2019 COMPENSATION POLICIES AND PRACTICES REPORT

SOCIETE GENERALE

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SUMMARY

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

CORPORATE GOVERNANCE OF REMUNERATION POLICY

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

- An annual review of remuneration, which is coordinated by the Human Resources Division and involves the Bank's control functions, in successive stages of validation up to the level of General Management;
- An ultimate validation of this policy (including the principles, budgets and the remuneration policy for the Group regulated population under CRDIV regulation) by the Board of Directors after review by the Compensation Committee.

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

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

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

The remuneration policy for the Chief Executive Officers is submitted ex ante to the General Assembly of shareholders and its implementation is also subject to its approval according to the conditions defined by the French Commercial Code.

GROUP REMUNERATION POLICY AND PRINCIPLES

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

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

The 2019 regulated population was defined, as in 2018, on the basis of the identification criteria specified in the EBA regulatory technical standards (level of responsibility, impact in terms of risk exposure and level of total remuneration).

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

- The variable remuneration pools are determined by business line on the basis of:
  - **the financial results** after taking into account the risks, the Finance Division ensuring that the total amount of variable remuneration does not undermine the Group's capacity to meet its objectives in terms of capital requirements;
  - **qualitative factors** such as market practices, conditions under which activities are carried out and risk management, through an independent appraisal process performed by the Risk and Compliance Divisions, essentially for the Global Banking and Investor Solutions, the International Banking and Financial Services and the activities of Retail Banking in France.
- **The allocation of individual variable takes into account annual individual appraisal based on the achievement of quantitative and qualitative objectives known by the employee.** In addition, for some employees, an independent assessment is carried out by the Risk and compliance divisions on the risk management and the respect of compliance rules.
- **The variable remuneration structure is compliant with regulations, including:**
  - a non vested component subject to continued employment, minimum financial performance conditions and appropriate management of risks and compliance, which vests over three years on a **pro-rata basis, with a deferral rate of at least 40% and up to 70% for the highest variable remunerations;**
  - the award of **at least 50% in the form of Societe Generale shares or share equivalents** (representing 50% of the vested component and two thirds of the non vested component).

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

The variable compensation arrangements for the Group Management Committee impose more stringent rules as compared to those applicable to other regulated staff. The non-vested component of their variable remuneration is deferred over five years, including a part deferred in one third over three years as described above, and a part in the form of long-term incentive vesting after four and five years, attributed in the form of Societe Generale shares or share equivalents and subject to performance conditions depending on the relative performance of Societe Generale share (cf. 2.3.2).

SYNTHESIS ABOUT THE REGULATED POPULATION

In 2019, the regulated population included 789 members of staff (excluding the Chairman of the Board and the Chief Executive Officers) compared with 819 in 2018.

The variable remuneration pool awarded to the regulated population with respect to 2019 was 193 M€ and total variable and fixed remuneration amounted to 430 M€. The average variable remuneration and the average total compensation 2019 harldy change (+ 1% vs. 2018 at constant exchange rate[1]):

2019	TOTAL
REGULATED POPULATION	789
TOTAL REMUNERATION (M€)	429.7
of which Fixed remuneration (M€)	237.2
of which variable remuneration (M€)	192.5
% of variable in instruments	55%
% of variable deferred	45%
Average ratio of variable / fixed	81%

Data excluding Chief executive officers
Gross compensation excluding employer charges

The structure of variable compensation is detailed in paragraph 2.3.2.1

(1) Excluding severance pay, Chief Executive Officers and Board.

PREAMBLE

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

PART 1.

CORPORATE GOVERNANCE OF REMUNERATION POLICY

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

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

The definition of this policy draws on the analysis of the market context and compensation surveys carried out by external consultants (essentially Mc Lagan and Willis Towers Watson).

1.1 THE COMPOSITION AND THE ROLE OF THE COMPENSATION COMMITTEE

As of 31 December 2019, the Compensation Committee is composed of four members, including three independent directors The link with the Risk Committee has been reinforced via the nomination of an Independent Director who is both member of the Risk Committee and the Compensation Committee (Mr Nin Genova). The Compensation Committee includes the following directors:

- **Jean-Bernard LEVY,** Chairman and Chief Executive Officer of EDF: Independent Director, President of the Compensation Committee, Member of the Nomination and Corporate Governance Committee;
- **France HOUSSAYE,** Manager of the Bois-Guillaume Branch (Rouen): Director elected by employees, Member of the Compensation Committee;
- **Gérard MESTRALLET,** Chairman of the Board of ENGIE until May 2019: Independent Director, President of the Nomination and Corporate Governance Committee, Member of the Compensation Committee;
- **Juan Maria NIN GENOVA,** Company Director: Independent Director, Member of the Risk Committee, Member of the Compensation Committee.

