remuneration for 2015 exceeds the 500 K€ threshold defined by the EBA** and who are not already identified by the above criteria, which concerns a limited number of profiles within financing and investment banking who have essential skills for the development of certain Group activities and some key employees who achieved exceptional performance during the last financial year - 334 persons.

**In fine, the 2016 Group regulated staff comprised 758 staff members (including the Chairman of the Board and the three Chief Executive Officers).**

The increase of the number of regulated staff between 2015 and 2016 is explained essentially by the fact that the Group decided to forego the possibility to notify the exemption of some employees identified solely by their total remuneration but not exerting a significant impact on risks.

The perimeter of the population will more generally be reviewed every year to take into account changes in terms of internal organisation and remuneration levels. The employees identified as regulated are notified of their status.

**In addition, 286 staff members** (including 35 already identified at the Group level) **have been identified as regulated within ten subsidiaries of the Group** located within the European Economic Area. These entities must apply **on individual basis** the CRD IV Directive as they are considered significant entities in their respective countries:

- > 60 in Crédit du Nord in France;
- > 18 in Societe Generale Bank and Trust (SGBT) in Luxemburg;
- > 23 in Societe Generale Securities Services (SGSS) Spa in Italy;
- > 7 in SG Private Banking in Belgium;
- > 73 in Komerčni Banka in Czech Republic;
- > 34 in Banque Roumaine de Développement (BRD) in Romania;
- > 23 in Eurobank in Poland;
- > 20 in SGEB in Bulgaria;
- > 21 in Splitska Banka in Croatia;
- > 15 in SKB in Slovenia.

In addition to the staff members identified as material risk takers under CRD IV, as some activities of Societe Generale Group are subject to other regulations, other populations are identified and subject to specific constraints, in particular asset management firms under AIFMD and UCITS and insurance companies under Solvency II.

In compliance with articles 198 and 199 of the Order of 3 November 2014, asset management firms and insurance companies have been excluded from the scope of identification of the CRD IV regulated population on a consolidated basis. However, as indicated above, these companies are subject to other specific regulations - with principles similar to CRD IV – and specific regulated populations have been identified in these companies.

## 2.3 2016 Group variable remuneration policy

**Allocation of variable remuneration depends on both individual and collective performance and takes into account previously defined quantitative and qualitative criteria, integrating risks. It also takes into consideration the economic, social, and competitive context. In order to avoid any conflicts of interest, variable remuneration is not directly or solely linked to the amount of revenues generated.**

**In addition, for several categories of employees** (staff regulated under CRD IV, AIFMD, UCITS V; all employees within Global Banking and Investor Solutions and Central Divisions beyond a certain threshold), **a significant portion of variable remuneration is deferred over three years and subject to presence and performance conditions of the business line and/or activity concerned.** As such, when performance conditions are not met, the deferred component of variable remuneration is partially or fully forfeited. **Furthermore, any excessive risk taking or any behaviour deemed**

<sup>3</sup> The « material business units » as defined by the EBA regulatory standards are the activities (subsidiaries, businesses) within the Group which represent at least 2% of the Group's internal capital.

**unacceptable by General Management may result in a reduction or total forfeiture of this deferred component.** Finally, the variable remuneration of the CRD IV regulated staff is capped at two times the fixed remuneration.

### 2.3.1 Link between variable remuneration and performance and alignment of variable remuneration with risk within the Group (*ex ante*)

#### 2.3.1.1 Determination of variable remuneration pools

**The variable remuneration pool of Global Banking and Investor Solutions (GBIS) is defined on the basis of performance indicators which take into account all costs and risks inherent to the activities** (liquidity; counterparty; market; operational; legal; non compliance; capital - cf. detail in the table below)

Variable remuneration pools are set by business line, at a global and regional level, in order to ensure financial solidarity between the various activities and avoid conflicts of interest. Part of the variable remuneration pool of each business line is allocated to a transversal pool that is used to finance variable remuneration for activities still in their development stage and support functions (operations, information technology,...).

The methodology used for the determination of the GBIS variable remuneration pool has been defined by an ad hoc committee with the participation of General management, Finance Division, Risk Division, Human Resources Department and GBIS management. It complies with the relevant regulatory requirements. The GBIS variable remuneration pool was validated on this basis by the Board of Directors after review by the Compensation Committee.

