



CORPORATE SOCIAL RESPONSIBILITY

2016 2017
REPORT

CORPORATE SOCIAL RESPONSIBILITY

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Message from Frédéric Oudéa

"For Societe Generale, being a responsible company lies at the very heart of our business lines' mission and reflects the essence of the relationship bank of reference that we strive to be. As a key player in financing the economy, operating in 67 countries, our mission is to offer the best solutions to advise and connect individuals, companies and institutions, in order to support them in the development of their projects, the management of their financial means and their risk coverage. Sensitive to the different stakeholders within our ecosystem, we also strive to ensure the generation of a long-term positive impact on the environment surrounding us.

In 2016 we continued our proactive approach initiated in the 2000s with the signature of national and international commitments that bear the hallmark of precise and demanding principles. By signing in 2016 the Women's Empowerment Principles under the United Nations Global Compact on the one hand, and the Global Business and Disability Charter of the International Labour Organization on the other, we have demonstrated our determination to promote diversity within the workplace and in the community. In addition, for the last ten years our Corporate Foundation has been supporting charities involved in the integration of disadvantaged persons (our annual budget, increased to EUR 3 million this year, has tripled over the last ten years) and around 15,000 employees worldwide have participated in initiatives organised by the company.

Societe Generale implemented its commitment announced in correlation with the COP21 to align its financing in order to contribute towards limiting the global temperature rise to less than 2°C by 2100. A key part of this ambitious commitment is the decision to stop all new financing for coal-fired thermal power plant projects or associated infrastructure. Societe Generale also doubled its support for renewable energy

financing, which was reflected in its participation in all European offshore wind projects. The Group also successfully launched its second positive impact bond in September 2016, in line with the 2015 Manifesto on Positive Impact Finance of the United Nations Environment Programme. Societe Generale played a leading role in this latter initiative by identifying the environmental and social impacts of its activities and reducing them in compliance with international best practices.

The Societe Generale Group positions itself as a prominent banking at the forefront of the global playing field for its CSR achievements and its transparency; in 2016, Societe Generale maintained its position among the first quartile of 132 banks that responded to RobecoSam questionnaires on a worldwide basis. The Group is also included in the Dow Jones Sustainability World Index.

Accordingly, the Group is firmly committed to being a solid, responsible financial player aiming to serve its customers. This commitment is based on the specific attention that Societe Generale pays to quality of life at the workplace and teams' diversity as well as on our culture and conduct, meaning our exemplary individual and collective behaviour. I am convinced that the leadership model that we have decided to adopt, applicable to all employees and centred on four client-focused values – team spirit, innovation, responsibility and commitment – will enable us to consolidate our position among the most responsible banks on a global level."

COMMITMENTS, CHALLENGES AND AMBITION

GROUP COMMITMENTS

Societe Generale conducts its business with the utmost respect for the values and principles under:

- the Universal Declaration of Human Rights and its additional commitments;
- the fundamental conventions of the International Labour Organization (ILO);
- the UNESCO World Heritage Convention;
- the Guidelines for Multinational Enterprises of the OECD (Organisation for Economic Co-operation and Development);
- the United Nations Guiding Principles on Business and Human Rights (see p. 31, RESPECT FOR HUMAN RIGHTS).
- In addition, Societe Generale has shown its proactive commitment since 2000 to the following public or private initiatives:
- 2000: founding member of the Wolfsberg Group;
- 2001: joined the United Nations Environment Programme Finance Initiative (UNEP-FI);
- 2003: joined the United Nations Global Compact, which encourages companies to integrate principles relating to human rights, working conditions and the fight against corruption;
- 2004: signed the Diversity Charter (France);

- 2007: adopted the Equator Principles (see p. 16, EQUATOR PRINCIPLES);
- 2007: signed the SME Pact (France);
- 2010: signed the "Responsible Supplier Relations" Charter (France);
- 2014: signed the Joint Declaration organised by Transparency International France for the promotion of transparent, honest lobbying;
- 2014: support for the Green Bond Principles;
- 2014: Lyxor signed the Principles for Responsible Investment (PRI);
- 2015: signed a Global Agreement on Fundamental Rights with UNI Global Union;
- 2015: launched the "Positive Impact Manifesto" of the UNEP-FI;
- 2015: joined the "Soft Commodities Compact" of the Banking Environment Initiative (with the Consumer Goods Forum) to fight tropical deforestation;
- 2015: subscribed to the "Principles for Mainstreaming Climate Actions within Financial Institutions", launched during COP21;
- 2016: signed the Women's Empowerment Principles – WEP, Professional Equality Charter of United Nations, and the International Labour Organization's Global Business Charter on Disability.

CSR PRIORITY ISSUES

The Corporate Social Responsibility (CSR) policy ensures that the Group upholds its commitments and makes sustainable progress according to priority areas related to its global strategy that respond to two types of challenges:

the relative significance for external stakeholders with particular attention paid to the expectations of extra-financial ratings agencies and particularly RobecoSam;

the potential impacts on the medium- and long-term business model (results, risks, competitiveness, opportunities, innovation, the Bank's role, human capital, operational efficiency).

These priority issues (17 in total) have been classed by the Group CSR and Sustainable Development Department, together with a group of in-house experts, according to their importance and the Group's level of maturity or performance (existence of targets, performance indicators, extra-financial rating or points of view of other stakeholders).

They represent the Group's CSR action priorities developed for 2016, as set out in this chapter.

Essential	■ Customer satisfaction	
	■ Support for SMEs, business creation and emerging countries' development	
	■ Sustainability of the Bank through comprehensive risk management, including environmental and social aspects	
	■ Compliance with rules and regulations	
Very important	■ Transparent and efficient corporate governance	■ Employability
	■ Business ethics	■ Respect for the environment in Societe Generale activities
	■ Career management/Mobility	■ Respect for human rights in Societe Generale activities
Important	■ Range of "Sustainable development" products	
	■ Attractive compensation policy	
	■ Diversity	
	■ Quality of life at work	
Relevant	■ Involvement in international initiatives on environmental and social topics related to finance	
	■ Transparent, relevant and reliable information on aspects of Environmental, Social and Governance (ESG) aspects	
Visible	■ Sponsorship and partnerships	

THE REFERENCE BANK

Societe Generale's aim is to become a benchmark in CSR among Europe's leading financial institutions. Since 2014, this ambition has been demonstrated by the fact that the Group's extra-financial performance, as measured by ratings agencies such as RobecoSam, is incorporated into the compensation components of approximately

46,000 people (Societe Generale's staff in France). This same criterion is also one of the qualitative criteria applicable to the assessment of Chief Executive Officers and/or Directors when determining a portion of their variable remuneration.

A RELATIONSHIP BANKING CULTURE BASED ON COMMON VALUES

Societe Generale aims to be the reference relationship bank, close to its customers, chosen for the quality and commitment of its teams. This means placing the customer at the heart of the Bank's concerns.

To achieve this, Societe Generale redefined its fundamental values in 2014 (the values of commitment and responsibility were added to the historical values of innovation and team spirit), before focusing on the behaviours through which these values should be demonstrated by all employees, to the benefit of its customers. This approach to employee behaviour is based on a new Leadership Model, which has helped Societe Generale to reinforce its corporate culture combining the ambition to develop activities (innovation), the desire to set an example as an individual (commitment) and as a group (team spirit), and attention to ethics and compliance with rules (responsibility). (See p. 45, Developing a relationship banking culture based on common values).

Societe Generale has decided to continue this work by launching the strategic Culture & Conduct programme in 2016, which is directly under the authority of General Management. The programme aims to strengthen the confidence of all the Bank's stakeholders, principally its clients, and to develop the Societe Generale culture by placing values, leadership quality and integrity at the heart of its transformation.

This programme aims to implement the recommendations of the "G30", an international consultative group on economic and monetary affairs, which were published in the report entitled "Banking Conduct and Culture – A Call for Sustained and Comprehensive Reform". These recommendations are organised around five key themes: Development of the perception of culture; Governance and responsibilities of the governing bodies; Performance management and incentives; Staff development and training and Effectiveness of the three lines of defence.

1. CORPORATE RESPONSIBILITY GOVERNANCE

GROUP GOVERNANCE

The governance of Societe Generale is precise and transparent, as described in the Registration Document. It ensures duly controlled decision-making that best serves the Group's long-term interests whilst making sure that the expectations of its main stakeholders are met, in compliance with the rules and regulations. The fundamental principles of the functioning of the governance bodies are described in the Internal Rules, which have been overhauled to insert, in particular, the provisions arising from the European Capital Requirements Directive (CRD4).

The remuneration of the corporate officers is in line with the CRD4 of 26 June 2013, whose objective is to impose remuneration policies and practices that are compatible with effective risk management. In accordance with CRD4, whose remuneration principles have been applicable since 1 January 2014, and the legislation transposing them in France, the Compensation Committee has ensured that the remuneration policies followed by the Group not only comply with the regulations, but are also in line with the company's risk control policy and its objectives in terms of equity capital. Furthermore Societe Generale also applies the recommendations of the AFEP-MEDEF Corporate Governance Code.

Mission and organisation of the board of directors

Further information on the "Board of Directors' mission and organisation" is available at <https://www.societegenerale.com/en/about-us/governance/board-of-directors/mission-and-organisation>

On 15 January 2015 the Board of Directors decided that the functions of Chairman and Chief Executive Officer would be separated at the end of the General Meeting of 19 May 2015. On this date Lorenzo Bini Smaghi became the Chairman of the Board and Frédéric Oudéa retained the position of Chief Executive Officer.

Frédéric Oudéa is assisted by two Deputy Chief Executive Officers:

Séverin Cabannes, who has held the position since May 2009, and more specifically is responsible for the following activities: Finance, Risks, Resources, Global Banking and Investor Solutions;

and Bernardo Sanchez Incera, who has held the position since 1 January 2010, and more specifically has overall responsibility for Retail Banking in France and for the supervision of Retail Banking and International Financial Services.

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

The responsibilities and tasks of the Chief Executive Officer are set out in article 5 of the Internal Rules.

In its meeting of 13 January 2017 the Board of Directors updated the Internal Rules for the purposes of incorporating the new rules on the allocation of directors' fees and various

modifications related to developments of regulations (e.g. the audit reform) and of the AFEP-MEDEF Code.