The main missions of the Compensation Committee are defined in Section 3 on corporate governance of the 2020 Registration Document.

The Compensation Committee reports its works and recommendations to the Board of Directors.

More specifically, the Compensation Committee met eight times during the remuneration review process spanning the period 2019-2020. During these meetings, the Committee prepared the Board's decisions with respect to the following issues:

CHIEF EXECUTIVE OFFICERS	– Assessment of the 2019 qualitative and quantitative performance of Chief Executive Officers – 2019/2020 Compensation policy of Chief Executive Officers – Review of the 2020 annual objectives of Chief Executive Officers proposed to the Board – Registration document - chapter on governance and remuneration – Follow-up of the shares holding obligations of the Chief Executive Officers
REGULATION	– Compensation policy for the Group regulated population and compliance with regulations – Review of the extent to which risks and compliance are taken into account in the variable remuneration policy – Review of the remuneration of the Group Head of Risk and of the Groupe Head of compliance – Review of the audit mission on the compliance of the 2018 remuneration policy – Deferred variable compensation schemes and long-term incentive plans – Public Report on Compensation Policies and Practices Compensation policy for the Group regulated population and compliance with regulations
GROUP REMUNERATION POLICY	– Guidelines on the Group's 2019/2020 remuneration policy – Remuneration policy of GBIS (Global Banking & Investor Services) – Gender Equality Policy – Proposal to the Board with respect to performance share plans – Review of the fulfilment of the performance conditions applicable to the Group deferred remunerations schemes and to long term incentives – Proposal of resolutions of General Assembly related to remuneration

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

1.2 INTERNAL GOVERNANCE OF REMUNERATION WITHIN THE GROUP

The annual process conducted to review individual situations (fixed salary and, when relevant, variable remuneration and/or long term incentive program) is coordinated by the Group Human Resources Division following various validation stages at the level of Core Businesses, the Group Human Resources Division and General Management and finally the Supervisory Board upon the recommendation from the Compensation Committee. The final validation covers policy and budgets for the whole Group.

The different divisions involved in the process are:

- **The Group Human Resources Division** ensures the global coordination and works on the identification of the regulated population in cooperation with the Human Resources Division of each Core Business, the Risk Division and the Compliance Department (cf. 2.2);

- **The Finance Division** validates the methodology used for setting variable remuneration pools, notably for Global Banking and Investor Solutions, ensuring that the various types of risk have been taken into consideration, and furthermore checking that the total amount of variable remuneration does not hinder the Group's capacity to build up its capital base (cf. 2.3.1.1). The Finance Division takes part in the process of defining deferred remuneration schemes (structure, performance conditions and malus clauses) (cf. 2.3.2) and evaluation of the achievement of performance conditions;

- **The Risk and Compliance Divisions** are involved in the process of reviewing the Group's variable remunerations and more specifically as regard the CRD IV Group regulated population.

In particular, the Risk and the Compliance Divisions assess risk and compliance management essentially for the business lines of Global Banking and Investor Solutions, of International Banking and Financial Services and French Retail Banking (cf. 2.3.1.1), and give their opinion about the way regulated staff take these aspects into account (cf. 2.3.1.2); these assessments can lead to a possible adjustment of variable remuneration pools and individual awards. The independence of these control functions is guaranteed by hierarchical reporting to the Group's General Management. Moreover, as all Group central functions, these functions are compensated through variable remuneration pools taking into account the Group's overall performance, independently of the results of the activities they control. The allocation of these variable remuneration pools is based on the extent to which objectives specific to their function are met.

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

Out of the annual review of individual remunerations, a specific governance process is applied as regard some decisions related to individual remunerations within the Group.

PART 2.
GROUP REMUNERATION POLICIES AND PRINCIPLES

The aim of the Group remuneration policy is to enhance the efficiency of remuneration as a tool for attracting and retaining employees who contribute to the long term success of the company; it takes into account the criteria of appropriate risk management and compliance with the rules and regulations by employees. This policy is based on principles common to the whole Group, which are then implemented by each business line and geographic area in which the Group operates, taking into account the market practices.

Remuneration includes the following elements:

- a fixed component that rewards the capacity to hold a position in a satisfactory manner through the employee's displaying the required skills and
- a variable component that aims to reward collective and individual performance, depending on objectives defined at the beginning of the year and conditional on the results, the context as well as the behaviour displayed to meet said objectives, according to common references shared by the entire Group. Employees whose variable remuneration does not overcome a certain level may also benefit from a long term incentive award in the form of performance shares. The corresponding pools of LTI are mainly dedicated to employees who have been identified as strategic talents, key resources and top performers.