**Within Retail Banking in France and International Banking and Financial Services, the variable remuneration pools are determined notably on the basis of the evolution of the operating income, which includes the different costs and risks inherent to the activities of these Core Businesses, as well as on the Return on Normative Equity (RONE)<sup>4</sup>.**

**For Central Divisions, the evolution of variable remuneration pools is based on the evolution of Group results, in particular on the net income Group share and on the ROE. This is notably the case for control functions which are integrated to the Central Divisions and for which variable remuneration pools are determined independently of the results of the business activities they control.**

**For all Core Businesses and Central Divisions, the setting of the pools, as well as their allocation to businesses/entities, depends on the aforementioned quantitative factors but also on several qualitative factors, which include:**

- > Market practices in terms of remuneration;
- > General conditions in the markets in which the results were generated;
- > Elements which may have impacted temporarily the business performance;
- > The stage of maturity of the activity;

**In addition, the Risk Division and the Compliance Department carry out an independent assessment of businesses/entities having a significant impact on the Group's risk profile, essentially within Global Banking and Investor Solutions, International Banking and Financial Services and French Retail Banking.**

Each business/entity is assessed by the Risk Division with respect to the way it manages counterparty risks, market risks and operational risks and by the Compliance Department with respect to managing non-compliance risk. Thus, the assessment made by the Risk and Compliance experts on the collective management of risks has a weighting effect on the manner in which variable remuneration pools are allocated between businesses/entities.

For the Group's senior managers (Chief Executive Officers, Group Executive Committee and Management Committee), variable remuneration is not based on a collective pool but is determined individually on the basis of the Group's financial results, the results of the business activity they supervise, the extent to which they have met their specific qualitative and quantitative objectives and taking into account market practices as reported by remuneration surveys.

Moreover, the Finance Division includes the proposed global variable remuneration pool at Group level in the budget forecasts that are used as a basis to project regulatory capital ratios. In this respect, variable remuneration is taken into account alongside other factors in capital planning and in terms of its adequacy with the objectives set by the Bank. The MDA<sup>5</sup> mechanism can restrict the distribution of earnings (including in particular variable remuneration) if the bank's capital ratios fall below certain thresholds.

Therefore, this policy fully preserves capital and liquidity, by encouraging to respect financial targets linked to capital and

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<sup>4</sup> Return on Normative Equity = Return on Equity of a Core business or activity, based on normative capital

<sup>5</sup> Maximum Distributable Amount

liquidity, and via the conditions for the award and vesting of the deferred part of the variable remuneration. Moreover, this remuneration policy is completely integrated in the capital planning and does not prevent the respect of the fully-loaded capital ratios, in compliance with the BCE recommendations.

The determination of the variable remuneration pools, which takes into account the risk appetite financial targets, remains in fine at the discretion of the General management. Notably, **the General Management reserves the right to re-calibrate variable remuneration pools if they limit the Bank's capacity to maintain the level of capital required to meet the target prudential ratios.**

### 2.3.1.2 Individual allocation of variable remuneration

**The individual allocations of variable remuneration components take into account, for the entire Group, an annual individual performance appraisal based on the achievement of quantitative and qualitative objectives.**

By consequence, there is no direct or automatic link between the commercial and financial results of an individual employee and his/her level of variable remuneration insofar as employees are assessed on their results, those of their activity and the way in which said results were achieved.

The recommended methodology for the objective setting is the SMART method (the objectives are Specific, Measurable, Accessible, Realistic and fixed within a Timeframe) in order to define objectives that are clearly identified and can be assessed by indicators that are known to the employee.

The qualitative objectives are tailored to the individual employee, in relation to the employee's professional activity and adapted to the position held. These objectives include the quality of risk management, the means used and behaviours displayed to achieve results such as cooperation, teamwork and human resources management, as well as the management of clients' interests and satisfaction. Such qualitative objectives are listed in a common reference document that is used throughout the Group.

**In addition to the individual appraisal carried out by line managers, the Risk Division and the Compliance Department independently assess categories of staff regulated under the CRD IV, AIFMD and UCITS V, essentially within Global Banking and Investor Solutions, International Banking and Financial Services and Retail banking in France. They review in particular:**

- > Risk awareness, technical expertise and risk management, as well as respect of policies and procedures related to risk management;
- > Compliance with regulations and internal procedures, as well as the extent to which they are transparent *vis-à-vis* the clients with respect to products and associated risks;
- > The quality of the interactions between the employees concerned and the Risk Division and the Compliance Department (transparency, pro-activity, completeness of information,...).

