

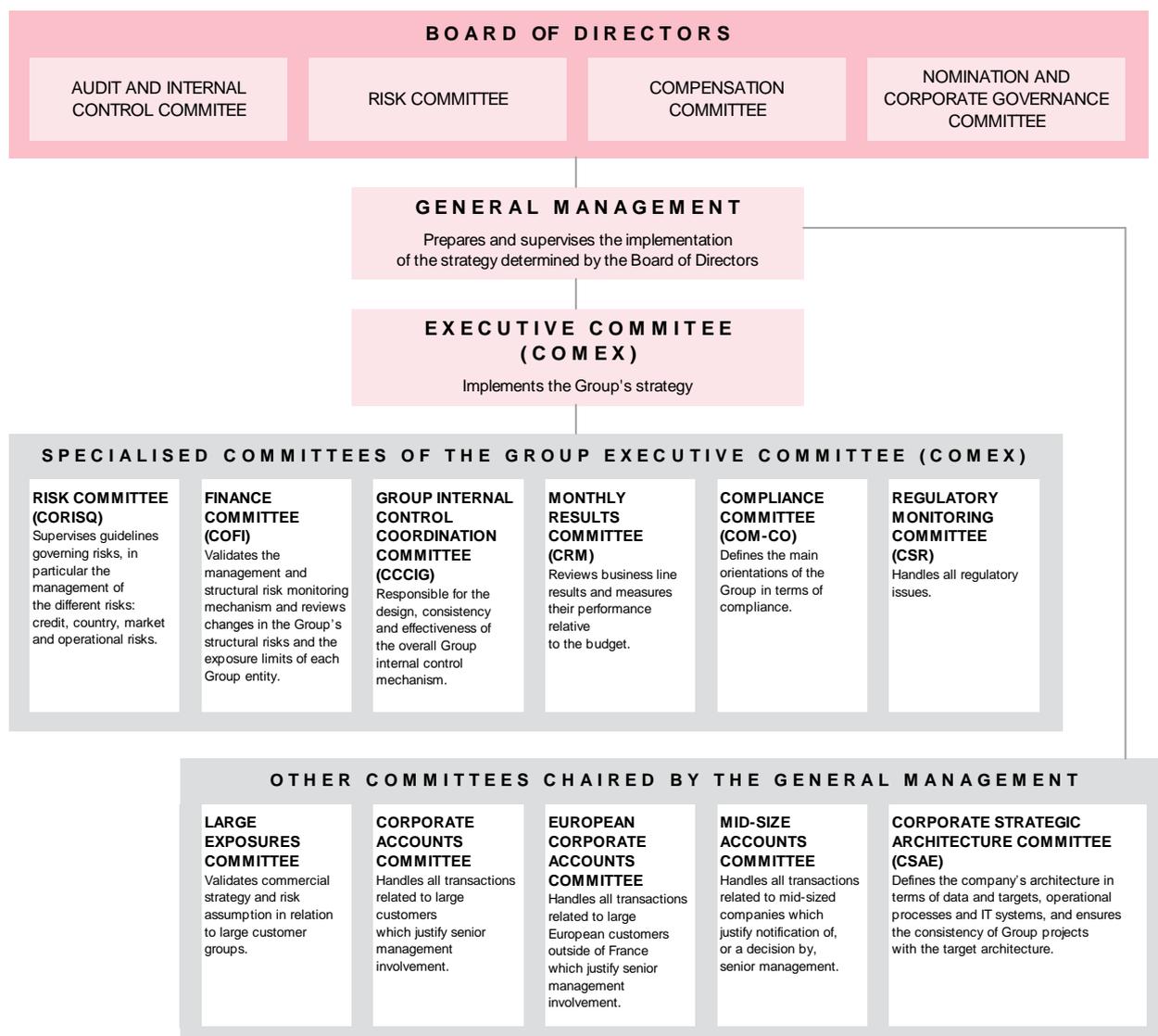
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## CORPORATE GOVERNANCE

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# 1. CORPORATE GOVERNANCE STRUCTURE AND MAIN BODIES

## PRESENTATION OF GOVERNANCE AND STRUCTURE OF SUPERVISION COMMITTEES



The composition of the Board of Directors is presented on pages 69 and following of this Registration Document. The Internal Rules of the Board of Directors defining its powers are provided in Chapter 7, p. 511. The Board's work is presented on page 87.

The composition of the General Management and of the Executive Committee is presented in the respective sections of this chapter (see pages 76, 78 and 79).

The different Board of Directors Committees and their powers, along with their activity reports, are presented in the Chairman's Report on Corporate Governance (p. 81) and in the report of the Chairman on internal control and Risk Management (p. 132), covering in particular the:

- Role of the Chairman of the Board of Directors and the report on his activities, p. 88;
- Audit and Internal Control Committee (CACI), p. 89;
- Risk Committee, p. 91, role of these two committees, p. 138;
- Compensation Committee, p. 92;
- Nomination and Corporate Governance Committee, p. 93.

## BOARD OF DIRECTORS

(AT 1<sup>ST</sup> JANUARY 2017)



Lorenzo BINI SMAGHI

**Chairman of the Board of Directors**  
**Independent Director**

### Biography

An Italian national, with a degree in Economic Sciences from the *Université Catholique de Louvain* (Belgium) and a Ph.D in Economic Sciences from the University of Chicago. He began his career in 1983 as an Economist at the Research Department of the Banca d'Italia. In 1994, he was appointed Head of the Policy Division of the European Monetary Institute. In October 1998, he became Director General of International Financial Relations in Italy's Economy and Finance Ministry. He was Chairman of SACE from 2001 to 2005. From June 2005 to December 2011, he was member of the Executive Board of the European Central Bank. From 2012 to 2016, he was Chairman of the Board of Directors of SNAM (Italy). He is currently Chairman of the Board of Directors of Italgas (Italy) and ChiantiBanca (Italy).

**Date of birth:**

29<sup>th</sup> November 1956

**Year of first appointment:**  
2014

**Term of office expires in:**  
2018

Holds 2,000 shares

**Professional address:**

Tours Société Générale  
75886 Paris Cedex 18

### Other offices held currently

#### In foreign listed companies

- *Chairman of the Board of Directors:* Italgas (Italy) (since 4<sup>th</sup> August 2016).

#### In foreign unlisted companies

- *Chairman of the Board of Directors:* ChiantiBanca (Italy) (since 11<sup>th</sup> April 2016).
- *Director:* TAGES Holding (Italy) (since 2014).

### Other offices and positions held in other companies in the past five years

- *Chairman of the Board of Directors:* SNAM (Italy) (from 2012 to 27<sup>th</sup> April 2016).
- *Director:* Morgan Stanley (United Kingdom) (from 2013 to 2014).



Frédéric OUDÉA

**Chief Executive Officer**

### Biography

Frédéric Oudéa is a graduate of the *École Polytechnique* and the *École Nationale d'Administration*. From 1987 to 1995, he held a number of posts in the French senior civil service, Audit Department of the Ministry of Finance, Ministry of the Economy and Finance, Budget Ministry and Cabinet of the Ministry of the Treasury and Communication. He joined Societe Generale in 1995 and went from being Deputy Head to Head of the Corporate Banking arm in London. In 1998, he became Head of Global Supervision and Development of Equities. Appointed Deputy Chief Financial Officer of the Societe Generale Group in May 2002. Appointed Chief Financial Officer in January 2003. Appointed Chief Executive Officer of the Group in 2008. Chairman and Chief Executive Officer of Societe Generale from May 2009 to May 2015. In May 2015, the Board of Directors separated the offices of Chairman of the Board of Directors and of Chief Executive Officer, and appointed Frédéric Oudéa Chief Executive Officer.

### Other offices held currently

None.

### Other offices and positions held in other companies in the past five years

None.

**Date of birth:**

3<sup>rd</sup> July 1963

**Year of first appointment:**  
2009

**Term of office expires in:**  
2019

Holds:

131,145 shares

1,972 shares through Société Générale Actionnariat (Fonds E)

**Professional address:**

Tours Société Générale  
75886 Paris Cedex 18



**Robert CASTAIGNE**

**Company Director**

**Independent Director, Member of the Audit and Internal Control Committee, Member of the Nomination and Corporate Governance Committee**

**Biography**

Graduated with an engineering degree from the *Ecole Centrale de Lille* and the *Ecole nationale supérieure du pétrole et des moteurs*. He holds a Ph.D in economics. Spent his whole career at Total SA, first as an Engineer, then in various positions. From 1994 to 2008, he was Chief Financial Officer and a Member of the Executive Committee of Total SA.

**Date of birth:**

27<sup>th</sup> April 1946

**Year of first appointment:**

2009

**Term of office expires in:**

2018

Holds 1,000 shares

**Professional address:**

Tours Société Générale  
75886 Paris Cedex 18

**Other offices held currently**

**In French listed companies**

- *Director*: Sanofi (since 2000), Vinci (since 2007).

**In foreign listed companies**

- *Director*: Novatek (Russia) (since 2015).

**Other offices and positions held in other companies in the past five years**

None.



**Barbara DALIBARD**

**Chief Executive Officer of SITA Group**

**Independent Director**

**Biography**

Graduate of the *Ecole Nationale Supérieure (ENS)* of Paris, advanced degree in mathematics, graduate of the *Ecole Nationale Supérieure des Télécommunications*. Held various positions at France Télécom from 1982 to 1998. Then, Managing Director of Alcanet International SAS, subsidiary of the Alcatel-Lucent group, then Head of the "Business" market for Orange France and Vice-Chairwoman of Orange Business. From 2003 to 2006, Head of the "Corporate Solutions" division, then Head of the "Corporate Communication Services" division for France Télécom. From 2006 to 2010, Executive Director of Orange Business Services. In 2010, she joined SNCF Group, where she was member of the Group Management Committee and Head of SNCF Voyages. In 2014, she was appointed Chief Executive Officer of SNCF Voyageurs. Since July 2016, she is Chief Executive Officer of SITA Group.

**Other offices held currently**

**In French listed companies**

- *Member of the Supervisory Board*: Michelin (since 2008).

**In foreign unlisted companies**

- *Member of the Board of Directors*: SITA Group (Switzerland) (since 1<sup>st</sup> July 2016).

**Other offices and positions held in other companies in the past five years**

- *Chairwoman*: VSC Groupe (from 2010 to 1<sup>st</sup> May 2016).
- *Member of the Supervisory Board*: Wolters Kluwer (Netherlands) (from 2009 to 2015).
- *Director*: Eurostar International Limited (United Kingdom) (from 2010 to 1<sup>st</sup> May 2016), NTV (Nuovo Trasporto Viaggiatori S.p.A.) (Italy) (from 2009 to 2015).

**Date of birth:**

23<sup>rd</sup> May 1958

**Year of first appointment:**

2015

**Term of office expires in:**

2019

Holds 1,000 shares

**Professional address:**

26 Chemin de Joinville  
Po Box 31  
1216 Cointrin  
Genève (Switzerland)



## Kyra HAZOU

### Company Director

### Independent Director, Member of the Audit and Internal Control Committee, Member of the Risk Committee

#### Biography

A British and US national, graduated with a J.D. from Georgetown University Law Center in Washington (USA). She was Managing Director and Regional General Counsel for Salomon Smith Barney/Citibank from 1985 to 2000, after acting as a lawyer in London and New York. From 2001 to 2007, she was a non-executive Director and a member of the Audit Committee and Risk Committee at the Financial Services Authority in the United Kingdom.

#### Date of birth:

13<sup>th</sup> December 1956

#### Year of first appointment:

2011

#### Term of office expires in:

2019

Holds 1,000 shares

#### Professional address:

Tours Société Générale

75886 Paris Cedex 18

#### Other offices held currently

None.

#### Other offices and positions held in other companies in the past five years

None.



## Jean-Bernard LÉVY

### Chairman and Chief Executive Officer of EDF

### Independent Director, Chairman of the Compensation Committee, Member of the Nomination and Corporate Governance Committee

#### Biography

Graduate of the *École Polytechnique* and *Télécom Paris Tech*. From 1978 to 1986, engineer at France Télécom. From 1986 to 1988, technical advisor to the Cabinet of Gérard Longuet, Deputy Minister for the Postal Service and Telecommunications. From 1988 to 1993, Head of Telecommunication Satellites at Matra Marconi Space. From 1993 to 1994, Director of the Cabinet of Gérard Longuet, French Minister for Industry, Postal Service, Telecommunications and Foreign Trade. From 1995 to 1998, Chairman and Chief Executive Officer of Matra Communication. From 1998 to 2002, Chief Executive Officer then Managing Partner responsible for Corporate Finance of Oddo et Cie. Joined Vivendi in 2002 as Chief Executive Officer. Chairman of the Management Board of Vivendi from 2005 to 2012. Chairman and Chief Executive Officer of Thalès from 2012 to 2014. Chairman and Chief Executive Officer of EDF since November 2014.

#### Date of birth:

18<sup>th</sup> March 1955

#### Year of first appointment:

2009

#### Term of office expires in:

2017

Holds 1,000 shares

#### Professional address:

22-30 avenue de Wagram

75008 Paris

#### Other offices held currently

##### In French listed companies

- *Chairman and Chief Executive Officer*: EDF\* (since 2014).

##### In French unlisted companies

- *Director*: Dalkia\* (since 2014), EDF Energie Nouvelles\* (since 2015).

##### In foreign listed companies

- *Chairman of the Board of Directors*: Edison S.p.A\* (Italy) (since 2014).

##### In foreign unlisted companies

- *Chairman of the Board of Directors*: EDF Energy Holdings\* (United Kingdom) (since 2015).

\* EDF Group

#### Other offices and positions held in other companies in the past five years

- *Chairman and Chief Executive Officer*: Thalès (from 2012 to 2014), SFR (2012).
- *Chairman of the Management Board*: Vivendi (from 2005 to 2012).
- *Chairman of the Supervisory Board*: Viroxis (from 2007 to 2014), Groupe Canal+ (from 2008 to 2012), Canal + France (from 2008 to 2012).
- *Chairman of the Board of Directors*: JBL Consulting & Investment SAS (from 2012 to 2014), Activision Blizzard, Inc (USA) (from 2008 to 2012), GVT (Brazil) (from 2009 to 2012).
- *Vice-Chairman of the Supervisory Board*: Maroc Telecom (Morocco) (from 2007 to 2012).
- *Director*: Vinci (from 2007 to 2015), DCNS (from 2013 to 2014).



**Ana-Maria LLOPIS RIVAS**

**Founder, Chairwoman and Chief Executive Officer of Global Ideas4all, S.L.  
Independent Director, Member of the Nomination and Corporate Governance Committee**

**Biography**

A Spanish national, spent 11 years in the Spanish banking sector (Banesto and Santander Group) where she notably founded an online bank and brokerage firm. She was Executive Chairwoman of Razona, a financial consulting firm, then Executive Vice-Chairwoman of Financial and Insurance Markets of the consultancy Indra. At the same time, she was a Non-Executive Director and member of the Audit Committee of Reckitt-Benckiser, then a member of the Supervisory Board of ABN-AMRO. She is currently the founder, Chairwoman and Chief Executive Officer of Global Ideas4all, S.L. as well as Non-Executive Chairwoman of the Board of Directors of DIA Group SA.

**Date of birth:**

5<sup>th</sup> August 1950

**Year of first appointment:**

2011

**Term of office expires in:**

2019

Holds 1,000 shares

**Professional address:**

Tours Société Générale  
75886 Paris Cedex 18

**Other offices held currently**

**In foreign listed companies**

- *Chairwoman of the Board of Directors:* DIA Group SA (Spain) (since 2011).

**In foreign unlisted companies**

- *Founder, Chairwoman and Chief Executive Officer:* Global Ideas4all, S.L. (Spain) (since 2008).

**Other offices and positions held in other companies in the past five years**

- *Director:* AXA Spain (Spain) (from 2013 to 2015), Service Point Solutions (Spain) (from 2009 to 2012), R&R Music (United Kingdom) (from 2012 to 2014).



**Gérard MESTRALLET**

**Chairman of the Board of Directors of ENGIE  
Independent Director, Chairman of the Nomination and Corporate Governance Committee, Member of the Compensation Committee.**

**Biography**

Graduate of the *Ecole Polytechnique* and the *Ecole Nationale d'Administration*. He held different positions in the French Administration before joining the Compagnie Financière de Suez in 1984 as a Special Advisor to the Chairman, then as Senior Executive Vice-Chairman in charge of industrial affairs. In 1991, he was appointed Executive Director of Societe Generale de Belgique. In July 1995, he became Chairman and Chief Executive Officer of Compagnie de Suez, then in June 1997, Chairman of the Management Board of Suez Lyonnaise des Eaux and, finally, in 2001, Chairman and Chief Executive Officer of Suez. From July 2008 to May 2016, he was Chairman and Chief Executive Officer of ENGIE (previously GDF SUEZ). Since May 2016, Chairman of the Board of Directors following the separation of the functions of Chairman and Chief Executive Officer.

**Date of birth:**

1<sup>st</sup> April 1949

**Year of first appointment:**

2015

**Term of office expires in:**

2019

Holds 1,200 shares

**Professional address:**

1 place Samuel-de-Champlain  
Faubourg de l'Arche  
92930 Paris La Défense

**Other offices held currently**

**In French listed companies**

- *Chairman of the Board of Directors:* ENGIE\* (since 2008), SUEZ\* (since 2008).

**In foreign listed companies**

- *Member of the Supervisory Board:* Siemens AG (Germany) (since 2013).

\* ENGIE Group

**Other offices and positions held in other companies in the past five years**

- *Chairman of the Board of Directors:* Electrabel\* (Belgium) (from 2010 to 26<sup>th</sup> April 2016), ENGIE Energy Management Trading\* (Belgium) (from 2010 to 18<sup>th</sup> March 2016), Engie Energie Services\* (from 2005 to 2<sup>nd</sup> May 2016), GDF SUEZ Rassembleurs d'Energies S.A.S.\* (from 2011 to 2014), GDF SUEZ Belgium\* (Belgium) (from 2010 to 2014).
- *Vice-Chairman of the Board of Directors:* Aguas de Barcelona (Spain) (from 2010 to 2015).
- *Director:* International Power\* (United Kingdom) (from 2011 to 1<sup>st</sup> May 2016), Saint-Gobain (from 1995 to 2015), Pargesa Holding SA (Switzerland) (from 1998 to 2014).

**Date of birth:**10<sup>th</sup> March 1953**Year of first appointment:**

2016

**Term of office expires in:**

2020

Holds 1,500 shares

**Professional address:**Tours Société Générale  
75886 Paris Cedex 18**Juan Maria NIN GENOVA****Company Director****Independent Director, Member of the Risk Committee and of the Compensation Committee****Biography**

A Spanish national and graduate of the University of Deusto (Spain), the London School of Economics and Political Sciences (United Kingdom), he is a lawyer and economist who began his career as a Program Manager in the Spanish Ministry for relations with the European Community. He worked as General Manager of Santander Central Hispano from 1980 to 2002, before becoming an advisor of Banco Sabadell until 2007. In June 2007, he was appointed Chief Executive Officer of La Caixa. In July 2011, he became Vice-Chairman and Deputy Advisor of Caixa bank until 2014.

**Other offices held currently****In foreign listed companies**

- *Director:* DIA Group SA (Spain) (since 2015).

**In foreign unlisted companies**

- *Director:* Grupo de Empresas Azvi S.L.\* (Spain) (since 2015), Azora Capital S.L.\* (Spain) (since 2014).

\* Grupo de Empresas Azvi, S.L

**Other offices and positions held in other companies in the past five years**

- *Chairman of the Board of Directors:* VidaCaixa Assurances (Spain) (2014), SegurCaixa Holding SA (Spain) (from 2007 to 2014).
- *Vice-Chairman and Deputy Advisor:* Caixabank SA (Spain) (from 2011 to 2014).
- *Member of the Supervisory Board:* ERSTE Group Bank AG (Austria) (from 2009 to 2014), Grupo Financiero Inbursa (Mexico) (from 2008 to 2014), Banco BPI (Portugal) (from 2008 to 2014).
- *Director:* Naturhouse (Spain) (from 2014 until July 2016), Grupo Indukern\* (Spain) (from 2014 until July 2016), Gas Natural (Spain) (from 2008 to 2015), Repsol SA (Spain) (from 2007 to 2015).

**Date of birth:**7<sup>th</sup> April 1957**Year of first appointment:**

2008

**Term of office expires in:**

2020

Holds 2,048 shares

**Professional address:**Tours Société Générale  
75886 Paris Cedex 18**Nathalie RACHOU****Company Director****Independent Director, Chairwoman of the Risk Committee, Member of the Audit and Internal Control Committee****Biography**

HEC graduate. From 1978 to 1999, she held a number of positions within Banque Indosuez and Crédit Agricole Indosuez: foreign exchange dealer, Head of asset/liability management, founder then Chief Executive Officer of Carr Futures International Paris (brokerage subsidiary of Banque Indosuez trading on the Paris Futures Exchange), Corporate Secretary of Banque Indosuez and Global Head of Foreign Exchange and Currency Options at Crédit Agricole Indosuez. In 1999, founded Topiary Finance Ltd., an asset management company based in London. Since 2015, she is Senior Advisor of Rouvier Associés. Foreign Trade Advisor for France since 2001.

**Other offices held currently****In French listed companies**

- *Director:* Veolia Environnement (since 2012), Altran (since 2012).

**In foreign listed companies**

- *Director:* Laird PLC (United Kingdom) (since 1<sup>st</sup> January 2016).

**Other offices and positions held in other companies in the past five years**

- *Director:* Liataud & Cie (from 2000 to 2013), Topiary Finance (United Kingdom) (from 1999 to 2014).



## Alexandra SCHAAPVELD

### Company Director

**Independent Director, Chairwoman of the Audit and Internal Control Committee, Member of the Risk Committee**

#### Biography

A Dutch national, she is a graduate in Politics, Philosophy and Economics from the University of Oxford (United Kingdom) and holds a Master's degree in Development Economics from Erasmus University Rotterdam (Netherlands). She began her career in the ABN AMRO Group in the Netherlands, where she held various positions in the Investment Banking division from 1984 to 2007, including being in charge of the bank's major corporate clients. In 2008, she was appointed Head of Investment Banking for Western Europe at the Royal Bank of Scotland Group.

#### Date of birth:

5<sup>th</sup> September 1958

#### Year of first appointment:

2013

#### Term of office expires in:

2017

Holds 1,000 shares

#### Professional address:

Tours Société Générale  
75886 Paris Cedex 18

#### Other offices held currently

##### In French listed companies

- *Member of the Supervisory Board:* Vallourec SA (since 2010).

##### In foreign listed companies

- *Member of the Supervisory Board:* Bumi Armada Berhad (Malaysia) (since 2011).

##### In foreign unlisted companies

- *Member of the Supervisory Board:* FMO (Netherlands) (since 2012).

#### Other offices and positions held in other companies in the past five years

- *Member of the Supervisory Board:* Holland Casino\* (Netherlands) (from 2007 to June 2016).

\*Foundation



## France HOUSSAYE

### Director elected by employees

**Product and Partnership Coordinator at the Rouen Branch**

**Member of the Compensation Committee**

#### Biography

Societe Generale employee since 1989.

#### Date of birth:

27<sup>th</sup> July 1967

#### Year of first appointment:

2009

#### Term of office expires in:

2018

#### Professional address:

Tours Société Générale  
75886 Paris Cedex 18

#### Other offices held currently

None.

#### Other offices and positions held in other companies in the past five years

None.



**Béatrice LEPAGNOL**

**Director elected by employees**

**Union activities advisor at the Agen branch**

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**Biography**

Societe Generale employee since 1990.

**Date of birth:**

11<sup>th</sup> October 1970

**Year of first appointment:**

2012

**Term of office expires in:**

2018

**Professional address:**

Tours Société Générale

75886 Paris Cedex 18

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**Other offices held currently**

None.

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**Other offices and positions held in other companies in the past five years**

None.

## GENERAL MANAGEMENT

(AT 1<sup>ST</sup> JANUARY 2017)



**Frédéric OUDÉA**  
**Chief Executive Officer**

### Biography

See page 69.

### Date of birth:

3<sup>rd</sup> July 1963

### Holds:

131,145 shares

1,972 shares through Société Générale Actionnariat (Fonds E)

### Other offices held currently

None.

### Other offices and positions held in other companies in the past five years

None.



**Séverin CABANNES**  
**Deputy Chief Executive Officer**

### Biography

Worked for Crédit National, Elf Atochem, then La Poste Group (1983-2001). Joined Societe Generale in 2001 as Group Chief Financial Officer until 2002. Deputy Chief Executive Office responsible for the Steria Group's strategy and finance, then Chief Executive Officer (2002-2007). Became Societe Generale's Group Head of Corporate Resources in January 2007. Deputy Chief Executive Officer since May 2008.

### Other offices held currently

None.

### Other offices and positions held in other companies in the past five years

- *Director:* Credit du Nord (from 2007 until 19<sup>th</sup> May 2016), Amundi Group (from 2009 to 2015), TCW Group (United States) (from 2009 to 2013).
- *Member of the Supervisory Board:* Steria Sca Group (from 2007 to 2014).

### Date of birth:

21<sup>st</sup> July 1958

### Holds:

62,127 shares

1,420 shares through Société Générale Actionnariat (Fonds E)

**Date of birth:**9<sup>th</sup> March 1960

Holds: 47,891 shares

**Bernardo SANCHEZ INCERA****Deputy Chief Executive Officer****Biography**

A Spanish national. From 1984 to 1992, he was a corporate relationship manager and Deputy Head of the Corporate Business Branch of Crédit Lyonnais La Défense in Paris. From 1992 to 1994, he was Director and Chief Executive Officer of Crédit Lyonnais Belgium. From 1994 to 1996, he was Deputy Director of Banca Jover Spain. From 1996 to 1999, he was Chief Executive Officer of Zara France. From 1999 to 2001, he was Head of International Operations for the Inditex Group, then Chairman of LVMH Mode et Maroquinerie Europe and of LVMH Fashion Group France from 2001 to 2003. From 2003 to 2004, he was Chief Executive Officer of Vivarte France, then in 2004, Executive Managing Director of Monoprix France until 2009. He joined Societe Generale in November 2009, where he has been a Deputy Chief Executive Officer since 1<sup>st</sup> January 2010.

**Other offices held currently****In French unlisted companies**

- *Chairman of the Board of Directors:* Boursorama (since 2015), Credit du Nord (since 2014).
- *Director:* Sogécap (since 2010).

**In foreign listed companies**

- *Director:* BRD – Groupe SOCIETE GENERALE SA (Romania) (since 2011).
- *Member of the Supervisory Board:* PJSC Rosbank (Russia) (since 2010).

**In foreign unlisted companies**

- *Member of the Supervisory Board:* Societe Generale Marocaine de Banques (Morocco) (since 2010).

**Other offices and positions held in other Group companies in the past five years**

- *Director:* Societe Generale de Banques au Sénégal (Senegal) (from 2010 to 2015), Societe Generale de Banques au Cameroun (Cameroun) (from 2010 to 2015), Societe Generale de Banques en Côte d'Ivoire (Ivory Coast) (from 2010 to 2015), Compagnie Générale de Location d'Equipements (from 2011 to 2014), Franfinance (from 2010 to 2014), ALD Automotive Group Plc (United Kingdom) (from 2010 to 2014), National Societe Generale Bank (Egypt) (from 2010 to 2013).
- *Member of the Supervisory Board:* Komerční Banka A.S (Czech Republic) (from 2010 to 2015).

**SINCE 16<sup>TH</sup> JANUARY 2017****Date of birth:**15<sup>th</sup> January 1968

Holds:

18,474 shares

18,248 shares through Société Générale Actionnariat (Fonds E)

**Didier VALET****Deputy Chief Executive Officer****Biography**

A graduate of the *Ecole Polytechnique*, the *Ecole Nationale de la Statistique et de l'Administration Economique* and the *Société Française des Analystes Financiers*. Analyst within the Economic and Financial Research Department of Banque Indosuez from 1992 to 1996. Joined Dresdner Kleinwort Benson from 1996 to 1999 as Equity Research Analyst. Joined Societe Generale group in 2000 where he held various posts until 2008. Became Chief Financial Officer of the Group in 2008 then Head of Corporate and Investment Banking. From 2013 to 2017, Head of Corporate and Investment Banking, Private Banking, Asset Management and Securities Services. While maintaining his function, is appointed in 2017 Deputy Chief Executive Officer.

**Other offices held currently****In French unlisted companies**

- *Chairman:* Inter Europe Conseil (since 2010).
- *Director:* Sogécap (since 2013).

**Other offices and positions held in other Group companies in the past five years**

- *Chairman and Chief Executive Officer:* SG Financial Services Holding (from 2008 to 2012).
- *Chairman of the Board of Directors:* SG Americas Securities Holdings, LLC (United States) (2016).
- *Director:* Société Générale SFH (from 2011 to 2012), Boursorama (from 2011 to 2012), Newedge Group (from 2008 to 2012), Amundi (from 2009 to 2012).
- *Member of the Supervisory Board:* PJSC Rosbank (Russia) (from 2012 to 2016).

## ADDITIONAL INFORMATION ABOUT THE CHIEF EXECUTIVE OFFICER, THE DEPUTY CHIEF EXECUTIVE OFFICERS AND THE MEMBERS OF THE BOARD OF DIRECTORS

### Absence of conflicts of interest

To the best of the Board of Directors' knowledge:

- there are no potential conflicts of interest between the duties of the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors towards Societe Generale and any other obligations or private interests. If necessary, Article 14 of the Board of Directors' Internal Rules governs conflicts of interest for Directors;
- no arrangements or agreements have been entered into with a shareholder, customer, supplier or other party pursuant to which one of the aforementioned persons has been selected;
- there is no family relationship between the aforementioned persons;
- no restriction other than statutory restrictions shall be accepted by any of the aforementioned persons with regard to the disposal of their stake in Societe Generale's share capital.

### Absence of convictions

To the best of the Board of Directors' knowledge:

- no conviction for fraud has been handed down over the past five years against the Chief Executive Officer, any Deputy Chief Executive Officer or any current member of the Board of Directors;
- neither the Chief Executive Officer, nor any Deputy Chief Executive Officer, nor any current member of the Board of Directors has been involved (as a member of the Board of Directors, Management Board or Supervisory Board, or as a manager) in any bankruptcy, receivership or liquidation proceedings over the past five years;
- neither the Chief Executive Officer, nor any Deputy Chief Executive Officer, nor any current member of the Board of Directors, has been the object of any criminal charges and/or official public sanction from state or regulatory authorities;
- neither the Chief Executive Officer, nor any Deputy Chief Executive Officer, nor any current member of the Board of Directors has been prohibited by a court from acting as a member of an administrative, management or supervisory body of an issuer or from taking part in the management or conduct of an issuer's business over the past five years.

## EXECUTIVE COMMITTEE

(AT 16<sup>TH</sup> JANUARY 2017)

The Executive Committee is responsible for the strategic management of the Group, under the authority of the Chief Executive Officer.