The Board of Directors defines the Company's strategy by assuming and controlling the risks, and ensures that this strategy is applied. It is composed of eleven directors, who are elected by the General Meeting, plus two directors representing the employees. One representative of the Works Council attends the meetings of the Board of Directors, but without voting rights. The term of office of the directors appointed by the General Assembly is four years. The terms of office of the two directors elected by Societe Generale's employees, which were renewed in 2015, are for three years (2015-2018).

The composition of the Board aims to achieve a balance between experience, expertise and independence, whilst respecting the principle of equal representation. Expertise and experience in the financial world and the management of major companies are the basic selection criteria for directors.

As at 31 December 2016 the Board of Directors is composed of seven women and six men, i.e. 53.88% female or 45.5% excluding the two directors representing the employees in accordance with the provisions of the law of 27 January 2011.

In accordance with the AFEP-MEDEF Code the Board of Directors has, in the report by its Nomination and Corporate Governance Committee, examined the situation of each of its members as at 31 December 2016 in light of the independence criteria defined in the report.

Hence the number of independent directors as at 31 December 2016 is 10 out of 13, i.e. 90.9% of the members of the Board of Directors using the AFEP-MEDEF Code's calculation rule, which excludes the employee representatives.

This proportion is well above the objective set by the Board of Directors to maintain the minimum proportion of 50% of independent directors recommended in the AFEP-MEDEF Code.

In 2016 the Board of Directors held 10 meetings lasting three hours on average. The attendance rate of the directors was 93% per meeting on average (98% in 2015).

In 2016 the main subjects addressed were as follows: the Group Code of Conduct; the activities of Corporate and Investment Banking; the activities of Retail Banking abroad; the insurance business; the securities business; the CSR policy (corporate social responsibility); information systems and IT security; problem resolution and disaster recovery plans; compliance; human resources; the Group's image.

Principles of governance, control and organisation of risk management

The Societe Generale Group is committed to implementing a robust and efficient organisation to manage its risks, in all the businesses, markets and regions in which it operates, as well as to achieving a balance between enhanced risk control and the development of its activities.

The governance of the Group's risk management is based on:

- the high level of involvement of all corporate management in the risk management process and the promotion of the risk culture, from the Board of Directors to the operational teams;
- clearly defined internal rules and procedures;
- ongoing supervision carried out by an independent body to ensure the monitoring of risks and the application of the rules and procedures.

The governance of the Group's risk management is performed by two main executive bodies: the Board of Directors and General Management.

- General Management gives a presentation to the Board of Directors at least once a year (and more frequently if circumstances make it necessary) on the main aspects and the major developments of the Group's risk management strategy, regardless of their nature. Within the Board of Directors the Risk Committee is specifically responsible for reviewing the consistency of the internal framework for monitoring risks and their compliance with this framework as well as with the laws and regulations in force. The Audit and Internal Control Committee of the Board of Directors ensures the smooth functioning of the risk control systems.
- Within the Board of Directors the Risk Committee is specifically responsible for reviewing the consistency of the internal framework for monitoring risks and their compliance with this framework as well as with the laws and regulations in force.

The Audit and Internal Control Committee of the Board of Directors ensures the smooth functioning of the risk control systems.

The Enterprise Risk Management (ERM) programme is closely monitored at the highest level of the Bank: it is supervised by the General Management, mobilises the members of the Executive Committee and is the subject of regular reports to the Risk Committee of the Board of Directors.

The first phase of the Enterprise Risk Management programme took place from 2011 to 2015, and strengthened the integration of risk prevention and risk management, in their different components, in the ongoing running of the Bank's businesses. The existing operational teams are responsible for the achievements of the programme and the finalisation of the actions that have not yet been completed as part of their ongoing mission. The strengthening of the risk culture, for its part, has been incorporated into the strategic Culture & Conduct programme (see p. 45, Developing a relationship banking culture based on common values).

The aim of the second phase of the ERM programme, which was launched in 2016, is to coordinate all the actions helping the Group to meet supervisors' expectations in terms of the risk appetite framework in all its constituent components (governance, processes, formalisation of policies, setting targets, monitoring, etc.), their interaction and their documentation, including formalising the latter in written form.

Risk appetite is defined as the level of risk that the Group is prepared to assume in the course of achieving its strategic objectives. It is set at Group level, is applied at the operational level in the businesses and subsidiaries, and is monitored in accordance with principles described in the risk appetite governance and implementation system, namely the Risk Appetite Framework (see Chapter 3.5 of the Group Registration Document, Risk Appetite, available on the institutional website).

The Board of Directors' Committees

Further information on the "Board of Directors' mission and organisation" is available at:

<https://www.societegenerale.com/en/about-us/governance/board-of-directors/mission-and-organisation>

Each committee is composed of four members. No director is a member of more than two committees. Each committee comprises at least one woman or a man and at least one non-French member. One director representing the employees will sit on the Compensation Committee. One director will sit on both the Risk Committee and the Compensation Committee.

The missions of the four Board of Directors' committees are set out in articles 10-13 of the Internal Rules (see chapter 7 of the Registration Document 2017).

AUDIT AND INTERNAL CONTROL COMMITTEE (CACI)

Its mission is to monitor matters related to the preparation and control of accounting and financial information as well as to monitor the effectiveness of the systems of internal control, measurement, supervision and risk control. In January 2015 this committee was split into an Audit and Internal Control Committee and a Risk Committee in accordance with CRD4. As at 31 December 2016 the committee is composed of four directors. It has been chaired by Ms Schaapveld since 19 May 2015. The committee met ten times in 2016 and the attendance rate was 100% compared to 98% in 2015.

The main subjects dealt with during the year were as follows:

- review of acquisitions/disposals;
- general organisation of compliance, the overall system, the roles and responsibilities;
- the fight against money laundering;
- Enterprise Risk Management (risk culture);
- resolution and recovery plans;
- fiscal management;
- protection of clients;
- compliance with the Volcker Rule;
- Private Banking/Hambros, Switzerland.

The committee discussed the audit programme and the statutory auditors' fees budget for 2016.

RISK COMMITTEE

The Risk Committee advises the Board of Directors on the overall strategy and appetite in relation to all types of risks, both current and future, and helps the latter to control the implementation of this strategy. As at 31 December 2016 it is composed of four independent directors and it has been chaired by Ms Rachou since 19 May 2015. During the financial year the Risk Committee met ten times. The attendance rate of its members was 98% (95% in 2015).

At each meeting the Risk Committee hears the report of the Chief Risk Officer on the development of the risk context and the key facts. It reviews:

- the risk panorama and risk mapping;
- the risk limits in respect of which it prepares the committee's decisions;
- the Group's liquidity situation;
- the result of the stress test exercises;
- the reputation dashboard;
- the compliance dashboard.

In 2016 it devoted several items on the agenda, amongst others, to IT security and information systems. It was kept informed of the main legal disputes, including fiscal disputes. It reviewed the organisation of the Risk Division and the ERM project. It also reviewed the Compliance Division.

COMPENSATION COMMITTEE

The Compensation Committee prepares the decisions made by the Board of Directors concerning remuneration, in particular the decisions on the remuneration of the corporate officers. It prepares the decisions on the monitoring of the long-term or deferred remuneration. In particular it prepared the decisions on the remuneration of the Chair. In January 2017 it prepared the decision concerning the remuneration of Didier Valet, who was appointed as a Deputy Chief Executive Officer.

As at 31 December 2016 the Compensation Committee is composed of four directors, of which three are independent and one is an employee. It is chaired by Mr Lévy, an independent director.

The Compensation Committee met seven times in 2016 and the attendance rate of its members was 96% (97% in 2015).

In accordance with CRD4 and the legislation transposing it in France the Compensation Committee has ensured that the remuneration policies followed by the Group are not only compliant with the regulations, but also in line with the company's risk control policy as well as its objectives in terms of equity capital. It reviewed the principles of the applicable compensation policy in the Group, in particular those concerning categories of staff whose activities have a significant impact on the Group's risk profile, in accordance with the new regulations in force. It took particular care to ensure that the compensation policy takes account of the risks generated by the activities and of staff compliance with the risk control policies and professional standards, and it consulted the Audit & Internal Control Committee and the Risk Committee in this regard.

Finally, the Committee proposed the share (or share-equivalent) allocation plans to the Board and it prepared the Board's work on gender equality within the company.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

It is responsible for making proposals to the Board for the appointment of directors and for the succession of the corporate officers, particularly where a position becomes vacant unexpectedly, after having made the appropriate enquiries.

With regard to the corporate officers, it defined a succession plan and gave a favourable opinion to the Board on the appointment of Didier Valet as a Deputy Chief Executive Officer, in keeping with the proposal by Frédéric Oudéa. With regard to the appointment of the Chief Risk Officer the Committee expressed a favourable opinion after having verified the procedure followed.

As at 31 December 2016 the Nomination and Corporate Governance Committee was composed of four independent directors. It has been chaired by Mr Mestrallet since 19 May 2015.

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

The committee prepared the resolutions for the General Meeting. It examined the draft update of the Internal Rules of the Board. It prepared the appointments of the new directors and made the selection of the nominees submitted to the Board with the help of an external firm.

INTERNAL CONTROL

Internal control is carried out within the strict regulatory framework imposed upon banking institutions.

It aims in particular to:

- prevent failings;
- measure the risks incurred and exercise sufficient control to ensure they are managed;
- ensure the adequacy and the proper functioning of internal processes, particularly those contributing to safeguarding assets;
- detect irregularities;
- guarantee the reliability, integrity and availability of financial information and management information;
- verify the quality of information and communication systems.

The consistency and effectiveness of the overall system of internal control are steered by a Deputy Chief Executive Officer. He chairs the Group Internal Control Coordination Committee (CCCCG), which comprises the Corporate Secretary, the Chief Risk Officer, the Chief Financial Officer, the Head of Group Information Systems, the Head of Human Resources, the Head of Group Internal Audit and the Head of Group Internal Control Coordination.

The Group Internal Control Coordination Committee met eleven times in 2016.

For further information see pages 144-148 of the Group Registration Document, which is available on the institutional website.

PERMANENT CONTROL

The system of permanent control comprises:

- level 1 permanent control, incorporated within the businesses, which is the bedrock of the Group's permanent control. Its purpose is to guarantee the security, the quality, the regularity and the validity of transactions at the operational level.
- level 2 permanent control, which is independent of the businesses and reports to three directors, the Corporate Secretary, the Chief Risk Officer and the Chief Financial Officer, and continued to be strengthened in 2016.