In 2016, the Risk Division and the Compliance Department assessed, within the framework of the same exercise, the employees in charge of trading desks under Volcker Rule and the French Banking Law<sup>6</sup> desks (including those who are also regulated in the sense of CRD IV).

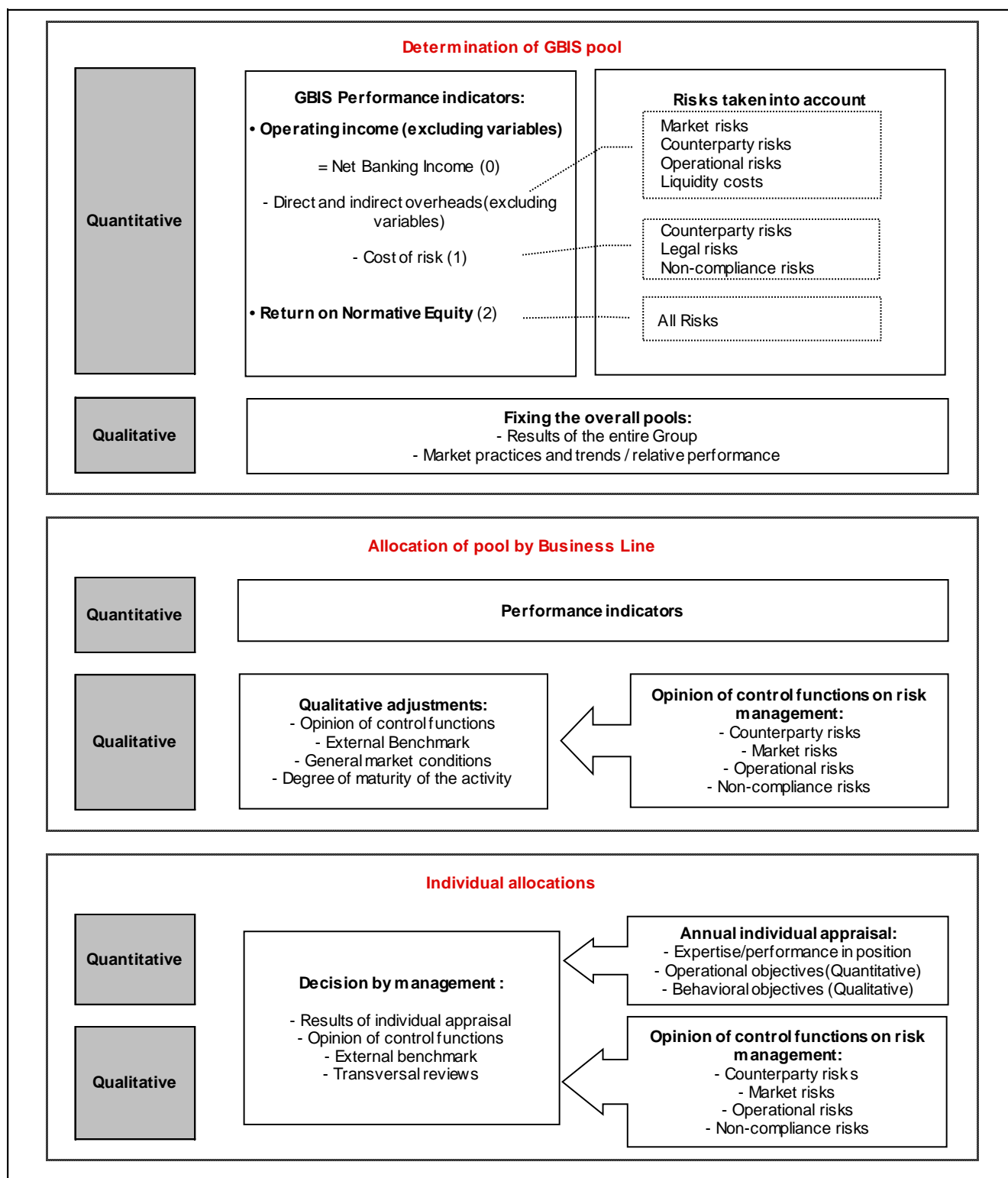
In addition to the above, the Risk Division and the Compliance Department may extend the scope of evaluated employees beyond staff regulated under the CRD IV, AIFMD and UCITS V and Volcker Rule/French Banking Law Desk Heads, if considered appropriate.