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

2.1 COMPLIANCE OF THE GROUP REMUNERATION POLICY WITH REGULATORY REQUIREMENTS

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

- The CRD IV, targeting credit institutions and investment firms worldwide activities, imposes constraints on the variable remuneration structure of employees considered as assuming significant risks (hereinafter - "CRD IV regulated staff"), including notably deferral of a part of the variable compensation and payment of a part of the variable compensation in the form of financial instruments indexed on the long-term interests of the bank, as well as a cap on the variable compensation as a multiple of fixed compensation;
- EBA ("European Banking Authority") Guidelines on sound remuneration policies as notified compliant by the ACPR and entered into force in January 2017;
- Directives AIFMD and UCITS V, applicable to asset management firms' worldwide activities, impose constraints on the variable remuneration structure of employees identified as assuming significant risks (hereinafter - "AIFMD and UCITS V regulated staff"), including notably a requirement to defer a part of the variable compensation and to pay a part of the variable compensation in the form of financial instruments which reflect the performance of the units under management;
- The French Banking Law, targeting worldwide market and treasury operations, requires the Group to isolate in a separate subsidiary proprietary trading operations not linked to client activities and to ensure determination of the remuneration of the market operators in consistency with the organizational rules and internal functioning of activities, so that the remuneration does not encourage risk-taking without link to the pre-defined objectives;
- The Volcker Rule, applicable to the worldwide scope of market operators, prohibits certain proprietary activities and requires that the compensation arrangements do not incentivize the activities prohibited by the Rule nor excessive or impudent risk-taking;
- Directive MIF 2, established for the purpose of protecting customers and targeting employees providing investment services and related services to clients in the EU / EEA, requires the introduction of remuneration systems that encourage responsible professional behaviour towards the client and a fair treatment of clients whose interests should not be affected by short, medium and long-term compensation practices;
- The EBA Guidelines on policies and compensation practices relating to the sale and supply of the bank's retail products and services, impose professional behavior responsible and fair treatment of clients. The procedures for determining compensation should not lead to promote the sale of a specific product;
- The Anti-corruption regulations require that corruption prevention procedures are designed to mitigate risks identified as well as preventing behavior deliberately unethical (including corruption and trading in influence). The methods of determining remuneration must be established in accordance with this requirement;
- The Directive Solvency II, applicable to insurance and reinsurance companies of the EU / EEA, requires setting remuneration policy compliant with the company strategy and with risk-management objectives, incorporating measures aimed at avoiding conflict of interest, promoting sound and efficient risk management, and not encouraging risk-taking exceeding the limits defined by the entity. The Directive recommends a balance between the fixed and variable remuneration components and requires that a substantial part of the variable of the employees having significant impact on the risk profile of the entity be deferred over time;
- The Directive IDD requires that compensation practices do not hinder the ability of insurance distributors to act in the best interests of clients, nor discourage them from making an appropriate recommendation or presenting the information in an objective, clear and non-misleading way.

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

- **Ex-ante, taking into account risks while defining variable envelopes and individual allocations (cf. 2.3.1):**
  - for the entire Group, taking into account quantitative financial indicators factoring in risks and also qualitative indicators for the setting of bonus pools. Individual evaluations are based on pre-defined quantitative and qualitative objectives which can integrate criteria of risk management, customer interests and satisfaction, respect of the rules and regulations applicable to the employee function;
  - in addition, within Global Banking and Investor Solutions (GBIS), International Banking and Financial Services (IBFS) and French Retail Banking (RBDF), conducting independent annual evaluations by Risks and Compliance divisions regarding risks and compliance management by the core businesses which have a major impact on the Group's risks profile and by employees regulated in the sense of the CRD IV, AIFMD, UCITS V operating in these core businesses.

By the mechanisms described above, the variable remuneration is not directly and solely correlated to the revenues generated.

- **Ex-post, taking into account risks in the deferred variable compensation schemes (cf. 2.3.2):**
  - for CRD IV regulated staf: deferral of 40% minimum of the attributed variable over three to five years vesting on pro-rata temporis basis, starting from a certain amount of variable; award of 50% minimum of the variable in the form of financial instruments; non-vested part subject to presence and performance conditions, as well as to appropriate management of risks and compliance;
  - staff regulated under AIFMD and UCITS V: similar constraints as imposed by the CRD IV in terms of deferral rate and period, payment of variable in instruments and conditions applicable to the non-vested part;
  - beyond the scope of staff regulated under CRD IV, AIFMD and UCITS V, the employees of Global Banking and Investor Solutions and those of the Central Divisions are subject to the following remuneration provisions: above a certain threshold, variable deferred on progressive rate over three years vesting on pro-rata temporis basis and paid in the form of financial instruments; non-vested part subject to the same vesting conditions as for CRD IV regulated staff;
  - integration of financial performance conditions, malus and clawback, as well as conditions of reduction or cancellation of unvested rights in case of implementation of one or more resolution measures at the level of the Group by the competent resolution authority, in accordance with the provisions of Article L. 613-50-10 of the Monetary and Financial Code.