NAME	MAIN POSITION WITHIN THE SOCIETE GENERALE GROUP
Frédéric OUDÉA	Chief Executive Officer
Séverin CABANNES	Deputy Chief Executive Officer
Bernardo SANCHEZ INCERA	Deputy Chief Executive Officer
Didier VALET	Deputy Chief Executive Officer
Gilles BRIATTA	General Secretary and Group Chief Compliance Officer
Laurent GOUTARD	Head of Societe Generale French Retail Banking
Caroline GUILLAUMIN	Head of Group Communication
Didier HAUGUEL	Co-Head of International Banking and Financial Services
Philippe HEIM	Group Chief Financial Officer
Édouard-Malo HENRY	Group Head of Human Resources
Françoise MERCADAL-DELASALLES	Group Head of Corporate Resources and Innovation
Diony LEBOT	Group Chief Risk Officer
Jean-Luc PARER	Co-Head of International Banking and Financial Services

## GROUP MANAGEMENT COMMITTEE

(AT 16<sup>TH</sup> JANUARY 2017)

The Group Management Committee, which comprises nearly 60 of the Group's senior executives, meets to discuss Group strategy and other issues of general interest to the Group.

NAME	MAIN POSITION WITHIN THE SOCIETE GENERALE GROUP
Frédéric OUDÉA	Chief Executive Officer
Séverin CABANNES	Deputy Chief Executive Officer
Bernardo SANCHEZ INCERA	Deputy Chief Executive Officer
Didier VALET	Deputy Chief Executive Officer
Gilles BRIATTA	Corporate Secretary and Group Chief Compliance Officer
Laurent GOUTARD	Head of Societe Generale Retail Banking in France
Caroline GUILLAUMIN	Head of Group Communication
Didier HAUGUEL	Co-Head of International Banking and Financial Services
Philippe HEIM	Group Chief Financial Officer
Edouard-Malo HENRY	Group Head of Human Resources
Diony LEBOT	Group Chief Risk Officer
Françoise MERCADAL-DELASALLES	Group Head of Corporate Resources and Innovation
Jean-Luc PARER	Co-Head of International Banking and Financial Services
Hervé AUDREN de KERDREL	Deputy Chief Financial Officer of the Group
Pascal AUGÉ	Head of Global Transaction and Payment Services
Philippe AYMERICH	Chief Executive Officer of Credit du Nord
Alain BOZZI	Head of Group Compliance
Pavel ČEJKA	Chief Operating Officer at International Banking and Financial Services
Marie CHEVAL	Chief Executive Officer of Boursorama
Thierry D'ARGENT	Co-Head of the Coverage and Investment Banking
Véronique DE LA BACHELERIE	Chief Executive Officer of Societe Generale Bank and Trust
Bruno DELAS	Head of Innovation and Information Technology for French Retail Banking
Pierre-Yves DEMOURES	Deputy Head of Human Resources
Frank DROUET	Head of Global Markets
Marie-Christine DUCHOLET	Head of the Equipment and Vendor Finance businesses, Societe Generale Equipment Finance
Claire DUMAS	Chief Financial Officer of Retail Banking in France
Ian FISHER	Head of the Culture and Conduct Programme
Patrick FOLLÉA	Deputy Head of Société Générale Private Banking and Head of Société Générale Private Banking France
Olivier GARNIER	Group Chief Economist

NAME	MAIN POSITION WITHIN THE SOCIETE GENERALE GROUP
Jean-Marc GIRAUD	Head of Inspection and Audit Division
Carlos GONÇALVES	Head of Global Technology Services
Donato GONZALEZ-SANCHEZ	Head of Corporate and Investment Banking, Private Banking, Asset Management, Securities Services and Group Country Head for Spain and Portugal
Jean-François GRÉGOIRE	Deputy Group Chief Risk Officer
Eric GROVEN	Deputy Head of Societe Generale Retail Banking in France
Alvaro HUETE	Deputy Head of Global Finance and Head of GLFI for the United Kingdom
Arnaud JACQUEMIN	Group Deputy General Secretary
Jochen JEHMLICH	Chief Executive Officer of GEFA Group and Deputy Chief Executive Officer of Societe Generale Equipment Finance
William KADOUCH-CHASSAING	Deputy Chief Financial Officer and Head of Group Strategy
Jean-Louis KLEIN	Head of Corporate Accounts for Societe Generale Retail Banking in France
Slawomir KRUPA	Chief Executive Officer for Societe Generale Americas
Albert LE DIRAC'H	Chairman of the Board of Directors and Chief Executive Officer of Komerční Banka and Group Country Head for the Czech Republic and Slovakia
Christophe LEBLANC	Chief Operating Officer, Corporate & Investment Banking, Private Banking, Asset Management, Securities Services
Xavier LOFFICIAL	Head of Transformation, Processes and Information Systems
Anne MARION-BOUCHACOURT	Group Chief Country Officer for China
Mike MASTERSON	Head of the Car Renting and Fleet Management businesses (ALD Automotive)
Laetitia MAUREL	Head of Group Media Relations
Alexandre MAYMAT	Head of the Africa/Asia/Mediterranean Basin & Overseas region, International Banking and Financial Services
Jean-François MAZAUD	Head of Private Banking
Christophe MIANNÉ	Deputy Head, Corporate & Investment Banking, Private Banking, Asset Management, Securities Services
Hikaru OGATA	Chief Executive Officer for Societe Generale Asia Pacific
Dmitry OLYUNIN	Chief Executive Officer of Rosbank
Pierre PALMIERI	Head of Global Finance
Philippe PERRET	Head of the Insurance businesses
Sylvie PRÉA	Director of Corporate Social Responsibility
Bruno PRIGENT	Global Head of Societe Generale Securities Services
Sylvie RÉMOND	Co-Head of Coverage and Investment Banking
Sadia RICKE	Group Country Head for the United Kingdom and Head of Coverage and Investment Banking in the United Kingdom
Giovanni-Luca SOMA	Head of the Europe region, International Banking and Financial Services division
Catherine THERY	Head of Group Internal Control Coordination and "Entreprise Risk Management" (ERM) Program Director
Vincent TRICON	Head of Societe Generale's Mid Cap Investment Banking
Guido ZOELLER	Group Country Head for Germany and Head of Societe Generale Corporate & Investment Banking activities in Germany

## 2. CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE

### STATEMENT ON THE CORPORATE GOVERNANCE REGIME

Societe Generale refers to the AFEP-MEDEF Corporate Governance Code for listed companies (November 2016, hereinafter the "AFEP-MEDEF Code" – document available at [www.afep.com](http://www.afep.com)). In accordance with the "comply or explain" principle, Societe Generale stipulates that it applies all recommendations from the AFEP-MEDEF Code.

The operation of the Board of Directors and the Committees is governed by internal rules (hereinafter the "Internal Rules").

During its meeting on 13<sup>th</sup> January 2017, the Board of Directors updated the Internal Rules in order to include new rules relating to the allocation of attendance fees and various adaptations related to changes in the regulations (e.g. audit reform) and the AFEP-MEDEF Code.

The Internal Rules and the Company's By-laws are included in the Registration Document (see Chapter 7).

### BOARD OF DIRECTORS

#### 1. Organisation of the governance

On 15<sup>th</sup> January 2015, the Board of Directors decided that the offices of Chairman and Chief Executive Officer would be separated following the General Meeting of 19<sup>th</sup> May 2015. At that date, Lorenzo Bini Smaghi, who held the position of Second Vice-Chairman of the Board of Directors, became Chairman of the Board, and Frédéric Oudéa remained Chief Executive Officer.

Frédéric Oudéa is assisted by two Deputy Chief Executive Officers:

- Séverin Cabannes (in office since May 2009), who is more specifically responsible for the following activities: Finance, Risk, Resources, Global Banking & Investor Solutions; and
- Bernardo Sanchez Incera (in office since 1<sup>st</sup> January 2010), who is more specifically responsible for the whole of French Retail Banking, and supervision of International Retail Banking and Financial Services.

On 13<sup>th</sup> January 2017, the Board of Directors decided to appoint a third Deputy Chief Executive Officer, Didier Valet.

As from 16<sup>th</sup> January 2017, Bernardo Sanchez Incera has been more specifically responsible for all activities devoted to retail customers (individuals, professionals, SMEs, etc.) and Didier Valet for all large corporate and institutional activities, with Séverin Cabannes specifically monitoring resources, risk, finance and compliance.

#### 2. Limitations imposed on the powers of the Chief Executive Officer

Neither the By-laws nor the Board of Directors impose any specific limitations on the powers of the Chief Executive Officer or Deputy Chief Executive Officers, which are exercised in accordance with the laws and regulations in force, the By-laws, the Internal Rules and the guidelines adopted by the Board of Directors.

Article 1 of the Internal Rules defines the cases in which prior approval of the Board of Directors is required (strategic investment projects exceeding a given amount, etc.). See below, Board's expertise, page 86.

#### 3. Composition of the Board

As at 31<sup>st</sup> December 2016, the Board comprised eleven Directors appointed by the General Meeting and two Directors representing the employees. A representative of the Works Council attends meetings of the Board of Directors, without voting rights.

The duration of the term of office of Directors appointed by the General Meeting is four years. The expiry of these terms of office is staggered, enabling the renewal or appointment of between two and five Directors every year. The two Directors elected by Societe Generale's employees, France Houssaye and Béatrice Lepagnol, whose mandates were renewed on 19<sup>th</sup> March 2015, have a three-year mandate (2015-2018).

The average age of Directors is 59.

Nine Directors are members of one or several Board of Directors' committees.

Composition of the Board of Directors as at 31<sup>st</sup> December 2016

Directors	Gender	Age <sup>(1)</sup>	Nationality	Initial year of appointment	End of term of office (GM)	Number of years on the Board <sup>(2)</sup>	Independent Director	Member of a Board committee	Number of terms of offices held in listed companies
<b>Lorenzo BINI SMAGHI</b> Chairman of the Board of Directors	M	60	Italian	2014	2018	3	Yes	-	2
<b>Frédéric OUDÉA</b> Chief Executive Officer	M	53	French	2009	2019	8	No	-	1
<b>Robert CASTAIGNE</b>	M	70	French	2009	2018	8	Yes	CACI <sup>(3)</sup> CONOM <sup>(4)</sup>	4
<b>Barbara DALIBARD</b>	F	58	French	2015	2019	2	Yes	-	2
<b>Kyra HAZOU</b>	F	60	British/ American	2011	2019	6	Yes	CACI <sup>(3)</sup> CR <sup>(5)</sup>	1
<b>France HOUSSAYE</b>	F	49	French	2009	2018	8	No	COREM <sup>(6)</sup>	1
<b>Béatrice LEPAGNOL</b>	F	46	French	2012	2018	5	No	-	1
<b>Jean-Bernard LÉVY</b>	M	61	French	2009	2017	8	Yes	CONOM <sup>(4)</sup> Chairman of the COREM <sup>(6)</sup>	3
<b>Ana Maria LLOPIS RIVAS</b>	F	66	Spanish	2011	2019	6	Yes	CONOM <sup>(4)</sup>	2
<b>Gérard MESTRALLET</b>	M	67	French	2015	2019	2	Yes	Chairman of the CONOM <sup>(4)</sup> COREM <sup>(6)</sup>	3
<b>Juan Maria NIN GENOVA</b>	M	63	Spanish	2016	2020	1	Yes	CR <sup>(5)</sup> COREM <sup>(6)</sup>	2
<b>Nathalie RACHOU</b>	F	59	French	2008	2020	9	Yes	CACI <sup>(3)</sup> Chairman of the CR <sup>(5)</sup>	4
<b>Alexandra SCHAAPVELD</b>	F	58	Dutch	2013	2017	4	Yes	Chairman of the CACI <sup>(3)</sup> CR <sup>(5)</sup>	3

(1) Age as at 31<sup>st</sup> December 2016.

(2) As at the date of the next General Meeting, to be held on 23<sup>rd</sup> May 2017.

(3) Audit and Internal Control Committee.

(4) Nomination and Corporate Governance Committee.

(5) Risk Committee.

(6) Compensation Committee.

Changes in the composition of the Board of Directors in 2016

Director	Departure	Appointment	Renewal	Nationality
Michel CICUREL	18 <sup>th</sup> May 2016			French
Yann DELABRIÈRE	18 <sup>th</sup> May 2016			French
Juan Maria NIN GENOVA		18 <sup>th</sup> May 2016 <sup>(1)</sup>		Spanish
Nathalie RACHOU			18 <sup>th</sup> May 2016	French
Emmanuel ROMAN		18 <sup>th</sup> May 2016		French
Emmanuel ROMAN	1 <sup>st</sup> December 2016			French

(1) Effective as from 1<sup>st</sup> September 2016.

### 3.1 EXPERIENCED AND COMPLEMENTARY DIRECTORS

The composition of the Board is designed to achieve a balance between experience, expertise and independence, in accordance with parity. Expertise and experience in the financial world and the management of large international companies are the basic

criteria for the selection of Directors. Each year, the balance thus established in the composition of the Board is reviewed by the Nomination and Corporate Governance Committee and the Board of Directors. The analysis of the Directors' expertise shows the complementary nature of their various profiles, which cover the entire spectrum of the Bank's business and the risks associated with its activity.

### 3.2 DIRECTORS' EXPERTISE

The table below summarises the Directors' main areas of expertise and experience. Their biographies can be found in Chapter 3.1., pages 69 to 75.

DIRECTORS	Banking, Finance	Other business	International	Brief bio
Frédéric OUDÉA	X		X	A biography can be found on page 69
Lorenzo BINI SMAGHI	X		X	Monetary policy/Energy/Economy
Robert CASTAIGNE		X	X	Finance/Accounting/Energy/Management of large international companies
Barbara DALIBARD		X	X	Telecommunications/Digital/Services/Management of large international companies
Kyra HAZOU	X		X	Legal/Banking and financial regulations
Jean-Bernard LÉVY		X	X	Energy/Finance/Management of large international companies
Ana Maria LLOPIS RIVAS	X		X	Retail Banking/Remote banking/Innovation
Gérard MESTRALLET		X	X	Energy/Finance/Services/Management of large international companies
Juan Maria NIN GENOVA	X		X	Banking/Finance/Management of large international companies
Nathalie RACHOU	X		X	Finance/Investment Banking
Alexandra SCHAAPVELD	X		X	Finance/Investment Banking
France HOUSSAYE	X			Retail Banking
Béatrice LEPAGNOL	X			Retail Banking

### 3.3 A BALANCED REPRESENTATION OF WOMEN AND MEN WITHIN THE BOARD OF DIRECTORS

As at 31<sup>st</sup> December 2016, the Board of Directors comprised seven women and six men, i.e. 53.8% women or 45.5% if the two Directors representing the employees are excluded from the calculation, in accordance with the provisions of the law of 27<sup>th</sup> January 2011.

### 3.4 OVER 90% OF INDEPENDENT DIRECTORS

In accordance with the AFEP-MEDEF Code, and based on the report of its Nomination and Corporate Governance Committee, the Board of Directors conducted an examination of the situation of each of its members as at 31<sup>st</sup> December 2016 in view of the independence criteria defined in the aforementioned report.

In particular, it examined the banking and advisory relations between the Group and the companies in which its Directors are also executive officers, in order to assess whether these relations were of such significance and nature as to possibly affect the Directors' independence of judgement. This analysis is based on a multi-criteria review integrating several parameters, (the company's overall debt and liquidity, the ratio of bank debt to overall debt the amount of Societe Generale's commitments and the significance of these

commitments compared to the total bank debt, advisory offices held, other commercial relations).

This examination was specifically conducted for Jean-Bernard Lévy, Chairman and Chief Executive Officer of EDF, and Gérard Mestrallet, Chairman of ENGIE.

In both these cases, the Committee observed that the economic, financial and other relations between the Directors, the groups they manage and Societe Generale were not of such a nature as to alter the examination conducted in early 2016. Societe Generale's part in financing the debt of their groups appeared compatible with the Committee's assessment criteria (less than 5%). They are therefore considered as independent.

In the case of Barbara Dalibard, who became Chief Executive Officer of SITA in 2016, the Board of Directors confirmed that she satisfies all independence criteria, Societe Generale having no financing relationship with this company.

For all other Directors, with the exception of Frédéric Oudéa and the Directors representing the employees, the independence criteria have been verified (see below).

### 3.5 DIRECTORS' POSITION IN RESPECT OF THE AFEP-MEDEF CODE'S INDEPENDENCE CRITERIA

Director	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7
Lorenzo BINI SMAGHI	o	o	o	o	o	o	o
Frédéric OUDÉA	X	o	o	o	o	o	o
Robert CASTAIGNE	o	o	o	o	o	o	o
Barbara DALIBARD	o	o	o	o	o	o	o
Kyra HAZOU	o	o	o	o	o	o	o
France HOUSSAYE	X	o	o	o	o	o	o
Béatrice LEPAGNOL	X	o	o	o	o	o	o
Jean-Bernard LÉVY	o	o	o	o	o	o	o
Ana Maria LLOPIS RIVAS	o	o	o	o	o	o	o
Gérard MESTRALLET	o	o	o	o	o	o	o
Juan Maria NIN GENOVA	o	o	o	o	o	o	o
Nathalie RACHOU	o	o	o	o	o	o	o
Alexandra SCHAAPVELD	o	o	o	o	o	o	o

Key:

"o" indicates that an independence criterion has been met according to the AFEP-MEDEF Code's criteria.

"x" indicates that an independence criterion has not been met according to the AFEP-MEDEF Code's criteria.

Criterion 1: over the past five years, status (i) of employee or Chief Executive Officer of the company, a company that the company consolidates, the parent company of the company or a company consolidated by that parent company, or (ii) of director of a company that the company consolidates, the parent company of the company, or a company consolidated by that parent company.

Criterion 2: existence or otherwise of cross-directorships.

Criterion 3: existence or otherwise of significant business relations.

Criterion 4: existence of close family ties with an executive officer.

Criterion 5: not having been a Statutory auditor for the company over the past five years.

Criterion 6: not having been a company Director for more than twelve years.

Criterion 7: representative of major shareholders.

As at 31<sup>st</sup> December 2016, 10 out of 13 Directors were independent, i.e. 90.9% of the members of the Board of Directors, using the AFEP-MEDEF Code's calculation rule that excludes employee representatives.

This proportion is well above the Board of Directors' objective of complying with the minimum proportion of 50% of independent Directors recommended in the AFEP-MEDEF Code.

### 3.6 DILIGENT DIRECTORS

In 2016, Lorenzo Bini Smaghi chaired all Board meetings.

The Directors' attendance rates at Board and Committee meetings are very high.

The average attendance rate per meeting is 93% (98% in 2015) for the Board of Directors, 100% (98% in 2015) for the Audit and

Internal Control Committee (CACI), 98% (95% in 2015) for the Risk Committee (CR), 91% (88% in 2015) for the Nomination and Corporate Governance Committee (CONOM) and 96% (97% in 2015) for the Compensation Committee (COREM).

ATTENDANCE IN 2016	Board of Directors		CACI		CR		CONOM		COREM	
	Number of meetings	Attendance rate								
Lorenzo BINI SMAGHI	10	100%								
Frédéric OUDÉA	10	100%								
Robert CASTAIGNE <sup>(1)</sup>	10	100%	10	100%	7	100%	2	100%		
Michel CICUREL <sup>(2)</sup>	6	100%					4	100%	4	100%
Barbara DALIBARD	7	70%								
Yann DELABRIÈRE <sup>(2)</sup>	4	67%								
Kyra HAZOU	10	100%	10	100%	10	100%				
France HOUSSAYE	10	100%							7	100%
Béatrice LEPAGNOL	10	100%								
Jean-Bernard LÉVY	10	100%					6	86%	7	100%
Ana Maria LLOPIS RIVAS <sup>(3)</sup>	9	90%					2	100%		
Gérard MESTRALLET	8	80%					6	86%	6	86%
Juan Maria NIN GENOVA <sup>(4)</sup>	2	100%			2	67%			3	100%
Nathalie RACHOU	10	100%	10	100%	10	100%				
Emmanuel ROMAN <sup>(5)</sup>	3	75%								
Alexandra SCHAAPVELD	10	100%	10	100%	10	100%				
Number of meetings held in 2016		10		10		10		7		7
Average attendance rate (%)		93%		100%		98%		91%		96%

(1) Member of the CR until 1<sup>st</sup> September 2016, Member of the CONOM as from 1<sup>st</sup> September 2016.

(2) Until 18<sup>th</sup> May 2016.

(3) Member of the CONOM as from 1<sup>st</sup> September 2016.

(4) As from 1<sup>st</sup> September 2016.

(5) From 18<sup>th</sup> May 2016 to 1<sup>st</sup> December 2016.

### 3.7 DIRECTORS REQUIRED TO HOLD A SIGNIFICANT NUMBER OF SOCIETE GENERALE SHARES AND BOUND BY STRINGENT ETHICS RULES

Each Director is required to comply with the ethics rules provided for in the Internal Rules, in particular regarding the regulations relating to insider trading.

#### Extract from Article 4, of the Internal Rules:

4.3 - Directors shall abstain from intervening on the market of Societe Generale Financial instruments during the 30 calendar days preceding the publication of Societe Generale's quarterly, half-yearly and annual results as well as on the day of the said publication.

They shall refrain from carrying out speculative or leveraged transactions on Societe Generale Financial instruments or those of a listed company controlled directly or indirectly by Societe Generale within the meaning of Article L. 233-3 of the French Commercial Code.

They shall inform the Secretary of the Board of Directors of any difficulty they may encounter in enforcing the above.

In addition, Directors appointed by the General Meeting must hold a minimum of 1,000 shares in accordance with the provisions of the Internal Rules. As at 31<sup>st</sup> December 2016, all Directors held at least 1,000 Societe Generale shares. The Chairman of the Board of Directors held 2,000 Societe Generale shares.

#### Article 16 of the Internal Rules:

16.1 - Each Director appointed by the General Meeting (whether in his/her own name or as a permanent representative of a legal entity) must hold the equivalent of at least 1,000 shares. Each Director has a six-month time frame to hold the 600 shares provided for by the By-laws and an additional six-month time frame to increase his/her holding to 1,000 shares.

16.2 - Each Director shall refrain from hedging his/her shares.

Chief Executive Officers are also bound by specific obligations (see page 107 – Societe Generale share ownership and holding obligations).

## 4. Board's expertise

Societe Generale's Internal Rules define its organisation and operating methods.

The Board of Directors shall deliberate on any matter within its legal and regulatory responsibilities and shall devote sufficient time to fulfil its missions.

The Board of Directors intervenes in particular on the following subjects (see pages 511 and 512 – Article 1 of the Internal Rules):

- **Strategic directions and operations:** it approves the Group's strategic directions, ensures their implementation and reviews them at least once a year; these directions include the values and the code of conduct of the Group as well as the main thrusts of the policy followed with respect to social and environmental responsibility, human resources, information systems and organisation. It approves the plans for strategic operations, in particular acquisitions or disposals, which may have a significant impact on the Group's earnings, its balance sheet structure or its risk profile.
- **Financial statements and communication:** it ensures, in particular, the accuracy and truthfulness of the annual and consolidated annual accounts and the quality of the information provided to the shareholders and the market.
- **Risk management:** it approves the global strategy and the appetite in terms of risks of any kind and controls the related implementation. To this end, it approves and regularly reviews the strategies and policies governing the taking, management, monitoring and reduction of the risks to which Societe Generale is or could be exposed, including the risks created by the economic environment; ensures, in particular, the adequacy and effectiveness of the risk management systems, controls the risk exposure from its activities and approves the overall risk limits; ensures the effectiveness of the corrective measures taken in the event of a default. It decides on the dismissal of the Chief Risk Officer who cannot be removed from his/her functions without the prior consent of the Board of Directors.
- **Governance:** it notably reviews the governance system, periodically assesses its effectiveness and ensures that corrective measures to remedy potential shortcomings have been taken; ensures, in particular, compliance with the banking regulations with respect to internal control. It also determines the orientations and controls the implementation by the Effective Senior Managers of the oversight systems in order to ensure effective and prudent management of the institution, in particular the avoidance of conflicts of interest. It deliberates at least once a year on its operation and that of its Committees, as well as on the conclusions of the periodic assessment thereof.
- **Compensation and wage policy:** it distributes the attendance fees; it establishes the compensation policy principles applicable in the Group, in particular regarding the regulated persons, sets the compensation of the chief executive officers, and decides on the allocation of performance shares under the authorisations given by the General Meeting.
- **Preventive recovery plan:** it establishes the preventive recovery plan that is communicated to the European Central Bank and deliberates on any similar plan requested by foreign supervisory authorities.

## 5. Functioning of the Board

The Internal Rules govern the functioning of the Board of Directors (see Article 6 of the Internal Rules, page 513). The latter is convened by the Chairman, by any means, or at the request of one-third of the Directors. It meets at least eight times a year, in particular to approve the annual and consolidated annual accounts.

Each Director receives the information required to carry out his or her duties, in particular for the preparation of each Board meeting. The Directors also receive any useful information, including critical information, on significant events for the Company. Each Director receives the training sessions necessary to fulfil his or her mandate.

## 6. The Board's work

In 2016, the Board held 10 meetings, of which the average duration was three hours. The Directors' attendance rate averaged 93% per meeting (98% in 2015). Outside of these meetings, the Board of Directors held several conference calls on topics of current interest.

As every year, the Board of Directors prepared the annual, half-yearly and quarterly accounts and reviewed the budget. It discussed the disposal/acquisition operations carried out in 2016.

During 2016, the Board continued to monitor the Group's liquidity profile and capital trend in light of regulatory requirements. Similarly, at each meeting, it monitored the developments in major ongoing disputes.

The Board reviewed the strategy of the Group and its main businesses as well as its competitive environment during a one-day seminar.

In 2016, the main topics addressed were the following:

- the Group's code of conduct;
- Corporate and Investment Banking activity;
- International Retail Banking activity;
- Insurance business;
- Securities services;
- CSR (corporate social responsibility) policy;
- information systems and IT security;
- resolution and recovery plans;
- compliance;
- human resources;
- the Group's image.

The Board of Directors was informed of regulatory changes and their consequences on the Group's organisation and its activity (in particular the banking law in France, the Volcker law and the Tarullo regulation in the United States, etc.).

The Board regularly reviewed the Group's status in terms of risks. It discussed the Group's risk appetite and risk mapping. It approved the overall market risk limits. It reviewed the Annual Reports communicated to the French Prudential Supervisory and Resolution Authority (hereinafter "ACPR") on risks and internal control, as well as the responses to the follow-up letters further to inspections by the ACPR and the ECB. It also reviewed the action taken on recommendations from the regulators in the United States.

The Board assessed the performance of the executive officers and set their compensation as well as that of the Chairman. It decided on performance share plans. It also discussed the policy pursued with respect to professional and wage equality. Lastly, it reviewed the allocation of attendance fees (see page 95).

The Board of Directors prepared and approved the resolutions submitted to the Annual General Meeting.

Similarly, it discussed the General Management succession plan.

Each year, the Board conducts a review of its operation. The conclusions of this review in 2016 are indicated in the assessment section of this report (see page 94).

In January 2017, after a recommendation from the Nomination and Corporate Governance Committee, the Board of Directors updated the Internal Rules to include new provisions (e.g. audit reform) and clarify the respective roles of the Board and Committees.

In January 2017, the Board appointed Didier Valet as a Deputy Chief Executive Officer, set his remuneration and authorised the post-employment commitment concerning him (retirement regime).

In January 2017, the Board of Directors carried out the annual review of related-party agreements and commitments entered into and authorised during previous financial years and which continued during the 2016 financial year. These were the pension commitments for Deputy Chief Executive Officers and the non-compete agreement between the Company and Mr. Oudéa. The Board considers that the ongoing pension commitments, which remain justified, must be maintained. In relation to the non-compete agreement and new related-party agreements and commitments, see pages 100 and 101.

Furthermore, it was noted that no new related-party agreements were entered into in 2016, directly or indirectly, between, on the one hand, the Chief Executive Officer or the Chairman of the Board of Directors, a Deputy Chief Executive Officer, a Director or a shareholder holding more than 10% of Societe Generale's voting rights, and, on the other hand, a French or foreign subsidiary in which Societe Generale holds, directly or indirectly, more than half of the share capital. Pursuant to the law, ordinary agreements entered into under normal conditions are excluded from this assessment.

Lastly, the banking supervisors (ECB and ACPR) attended a Board of Directors' meeting. The ECB conducted an investigation into governance with European banks, in which Societe Generale participated. A follow-up letter was sent to the Board of Directors containing recommendations, mainly of a practical nature, which were implemented in 2016. Accordingly, the respective compositions of the Risk Committee and the Audit Committee were differentiated after the General Meeting.

## CHAIRMAN OF THE BOARD OF DIRECTORS

### 1. Role of the Chairman of the Board of Directors

The Board of Directors appointed Lorenzo Bini Smaghi Chairman of the Board of Directors following the separation of the offices of Chairman of the Board of Directors and Chief Executive Officer on 19<sup>th</sup> May 2015.

The duties of the Chairman are set out in Article 5 of the Internal Rules.

#### Article 5 of the Internal Rules:

5.1 - The Chairman convenes and chairs the Board of Directors meetings. He/she sets the timetable and agenda of the meetings. He/she organises and manages the work of the Board of Directors and reports on its activities to the General Meeting. He/she chairs the General Meetings of Shareholders.

5.2 - The Chairman ensures the proper functioning of the Company's bodies and the implementation of the best corporate governance practices, in particular as regards the Committees set up within the Board of Directors, which he/she may attend without the right to vote. He/she may submit questions for the consideration of these Committees. He/she is responsible for the Report on corporate governance, internal control and risk management.

5.3 - He/she receives all information relevant to his/her missions. He/she is regularly informed by the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officers, of significant events relating to the life of the Group. He/she may request the disclosure of any information or document that may inform the Board of Directors. For the same purpose, he/she may hear the Statutory Auditors and, after having informed the Chief Executive Officer, any Group senior manager.

5.4 - He/she ensures that the Directors are in a position to fulfil their missions and ensures that they are properly informed.

5.5 - He/she is the only person authorised to speak on behalf of the Board of Directors, except in exceptional circumstances or with a specific mandate entrusted to another Director.

5.6 - He/she devotes his/her best efforts to promote in all circumstances the values and the image of the Company. In consultation with the General Management, he/she may represent the Group in its high-level relations, in particular with major clients, regulators, major shareholders and public authorities, both domestically and internationally.

5.7 - He/she has the material resources necessary for the performance of his/her missions.

5.8 - The Chairman has no executive responsibilities, these responsibilities being exercised by the General Management which proposes and applies the Company's strategy, within the limits defined by law and in compliance with the corporate governance rules and directions set by the Board of Directors.

### 2. Report on the activities of the Chairman of the Board of Directors

In 2016, the Chairman of the Board devoted at least three days per week to the Group.

He chaired all the Board meetings and the executive session. He also attended the meetings of all the Committees. He met Directors individually, notably with regard to the assessment of the Board of Directors' performance, including the individual assessment of Directors. He oversaw, with the Chairman of the Nomination and Corporate Governance Committee, the procedures for the recruitment of new Directors. He also met the Group's main senior executives (members of the Executive Committee, heads of business lines or functions). He visited certain offices, notably in the retail banking network in France.

On several occasions, the Chairman met with banking regulators in Europe. He participated in the annual meetings of the IMF, and held several meetings with the ECB. The Chairman also participated in numerous public events both within and outside Europe, where he spoke on a range of themes (macro-economy and banking regulations in particular). The Chairman also expressed his views on several occasions in the media, and met with clients, investors and shareholders. As part of the preparation for the General Meeting, he held meetings with the main shareholders and proxies. Lastly, the Chairman participated in a roadshow in New York and Boston in order to present the Group's governance system to investors.