The senior management of the relevant Core Businesses, General Management and the Group Human Resources Division take the conclusions from the Risk Division and the Compliance Department into consideration when approving the overall variable remuneration pools and the way in which they are allocated at an individual level. The proposed variable awards are adjusted downwards in the event of a negative appraisal by the Risk Division and/or the Compliance Department. The conclusions and negative impacts are communicated to the Compensation Committee.

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<sup>6</sup> Essentially within MARK and GLFI business lines for 2016

## Taking into account performance and risks ex ante within Global Banking and Investor Solutions



(0) : °The market risks and market losses are included at the level of the NBI through the trading results.

°The counterparty risks linked to market operations are also taken into account in the NBI, through the Credit Value Adjustment (CVA) and the Debt Value Adjustment (DVA).

°The operational risks and losses are also included at the NBI level.

(1) : The net cost of risk includes counterparty risks in the following manner:

°For financing activities : losses expected over a one-year period on the portfolio + 10% of the accounting provisions for risks for the reporting year

°For private banking, asset management and investor services: accounting provisions for risks for the reporting year

The cost of risk also integrates the provisions for litigation risks and non-compliance risks.

(2) RONE: Return on normative equity calculated as [(1% \* average Risk Weighed Assets/RWA) + complementary own funds]. The RWA take into account counterparty, market and operational risks. The Net result taken into account for the calculation is based on the Net Cost of Risk as defined in (1).

## 2.3.2 Structure of variable remuneration

### 2.3.2.1 CRD IV regulated staff

The structure of the variable remuneration awarded to CRD IV regulated staff for the 2016 performance year includes, in compliance with regulation, above a threshold of 100 K€:

- > A non-vested component subject to presence and performance conditions, as well as appropriate management of risks and compliance, vested over a period of three years on a pro-rata basis, with a deferral rate of at least 40% and which may go up to 70% for the highest variable remuneration levels;
- > A payment of more than 50% in shares or share equivalents Societe Generale<sup>7</sup>, that is 50% of the vested component and two-thirds of the non-vested component.

Accordingly, the part paid immediately in cash is capped at 30%. It can even go down to 15% for the highest variable remunerations.

More precisely, the variable remuneration scheme of CRD IV regulated staff is structured as follows (cf. table below):

- > A vested, non-deferred part paid in cash in March of the year following the close of the financial year;
- > A vested part deferred in the form of share equivalents, for which the final amount paid to the employee depends on the Societe Generale share price at the end of the non-transferability period;
- > A non-vested deferred cash part (which is not indexed to the share price) in one instalment conditional on the employee's continuous employment with the Bank and dependent on the performance and risk alignment criteria described hereafter in 2.3.4;
- > A non-vested part deferred in Societe Generale shares or share equivalents in two instalments<sup>7</sup> for which vesting is conditional on the employee remaining employed by the Bank and dependent on the conditions described in section 2.3.4 and the final value depending on the Societe Generale share price at the end of the non-transferability period.

The non-transferability period is at least six months for instruments indexed to the Societe Generale share price.

All payments corresponding to instalments in shares or share equivalents, made after the non-transferability period, will be increased by the value of the dividend paid during the non-transferability period, if applicable.

All employees receiving deferred variable remuneration are prohibited from using hedging or insurance strategies during both the vesting period and the non-transferability period.

In accordance with the policy applied for the Chief Executive Officers, the variable remuneration structure of the members of the Group Executive Committee and Management Committee, all members of which are regulated under CRD IV, is more constraining. The non-vested component of their variable remuneration is deferred over five years<sup>8</sup>, out of which a part over three years pro rata temporis as mentioned above and a part under a long term incentive plan which vests after five years, awarded in Societe Generale shares or share equivalents<sup>7</sup> and subject to conditions depending on the relative performance of the Societe Generale share (cf 2.3.3).

### 2.3.2.2 AIFMD and UCITS V regulated staff

The employees working within asset management and who are regulated under AIFMD and UCITS V are subject to a variable remuneration scheme equivalent to that described above for CRD IV regulated staff, the instruments awarded being though, in compliance with AIFMD and UCITS V regulations, indexed to a basket of managed funds instead of being linked to the value of the Societe Generale share.

### 2.3.2.3 Solvency II regulated staff

The staff members working within insurance activities and who are regulated under Solvency II are subject to a variable remuneration scheme equivalent to that described above for CRD IV regulated staff, and their performance conditions are linked to the results of the insurance business.