For further information see pages 144-148 of the Group Registration Document, which is available on the institutional website.

PERIODICAL CONTROL (INSPECTION AND AUDIT DIVISION)

Reporting to the Head of Group Internal Audit, the Inspection and Audit Division (DCPE) comprises the General Inspection (DCPE/INS) and Internal Audit (DCPE/AUD) functions. The Inspection and Audit Division has support functions, which give operational support to the teams of DCPE. This support function facilitates the monitoring of the implementation of the plan, the recommendations and the training.

Finally, a recently created team, which reports to General Inspection (INS/DAT), deploys the management's initiatives in terms of data management and analysis across the entire scope. In order to fulfil its objectives the Group Inspection and Audit Division is provided with adequate resources that are proportionate to the stakes, at both the qualitative and the quantitative level. Overall, the Inspection and Audit Division has around 1,265 staff.

The Inspection and Audit Division is represented on the Internal Control Coordination Committees and the Audit Committees at different levels of the Group (core businesses, business lines, subsidiaries, etc.). In the respective committee meetings it reports on the periodical control activities, the audit plan and the follow-up on recommendations as well as any subject that warrants being brought to the attention of these bodies.

For further information see pages 144-148 of the Group Registration Document, which is available on the institutional website.

CSR MANAGEMENT

Organisation & governance

The Group's CSR strategy stands on five pillars: responsible finance, the environment and the climate (with associated products and services), the social and solidarity economy (with associated products and services), the Group's commitment to exemplary performance in its procurement strategy and as a responsible employer, and citizenship sponsorship/partnerships. They are all managed and monitored by a set of governance, compliance and internal control procedures, the Code of Conduct, internal rules, directives and instructions.

The Board of Directors has reviewed the implementation of the Group's strategy and has approved the CSR strategy for 2017-2020. In addition, as of 1st January 2017, the Chief Executive Officer has appointed a CSR and Sustainable Development Director within the Bank's Management Committee.

The Executive Committee reviews the broad outlines of the Group's CSR policy and regularly approves any action plans based on reports received from the CSR and Sustainable Development Department. In 2016, the Group's Executive Committee met four times (once a quarter) to discuss CSR-related matters such as the CSR strategy, the social and solidarity economy, and the Group's climate change strategy, particularly on coal policy.

All commitments arising from the Senior Management Regime (UK) and the SOX Law (USA) have been taken into account at the highest level of the Group, wherever they apply.

Furthermore, as part of the Code of Conduct, which was reviewed in 2016, the governance structure has been strengthened with a specific monitoring process to check compliance with the French Sapin 2 Law (see p. 12, Responsible lobbying, and p. 12, Ethics and Anti-Corruption).

The CSR Department is supported by an inner circle of CSR managers positioned in the Group's core businesses. They rely on a network of around sixty "CSR contributors" who are in charge of rolling out, implementing and monitoring the action plans.

The CSR and Sustainable Development Department which reports to the General Management through the Group Corporate Secretary and along with the CSR managers, is in charge of defining and promoting the Group's CSR policy, overseeing its implementation as part of the Bank's global strategy, and coordinating the activities of the CSR contributors and all related initiatives. It also provides assistance to the business lines, encourages dialogue and helps disseminate best practices.



Several business lines now have their own specialists in charge of structuring products with a CSR or SRI (Socially Responsible Investment) component.

They play an essential role in informing the Bank's customers of its CSR strategy and technical expertise. The Group has defined a

series of quantitative indicators to help evaluate its overall CSR performance. Every year since 2005, data have been gathered, consolidated and analysed using a dedicated global CSR reporting system, which was rolled out to the whole Group in 2014 and to which more than 1,500 people contribute.

Actions towards awareness and employee engagement

The Group's website has a special section presenting all relevant information on the implementation of the CSR strategy. In addition, an intranet system was set up in 2009 and enables all Group employees and managers to learn about CSR best practices and related events. Moreover, a bi-monthly newsletter and communities coordinated via the Group's internal collaborative tools provide additional materials to discuss a wide range of issues relating to CSR and sustainable development.

Conferences are held every quarter and are open to all Head Office employees. The topics discussed in 2016 included post-COP21, climate change, socially responsible investment, solidarity in finance and social entrepreneurship.

The Sustainable Development Week gives the Group yet another opportunity to demonstrate its commitment through initiatives implemented by the various departments, and to raise employee awareness of these challenges. In 2016 and for the fourth year running, the internal Environmental Efficiency Awards were a platform for promoting new projects supporting the bank's environmental policy. This scheme allows all the Bank's entities and business lines to contribute to the efforts to reduce the Group's CO2 emissions (see p. 27, The internal carbon tax, a governance tool).

As part of its environmental, social and governance (ESG) commitments, Societe Generale organised a European conference in Paris on 7th and 8th November 2016 on the topic of socially responsible investment (SRI), which was attended by corporate clients, institutional investors, research and analysis firms, index providers, private banks, asset managers and some of their own clients (see p. 19, Socially Responsible Investment (SRI)).

Societe Generale also promotes innovative CSR initiatives via the annual Group Innovation Awards. In 2016, CSR took centre stage with two innovations that received an ex aequo award: positive impact obligations (see p. 25, Innovative solutions to rise to the challenges of energy transition), and the Hackathon, an innovation challenge held in Senegal for African start-ups and which has been a real catalyst for innovation at the heart of the African ecosystems.

The Human Resources Division has also continued to organise regular conferences on "Well-Being in the Workplace" as part of its "Life at Work" programme (see p. 49, Caring about employees' wellbeing at work).

DIALOGUE WITH STAKEHOLDERS

Societe Generale is committed to listening to its stakeholders and adapting its policies in order to better meet their expectations, wherever possible, in line with statutory and regulatory requirements. The Group has a policy to respond to complaints and requests, with special teams allocated to deal with each stakeholder. The Bank's steering strategy includes independent third-party assessments of its achievements, similar to the "Reputation Risk" dashboard which is submitted to General Management every quarter, together with a holistic overview of the relationships and indicators covered by this reference document. More specifically, the Group has a policy of proactively listening to:

- clients;
- employees;
- investors and shareholders;
- regulatory bodies;
- civil society;
- suppliers;
- the media;
- extra-financial ratings agencies.

See the Group's website and the analysis of its ratings, p. 9, EXTRA-FINANCIAL ASSESSMENT.

Civil Society

Societe Generale makes every effort to promote constructive dialogue with all its stakeholders. In particular, the Group is keen to listen and talk to any NGOs that alert it to E&S issues within their sphere of influence or that can help it to adapt its policies and

procedures in a progress-driven approach. The Bank ensures it holds regular discussions into the development and the implementation of its policies.

Through its E&S watch list, Societe Generale monitors any projects, companies and sectors, irrespective of whether they are financed by the Bank, that are the subject of public controversy or public campaigns by civil society (see p. 17, E&S WATCH LIST).

The Bank uses the CSR Department to centralise any request or contact by NGOs or other civil society members informing it about the impact of its financing portfolio or other services. Wherever possible, an internal enquiry is conducted and a documented response is given, either in writing or at meetings, where appropriate. In 2016, the Bank added a new section to its website entitled "Dialogue & transparency" (<https://www.societegenerale.com/en/news-and-media/dialogue-and-transparency>).

Throughout 2016, Societe Generale participated in various working groups and discussion meetings with around a dozen NGOs (including Friends of the Earth, BankTrack, Greenpeace, Oxfam and WWF), either in the form of bilateral meetings or broader consultation meetings organised by the associations themselves or by the OECD, the Equator Principles Association or even the World Bank.

The discussions with NGOs focused on three main topics:

- the challenges posed for the finance sector by the climate, particularly coal-related financing;
- human rights;
- the role of the finance sector in protecting UNESCO World Heritage Sites.

EXTRA-FINANCIAL ASSESSMENT

The Group places great importance on both its financial and extra-financial ratings. Extra-financial ratings agencies assess and score the Societe Generale Group based on its ESG practices.

The scores received from the main ratings agencies constitute external and independent recognition of the quality and transparency of the information provided and are an excellent reflection of our CSR actions. SRI managers use these scores when incorporating extra-financial criteria into their investment choices.

Societe Generale shares can be found on the leading international SRI indices. It is listed on sustainable development indices such as

the Dow Jones Sustainability Index (DJSI) World and Europe, FTSE4Good, Euronext Vigeo, Ethibel and STOXX. In 2016, the Group's main Sustainable Development scores were: SAM: 84/100 (82/100 in 2015); VIGEO: 63/100 (57/100 in 2015); Sustainalytics: 74/100 (75/100 in 2015); FTSE4GOOD: 4/5 (constant since 2015); MSCI: BBB (constant since 2015); Carbon Disclosure Project (CDP): B (99B in 2015 – new rating system); Ecovadis: 68/100 (constant since 2015).

This information is available on the Group's website (www.societegenerale.com).

THE BANK IS ATTENTIVE TO INVESTORS

A dedicated team

Societe Generale has a department in charge of institutional and individual shareholder relations, whose role is to oversee the Group's financial communications about its strategy and results.

Meeting with investors

The Group regularly meets with its investors to present its strategy and results and exchange views with them, including on environmental and social topics.

In 2016, Societe Generale's management and teams from the Finance Department, accompanied by the Investor Relations team, conducted nearly 100 roadshows and participated in a dozen broker conferences in the major international financial centres. In total, they met with nearly 70% of our institutional shareholders.

In addition, a new type of roadshow was organised in 2016 as part of the issue of the second Societe Generale positive impact green bond, which helps finance the low-carbon economy. The funds raised are used exclusively to finance projects that contribute to the fight against climate change (see p. 18, POSITIVE IMPACT

FINANCE). This created the perfect opportunity, in October 2016, to present the Group's SRI/CSR actions to its institutional investors (the presentation can be downloaded from the Group website). The investment bank also held an SRI/CSR Day on 7th November 2016, which gave it the chance to hold several meetings about the CSR strategy of the Societe Generale Group.