## THE BOARD COMMITTEES

The Board of Directors was assisted by four Committees in 2016:

- the Audit and Internal Control Committee;
- the Risk Committee;
- the Compensation Committee;
- the Nomination and Corporate Governance Committee.

Each Committee comprises four members. No Director is a member of more than two Committees. Each Committee comprises at least one male and one female member and at least one foreigner.

One Director representing the employees sits on the Compensation Committee. One Director sits on both the Risk Committee and the Compensation Committee.

Representatives of the ECB attended a Risk Committee and an Audit and Internal Control Committee meeting. The Fed and the ECB also met with the Chairmen of the Risk Committee and the Audit and Internal Control Committee.

The duties of the Board's four Committees are set forth in Articles 10 to 13 of the Internal Rules (see Chapter 7).

### 1. Audit and Internal Control Committee

Societe Generale has had an Audit Committee since 1995. This Committee became the Audit, Internal Control and Risk Committee in 2010. In January 2015, this Committee was divided into an Audit and Internal Control Committee and a Risk Committee in accordance with the CRD4 Directive.

At 31<sup>st</sup> December 2016, the Committee comprised four independent Directors: Ms. Hazou, Ms. Rachou, Ms. Schaapveld and Mr. Castaigne. It is chaired by Ms. Schaapveld.

All its members are particularly qualified in the financial and accounting fields, and in the analysis of internal control, as they hold or have held positions as bankers or as bank chief financial officers, auditors, or chief legal officers.

**Article 10 of the Internal Rules:**

10.1 - The Audit and Internal Control Committee's mission is to monitor issues concerning the preparation and control of accounting and financial information as well as the monitoring of the effectiveness of internal control, measurement, monitoring and risk control systems.

10.2 - In particular, it is responsible for:

- a) ensuring the monitoring of the process for the production of the financial information, particularly reviewing the quality and reliability of existing systems, making proposals for their improvement and ensuring that corrective actions have been implemented in the event of a malfunction in the process;
- b) analysing the draft accounts to be submitted to the Board of Directors in order to, in particular, verify the clarity of the information provided and assess the relevance and consistency of the accounting methods adopted for drawing up annual accounts and consolidated annual accounts;
- c) conducting the procedure for selecting the Statutory Auditors and giving an opinion to the Board of Directors, developed in accordance with the provisions of Article 16 of the regulation (EU) n° 537/2014 dated 16 April 2014, concerning their appointment or renewal as well as their remuneration;
- d) ensuring the independence of the Statutory Auditors in accordance with the regulations in force;
- e) approving, in accordance with Article L. 822-11-2 of the French Commercial Code and the policy adopted by the Board of Directors, the provision of services other than the certification of accounts after analysing the risks to the Statutory Auditor's independence and the safeguard measures applied by the latter;
- f) reviewing the work programme of the Statutory Auditors and, more generally, monitoring the control of the accounts by the Statutory Auditors in accordance with the regulations in force;

g) ensuring the monitoring of the effectiveness of internal control, risk management and internal audit systems, with regard to the procedures for the preparation and processing of the accounting and financial information. To this end, the Committee is responsible in particular for:

- reviewing the internal control and risk control of the business segments, divisions and main subsidiaries,
- reviewing the Group's periodic monitoring programme and giving its opinion on the organisation and functioning of the internal control departments,
- reviewing the follow-up letters from the banking and markets supervisors and issuing an opinion on draft replies to these letters;

h) reviewing the reports prepared in order to comply with the regulations in terms of internal control.

10.3 - It regularly reports to the Board of Directors on the performance of its missions, including the outcomes of the mission of certification of the accounts, how this mission contributed to the integrity of the financial information and the role it played in this process. It informs the Board of Directors without delay of any difficulty encountered.

10.4 - The Statutory Auditors shall be invited to the meetings of the Audit and Internal Control Committee, unless the Committee decides otherwise. They may also be consulted outside these meetings.

10.5 - The Audit and Internal Control Committee or its Chairman also hear the heads of the internal control functions (risk, compliance, internal audit) as well as the Chief Financial Officer and, as necessary, the managers in charge of drawing up the accounts, internal control, risk control, compliance control and periodic control.

10.6 - The Audit and Internal Control Committee is composed of at least three Directors appointed by the Board of Directors, who have the appropriate financial, accounting, auditing or internal control skills. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Corporate Governance Code.

## AUDIT AND INTERNAL CONTROL COMMITTEE (CACI) ACTIVITY REPORT FOR 2016

The Committee met ten times in 2016, with an attendance rate of 100% (98% in 2015).

At each account closing period, the Committee interviewed the Statutory Auditors without the presence of management, before hearing the presentation of the accounts given by the Finance Division. One of the Chief Executive Officers attends some of the meetings dedicated to each account closing, and discusses the highlights of the quarter with the Committee.

More in-depth presentations are given by other managers on certain subjects relating, notably, to balance sheet management, internal control and the financial aspects of planned acquisitions.

The Committee reviewed the draft annual, half-yearly and quarterly consolidated accounts before their presentation to the Board, and submitted its opinion to the Board on these accounts.

It reviews the annual report on internal control.

The Committee devoted several agenda items to matters relating to internal control and the monitoring of remediation plans (anti-money laundering in the United States, control of Libor/Euribor submissions and other benchmarks). The Committee regularly reviewed the work performed by the General Inspection Department and the Internal Control Division. It was informed of significant compliance incidents. It examined the annual report on internal control. It reviewed the schedule for the General Inspection Department and audits, and the follow-up procedures

for audit recommendations. It reviewed the activities of the subsidiaries' Audit Committees within the framework of the rules that the Group has determined in this area.

It was also consulted on the Group's draft replies to the follow-up letters from the ACPR, as well as on draft replies to the ECB and to foreign regulators. It is responsible for regular monitoring of implementation of the ECB's recommendations.

The main topics addressed during the year were as follows:

- review of acquisitions and disposals;
- general organisation of compliance, global framework, roles and responsibilities;
- anti-money laundering;
- Enterprise Risk Management (risk culture);
- recovery and resolution plans;
- tax management;
- customer protection;
- compliance with the Volcker Rule;
- Private Banking/Hambros, Switzerland.

The Committee travelled to Bangalore (see below). It discussed the audit programme and the 2016 budget for the Statutory Auditors' fees.



## 2. Risk Committee

At 31<sup>st</sup> December 2016, the Risk Committee comprised four independent Directors: Ms. Hazou, Ms. Rachou, Ms. Schaapveld and Mr. Nin Genova. It is chaired by Ms. Rachou.

All its members are particularly qualified in the financial and accounting fields, and in risk analysis, as they hold or have held positions as bankers or as bank chief financial officers, auditors, or chief legal officers.

### Article 11 of the Internal Rules:

11.1 - The Risk Committee advises the Board of Directors on the overall strategy and the appetite regarding all kinds of risks, both current and future, and assists it when it controls the implementation of this strategy.

11.2 - In particular, it is responsible for:

- a) preparing the debates of the Board of Directors on documents relating to risk appetite;
- b) reviewing the risk control procedures and is consulted for the setting of overall risk limits;
- c) undertaking a regular review of the strategies, policies, procedures and systems used to detect, manage and monitor the liquidity risk and communicating its conclusions to the Board of Directors;
- d) issuing an opinion on the Group's global provisioning policy, as well as on specific provisions for significant amounts;
- e) reviewing the reports prepared to comply with the banking regulations on risks;
- f) reviewing the policy concerning risk control and the monitoring of off-balance sheet commitments, especially in the light of the memoranda prepared to this end by the Finance Division, the Risk Division and the Statutory Auditors;
- g) reviewing, as part of its mission, whether the prices for the products and services mentioned in books II and III of the French Monetary and Financial Code and offered to clients

are consistent with the Company's risk strategy. When these prices do not correctly reflect the risks, it informs the Board of Directors accordingly and gives its opinion on the action plan to remedy the situation;

- h) without prejudice to the Compensation Committee's missions, reviewing whether the incentives provided for by the compensation policy and practices are consistent with the Company's situation with regard to the risks to which it is exposed, its capital and its liquidity, as well as the probability and timing of expected benefits;
- i) reviewing the enterprise risk management related to the Company's operations in the United States<sup>(1)</sup>.

11.3 - It has all information on the Company's risk situation. It may use the services of the Chief Risk Officer or external experts.

11.4 - The Statutory Auditors are invited to the meetings of the Risk Committee, unless the Committee decides otherwise. They may also be consulted outside these meetings.

The Risk Committee or its Chairman hear the heads of the internal control functions (risk, compliance, internal audit) as well as the Chief Financial Officer and, as necessary, the managers responsible for drawing up the accounts, internal control, risk control, compliance control and periodic control.

11.5 - The Risk Committee is composed of at least three Directors appointed by the Board of Directors who have knowledge, skills and expertise concerning risks. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Corporate Governance Code.

(1) In accordance with the requirements of the U.S. Federal Reserve's Enhanced Prudential Standards Rules, the Risk Committee will hold quarterly meetings to review the Company's operations in the United States. The Risk Committee's obligations in this regard include the review of the enterprise risk management related to the Company's operations in the United States. As such, the Risk Committee must:

- a) receive regular reports from the US-based Chief Risk Officer of the Company;
- b) review the risk management system for the Company's combined operations in the United States; and
- c) review the Company's liquidity risk in the United States.

### RISK COMMITTEE ACTIVITY REPORT FOR 2016

The Risk Committee met ten times during the year. The attendance rate for its members was 98% (95% in 2015).

At each meeting, the Chief Risk Officer reports to the Risk Committee on changes in the risk environment and highlights. The Committee examines the documents relating to risk appetite and prepares the decisions on the ICAAP and ILAAP. It regularly reviews:

- the risk overview and risk mapping;
- the risk limits for which it prepares the Board's decisions;
- the liquidity situation of the Group;
- the outcome of stress test exercises;
- the reputation dashboard;
- the compliance dashboard.

In 2016, it devoted several agenda items to matters relating to IT security and information systems. It was informed of the main disputes, including tax disputes. It reviewed the organisation of the Risk Division and the ERM project. It also conducted a review of the Compliance Division. It examined risk areas specific to regulatory projects. It also prepared the Board's work on recovery and resolution plans. It gave the Compensation Committee its opinion on the taking into account of risks in the compensation for regulated employees (market professionals and others).

It examined the risks related to specialised financial services and those related to offshoring. In November, the Committee travelled to Bangalore with the Audit and Internal Control Committee to examine transaction processing systems as well as the operating conditions in the Indian environment. The Committee also met APTP, Accenture's subsidiary, in charge of outsourced investment banking operations, as well as Deutsche Bank and Indian start-ups.

### 3. Compensation Committee

At 31<sup>st</sup> December 2016, the Compensation Committee comprised four Directors, including three independent Directors (Messrs. Lévy, Mestrallet and Nin Genova) and an employee (Ms. Houssaye). It is chaired by Mr. Lévy, an independent Director.

Its members have the skills required to assess the compensation policies and practices, in particular with regard to the Group's risk policy.

#### Article 12 of the Internal Rules:

12.1 - The Compensation Committee prepares the decisions that the Board of Directors adopts concerning compensation, especially those related to the chief executive officers (*dirigeants mandataires sociaux*) as well as those that have an impact on the risk and the management of risks in the Company.

12.2 - It conducts an annual review of:

- a) the principles of the Company's compensation policy;
- b) the compensation, allowances and benefits of any kind granted to the Company's executive officers (*mandataires sociaux*) as well as the Effective Senior Managers, if they are different;
- c) the compensation policy for regulated employees within the meaning of the banking regulations.

12.3 - It controls the compensation of the Chief Risk Officer and the Chief Compliance Officer.

12.4 - It receives all information necessary for its mission and in particular the annual report sent to the European Central Bank.

12.5 - It may be assisted by the internal control services or by external experts.

12.6 - In particular, the Committee:

- a) proposes to the Board of Directors, in compliance with the regulations applicable to credit institutions, the principles given by the AFEP-MEDEF Corporate

Governance Code and professional standards, the principles of the compensation policy for the chief executive officers (*dirigeants mandataires sociaux*), and especially the criteria for the determination, the structure and the amount of this compensation, including allowances and benefits in kind, insurance or pension benefits, and compensation of any kind received from all the Group companies; it ensures their application;

- b) prepares the annual performance assessment of the chief executive officers (*dirigeants mandataires sociaux*);
- c) proposes to the Board of Directors the policy for performance shares and stock options allocation and gives an opinion on the list of beneficiaries;
- d) prepares the decisions of the Board of Directors concerning the employee savings plan.

12.7 - It is composed of at least three Directors and includes a Director elected by the employees. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Code<sup>(1)</sup>. Its composition enables it to exercise a competent and independent judgement on the compensation policies and practices with regard to the management of risks, the equity and the liquidities of the Company.

(1) For the calculation of the rate of independents within the Committees, the AFEP-MEDEF Code does not take employees into account.

#### COMPENSATION COMMITTEE ACTIVITY REPORT FOR 2016

The Compensation Committee met seven times during the financial year. The attendance rate for its members was 96% (97% in 2015).

During its meetings, the Committee prepared the Board's decisions on the status and compensation of the Chief Executive Officers. It prepared the decisions regarding the monitoring of long-term or deferred compensation. In particular, it prepared the decisions relating to the Chairman's compensation. In January 2017, it prepared the decision concerning the compensation of Didier Valet, who has been appointed Deputy Chief Executive Officer.

The Committee prepared the appraisals of the Chief Executive Officers. It recommended annual targets for them to the Board.

In accordance with the CRD<sub>4</sub> Directive and its transposition into French law, the Compensation Committee ensured that the Group's compensation policies comply not only with regulations, but also with the company's risk management policy and capital targets.

The Committee reviewed the principles of the compensation policy applicable within the Group, in particular concerning employees whose activities have a significant impact on the Group's risk profile, in accordance with the new regulations in force. It dedicated several meetings to this examination and to ensuring that the structure proposed for regulated employees complies with the new and particularly complex rules. It particularly ensured that the compensation policy effectively takes into account the risks generated by the activities and that employees comply with risk management policies and professional standards, and consulted the Audit and Internal Control Committee and Risk Committee in this regard. The Committee also relied on work by external and internal control bodies. Lastly, it reviewed the annual report on compensation. The compensation policy is described in detail on pages 96 and following.

Lastly, the Committee proposed the share (or share equivalent) allocation plans to the Board.

The Committee prepared the Board's work on gender equality within the company.

## 4. Nomination and Corporate Governance Committee

At 31<sup>st</sup> December 2016, the Nomination and Corporate Governance Committee comprised four independent Directors: Ms. Llopis Rivas and Messrs. Castaigne, Lévy and Mestrallet. It is chaired by Mr. Mestrallet.

Its members have the skills required to assess the nomination and corporate governance policies and practices.

### Article 13 of the Internal Rules:

#### 13.1 - The Nomination and Corporate Governance Committee:

- a) is responsible for making proposals to the Board of Directors for the appointment of Directors and Committees' members as well as on the succession of the executive officers (*mandataires sociaux*), especially in the event of an unforeseeable vacancy, after having carried out necessary studies. To this end, it prepares the selection criteria to be submitted to the Board of Directors, proposes to the Board of Directors an objective to be achieved concerning the balanced representation of women and men on the Board of Directors and develops a policy designed to achieve this objective<sup>(1)</sup>;
- b) periodically reviews the structure, size, composition and effectiveness of the Board of Directors' work and submits to the Board of Directors any recommendation relevant to the carrying out of the annual assessment of the Board of Directors and its members;

- c) periodically reviews the Board of Directors' policies concerning the selection and appointment of the Effective Senior Managers, the Deputy Chief Executive Officers and the Chief Risk Officer, and makes recommendations in this area;
- d) more generally, prepares the review by the Board of Directors of corporate governance issues. It proposes to the Board of Directors the presentation of the Board of Directors in the Registration Document and in particular the list of independent Directors;
- e) is informed in advance of any appointment of a member of the Group's Executive Committee and any corporate department head who is not a member of this Committee. It is informed of the succession plan of these senior officers (*dirigeants*).

13.2 - It is composed of at least three Directors. At least two thirds of the Committee's members are independent within the meaning of the AFEP-MEDEF Corporate Governance Code. The Chief Executive Officer is involved, as necessary, in the Committee's work.

(1) The objective and policy of the credit institutions, as well as the terms of implementation, are made public in accordance with paragraph 2 (c) of Article 435 of regulation (EU) n° 575/2013 dated 26<sup>th</sup> June 2013.

## NOMINATION AND CORPORATE GOVERNANCE COMMITTEE ACTIVITY REPORT FOR 2016

The Nomination and Corporate Governance Committee held seven meetings in 2016. The attendance rate was 91% (88% in 2015).

The Committee prepared the resolutions for the General Meeting. It examined the Board of Directors' proposed update of the Internal Rules. It prepared the nominations of new Directors and submitted the selection to the Board, with the help of an outside firm. To this end, it defined selection criteria and ensured the balanced composition of the Board. Each candidate was received by one or more members of the Committee.

The Committee reported on this selection stage to the Board. In the case of executive officers, the Committee defined a succession plan and submitted a favourable opinion to the Board of Directors concerning the appointment of Didier Valet as a Deputy Chief Executive Officer, as proposed by Frédéric Oudéa. In the case of the appointment of the Chief Risk Officer, the Committee formulated a favourable opinion after having verified the procedure followed. The Chairman of the Committee, together with the Chairman of the Board, oversaw the procedure for appraisal of the Board (see page 94). The appraisal questionnaire was validated by the Committee.

It prepared the Board's review of the Corporate Governance section of the 2016 Annual Report, in particular the section concerning the assessment of Directors' independence.

## APPRAISAL OF THE BOARD OF DIRECTORS AND ITS MEMBERS

Each year since 2000, the Board of Directors has devoted part of a meeting to discussing its operation, based on an appraisal performed by a specialised external consultant every three years, and in other years on interviews or questionnaires overseen by the Nomination and Corporate Governance Committee. In this respect, the role of the Nomination and Corporate Governance Committee consists in preparing and commencing the appraisal (in July) and then collecting the conclusions and preparing their presentation (in November) for discussion by the Board of Directors (in January). In both cases, the responses are presented on an anonymous basis in a summary document that serves as a basis for the Board's discussions.

For 2016, the Board decided to commission an external appraisal, which was entrusted to the firm of Spencer Stuart. This appraisal focused on the collective functioning of the Board one year after the change in governance, as well as on the individual appraisal of each Director. This appraisal was based on an interview guide validated by the Nomination and Corporate Governance Committee. For the individual appraisals, each Director was asked to give his/her viewpoint on the contribution of each of the other Directors.

The results of the individual appraisals were discussed with each of the Directors by the Chairman of the Board of Directors.

The collective appraisal was discussed in the Board of Directors' meeting on 13<sup>th</sup> January 2017. Overall, the Directors expressed their satisfaction with the Board's dynamics and performance, even indicating an improvement since the last external appraisal in 2013.

The areas for improvement highlighted concern a more balanced breakdown of the agenda between regulatory obligations and strategic or business issues and more time allocated to discussions. The work climate and relations between Directors and with General Management are judged very positively. The Board wishes to maintain its current size and balance in composition. A few details regarding the operation of the Board of Directors could be improved (better balance between presentations and discussions, a residential seminar, more discussions on strategic issues, greater importance placed on human resources issues, better structuring of the executive session, more discussions on the choice of new Directors).

Moreover, the increasingly technical nature of the subjects covered justifies the need to provide Directors, and especially Directors representing the employees, with better training.

## TRAINING

New Directors receive training at their request and are introduced to staff within the Group. This induction is organised by the Secretary of the Board. It comprises at least one meeting with each of the members of General Management and each of the members of the Executive Committee. In 2016, a training session was organised on market risks. Furthermore, Directors representing the employees also received specific training on the Group's financial communication. Lastly, the annual seminar and certain topics addressed during Board meetings are designed to provide Directors with the training essential to performance of their duties (for example, on changes in the regulatory or competitive environment).

As part of the appraisal of the Board of Directors, it was decided to enhance the training programme of Board members, in particular with regard to accounting rules, risk and compliance. In January 2017, training on anti-money laundering and market risks took place.

## SPECIFIC CONDITIONS RELATING TO SHAREHOLDERS' PARTICIPATION IN THE GENERAL MEETING

The By-laws (see Chapter 7) define the conditions for shareholders' participation in the General Meeting. A summary of these rules appears in Chapter 7.3 of the Registration Document.

Any shareholder may participate in the General Meeting online under the conditions indicated in the notice of meeting published in the *Bulletin des Annonces Légales Obligatoires* (French Mandatory Legal Announcements Gazette).

## ATTENDANCE FEES PAID TO COMPANY DIRECTORS

The annual amount of the attendance fees was increased from EUR 1,250,000 to EUR 1,500,000 by the General Meeting of 18<sup>th</sup> May 2016. EUR 1,430,000 of this annual amount was used in respect of the 2016 financial year. This increase is justified by the growing responsibilities of Directors of banking groups and the significant increase in the time spent in carrying out their duties.

The rules governing the allocation of attendance fees between Directors are determined by Article 15 of the Internal Rules (see Chapter 7).

As from 1<sup>st</sup> January 2016, the amount of attendance fees allocated is reduced by a lump sum of EUR 130,000, divided between the Chairman of the Audit and Internal Control Committee and the Chairman of the Risk Committee.

The balance is divided into 50% fixed, 50% variable. The number of fixed portions per Director is 6.

Additional fixed portions are allocated:

- Chairman of the Audit and Internal Control Committee or of the Risk Committee: 4 portions;
- Chairman of the Nomination and Corporate Governance Committee or of the Compensation Committee: 3 portions;
- Member of the Nomination and Corporate Governance Committee or of the Compensation Committee: 0.5 portion;
- Member of the Audit and Internal Control Committee or of the Risk Committee: 1 portion.

The variable portion of attendance fees is divided up at the end of the year, in proportion to the number of meetings or working meetings of the Board of Directors and of each of the Committees which each Director has attended. However, meetings of the Compensation Committee and the Nomination and Corporate Governance Committee held on the same day are counted as a single unit for members sitting on both Committees. The same applies to the meetings of the Audit and Internal Control Committee and the Risk Committee.

The Chairman and the Chief Executive Officer do not receive any attendance fees.

## COMPENSATION AND BENEFITS IN KIND AWARDED TO CHIEF EXECUTIVE OFFICERS, AND DISCLOSURE OF INFORMATION AS PROVIDED FOR IN ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE

The information in the Chairman's Report that describes the principles and rules prepared by the Board of Directors to calculate the compensation and benefits in kind awarded to the Chief Executive Officers is included in this Chapter under "Remuneration principles" see page 96.

The section entitled "Information required by Article L. 225-100-3 of the French Commercial Code" is included in Chapter 7, on page 499.

## 3. REMUNERATION OF GROUP SENIOR MANAGEMENT

### POLICY GOVERNING REMUNERATION OF CHIEF EXECUTIVE OFFICERS, SUBJECT TO SHAREHOLDER APPROVAL

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

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

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

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

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

#### Remuneration principles

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

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

Furthermore, the Chief Executive Officers' remuneration complies with:

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

#### Remuneration of the Non-Executive Chairman

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

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

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

## Remuneration of General Management

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

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

- **Fixed Remuneration (FR)** rewards experience and responsibilities, and takes into account market practices. It accounts for a significant proportion of overall remuneration.
- **Annual Variable Remuneration (AVR)** rewards performances achieved during the year and the contribution of Chief Executive Officers to the success of the Societe Generale Group.
- **Long-Term Incentives (LTIs)** aim to strengthen the association between Chief Executive Officers and shareholders' interests, and to provide the former with an incentive to deliver long-term performance. Vesting of LTIs is subject to a condition of presence and is based on the Group's performance as measured against internal and external criteria over periods of four and six years.

Pursuant to CRD4, and further to the authorisation granted by the General Meeting in May 2014, variable compensation (i.e. annual variable remuneration plus long-term incentives) is capped at 200% of fixed remuneration. Furthermore, Chief Executive Officers are prohibited from using hedging or insurance strategies over the vesting and holding periods.

### FIXED REMUNERATION

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

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

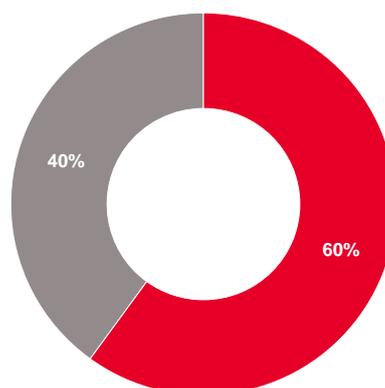
The annual fixed remuneration of Didier Valet, appointed Deputy Chief Executive Officer by the Board of Directors on 13<sup>th</sup> January 2017, was set at the same level as for other Deputy Chief Executive Officers, i.e. EUR 800,000.

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

## ANNUAL VARIABLE REMUNERATION

### GENERAL PRINCIPLES

Annual variable remuneration is 60% based on quantitative criteria, and 40% on qualitative criteria, thus combining an evaluation of the Group's financial performance with an assessment of managerial skills, in line with the Group's strategy and leadership model.



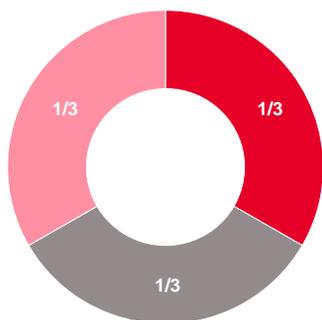
- **Quantitative criteria** based on annual financial performance. Indicators and target achievement levels are set in advance by the Board of Directors, primarily based on the budget targets for the Group and the business lines within each Chief Executive Officer's scope of supervision.
- **Qualitative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

**Quantitative portion**

For Frédéric Oudéa and Séverin Cabannes, the quantitative portion is measured according to the achievement of Group targets in terms of earnings per share, gross operating income and cost/income ratio, each indicator being equally weighted. For Deputy Chief Executive Officers Bernardo Sanchez Incera and Didier Valet, the economic criteria concern both the Group as a whole and their specific area of responsibility.

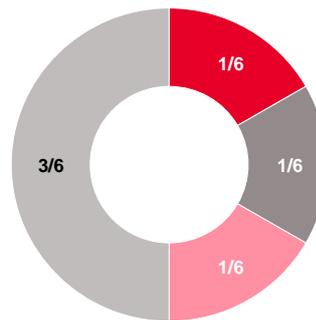
These indicators reflect targets in terms of operational efficiency and risk management over the relevant scope of responsibility, and value creation for the shareholders. Comprising both financial and operational elements, these indicators are directly linked to the Group's strategy and are based on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

**Frédéric Oudéa and Séverin Cabannes**



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

**Bernardo Sanchez Incera and Didier Valet**



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

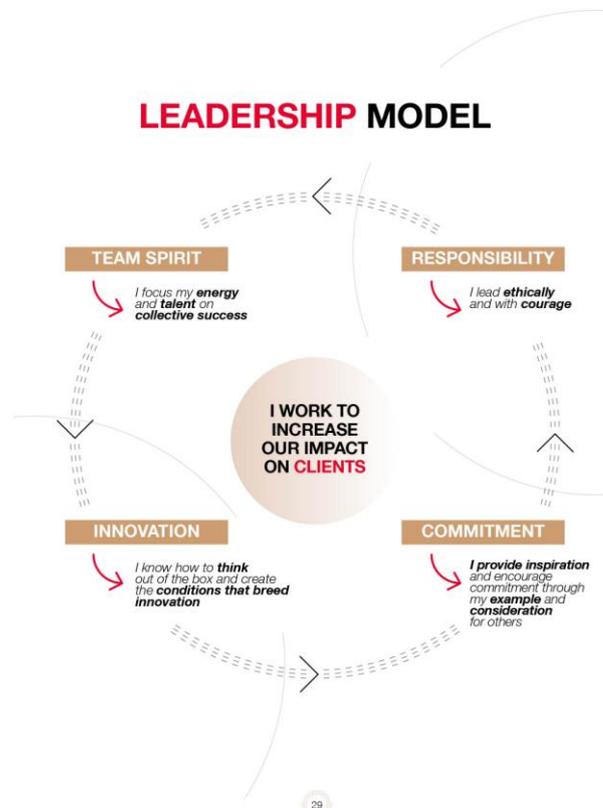
**Qualitative portion**

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

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

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

**LEADERSHIP MODEL**



### VESTING AND PAYMENT OF ANNUAL VARIABLE REMUNERATION

With a view to strengthening the correlation between remuneration and the Group's risk appetite targets, whilst promoting alignment with shareholders' interests, and in accordance with the CRD4 Directive, vesting of at least 60% of the annual variable remuneration is deferred for three years, *pro rata*. This concerns both cash payments and shares or share equivalents granted subject to the achievement of long-term targets in terms of Group profitability and equity; the amount thereof is reduced if the targets are not met. Furthermore, if the Board observes that a decision taken by the Chief Executive Officers has particularly significant consequences for the Company's results or image, it may decide to reconsider payment of the deferred annual variable remuneration in full or in part (malus clause).

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

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

#### CAP

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

### LONG-TERM INCENTIVES

#### GENERAL PRINCIPLES

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

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

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

#### VESTING AND PAYMENT OF LONG-TERM INCENTIVES

As in previous years, the plan is as follows:

- granting of shares or share equivalents in two instalments, with vesting periods of four and six years, followed by a one-year holding period, thus increasing the indexing periods to five and seven years respectively;
- definitive vesting subject to a condition of presence throughout the vesting periods, as well as a performance condition. Vesting depends on the relative performance of the Societe Generale share as measured by the increase in Total Shareholder Return (TSR) compared to that of 11 European peers over the entirety of the vesting periods. Thus, the entirety of the award will only vest if Societe Generale's TSR is in the upper quartile of the sample; if it is slightly above the median value, the vesting rate will be 50% of the total number of shares or share equivalents granted; no shares or share equivalents will vest if the TSR performance is too low. If the Group is not profitable in the year preceding the definitive vesting of long-term incentives, no payment will be made, regardless of the performance of the Societe Generale share.
- any departure will result in cancellation of the payment under the plan, unless the Chief Executive Officer in question is retiring or leaving the Group due to changes in its structure or organisation, in which case the shares or payments will be awarded based on the performance observed and assessed by the Board of Directors.