Assessments carried out internally and externally show that the Group remuneration policy complies with regulatory requirements.

Internally, the Group's remuneration policy is reviewed regularly and independently by the Internal Audit Division since 2010.

The latest review carried out in 2019 covered the remuneration policy applied for the 2018 group regulated population. The Internal Audit Division concluded that the risk of non-compliance of the Group remuneration policy was correctly covered, both from the point of view of governance of the overall process and of the respect of the quantitative and qualitative rules applied to the variable remunerations awarded for the 2018 performance year.

In addition, the Group remuneration policy is regularly reviewed by supervisory authorities.

2.2 PERIMETER OF THE CRD IV REGULATED POPULATION IN 2019

In continuity with the previous financial years and in line with the regulation, the scope of regulated staff covers all employees whose professional activities have a material impact on the Bank's risk profile, including employees exercising control functions. In 2018, the methodology of determination of the CRD IV Group regulated staff, led to the identification of 819 staff members (excluding Chief Executive Officers).

In 2019, the scope of the regulated staff was updated on the basis of the same regulatory technical standards which include:

- **The Group's Chief Executive Officers;**
- **The Chairman and members of the Board of Directors;**
- **The members of the Group Management Committee, which includes the Heads of the main business lines and subsidiaries of the Group, as well as the Heads of control and support functions for the Group** (risks, compliance, internal audit, finance, legal and taxation, human resources, information technology);
- **Key staff members in charge of control functions (risk, compliance, audit) and support functions at Group level and who are not members of the aforementioned bodies;**
- **Within the "material business units"[(2)], the main operational managers (members of the executive committees** of activities or subsidiaries) **and managers responsible for control functions,** who are not already identified by the above criteria;
- **Staff having credit authorisations and/or responsible for market risk limits exceeding** materiality thresholds at Group level, as defined by the EBA, and who are not already identified by the above criteria;
- **Staff members whose total remuneration for 2018 exceeds the 500 K€ threshold defined by the EBA or within the 0.3% of the number of staff who have been awarded the highest total remuneration , and who are not already identified by the above criteria.**

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

The 2019 Group regulated staff comprised 795 staff members (including the Chairman of the Board and the Chief Executive Officers).

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

In addition, 339 staff members (including approximately 49 already identified at the Group level) **have been identified as regulated within the subsidiaries of the Group** located within the European Economic Area which must apply on an individual basis the CRD IV Directive.

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

2.3 2019 GROUP VARIABLE REMUNERATION POLICY

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

In addition, for several categories of employees (staff regulated under CRD IV, AIFMD, UCITS V; all employees within Global Banking and Investor Solutions and Central Divisions beyond a certain threshold), **a significant portion of variable remuneration is deferred over three years and subject to presence and performance conditions of the Group and activity concerned.** As such, when performance conditions are not met, the deferred component of variable remuneration is partially or fully forfeited. **Furthermore, any excessive risk taking or any behaviour deemed unacceptable by General Management may result in a reduction or total forfeiture of this deferred component.** Finally, the variable remuneration of the CRD IV regulated staff is capped at two times the fixed remuneration.

2.3.1 LINK BETWEEN VARIABLE REMUNERATION AND PERFORMANCE AND ALIGNMENT OF VARIABLE REMUNERATION WITH RISK WITHIN THE GROUP (EX ANTE)

2.3.1.1 DETERMINATION OF VARIABLE REMUNERATION POOLS

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

Within Retail Banking in France and International Banking and Financial Services, the variable remuneration pools take into account the evolution of the operating income, which includes the different costs and risks inherent to the activities of these Core Businesses, as well as on the Return on Normative Equity (RONE)[3].

For the support or control functions, the evolution of variable remuneration pools takes into account the evolution of Group financial results. They are determined independently of the results of the business activities they control.

The setting of the pools, as well as their distribution, depend on the aforementioned quantitative factors but also on several qualitative factors, which include:

- Market practices in terms of remuneration;
- General conditions in the markets in which the results were generated;
- Elements which may have impacted temporarily the business performance.

In addition, the Risk and the Compliance Divisions carry out an independent assessment of businesses having a significant impact on the Group risk profile with respect to managing credit risks, market risks and operational risks and non-compliance risk. This assessment leads to an adjustment of the distribution of the variable remuneration pools between businesses/entities.