### 2.3.2.4 Other staff whose variable remuneration is partly deferred

Beyond staff regulated under CRD IV, AIFMD and UCITS V, the variable remuneration of staff within Global Banking and Investor Solutions and Central Divisions is also subject, when it exceeds 100 K€, to a deferred payment on progressive rate over three years vesting on pro-rata temporis basis, with a first instalment in cash and the two following ones in shares or equivalent shares<sup>7</sup>. The non-vested part is subject to the same vesting conditions as for CRD IV regulated staff.

By way of reminder, the Group ceased to grant stock options since 2011.

<sup>7</sup> As for the preceding year, the instalments of non-vested variable remuneration awarded in instruments will be attributed to French tax residents in the form of Societe Generale shares, instead of equivalent shares as attributed before, as approved by Societe Generale shareholders at the General Meeting on 18 May 2016.

<sup>8</sup> Except for a few members of these committees located in specific geographies who have to comply with local constraints

Structure of variable remuneration attributed for 2016 (excluding Chief Executive Officers)

		Variable remuneration					
		Definitive payment/allocation deferred over time					
Categories of employees	Fixed remuneration	Vested component		Non-vested component			
40% to 70% of variable remuneration							
Group Senior Executives (Group Executive Committee)	Fixed salary	Cash	Share equivalents (1)	Deferred cash	Deferred cash	Shares or Share equivalents (1) (2)	Shares or Share equivalents (1) (2)
		50% upfront	50% deferred	20% deferred	20% deferred	20% deferred	40% deferred
Date of availability/payment		March 2017	October 2017*	March 2018*	March 2019*	October 2020*	October 2022*
40% to 70% of variable remuneration							
Group Senior Executives (Group Management Committee)	Fixed salary	Cash	Share equivalents (1)	Deferred cash	Deferred cash	Shares or Share equivalents (1) (2)	Shares or Share equivalents (1) (2)
		50% upfront	50% deferred	25% deferred	25% deferred	25% deferred	25% deferred
Date of availability/payment		March 2017	October 2017*	March 2018*	March 2019*	October 2020*	October 2022*
40% to 70% of variable remuneration							
CRD IV Regulated employees Variable remuneration > 100 K€	Fixed salary	Cash	Share equivalents (1)	Deferred cash	Shares or Share equivalents (1) (2)	Shares or Share equivalents (1) (2)	
		50% upfront	50% deferred	33% deferred	33% deferred	33% deferred	
Date of availability/payment		March 2017	October 2017*	March 2018*	October 2019*	October 2020*	
40% to 70% of variable remuneration							
AIFMD / UCITS V Regulated employees Variable remuneration > 100 K€	Fixed salary	Cash	Instruments indexed on the performance of a basket of funds (1)	Deferred cash	Instruments indexed on the performance of a basket of funds (1)	Instruments indexed on the performance of a basket of funds (1)	
		50% upfront	50% deferred	33% deferred	33% deferred	33% deferred	
Date of availability/payment		March 2017	October 2017*	March 2018*	October 2019*	October 2020*	
% depends on level of variable							
Other employees subject to Group deferral plan (3): Variable remuneration > 100 K€	Fixed salary	Cash		Deferred cash	Shares or Share equivalents (1) (2)	Shares or Share equivalents (1) (2)	
		100% upfront		33% deferred	33% deferred	33% deferred	
Date of availability/payment		March 2017		March 2018*	October 2019*	October 2020*	

\*Date of availability/payment, taking into account the post-vesting retention period (at least 6 months for shares and share equivalents)

(1) Installments in instruments remain subject to the potential application of the individual forfeiture (malus) clause during the retention period

(2) Shares for French tax residents / Share equivalents for non-French tax residents

(3) Employees in Global Banking and Investor Solutions and in the Group's Central Divisions

### 2.3.3 Performance conditions and risk alignment of deferred variable remuneration (ex post)

For all staff whose variable remuneration is partly deferred, the vesting of the deferred variable remuneration component depends entirely on both (i) the fulfilment of a performance condition and (ii) appropriate management of risks and compliance.

Performance conditions are tailored according to the division and activity. **If a minimum performance level is not met every year, non-vested variable remuneration is partially or entirely forfeited** (malus principle mentioned in Article L 511-83 of the Financial and Monetary Code).

**Performance thresholds are set by the Finance Division and are approved by the Board of Directors.**

**Performance conditions are set according to the level of responsibility and are increasingly demanding in line with the beneficiary's hierarchical level.** Societe Generale senior executives are subject to specific performance conditions, in line with the objectives set out in the Group's strategic plan.