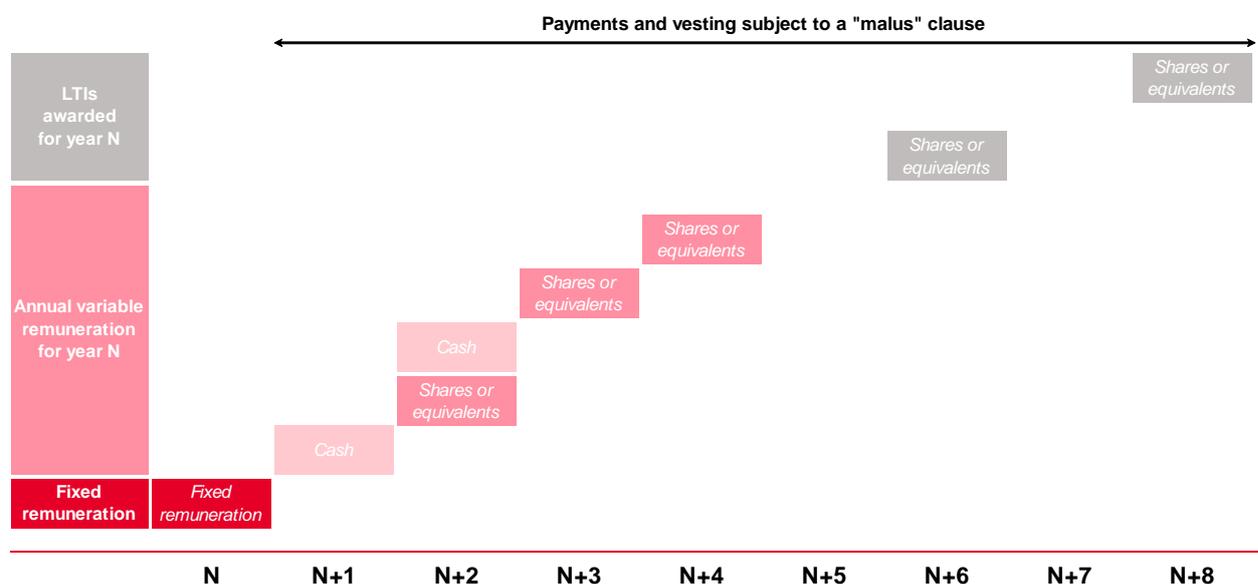
Lastly, the beneficiaries of long-term incentives are also subject to a "malus" clause. Thus, if the Board observes that a decision taken by the Chief Executive Officers has particularly significant consequences for the Company's results or image, it may decide to reconsider payment of the long-term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

#### CAP

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

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

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

**TOTAL REMUNERATION – PAYMENT OR SHARE DELIVERY TIMELINE**


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

### PENSION

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

### SUPPLEMENTARY PENSION ALLOCATION PLAN

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

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

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

The AGIRC "Tranche C" pension acquired in respect of their professional service at Societe Generale is deducted from this total

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

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

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

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

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

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

### IP VALMY SUPPLEMENTARY PENSION FUND

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

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

### SEVERANCE PAY FOR MEMBERS OF SOCIETE GENERALE'S GENERAL MANAGEMENT

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

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

### NON-COMPETE CLAUSE

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

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

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

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

### SEVERANCE PAY

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

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

The terms of such severance pay are as follows:

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

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

### Other benefits of Chief Executive Officers

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

## EXCEPTIONAL VARIABLE REMUNERATION

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

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

## Appointment of a new Chief Executive Officer

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

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

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

## REMUNERATION OF CHIEF EXECUTIVE OFFICERS FOR 2016

### Remuneration of the Non-Executive Chairman

Lorenzo Bini Smaghi's remuneration amounts to EUR 850,000 gross per year, unchanged since he was appointed Chairman of the Board on 19<sup>th</sup> May 2015.

He receives neither variable remuneration, nor attendance fees, nor securities, nor compensation contingent on the performance of Societe Generale or the Group.

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

### Remuneration of General Management

The policy governing remuneration of Chief Executive Officers ensures a balanced remuneration taking into account the expectations of the various parties involved. The principles are set out in detail on pages 96 and 102.

### FIXED REMUNERATION

The Chief Executive Officers' fixed remuneration remained unchanged over financial year 2016. It amounts to EUR 1,300,000 for the Chief Executive Officer and EUR 800,000 for the Deputy Chief Executive Officers.

### ANNUAL VARIABLE REMUNERATION IN RESPECT OF FINANCIAL YEAR 2016

#### CRITERIA FOR DETERMINING AND EVALUATING PERFORMANCE FOR 2016

On 15<sup>th</sup> March 2016, the Board of Directors defined the evaluation criteria for the Chief Executive Officers' annual variable remuneration for financial year 2016. Such criteria are as follows:

#### Quantitative portion

For the **Chief Executive Officer**, the quantitative portion is measured according to the achievement of Group targets in terms of earnings per share, gross operating income and cost/income ratio, each indicator being equally weighted. For the **Deputy Chief Executive Officers**, the economic criteria concern both the Group as a whole and their specific area of responsibility, as set out on page 98.

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

At its meeting on 8<sup>th</sup> February 2017, the Board of Directors recorded the following achievement rates:

- Frédéric Oudéa: 79% of targets achieved,
- Séverin Cabannes: 76% of targets achieved,
- Bernardo Sanchez Incera: 79% of targets achieved.

**Qualitative portion**

The Board of Directors also set qualitative targets at its meeting on 15<sup>th</sup> March 2016. These are based on targets pertaining to the implementation of the strategy of the Group and the business lines, in particular as regards the Group’s ongoing transformation, risk management and regulatory compliance, appropriate capital management, implementation of cost savings, customer satisfaction, stimulation of innovation, the launch of the Culture & Conduct programme and continued efforts on diversity and corporate social responsibility (CSR) initiatives.

In light of these targets for 2016, the Board of Directors, at its meeting of 8<sup>th</sup> February 2017 and based on the Compensation Committee’s recommendation, set the achievement rate for each member of the General Management team at 88%. In particular, it took into consideration the ramping-up of innovation projects, as demonstrated in 2016 by a number of high-profile developments, such as the inauguration of the *Les Dunes* technology park in Paris, the promotion of mobile banking in Africa and closer cooperation with start-ups. The Board also commended the deployment of the Group’s leadership model and the launch of the Culture & Conduct programme, one of the main objectives of which is to develop a Societe Generale culture placing values, leadership quality and behavioural integrity at the very heart of the Group’s transformation. Lastly, the Board highlighted the continued progress in the field of CSR, as demonstrated by Societe Generale’s inclusion in the main global green indexes and the improvement in its ratings from extra-financial ratings agencies, reflecting the Group’s strong commitments, such as cutting off funding for coal-related activities in favour of more funding for renewable energies.

Target achievement rates are presented in the table below:

		Quantitative targets						Total quantitative targets	Qualitative targets	Overall achievement rate for 2016 targets
		Group scope			Scope of responsibility of each Deputy Chief Executive Officer					
		EPS	GOI	C/I ratio	GOI	EBT	C/I ratio			
<b>F. Oudéa</b>	<b>Weight</b>	20%	20%	20%	-	-	-	60%	40%	83%
	<b>Achievement rate</b>	17%	15%	16%	-	-	-	48%	35%	
<b>S. Cabannes</b>	<b>Weight</b>	10%	10%	10%	10%	10%	10%	60%	40%	81%
	<b>Achievement rate</b>	9%	7%	8%	7%	7%	8%	46%	35%	
<b>B. Sanchez Incera</b>	<b>Weight</b>	10%	10%	10%	10%	10%	10%	60%	40%	83%
	<b>Achievement rate</b>	9%	7%	8%	8%	9%	7%	48%	35%	

Note: Percentages rounded to the nearest full number for the purposes of this chart

- EPS: Earnings per Share
- GOI: Gross Operating Income
- EBT: Earnings before tax
- C/I ratio: Cost/income ratio

The **Chief Executive Officer’s** annual variable remuneration thus amounts to EUR 1,450,262, corresponding to an overall achievement rate of 83%.

His compensation for 2016 (defined as his fixed salary for 2016 plus annual variable remuneration awarded for 2016), amounting to EUR 2.7 million, represents 49 times the average gross compensation of an employee of Societe Generale SA France.

The **Deputy Chief Executive Officers’** annual variable remuneration amounts to:

- EUR 744,630 for Séverin Cabannes, corresponding to an overall achievement rate of 81%;
- EUR 761,466 for Bernardo Sanchez Incera, corresponding to an overall achievement rate of 83%.

**RECORD OF ANNUAL VARIABLE REMUNERATION GRANTED TO CHIEF EXECUTIVE OFFICERS**

(In EUR*)	Gross variable remuneration for previous years						Gross annual variable remuneration for 2016		
	2009	2010	2011	2012	2013	2014	2015	Total amount	o.w. paid in cash in 2017
Mr. Oudéa	0 <sup>(1)</sup>	1,196,820	682,770	1,194,600	1,406,070	948,767	1,474,200	1,450,262	290,052
Mr. Cabannes	320 000	665,281	310,144	670,176	705,120	539,978	712,080	744,630	148,926
Mr Sanchez Incera	N/A <sup>(2)</sup>	667,662	391,440	560,112	619,718	494,632	759,920	761,466	152,293

\* Nominal value in euros at grant date.

(1) Mr. Oudéa waived his variable remuneration for financial year 2009.

(2) Mr. Sanchez Incera was appointed Chief Executive Officer of the Societe Generale Group on 1<sup>st</sup> January 2010.

### VESTING AND PAYMENT OF VARIABLE REMUNERATION FOR 2016

In accordance with the standards applicable to Bank Directors (CRD4), the Board of Directors defined the following vesting and payment conditions for annual variable remuneration:

- a portion vested in March 2017, representing 40% of the total amount granted, half of which, converted into share equivalents, is non-transferable for one year;
- an unvested portion representing 60% of the total amount granted, broken down into three equal shares deferred over three years, two-thirds of which are attributed as shares, subject to two performance conditions: Group profitability and Core Tier One level. A six-month holding period applies after each definitive vesting date.

The amount of the variable portion granted in shares or share equivalents is converted on the basis of a share price determined by the Board of Directors every year in March, corresponding to the trade-weighted average based on the last 20 trading days prior to the Board meeting.

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

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

The portion of annual variable remuneration granted as share equivalents gives rise to the payment of an amount equivalent to the dividend payment, where applicable, throughout the compulsory holding period. No dividends are paid during the vesting period.

The variable compensation paid to Deputy Chief Executive Officers is reduced by the amount of any attendance fees received either from Societe Generale companies or non-Group companies in which they are Directors. The Chief Executive Officer does not receive any attendance fees.

### LONG-TERM INCENTIVES FOR 2016

The long-term incentive plan applicable to Chief Executive Officers since 2012 has been renewed. It aims to implicate the Chief Executive Officers in the Company's long-term progress and to align their interests with those of the shareholders.

In addition to the existing cap upon vesting, which has applied for a number of years, the Board of Directors has also introduced a cap on the granting of long-term incentives. Such cap has been set at the same level as for the annual variable remuneration. Frédéric Oudéa's long-term incentives are therefore capped at 135% of his annual fixed remuneration. For Deputy Chief Executive Officers, the cap is 115% of their annual fixed remuneration.

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

On this basis, and in line with previous years, the Board of Directors, at its meeting of 8<sup>th</sup> February 2017, decided to implement the incentive plan for 2016 as follows:

- grant value unchanged over time, expressed in accordance with IFRS. The corresponding number of shares has been calculated on the basis of the Societe Generale share's book value as at 7<sup>th</sup> February 2017;
- shares granted in two instalments, with vesting periods of four and six years, followed by a one-year holding period, thus increasing the total indexing periods to five and seven years;
- definitive vesting subject to a condition of presence throughout the vesting periods, as well as a performance condition. Vesting depends on the relative performance of the Societe Generale share as measured by the increase in Total Shareholder Return (TSR) compared to that of 11 European peers over the entirety of the vesting periods. Thus, the entirety of the award will only vest if Societe Generale's TSR is in the upper quartile of the sample; if it is slightly above the median value, the vesting rate will be 50% of the total number of shares or share equivalents granted; no shares or share equivalents will vest if the TSR performance is too low.

The complete vesting chart is shown below:

SG Rank	Ranks			Ranks		Ranks	
	1*, 2 and 3	Rank 4	Rank 5	Rank 6	7, 8 and 9	10, 11 and 12	
As a % of the max. number granted	100%	83,3%	66,7%	50%	25%	0	

\* Highest rank in the sample.

The 2016 peer sample comprised the following banks: Barclays, BBVA, BNP Paribas, Crédit Agricole, Crédit Suisse, Deutsche Bank, Intesa Sanpaolo, Nordea, Santander, UBS and Unicredit.

- The final payment value for the shares will be limited to EUR 77 per share, i.e. approximately 1.2 times the book value per Societe Generale Group share at 31<sup>st</sup> December 2016.
- In the absence of Group profitability (as measured by Group net income, excluding strictly accounting-related impacts associated with the revaluation of own debt and the Debt Value Adjustment) for the year preceding the definitive vesting of long-term incentives, no payment will be due, regardless of the performance of the Societe Generale share.
- Any departure will result in cancellation of the payment under the plan, unless the Chief Executive Officer in question is retiring or leaving the Group due to changes in its structure or organisation, in which case the shares or payments will be awarded based on the performance observed and assessed by the Board of Directors. Lastly, the beneficiaries of long-term incentives are also subject to a "malus" clause. Thus, if the Board observes behaviour or actions that are not in line with Societe Generale's expectations, as defined in particular in the Group's Code of Conduct, or risk-taking that exceeds the level deemed acceptable by Societe Generale, it may decide to reconsider payment of the long-term incentives in full or in part.

The table below indicates the number of shares or share equivalents granted to each Chief Executive Officer under the plan with respect to 2016, and their book value:

	Amount in book value *	Maximum number granted
Frédéric Oudéa	EUR 850,000	32,717
Séverin Cabannes	EUR 570,000	21,940
Bernardo Sanchez Incera	EUR 570,000	21,940

\* Based on the share price on the day preceding the Board of Directors' meeting of 8<sup>th</sup> February 2017, at which the allocation of the LTIs was determined.

## POST-EMPLOYMENT BENEFITS: PENSIONS, SEVERANCE PAY, NON-COMPETE CLAUSE

### PENSION

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

### SUPPLEMENTARY PENSION ALLOCATION PLAN<sup>(1)</sup>

At 31<sup>st</sup> December 2016, on the basis of Mr. Cabannes's length of service and reference remuneration at such date, his potential pension rights, irrespective of the conditions pertaining to satisfaction of the commitment, and based on a retirement age assumption of 63, represent an estimated annual pension of EUR 183,042 (i.e. 11.9% of his reference remuneration as defined by the AFEP-MEDEF Code).

At 31<sup>st</sup> December 2016, on the basis of Mr. Sanchez Incera's length of service and reference remuneration at such date, his potential pension rights, irrespective of the conditions pertaining to satisfaction of the commitment, and based on a retirement age assumption of 63, represent an estimated annual pension of EUR 152,094 (i.e. 9.7% of his reference remuneration as defined by the AFEP-MEDEF Code).

### IP VALMY SUPPLEMENTARY PENSION FUND

At 31<sup>st</sup> December 2016, Messrs. Cabannes and Sanchez Incera had acquired deferred life annuity rights of EUR 838 and EUR 484 per annum respectively.

### SEVERANCE PAY APPLICABLE IN 2016

The provisions set out below applied throughout financial year 2016. Changes were implemented as from the beginning of financial year 2017 (see page 101).

In 2016, the Chief Executive Officer was not entitled to any severance pay.

Mr. Cabannes and Mr. Sanchez-Incera did not enjoy any provision for compensation if required to step down from their respective positions as Chief Executive Officer. Although the employment contracts they held prior to their appointment are suspended during their term of office, the compensation provided for in said contracts shall remain due in the event of their unilateral termination, based on the remuneration applicable under the contract in question as at the date on which it was suspended. In any event, such compensation shall not exceed two years of total remuneration.

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

**NON-COMPETE CLAUSE APPLICABLE IN 2016**

The provisions set out below applied throughout financial year 2016. Changes were implemented as from the beginning of financial year 2017 (see page 101).

If Frédéric Oudéa had ceased to hold the office of Chief Executive Officer, he would have been bound by a non-compete clause prohibiting him from accepting a position with a listed insurance company or credit institution either in France or abroad, or with an unlisted credit institution in France. In exchange, he would have been able to continue to receive his fixed salary. The parties were, however, entitled to waive this clause. The non-compete clause was valid for a period of 18 months and compensated in the amount of Mr. Oudéa's fixed salary. Its validity remained below the 24-month limit recommended in the AFEP-MEDEF Code.

The Deputy Chief Executive Officers were not bound by any non-compete clause in 2016.

**OTHER BENEFITS OF CHIEF EXECUTIVE OFFICERS**

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

No other benefits are granted to the Chief Executive Officers.

**SOCIETE GENERALE SHARE OWNERSHIP AND HOLDING OBLIGATIONS**

Since 2002, in line with the AMF's recommendations and in order to align the Chief Executive Officers' interests with those of the Company, the Chief Executive Officers have been required to hold a certain minimum number of Societe Generale shares. On 7<sup>th</sup> March 2011, the Board of Directors thus defined the following obligations:

- 80,000 shares for the Chief Executive Officer;
- 40,000 shares for the Deputy Chief Executive Officers.

These shareholding obligations were all satisfied in 2016.

On 15<sup>th</sup> March 2016, the Board of Directors decided to increase the minimum shareholding thresholds as follows:

- 90,000 shares for the Chief Executive Officer;
- 45,000 shares for the Deputy Chief Executive Officers.

Chief Executive Officers who are also former employees may hold shares either directly or indirectly through the company savings plan.

This minimum shareholding requirement must be satisfied for Frédéric Oudéa, Séverin Cabannes and Bernardo Sanchez Incera by the end of their current term of office, i.e. in 2019, and for Didier Valet after five years in office. Pending satisfaction of the requirement, the Chief Executive Officer must retain 50% of vested shares granted through Societe Generale share plans and all shares resulting from the exercise of stock options, after deducting the cost of exercising said options and the corresponding social security charges and taxes.

In addition, and in accordance with the law, Chief Executive Officers are required to hold a certain percentage of vested shares granted through Societe Generale share plans or resulting from the exercise of stock options in a registered account until the end of their term of office. For shares, this percentage has been set by the Board at 20% of vested shares for share allocations for 2016 and, for stock options, at 40% of the gains made on exercising the options, net of tax and any other mandatory deductions and less any capital gains used to finance the acquisition of the shares.

The Chief Executive Officers are therefore required to hold a significant and growing number of shares. They are prohibited from hedging their shares or options throughout the vesting and holding periods.

Each year, the Chief Executive Officers must provide the Board of Directors with the necessary information to ensure that these obligations are met in full.

In their statements to the Board, the Chief Executive Officers confirmed that they have not hedged their Societe Generale shares or "Société Générale Actionnariat (Fonds E)" shares and undertook not to do so in the future.

## REMUNERATION OF THE OTHER MEMBERS OF THE EXECUTIVE COMMITTEE WHO ARE NOT CHIEF EXECUTIVE OFFICERS

### Remuneration

The remuneration of the other members of the Executive Committee is established in accordance with CRD4. It is set by General Management and reviewed by the Compensation Committee. It is made up of two components:

- fixed remuneration, determined according to each member's responsibilities and taking into account market practices;
- annual variable remuneration, set at the discretion of General Management, which depends on both the Group's results and the individual's quantitative and qualitative performance over the previous financial year.

Moreover, the remuneration granted in respect of 2016 to the Chief Risk Officer and Chief Compliance Officer has been approved by the Board of Directors. Under the rules set forth by CRD4, this variable remuneration comprises an unvested component, the entirety of which is subject to conditions pertaining to presence, performance and appropriate risk and

compliance management. It is deferred over five years and is at least half allocated in Societe Generale shares or share equivalents (representing 50% of the vested component and 60% of the total unvested component).

The component of variable compensation deferred over five years, i.e. the long-term incentive, accounts for 40% of the unvested portion. It is subject to a demanding condition: namely the relative performance of the Societe Generale share measured by the increase in Total Shareholder Return (TSR) compared to 11 European peers over the entirety of the vesting periods.

In addition to this remuneration, members of the Executive Committee are also entitled to the general incentive and profit-sharing schemes established under the Company's collective agreements.

Lastly, Executive Committee members have their own company car, available to them for private as well as professional use.

The remuneration in respect of 2016 was as follows (in millions of euros):

(In EUR m)	Fixed remuneration	Variable remuneration		Total remuneration
		Vested portion in cash (not deferred)	Deferred portion and LTIs	
Other members of the Executive Committee at 31.12.2016 <sup>(1)</sup>	4.4	1.5	5.6	11.5

(1) These amounts include the remuneration of Ms. Guillaumin, Ms. Lebot, Ms. Mercadal-Delassalles and Messrs. Briatta, Goutard, Hauguel, Heim, Henry, Ottenwaelter, Parer and Valet, for the period during which they were members of the Executive Committee.

### Societe Generale shareholding obligations

The minimum number of shares that Executive Committee members are required to hold depends on their average total annual compensation. It is set at a maximum of 80,000 shares.

Until the minimum shareholding level is met, senior managers must retain half of their vested shares acquired under Societe Generale share allocation plans. Shares may be held directly or indirectly through the company savings plan.

## TRANSACTIONS CARRIED OUT BY CHIEF EXECUTIVE OFFICERS AND DIRECTORS IN SOCIETE GENERALE SHARES

Summary statement published in compliance with Article 223-26 of the AMF's General Regulation.

(In EUR)	Type of transaction	Date	Amount
<b>Nathalie RACHOU</b> Director, performed one transaction:	Acquisition of 1,000 shares Societe Generale	12.02.16	27,658
<b>Juan Maria NIN GENOVA</b> Director, performed one transaction:	Acquisition of 1,500 shares Societe Generale	15.09.16	47,565

## STANDARD TABLES IN ACCORDANCE WITH AMF RECOMMENDATIONS

### Table 1

#### SUMMARY OF REMUNERATION AND STOCK OPTIONS, SHARES AND SHARE EQUIVALENTS ALLOCATED TO EACH CHIEF EXECUTIVE OFFICER<sup>(1)</sup>

<i>(In EUR)</i>	Financial year 2015	Financial year 2016
<b>Lorenzo BINI SMAGHI<sup>(2)</sup>, Chairman of the Board since 19<sup>th</sup> May 2015</b>		
Remuneration due for the financial year (detailed in Table 2)	553,562	902,819
Value of options granted in respect of the financial year (detailed in Table 4)	0	0
Value of shares or share equivalents granted under a long-term incentive plan in respect of the financial year	0	0
<b>Total</b>	<b>553,562</b>	<b>902,819</b>
<b>Frédéric OUDÉA, Chairman and Chief Executive Officer then Chief Executive Officer since 19<sup>th</sup> May 2015</b>		
Remuneration due for the financial year (detailed in Table 2)	2,780,125	2,756,187
Value of options granted in respect of the financial year (detailed in Table 4)	0	0
Value of shares or share equivalents granted under a long-term incentive plan in respect of the financial year <sup>(3)</sup>	850,500	850,000
<b>Total</b>	<b>3,630,625</b>	<b>3,606,187</b>
<b>Séverin CABANNES, Deputy Chief Executive Officer</b>		
Remuneration due for the financial year (detailed in Table 2)	1,518,491	1,551,041
Value of options granted in respect of the financial year (detailed in Table 4)	0	0
Value of shares or share equivalents granted under a long-term incentive plan in respect of the financial year <sup>(3)</sup>	567,000	570,000
<b>Total</b>	<b>2,085,491</b>	<b>2,121,041</b>
<b>Bernardo SANCHEZ INCERA, Deputy Chief Executive Officer</b>		
Remuneration due for the financial year (detailed in Table 2)	1,566,639	1,567,754
Value of options granted in respect of the financial year (detailed in Table 4)	0	0
Value of shares or share equivalents granted under a long-term incentive plan in respect of the financial year <sup>(3)</sup>	567,000	570,000
<b>Total</b>	<b>2,133,639</b>	<b>2,137,754</b>

(1) Remuneration expressed in euros, gross, before tax.

(2) This table includes only the remuneration received by Mr. Bini Smaghi as Chairman of the Board since 19<sup>th</sup> May 2015, date of his appointment. For the remuneration received before 19<sup>th</sup> May 2015 as Director, see Table 3.

(3) This plan is detailed in the chapter on the remuneration of Chief Executive Officers, pages 105 and following.

**Table 2**
**SUMMARY OF THE REMUNERATION OF EACH CHIEF EXECUTIVE OFFICER<sup>(1)</sup>**

(In EUR)	Financial year 2015		Financial year 2016	
	Amounts paid	Amounts due for the financial year	Amounts paid	Amounts due for the financial year
<b>Lorenzo BINI SMAGHI, Chairman<sup>(2)</sup></b>				
– fixed remuneration	526,528	526,528	850,000	850,000
– non-deferred annual variable remuneration	0	0	0	0
– deferred annual variable remuneration	0	0	0	0
– exceptional compensation	0	0	0	0
– attendance fees	0	0	0	0
– benefits in kind <sup>(3)</sup>	27,034	27,034	52,819	52,819
<b>Total</b>	<b>553,562</b>	<b>553,562</b>	<b>902,819</b>	<b>902,819</b>
<b>Frédéric OUDÉA, Chief Executive Officer</b>				
– fixed remuneration	1,300,000	1,300,000	1,300,000	1,300,000
– non-deferred annual variable remuneration <sup>(4)</sup>	189,753	294,840	294,840	290,052
– deferred annual variable remuneration <sup>(4)</sup>	1,072,957	1,179,360	812,854 <sup>(6)</sup>	1,160,210
– exceptional compensation	0	0	0	0
– attendance fees	0	0	0	0
– benefits in kind <sup>(5)</sup>	5,925	5,925	5,925	5,925
<b>Total</b>	<b>2,568,635</b>	<b>2,780,125</b>	<b>2,413,619</b>	<b>2,756,187</b>
<b>Séverin CABANNES, Deputy Chief Executive Officer</b>				
– fixed remuneration	800,000	800,000	800,000	800,000
– non-deferred annual variable remuneration <sup>(4)</sup>	92,947	142,416	128,954	148,926
– deferred annual variable remuneration <sup>(4)</sup>	546,671	569,664	447,179 <sup>(6)</sup>	595,704
– exceptional compensation	0	0	0	0
– attendance fees	15,050	0	13,462	0
– benefits in kind <sup>(5)</sup>	6,411	6,411	6,411	6,411
<b>Total</b>	<b>1,461,080</b>	<b>1,518,491</b>	<b>1,396,006</b>	<b>1,551,041</b>
<b>Bernardo SANCHEZ INCERA, Deputy Chief Executive Officer</b>				
– fixed remuneration	800,000	800,000	800,000	800,000
– non-deferred annual variable remuneration <sup>(4)</sup>	63,186	151,984	118,711	152,293
– deferred annual variable remuneration <sup>(4)</sup>	513,722	607,936	394,169 <sup>(6)</sup>	609,173
– exceptional compensation	0	0	0	0
– attendance fees	35,740	0	33,273	0
– benefits in kind <sup>(5)</sup>	6,719	6,719	6,288	6,288
<b>Total</b>	<b>1,419,367</b>	<b>1,566,639</b>	<b>1,352,441</b>	<b>1,567,754</b>

(1) Remuneration expressed in euros, gross, before tax. The long-term incentives received by Chief Executive Officers are detailed in Tables 1 and 7.

(2) This table includes only the remuneration received by Mr. Bini Smaghi as Chairman of the Board since 19<sup>th</sup> May 2015, date of his appointment. For the remuneration received before 19<sup>th</sup> May 2015 as Director, see Table 3.

(3) Provision of company accommodation.

(4) The criteria used to calculate annual variable remuneration are detailed in the chapter on the remuneration of Chief Executive Officers.

(5) Provision of a company car.

(6) See the table below for a detailed breakdown of the amounts paid.

**BREAKDOWN OF DEFERRED ANNUAL VARIABLE REMUNERATION PAID IN 2016 TO THE CHIEF EXECUTIVE OFFICERS**

(In EUR)

Deferred annual variable remuneration paid in 2016 in respect of financial year					
	2012 <sup>(1)</sup>	2013 <sup>(2)</sup>	2014 <sup>(3)</sup>	2014 <sup>(4)</sup>	Total paid in 2016
<b>Performance condition applicable and status of condition</b>	Core Tier 1* > 8% at 31.12.2015 Condition met	Core Tier 1* > 8% at 31.12.2015 and 2015 Group net income>0 Condition met	N/A	Core Tier 1* > 8% at 31.12.2015 and 2015 Group net income>0 Condition met	
Mr. OUDEA	262,647	196,156	164,298	189,753	812,854
Mr. CABANNES	147,331	98,374	93,479	107,995	447,179
Mr. SANCHEZ INCERA	123,131	86,455	85,657	98,926	394,169

\* Core Tier 1 ratio measured under Basel 3 conditions

(1) Value of shares delivered in October 2016, vested in March 2016 in respect of financial year 2012, including the dividend paid during the holding period.

(2) Value of shares delivered in October 2016, vested in March 2016 in respect of financial year 2013, including the dividend paid during the holding period.

(3) Vested portion of the annual variable remuneration for financial year 2014 indexed to the Societe Generale share price.

(4) First instalment of the unvested portion of the annual variable remuneration for financial year 2014, granted in cash and not indexed.

**Table 3**
**TABLE OF ATTENDANCE FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE DIRECTORS**

(In EUR)	Amounts received in 2015		Amounts received in 2016		Fees/Remuneration	
	Balance for financial year 2014	Interim payment for financial year 2015	Balance for financial year 2015	Interim payment for financial year 2016	For financial year 2015	For financial year 2016*
<b>Non-Executive Directors</b>						
<b>Lorenzo BINI SMAGHI<sup>(4)</sup></b>						
Attendance fees	19,144	19,949	-	-	19,949	-
Related-party agreement <sup>(2)</sup>	-	-	-	-	120,000	-
<b>Robert CASTAIGNE</b>						
Attendance fees	67,780	39,298	79,714	60,357	119,012	132,381
Other remuneration	-	-	-	-	-	-
<b>Michel CICUREL</b>						
Attendance fees	51,259	26,798	55,403	46,273	82,201	54,320
Related-party agreement	-	-	-	-	-	-
<b>Barbara DALIBARD</b>						
Attendance fees	-	-	31,092	23,137	31,092	67,180
Other remuneration	-	-	-	-	-	-
<b>Yann DELABRIÈRE</b>						
Attendance fees	28,273	19,949	24,311	20,119	44,260	30,323
Other remuneration	-	-	-	-	-	-
<b>Jean-Martin FOLZ</b>						
Attendance fees	56,545	33,048	-	-	33,048	-
Other remuneration	-	-	-	-	-	-
<b>Kyra HAZOU</b>						
Attendance fees	67,780	41,581	79,714	60,357	121,295	127,460
Other remuneration	-	-	-	-	-	-
<b>France HOUSSAYE</b>						
Attendance fees <sup>(3)</sup>	51,259	29,081	56,811	42,250	85,892	106,225
Societe Generale salary	-	-	-	-	50,212	49,588
<b>Béatrice LEPAGNOL</b>						
Attendance fees <sup>(4)</sup>	31,146	19,949	31,092	26,155	51,041	77,835
Societe Generale salary	-	-	-	-	37,320	38,031
<b>Jean-Bernard LÉVY</b>						
Attendance fees	48,771	33,048	67,559	50,297	100,607	127,383
Other remuneration	-	-	-	-	-	-
<b>Ana Maria LLOPIS RIVAS</b>						
Attendance fees	31,146	19,949	31,092	26,155	51,041	83,571
Other remuneration	-	-	-	-	-	-
<b>Gérard MESTRALLET</b>						
Attendance fees	-	-	74,340	41,244	74,340	120,280
Other remuneration	-	-	-	-	-	-
<b>Juan Maria NIN GENOVA</b>						
Attendance fees <sup>(5)</sup>	-	-	-	-	-	42,543
Other remuneration	-	-	-	-	-	-
<b>Gianemilio OSCULATI</b>						
Attendance fees	37,689	-	-	-	-	-
Other remuneration	-	-	-	-	-	-
<b>Nathalie RACHOU</b>						
Attendance fees	67,780	41,581	121,421	87,445	163,002	213,618
Other remuneration	-	-	-	-	-	-

(In EUR)	Amounts received in 2015		Amounts received in 2016		Fees/Remuneration	
	Balance for financial year 2014	Interim payment for financial year 2015	Balance for financial year 2015	Interim payment for financial year 2016	For financial year 2015	For financial year 2016*
Non-Executive Directors						
<b>Emmanuel ROMAN</b>						
Attendance fees <sup>(5)</sup>	-	-	-	-	-	33,263
Other remuneration	-	-	-	-	-	-
<b>Alexandra SCHAAPVELD</b>						
Attendance fees	46,485	41,581	121,421	87,445	163,002	213,618
Other remuneration	-	-	-	-	-	-
<b>Anthony WYAND</b>						
Attendance fees	166,096	110,217	-	-	110,217	-
Other remuneration	-	-	-	-	-	-
<b>Total (attendance fees)</b>					<b>1,250,000</b>	<b>1,430,000</b>

\* The balance of the attendance fees for financial year 2016 was paid to Board members at the end of January 2017.