For the Group senior managers (Chief Executive Officers, Group Management Committee), variable remuneration is not based on a collective pool but is determined individually on the basis of the Group financial results, the results of the business activity they supervise, and the extent to which they have met their specific qualitative and quantitative objectives and market practices. For Chief Executive Officers, qualitative criteria are 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. The members of the Management Committee have common collective objectives (including CSR objectives) which represent a significant part of the total annual variable remuneration.

Moreover, the Finance Division includes the proposed global variable remuneration pool at Group level in the budget forecasts that are used as a basis to project regulatory capital ratios. The global variable remuneration pool is taken into account in the capital planning; the remuneration policy preserves capital and liquidity, and does not compromise the respect of the target of the fully- loaded capital ratios, in compliance with the ECB recommendations.

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

2.3.1.2 INDIVIDUAL ALLOCATION OF VARIABLE REMUNERATION

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

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

(3) Return on Normative Equity = Return on Equity of a Core business or activity, based on normative capital.

The recommended methodology for the objective setting is the SMART method (the objectives are **S**pecific, **M**easurable, **A**ccessible, **R**ealistic and fixed within a **T**imeframe) in order to define objectives that are clearly identified and can be assessed by indicators that are known to the employee.

The qualitative objectives are tailored to the individual employee, in relation to the employee's professional activity and adapted to the position held. They can include the quality of risk management, the means used and behaviours displayed to achieve results such as cooperation, teamwork and human resources management, as well as the management of clients' interests and satisfaction.

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

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

In 2019, the Risk and Compliance Divisions assessed, within the framework of the same exercise, the employees in charge of trading desks under Volcker Rule and the French Banking Law desks (including those who are also regulated in the sense of CRD IV).

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

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

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

AT THE LEVEL OF GBIS

QUANTITATIVE	GBIS Financial Performance indicators:	Risks taken into account:
	• Operating income of GBIS (excluding variables)	• All risks allocated to GBIS (including market risks credit risks, Operational risks, Liquidity costs)
	• Return on Normative Equity*	• Idem
QUALITATIVE	- Market practices and trends - Market environment and Relative performance	

AT THE LEVEL OF THE BUSINESS LINES WITHIN GBIS

QUANTITATIVE	Financial performance indicators	
QUALITATIVE	Qualitative adjustments: - Opinion of control functions - External Benchmark/Competitive situation - Conditions of market and exercise of the activity	Opinion of control functions (risk et compliance) on risk management regarding credit risks, market risks, operational risks and non-compliance

INDIVIDUAL ALLOCATIONS

QUANTITATIVE	Decision by management : - Individual appraisal, integrating the assessment of the behavior with regard to the values of the Group - Opinion of control functions - External benchmark - Transversal reviews	Annual individual appraisal
QUANTITATIVE		Opinion of control functions (risk et compliance) on risk management regarding credit risks, market risks, operational risks and non-compliance

* RONE: Return on normative equity calculated on the basis of the (Risk Weighed Assets/RWA) of GBIS and the Group.

2.3.2 STRUCTURE OF VARIABLE REMUNERATION

2.3.2.1 CRD IV REGULATED STAFF

The structure of the variable remuneration awarded to CRD IV regulated staff for the 2019 performance year includes, in compliance with regulation, above a threshold of 100 K€[4] :

- **A non-vested component** subject to presence and performance conditions, as well as appropriate management of risks and compliance, **vested over a period of three years on a pro-rata basis, with a deferral rate of at least 40% and which may go up to 70% for the highest variable remuneration levels;**
- **A payment of more than 50% in shares or share equivalents Societe Generale**[5], that is 50% of the vested component and two-thirds of the non-vested component.

(4) Or a threshold adjusted according to local regulations.
(5) As for the preceding year, the instalments of non-vested variable remuneration awarded in instruments will be attributed to French tax residents in the form of Societe Generale shares.

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

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

- A vested, non-deferred part paid in cash in March of the year following the close of the financial year;
- A vested part deferred in the form of share equivalents, for which the final amount paid to the employee depends on the Societe Generale share price at the end of the non-transferability period;
- A non-vested deferred cash part (which is not indexed to the share price) in one instalment conditional on the employee's continuous employment with the Bank and dependent on the performance and risk alignment criteria described hereafter in 2.3.5;
- A non-vested part deferred in Societe Generale shares or share equivalents in two instalments[6] for which vesting is conditional on the employee remaining employed by the Bank and dependent on the conditions described in section 2.3.2.5 and the final value depending on the Societe Generale share price at the end of the non-transferability period.