Maintaining and developing a policy of dialogue with its individual shareholders is a priority for the Group. As such, Societe Generale took part in the Salon Actionaria in 2016, a trade fair for private shareholders drawing more than 25,000 visitors. The Bank also took part in four information meetings in partnership with other issuers, in Lyon, Rennes, Lille and Strasbourg, each of which was attended by 150 to 400 people.

Five times a year, the Group publishes its *Letter to Shareholders*, which appears in newsletter format each quarter as well as in paper format in June after the Annual General Meeting. In late 2015, Societe Generale launched an app for shareholders, available for iOS and Android smartphones and tablets. The app provides easy, instant access to all information that shareholders need, such as stock prices, press releases and a calendar of upcoming events. This new tool is the perfect complement to the multi-channel information

already available to shareholders, in the form of designated pages on the Group's website, a help line, the Shareholders' Club, and more. Released just one year ago, the app has already been downloaded nearly 3,000 times.

To make sure it continues to meet the needs and expectations of its private shareholders, the Group created a Shareholders' Consultative Committee in 1988, whose primary role is to advise on the Group's private shareholder relations and communications policy. The

Committee meets twice a year. Its questions are relayed to the Annual General Meeting.

In 2016, the Group received recognition for its digital shareholder and investor communications, in the form of the 2016 Best Digital Communication Prize awarded by the financial newspapers *Les Échos* and *Investir/Le Journal des Finances*, in partnership with the audit firm Mazars.

2. IMPLEMENTING RESPONSIBLE FINANCING

LOYALTY OF PRACTICES

The loyalty shown to its external stakeholders and, more generally, the integrity of its banking and financial practices make a vital contribution to Societe Generale's reputation. By ensuring that it abides by these rules, the Group is able to nurture a key asset: the trust of its customers, suppliers, service providers, employees and regulatory authorities.

Placing Responsibility at the heart of the relationship banking culture

Throughout its activities, the Group aims to build customer relationships based on trust. The development of this trust relies on shared values which include Responsibility: as a bank, the Group contributes to the sustainable economic, social and environmental development of the economies in which it operates. The Group strives to help its customers achieve their goals whilst ensuring they are fully informed of the risks involved. Being responsible and ethical means responding quickly to customers' needs whilst protecting the long-term interests of all stakeholders, through strict compliance with the rules applicable. Responsibility also means having the courage to take action and decisions, and to transparently express opinions. Lastly, it means attaching as much importance to the way in which we achieve results as we do to the results themselves.

Code of Conduct

The Group has set itself the strategic target of protecting its corporate image and ensuring that every employee acts with integrity in their day-to-day activities. A great deal of work has been done since 2011 on Culture & Conduct. The Group has adopted a set of strict guidelines and rules of conduct.

The Code of Conduct, which was updated in 2016, is the cornerstone of professional ethics at Societe Generale. It promotes respect for human rights and the environment, the prevention of conflicts of interest and corruption, the fight against money laundering and the financing of terrorism, respect for market integrity, data protection, proper conduct with regard to gifts and invitations and responsible sourcing.

These rules go beyond the minimum statutory and regulatory requirements, especially in certain countries whose laws and regulations do not meet the Group's high ethical standards.

The Code of Conduct is available and applicable to all Group employees, irrespective of their level of responsibility, and to all managers. It also details the procedure for whistle-blowing in certain situations where this is appropriate, and reiterates the principle of protection for whistle-blowers. This Code of Conduct is available on the Group's website (see also Chapter 4.9 of the Registration Document, p. 236, Compliance and the Code of Conduct).

Tax Code of Conduct

The Group's Tax Code of Conduct, which was approved by the Board of Directors in November 2010, is part of a worldwide movement to fight harmful tax practices, at the request of the OECD in particular. It is available on the Group's website.

Under this Code, Societe Generale undertakes in particular to refrain from facilitating or supporting transactions with customers where the effectiveness of the transaction is dependent on information being withheld from the tax authorities.

To this end, the Group is fully committed to implementing fiscal transparency regulations (FATCA, the EU Directive on administrative cooperation in the field of taxation and more recently the Common Reporting Standard – CRS). It is particularly worthy of note that all establishments holding accounts within our Private Banking business line are based in countries which meet the highest fiscal transparency standards set by the G20 and OECD in July 2016; all such countries have ratified the Convention on Mutual Administrative Assistance in Tax Matters, have implemented the Standard for Automatic Exchange of Financial Account Information (CRS) and have been rated "largely compliant" or "compliant" by OECD peer review.

The policy of sending international Private Banking customers information on their duty to comply with all tax laws and regulations in every jurisdiction applicable to them has been strengthened.

In addition, since 2003 Societe Generale has laid down strict internal rules designed to prevent the development of any operations in countries that have been designated as non-cooperating tax havens by the OECD.

In 2010, Societe Generale decided to close down (and has since taken the necessary steps to do so) all Group sites located in countries and territories deemed by France to be non-cooperative (NCCTs), the list of which was updated by the ministerial decree of 21st December 2015 (published in the French Official Journal (*Journal Officiel*) of 22nd December 2015). Furthermore, the Societe Generale Group prohibits the setting-up of any new operations in an extended list of countries (based on countries which have only recently been removed from the OECD grey list), unless authorised by the General Management based on local activities.

In 2016, Societe Generale neither directly nor indirectly held any active sites in these countries. Societe Generale holds an unused banking licence in Brunei.

Lastly the Group complies with the French General Tax Code, particularly Article 209 B (Controlled Foreign Companies rules), which governs the taxation in France of Group entities established in countries where profit is taxed at less than 50% of the rate applicable in France.

Responsible lobbying

There are numerous rules and regulations that affect the Bank's activities, and they are growing in both number and complexity. Societe Generale therefore endeavours to hold proactive dialogue with political players, and its Public Affairs Department visibly and constructively contributes to the public debates on any legislation that has an impact on our activities.

In 2014, Societe Generale signed the Joint Declaration proposed by Transparency International France to promote honourable, transparent lobbying. The Group has also published a Charter for responsible representation before public authorities and representative institutions, which has the following aims:

- to specify the conditions under which the Group will contribute towards the work of the regulatory authorities at every level of governance;
- to promote transparent and ethical lobbying which contributes to public debate amongst employees and third parties that participate – in the name of the Group – in the public decision-making process;
- to establish the main rules governing representation before the public authorities and representative institutions.

Acting in line with these commitments:

- the main employees concerned within the Public Affairs Department are duly declared in the transparency registers of the institutions within which the representational activities are exercised: the European Union (Commission and Parliament), the French Parliament (National Assembly and Senate);
- the main positions adopted by the Group in connection with its responsible representation policy are public and can be consulted in particular on the Group's institutional website, in the "Responsible Finance" section.

Ethics and Anti-Corruption

Societe Generale entered into a series of commitments in 2000 as part of the Wolfsberg Group, and then again in 2003 under the United Nations Global Compact. Its anti-money laundering measures include monitoring any potential corruption-driven abuse of the banking system by third parties.

Societe Generale operates by very strict anti-corruption principles, which are stated in its Code of Conduct, and abides by the highest possible standards, in particular the UK Bribery Act and the Sapin 2 Law. It monitors the implementation of these standards very closely. The Group has been distributing information about mandatory actions and controls since 2001 in the form of instructions which are updated on a regular basis and applicable throughout the Group.

(See chapter 4. 9, p. 232 of the Registration Document: "Risks of non-compliance, reputational risks and legal risks").

Customer satisfaction and ombudsman

CUSTOMER SATISFACTION

In 2014, Societe Generale reaffirmed its ambition to be the reference relationship bank in its markets, close to its customers and chosen for the quality and commitment of its teams. This strategic push has resulted in the introduction of various tools to improve customer relations and the customer experience, with the aim of managing their satisfaction and recommendation intentions more closely.

Since the quality of customer service is closely linked to the quality of team management (the principle of the "symmetry of attention") the Group has developed a broad managerial support system in line with the Group's customer-driven values.

IN OUR FRENCH NETWORK ACTIVITIES

Within each of the main France Retail Banking customer segments (individual, professional and corporate customers), Societe Generale, its specialised subsidiaries (Sogécap, Sogessur, Franfinance, etc.) and Credit du Nord have been surveying representative samples of their respective customers – as well as clients of the top 11 French banks – in order to assess their level of relative satisfaction. These polls reveal the overall and detailed level of customer satisfaction across every aspect of the banking relationship.

In order to refine measurements of customer satisfaction with the Societe Generale network, this national competitor survey is supplemented by satisfaction surveys (monthly since 2016), the results of which are available down to the level of each branch for individual customers. These surveys are conducted by leading independent service providers (e.g. the market research agency CSA). Each year, 120,000 individuals, 14,500 professional customers and 5,000 SMEs are thus polled (every 18 months) on behalf of Societe Generale about their recommendation intention and their overall satisfaction, as well as key aspects of customer satisfaction such as how their enquiries are handled and how well the services offered suit their needs and projects. Credit du Nord also asks over 55,000 individual, professional and corporate customers every year about their satisfaction on a personal and/or professional level.

This initiative is supplemented by "mystery visits" carried out throughout the branches every year. Following each mystery visit every branch is given a detailed feedback report, broken down by subject (greeting customers, finding out their needs, team spirit, etc.), enabling it to assess the quality of the handling of prospects so as to capitalise on its successes by developing a strong culture of experience of how to approach customers.

Societe Generale is currently recognised as the leading mobile bank ⁽¹⁾, the most reactive bank on Twitter and the only French brand to have received a #TwitterAward for its commitment to answering all queries on Twitter within 30 minutes ⁽²⁾. With over 900 million connections in 2016 (up 11% year on year), digital has become the main point of entry to the Bank for its customers.

Lastly, in order to steer the high standards of quality delivered by the bank on a daily basis, monthly monitoring based on around fifteen quality indicators is carried out and feedback is given down to the most granular level (quality of the handling of telephone calls, quality of the advice given, timeframes for processing or for issuing offers, etc.) to enable every branch to act swiftly in the event of any shortcomings in the quality of the service provided.

⁽¹⁾ Study by Colomus Consulting in Q2 2016. The Societe Generale app is the highest rated among the day-to-day banking apps offered by 18 chosen banks available on the Apple Store. With a 9-minute response time for Societe Generale, compared to 7 hours on average for other banks.

⁽²⁾ Societe Generale was awarded a Bronze #TwitterAward in the Customer category on 10 November 2016.