- (1) This table includes only the amounts received by Mr. Bini Smaghi prior to his appointment as Chairman of the Board on 19<sup>th</sup> May 2015. For his remuneration received since 19<sup>th</sup> May 2015, as Chairman, see Table 1.
- (2) Agreement entered into on 31<sup>st</sup> July 2014 between the Company and Lorenzo Bini Smaghi, which came to an end on 30<sup>th</sup> April 2015. It was approved by the General Meeting on 19<sup>th</sup> May 2015. Under such agreement, Mr. Bini Smaghi received EUR 80,000 for financial year 2014 and EUR 120,000 for financial year 2015.
- (3) Paid to Societe Generale trade union SNB.
- (4) Paid to Societe Generale trade union CFDT.
- (5) No interim payment for new Directors.

## Table 4

### SHARE PURCHASE OR SUBSCRIPTION OPTIONS AWARDED DURING THE FINANCIAL YEAR TO EACH CHIEF EXECUTIVE OFFICER BY THE ISSUER AND BY ANY GROUP COMPANY

The Board of Directors did not award any options in 2016.

## Table 5

### SHARE PURCHASE OR SUBSCRIPTION OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH CHIEF EXECUTIVE OFFICER

The Chief Executive Officers did not exercise any options in 2016.

**Table 6**
**SHARES GRANTED TO EACH CHIEF EXECUTIVE OFFICER**

Societe Generale shares granted during the financial year to each Chief Executive Officer by the issuer and by any Group company.

<i>Amounts in EUR</i>	<b>Grant date</b>	<b>Reasons for granting</b>	<b>Number of shares granted during the year</b>	<b>Value of the shares based on the method used in the consolidated financial statements<sup>(1)</sup></b>	<b>Date of assessment of performance condition</b>	<b>Date of delivery of shares</b>	<b>Performance conditions</b>
Mr. OUDEA	18.05.2016 <sup>(1)</sup>	Payment of the annual variable remuneration due in respect of financial year 2015	8,956	270,292	29.03.2018	30.09.2018	yes <sup>(2)</sup>
			8,956	259,008	29.03.2019	30.09.2019	yes <sup>(2)</sup>
		Long-term incentives due in respect of financial year 2015	22,494	496,443	31.03.2020	01.04.2021	yes <sup>(2)</sup>
			22,494	476,198	31.03.2022	01.04.2023	yes <sup>(2)</sup>
		Payment of the annual variable remuneration due in respect of financial year 2015	4,326	130,559	29.03.2018	30.09.2018	yes <sup>(2)</sup>
			4,326	125,108	29.03.2019	30.09.2019	yes <sup>(2)</sup>
Mr. CABANNES	18.05.2016 <sup>(1)</sup>	Long-term incentives due in respect of financial year 2015	14,996	330,962	31.03.2020	01.04.2021	yes <sup>(2)</sup>
			14,996	317,465	31.03.2022	01.04.2023	yes <sup>(2)</sup>
		Payment of the annual variable remuneration due in respect of financial year 2015	4,616	139,311	29.03.2018	30.09.2018	yes <sup>(2)</sup>
			4,617	133,524	29.03.2019	30.09.2019	yes <sup>(2)</sup>
Mr. SANCHEZ INCERA	18.05.2016 <sup>(1)</sup>	Long-term incentives due in respect of financial year 2015	14,996	330,962	31.03.2020	01.04.2021	yes <sup>(2)</sup>
			14,996	317,465	31.03.2022	01.04.2023	yes <sup>(2)</sup>

(1) The amounts of variable remuneration and long-term incentives were set at the Board meetings of 10.02.2016 and 15.03.2016. The corresponding performance shares were awarded at the Board meeting of 18.05.2016.

(2) Vesting of the annual variable remuneration is subject to two conditions: Group profitability and Core Tier One level. Vesting of the long-term incentives is subject to two conditions: profitability and relative TSR as compared to a panel of peers. The performance conditions are further detailed in the 2016 Registration Document on pages 92 and 93.

**Table 7****SHARES RECEIVED DURING THE FINANCIAL YEAR BY EACH CHIEF EXECUTIVE OFFICER<sup>(1)</sup>**

	Grant date	Number of shares received during the financial year
Mr. BINI SMAGHI	N/A	N/A
Mr. OUDÉA	14.03.2013	7,999
	13.03.2014	5,974
Mr. CABANNES	14.03.2013	4,487
	13.03.2014	2,996
Mr. SANCHEZ INCERA	14.03.2013	3,750
	13.03.2014	2,633

(1) Deferred annual variable remuneration granted in 2013 and 2014 in respect of financial years 2012 and 2013.

Note: Shares from the share buyback programme.

**SHARE EQUIVALENTS RECEIVED DURING THE FINANCIAL YEAR BY EACH CHIEF EXECUTIVE OFFICER<sup>(1)</sup>**

	Grant date	Number of share equivalents vested over the financial year	Amount paid (in EUR)
Mr. BINI SMAGHI	N/A	N/A	N/A
Mr. OUDÉA	02.05.2012	37,500	1,315,766
Mr. CABANNES	02.05.2012	25,000	877,178
Mr SANCHEZ INCERA	02.05.2012	25,000	877,178

(1) Share equivalents received under the long-term incentive plan for Chief Executive Officers. Such share equivalents in 2016 correspond to the second instalment of the LTIs granted by the Board of Directors on 2<sup>nd</sup> May 2012 in the form of share equivalents, the vesting of which is entirely subject to the relative performance of the Societe Generale share price in relation to that of its peers. The share performance evaluated in early 2015 placed Societe Generale in third place in the sample.

Note: the share equivalents received as deferred annual variable remuneration are indicated in Table 2 on page 111.

## Audited I Table 8

### RECORD OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED INFORMATION ON SUBSCRIPTION OR PURCHASE OPTIONS<sup>(1)</sup>

Date of General Meeting	27.05.2008	27.05.2008
Date of Board meeting	09.03.2010	09.03.2009
Total number of shares <sup>(2)</sup> available for subscription or purchase	1,000,000	1,344,552 <sup>(6)</sup>
o.w. shares available for subscription or purchase by Chief Executive Officers <sup>(3)</sup>		
Mr. OUDÉA	0	0
Mr. CABANNES	0	0
Mr. SANCHEZ INCERA	0	0
o.w. shares available for subscription or purchase by Executive Committee members in office at the grant date	415,596	155,289
Total number of beneficiaries	684	778
o.w. Executive Committee members in office at the grant date	10	7
Start date for exercising options	09.03.2014	31.03.2012
Last exercise date	08.03.2017	08.03.2016
Subscription or purchase price (EUR <sup>(4)</sup> )	41.2	23.18
Exercise conditions (where the plan includes several instalments))		
Fair value (% of the share price at grant date)	26%	27%
Number of shares subscribed at 31.12.2016	83,950	413,760
Total number of cancelled or lapsed subscription or purchase options	658,184	930,038
Subscription or purchase options outstanding at end of financial year	257,866	754
Potential dilutive effect <sup>(5)</sup>	0.03%	0.00%

(1) Personnel costs generated by these plans are presented in Note 5.3 to the consolidated financial statements (p. 389).

(2) Exercising one option gives entitlement to one Societe Generale share. This table takes into account adjustments performed following capital increases. This line does not take into account options exercised since the grant date.

(3) Mr. Oudéa and Mr. Cabannes were appointed as Chief Executive Officers in 2008. Mr. Sanchez Incera was appointed as Chief Executive Officer in 2010.

(4) The subscription or purchase price is equal to the average market price of the Societe Generale share over the 20 trading days preceding the meeting of the Board of Directors.

(5) The dilutive effect is the result of dividing the remaining number of options that may be subscribed by the number of shares making up the capital stock.

(6) Includes 320,000 options initially granted to the Chief Executive Officers, but given up by the latter. ▲

## Table 9

### SHARE SUBSCRIPTION OR PURCHASE OPTIONS AWARDED TO THE TOP TEN EMPLOYEES (NON-CHIEF EXECUTIVE OFFICERS) AND OPTIONS EXERCISED BY THESE EMPLOYEES

	Total number of options granted/shares subscribed or purchased	Weighted average price (in EUR)
Options awarded during the financial year by the issuer and any company included in the scope for the allocation of options to the ten employees (other than Chief Executive Officers) of the issuer and any company included in this scope having been awarded the most options*	0	0
Options held in respect of the issuer and the companies referred to previously and exercised during the financial year by the ten employees of the issuer and those companies having purchased or subscribed the most options	77,412	37.73

\* Societe Generale did not grant stock options in 2016.

## Audited I Table 10

### RECORD OF PERFORMANCE SHARES AWARDED INFORMATION ON PERFORMANCE SHARES AWARDED

Date of General Meeting	18.05.2016	20.05.2014	22.05.2012	22.05.2012	25.05.2010	25.05.2010
Date of Board meeting	18.05.2016	12.03.2015	13.03.2014	14.03.2013	02.03.2012	02.11.2010
Total number of shares granted	2,478,926	1,233,505	1,010,775	1,846,313	2,975,763	5,283,520 <sup>(5)</sup>
o.w. number granted to Chief Executive Officers <sup>(2)</sup>	140,769					
Mr. OUDÉA	62,900	-	-	-	-	-
Mr. CABANNES	38,644	-	-	-	-	-
Mr. SANCHEZ INCERA	39,225	-	-	-	-	-
Total number of beneficiaries	6,495	6,733	6,082	6,338	6,363	
Vesting date	see table below	31.03.2017 (R)	31.03.2016 (R)	31.03.2015 (R)	31.03.2014 (R)	29.03.2013 (R) 31.03.2015 (NR) (1 <sup>st</sup> instalment)
		31.03.2019 (NR)	31.03.2018 (NR)	31.03.2017 (NR)	31.03.2016 (NR)	31.03.2014 (R) 31.03.2016 (NR) (2 <sup>nd</sup> instalment)
Holding period end date <sup>(4)</sup>	see table below	31.03.2019	31.03.2018	31.03.2017	31.03.2016	29.03.2015 31.03.2016
Performance conditions <sup>(3)</sup>	yes	yes	yes	yes	yes	yes
Fair value (in EUR) <sup>(4)</sup>	see table below	36.4 (R) 34.9 (NR)	37.8 (R) 38.1 (NR)	26.1 (R) 27.1 (NR)	21.9 (R) 22.5 (NR)	35.8 (R) 34.6 (NR) (1 <sup>st</sup> instalment)
						34.6 (R) 33.2 (NR) (2 <sup>nd</sup> instalment)
Number of shares vested at 31.12.2016	0	148	650,046	1,201,218	2,787,956	4,354,448
Total number of cancelled or lapsed shares	35,739	45,895	51,453	119,588	187,807	929,072
Performance shares outstanding at year-end	2,443,187	1,187,462	309,276	525,507	0	0

R = French tax residents.

NR = Non-French tax residents.

(1) Only for French tax residents.

(2) For the Chief Executive Officers, see also Tables 6 and 7 of the 2017 Registration Document.

(3) The applicable performance conditions are described in the "Corporate Governance, Employee share plans" section.

(4) The fair value is calculated using the arbitrage method of valuation.

(5) "Free share plan" for all employees of the Group, i.e. approx. 159,000 people in 79 countries. ▲

**SUMMARY OF THE 2016 PERFORMANCE SHARES PLAN<sup>(1)</sup>**

Date of General Meeting	18.05.2016			
Date of Board meeting	18.05.2016			
Total number of shares granted	2,478,926			
Vesting date	29.03.2018 (1 <sup>st</sup> instalment)	29.03.2019	31.03.2020 (1 <sup>st</sup> instalment)	31.03.2021
	29.03.2019 (2 <sup>nd</sup> instalment)		31.03.2022 (2 <sup>nd</sup> instalment)	
Holding period end date	30.09.2018	N/A	01.04.2021	02.10.2021
	30.09.2019		01.04.2023	
Fair value (in EUR) <sup>(2)</sup>	30.18 (1 <sup>st</sup> instalment)	29.55	22.07 (1 <sup>st</sup> instalment)	32.76
	28.92 (2 <sup>nd</sup> instalment)		21.17 (2 <sup>nd</sup> instalment)	

(1) Under the annual employee LTI plan and awards in the context of the specific loyalty and remuneration policy applicable to regulated persons as defined in banking regulations (including Chief Executive Officers and Executive Committee members).

(2) The fair value is calculated using the arbitrage method of valuation.

**Table 11**

**POSITION OF CHIEF EXECUTIVE OFFICERS IN 2016**

	Term of office		Employment contract <sup>(1)(4)</sup>		Supplementary pension plan <sup>(2)</sup>		Compensation or benefits due or likely to become due as a result of leaving office or changing position		Compensation relating to a non-compete clause <sup>(3)</sup>	
	start	end	yes	no	yes	no	yes	no	yes	no
Mr. BINI SMAGHI, Chairman of the Board of Directors	2015 <sup>(5)</sup>	2019		X		X		X		X
Mr. OUDÉA, Chief Executive Officer	2008 <sup>(6)</sup>	2019		X		X		X <sup>(7)</sup>		X <sup>(7)</sup>
Mr. CABANNES, Deputy Chief Executive Officer	2008	2019	X		X			X <sup>(7)</sup>		X <sup>(7)</sup>
Mr. SANCHEZ INCERA, Deputy Chief Executive Officer	2010	2019	X		X			X <sup>(7)</sup>		X <sup>(7)</sup>

(1) According to the recommendations of the AFEP-MEDEF Code, the following may not hold an employment contract during their term of office: the Chairman of the Board of Directors, the Chairman and Chief Executive Officer, and the Chief Executive Officer in companies with a Board of Directors.

(2) Details of supplementary pension plans can be found on page 100.

(3) Details of Mr. Oudéa's non-compete compensation can be found on page 107.

(4) The employment contracts of Messrs. Cabannes, Sanchez Incera and Valet have been suspended for the duration of their term of office.

(5) Mr. Bini Smaghi was appointed Chairman of the Board on 19<sup>th</sup> May 2015.

(6) Mr. Oudéa was appointed Chief Executive Officer in May 2008, then Chairman and Chief Executive Officer in May 2009, and Chief Executive Officer on 19<sup>th</sup> May 2015.

(7) Severance pay and non-compete compensation paid to Chief Executive Officers as from financial year 2017 is covered by related-party agreements and commitments submitted to the General Meeting for approval on 23<sup>rd</sup> May 2017.

## REMUNERATION COMPONENTS DUE OR GRANTED FOR FINANCIAL YEAR 2016 TO CHIEF EXECUTIVE OFFICERS AND SUBMITTED TO A SHAREHOLDER VOTE

**Table 1**

**Lorenzo BINI SMAGHI**, Chairman of the Board of Directors

<b>Remuneration components due or granted for financial year 2016</b>	<b>Amount or book value put to a vote</b>	<b>Description</b>
Fixed remuneration	EUR 850,000	Gross fixed remuneration paid in 2016, in accordance with the Board of Directors' decision of 19 <sup>th</sup> May 2015.
Variable annual remuneration	N/A	Lorenzo Bini Smaghi does not receive any variable remuneration.
Attendance fees	N/A	Lorenzo Bini Smaghi does not receive any attendance fees.
Value of benefits in kind	EUR 52,819	He is provided with company accommodation for the performance of his duties in Paris.

**Table 2**

**Frédéric OUDÉA**, Chief Executive Officer

Remuneration components due or granted for financial year 2016		
	Amount or book value put to a vote	Description
Fixed remuneration	EUR 1,300,000	Gross fixed remuneration paid in 2016, in accordance with the Board of Directors' decision of 31 <sup>st</sup> July 2014. It was confirmed in May 2015 when the functions of Chairman of the Board and Chief Executive Officer were separated.
Variable annual remuneration		Frédéric Oudéa benefits from annual variable remuneration which is broken down into two sub-components: 60% based on financial targets and 40% on qualitative targets. These elements are described on page 102 of the 2017 Registration Document. This annual variable remuneration is capped at 135% of fixed remuneration.
<i>o.w. non-deferred annual variable remuneration</i>	EUR 290,052 (nominal amount)	<b>Evaluation of 2016 performance</b> - Given the quantitative and qualitative criteria defined by the Board of Directors in March 2016 and the achievement rates observed in financial year 2016, Mr. Oudéa's annual variable remuneration was set at EUR 1,450,262 <sup>(1)</sup> . This corresponds to an overall target achievement rate of 83% of his maximum annual variable remuneration (see page 103 of the 2017 Registration Document). In accordance with CRD4 applicable to credit institutions, <b>the payment conditions for annual variable remuneration</b> are as follows: <ul style="list-style-type: none"> <li>60% of annual variable remuneration is conditional upon achievement of Group profitability and Core Tier 1 targets as determined for financial years 2017, 2018 and 2019. Two-thirds of this is converted into Societe Generale shares transferable for 3.5 years, <i>pro rata</i>;</li> <li>the remaining 40% of this annual variable remuneration is vested immediately, with half paid in March 2017 and the other half converted into Societe Generale share equivalents subject to a one-year holding period.</li> </ul>
<i>o.w. deferred annual variable remuneration</i>	EUR 1,160,210 (nominal amount)	
Multi-annual variable remuneration	N/A	Frédéric Oudéa does not receive any multi-annual variable remuneration.
Exceptional compensation	N/A	Frédéric Oudéa does not receive any exceptional compensation.
Value of options granted during the financial year	N/A	Frédéric Oudéa has not been awarded any stock options since 2009.
Value of shares or share equivalents granted under the long-term incentive plan in respect of the financial year	EUR 850,000 (Value according to IFRS 2 at 07.02.2017) This amount corresponds to an award of 32,717 shares	Since 2012, the Chief Executive Officers have been eligible for a long-term incentive plan consisting of shares or share equivalents in order to implicate them more closely in the Company's long-term progress and to align their interests with those of the shareholders. The details of the plan granted in respect of 2016 by the Board of Directors at its meeting of 8 <sup>th</sup> February 2017 are as follows: <ul style="list-style-type: none"> <li>introduction of a cap on grants, identical to the cap on annual variable remuneration;</li> <li>an award of 32,717 shares granted in two instalments, with vesting periods of four and six years followed by a one-year holding period after vesting, thus increasing the indexing periods to five and seven years;</li> <li>definitive vesting subject to presence and performance conditions. The performance condition is measured by the increase in Societe Generale's Total Shareholder Return (TSR) compared to that of 11 European peers over the entirety of the vesting periods. Thus, the entirety of the award will only vest if Societe Generale's TSR is in the upper quartile of the sample; if it is slightly above the median value, the vesting rate will be 50% of the total number of shares or share equivalents granted; no shares or share equivalents will vest if the TSR performance is too low.</li> <li>In the absence of Group profitability (as measured by Group net income, excluding strictly accounting-related impacts associated with the revaluation of own debt and the Debt Value Adjustment) for the year preceding the definitive vesting of long-term incentives, no payment will be due, regardless of the performance of the Societe Generale share.</li> <li>Any departure will result in cancellation of the payment under the plan, unless the Chief Executive Officer in question is retiring or leaving the Group due to changes in its structure or organisation, in which case the shares or payments will be awarded based on the performance observed and assessed by the Board of Directors.</li> <li>Lastly, the Board of Directors decided to cap the final vesting value to EUR 77 per share, i.e. approximately 1.2 times the book value per share of the Societe Generale Group at 31<sup>st</sup> December 2016.</li> </ul> <p>The award is granted pursuant to the 19<sup>th</sup> resolution of the General Meeting of 18<sup>th</sup> May 2016, and represents less than 0.01% of the capital.</p>
Attendance fees	N/A	
Value of benefits in kind	EUR 5,925	Frédéric Oudéa is provided with a company car.

(1) Nominal amount decided by the Board of Directors on 8<sup>th</sup> February 2017.

**Remuneration components due or granted for the financial year that are or were put to a shareholder vote in accordance with the procedure governing related-party agreements or commitments**

	<b>Amounts or book value put to a vote</b>	<b>Description</b>
Severance pay	N/A	Frédéric Oudéa was not entitled to severance pay in 2016.
Non-compete clause	No amount due in respect of the financial year	If Frédéric Oudéa had ceased to hold the office of Chief Executive Officer in 2016, he would have been bound by a non-compete clause prohibiting him from accepting a position with a listed insurance company or credit institution either in France or abroad, or with an unlisted credit institution in France. In exchange, he would have been able to continue to receive his fixed salary. The parties were, however, entitled to waive this clause. The non-compete clause was valid for a period of 18 months and compensated in the amount of Mr. Oudéa's fixed salary. Its validity remained below the 24-month limit recommended in the AFEP-MEDEF Code.
Supplementary pension plan	N/A	Frédéric Oudéa does not have any supplementary pension plan.

**Table 3**

**Séverin CABANNES**, Deputy Chief Executive Officer

Remuneration components due or granted for financial year 2016		
	Amount or book value put to a vote	Description
Fixed remuneration	EUR 800,000	Gross fixed remuneration paid in 2016
Variable annual remuneration		Séverin Cabannes benefits from annual variable remuneration which is broken down into two sub-components: 60% based on financial targets and 40% on qualitative targets. These elements are described on page 102 of the 2017 Registration Document. This annual variable remuneration is capped at 115% of fixed remuneration.
<i>o.w. non-deferred annual variable remuneration</i>	EUR 148,926 (nominal amount)	<b>Evaluation of 2016 performance</b> - Given the quantitative and qualitative criteria defined by the Board of Directors in March 2016 and the achievement rates observed in financial year 2016, Mr. Cabannes's annual variable remuneration was set at EUR 744,630 <sup>(1)</sup> . This corresponds to an overall target achievement rate of 81% of his maximum annual variable remuneration (see page 103 of the 2017 Registration Document). In accordance with CRD4 applicable to credit institutions, <b>the payment conditions for annual variable remuneration</b> are as follows: <ul style="list-style-type: none"> <li>60% of annual variable remuneration is conditional upon achievement of Group profitability and Core Tier 1 targets as determined for financial years 2017, 2018 and 2019. Two-thirds of this is converted into Societe Generale shares transferable for 3.5 years, <i>pro rata</i>;</li> <li>the remaining 40% of this annual variable remuneration is vested immediately, with half paid in March 2017 and the other half converted into Societe Generale share equivalents subject to a one-year holding period.</li> </ul>
<i>o.w. deferred annual variable remuneration</i>	EUR 595,704 (nominal amount)	
Multi-annual variable remuneration	N/A	Séverin Cabannes does not receive any multi-annual variable remuneration.
Exceptional compensation	N/A	Séverin Cabannes does not receive any exceptional compensation.
Value of options granted during the financial year	N/A	Séverin Cabannes has not been awarded any stock options since 2009.
Value of shares or share equivalents granted under the long-term incentive plan in respect of the financial year	EUR 570,000 (Value according to IFRS 2 at 07.02.2017) This amount corresponds to an award of 21,940 shares	Since 2012, the Chief Executive Officers have been eligible for a long-term incentive plan consisting of shares or share equivalents in order to implicate them more closely in the Company's long-term progress and to align their interests with those of the shareholders. The details of the plan granted in respect of 2016 by the Board of Directors at its meeting of 8 <sup>th</sup> February 2017 are as follows: <ul style="list-style-type: none"> <li>introduction of a cap on grants, identical to the cap on annual variable remuneration;</li> <li>an award of 21,940 shares granted in two instalments, with vesting periods of four and six years followed by a one-year holding period after vesting, thus increasing the indexing periods to five and seven years;</li> <li>definitive vesting subject to presence and performance conditions. The performance condition is measured by the increase in Societe Generale's Total Shareholder Return (TSR) compared to that of 11 European peers over the entirety of the vesting periods. Thus, the entirety of the award will only vest if Societe Generale's TSR is in the upper quartile of the sample; if it is slightly above the median value, the vesting rate will be 50% of the total number of shares or share equivalents granted; no shares or share equivalents will vest if the TSR performance is too low.</li> <li>In the absence of Group profitability (as measured by Group net income, excluding strictly accounting-related impacts associated with the revaluation of own debt and the Debt Value Adjustment) for the year preceding the definitive vesting of long-term incentives, no payment will be due, regardless of the performance of the Societe Generale share.</li> <li>Any departure will result in cancellation of the payment under the plan, unless the Chief Executive Officer in question is retiring or leaving the Group due to changes in its structure or organisation, in which case the shares or payments will be awarded based on the performance observed and assessed by the Board of Directors.</li> <li>Lastly, the Board of Directors decided to cap the final vesting value to EUR 77 per share, i.e. approximately 1.2 times the book value per share of the Societe Generale Group at 31<sup>st</sup> December 2016.</li> </ul> The award is granted pursuant to the 19 <sup>th</sup> resolution of the General Meeting of 18 <sup>th</sup> May 2016, and represents less than 0.01% of the capital.
Attendance fees	EUR 13,462	Variable compensation paid to Deputy Chief Executive Officers is reduced by the amount of any attendance fees received from other Societe Generale Group companies.
Value of benefits in kind	EUR 6,411	Séverin Cabannes is provided with a company car.

(1) Nominal amount decided by the Board of Directors on 8<sup>th</sup> February 2017.

**Remuneration components due or granted for the financial year that are or were put to a shareholder vote in accordance with the procedure governing related-party agreements or commitments**

	<b>Amounts or book value put to a vote</b>	<b>Description</b>
Severance pay	N/A	Séverin Cabannes was not entitled to severance pay for the termination of his corporate office in 2016.
Non-compete clause	No amount due in respect of the financial year	Séverin Cabannes was not bound by a non-compete clause in 2016.
Supplementary pension plan	N/A	<p>Séverin Cabannes retains the benefit of the supplementary pension allocation plan for senior managers that applied to him as an employee prior to his appointment as Chief Executive Officer. This supplementary plan, introduced in 1991 and satisfying the provisions of Article L. 137-11 of the French Social Security Code, provides beneficiaries with an annual pension, covered by Societe Generale, as described on p. 100. This allowance depends in particular on length of service within Societe Generale and the proportion of fixed salaries exceeding "Tranche B" of the AGIRC pension.</p> <p>Each year, potential annuity rights are calculated according to projected length of service and salary at retirement, based on recognised actuarial principles. At 31<sup>st</sup> December 2016, on the basis of Mr. Cabannes's length of service and reference remuneration at such date, his potential pension rights, irrespective of the conditions pertaining to satisfaction of the commitment, and based on a retirement age assumption of 63, represent an estimated annual pension of EUR 183,042 (i.e. 11.9% of his reference remuneration as defined by the AFEP-MEDEF Code).</p> <p>In accordance with the procedure for related-party agreements, this commitment was authorised by the Board of Directors on 12<sup>th</sup> May 2008 and approved by the General Meeting on 19<sup>th</sup> May 2009 (7<sup>th</sup> resolution).</p> <p>Mr. Cabannes also remains entitled to the supplementary defined-contribution pension plan that he had as an employee prior to his appointment as Chief Executive Officer.</p> <p>This defined-contribution plan, established in line with Article 83 of the French General Tax Code, was implemented in 1995. Membership is compulsory for all employees with at least one year's seniority within the Company and allows beneficiaries to acquire annual deferred life annuity rights corresponding to 0.1% of their remuneration, capped at twice the annual French Social Security cap. This plan is financed 1.5% by the Company and 0.5% by employees. At 31<sup>st</sup> December 2016, Mr. Cabannes had acquired deferred life annuity rights of EUR 838 per annum.</p>

**Table 4**

**Bernardo SANCHEZ INCERA**, Deputy Chief Executive Officer

Remuneration components due or granted for financial year 2016		
	Amount or book value put to a vote	Description
Fixed remuneration	EUR 800,000	Gross fixed remuneration paid in 2016
Variable annual remuneration		Bernardo Sanchez Incera benefits from annual variable remuneration which is broken down into two sub-components: 60% based on financial targets and 40% on qualitative targets. These elements are described on page 102 of the 2017 Registration Document. This annual variable remuneration is capped at 115% of fixed remuneration.
<i>o.w. non-deferred annual variable remuneration</i>	EUR 152,293 (nominal amount)	<b>Evaluation of 2016 performance</b> - Given the quantitative and qualitative criteria defined by the Board of Directors in March 2016 and the achievement rates observed in financial year 2016, Mr. Sanchez Incera's annual variable remuneration was set at EUR 761,466 <sup>(1)</sup> . This corresponds to an overall target achievement rate of 83% of his maximum annual variable remuneration (see page 103 of the 2017 Registration Document). In accordance with CRD4 applicable to credit institutions, the <b>payment conditions for annual variable remuneration</b> are as follows:
<i>o.w. non-deferred annual variable remuneration</i>	EUR 609,173 (nominal amount)	<ul style="list-style-type: none"> <li>■ 60% of annual variable remuneration is conditional upon achievement of Group profitability and Core Tier 1 targets as determined for financial years 2017, 2018 and 2019. Two-thirds of this is converted into Societe Generale shares transferable for 3.5 years, <i>pro rata</i>;</li> <li>■ the remaining 40% of this annual variable remuneration is vested immediately, with half paid in March 2017 and the other half converted into Societe Generale share equivalents subject to a one-year holding period.</li> </ul>
Multi-annual variable remuneration	N/A	Bernardo Sanchez Incera does not receive any multi-annual variable remuneration.
Exceptional compensation	N/A	Bernardo Sanchez Incera does not receive any exceptional compensation.
Value of options granted during the financial year	N/A	Bernardo Sanchez Incera has not been awarded any stock options since 2010.
Value of shares or share equivalents granted under the long-term incentive plan in respect of the financial year	EUR 570,000 (Value according to IFRS 2 at 07.02.2017) This amount corresponds to an award of 21,940 shares	<p>Since 2012, the Chief Executive Officers have been eligible for a long-term incentive plan consisting of shares or share equivalents in order to implicate them more closely in the Company's long-term progress and to align their interests with those of the shareholders.</p> <p>The details of the plan granted in respect of 2016 by the Board of Directors at its meeting of 8<sup>th</sup> February 2017 are as follows:</p> <ul style="list-style-type: none"> <li>■ introduction of a cap on grants, identical to the cap on annual variable remuneration;</li> <li>■ an award of 21,940 shares granted in two instalments, with vesting periods of four and six years followed by a one-year holding period after vesting, thus increasing the indexing periods to five and seven years;</li> <li>■ definitive vesting subject to presence and performance conditions. The performance condition is measured by the increase in Societe Generale's Total Shareholder Return (TSR) compared to that of 11 European peers over the entirety of the vesting periods. Thus, the entirety of the award will only vest if Societe Generale's TSR is in the upper quartile of the sample; if it is slightly above the median value, the vesting rate will be 50% of the total number of shares or share equivalents granted; no shares or share equivalents will vest if the TSR performance is too low.</li> <li>■ In the absence of Group profitability (as measured by Group net income, excluding strictly accounting-related impacts associated with the revaluation of own debt and the Debt Value Adjustment) for the year preceding the definitive vesting of long-term incentives, no payment will be due, regardless of the performance of the Societe Generale share.</li> <li>■ Any departure will result in cancellation of the payment under the plan, unless the Chief Executive Officer in question is retiring or leaving the Group due to changes in its structure or organisation, in which case the shares or payments will be awarded based on the performance observed and assessed by the Board of Directors.</li> <li>■ Lastly, the Board of Directors decided to cap the final vesting value to EUR 77 per share, i.e. approximately 1.2 times the book value per share of the Societe Generale Group at 31<sup>st</sup> December 2016.</li> </ul> <p>The award is granted pursuant to the 19<sup>th</sup> resolution of the General Meeting of 18<sup>th</sup> May 2016, and represents less than 0.01% of the capital.</p>
Attendance fees	EUR 33,273	Variable compensation paid to Deputy Chief Executive Officers is reduced by the amount of any attendance fees received from other Societe Generale Group companies.
Value of benefits in kind	EUR 6,288	Bernardo Sanchez Incera is provided with a company car.