The performance conditions applied to deferred remuneration, by managerial layer, are summarised in the following table:

Managerial layer		Vesting in March 2018	Vesting in March 2019	Vesting in March 2020	Vesting in March 2022
		Cash	Cash	Shares or Share equivalents with non-transferability period	Shares or Share equivalents with non-transferability period

Group Executive Committee and Management Committee	Businesses	2017 Operating income of perimeter of supervision (1)	2018 Operating income of perimeter of supervision (1)	2019 Operating income of perimeter of supervision (1)	Annualised relative TSR (*) between 2016 and 2021
	Central Divisions	Group Net Income 2017 + Core Tier One at 31/12/2017	Group Net Income 2018 + Core Tier One at 31/12/2018	Group Net Income 2019 + Core Tier One at 31/12/2019	

Managerial layer		Vesting in March 2018	Vesting in March 2019	Vesting in March 2020
		Cash	Shares or Share equivalents with non-transferability period	Shares or Share equivalents with non-transferability period
Other employees with a non-vested deferred component including regulated staff	GBIS (**)	Operating income 2017	Operating income 2018	Operating income 2019
	Other business and Central Divisions	Group Net Income 2017 (2)	Group Net Income 2018 (2)	Group Net Income 2019 (2)

(\*) TSR: Total Shareholder Return

(\*\*) GBIS: Global Banking and Investor Solutions

(1) Except for beneficiaries from KB, BRD and Rosbank

(2) Except for beneficiaries from KB, BRD and International Retail banking in Russia

Note: the panel of banks used to calculate the TSR includes, in addition to Societe Generale: Barclays, BBVA, BNP Paribas, Crédit Agricole, Crédit Suisse, Deutsche Bank, Intesa Sanpaolo, Nordea, Santander, UBS and Unicredit.

**In addition, any excessive risk taking or any behaviour deemed unacceptable by General Management may result in these deferred remuneration components being reduced or forfeited.**

### 2.3.4 Ratio between variable and fixed remuneration for CRD IV regulated staff

The CRD IV Directive introduced a cap on the variable component of remuneration, which cannot exceed the fixed component, with the possibility for the Annual General Shareholders' Meeting to approve a higher maximum ratio of up to 2:1 between variable and fixed components.

In accordance with the regulation and more specifically with Ordinance n°2014-158 of 20 February 2014 which transposed this Directive, **the Annual General Meeting of 20 May 2014 approved a maximum ratio of 2:1 between variable and fixed components of remuneration for the members of the CRD IV Group regulated population.** This decision will remain in force until reconsidered by the General Meeting.

Each regulated staff is compliant with this maximum ratio. For the members of the Group Executive Committee and Management Committee, who are beneficiaries of a long term incentive plan vesting after five years and awarded in Societe

Generale shares or share equivalents, the faculty given by the Ordinance n°2014-518 of 20 February 2014 to apply a discount rate to the part of the variable remuneration awarded in instruments and deferred for at least five years has been applied to compute the ratio between variable and fixed components.

### 2.3.5 The 2016 variable remuneration pool of the CRD IV regulated staff

**The variable remuneration pool awarded to the CRD IV regulated staff with respect to 2016 was 240.1 M€ and total variable and fixed remuneration amounted to 491.1 M€.** This pool leads to a downside of average remuneration, by -12% for the variable component<sup>9</sup> and by -8% in terms of total fixed and variable remuneration, at constant exchange rate, as compared to average remuneration of 2015 CRD IV regulated staff. This is due to the broadening of this population, due to inclusion of staff with lower average levels of remuneration, and to the decrease of the variable remuneration awarded to CRD IV regulated staff within Global Banking and Investor Solutions, accounting for the major part of the scope.

### 2.3.6 Policy concerning guaranteed remuneration

For all Group employees, awarding a guaranteed variable remuneration in the context of hiring a new employee is:

- > Strictly limited to one year (in compliance with CRD IV);
- > Subject to the terms of the deferred variable remuneration scheme applicable for the given financial year.

### 2.3.7 Severance payments

Discretionary payments (i.e. payments in excess of severance payments set by law or a collective bargaining agreement due under the binding provisions of labour law), linked to the early termination of an employment contract, are not under any circumstances set contractually in advance (e.g. golden parachutes are strictly forbidden). They are determined at the time the employee leaves the Bank, by taking into account the beneficiary's performances, assessed in the light of the collective performances of the activity the employee belongs to as well as the performances of the Group as a whole.