These combined measures underpin a quality certification programme for Societe Generale's branches, launched in 2013 with the aim of making the Group's resolutely customer-focused strategic orientation a reality. The percentage of certified branches meeting the criteria of excellence has increased steadily since 2013.

The customer satisfaction level in each market is one of the key objectives assigned to each director and is a motivating factor down to the most granular level. Each level of the structure (region, group, branch) is specifically and objectively analysed, and its performance is an integral part of each performance review.

The level of customer satisfaction over time is used to determine employees' variable remuneration component, it being noted that individual sales commissions were done away with several years ago (see An attractive and rewarding remuneration policy, p. 48).

To support the work of our teams in the field, and to carry out any corrective measures that depend on the support functions, the Corporate Divisions at Head Office launched a Service Culture programme in 2013. A quantitative indicator was introduced in 2015, which established an internal barometer for measuring the (overall and specific) satisfaction level of the front, middle and back office teams of the network with the services provided by the Head Office teams. The second year's results show a significant improvement and confirm the success of the actions taken by each of the divisions following analysis of the employee feedback submitted to them from the first survey. The daily management of our customer satisfaction programme is the responsibility of the Societe Generale Customer Satisfaction and Retail Banking Quality division, which relies on an effective network of service culture officers within each division.

By way of example, an initiative that is proving hugely successful should be noted: the implementation of a collaborative platform, #client2020, which connects all the managers in the Network as well as the Management and experts at Head Office for the purposes of developing real-time exchanges and sharing experiences.

In general the voice of the Network, like the voice of the customers, is regularly heeded by the various central departments to drive the range of services and the quality of processes. At employee level this voice is listed to internally through analyses or surveys, with "instant" acting on feedback.

The Bank's intranets offer wide-ranging coverage of customer satisfaction issues, in particular with specific pages on this matter for all players involved.

Furthermore, the satisfaction of French Retail Banking insurance customers has been recognised through the following awards:

- Gold Award for life insurance policies, received from Le Revenu;
- 31st Life Insurance Oscars, granted by Gestion de Fortune;
- Label Excellence 2016, awarded by *Dossier de l'Epargne*.

In 2016, life insurance, accident insurance, pension and health insurance policies sold by Societe Generale received a total of 20 awards from the independent specialist media sector.

Since 2015, the Brand Advocacy Index published by the Boston Consulting Group has identified Boursorama as the most recommended bank in France. The online bank has maintained its excellent level of recommendation (91% of customers happy to recommend the Bank to friends and family ⁽¹⁾), a remarkable achievement given the growth in Boursorama's customer base, which has doubled in just three years (977,350 customers at 31st December 2016, +30% in one year).

INTERNATIONAL RETAIL BANKING NETWORKS

The international Retail Banking networks have been working on a cross-business initiative, launched in 2015, for coordinating and measuring customer satisfaction and experience, which they have been gradually rolling out to all Banking and Consumer Credit subsidiaries. This programme gives the entities a single robust tool for coordinating customer experience, integrating the customer's needs at the very heart of the system and identifying factors that trigger satisfaction and dissatisfaction as well as our strengths and weaknesses compared to our competitors. This tool uses the Net Promoter Score (NPS) together with an analysis of overall and specific satisfaction and "instant" satisfaction surveys for experiences identified as critical in each country. Fourteen subsidiaries introduced the scheme in 2016, across Africa, Eastern Europe and Russia. Another five countries will join the scheme in 2017.

At the same time, a number of countries (Poland, Czech Republic, Serbia, Bulgaria) have introduced initiatives developed jointly with customers to incorporate the customers' opinions when creating new products and services.

With the aim of improving customer relations, pre-approved credit products are being rolled out in Central Europe (Poland, Romania, Czech Republic, Russia) in order to facilitate access to credit.

CORPORATE AND INVESTMENT BANKING

Corporate and Investment Banking also conducts annual surveys based on the Net Promoter Score (NPS). These surveys focus:

- major Corporate customers and IFIs, in all regions. Over 300 key clients are selected and a survey is conducted every two years, involving an interview with a director (CEO or CFO) and more specific electronic questionnaires depending on which of Societe Generale's business lines that particular customer is in contact with. This allows the identification of cross-business issues, which can then be resolved by quickly implementing the necessary corrective action;
- the Private Banking segment, where a questionnaire is sent out every two years (26,000 customers surveyed in June 2016) in order to measure overall satisfaction and assess the NPS, along with specific monitoring campaigns at certain key points during the customer relationship;
- custodian activities (securities): in addition to specific feedback taken from the key client NPS, more targeted surveys are regularly conducted in order to measure satisfaction among all counterparties;
- finally, customer satisfaction with transactions is monitored daily by means of targeted campaigns conducted by the Investment Banking back offices.
- The results of these surveys are analysed at the highest level within the Bank, by an operational steering committee, in order to ensure that action can be taken in the quarter immediately following publication of the summary results from all surveys for the current year.

⁽¹⁾ According to OpinionWay, an annual study of the customer base (conducted in June 2016)

CLAIMS AND OMBUDSMAN

Each of the Group's core businesses has its own targeted governance, structure, procedures and methods for handling and following up on complaints.

The Group places particular emphasis on employee training and awareness, particularly within French Retail Banking (Societe Generale, Boursorama Banque and Credit du Nord) and the Insurance business line (ISO 9001), and this has greatly helped optimise all processes (recording, quality control and response time in relation to customer complaints). Customer information processes have also been improved.

The Group complaint handling policy includes an escalation procedure as well as the possibility of referring the matter to an internal or external mediator (an independent, third-party mediator, shared with the Credit du Nord Group, the French Financial Markets Authority and the French Banking Federation).

IN FRANCE

The Societe Generale Group is committed to finding a quick or even immediate solution to any complaints or problems relating to Retail Banking which are reported to a branch by a customer. However, should the Bank and its customer still be in disagreement after the initial remedial action, the customer may file a complaint with Customer Relations and, if necessary (i.e. if the dispute is still not resolved), refer the matter to the ombudsman, whose services are entirely free of charge. Exceptional circumstances aside, customers will receive a reply from Societe Generale within 10 days or from the ombudsman within 90 days.

Referring the matter to the ombudsman is an amicable and free dispute resolution process which has been used by Societe Generale since 1996 and institutionalised by the legislator in 2001. The Bank will fully abide by all decisions of the independent ombudsman.

Under new regulations, Societe Generale has created a mediation service, comprising two members who report hierarchically and functionally to the ombudsman. This service is available to all entities that use the Societe Generale mediation process, via dedicated websites. All Societe Generale Group entities in France are thus concerned, except for those financial institutions which use the ASF ombudsman, and Boursorama which uses the FBF ombudsman (and AFNOR Certification services, depending on the case).

Mr. Yves Gérard has been the ombudsman for Societe Generale and the Credit du Nord Group since 1st January 2015. He works alongside the AMF ombudsman for any disputes involving financial products, and the FFSA ombudsman (insurance) for insurance products.

In 2016, the ombudsman received 4,226 letters related to Societe Generale, 3,948 of which were requests for mediation. He issued 456 decisions that same year; most requests did not require mediation. For the Credit du Nord Group, the ombudsman received 1,235 letters, 994 of which were requests for mediation, and 283 of those were deemed admissible, with 225 decisions being handed down in 2016.

As for Boursorama, it is ranked No. 1 among all national financial and economic information websites. In order to ensure the high quality of service it believes is essential for growth, the online bank has chosen to undertake the service commitments required for AFNOR "WebCert" Certification (<https://certificats-attestations.afnor.org/certification=196861044288>). Boursorama Banque's customer service department is therefore committed to handling customer complaints and responding within 15 working days, except under extenuating circumstances. Furthermore, and in line with this certification, any customer who is not happy with how the complaint has been handled may, pursuant to the abovementioned commitments, directly raise the matter with AFNOR Certification in writing.

ABROAD

For entities and subsidiaries abroad, customers have access to a local ombudsman appointed by the Bank (if required by local legislation) or to a local mediation service endorsed by professional organisations.

For information about the measures taken to protect customers, see Chapter 4.9, p. 234 of the Registration Document, Implementation of compliance policies, and to read about the proactive measures taken to protect customers in situations of economic hardship, see Fighting insecurity and protecting vulnerable populations, p. 268 of the Registration Document.

DIGITAL SECURITY AND DATA PROTECTION

Within the global context of digital transformation, the Group must find a way to offer customers a digital service that is easy to use, readily available and highly secure. Societe Generale is therefore continuously investing its resources to secure transactions and protect customer data. This is a crucial challenge, given the escalation of cybercrime. The Group guarantees data security and compliance with banking secrecy. The Group's expertise in the field of data security and protection makes it a trusted partner in the eyes of its customers.

As part of the transformation of its relational model, Societe Generale's French network has announced that it will invest EUR 1.5 billion in its information system by 2020, 5% of which will be earmarked for security.

DIGITAL SECURITY

There is a Group-wide system for managing information system security. It is coordinated at Group level by an Operational IT Risk and Information System Security Manager (see Chapter 3.5, p. 142 of the Registration Document, Operational Risk, incl. risks related to information systems). This system is rolled out in each core business, business line and entity.

To fight cybercrime, the Bank offers solutions to protect the assets and transactions of Societe Generale customers (Individuals and Corporates). For example, three new security systems were introduced in 2016:

- *Secure Access: a dedicated solution, aimed at companies, for securing the order authentication and validation process (payment and collection orders). Irrespective of the channel used to initiate the transaction, the validator will receive an alert and can easily approve it from his/her smartphone, tablet or PC.*
- *Dynamic crypto card: a card with added security for making online purchases. The three-digit security code is replaced by a small, built-in screen that displays a new code every hour, rendering any stolen data unusable and worthless.*
- ***Machine learning: addition to the big data tools that have been rolled out for monitoring and protecting customer transactions, the Bank has implemented machine learning systems to detect unusual behaviour in real time and better anticipate fraud.***

Societe Generale is also continuing its efforts to prevent phishing and social engineering via:

- a firewall and anti-virus software, Trusteer, which offers additional protection specifically for banking transactions, available free-of-charge to individual and professional customers of Societe Generale and Credit du Nord;
- a requirement for confidential Remote Banking access codes to be changed every 12 months (applicable to individual customers since 2015);
- Security Pass (the Secure Access equivalent for individual and professional customers);
- a series of conferences on scams entitled "fraud in the name of the CEO" (Fraude au Président), run in partnership with the French police (for corporate customers).