(1) Nominal amount decided by the Board of Directors on 8<sup>th</sup> February 2017.

**Remuneration components due or granted for the financial year that are or were put to a shareholder vote in accordance with the procedure governing related-party agreements or commitments**

	<b>Amounts or book value put to a vote</b>	<b>Description</b>
Severance pay	N/A	Bernardo Sanchez Incera was not entitled to severance pay for the termination of his corporate office in 2016.
Non-compete clause	N/A	Bernardo Sanchez Incera was not bound by a non-compete clause in 2016.
Supplementary pension plan	No amount due in respect of the financial year	<p>Bernardo Sanchez Incera retains the benefit of the supplementary pension allocation plan for senior managers that applied to him as an employee prior to his appointment as Chief Executive Officer. This supplementary plan, introduced in 1991 and satisfying the provisions of Article L. 137-11 of the French Social Security Code, provides beneficiaries with an annual pension, covered by Societe Generale, as described on p. 100. This allowance depends in particular on length of service within Societe Generale and the proportion of fixed salaries exceeding "Tranche B" of the AGIRC pension. Each year, potential annuity rights are calculated according to projected length of service and salary at retirement, based on recognised actuarial principles. At 31<sup>st</sup> December 2016, on the basis of Mr. Sanchez Incera's length of service and reference remuneration at such date, his potential pension rights, irrespective of the conditions pertaining to satisfaction of the commitment, and based on a retirement age assumption of 63, represent an estimated annual pension of EUR 152,094 (i.e. 9.7% of his reference remuneration as defined by the AFEP-MEDEF Code).</p> <p>In accordance with the procedure for related-party agreements, this commitment was authorised by the Board of Directors on 12<sup>th</sup> January 2010 and approved by the General Meeting on 25<sup>th</sup> May 2010 (8<sup>th</sup> resolution).</p> <p>Mr. Sanchez Incera also remains entitled to the supplementary defined-contribution pension plan that he had as an employee prior to his appointment as Chief Executive Officer. This defined-contribution plan, established in line with Article 83 of the French General Tax Code, was implemented in 1995. Membership is compulsory for all employees with at least one year's seniority within the Company and allows beneficiaries to acquire annual deferred life annuity rights corresponding to 0.1% of their remuneration, capped at twice the annual French Social Security cap. This plan is financed 1.5% by the Company and 0.5% by employees. At 31<sup>st</sup> December 2016, Mr. Sanchez Incera had acquired deferred life annuity rights of EUR 484 per annum.</p>

## EMPLOYEE SHARE PLANS

### General policy

The Group suspended grants of stock purchase or subscription options in 2011. Free shares have been issued in France since 2006 and abroad since 2009, as authorised at the General Meeting. The Board of Directors, based on the recommendations of the Compensation Committee, has defined the following policy: granting of performance shares in order to reward, motivate and secure the long-term loyalty of three specific categories of employees. These employees are:

- employees who have made a significant contribution to the Group's results, with respect to their responsibilities;
- high-potential employees whose expertise is highly sought-after on the job market;
- employees whose work has proved extremely valuable to the Company.

In addition, in the context of the specific loyalty and remuneration policy applicable to categories of staff whose professional activities affect the Group's risk profile, defined in accordance with CRD4 applicable since 1<sup>st</sup> January 2014 (referred to as regulated persons), part of the variable remuneration of Chief Executive Officers and certain employees from the businesses concerned is deferred, in the form of performance shares.

Grants are wholly contingent on presence within the Group at the vesting date and on collective performance, regardless of the category or level of the beneficiary. In accordance with the recommendations of the AFEP-MEDEF Code, Group performance conditions applied to Group Chief Executive Officers are demanding and established in advance.

The grant of these financial instruments is accounted for under personnel expenses in the Company's financial statements in accordance with IFRS 2.

### 2016 Plan

Based on a proposal from the Compensation Committee, the Board of Directors, at its meeting of 18<sup>th</sup> May 2016, granted performance shares to certain members of staff in accordance with the 19<sup>th</sup> and 20<sup>th</sup> resolutions of the General Meeting held earlier that day.

Pursuant to the 19<sup>th</sup> resolution, the performance shares granted under the specific loyalty and remuneration policy for regulated persons as defined by banking regulations (including Chief Executive Officers and Executive Committee members) represent 0.16% of the share capital, corresponding to a total of approximately 1,270,000 shares. Their vesting periods range from two to six years, followed by a holding period of at least six months. These shares are wholly subject to performance conditions specific to each Core Business and business line.

Pursuant to the 20<sup>th</sup> resolution, the beneficiaries of the long-term incentive plan numbered 5,867, receiving approximately 1,215,000 shares in total, i.e. 0.15% of the share capital. The Chief Executive Officers and members of the Group Management Committee were not beneficiaries of the plan. Plan beneficiaries comprised 2,379 women and 3,488 men belonging to other employee categories (including non-executives) spread over nearly 75 different countries; 41% work outside France.

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

## 4. STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

*This is a free translation into English of the Statutory auditors' report on related party agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on related party agreements and commitments should be read in conjunction, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

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SOCIÉTÉ GÉNÉRALE  
Société Anonyme  
17, cours Valmy  
92972 Paris-La Défense

### General Meeting of Shareholders to approve the financial statements for the year ended 31<sup>st</sup> December 2016

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms, conditions and the reasons for the company's interest of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de Commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

### Agreements and commitments submitted for approval by the General Meeting of Shareholders

#### AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE YEAR

In accordance with Article L. 225-38 of the French Commercial Code, we inform you that we have not been advised of any agreements or commitments authorised during the year to be submitted for the approval of the General Meeting of Shareholders.

#### AGREEMENTS AND COMMITMENTS AUTHORISED SINCE THE YEAR-END

We have been advised that the following agreements and commitments authorised since the year-end have been previously approved by the Board of Directors.

#### 1- With Mr. Frédéric Oudéa, Chief Executive Officer

##### a) Nature and purpose

Non-compete clause for Mr. Frédéric Oudéa.

##### Terms and conditions

The non-compete clause for Mr. Frédéric Oudéa was authorised by your Board of Directors on February 8, 2017 and ended the "non-compete clause" agreement approved on 22<sup>nd</sup> May 2012.

Provided that he will not be employed in a similar position for a sixth-month period following the termination of his term of office, in a listed bank or insurance company in or outside France, or in a non-listed bank in France, Mr. Frédéric Oudéa will be entitled, during the same period, to termination benefits to be paid on a monthly basis, equal to his basic fixed compensation as Chief Executive Officer. The company however reserves the right to waive this clause.

**Reasons justifying the interest of the agreement for the company**

Your Board justified this agreement as follows: the Board wishes to modify and harmonise the termination benefits received in the event of forced departure of members of its Executive Management team. These terms have been determined to take into consideration the new AFEP-MEDEF Corporate Governance Code and market practices which include non-compete and termination benefits clauses.

The non-compete clause aims to protect the Group should its corporate officers leave the Group. It is in line with banking sector practices. The scope and application satisfy the legal considerations of French law regarding non-enforceability.

**b) Nature and purpose**

Termination benefits in favour of Mr. Frédéric Oudéa.

**Terms and conditions**

The termination benefits in favour of Mr. Frédéric Oudéa were authorised by the Board of Directors on 8<sup>th</sup> February 2017.

The termination benefits include the following features:

- Termination benefits will only be due in the event of a forced departure from the Group and justified as such by the Board of Directors, thereby excluding resignation, non-renewal of the term of office at the initiative of Mr. Frédéric Oudéa or gross negligence.
- Payment of the termination benefits will be subject to reaching an overall achievement rate of the variable portion of his annual compensation of at least 60% on average over the last three fiscal years preceding the termination of his term of office.
- No termination benefits will be owed in the event of departure within the six months preceding the settlement of the Social Security pension entailing the right to benefit from the supplementary pension allocation for senior executives.
- The amount of the termination benefits will be two years of basic fixed compensation and may not exceed the ceiling recommended by the AFEP-MEDEF Corporate Governance Code of two years of basic fixed and variable compensation.

Furthermore, the shares or equity equivalents allocated as part of the long-term incentive plan of Mr. Frédéric Oudéa and still being vested would be lost in the event of his departure from the Group, as the presence condition would no longer be satisfied. For a departure related to retirement or to an evolution in the Group's structure or its organization, shares would be retained or the payments would be made after having taken into consideration the performance observed and assessed by the Board of Directors.

**Reasons justifying the interest of the agreement for the company**

Your Board justified this agreement as follows: the Board wishes to modify and harmonise the termination benefits received in the event of forced departure of members of its Executive Management team. These terms have been determined to take into consideration the new AFEP-MEDEF Corporate Governance Code and market practices which include non-compete and termination benefits clauses.

The termination benefits aim to protect senior executives in the event of forced departure of members of the Executive Management team. In accordance with AFEP-MEDEF recommendations, Mr. Frédéric Oudéa waived his employment contract on his appointment as Chairman-Chief Executive Officer in 2009. He therefore lost the benefits and guarantees from which he

benefited as an employee for nearly fifteen years.

## 2- With Mr. Didier Valet, Deputy Chief Executive Officer

### *Nature and purpose*

Pension commitment in favour of Mr. Didier Valet.

### *Terms and conditions*

The pension commitment in favour of Mr. Didier Valet was authorised by your Board of Directors on 13<sup>th</sup> January 2017 with effect from 16<sup>th</sup> January 2017.

Pursuant to this commitment, Mr. Didier Valet retains the rights to the supplementary pension plan for senior executives which applied to him as an employee. This additional plan, set up in 1991, grants to its beneficiaries, as of the settlement date of their Social Security pension, an overall pension equal to the product of the following:

- the average, over the last ten years of the career, of the proportion of basic fixed compensation exceeding the "B Tranche" of the AGIRC (French executives retirement fund) increased by a variable portion limited to 5% of the basic fixed compensation;
- the rate equal to the ratio between the number of years of professional service within your company and 60.

The AGIRC "C Tranche" pension vested in respect of his professional services within the company is deducted from this total. The additional allocation to be paid by your company is increased for beneficiaries who have brought up at least three children, as well as for those retiring after the legal retirement age for the settlement date of the Social Security pension. It may not be less than a third of the full-rate service value of AGIRC "B Tranche" points vested by the manager since his appointment to the "Senior group executives" category of your company.

The annual vesting of the contingent rights will be, starting from 2017, subject to the following performance condition: "the rights to potential annuity payments in respect of one year will only be fully vested if at least 80% of the performance conditions of the variable compensation of this same year are satisfied. For a performance of 50% and below, no increase in the annuity will be applied. For an achievement rate of between 80% and 50%, the calculation of the vesting of rights with respect to the year will be calculated on a straight-line basis".

The rights are subordinated to the presence of the employee in the company at the time when the settlement of his pension takes place.

### *Reasons justifying the interest of the agreement for the company*

Your Board justified this agreement as follows: the Board wanted Mr. Valet to retain his rights to the senior executive supplementary pension plan which applies to him as an employee as is the case for the other Deputy Chief Executive Officers.

## 3- With Messrs. Bernardo Sanchez Incera, Séverin Cabannes and Didier Valet, Deputy Chief Executive Officers

### *a) Nature and purpose*

Termination benefits in favour of Messrs. Bernardo Sanchez Incera, Séverin Cabannes and Didier Valet.

### *Terms and conditions*

Termination benefits in favour of Messrs. Bernardo Sanchez Incera, Séverin Cabannes and Didier Valet were authorised by your Board of Directors on 8<sup>th</sup> February 2017.

The termination benefits have the following features:

- Termination benefits will only be due in the event of a forced departure from the Group and justified as such by the Board of Directors, thereby excluding resignation, non-renewal of the term of office at the initiative of Messrs. Bernardo Sanchez Incera, Séverin Cabannes and Didier Valet or gross negligence.
- Payment of the termination benefits will be subject to reaching an overall achievement rate of the variable portion of his annual compensation of at least 60% on average over the last three fiscal years preceding the termination of his term of office.
- No termination benefits will be owed in the event of departure within the six months preceding the settlement of the Social Security pension entailing the right to benefit from the supplementary pension allocation for senior executives.
- The amount of the termination benefits will be two years of basic fixed compensation and may not exceed the ceiling recommended by the AFEP-MEDEF Corporate Governance Code of two years of basic fixed and variable compensation.

Furthermore, the shares or equity equivalents allocated as part of the long-term incentive plan of Messrs. Bernardo Sanchez Incera, Séverin Cabannes and Didier Valet and still being vested would be lost in the event of his departure from the Group, as the presence condition would no longer be satisfied. For a departure related to retirement or to an evolution in the Group's structure or its organisation, shares would be retained or the payments would be made after having taken into consideration the performance observed and assessed by the Board of Directors.

### *Reasons justifying the interest of the agreement for the company*

Your Board justified this agreement as follows: the Board wishes to modify and harmonise the termination benefits received in the event of forced departure of members of its Executive Management team. These terms have been determined to take into consideration the new AFEP-MEDEF Corporate Governance Code and market practices which include non-compete and termination benefits clauses.

The termination benefits aim to protect senior executives in the event of forced departure of members of the Executive Management team. The employment contracts of the Deputy Chief Executive Officers were suspended on their appointment. As such, the amount of legal or collective bargaining termination benefits which would be owed to them would be minimal or nil.

### *b) Nature and purpose*

Non-compete clause in favour of Messrs. Bernardo Sanchez Incera, Séverin Cabannes and Didier Valet.

### *Terms and conditions*

The non-compete clause in favour of Messrs. Bernardo Sanchez Incera, Séverin Cabannes and Didier Valet was authorised by your Board of Directors on 8<sup>th</sup> February 2017.

Provided that they will not be employed in a similar position for a sixth-month period following the termination of their terms of office, in a listed bank or insurance company in or outside France, or in a non-listed bank in France, Messrs. Bernardo Sanchez Incera, Séverin Cabannes and Didier Valet will be entitled, during the same period, to termination benefits to be paid on a monthly basis, equal to their basic fixed compensation as Deputy Chief Executive Officers. The company however reserves the right to waive this clause.

### *Reasons justifying the interest of the agreement for the company*

Your Board justified this agreement as follows: the Board wishes to modify and harmonise the termination benefits received in the event of forced departure of members of its Executive Management team. These terms have been determined to take into consideration

the new AFEP-MEDEF Corporate Governance Code and market practices which include non-compete and termination benefits clauses.

The non-compete clause aims to protect the Group should its corporate officers leave the Group. It is in line with banking sector practices. The scope and application satisfy the legal considerations of French law regarding non-enforceability.

## AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

We inform you that we have not been advised of any agreements or commitments already authorised by the General Meeting of Shareholders which have had continuing effect during the year.

In addition, we have been advised that the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years were not implemented during the year.

### 1- With Mr. Frédéric Oudéa, Chief Executive Officer

#### *Nature and purpose*

Non-compete clause in favour of Mr. Frédéric Oudéa.

#### *Terms and conditions*

The non-compete clause for Mr. Frédéric Oudéa had been authorised by your Board of Directors on 24<sup>th</sup> May 2011 and approved by the General Meeting of Shareholders on 22<sup>nd</sup> May 2012.

Under the condition that he will not be employed for an eighteen-month period following the termination of his term of office, in a listed bank or insurance Company in or outside France, or in a non-listed bank in France, Mr. Frédéric Oudéa will be entitled, during the same period, to termination benefits to be paid on a monthly basis, equal to his basic fixed compensation as Chief Executive Officer. The company however reserves the right to waive this clause.

Following the reassessment of this non-compete clause by the Board of Directors on 13<sup>th</sup> January 2017, this commitment was modified by the Board of Directors on 8<sup>th</sup> February 2017 and is presented to you in the section on agreements and commitments subject to the approval of the General Meeting of Shareholders.

### 2- With Messrs. Bernardo Sanchez Incera and Séverin Cabannes, Deputy Chief Executive Officers

#### *Nature and purpose*

Pension commitment in favour of Messrs. Bernardo Sanchez Incera and Séverin Cabannes.

#### *Terms and conditions*

The pension commitment in favour of Bernardo Sanchez Incera was authorised by your Board of Directors on 12<sup>th</sup> January 2010 and approved by your General Meeting of Shareholders held on 25<sup>th</sup> May 2010.

The pension commitment in favour of Mr. Séverin Cabannes was authorised by your Board of Directors on 12<sup>th</sup> May 2008 and approved by your General Meeting of Shareholders held on 19<sup>th</sup> May 2009.

Pursuant to these commitments, Messrs. Bernardo Sanchez Incera and Séverin Cabannes retain the rights to the supplementary pension plan for senior executives which applied to them as

employees prior to their initial appointment as Deputy Chief Executive Officers. This additional plan, set up in 1991, grants to its beneficiaries, as of the settlement date of their Social Security pension, an overall pension equal to the product of the following:

- the average, over the last ten years of the career, of the proportion of basic fixed compensation exceeding the "B Tranche" of the AGIRC (French executives retirement fund) increased by a variable portion limited to 5% of the basic fixed compensation;

- the rate equal to the ratio between the number of years of professional service within your company and 60.

The AGIRC "C Tranche" pension vested in respect of his professional services within the company is deducted from this total. The additional allocation to be paid by your company is increased for beneficiaries who have brought up at least three children, as well as for those retiring after the legal retirement age for the settlement date of the Social Security pension. It may not be less than a third

of the full-rate service value of AGIRC "B Tranche" points vested by the manager since his appointment to the "Senior group executives" category of your company.

The rights are subordinated to the presence of the employee in the company at the time when the settlement of his pension takes place.

Neuilly-sur-Seine and Paris-La Défense, 7<sup>th</sup> March 2017

The statutory auditors  
*French original signed by*

DELOITTE & ASSOCIES  
*José-Luis Garcia*

ERNST & YOUNG et Autres  
*Isabelle Santenac*

## 5. REPORT OF THE CHAIRMAN ON INTERNAL CONTROL AND RISK MANAGEMENT

This report has been prepared in compliance with Article L. 225-37 of the French Commercial Code<sup>(1)</sup>. It summarises the internal control procedures of the consolidated Societe Generale Group and is in no way intended to give a detailed description of the situation of the Group's activities and subsidiaries or of the practical implementation of the procedures. The Chairman of each French limited liability subsidiary of the Group carrying out a public offering is required to draft a specific report.

Given the extent and diversity of the risks inherent in banking, internal control is a vital instrument in risk management policy that plays an important role in ensuring the sustainability of activities.

It forms part of a strict regulatory framework defined at a national level, and is also the focus of various projects at an international level (Basel Committee, European Union). Internal control concerns all personnel in all areas of the Group. While the primary responsibility therein lies with the operational staff, a number of Corporate Divisions are also involved, notably the Risk Division, the Group Corporate Secretary, the Finance Division, and the Internal Audit Division. These entities all contributed to the production of this report. The report was approved by the Board of Directors after being examined by the Audit and Internal Control Committee.

### TYPES OF RISK

The Group's risk management framework involves the following main categories:

- **Structural interest and exchange rate risk:** risk of losses of interest margin or of the value of the fixed-rate structural position due to changes in interest or exchange rates. Structural interest and exchange rate risks arise from commercial activities and from corporate centre transactions.
- **Liquidity and funding risk:** liquidity risk is defined as the inability of the Group to meet its financial obligations at a reasonable cost. Funding risk is defined as the risk of the Group being unable to finance the development of its activities in line with its commercial objectives and at a competitive cost.
- **Credit and counterparty risk** (including concentration effects): risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes the counterparty risk linked to market transactions and securitisation activities. In addition, credit risk may be further amplified by individual, country and sector concentration risk.
- **Market risk:** risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets.
- **Operational risks:** risk of losses resulting from inadequacies or failures in processes, personnel or information systems, or from external events. They include:
  - **Non-compliance risk (including legal and tax risks):** risk of court-ordered, administrative or disciplinary sanctions, or of material financial loss, due to failure to comply with the provisions governing the Group's activities;
  - **Reputational risk:** risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Group's ability to maintain or engage in business relationships and to sustain access to sources of financing;
- **Misconduct risk:** risk of harm to customers, markets or the Group itself, or to the image and reputation of the banking sector in general, due to corporate misconduct or inappropriate behaviour on the part of employees or the institution itself.
- **Model risk:** the Group makes use of models in the course of its activities. Selecting a particular model and configuring its parameters necessarily involves a simplification of reality and can result in an inaccurate assessment of risk.
- **Strategic risk:** risks inherent in the choice of a given business strategy or resulting from the Group's inability to execute its strategy.
- **Risk related to specialised finance activities:** through its specialised financial services activities, mainly in its operational vehicle leasing subsidiary, the Group is exposed to residual value risk (when the net resale value of an asset at the end of the lease is less than estimated).
- **Risk related to insurance activities:** through its insurance subsidiaries, the Group is also exposed to a variety of risks linked to the insurance business. In addition to balance sheet management risks (interest rate, valuation, counterparty and exchange rate risk), these risks include premium pricing risk, mortality risk and the risk of an increase in claims.
- **Private equity risk:** risk of losses linked to financial holdings of a private equity nature.
- In addition, **risks associated with climate change**, both physical (increased frequency of extreme weather events) and transition-related (new carbon regulations), have been identified as factors that could aggravate the Group's existing risks.

(1) For the Corporate Governance section of this report, see pages 67 and following.

## RISK APPETITE

Risk appetite is defined as the level of risk that the Group is prepared to assume to achieve its strategic goals. The risk appetite is determined at Group level and is allocated operationally to the business lines and the subsidiaries; it is monitored as described in the "Risk Appetite Framework", which is summarised below.

### General framework

#### GOVERNANCE

The Board of Directors approves the Group risk appetite proposed by General Management. The Risk Division and the Finance and Development Division define the Group's risk appetite and provide monitoring and second-level control of its implementation, together with the Group Compliance Division. The Internal Audit Division periodically reviews the effectiveness of the Risk Appetite Framework.

#### DETERMINATION AND ALLOCATION OF THE RISK APPETITE

Risk appetite is developed and allocated based on:

- regular identification and assessment of all material risks to which the Group is exposed; this exercise relies on prospective measurement tools (stress tests);
- a provisional assessment of the Group's profitability and solvency for a baseline scenario as well as a three-year worst-case scenario, to enable the development of the strategic and financial plan;
- an allocation of the risk appetite within the Group, down to the appropriate level, taking into account the risk/profitability profile of the business lines and their growth prospects.

The Group's risk appetite is formalised in a document that determines the general guidelines, policies, targets, limits and thresholds governing the risk appetite of Societe Generale. This document is reviewed annually.

Each year, upstream from the budget process, the Risk Division and the Finance Division submit Group-level profitability and financial solidity targets (rating, solvency, liquidity) to the Board of Directors under the responsibility of the General Management.

These targets are designed to ensure:

- compliance, with a sufficient safety margin, with the regulatory obligations to which the Group is subject (in particular, minimum regulatory solvency, leverage and liquidity ratios), pre-empting the implementation of new regulations where possible;
- sufficient resistance to stress scenarios by means of a safety margin (stress normalised by regulators or defined through an internal Group process).

Risk appetite in relation to the major risks to which the Group is exposed is regulated by limits and thresholds. These metrics aid in reaching the Group's financial targets and orientating the Group's profitability profile.

#### ALLOCATION OF RISK APPETITE WITHIN THE ORGANISATION

The allocation of risk appetite within the organisation is based on the strategic and financial plan and risk management frameworks.

Based on the Finance Division's proposal, the financial targets defined at the Group level are broken down into budget allocation targets at the business line level as part of the budget and the strategic and financial plan.

Once this process has been completed and after validation by General Management, the Group submits the financial trajectories from the baseline and stressed scenarios to the Board of Directors, verifying that the financial targets previously recommended are met.

Likewise, over and above the financial targets, and based on the proposal from the Finance and Risk Divisions, the limits and thresholds defined at Group level are allocated operationally between the pillars and business lines, which are then responsible for allocating them downstream and monitoring within their remit.

The Group's main subsidiaries define their risk appetite, allocate metrics within their organisation and implement an appropriate risk appetite framework. The Corporate Divisions and their functions ensure consistency with the Group risk appetite. Subsidiaries' risk appetites are validated by their Board of Directors.

## Risk Appetite Statement

### A DIVERSIFIED BANK MODEL THAT TARGETS SUSTAINABLE DEVELOPMENT

Societe Generale seeks sustainable development based on a diversified and balanced banking model with a firm European base and a targeted global presence in selected areas of strong business expertise; the Group also strives to maintain long-term relationships with its clients, built on the confidence it has earned, and to meet the expectations of all of its stakeholders.

This results in:

- an organisation based on three complementary pillars (French Retail Banking, International Retail Banking and Financial Services, Global Banking and Investor Solutions), with a balanced capital allocation between the Group's activities (Retail Banking, International Financial Services, Investment Banking and Investor Solutions) with Retail Banking activities holding a prominent place. The Global Markets activity receives a limited capital allocation;
- a geographically balanced model with a high percentage of revenues generated in mature countries. The Group develops a diversified portfolio of businesses dedicated to individual customers in Europe and Africa. For business, corporate and investor customers, the Group pursues activities in which it has recognised expertise across the world;
- attention paid to the Group's reputation, which it considers a high-value asset that must be protected.

The Group's growth strategy focuses on its existing areas of expertise, its high-quality customer base and the pursuit of synergies within the Group.

### RELYING ON A STRONG FINANCIAL PROFILE

Societe Generale seeks to achieve sustainable profitability, relying on a robust financial profile consistent with its diversified banking model, by:

- targeting profitable and lasting development of the business lines;
- maintaining a target rating allowing access to financial resources at a cost consistent with the development of the Group's businesses and its competitive positioning;
- calibrating its capital and hybrid debt targets to ensure:
  - satisfaction of the minimum regulatory requirements in the baseline scenario, with a security buffer,
  - a sufficient level of creditor protection, consistent with the Group's goals with respect to the target rating and future regulatory ratios (Total Loss Absorbency Capacity (TLAC) for instance);
- ensuring resilience in its liabilities, which are calibrated taking into account the survival horizon in a liquidity stress ratio, compliance with LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) regulatory ratios and the level of dependence on short-term wholesale funding;
- controlling financial leverage.

The Group's goal with respect to its shareholders is to generate adequate profitability relative to the risks incurred. Therefore, the risk/reward ratio is taken into consideration in measuring and managing profitability, as well as in product and service pricing.

The principles framing risk appetite for the main risks are summarised below.

### STRUCTURAL INTEREST RATE AND EXCHANGE RISKS

The Group assesses and strictly controls structural risks. The mechanism to control interest rate risk, foreign exchange risk and the risk on employee benefits is based on sensitivity or stress limits adapted to each of the various businesses (entities and business lines).

### LIQUIDITY AND FUNDING RISKS

The Group assesses the solidity of its liquidity profile based on three complementary elements:

- controlling liquidity risk.
  - The Group assesses the liquidity risk over various time horizons, including intraday, taking into account market access restriction risk.
- controlling funding risk.
  - The capacity to raise funding is assessed over a three-year horizon.
- complying with regulatory obligations (LCR and NSFR).

The solidity of the liquidity profile is assessed within the Group's prudential scope, taking into account the liquidity situation in major foreign currencies.

The Group's larger entities, in particular those which are subject to local regulatory obligations governing liquidity, also assess and specifically monitor their liquidity profile in conjunction with the Group.

The liquidity and funding risks framework is determined within the Group's ILAAP (Internal Liquidity Adequacy Assessment Process).

### CREDIT AND COUNTERPARTY RISKS (INCLUDING CONCENTRATION EFFECTS)

When it assumes credit risk, the Group focuses on medium- and long-term client relationships, targeting clients with which the bank has an established relationship of trust and prospects offering the potential for profitable business development over the medium-term.

In a credit transaction, risk acceptability is based, first and foremost, on the borrower's ability to meet its commitments. Security interests are sought to reduce the risk of loss in the event of a counterparty defaulting on its obligations, but may not, except in exceptional cases, constitute the sole justification for taking the risk.

The Group seeks to diversify risk by controlling individual and sector concentration risk and maintaining a policy of spreading risk by sharing it with other financial partners.

The Group seeks to maintain an exposure to country risks that reflects its strategic selections in terms of its foreign operations and that limits concentrations in high-risk countries.

So as to closely monitor portfolio quality, the Group has established alert thresholds using a series of credit portfolio quality indicators that are monitored quarterly.

The Group defines specific credit policies for sectors or types of credit transaction that present concentration risks or have a specific or intrinsically higher risk profile. This mechanism is bolstered by portfolio limits.

As regards Retail Banking in particular:

- the criteria for granting housing loans take into account the value of the property financed, but are primarily predicated upon an analysis of the borrower's ability to repay the loan. In France, the Group favours loans that are eligible for the *Crédit logement* guarantee;
- consumer credit activities are to be developed through synergies with retail banking activities, as a priority. When these activities target borrowers who are not clients of the retail banking network, they rely on dedicated entities with specialised expertise and robust risk monitoring tools;
- the Group has a moderate appetite for credit risk in private banking activities. This business line targets clients that are inherently low-risk and applies a conservative credit policy, in line with this risk appetite.

## MARKET RISK

The business development strategy of the Group for market activities is primarily focused on meeting client requirements, with a full range of products and solutions. The market risk is strictly managed through a set of limits for several indicators (such as stress tests, Value at Risk (VaR) and stressed Value at Risk (SVaR), "sensitivity" and "nominal" indicators).

Regular reviewing of these limits ensures that they closely reflect any changes in market conditions.

Within these limits, the global stress test limit, which covers all activities and the main market risk factors, plays a pivotal role in determining the Group's market risk appetite. The risk/reward ratio – represented by a limit in the form of the Global Stress Test to budgeted Net Banking Income ratio – is subject to specific monitoring.

Proprietary trading transactions are segregated within a dedicated subsidiary (Descartes Trading) and are subject to a limited risk appetite.