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<sup>9</sup> Excluding severance pay



## PART 3. REMUNERATION OF CHIEF EXECUTIVE OFFICERS

The remuneration of the Chief Executive Officers complies with the CRD IV and its transposition in France. It also respects the recommendations made by the AFEP-MEDEF Corporate Governance Code. Accordingly, the Board of Directors defines the remuneration of the Chief Executive Officers, on a proposal of the Compensation Committee (cf. 1.1. above). The remuneration policy applied to the Chief Executive Officers is detailed in Chapter 3 of the 2016 Registration Document on the Corporate governance.

## PART 4. INFORMATION ABOUT REMUNERATION FOR FINANCIAL YEAR 2016

### 4.1 The regulated population (individuals whose professional activities have a material impact on the risk profile of the company) excluding Chief Executive Officers

#### A. Remuneration awarded for the financial year (in MEUR):

	Group Total	Supervisory Council	Executive Committee	Markets activity	Financing and Advisory	GBIS - Others	Retail Banking	Control and Support Functions
<b>Regulated population</b>	754	12	11	319	231	36	50	95
<b>Total Remuneration</b>	491,1	14	12,5	235,6	152,3	19,1	26,2	44,0
of which Fixed remuneration	251,0	140	4,9	127,4	73,1	10,3	12,8	21,1
of which Variable remuneration <sup>1</sup>	240,1		7,6	108,2	79,2	8,8	13,4	22,9
<b>Variable remuneration <sup>1</sup></b>								
of which upfront part	134,7		3,2	61,4	44,3	4,6	7,3	13,9
including cash	75,5		1,6	35,2	24,4	2,3	3,8	8,2
including instruments <sup>2</sup>	59,2		1,6	26,2	19,9	2,3	3,5	5,7
of which deferred part	105,4		4,3	46,8	35,0	4,1	6,2	9,0
including cash	37,5		1,7	15,7	12,5	1,7	2,6	3,3
including instruments	67,9		2,6	31,1	22,5	2,4	3,6	5,7

(1) Payable in several instalments between March 2017 and October 2022

(2) During the retention period, remaining subject to the potential application of the individual and collective forfeiture condition

#### B. Deferred variable remuneration :

##### a. Summary of the relevant deferred variable plans by instalment and by vehicle (except those applicable to Executive Committee and Management Committee):

Instalment	2013	2014	2015	2016	2017	2018	2019	2020
<b>Plan 2012</b>	50% Cash 50% Share Equiv.	Cash	Share Equiv.	Share Equiv.				
<b>Plan 2013</b>		50% Cash 50% Share Equiv.	Cash	Share Equiv.	Share Equiv.			
<b>Plan 2014</b>			50% Cash 50% Share Equiv.	Cash	Share Equiv.	Share Equiv.		
<b>Plan 2015</b>				50% Cash 50% Share Equiv.	Cash	Shares or Share Equiv.	Shares or Share Equiv.	
<b>Plan 2016</b>					50% Cash 50% Share Equiv.	Cash	Shares or Share Equiv.	Shares or Share Equiv.

Share Equiv. : Société Générale Share Equivalents are paid out in their cash value after at least a 6 month retention period

Shares: Société Générale performance shares with a vesting period of at least 2 years followed by a retention period of 6 months for residents of France

##### b. Outstanding deferred variable remuneration

The amount of outstanding deferred remuneration corresponds this year to the outstanding deferred variable remuneration awarded with respect to 2016, 2015, 2014, 2013, 2011 and 2010.

#### Amounts of conditional deferred remuneration in MEUR <sup>(1)</sup>

With respect to 2016 financial year	With respect to prior financial years
164,6 <sup>(2)</sup>	123,55

(1) Expressed as value at award date

(2) Including vested instruments, subject to retention period of six months, during which the appropriate management of risks and compliance condition applies.

All outstanding deferred variable remuneration is exposed to possible explicit adjustments (performance conditions and clause concerning appropriate management of risks and compliance) and/or implicit adjustments (indexation on share price).

c. Deferred variable remuneration paid out or reduced through performance adjustments for the financial year:

Year of award	Amount of deferred remuneration vested in €m - Value at award <sup>(1)</sup>	Amount of deferred remuneration reduced through performance adjustments <sup>(2)</sup>	Amount of deferred remuneration vested in €m - Value at time of vesting/of payment <sup>(1) (3)</sup>
2015	93,2	0,02 <sup>(4)</sup>	116,6
2014	35,8		40,8
2013	44,6	0,04 <sup>(5)</sup>	45,2
2012	1,8	1,1 <sup>(6)</sup>	1.7
2010	0,2		0,2

(1) Including vested instruments, subject to retention period of six months to one year, during which the appropriate management of risks and compliance condition applies.