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

<table>
<tr><th rowspan="2">GLOBAL VARIABLE REMUNERATION
Vesting Date</th><th colspan="2">VESTED COMPONENT</th><th colspan="5">NON VESTED COMPONENT</th></tr>
<tr><th colspan="2">March 2020</th><th>March 2021</th><th>March 2022</th><th>March 2023</th><th>March 2024</th><th>March 2025</th></tr>
<tr><td>**Heads of BU/SU members of the Group Management Committee**[10]</td><td>Cash (50%)</td><td>Share Equivalents + 6 months[7] (50%)</td><td>Cash (20%)</td><td>Cash (20%)</td><td>Shares[8] or Share Equivalents + 6 months[7] (20%)</td><td>Shares[8] or Share Equivalents + 6 months[7] (20%)</td><td>Shares[8] or Share Equivalents + 6 months[7] (20%)</td></tr>
<tr><td>**CRD IV Regulated employees**
Variable Remuneration
> 100 K€</td><td>Cash (50%)</td><td>Share Equivalents[9] + 6 months[7] (50%)</td><td rowspan="2">Cash (33%)</td><td rowspan="2">Shares[8] or Share Equivalents[9] + 6 months[7] (33%)</td><td rowspan="2">Shares[8] or Share Equivalents[9] + 6 months[7] (33%)</td><td rowspan="2"></td><td rowspan="2"></td></tr>
<tr><td>**Schéma Fidelity**
Other employees non regulated of GBIS and Control/ Support Functions subject to Group deferral plan; Variable remuneration
≥ 105 K€</td><td>Cash (100%)</td><td>—</td></tr>
</table>

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

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

2.3.2.2 AIFMD AND UCITS V REGULATED STAFF

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

(6) As in the previous years, the payments of the non vested component of the variable remuneration paid in shares will be awarded for French tax resident in SG shares.
(7) Retention period (unavailability) applicable to shares or share equivalents / Lyxor index.
(8) For the French tax residents.
(9) Or Lyxor index for Lyxor employees (residents and non-French tax residents) with a specific threshold.
(10) Except for a few members of these committees located in specific geographies who have to comply with local constraints.
*BU: Business units (Business Directions) and SU: Service units (support or control function).

2.3.2.3 SOLVENCY II REGULATED STAFF

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

2.3.2.4 OTHER STAFF WHOSE VARIABLE REMUNERATION IS PARTLY DEFERRED

Beyond staff regulated under CRD IV, AIFMD and UCITS V, the variable remuneration of staff within Global Banking and Investor Solutions and Central Divisions is also subject, when it reaches at least 105 K€, **to a deferred payment** on progressive rate over three years vesting on pro-rata temporis basis, with a first instalment in cash and the two following ones in shares or equivalent shares[11]. The non-vested part is subject to the same vesting conditions as for CRD IV regulated staff.

2.3.2.5 PERFORMANCE CONDITIONS AND RISK ALIGNMENT OF DEFERRED VARIABLE REMUNERATION (EX POST)

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

The financial performance conditions are based on the level of the Group's Core Tier One and the level of profitability of the Group and the business or activity. If a minimum performance level is not met every year, non-vested variable remuneration is partially or entirely forfeited (malus principle).

Long-term incentive plans for the management stratum are subject to TSR (Total Shareholder Return) relative performance conditions.

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

In addition, any excessive risk-taking or behaviour deemed unacceptable by the General Management may lead to a reduction or non-payment of these deferred variable compensation, or even the request for the return of the variable remuneration elements already received, subject to the regulations in force.

2.3.3 RATIO BETWEEN VARIABLE AND FIXED REMUNERATION FOR CRD IV REGULATED STAFF

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

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

Each regulated staff is compliant with this maximum ratio. For the members of the Management Committee who are beneficiaries of a long term incentive plan totally vested after five years and awarded in Societe Generale shares or share equivalents, the faculty given by the Ordinance n°2014-518 of 20 February 2014 to apply a discount rate to the part of the variable remuneration awarded in instruments and deferred for at least five years has been applied to compute the ratio between variable and fixed components.

2.3.4 THE 2019 VARIABLE REMUNERATION POOL OF THE CRD IV REGULATED STAFF

The variable remuneration pool awarded to the CRD IV regulated staff with respect to 2019 was 192.5 M€ and total variable and fixed remuneration amounted to 429.7 M€. The average variable and total compensation 2019 average slightly increases (+ 1% vs 2018 at constant exchange rate)[12].

2.3.5 POLICY CONCERNING GUARANTEED REMUNERATION

Awarding a guaranteed variable remuneration in the context of hiring a new employee is:

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

(11) Except for a few members of these committees located in specific geographies who have to comply with local constraints.
(12) Excluding severance pay, Chief officers and Board.

2.3.6 SEVERANCE PAYMENTS

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

PART 3.
REMUNERATION OF CHIEF EXECUTIVE OFFICERS

The remuneration of the Chief Executive Officers complies with the CRD IV and its transposition in France. It also respects the recommendations made by the AFEP-MEDEF Corporate Governance Code. The remuneration policy applied to the Chief Executive Officers is detailed in Chapter 3 of the 2020 Registration Document on the Corporate governance.