## OPERATIONAL RISKS (INCLUDING COMPLIANCE RISK)

The Group has no appetite for operational risk but is prepared to assume a potential loss of approximately 1% of recurring revenue.

The Group's activities strictly comply with all laws and regulations governing financial and banking activities. The Group particularly strives to:

- work with clients and partners whose practices comply with rules on anti-money laundering and countering terrorist financing;
- work with clients and complete transactions in accordance with rules related to international embargos and financial penalties;
- complete transactions, offer products and advisory services and work with partners in accordance with regulations governing, in particular, client protection and market integrity, as well as with its tax and anti-corruption undertakings;
- anticipate and manage conflicts of interest;
- protect the data of its clients and employees;
- develop a culture of compliance among its employees and ensure that they may express concerns and submit complaints ("whistle blowing").

The Group has defined values and principles of conduct which apply to all of its employees:

- it emphasises employee loyalty with respect to clients and the integrity of its practices;
- it develops a strong culture which guides employee behaviour in such a manner as to conduct business ethically and responsibly. This culture is spread through Values (team spirit, innovation, responsibility, commitment), a Code of Conduct and a leadership model which defines the conduct and skills expected of employees in respect of each Group value;
- it ensures that they are implemented and complied with through, in particular, alignment of the HR processes (recruitment, training, appraisals, etc.) with these values and principles of conduct.

With respect to its reputation, Societe Generale is extremely careful, relying on a set of indicators presented via a dashboard distributed to the Executive Committee and the Board of Directors. The prevention and detection of risks to its reputation are integrated within all the Group's operating practices. Protecting the Group's reputation includes making its employees aware of the Group's values.

In a spirit of social and environmental responsibility, the Group has undertaken to act in accordance with a set of business conduct principles laid down in internal rules applicable throughout the Group.

## RISK MAPPING FRAMEWORK AND STRESS TESTS

### Group risk mapping framework

The risk map is an annual overview of the Group's risk identification process. Risk identification contributes to the overall assessment of the Group's risk profile, and is used in various tasks such as the Internal Capital Adequacy Assessment Process (ICAAP). Prepared by the Risk Division under the authority of the General Management, the risk map is presented annually to the Board of Directors' Risk Committee.

The aim of this approach is to estimate potential material losses for the main types of risk to which the Group is exposed, including credit, market, operational and structural risks. The risk map matches potential losses to specific scenarios within defined scopes. The assessment combines expert analysis and various statistical approaches using historical data.

### Stress tests

Stress tests or crisis simulations are used to assess the potential impact of a downturn in activity on the behaviour of a portfolio, activity or entity. At Societe Generale, they are used to help identify, assess and manage risk, and to evaluate the Group's capital adequacy with regard to risks. Accordingly, they are an important indicator of the resilience of the Group and its activities and portfolios, and a core component in the definition of its risk appetite. The Group's stress test framework covers credit risk, market risk, operational risk, liquidity risk and structural interest rate and exchange rate risks.

Stress tests are based on extreme but plausible hypothetical economic scenarios defined by the Group's economists. These scenarios are translated into impacts on the Group's activities, taking into account potential countermeasures and systematically combining quantitative methods with an expert assessment (risk, finance or business lines).

As such, the stress test framework in place includes:

- an annual global stress test, which is integrated into the budget process as part of preparing the Group Risk Appetite and Internal Capital Adequacy Assessment Process (ICAAP). It is used in particular to check the Group's compliance with the prudential ratios. It covers all of the Group's activities and is based on two global three-year-horizon macroeconomic scenarios: a core budgetary macroeconomic scenario and a macroeconomic scenario of severe but plausible stress extrapolated on the basis of

the core scenario. Each scenario is developed for a large number of countries or regions and incorporates a series of economic and financial variables. Each global scenario is consistent on two levels: consistency between national scenarios and consistency of trends in national aggregates for each individual country;

- specific credit stress tests (on portfolios, countries, activities, etc.), performed on a regular basis as well as on request, which complement the global analysis with a more granular approach and allow fine-tuning of the identification, assessment and operational management of risk, including credit risk concentration;
- specific market stress tests, which estimate the loss resulting from an extreme change in market parameters (indexes, credit spreads, etc.). This stress test risk assessment is applied to all the Group's market activities. It is based on a set of historical (3) and hypothetical (15) scenarios, which apply shocks to all substantial risk factors, including exotic parameters (see the "Market risks" section of this report);
- operational risk stress tests, which use scenario analyses and the modelling of losses to calibrate the Group's capital in terms of operational risk, and which are used to assess the exposure to operational losses linked to the severity of economic scenarios, including exposure to rare and extreme losses not covered by the historical period;
- stress tests to analyse the Group's structural fixed-rate position value and interest rate margin sensitivity to structural interest rate risk. The Group measures these sensitivities to different interest rate yield curve configurations (steepening and flattening);
- liquidity stress tests to ensure that the time period over which the Group can continue to operate is respected in a stressed market environment;
- and finally, reverse stress tests, which are conducted to evaluate scenarios that may result in certain key indicators reaching potentially critical thresholds, such as the minimum solvency level as defined within the Group's risk appetite framework.

Along with the internal stress test exercises, the Group is part of a selection of European banks that participate in the large-scale international stress tests supervised by the European Banking Authority and European Central Bank.

**DEFINITION OF “CORE” AND “STRESSED” ECONOMIC SCENARIOS****Core scenario**

This scenario is meant to represent the most likely course of events at the time of its formulation. It is developed on the basis of a series of observed factors, including the recent economic situation and trends in economic (budgetary, monetary, exchange rate) policy. Based on these observed factors, economists determine the most likely trajectory for the economic and financial variables over a given time frame.

**Stressed scenario**

The stress scenario is intended to simulate a loss of business (based on real GDP figures) deviating from the core scenario, on a scale similar to that observed during a past “baseline” recession chosen for its severity. It is a systematic stress scenario, meaning it is constant in scale from one period to the next, whatever the trajectory forecast by the core scenario, as long as the baseline recession remains constant. The stress scenario is also generic, in that its triggering event is not specified. The impact of the stress scenario on the other economic and financial variables is determined by measuring its deviation from the core scenario.

**RISK PLAYERS AND MANAGEMENT**

The implementation of a high-performance and efficient risk management system in all businesses, markets and regions in which the bank operates is a critical undertaking for the Societe Generale Group, as is the balance between strong risk culture and the development of its activities.

**The Enterprise Risk Management Programme (ERM)**

The first phase of the ERM programme was carried out between 2011 and 2015, and increased the integration of risk prevention and management within the day-to-day management of the bank’s businesses. Actions accomplished through the programme and the finalisation of those which remain ongoing have been integrated into the standard tasks of the existing operational teams. The strengthening of the risk culture has been included within the strategic “Culture & Conduct” programme (see A relationship-banking culture based on common values, p. 243).

The second phase of the programme, which commenced in 2016, consists in coordinating all actions aiming to achieve compliance with the requirements imposed by supervisory authorities related to

the risk appetite framework, for all aspects thereof (governance, processes, policy formalisation, adjustment of targets, follow-up, etc.), as well as in terms of their integration and the corresponding documentation, including formalisation of the framework in writing.

**Players involved in risk management**

Two main high-level bodies govern Group risk management: the Board of Directors and General Management.

General Management presents the main aspects of, and notable changes to, the Group’s risk management strategy to the Board of Directors at least once a year (more often if circumstances so require).

Within the Board of Directors, the Risk Committee is more specifically responsible for examining the consistency of the internal risk monitoring framework, as well as compliance with this framework and with the applicable laws and regulations.

The Board of Directors’ Audit and Internal Control Committee ensures that the risk control systems operate effectively.

**ROLE OF THE BOARD OF DIRECTORS' AUDIT AND INTERNAL CONTROL COMMITTEE\***

The Audit and Internal Control Committee's mission is to monitor issues concerning the preparation and control of accounting and financial information, and to monitor the effectiveness of the internal control and risk assessment, monitoring and management systems.

In particular, it is responsible for:

- monitoring the process for production of the financial information, particularly reviewing the quality and reliability of existing systems, making proposals for their improvement and ensuring that corrective actions have been implemented in the event of a malfunction in the process;
- analysing the draft financial statements to be submitted to the Board of Directors in order, in particular, to verify the clarity of the information provided and assess the relevance and consistency of the accounting methods adopted for drawing up parent company and consolidated financial statements;
- conducting the procedure for selection of the Statutory Auditors and giving an opinion to the Board of Directors, developed in accordance with the provisions of Article 16 of Regulation (EU) no. 537/2014 dated 16<sup>th</sup> April 2014, concerning their appointment or renewal as well as their remuneration;
- ensuring the independence of the Statutory Auditors in accordance with the regulations in force;
- approving, in accordance with Article L. 822-11-2 of the French Commercial Code and the policy adopted by the Board of Directors, the provision of services other than the certification of financial statements, after analysing the risks to the Statutory Auditors' independence and the safeguard measures applied by the latter;
- reviewing the Statutory Auditors' work programme and, more generally, ensuring that the Statutory Auditors monitor the verification of the financial statements in accordance with the regulations in force;
- monitoring the effectiveness of internal control, risk management and internal audit systems, with regard to the procedures for the preparation and processing of accounting and financial information. To this end, the Committee is responsible in particular for:
  - reviewing internal control and risk management within the business segments, divisions and main subsidiaries,
  - reviewing the Group's internal audit programme and giving its opinion on the organisation and functioning of the internal control departments,
  - reviewing the follow-up letters from the banking and market supervisory authorities and issuing an opinion on draft replies to these letters;
- reviewing the reports prepared in order to comply with the regulations in terms of internal control.

The committee met ten times in 2016.

**ROLE OF THE BOARD OF DIRECTORS' RISK COMMITTEE\***

The Risk Committee advises the Board of Directors on the overall strategy and the appetite regarding all kinds of risks, both current and future, and assists the Board when it verifies the implementation of this strategy.

In particular, it is responsible for:

- preparing the debates of the Board of Directors on documents relating to risk appetite;
- reviewing the risk control procedures, and is consulted for the setting of overall risk limits;
- undertaking a regular review of the strategies, policies, procedures and systems used to detect, manage and monitor the liquidity risk, and communicating its conclusions to the Board of Directors;
- issuing an opinion on the Group's overall provisioning policy, as well as on specific provisions for significant amounts;
- reviewing the reports prepared to comply with the banking regulations on risk;
- reviewing the policy concerning risk management and the monitoring of off-balance sheet commitments, especially in the light of the memoranda prepared to this end by the Finance Division, the Risk Division and the Statutory Auditors;
- reviewing, as part of its mission, whether the prices for the products and services mentioned in books II and III of the French Monetary and Financial Code and offered to clients are consistent with the Company's risk strategy. When these prices do not correctly reflect the risks, it informs the Board of Directors accordingly and gives its opinion on the action plan to remedy the situation;
- without prejudice to the Compensation Committee's missions, reviewing whether the incentives provided for by the compensation policy and practices are consistent with the Company's situation with regard to the risks to which it is exposed, its capital and its liquidity, as well as the probability and timing of expected benefits;
- reviewing the enterprise risk management related to the Company's operations in the United States.

The committee met ten times in 2016.

\* Version of the Internal Rules applicable as of 13<sup>th</sup> January 2017.

Chaired by the General Management, the specialised committees responsible for central oversight of internal control and risk management are as follows:

- the **Risk Committee**, which met 18 times in 2016, discusses the Group's risk strategy, in particular the management of the different risks (credit, country, market and operational risks) as well as the structure and implementation of the risk monitoring system. The Group also has a Large Exposures Committee, which focuses on reviewing large individual exposures.
- the **Finance Committee**, which defines the Group's financial strategy and ensures the steering of scarce resources (capital, liquidity, balance sheet, fiscal capacity), their allocation and the monitoring of structural risks.
- the **Group Internal Control Coordination Committee**, which manages the consistency and effectiveness of the internal control mechanism as a whole.
- the **Compliance Committee**, which comprises the members of the Group Executive Committee and meets quarterly in order to define the main orientations of the Group in terms of compliance. The Head of Compliance presents the main events having occurred over the period, an update on the compliance system, the main regulatory developments and the state of progress on projects.
- the **Company's Strategic Architecture Committee**, which defines the company's architecture in terms of data, reference systems, operational processes and information systems. It also ensures consistency between Group projects and the defined Group architecture.

**The Group's Corporate Divisions, which are independent from the Core Businesses, contribute to the management and internal control of risks.**

The Corporate Divisions provide the Group's Executive Committee with all the information needed to assume its role of managing Group strategy under the authority of the Chief Executive Officer.

The Corporate Divisions report directly to General Management or to the Group Corporate Secretary (who in turn reports directly to General Management), responsible for compliance within the Group.

- The main responsibilities of the **Risk Division** are to contribute to the development of the Group's activities and profitability by defining the Group's risk appetite (broken down by business) under the aegis of the General Management and in collaboration with the Finance Division and Core Businesses, and to establish a risk management and monitoring system.

In exercising its functions, the Risk Division reconciles independence from the business lines and close cooperation with the Core Businesses, which bear primary responsibility for the transactions that they initiate.

Accordingly, the Risk Division:

- oversees hierarchically or functionally the Group's Risk function. To this end, the Head of Risk Management is responsible for the Group's Risk function as defined by the Order of 3<sup>rd</sup> November 2014;
- is jointly responsible, with the Finance Division, for setting the Group's risk appetite;
- identifies all Group risks;

- implements a governance and monitoring system for these risks, including cross-business risks, and regularly reports on their nature and extent to General Management, the Board of Directors and the supervisory authorities;
  - contributes to the definition of risk policies, taking into account the aims of the business lines and the relevant risk issues;
  - defines and validates risk analysis, assessment, approval and monitoring methods and procedures;
  - validates transactions and limits proposed by business managers;
  - defines and validates the risk monitoring information system, and ensures its suitability for the needs of the businesses.
- The **Group Finance Division**, in addition to its financial management responsibilities, also carries out extensive accounting and finance controls. As such:
- the Mutualised Accounting Activities Department is responsible for accounting, regulatory and tax production for entities under its responsibility (o.w. Societe Generale SA); it is also responsible for coordinating the continuous improvement and management of processes for entities in its perimeter;
  - the missions of the ALM Department, the Balance Sheet and Global Treasury Management Department and the Strategic Financial Management Department are detailed in the "Structural and liquidity risks" section, p. 140 of this report.

- The **Finance Departments of Core Businesses**, which report hierarchically to the Group Finance Division (since 1<sup>st</sup> January 2016) and functionally to the Core Businesses' managers, ensure that the financial statements are prepared correctly at the local level and control the quality of the information in the consolidated financial reports submitted to the Group.

- The **Group Compliance Division**, which reports to the Corporate Secretary, is responsible for compliance and ensures that the Group's banking and investment activities are compliant with all laws, regulations and ethical principles applicable to them. It also ensures the prevention of reputational risk.

Under the future organisation, to be implemented in 2017, the Group Compliance Division will report directly to General Management.

- The **Group Legal Department** reports to the Corporate Secretary and monitors the security and legal compliance of the Group's activities, relying if necessary on the legal departments of the Group's subsidiaries and branches.

- The **Group Tax Department** reports to the Corporate Secretary and monitors compliance with all applicable tax laws in France and abroad.

- The **Group Human Resources Division** monitors, amongst other things, the implementation of compensation policies.

- The **Group Corporate Resources Division** is specifically responsible for information system security.

- The **Group Internal Audit Division** is in charge of internal audits, under the authority of the Head of Group Internal Audit.

In performing their missions, the Risk Division, Compliance Division and Information System Security Department rely on functions in the core businesses and Corporate Divisions, formed by representatives who report to them directly or functionally.

According to the latest voluntary census (31<sup>st</sup> December 2016):

- the Group Risk function numbered approximately 5,122 employees in full time-equivalent (FTE) (including 806 FTE within the Group Risk Division);
- the Compliance function numbered approximately 1,700 FTE;
- the Information System Security function numbered approximately 320 FTE.

## Risk management

### STRUCTURAL AND LIQUIDITY RISKS

The Group aims to minimise structural interest rate and exchange rate risks as much as possible within consolidated entities. Wherever possible, commercial and Corporate Centre transactions are therefore hedged against interest rate and exchange rate risks. Any structural interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group. As for exchange rates, the Group's policy is to maintain an exchange rate position that reduces the sensitivity of its solvability ratio to exchange rate fluctuations.

Structural risks are managed by the **Asset and Liability Management Department of the Group Finance Division**. This department defines the normative principles and modelling methods (validated by an ad hoc committee chaired by the Risk Division) applicable to all entities. It also develops monitoring indicators and global stress test scenarios for structural risks. Lastly, the ALM Department checks that the Group's business lines and entities comply with the framework applicable to them.

The second line of defence tasks, focused on the validation of the Group's ALM models and the resulting risk monitoring, are carried out by the Market Risk Department of the Group Risk Division, and have been consolidated within a dedicated ALM Risk Monitoring Department. This Department validates ALM modelling principles as well as model calibrations and backtesting. It also analyses the proposals of the Finance Division pertaining to the definition of ALM risk indicators, stress test scenarios and the associated risk framework. As the second line of defence, the ALM Risk Department also ensures that the risk limits and thresholds are respected and conducts a periodical review of the ALM risk framework in coordination with the first-level control teams.

Each entity carries out first-level controls on structural risks and is responsible for regularly assessing risks incurred, producing the risk report, and developing and implementing hedging options. Each entity is required to comply with Group standards and to adhere to the limits assigned to it.

Given that liquidity is a scarce resource, the Group's objective is:

- to finance its activities at the best possible rates under normal conditions, whilst maintaining adequate buffers to cover outflows in periods of liquidity stress;
- to ensure the stability of the financing for its activities by managing its dependency on market funding and financing stability in line with the timing of its financing needs;
- to maintain its short-term and long-term ratings near its targets.

The scope of the Group's short and long-term financing plan, which supplements customer deposits, is conservative, with reduced concentration in the short-term while ensuring diversification in terms of products and regions.

The **Finance Division's Strategic Financial Management Department** is responsible for managing scarce resources in accordance with regulatory requirements and the Group's risk appetite and budgetary targets.

The **Finance Division's Balance Sheet and Global Treasury Management Department** is responsible for managing the Group's balance sheet and liquidity, in particular by implementing financing plans and contingency funding plans in the event of a liquidity crisis.

### CREDIT RISK

Societe Generale's credit policy is based on the principle that any undertaking entailing a credit risk must be based on sound knowledge of the client and the client's business, and an understanding of the purpose and nature of the transaction and the sources of debt repayment. Credit decisions must also ensure that the transaction structure will minimise the risk of loss if the counterparty defaults.

Limits are set for certain countries, geographic regions, sectors, products or types of customers in order to minimise the most significant risks. In addition, major concentration risks are analysed on a regular basis for the entire Group.

Together with Core Businesses, the Risk Division has defined a control and monitoring system based on the credit risk policy in order to supervise credit risk management in the Group. The credit risk policy is reviewed on a regular basis by the Board of Directors' Risk Committee.

Within the **Risk Division**, credit risk supervision is organised by business division (French Retail Banking Networks, International Retail Banking and Financial Services, Global Banking and investor Solutions) and is supplemented by departments with a more cross-business approach (monitoring of country risk and risk linked to financial institutions). The Market Risk Department defines the methods for evaluation of counterparty risk.

Within the Risk Division, each of these departments is responsible for:

- setting global and individual credit limits by client, client group or transaction type;
- authorising transactions submitted by the sales departments in line with the delegation system in place;
- validating credit scores or internal client rating criteria;
- monitoring and supervising large exposures, specific credit portfolios and compromised counterparties;
- approving specific and general provisioning policies.

In addition, a specific department performs comprehensive portfolio analyses and provides the associated reports, including those for the supervisory authorities. A monthly report on the Risk Division's activity is presented to the Risk Committee and specific analyses are submitted to General Management.

## MARKET RISK

Although primary responsibility for managing risk exposure lies with the front office managers, the supervision system comes under the Market Risk Department of the Risk Division, which is independent from the businesses.

This department:

- ensures the existence and implementation of an effective market risks monitoring system based on suitable limits;
- assesses the limit requests submitted by the different businesses in the context of the overall limits authorised by the Board of Directors and General Management, and monitors progression towards such limits;
- proposes appropriate market risk limits by Group activity to the Group Risk Committee;
- defines methods for evaluating market risk;
- approves the valuation models used to calculate risk and results;
- defines methodologies for calculating provisions for market risk (reserves and adjustments to earnings).

To carry out these different tasks, the Market Risk Department uses the data and analysis provided by the Market Analysts & Certification Community (MACC) of the Group's Corporate and Investment Banking arm, which independently monitors the Group's market positions on a permanent and daily basis, through:

- daily calculation and certification of market risk indicators based on formal and secure procedures;
- reporting and first-level analysis of these indicators;
- daily monitoring of the limits set for each activity, in conjunction with the Market Risk Department;
- verification of the market parameters used to calculate risks and results, with the Market Risk Department bearing responsibility for validating sources and defining the methods used to determine the parameters;
- monitoring and control of the gross nominal value of positions. This system is based on alert levels applied to all instruments and desks, defined in collaboration with the Market Risk Department, and contributes to the detection of possible rogue trading operations.

Acting in conjunction with the Market Risk Department, MACC defines the architecture and functionalities of the information system used to produce the risk indicators for market operations, and ensures that this system meets the needs of business lines. A daily report on the use of limits on VaR (Value at Risk), stress tests (extreme scenarios) and other major market risk metrics (sensitivity, nominal, etc.) at various levels (either Societe Generale, Global Banking and Investor Solutions, or Global Markets) is submitted to General Management and the managers of the business lines, in addition to a monthly report which summarises the key events in the area of market risk management.

## RISK QUANTIFICATION PROCEDURES AND METHODOLOGIES

The Group has been authorised by its supervisory authorities:

- for credit risk, to use the internal ratings-based approach (IRB method) for most of its exposures to credit risk.

Currently, the standard approach is used for certain selected activities and exposures. They have a limited impact on the Group's regulatory capital. The system for monitoring rating models is operational, as required by applicable regulations. This system is described in detail in Chapter 4 of this Registration Document; for these exposures covered by the standard approach, Societe Generale mainly uses the external ratings assigned by Standard & Poor's, Moody's and Fitch Ratings.

- for market risk, to use internal models (VaR – Value at Risk, Stressed VaR, IRC – Incremental Risk Charge, and CRM – Comprehensive Risk Measure).

These models cover almost all of the transactions involved. Only some transactions are still calculated using the standard method. Over the last several years, the Group has implemented significant improvements to its calculation

system, which have been approved by the supervisory authorities.

- for counterparty risk on market transactions, to use the internal model since 2013 to calculate the EEPE (Effective Expected Positive Exposure) indicator.

Exposure at Default (EAD) linked to counterparty risk has been calculated on the basis of this indicator since 2012 for "simple" products, and since December 2013 its use has been extended to more complex derivative products. This method is used for nearly 96% of transactions (excluding the former Newedge scope). The Group uses the marked-to-market valuation method for the rest of these transactions.

- for operational risks, to use the Advanced Measurement Approach (AMA).

Lastly, its information systems are regularly upgraded to accommodate changes in the products processed and the associated risk management techniques, both locally (within the banking entities) and centrally (Risk Division).

## OPERATIONAL RISKS (INCL. RISKS RELATED TO INFORMATION SYSTEMS)

The Operational Risk Department ensures the cross-business monitoring and management of operational risk (including risks related to information systems) within the Group, and is responsible for all reporting on the issue to General Management, the Board of Directors and the banking supervisory authorities. It also endeavours to improve the consistency and integrity of the risk prevention system. Procedures and tools have been rolled out within the Group in order to identify, evaluate and manage operational risk:

- Risk and Control Self-Assessment, which establishes an accurate map of the levels of intrinsic and residual risk, having taken into account the quality of risk prevention and control systems;
- Key Risk Indicators, which provide upstream alerts as to the risks of operating losses;
- scenario analyses, which consist in estimating infrequent but severe potential losses to which the Group could be exposed;
- data collection and analysis on internal losses and losses incurred by banks following the materialisation of operational risks;
- monitoring of major action plans within the Group regarding operational risks.

The Business Continuity and Crisis Management function reports to the Operational Risk Department. It is committed to improving the Group's business continuity and crisis plans, notably by testing them on a regular basis, and to boosting integration of this issue throughout the Group.

**A manager in charge of Information System Security and IT operational risks is responsible for coordinating the overall risk management system in this field at Group level.**

The system of management, monitoring and communication related to Information System Security and risks is coordinated at Group level by the Head of Information System Security and IT Risk Management within the Corporate Resources Division. This system has been rolled out within each of the core businesses, business lines and entities.

At the operating level, the Group relies on a Computer Emergency Response Team that manages incidents, monitors developments in information system security and combats cybercrime using a multitude of information and supervision sources both internal and external to the Group.

Security risk management systems used by the bank are based on best practices (mainly ISO 27002 and security standards of the French National Agency for Information System Security) and are subject to constant monitoring by the Information System Security function. These systems can be grouped into four broad categories: Awareness, Prevention, Detection and Response.

The risk of cybercrime, which is increasingly significant for banks, is addressed in a cooperative way by the Information System Security and Operational Risk functions, and is monitored by General Management under the Information Security Masterplan.

General Management and all businesses validate the guidelines for implementing the Information Security Masterplan, which is based on five strategic areas:

- securing the most sensitive Group applications;
- securing sensitive data;

- enhancing our detection capabilities and response to cyber-attacks;
- securing our customers' online transactions;
- increasing our employees' and customers' awareness of the risks of cybercrime.

The Information Security Masterplan is monitored quarterly by General Management in order to assess progress and adjust the resources allocated. It is regularly updated to reflect technological developments, the emergence of new threats or new uses (e.g. cloud computing).

Identification of the structural focus for the new Information Security Masterplan for 2020 has been undertaken by the Information System Security function in cooperation with the business lines. The objective is to ensure the understanding and management of risks related to information security, and to protect Societe Generale's digital heritage, in particular during the digital transition.

A central team is responsible for IT operational risks not related to information security. In 2016, the relationship between the managerial supervisory controls and the new IT and Security first-level control system was defined and approved by most entities. The new IT and Security system is in the process of being rolled out in the business lines.

## NON-COMPLIANCE RISK

The Group's Corporate Secretary is responsible for monitoring Group compliance. He also ensures Group legal and tax security compliance.

He is assisted by:

- the Compliance Department, which verifies that all laws, regulations and ethical principles applicable to the Group's banking and investment services activities are observed, and that all staff respect codes of good conduct and individual compliance. It develops a homogeneous standardised framework, ensures it is respected and organises awareness-raising and training for all stakeholders on the prevention of compliance and reputational risks.

The Compliance Department is organised into four cross-disciplinary departments (Group Financial Security, Governance, expertise and coordination, Control, and Strategic development) and three teams dedicated to checking business line compliance. It coordinates and supervises the Compliance function, its network of Compliance Officers who are responsible for adapting and implementing, in each of the Group's entities, the governance and principles defined.

- the Group Compliance Committee, chaired by the Corporate Secretary, which meets monthly and comprises, in particular, the Compliance Officers from the Core Businesses and Corporate Divisions, as well as the heads of Internal Control Coordination and the Legal Department, and representatives from the Internal Audit Division and the Operational Risk Department. The Committee reviews the most significant events over the period for the entire Group, decides upon the measures to be taken and monitors their implementation. The main issues identified through legal and regulatory monitoring are presented by the Chief Legal Officer. The system in place in the Core Businesses and Corporate Divisions is audited regularly.
- the Legal and Tax Departments, which monitor the legal and tax compliance and security of all of the Group's activities.

These Corporate Divisions have hierarchical or functional authority over departments exercising the same type of function in the subsidiaries. The Corporate Division teams steer the guidelines set out in the legal

and fiscal policies and are responsible for compliance monitoring and training, as well as for the dissemination of relevant information throughout the Group.

### COMPENSATION POLICY AND RISK

Since the end of 2010, within the regulatory framework defined by the European Capital Requirements Directive (CRD3), Societe Generale has implemented a specific governance to determine variable compensation. In addition to financial markets professionals, the rules established by this Directive also apply to all persons whose activity is liable to have a material impact on the risk profile of the institutions that employ them, including those carrying out control functions.

According to the principles approved by the Board of Directors, based on the proposal of the Compensation Committee, the mechanisms and processes relating to the compensation of such employees take into account not only the financial result generated by the transactions they perform, but also the way in which this result is generated, through the control and management of all risks as well as the observance of risk and compliance policies. The compensation paid to employees performing control functions is independent of the results of the transactions they control, but is instead based on criteria specific to their activity.

The variable part of the compensation includes a non-deferred portion and a deferred portion awarded *pro rata* over three years

subject to conditions of presence, performance and possible claw-back. Fifty per cent at least of this compensation is awarded in the form of equity or equity-equivalent instruments. These terms of payment aim to align compensation with the company's performance and risk horizon.

The Risk Division and Compliance Division contribute to the definition and application of this policy.

The regulatory framework defined by European Directive CRD4 has been in force since 1<sup>st</sup> January 2014. It does not change the rules on determination of the variable compensation of those persons whose activity is liable to have a material impact on the Group's risk profile or of control function employees. The principles and governance described above remain applicable within the Group.

In addition, Societe Generale has set up a specific system and governance related to trading mandate-holders, to ensure that the remuneration policy complies with the requirements of the French law of 26<sup>th</sup> July 2013 on the separation and regulation of banking activities and of the Volcker Rule.

### REPUTATIONAL RISK

Each quarter, the Compliance Department, using information from the Core Businesses and Corporate Divisions, in particular the Group Communication Division, draws up a risk reputation dashboard. This dashboard is communicated quarterly to the members of the Compliance Committee and at least twice a year to the members of the Audit and Internal Control Committee.

Moreover, the business line compliance officers are members of various bodies (new product committees, ad hoc committees, etc.) organised to approve new types of transactions, products, projects or clients, and must prepare a written statement on their assessment of the level of risk, especially reputational risk, involved in the initiative discussed.

### RISK RELATED TO NEW PRODUCTS AND ACTIVITIES

Each division must submit all new products, projects, businesses or activities to a **New Product Committee** jointly managed by the Risk Division and the relevant Core Business/Corporate Division. The aim is to ensure the following, prior to the launch of a new product, project, business or activity:

- all associated risks have been identified, understood and correctly addressed;
- compliance issues have been assessed with respect to the laws and regulations in force, the codes of good professional conduct and the Group's reputational risk;

- all the support functions have been involved and do not or no longer have any reservations.

This committee is underpinned by a very broad definition of "new product", which ranges from the creation of a new product to the adaptation of an existing product to a new environment or the transfer of activities involving new teams or new systems.

Throughout the whole Group, 637 New Product Committee meetings were held in 2016.

## INTERNAL CONTROL

### Framework

Internal control is part of a strict regulatory framework applicable to all banking institutions.

In France, the conditions for conducting internal controls in banking institutions are defined in the Order of 3<sup>rd</sup> November 2014. This Order, which applies to all credit institutions and investment companies, defines the concept of internal control, together with a number of specific requirements relating to the assessment and management of the various risks inherent in the activities of the companies in question, and the procedures under which the supervisory body must assess and evaluate how the internal control is carried out.

The Basel Committee defined four principles – independence, universality, impartiality, and sufficient resources – which must form the basis of internal control carried out by credit institutions.