(2) The amount of deferred remuneration reduced corresponds to explicit adjustments (performance conditions not met). The balance of the difference between the amount of deferred variable remuneration in value at award and in value at the time of vesting/payment is due to implicit adjustments (the variation of the SG share value).

(3) Amounts valued at the share value defined in March 2017.

(4) The amount of remunerations awarded under the 2015 plan was reduced by 18 623€, due to a performance condition not being met.

(5) The amount of remunerations awarded under the 2013 plan was reduced by 41 770€, due to a performance condition not being met.

(6) 24 173 performance shares awarded as part of the 2012 plan were forfeited, due to the performance conditions not being met.

C. Sign-on and severance payments made during the financial year:

Total amount of severance payments made and number of beneficiaries		Sign-on payments made and number of beneficiaries	
Amount paid out in €m <sup>(1)</sup>	Number of beneficiaries	Amount paid out in €m	Number of beneficiaries
13.8	21	0	0

(1) The highest individual severance payment made during 2016 was 1,95 M€.

D. Severance awards:

Amount of severance payments awarded during the financial year

Total amount	Number of beneficiaries
0	0
Highest such award	
0	

## 4.2. Chief Executive Officers

Chief Executive Officers in the financial year 2016 were Messrs Bini Smaghi, Oudéa, Cabannes and Sanchez Incera.

The remuneration of Chief Executive Officers was subject to a specific disclosure following the Board of Directors meeting held on 8<sup>th</sup> February 2017 that approved the variable remuneration awards for 2016.

### A. Remuneration awarded for the financial year (in MEUR):

<b>Number of beneficiaries</b>	4
<b>Total Remuneration</b>	8,7
of which Fixed remuneration	3,8
of which Variable remuneration <sup>(1)</sup>	4,9
<b>Variable remuneration</b>	
of which upfront part	1,2
including cash	0,6
including instruments	0,6
of which deferred part	3,7
including cash	0,6
including instruments	3,1

Note :

(1) The amounts are inclusive of long term incentive plan attributed for 2016 in February 2017.

### B. Deferred variable remuneration :

#### a. Outstanding deferred variable remuneration

The amount of outstanding deferred remuneration corresponds this year to the outstanding deferred variable remuneration awarded with respect to 2015, 2014 and 2013.

#### Amounts of conditional deferred remuneration in MEUR <sup>(1)</sup>

With respect to 2015 financial year	With respect to prior financial years <sup>(2)</sup>
4,4	7,2

(1) Expressed as value at award date

(2) These amounts include the long term incentives awarded for 2013, 2014 and 2015.

#### b. Deferred conditional remuneration paid out or reduced through performance adjustments for the financial year<sup>(1)</sup>:

Year of award	Amount of deferred remuneration vested in MEUR Value at award	Amount of deferred remuneration reduced through performance adjustments	Amount of deferred remuneration vested in MEUR Value at time of vesting/of payment
2015	1,2	0	1,4
2014	0,4	0	0,5
2013	0,5	0	0,5
2012	1,1	0,7 <sup>(2)</sup>	3,4

(1) Including vested instruments, subject to retention period of six months to one year. Amounts valuated at the share value define in March 2017.

(2) 14.612 performance shares awarded for 2012 were forfeited, due to the performance condition not being met.

Sign-on and severance payments made during the financial year:

Total amount of severance payments made and number of beneficiaries		Sign-on payments made and number of beneficiaries	
Amount paid out in MEUR	Number of beneficiaries	Amount paid out in MEUR	Number of beneficiaries
0	0	0	0

Severance awards:

**Amount of severance payments awarded during the financial year**

Total amount	Number of beneficiaries
0	0
Highest such award	
0	

### 4.3. Global remuneration equal or above 1 M€

**Number of regulated staff (including Chief Executive Officers) whose global remuneration granted for 2016 is equal to or above 1 M€**

Tranche de rémunération, M€	Effectif
[1 - 1,5[	67
[1,5 - 2[	18
[2 - 2,5[	8
[2,5 - 3[	5
[3 - 3,5[	1
[3,5 - 4[	1
[4 - 4,5[	0
<b>Total</b>	<b>100</b>

Among the 100 beneficiaries of global remuneration equal to or above 1 M€, 58 are located outside France and 42 in France.