Societe Generale constantly strives to adapt its security measures to better suit customer needs. Therefore, an anti-malware solution was under review in 2016, designed to protect Societe Generale and Credit du Nord apps on customers' smartphones and tablets.

Internationally, the different online banking services publish best practice recommendations for protecting customer data.

PERSONAL DATA PROTECTION

The Group is particularly sensitive to personal data protection. Complying with data protection regulations is a major consideration when developing new technologies and IT systems within the Societe Generale Group in a controlled manner (see Code of Conduct, p. 11).

As a trusted partner and custodian of its customers' personal data, Societe Generale does not sell customer data to third parties. Customer data is used solely to ensure the quality of service and product offer that customers expect from the Group.

Societe Generale decided to reinforce its data protection systems back in 2007. It therefore created a new "Data Protection" department within its Legal Department, specialising in all matters relating to privacy, and working in conjunction with the French Data Protection Commission (CNIL). This department assists, advises and informs all Societe Generale entities on data protection requirements, responds to assistance requests received from Group subsidiaries and handles relations with the CNIL. This department must be consulted whenever a new automatic data processing method is implemented or changed. It also centrally monitors all declarations to the CNIL.



In accordance with local and European regulations, internal instructions describe the rules and procedures in place to guarantee the protection of customer and employee data.

One of these instructions states that any data processing operation that involves sending personal data outside the European Union (EU), including to other Societe Generale Group entities, must be

accompanied by specific guarantees (in particular, the signing of the European Commission's standard contractual clauses) and must be approved by the CNIL.

In France, the Data Protection department has developed its own intranet site. This site reiterates the individual freedoms applicable, provides branches with the procedure for responding to requests for access to information and provides a template for a standard response to such requests. Societe Generale has also established appropriate procedures to guarantee compliance with clients' rights to access their personal data. These procedures are described in forms dedicated to personal data collection and in the general and specific terms and conditions for Societe Generale products and services, including details of the department to contact in order to exercise the right of access. Customers can also access all the necessary information about the protection and use of their personal data on the respective websites of the Group's banks.

With regard to employee data, the Group Human Resources Department has adopted personal HR data protection rules for both prospective hires and employees. The Binding Corporate Rules (BCR) apply to every Societe Generale Group entity around the world and are designed to ensure an adequate and uniform level of protection for the personal data and privacy of prospective hires and employees who undergo any HR management process. Societe Generale has also appointed a Data Protection Officer to work with the CNIL; this Data Protection Officer will ensure that all personal data is correctly protected within a given range of data processing operations. In addition, Societe Generale has launched a global programme for ensuring compliance with the new European Data Protection Regulation due to come into force on 25th May 2018.

IMPLEMENTING E&S COMMITMENTS IN RELATION TO OUR FINANCING AND INVESTMENT ACTIVITIES

Environmental and Social (E&S) commitments, initiatives and standards

GENERAL ENVIRONMENTAL AND SOCIAL GUIDELINES (ENVIRONMENTAL AND SOCIAL GENERAL GUIDELINES)

Societe Generale is aware of the environmental, social and economic convergence issues at play within its sphere of influence, and is determined to take them into consideration into its business practices. Over the last ten years or so, it has been gradually incorporating the assessment of E&S criteria into its credit and reputational risk management policies and processes.

In addition to its regulatory obligations, the Group has made many voluntary commitments in this area (see GROUP COMMITMENTS, p. 3). All of these obligations and commitments are set out in the E&S General Guidelines and the related cross-business and sector-specific policies. Signed by the Chief Executive Officer, they apply throughout the Group.



These guidelines establish the reference framework for the internal E&S assessment procedures, which were initially developed for the Group's Investment Banking activities and have been gradually rolled out to other divisions.

The Group's E&S General Guidelines are available on its website. They are regularly revised in order to reflect any changes in E&S challenges within the economic and social sphere.

SECTOR AND CROSS-SECTOR E&S POLICIES

Societe Generale has specific policies for around eleven sectors which are considered potentially sensitive from an E&S or ethical point of view and in which the Group plays an active role. Energy and mining are covered by a number of sector-specific policies due to their importance for the economy and for the Group, their potentially significant impact in terms of air emissions (including greenhouse gas emissions) as well as their impact on the natural environment and local communities (dams and hydroelectric energy, power plants, coal-fired power plants, mines, civil nuclear power, and oil and gas). Several policies are also in place for farming and forestry sectors (agriculture, fishing and agri-food, forestry and palm oil). Defence and shipping are also covered.

Since 2012, Societe Generale has also implemented a specific cross-sector policy on biodiversity, which applies to all Group banking and financial operations and involves procedures for reviewing dedicated transactions and customers. The General E&S Guidelines also list the UNESCO World Heritage Convention as one of the international conventions signed by the Bank. More generally, particular attention is paid to any areas identified as "Key Biodiversity Areas". The Equator Principles also include specific standards on biodiversity and several of the initiatives described in our sector policies also relate to the protection of biodiversity. Societe Generale's E&S policies also reflect the Bank's commitments to protecting human rights (see RESPECT FOR HUMAN RIGHTS, p. 31).

Developed by cross-business working groups within the Bank, the E&S policies are approved by the Executive Committee. They detail the main E&S challenges and risks in the sector, identify benchmark international standards for such sector and specify the assessment criteria for customers and dedicated transactions. As part of the Group's commitment to ongoing improvement, sector monitoring makes it possible to assess the need to update existing policies.

The E&S policies are public and accessible on the Group's website (<http://www.societegenerale.com/en/measuring-our-performance/csr/responsible-finance>).



In 2016, five sector policies were updated in order to implement the operational roll-out of the Bank's commitments in terms of climate and energy transition.

The coal-fired power plant and mining policies have been updated in order to reflect the Bank's commitment to reducing its involvement in the coal sector, in line with the 2 °C Scenario (2DS) of the International Energy Agency. In particular, these two policies now integrate the decisions taken by the Group in 2015 and 2016 to no longer provide finance for coal-fired power plants or related infrastructures anywhere in the world, and to stop funding projects for the development of coal mines and related structures.

In addition, the Group has set itself the target of reducing the coal portion of its financed energy mix (installed MW) to 19% by the end of 2020 and cutting its exposure to the coal mining sector by 14% by the end of 2020, in line with the IEA 2DS (excluding China). Lastly, the Group has established special criteria for new relations with companies working in the coal sector.

EQUATOR PRINCIPLES

Adopted by the Group in 2007, and revised in 2013, the Equator Principles (EP) are one of the underlying initiatives of the E&S General Guidelines. Societe Generale has special internal procedures and tools for ensuring they are followed. The EP serve as a common framework for the financial sector to identify, evaluate and manage the E&S risks of projects for which the 87 international financial institutions that have joined the initiative (as of 1st January 2017) provide financing and advice.

Initially dedicated to project finance loans and project finance advisory services, since 2014 the EP have applied to a broader set of transactions and services, including certain project-related corporate loans or even bridge loans.

In "non-designated" countries (today consisting of "non-high income OECD countries"), the initiative requires that dedicated transactions for which an E&S evaluation is required be examined from the perspective of the performance standards of the International Finance Company (IFC) of the World Bank Group. In particular these standards cover human rights through the evaluation of working conditions and workers' rights, population displacements and the impact on indigenous populations. With regard to the environment, they establish the best practices expected in terms of management and control of pollution, industrial risks and impact on biodiversity.

In 2015, the EP introduced new obligations in order to improve transparency on transactions financed by members of the association. Since then, Societe Generale has published an annual report on how it has been applying the initiative. In 2016, it also created a new page on its website dedicated to this reporting obligation (<https://cib.societegenerale.com/en/who-are/corporate-social-responsibility/equator-principles/>). This page describes the way in which the principles are implemented and provides a list of the projects that fall within the scope of the EP and which the Bank has helped fund.

Each year, the Bank participates in the General Meeting of the EP as well as the initiative's working groups.

SOFT COMMODITIES COMPACT

In 2015, Societe Generale joined the Soft Commodities Compact established by the Banking Environment Initiative and the Consumer Goods Forum. The Soft Commodities Compact is designed to mobilise the banking industry to help transform soft commodity supply chains, thereby helping corporate customers to achieve zero net deforestation by 2020.

In order to apply the Soft Commodities Compact, the Group uses its existing sector-specific policies for palm oil, forestry and agriculture, which were updated in 2016 in order to reflect this new commitment. The Group also produced an exhaustive list of all corporate customers from its Investment Banking business that work in the sectors and regions targeted by the initiative.

E&S procedures and tools

The Group has adopted various procedures to implement its E&S commitments (General E&S Guidelines and policies and the Equator Principles). These procedures explain how to handle the E&S challenges associated with transactions or customers to whom the Bank provides banking and financial services. Initially only applicable to the Investment Banking arm, they are now being developed and gradually rolled out to all of the Group's financing and investment activities.


In addition to facilitating the identification, assessment and appropriate handling of potentially negative E&S impacts, these procedures also make it possible to identify transactions with a positive impact in relation to sustainable development. This dual approach is what underpins positive impact finance (see POSITIVE IMPACT FINANCE, p. 18).

In 2016, the Group adopted a new instruction to ensure consistency between all tools and procedures.

E&S WATCH LIST

In order to help identify any controversial E&S matters, the Group has an E&S watch list which is updated quarterly by internal E&S experts. It lists any projects, companies or business sectors, irrespective of whether they are financed by Societe Generale, that are the subject of controversy or public campaigns on the part of civil society for E&S reasons. This internal list enables monitoring on a global scale; it is intended to give the operational teams advance warning and to establish a more stringent E&S assessment process.


E&S EXCLUSION LIST

 As well as the E&S watch list, there is an exclusion list which is also updated every quarter. It lists companies that are excluded under the Defence sector policy.

They produce, manufacture, stock or sell anti-personnel mines or cluster bombs as well as other types of highly controversial weapons. It is the policy of Societe Generale to not knowingly supply banking or financial services to such companies, their parent companies or their subsidiaries. This list was revised in 2016 and may include companies from other sectors.