Within the Societe Generale Group, these principles are applied primarily through directives, one of which establishes the general framework for the Group's internal control, and another of which constitutes the Group Audit Charter, while the others relate to the management of credit risks, market risks, operational risks, structural interest rate, exchange rate and liquidity risks, compliance control and reputational risk control.

Control is based on a **body of standards and procedures**.

All Societe Generale Group activities are governed by rules and procedures covered by a set of documents referred to collectively as the "Normative Documentation". This documentation includes any documents:

- setting forth rules for action and behaviour applicable to Group staff;
- defining the structures of the businesses and the sharing of roles and responsibilities;
- describing the management rules and internal procedures specific to each business and activity.

The Normative Documentation primarily includes:

- directives, which define the governance of the Societe Generale Group, the structures and duties of its Core Businesses and Corporate Divisions, as well as the operating principles of the cross-business systems and processes (Codes of Conduct, Charters, etc.);
- guidelines, which set out the operating framework of an activity and the management principles and rules applicable to products and services rendered, and also define internal procedures.

The Normative Documentation has force of law within the Group. It falls under the responsibility of the Group Corporate Secretary.

In addition to the Normative Documentation, operating procedures specific to each Group activity are applied. The rules and procedures in force are designed to follow basic rules of internal control, such as:

- segregation of functions;
- immediate, irrevocable recording of all transactions;
- reconciliation of information from various sources.

Multiple and evolving by nature, risks are present in all business processes. Risk management and control systems are therefore key to the bank's ability to meet its targets.

The internal control system is represented by all methods which ensure that the operations carried out and the organisation and procedures implemented comply with:

- legal and regulatory provisions;
- professional and ethical practices;
- the internal rules and guidelines defined by the company's executive body.

In particular, internal control aims to:

- prevent malfunctions;
- assess the risks involved, and exercise sufficient control to ensure they are managed;
- ensure the adequacy and effectiveness of internal processes, particularly those which help safeguard assets;
- detect irregularities;
- guarantee the reliability, integrity and availability of financial and management information;
- check the quality of information and communication systems.

The internal control system is based on **five basic principles**:

- the comprehensive scope of the controls, which cover all risk types and apply to all the Group's entities;
- the individual responsibility of each employee and each manager in managing the risks they take or supervise, and in overseeing the operations they handle or for which they are responsible;
- the responsibility of functions, in line with their expertise and independence, in defining normative controls and, for three of them, exercising second-level permanent control;
- the proportionality of the controls to the magnitude of the risks involved;
- the independence of internal auditing.

The internal control system is organised according to the "**three lines of defence**" model in accordance with the texts of the Basel Committee:

- The **first line of defence** comprises all employees and operational management of the Group, both within the business lines and in corporate divisions (in the case of the latter, with regard to their own operations).

Operational management is responsible for risks, their prevention and their management – by putting in place first-level permanent control measures, among other things – as well as for implementing corrective or remedial actions in response to any failures identified by controls and/or process steering.

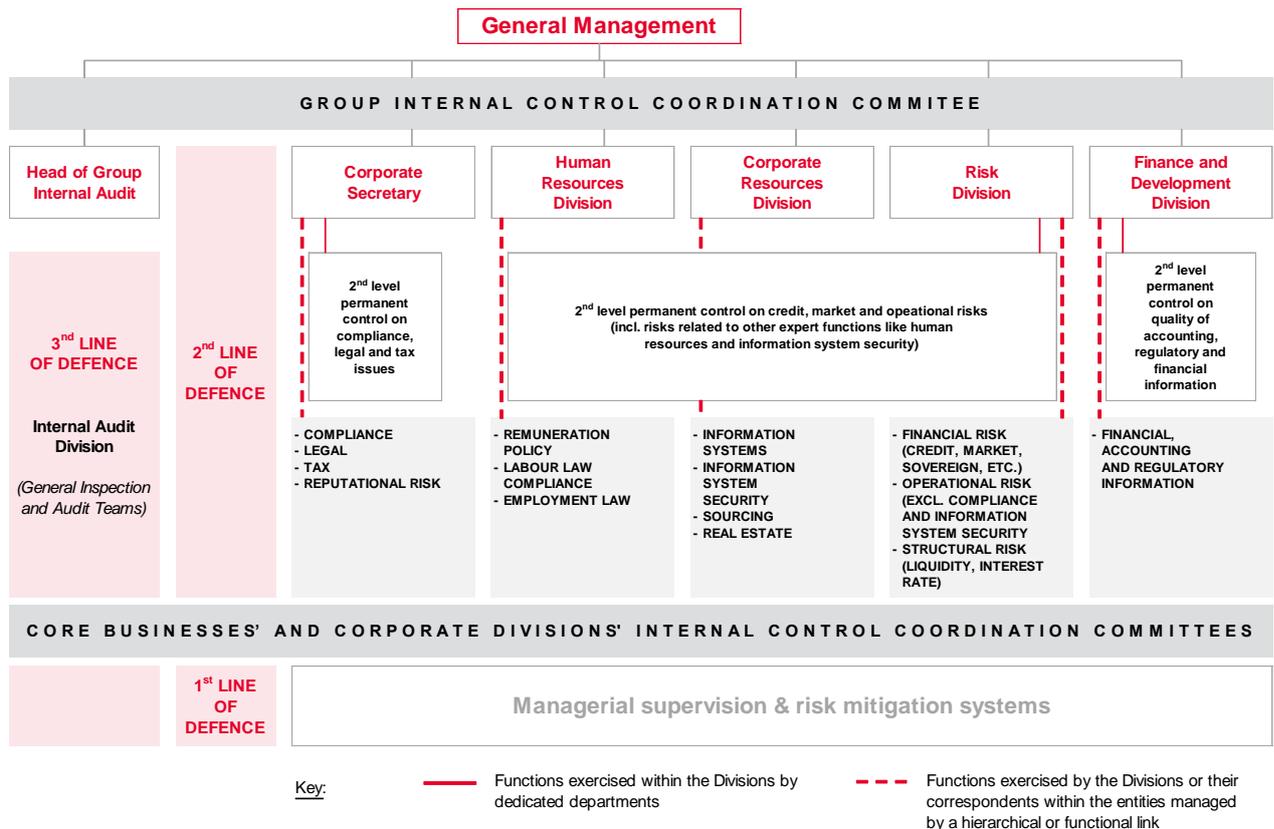
- The **second line of defence** is provided by the compliance, finance and risk functions.

Within the internal control framework, these functions are tasked with continuously verifying that the security and management of risks affecting operations are ensured, under the responsibility of operational management, through the effective application of established standards, defined procedures, methods and controls as instructed.

Accordingly, these functions must provide the necessary expertise to define, within their respective fields, the controls and other means of risk management to be implemented by the first line of defence, and to oversee that they are effectively implemented; they conduct second-level permanent control over all of the Group's risks, employing the controls they have

established or that have been established by other expert functions (e.g. sourcing, legal, tax, human resources, information system security, etc.) and by the business lines.

- The **third line of defence** is provided by the Internal Audit Division, which encompasses the Internal Audit and General Inspection functions. This division carries out internal audits that are strictly independent of the business lines and the permanent control function.
- **Internal control coordination**, under the responsibility of a Deputy Chief Executive Officer, is also provided at Group level and is rolled out in each Core Business and Corporate Division.



A Deputy Chief Executive Officer is responsible for ensuring the overall consistency and effectiveness of the internal control system. This Deputy Chief Executive Officer also chairs the Group Internal Control Coordination Committee (Group ICC), comprised of the Corporate Secretary, the Chief Risk Officer, the Chief Financial Officer, the Group Chief Information Officer, the Head of Human Resources, the Head of Group Internal Audit, and the Head of Internal Control Coordination.

Every year, the Head of Internal Control Coordination presents the Group's Annual Report on Internal Control and Risk Management, drawn up in accordance with Articles 258 to 266 of the Order of 3<sup>rd</sup> November 2014, to the members of the Executive Committee.

The Group Internal Control Coordination Committee met 11 times in 2016. It reviewed the risk control and management systems of all Core Businesses and Corporate Divisions. In addition, the Committee addressed the following cross-business issues:

- monitoring of compliance with the Volcker Rule and the French law on separation and regulation of banking activities;
- the operational system included within the recovery and resolution plans;
- integration of compliance, risk and control aspects within processes and IT projects;
- quarterly reports on the results from verifications of managerial monitoring within the IT and Security functions;
- second-level control framework for credit, market and structural risks;
- monitoring system for outsourced essential services (including IOBSP);
- the Risk Division's involvement in the BCBS 239 programme;
- detection of weak signals;
- operations security within Global Banking and Investor Solutions (GBIS);
- customer claims processing;
- fight against corruption;
- review of the consistency of internal control and risk assessment systems, and update on their deployment;
- control system for "new risks" listed in the Order of 30<sup>th</sup> November 2014;
- permanent control of structural interest and exchange rate risks;
- compliance of human resources processes (conflicts of interest, corruption, etc.);
- risks and controls of prime brokerage activity after the Newedge integration;
- risks and controls of joint ventures between International Retail Banking and Global Banking and Investor Solutions;
- progress of the MiFID II compliance project;
- progress with improvements in internal communications on archiving rules, technical standards and good practices;
- information security and data protection.

The structure implemented at Group level to coordinate the actions of participants in internal control is rolled out in all Core Businesses and Corporate Divisions. All of the Group's Core Businesses and Corporate Divisions have an Internal Control Coordination Committee. Chaired by the head of the Core Business or Corporate Division, these Committees bring together the competent heads of internal audit and permanent control for the Core Business or Corporate Division in question, as well as the Head of Group Internal Control Coordination and the heads of the Group-level control functions.

## Permanent control system

The Group's permanent control system is based on:

- **first-level permanent control**, under the responsibility of the business lines, which forms the cornerstone of the permanent control system. It aims to ensure, at the operational level, the security, quality, regularity and validity of transactions completed.

In 2016, Societe Generale continued:

- to review the relevance of controls, based on an end-to-end process analysis;
  - the implementation, in specific cases and under the authority of the relevant managers, of resources dedicated to performing controls, in order to secure the most critical processes.
- **second-level permanent control**, independent from the business lines, which comes under three Corporate Divisions (Corporate Secretary, Risk Division and Finance Division) and continued to gather momentum in 2016.

The Group defined the target organisation for the second-level control framework within the major International Retail Banking subsidiaries, creating a single team shared between the finance, risk and compliance functions.

### FIRST-LEVEL PERMANENT CONTROL

Performed as part of operations, within the business lines and corporate divisions, first-level permanent control guarantees the security and quality of transactions and operations.

First-level permanent control consists of:

- **risk prevention systems**: these are security rules and controls – automated or otherwise – included in the processing of operations, or local controls included in operating procedures (the set of mechanisms that make up "operational controls");
- **managerial supervision**: line managers check the correct operation of systems under their responsibility. Managerial supervision controls that have been formalised mainly relate to the adaptation of key controls from among the library of normative controls. Managerial supervision may be based on controls carried out by dedicated teams, e.g. on the most sensitive processes requiring stricter or automated controls, or to avoid self-controlling practices, and/or where the sharing of control tasks improves productivity.

Whatever the choice of organisation, managers retain oversight of the processes carried out by the teams that report to them; they are responsible for their production quality and for correcting identified anomalies.

A "first-level permanent control coordination" function is set up in each business line. It is responsible for the design and reporting of controls, as well as awareness-raising and training of employees with respect to control issues.

## SECOND-LEVEL PERMANENT CONTROL

Second-level permanent control is one of the missions of the second line of defence. It involves ensuring the security and risk management of operations at all times, under the responsibility of operational management, through the effective application of established standards, defined procedures, methods and controls, as instructed.

The second line of defence fulfils this role in two different ways:

- either through independent and formal “second pair of eyes” controls: for example, the independent review of credit files above a certain threshold, the independent review of limit breaches, or the independent validation of the calculation models used in risk management. These “second pair of eyes” controls also satisfy an additional objective of the second line of defence, namely to provide an independent opinion on the most significant risk-taking decisions, and to provide expertise in the area of risk-taking;
- or through a “control of controls” to verify the suitability of the controls and the effectiveness and quality of first-level permanent control through the review of managerial supervision and operational controls (selective controls and/or sampling), and to detect any anomalies in the exercise of first-level controls and ensure appropriate follow-up through the first line of defence. These assessments are conducted based on sampling, through documentary controls and on-site testing.

This review results in the formulation, by second-level control teams, of a qualified opinion on the effectiveness of first-level controls for the scope considered.

Second-level permanent control within the Group is exercised by teams reporting to the Corporate Divisions responsible for the following functions:

- the Finance function, with regard to the quality of accounting, regulatory and financial information;
- the Compliance function, with regard to compliance controls, including legal and tax controls other than those of an accounting or operational nature;
- the Risk function, with regard to credit and market risks, structural risks and operational risks. The latter include risks which are specific to the different business lines (particularly fraud), as well as risks relating to sourcing, communication, real estate, human resources and IT processes and systems.

## Internal audit

Placed under the responsibility of the Group Head of Inspection and Audit, the Internal Audit Division (hereafter “DCPE”) comprises General Inspection (DCPE/INS) and Internal Audit (DCPE/AUD) teams. Support functions provide operational support to the Inspection and Audit teams. Such support functions enable DCPE to improve monitoring of plan execution, recommendations and training. In addition, a newly created team (INS/DAT) placed under the responsibility of General Inspection is in charge of rolling out initiatives relating to data management and data analytics for the entire scope. To fulfil its mandate, the Group’s Internal Audit Division has adequate resources, from a qualitative and quantitative point of view. The Group’s Internal Audit Division comprises a staff of approximately 1,265.

As the third line of defence, DCPE performs independent audits on the Group’s operating entities, carried out in an objective, rigorous and impartial manner in line with professional standards. DCPE covers all Group entities and activities and may focus on any aspect of their operations, without restriction. As part of its missions, DCPE verifies the compliance of transactions carried out, the level of risk actually incurred, the proper application of procedures, and the effectiveness and appropriate nature of the Group’s permanent control system. DCPE also evaluates the sensitivity of the audited entity’s management to risks and evaluates compliance with the Group’s rules of conduct and expected professional practices.

Within DCPE, each Internal Audit department is in charge of a specific scope in line with the Group’s organisation. In France, Internal Audit teams report directly into the Group Head of Inspection and Audit. Abroad, Internal Audit teams have a strong functional reporting line (control over staffing, audit plans, audit assignments and monitoring) to DCPE management.

General Inspection teams have a comprehensive mandate and perform verifications and strategic audits as well as consulting assignments on a worldwide basis. As part of their assignments, General Inspection teams put special emphasis on assessing management’s actions. General Inspection is also involved in strategic projects at Group level and may intervene on any specific issue at the request of the Group’s General Management.

In order to fulfil DCPE's mandate, General Inspection and Internal Audit teams work together on the annual risk assessment in order to define the intervention plan for the upcoming year. DCPE teams regularly work together on joint assignments. They issue recommendations in order to correct flaws identified in risk management and generally improve operations and risk management within the Group. DCPE teams are subsequently in charge of monitoring the effective implementation of these recommendations. The Internal Audit Division comprises four distinct audit divisions aligned with the Group's organisation:

- **Retail Banking Africa and France:** handles the audit of Retail Banking activities in France (RBDF business) as well as of the activities of International Retail Banking and Financial Services (IBFS business) in France, and all activities of the Group in Africa, the Mediterranean Basin and French Overseas Departments;
- **Europe and Russia International Retail Banking and Financial Services:** in charge of the audit of the Group's subsidiaries and branches in Europe and Russia, on the basis of four separate regions – Central Europe, Black Sea, Russia, and Western and Southern Europe (German and Italian hubs);
- **Global Banking and Investor Solutions:** responsible for the audit of GBIS activities in France as well as for the audit of all the Group's activities in the United Kingdom, Luxembourg, the Americas, the Middle East and Asia;
- **Information Systems and Corporate Divisions:** this department is responsible for the audit of the Group's IT systems, as well as of the Corporate Divisions and their subsidiaries, notably in the areas of finance and accounting, compliance and risks. It is also responsible for the audit of risks associated with internal models.

The IT audit teams are organised as a global function with strong expertise on IT security and the ability to interact with all teams within the Internal Audit Division.

Besides covering the audit of the divisions within their scope, the teams in charge of the audit of Corporate Divisions also monitor other audit teams on matters related notably to compliance, finance and accounting.

The Group Head of Inspection and Audit reports directly to the Group's Chief Executive Officer, with whom the former has regular meetings. The Group Head of Inspection and Audit participates in meetings organised by the Group's Executive Committee, chaired by the Chief Executive Officer, in his areas of expertise.

The Group Head of Inspection and Audit meets with the Chairman of the Board of Directors on a regular basis, as well as with the chairmen of the Audit and Internal Control Committee and Risk Committee respectively. He attends their meetings in line with Articles 10 and 11 of the Internal Rules of the Board of Directors.

On a regular basis, the Group Head of Inspection and Audit informs the Group's General Management as well as the Audit and Internal Control Committee of the main findings of his audits in order to provide an overview of risk management within the Group and the status of implementation of recommendations, and reports on the completion of the annual intervention plan. The annual intervention plan is approved by General Management and presented to the Audit and Internal Control Committee for validation once a year. Lastly, the Group Head of Inspection and Audit also presents the internal audit section of the Annual Report on Internal Control to the Audit and Internal Control Committee, as required by the provisions of the Order of 3<sup>rd</sup> November 2014.

The Internal Audit Division participates in the Internal Control Coordination Committees and Audit Committees at various Group levels (Core Business, business line, subsidiary, etc.). It reports on its audit activity, as well as on the audit plan and the monitoring of recommendations. It may also present any matters requiring the attention of these committees.

The Group Head of Inspection and Audit is also in regular contact with the Group's Statutory Auditors and representatives of the regulators. DCPE provides the European Central Bank ("ECB") and the French Prudential Supervisory and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution*, "ACPR") with quarterly reports on the completion of its work, the main findings of its audits and the monitoring of implementation of recommendations. The audit plan is presented annually to the ECB and ACPR.

In all subsidiaries or countries where the Group is present, the head of DCPE is in regular contact with the management of the local Group entity, members of the Audit Committees and local regulators in line with the by-laws and regulations applicable locally.

## CONTROL OF THE PRODUCTION AND PUBLICATION OF FINANCIAL AND MANAGEMENT INFORMATION

### The players involved

There are many participants in the production of financial data:

- the **Board of Directors**, and more specifically its Audit and Internal Control Committee, has the task of examining the draft financial statements which are to be submitted to the Board, as well as verifying the conditions under which they were prepared and ensuring not only the relevance but also the consistency of the accounting principles and methods applied. There has been a strengthening of the Audit and Internal Control Committee's role in the follow-up of the process of elaboration of the financial information in accordance with the audit reform. It also approves the Group's financial communication. The Statutory Auditors meet with the Audit and Internal Control Committee during the course of their assignment;
- the **Group Finance Division** gathers all accounting and management data compiled by the subsidiaries and Core Businesses in a series of standardised reports. It consolidates and verifies this information so that it can be used in the overall management of the Group and disclosed to third parties (supervisory bodies, investors, etc.);
- the **Finance Divisions of subsidiaries and Core Businesses** carry out certification of the accounting data and entries booked by the back offices and of the management data submitted by the front offices. They are accountable for the financial statements and regulatory information required at the local level and submit reports (accounting data, finance control, regulatory reports, etc.) to the Group Finance Division. They can perform these activities on their own or else delegate their tasks to Shared Service Centres operating in finance and placed under Group Finance Division governance. Within the Finance Department of Global Investment and Banking Solutions, Product Control departments are more specifically responsible for guaranteeing, independently of the businesses and in coordination with the Market Analysts and Certification Department, the production and validation of market activities' income statement and balance sheet. In particular, they are in charge of validating the valuations of the financial instruments traded and the reconciliation of the economic results produced by the front office with the accounting results produced by the back office;
- the **Risk Division** consolidates the risk monitoring data from the Group's Core Businesses and subsidiaries in order to control credit, market and operational risks. This information is used in Group communications to the Group's governing bodies and to third parties. Furthermore, in collaboration with the Group Finance Division, the Risk Division is responsible for the Basel 3 approval process, including producing solvency ratios;
- the **back offices** are responsible for all support functions to front offices and ensure contractual settlements and deliveries. Among other responsibilities, they check that financial transactions are economically justified, book transactions and manage means of payment.

Beyond consolidating accounting and financial information as described above, the Group Finance Division is charged with significant control responsibilities:

- monitoring the financial aspects of the Group's capital transactions and its financial structure;
- managing its assets and liabilities, and consequently defining, managing and controlling the Group's financial position and structural risks;
- ensuring that the regulatory financial ratios are respected;
- defining accounting standards, frameworks, principles and procedures for the Group, and ensuring that they are observed;
- verifying the accuracy of all financial and accounting data published by the Group.

### Accounting standards

Local financial statements are drawn up in accordance with local accounting standards, and the consolidated Group financial statements are prepared in accordance with the standards defined by the Group Finance Division, which are based on IFRS as adopted by the European Union. The Group Finance Division has dedicated teams that monitor the applicable normative regulations and draft new internal standards to comply with any changes in the regulatory framework.

### Procedures for producing financial and accounting data

Each entity within the Group prepares its own accounting and management statements on a monthly basis. This information is then consolidated each month at the Group level and published for the markets on a quarterly basis. Data reported are subject to analytical reviews and consistency checks performed by Core Business Finance Departments or, by delegation under their responsibility, by Shared Service Centres operating in finance, and sent to the Group Finance Division. The Group Finance Division transmits the consolidated financial statements, management reports and regulatory statements to General Management and any interested third parties.

In practice, procedures have been tailored to the growing complexity of products and regulations. Moreover, specific action plans for adaptation can be implemented where necessary.

### Internal control procedures governing the production of financial and accounting data

Accounting data are compiled independently of the front offices.

Accounting and management data are compiled by the back and middle offices and product control teams independently of the sales teams, thereby guaranteeing that the information is both accurate and objective. These teams carry out a series of controls defined by Group procedures on financial and accounting data:

- daily verification of the economic justification of all information reported;
- reconciliation, within the specified deadlines, of accounting and management data, using specific procedures.

Given the increasing complexity of the Group's financial activities and organisation, staff training and IT tools are regularly upgraded to ensure that the production and verification of accounting and management data are effective and reliable.

### SCOPE OF CONTROL

In practice, the internal control procedures implemented in the Group's businesses are designed to guarantee the quality of financial and accounting information, and notably to:

- ensure that the transactions entered in the Group's accounts are exhaustive and accurate;
- validate the valuation methods used for certain transactions;
- ensure that transactions are correctly assigned to the corresponding fiscal period and recorded in the accounts in accordance with the applicable accounting regulations, and that the accounting aggregates used to prepare the Group financial statements are compliant with the regulations in force;
- ensure the inclusion of all entities that must be consolidated in accordance with Group regulations;
- check that the operational risks associated with the production and transmission of accounting data through the IT system are correctly controlled, that the necessary adjustments are accurately performed, that the reconciliation of accounting and management data is satisfactory, and that the flows of cash payments and other items generated by transactions are exhaustive and adequate.

### CONTROL BY THE FINANCE DEPARTMENTS OF CORE BUSINESSES

The Finance Department of each subsidiary verifies the accuracy and consistency of the financial statements with respect to the relevant accounting frameworks (local standards and IFRS for subsidiaries, as well as French standards for branches). It performs checks to guarantee the accuracy of the information disclosed.

The data received for consolidation from each subsidiary are drawn from corporate accounting data by the subsidiaries, after they have been locally brought into compliance with Group accounting principles.

Each subsidiary must be able to explain the transition from the company financial statements to the financial statements reported through the consolidation tool.

The Finance Departments of Core Businesses also help to ensure the quality and accuracy of financial statements falling within their scope of activity. As such, their main assignments in terms of accounting control are:

- to ensure each data producer has adequate resources in view of the challenges involved;
- to supervise the implementation of audit recommendations and the progress of the associated action plans;
- to define the procedures for implementing key controls and to certify their results on a quarterly basis.

### CONTROL BY THE SHARED SERVICE CENTRES OPERATING IN FINANCE

Shared Service Centres operating in finance perform first-level controls, as necessary to ensure the reliability of the accounting, tax and regulatory information, on the financial statements they produce in accordance with French and IFRS standards:

- data quality and consistency checks (equity, securities, foreign exchange, financial aggregates from the balance sheet and income statement, deviations from standards);
- justification and certification of the financial statements under their responsibility;
- intercompany reconciliation of the financial statements;
- regulatory statement checks;
- verification of evidence of tax charges and balances (current, deferred and duties).

These controls are declared within the managerial supervision and Group accounting certification processes.

The Shared Services Centres have also implemented a process monitoring approach, which consists in:

- monitoring the teams' work and progress according to the various milestones in order to ensure smooth operations, anticipate any delays and prioritise tasks;
- communication of incidents affecting the preparation of the financial statements, in order to warn, coordinate and monitor the corrective action plans;
- key indicators: monitoring deadlines and the quality of accounting, regulatory and tax reports; manual entries; internal/intercompany/cash gaps;
- follow-up of action plans.

These controls allow the Shared Services Centres to provide all necessary information to the Finance Departments of Core Businesses and the Group Finance and Accounting Division.

### SUPERVISION BY THE GROUP FINANCE DIVISION

Once the financial statements produced by the entities have been restated according to Group standards, they are entered into a central database and processed to produce the consolidated statements.

The department in charge of consolidation checks that the consolidation scope is compliant with the applicable accounting standards and performs multiple verifications on data received for consolidation. These verifications include:

- confirmation that the data collected are properly aggregated;
- verification of recurring and non-recurring consolidation entries;
- exhaustive treatment of critical points in the consolidation process;
- treatment of any residual differences in reciprocal or intercompany statements.

Ultimately, this department ensures that the overall consolidation process has been conducted properly by performing analytical reviews of the summary data and verifying the consistency of the main aggregates of the financial statements. Changes in shareholders' equity, goodwill, provisions and any deferred taxes consolidated in the fiscal year are also analysed.

The Group Finance Division also has a dedicated team responsible for second-level accounting and regulatory permanent controls covering the quality of Societe Generale's accounting, regulatory and financial information. It is also responsible for coordinating the entire second-level control system within the Group.

The objective is to ensure:

- that the first-level controls are defined, executed and effective, and that the anomalies identified lead to corrective actions;
- the proper application of Group accounting standards on specific matters or through interventions as part of acquisition operations, as well as the homogeneity of the transactions across all businesses.

This team is also in charge of managing and coordinating the system for certifying first-level key controls on a quarterly basis.

## Accounting audit system

### CONTROLS BY ALL OPERATIONAL STAFF INVOLVED IN THE PRODUCTION OF ACCOUNTING, FINANCIAL AND MANAGEMENT DATA

The operational staff monitor their activity via a permanent supervision process, under the direct responsibility of their management teams, repeatedly verifying the quality of the controls carried out on accounting data and the associated accounting treatment.

### CONTROLS THROUGH AUDITS AND SPECIALISED AUDIT TEAMS OF THE INTERNAL AUDIT DIVISION

As part of their assignments, audit teams verify the quality of the control environment contributing to the quality of the accounting and management data produced by the audited entities. They check a certain number of accounts and assess the reconciliations between accounting and management data, as well as the quality of the permanent supervision procedures for the production and control of accounting data. They also assess the performance of IT tools and the accuracy of manual processing.

The team in charge of auditing the Corporate Divisions is also responsible for auditing the Group Finance Division. Placed under the responsibility of a dedicated business correspondent, the team coordinates and monitors all audits related to accounting and financial matters on a Group-wide basis. The team provides expertise in identifying the Group's main accounting risks and carries out audits to verify the adequate application of accounting standards in areas deemed to be the most significant for the accuracy of the Group's accounting information. The team also organises training sessions and develops methodologies to help share expertise in the auditing of accounting risks.

Based on their audit findings, these teams issue recommendations to the parties involved in the production and control of accounting, financial and management data in order to improve this process through more specific initiatives targeted towards particular entities or activities.

### CONTROLS CARRIED OUT BY THE GENERAL INSPECTION DEPARTMENT

The Group's General Inspection teams typically perform accounting audits as part of their assignments, and thus check the quality of the controls carried out by the persons involved in producing accounting, financial and management data.

## PRESENTATIVE RECOVERY PLAN AND DATA COLLECTION FOR RESOLUTION

In 2011, the G20 countries adopted the principles described by the Financial Stability Board governing the development and long-term implementation of credible resolution and recovery plans for systemic banks. The European Directive defining the recovery and resolution system applicable throughout the European Union was transposed into the French Monetary and Financial Code in August 2015. At the end of 2016, the European Commission released several proposals intended to supplement the existing rules to facilitate bail-in, by strengthening the requirement for eligible debts and creating a new rank of senior debts (named senior non-preferred) between subordinated debts eligible to regulatory capital and senior debts (which become senior preferred).

The Group's recovery plan, prepared by the bank itself, strengthens its resilience by describing as a preventative measure the provisions that would allow it to face a deep crisis independently. The plan includes all the elements necessary for the effective management of a severe financial crisis: vigilance and warning system, crisis management plan, crisis

communication, list of recovery options that, depending on the case, would re-establish a healthy financial situation. The recovery plan is assessed by the supervisory authorities.

The data collection prepared by Societe Generale for the development of the resolution plan includes the information required for the resolution authority to draw up the resolution plan, including strategies and actions that could be undertaken in order to protect activities essential to the economy, starting for example with deposits and means of payment, while also best safeguarding the value of the Group's various components and limiting the final losses borne by investors and shareholders.

Strictly confidential, the recovery plan, the data collection and the resolution plan are regularly supplemented to reflect changes in applicable regulations and the work of authorities.

In 2016, the Single Resolution Board began work on the preparation of the future resolution plan for the Societe Generale Group.

## 6. STATUTORY AUDITORS' SPECIAL REPORT ON THE REPORT OF THE CHAIRMAN ON INTERNAL CONTROL AND RISK MANAGEMENT

*This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

### DELOITTE & ASSOCIES

185, avenue Charles de Gaulle  
92524 Neuilly-sur-Seine Cedex  
S.A. au capital de €1,723,040  
Commissaire aux Comptes  
Membre de la compagnie régionale de Versailles

### ERNST & YOUNG et Autres

1/2, place des Saisons  
92400 Courbevoie - Paris-La Défense 1  
S.A.S. à capital variable  
Commissaire aux Comptes  
Membre de la compagnie régionale de Versailles

### Statutory auditors' report, prepared in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), on the report prepared by the chairman of the Board of Directors of Société Générale

To the Shareholders,

In our capacity as statutory auditors of Societe Generale and in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report on the report prepared by the chairman of your company in accordance with article L. 225-37 of the French Commercial Code (*Code de commerce*) for the year ended 31<sup>st</sup> December 2016.

It is the chairman's responsibility to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French Commercial Code (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by article L. 225-37 of the French Commercial Code (*Code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

### Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairman of the board of directors in accordance with article L. 225-37 of the French Commercial Code (Code de

commerce).

### Other information

We confirm that the report prepared by the chairman of the board of directors also contains the other information required by article L. 225-37 of the French Commercial Code (Code de commerce).

Neuilly-sur-Seine and Paris-La Défense, 7<sup>th</sup> March 2017

The Statutory auditors  
*French original signed by*

DELOITTE & ASSOCIES  
*José-Luis Garcia*

ERNST & YOUNG et Autres  
*Isabelle Santenac*