PART 4.
INFORMATION ABOUT REMUNERATION FOR FINANCIAL YEAR 2019

The below quantitative data refer to the gross remuneration (excluding employer charges) of the employees identified as Group regulated population under CRD IV regulation.

4.1 THE REGULATED POPULATION (INDIVIDUALS WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON THE RISK PROFILE OF THE GROUP) EXCLUDING CHIEF EXECUTIVE OFFICERS

A. REMUNERATION AWARDED FOR THE FINANCIAL YEAR (VALUE AT GRANT DATE IN M€)

	GROUP TOTAL	Supervisory Board	CIB	GBIS[15] - others	Retail Banking - IBFS	Control and Support Functions
Regulated Population	789	12	460	16	78	223
Total Remuneration	429.7	1.7	306.1	7.4	33.7	81.0
Of which fixed Remuneration	237.2	1.7	169.9	4.0	17.4	44.2
Of which variable Remuneration[13]	192.5		136.1	3.4	16.2	36.8
Variable Remuneration[13]						
Of which 2020 vested portion	106.3		72.7	1.9	9.3	22.4
including cash	56.9		37.5	1.0	5.2	13.4
including instruments[14]	49.3		35.3	1.0	4.1	9.0
Of which deferred portion[14]	86.3		63.4	1.5	7.0	14.4
including cash	29.4		21.3	0.5	2.5	5.0
including instruments	56.9		42.1	1.0	4.4	9.4

The instruments are SG shares or share equivalents.

(13) Payable in several instalments between March 2020 and October 2025.
(14) Amount on the basis of the value at award and subject to ex post explicit and/or implicit adjustments.
(15) Excluding CIB.

B. DEFERRED VARIABLE REMUNERATION

a. Summary of the relevant deferred variable plans by instalment and by vehicle (except Group Management Committee)

INSTALMENTS	2016	2017	2018	2019	2020	2021	2022	2023
Plan 2015	50% Cash 50% Share	Cash	Share Equiv.	Share Equiv.				
Plan 2016		50% Cash 50% Share Equiv.	Cash	Share or Share Equiv.	Share or Share Equiv.			
Plan 2017			50% Cash 50% Share Equiv.	Cash	Share or Share Equiv.	Share or Share Equiv.		
Plan 2018				50% Cash 50% Share Equiv.	Cash	Share or Share Equiv.	Share or Share Equiv.	
Plan 2019					50% Cash 50% Share Equiv.	Cash	Share or Share Equiv.	Share or Share Equiv.

Share Equiv.: Societe Generale Share Equivalents are paid out in their cash value after at least 6 months retention period.
Shares: Societe Générale performance shares with a vesting period of at least 2 years followed by a retention period of 6 months for French tax residents.

b. Outstanding deferred variable remuneration

The amount of outstanding deferred remuneration corresponds this year to the outstanding deferred variable remuneration awarded with respect to 2019, 2018, 2017, 2016, 2015 and 2014.

AMOUNTS OF CONDITIONAL DEFERRED REMUNERATION IN M€[16]

	Total amount of the outstanding deferred remuneration with respect to 2019 financial year	Total amount of the outstanding deferred remuneration with respect to prior financial years	Total amount of the outstanding deferred remuneration subject to a retention period and to ex post explicit and/or implicit adjustments
Cash	29.4	35.5	64.9
Instruments	106.2[17]	145.5	251.7
Total	**135.6**	**181.0**	**316.6**

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

(16) Amount on the basis of the value at award and subject to ex post explicit and/or implicit adjustments.
(17) Including vested instruments, subject to retention period of six months, during which the appropriate management of risks and compliance condition applies.

c. Deferred variable remuneration paid out in 2019

The information below is provided for allocations for the 2014, 2015, 2016, 2017 and 2018.

	Total amount (in M€) of the changes during the year due to ex post explicit adjustments	Total amount (in M€) of the changes during the year due to ex post implicit adjustments[18]	Total amount (in M€) of the deferred variable remuneration vested/paid during the year[19]
Cash	0.0	0.0	32.3
Instruments	-0.05	-16.14	83.7
Total	**-0.05**	**-16.14**	**116.0**

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

C. SEVERANCEPAYMENTS, SIGN-ON AWARDS AND GUARANTEED BONUSES PAID OUT DURING THE FINANCIAL YEAR

TOTAL AMOUNT OF SEVERANCE PAYMENTS MADE AND NUMBER OF BENEFICIARIES		SIGN-ON AWARDS MADE AND NUMBER OF BENEFICIARIES		GUARANTEED BONUSES PAID OUT DURING THE FINANCIAL YEAR AND NUMBER OF BENEFICIARIES AMOUNT PAID OUT IN	
Amount paid out in M€	Number of beneficiaries	Amount paid out in M€	Number of beneficiaries	Amount paid out in M€	Number of beneficiaries
27.8	**38**	**0.1**	**1**	**2.1**	**21**

(18) Corresponds to the difference between the amount of deferred variable remuneration in value at award and in value at the time of vesting/payment due to implicit adjustments.