PROCEDURES FOR E&S EVALUATION OF TRANSACTIONS

The assessment of the E&S risks and impact of transactions constitutes the operational implementation of the Equator Principles within the scope covered by this initiative. Societe Generale has voluntarily expanded the scope to which it applies the EP to include a range of transactions that are likely to present E&S challenges, such as equity capital market transactions, debt capital market transactions, mergers and acquisitions, and acquisition financing. Even beyond this scope, any financial transaction entered into by the Corporate and Investment Banking division involves an identification of any E&S risks relating to the customer, other than financial institutions.

 Societe Generale's E&S assessment procedures and the application of the Equator principles have been verified by the independent third-party organisation EY in accordance with the draft version of the association's guidelines with third-party verification of the implementation of the Equator Principles (1)

Within the Corporate and Investment Banking division, a dedicated team of E&S experts lends support to the sales managers when


assessing and understanding the E&S impact of transactions and customers.

In 2016, Societe Generale continued to update and reinforce its procedures for guaranteeing its E&S commitments. It launched a major training programme within the Corporate and Investment Banking division. Under this programme, training was given to around 300 employees from the business lines working in sectors covered by E&S policies (energy, mining, export financing) and from the Risk Division.

The IT tools have been updated to help assess the E&S impact of transactions in the Risk Division's credit decisions. Taking account of the E&S assessment of transactions in the Risk Division's credit decisions has been improved by the development of IT tools, which have been made available to the sales teams.

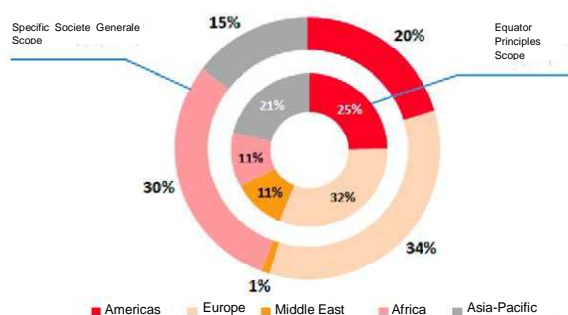
The Bank's procedure for assessing the E&S impact of transactions involves an identification stage followed by an E&S evaluation stage and an action stage.

- the initial phase, involves identifying the E&S risk and impact associated with projects that are the subject of advisory or financing, categorizing (A for projects where the E&S risk/impact is potentially high, B for projects with limited risk and C for projects with minimal risk), defining the E&S analysis process (due diligence) to be put in place and determining the projects' potential qualification for positive impact financing. The Bank's E&S experts review and validate all the projects' proposed categorisations.
- the E&S evaluation phase, which aims to analyse the risks and impacts associated with the proposed project and the transaction's compatibility with Societe Generale's E&S commitments. The levels of evaluation and specific E&S requirements are determined according to the risk/impact category to which the project is assigned and the level of income for the country in which it is located.
- The review of the E&S documentation (due diligence report where applicable or any other documentation received from the customer) is conducted by the front officers, supported by internal E&S experts in the case of projects that have been identified as carrying the highest risk. In connection with these reviews, additional information may be requested from the customer and/or an independent E&S expert. For category A and B projects the E&S evaluation file forms part of the credit file that constitutes the basis for the decision by the Bank's Risk Division. In parallel, transactions carrying reputational risk for E&S reasons undergo a more stringent review and validation process;
- finally, in the case of projects for which E&S impacts or risk have been identified and evaluated, the action phase; this aims to define an action plan that includes the necessary measures to minimise such impact or risk. The implementation of this action plan is incorporated into the loan agreement, along with the E&S standards that the client is obliged to comply with under the requirements of the Equator Principles (EP) and in accordance with the Group's E&S General Guidelines. Where customers do not meet the necessary standards, Societe Generale may decide to withdraw its financing.

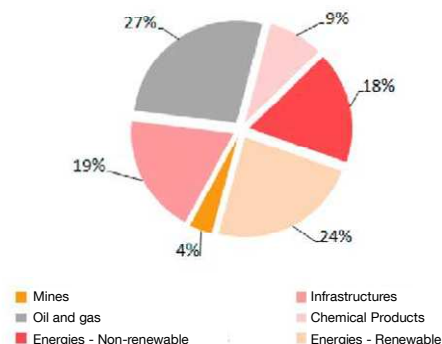
 Over 2016, a total of 84 dedicated transactions that underwent an E&S review were signed off by the Group. Among these transactions, 39 project loans, 8 project-related corporate loans and 4 advisory mandates relating to project financing fell within the scope of the Equator Principles. For the dedicated transactions that underwent an E&S review in 2016, total new funding within the EP scope amounted to EUR 3.3 billion, and EUR 1.7 billion fell outside the scope of the EP (Societe Generale's voluntarily extended scope).

⁽¹⁾ working draft - guidance note on external review of EP implementation

Equator Principles Scope and Specific Societe Generale Specific Scope
Geographic breakdown of commitments for transactions signed in 2016



Equator Principles Scope
Breakdown by sector of commitments for transactions signed in 2016



During 2016, for signed off transactions falling within the scope of the Equator Principles, 24% of the Bank's commitments were allocated to renewable energy development projects, i.e. a 3% increase compared to 2015.

CLIENT E&S EVALUATION PROCEDURES

The Corporate and Investment Banking division has been conducting E&S assessments of its clients since 2010. The aim is to identify any E&S risks derived from its customers' activities, and then assess them in light of any potential controversies, the

company's practices and its maturity in terms of CSR. The front officers are involved in this process. If a high level of E&S risk is identified, Societe Generale may decide not to enter into a relationship with a new customer, or to impose restrictions on the relationship and/or to get a specific undertaking from an existing customer to improve its E&S practices. All corporate clients of the Corporate and Investment Banking division have undergone an E&S risk assessment.

Approximately 4% of the customers working in sectors covered by the Group's E&S policies (over 2,800 groups) have been identified as being at-risk and therefore undergo a more in-depth, annual E&S review.

Societe Generale is also gradually introducing an E&S review of clients of the Group's other core businesses. The shared principles of E&S risk identification, assessment and action are reflected in internal operating procedures.

Within French Retail Banking, the 2016 E&S assessment covered the 131 client groups reviewed by the entity in charge of monitoring the key corporate customers within the French network. For over 80% of these groups, no risk was identified. The remainder underwent a more in-depth E&S review to clarify how well their CSR practices and commitments align with those of the Bank.

In certain cases, this led to discussions with the client group. The assessment process will continue into 2017, and will be rolled out to major customer portfolios. Within the International Retail Banking networks, a pilot phase of the E&S assessment process for corporate customers is currently underway, before deployment in all of the network's businesses in 2017. During this pilot phase, in the second half of 2016, around 30 customers identified as presenting an E&S risk were assessed by the dedicated E&S and Compliance teams within IBFS. In some specific cases, this assessment led to restrictions being placed on the business relationship, or even some new relationships being declined. When the assessment relates to a transaction, the agreements can be amended to include E&S clauses.

The Group is constantly improving its E&S assessment methods in order to better understand both the negative and positive E&S impacts of its customers' activities.

POSITIVE IMPACT FINANCE

Societe Generale is one of the banks that have pioneered Positive Impact Finance (PIF), which involves financing any activity that produces a verifiably positive impact on the economy, society or the environment whilst ensuring that any potential negative impact has been properly identified and managed.

The Group's Corporate and Investment Banking division has been reporting on new positive impact finance transactions since 2012, and the number of cases is rising steadily. Over 2012-2016, there was a 3.5-fold increase in the number of positive impact finance transactions.

In 2016, positive impact finance transactions amounted to EUR 2,244 million (versus EUR 1,856 million in 2015) (see Innovative solutions to rise to the challenges of energy transition, p. 25).

The Group continues to work on its development of Positive Impact Finance, and is one of the initiators of the "Positive Impact Manifesto" launched in October 2015 by the Banking Commission of the UNEP-FI (Financial Initiative of the United Nations Environment Programme).

The Positive Impact Manifesto calls on banks and other players in the financial sector to develop innovative financial solutions to address the financing needs that are necessary to attain the Sustainable Development Objectives of the United Nations. In accordance with the programme set out in this Manifesto, Societe Generale is now committed to promoting "positive impact" transactions and defining Positive Impact Principles, which were launched on 30th January 2017 in Paris.

SOCIALLY RESPONSIBLE INVESTMENT (SRI)

In November 2016, Corporate and Investment Banking was the first bank to organise a European cross-sector conference on ESG and SRI, bringing together over 200 representatives from its key corporate customers, institutional investors, market research and analysis firms, index providers, private banks and asset managers to discuss and highlight the work done by the Bank to boost these products and markets. It created an opportunity for around 30 companies to give presentations to the attending institutional investors on the ESG issues most closely related to their field of work.

SRI/ESG research

Societe Generale offers its customers a targeted research service into Environmental, Social and Governance (or ESG) issues, which won the top award in the SRI & Sustainability Research category of the Extel Survey. This four-strong team of analysts belongs to the financial research section of Corporate and Investment Banking. Its role is to help investors and asset managers better integrate ESG criteria into their investment decisions, working closely with sector-based financial analysts in order to demonstrate the financial materiality of these issues.

The CSR research team has three major objectives:

- To investigate and develop its own resources and tools;
- To co-produce thematic, sectorial and stock market research;
- And, in the longer term, to work with all the research teams to offer Investment Banking customers, tailored advice and assistance with their research and investment projects.

Its bi-annual analysis report, "SRI: Beyond Integration", is a highly valued publication which combines ESG assessments with financial recommendations from financial analysts in order to offer an integrated and practical overview of all companies monitored by the research department. This is in addition to the publication of around ten multi-sector reports which have been presented to numerous national and international investors, and several conferences and roadshows in Paris and London, among other locations, bringing together investors and listed companies to discuss sustainable development and corporate responsibility.

Lastly, SRI research is used to help monitor several indexes and baskets of listed stocks, resulting in the issue of financial products relating to ESG (corporate governance, renewable energies, etc.) and/or sustainable development (a list of products and methodologies is available at www.sgbourse.fr).