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

4.2 CHIEF EXECUTIVE OFFICERS

Chief Executive Officers in the financial year 2019 were Messrs Bini Smaghi, Oudéa, Cabannes, Aymerich, Heim and Mrs Lebot.

The remuneration of Chief Executive Officers was subject to a specific disclosure following the Board of Directors meeting held on 5th February 2020 that approved the variable remuneration awards in reference to 2019.

A. REMUNERATION AWARDED FOR THE FINANCIAL YEAR (VALUE AT GRANT DATE IN M€)

Number of beneficiaries	6

Total remuneration (value at grant date in M€)	12.8
of which fixed remuneration	**5.5**
of which variable remuneration*	**7.3**

* The amounts are inclusive of long-term incentive plan attributed for 2019 in February 2020.

Variable Remuneration (value at grant date, in M€)	
of which 2020 vested portion	**1.6**
including cash	0.8
including instruments[20]	0.8
of which deferred portion[20]	**5.7**
including cash	0.8
including instruments	4.8

The instruments are SG shares or share equivalents.

B. DEFERRED VARIABLE REMUNERATION

a. Outstanding deferred variable remuneration

The amount of outstanding deferred remuneration corresponds this year to the outstanding deferred variable remuneration awarded with respect to 2019, 2018, 2017, 2016, 2015, 2014 and 2013.

The data also include the components of the variable remuneration related to salaried functions prior to the start of the mandates and the long-term incentive plans allocated for the 2013, 2014, 2015, 2016, 2017 and 2018 financial years.

AMOUNTS OF CONDITIONAL DEFERRED REMUNERATION IN M€[20]

	Total amount of the outstanding deferred remuneration with respect to 2019 financial year	Total amount of the outstanding deferred remuneration with respect to prior financial years	Total amount of the outstanding deferred remuneration subject to a retention period and to ex post explicit and/or implicit adjustments
Numéraire	0.8	1.0	1.8
Instruments	5.7*	11.7	17.4
Total	**6.5**	**12.7**	**19.2**

* Including vested shares equivalents subject to the retention period during which the appropriate management of risks and compliance condition applies.

(20) Amount on the basis of the value at award and subject to ex post explicit and/or implicit adjustments.

b. Deferred variable remuneration paid out in 2019

The information below is provided for allocations for the years 2013, 2014, 2015, 2016, 2017 and 2018.

	Total amount (in M€) of the changes during the year to ex post explicit adjustments[21]	Total amount (in M€) of the changes during the year to ex post implicit adjustments[22]	Total amount (in M€) of the deferred vested/paid during the year[23]
Cash	0.0	0.0	0.9
Instruments	-0.4	-1.7	2.1
Total	**-0.4**	**-1.7**	**2.9**

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

TOTAL AMOUNT OF SEVERANCE PAYMENTS MADE AND NUMBER OF BENEFICIARIES		SIGN-ON AWARDS MADE AND NUMBER OF BENEFICIARIES		GUARANTEED BONUSES PAID OUT DURING THE FINANCIAL YEAR AND NUMBER OF BENEFICIARIES	
Amount paid out in M€	**Number of beneficiaries**	**Amount paid out in M€**	**Number of beneficiaries**	**Amount paid out in M€**	**Number of beneficiaries**
0	**0**	**0**	**0**	**0**	**0**

4.3. GLOBAL REMUNERATION EQUAL OR ABOVE 1 M€

Number of regulated staff (including Chief Executive Officers) whose global remuneration related to 2019 activity is equal to or above 1 M€.

TOTAL REMUNERATION BY BRACKETS M€	NB OF STAFF
[1 - 1.5[	57
[1.5 - 2[	12
[2 -2.5[	6
[2.5 - 3[	1
[3 - 3.5[	0
[3.5 - 4[	1
Total	**77**

This number, based on historical currency rates, was 63 for 2018 and 74 for 2017.

Among the 77 beneficiaries of global remuneration equal to or above 1 M€, 40 are located outside France and 37 in France.

(21) The amount of deferred remuneration reduced corresponds to explicit adjustments (performance conditions not met).
(22) Corresponds to the difference between the amount of deferred variable remuneration in value at award and in value at the time of vesting/payment due to implicit adjustments.
(23) Including vested instruments, subject to retention period of six months to one year.

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Studio Societe Generale – Ref. 721611(A) – 03/2020