SRI products for professional investors

2016 saw the development of numerous SRI products within Investment Banking:

- Late 2016, the portfolio contained EUR 1.5 billion in SRI assets generated by market activities, particularly via the Societe Generale Index (SGI) franchise which offers securities with ESG underlyings. One of the successes of the year involved an index sponsored by FINVEX, which combines an ESG filter with financial filters (EUR 950 million AUM at end-2016). The offer has also been extended to debt securities for which Societe Generale has agreed to retain positive impact assets on its balance sheet for a value equal to all subscriptions to the product, throughout its life span;

- Lyxor Asset Management has been gradually increasing the integration of ESG criteria within its fund ranges. At end-2016, there were EUR 13 billion in assets being managed in line with the Shareholder Commitment criteria, EUR 759 million involved exclusion lists, EUR 492 million environmental issues, EUR 23 million ESG integration and EUR 6 million ESG selection. Lyxor is also a PRI signatory.

SRI products for individual investors

SRI FUNDS

Societe Generale is committed to meeting investor demand for SRI products by offering several types of investments (equities, bonds and money market products), particularly through four investment funds grouping together the most advanced companies based on these three ESG criteria. At end-November 2016, Societe Generale managed EUR 134 million in SRI assets in these four funds.

Furthermore, at Credit du Nord, *Etoile Développement Durable* is the only SRI certified fund (FR0010502088), with AUM of EUR 9.7 million at Etoile Gestion, of which EUR 4.7 million was with Credit du Nord at end-November 2016.

All actively managed funds (i.e. excluding index funds and ETFs) developed by Amundi or Etoile Gestion are managed based on extra-financial ESG criteria, particularly an exclusion policy for securities in poorly rated companies. The management companies' respective websites contain detailed information about the funds managed by Amundi and those managed directly by Etoile Gestion.

SRI OFFER FOR PRIVATE BANKING

Private Banking is in the process of building up a comprehensive SRI offer. It will cover all management services and products offered to its customers. It will be based on the ESG research conducted by the MSCI index (which will allow Societe Generale Private Banking and its management companies to comply with Article 173 of the French Energy Transition for Green Growth Act, published in the Official Journal on 18th August 2015) and will complement the ESG research produced by the various brokers, including the Societe Generale SRI analysts.

SRI currently affects discretionary portfolio management, structured products, SRI and solidarity funds and all other solidarity funds. Managers now pay attention to explaining the make-up of their SRI portfolios, offering tailored ESG integration when managing customer portfolios, and producing SRI reports and/or carbon footprint reports for their portfolios. At end-2016, the various entities of the Societe Generale Private Banking division held around 20 management mandates from customers wishing to incorporate ESG criteria, accounting for EUR 152 million AUM (vs. EUR 108 million in 2015).

The division is currently setting up the necessary governance structure, with a central SRI Management Committee for the whole of Private Banking whose role will be to establish the SRI management framework and reporting obligations. This is in addition to a number of structured products for which Private Banking has decided to draw on the Group's expertise in Positive Impact Finance (see POSITIVE IMPACT FINANCE, p. 18). The liquidity of the structured product is therefore used to finance or refinance positive impact assets (renewable energy projects, infrastructures, etc.). These positive impacts are assessed by Vigéo Eiris. The first issue to use this structure was subscribed in October 2016. By end-2016, the AUM was EUR 5.1 million and the target for 2017 is much more ambitious. These positive impact products represent a real innovation for the structured products segment.

With regard to SRI funds, SGBP does not manage them directly, but relies on the expertise of Lyxor to select the external funds offered to customers and also relies on external management companies that have decided to incorporate ESG criteria for the whole range of their vehicles. Finally, in mid-2016 SGBP listed the "SG solidarité" solidarity funds, which have been certified by Finansol, for Sogecap's high-end life insurance policies.

The total value of SRI products managed by Private Banking at end-December 2016 was EUR 495 million (+57% vs. 2015).

SRI LIFE INSURANCE

To meet the needs of savers looking to diversify and invest in a socially responsible manner, Sogécap and Oradéa Vie's investment-backed life insurance policies offer money market, bond or equity SRI vehicles, depending on the customer's desired investment horizon and appetite for risk.

SRI assets under management by Sogécap and Oradéa amounted to EUR 59.74 million at 31st December 2016, across 54 vehicles. This represents a nearly 50% growth in AUM compared to end-2015, with the offer having also been extended to include 13 new SRI vehicles.

SRI-CERTIFIED SAVINGS FOR SOCIETE GENERALE EMPLOYEES

Societe Generale offers its employees savings plans with the opportunity to invest in various company mutual funds ⁽¹⁾ (FCPE) which have been SRI-certified by the CIES (French Inter-union Committee on Employee Savings).

As of 31st December 2016, all SRI funds in the Group's savings plans in France (the various Company Savings Plans, Group Savings Plans and Collective Retirement Savings Plans) invested in SRI represented EUR 452 million in assets under management, up over 11% on 2015.

E&S COMMITMENTS AS PART OF SOCIETE GENERALE'S SOURCING POLICY: THE 2018 POSITIVE SOURCING PROGRAM

Pursuing a responsible sourcing policy allows Societe Generale to fulfil its commitments to contributing to economic and social development and limiting its environmental impact.

The Group's total purchases amounted to an estimated EUR 6.5 billion in 2016, which makes the Sourcing function a key player in the Group's CSR strategy.

Responsible sourcing commitments made by the Group:

- 2007: 1st bank to sign the SME Pact;
- 2010: Signature of the "Responsible Supplier Relations" Charter which sets out ten commitments contributing towards the development of a balanced and sustainable relationship between the major corporate signatories and their suppliers. This was followed by the appointment of an internal ombudsman (the Group Corporate Secretary) and the inclusion of a mediation clause in all contracts;
- 2012: Societe Generale SA (France) was awarded the "Responsible Supplier Relations" certification from Médiation Inter-entreprises, Médiation des Marchés publics and Compagnie des dirigeants et acheteurs de France (CDAF). This certification, awarded following an on-site audit of practices by an independent auditor, confirms that the Group's organisation and management practices provide a reasonable assurance of compliance with the objectives and commitments defined in the certification's frame of reference. Societe Generale's certification was renewed for a further three years at the end of 2015;

- 2014: Signature of "La Belle Compétition" Charter for "Communication Agency – Advertiser" calls for tender;
- Other commitments for particular types of sourcing: the Group is a founding member of the Charter of Best Practices in Procurement of Private Security Services (security, transportation of funds, remote monitoring), created under the auspices of the French Ministry of the Interior.

A new responsible sourcing action plan: the 2018 Positive Sourcing Program



A new 2016-2018 action plan has been launched to ensure the Group continues to lead by example in terms of responsible sourcing. Developed on the basis of feedback from over 700 partners and suppliers, this fourth action plan draws on the Group's ten-year track record.

Supporting the Group's values and reflecting its Environmental and Social commitments, the 2018 Positive Sourcing Program is based on ethical sourcing practices, compliance with which is an essential prerequisite to achieving the targets set for 2018. It is based on two components:

- improving CSR risk management during the sourcing process;
- diversifying our sourcing practices by helping to improve the Group's regional and environmental footprint.

⁽¹⁾ For Societe Generale: SG Obligations ISR, SG Diversifié ISR, Arcancia monétaire, Amundi label actions solidaires; for Crédit du Nord: Amundi Label Équilibre Solidaire, Amundi Label Obligataire et Solidaire, Arcancia Ethique & Solidaire, Étoile Sélection Développement Durable.

The Positive Sourcing Program will be rolled out first across France, then internationally. The plan is a continuation of the work to implement the internal instructions on “Responsible Sourcing Practices”, which was appended to the Global Agreement on Fundamental Rights signed in June 2015 with the UNI Global Union, demonstrating the Group’s intention to apply it across all its entities (see chapter on Human Rights).

Further information on the Group’s sustainable sourcing policy is available at <https://www.societegenerale.com/en/working-together/suppliers/sustainable-sourcing-practices>

IMPROVING CSR RISK MANAGEMENT DURING THE SOURCING PROCESS

The Group’s fundamental ethical practices are strengthened and consolidated in the following areas:

ASSESSING THE EXTRA-FINANCIAL PERFORMANCE OF SUPPLIERS

In addition to the sustainable development clause included in the Group’s contracts, the Bank requires every supplier to undergo a CSR assessment before each procurement operation. This assessment, which is carried out by the independent expert Ecovadis, allows Societe Generale to measure providers’ performance in relation to environmental and social issues, business ethics and subcontracting. In the interests of efficiency, the Group hopes to enhance this system in 2017. The first step was launched in July 2016, with the introduction of the Know Your Supplier (KYS) process. Under the KYS process, Societe Generale researches every supplier invited to participate in any call for tenders. This analysis includes a reputation risk analysis, to identify any controversial environmental or social issues, in particular relating to human rights. In addition, for the most sensitive suppliers ⁽¹⁾, an assessment of their performance in relation to environmental and social issues, business ethics and subcontracting will be requested.

INTEGRATING MANDATORY ENVIRONMENTAL AND SOCIAL CRITERIA INTO CALLS FOR TENDERS

In 2006, the Group developed an environmental and social (E&S) map for each of its purchasing categories. This map is regularly updated and is used to assess the inherent CSR risks of each category. There are 31 highly sensitive categories in terms of CSR risk for Societe Generale. In order to minimise and manage all risks when sourcing products or services from these sensitive categories, the Group intends to integrate E&S criteria as standard in all calls for tenders, whenever relevant. In 2016, all calls for tenders included a minimum of 3% weighting for CSR performance. From 2017, this weighting will be increased based on the CSR risk sensitivity of each purchasing category. Tools were developed in 2016 in order to gradually make these practices systematic for all the purchases managed by the Group’s Purchasing Department. This mapping, which is updated regularly, will be updated in its entirety during 2017 in conformity with the legislation on the duty of care.

IMPLEMENTING IMPROVEMENT PLANS WITH SUPPLIERS AND ON-SITE AUDITS

Since 2015, Societe Generale has used targeted on-site CSR audits and a process for managing and monitoring supplier action plans, in order to help suppliers to improve their CSR performance.

 **Seven CSR audits and three action plans were conducted in 2016.**

These actions all fall within the framework of the Positive Sourcing Program.

IMPROVING PAYMENT TIMES FOR SUPPLIERS WITH THE AMBITIOUS “PAYMENT IN 30 DAYS” PROJECT

In 2014, Societe Generale took the radical decision to commit to paying all suppliers in less than 30 days, a much stricter rule than applied by any regulation. In order to meet this ambitious target, Societe Generale has drastically simplified its invoice approval procedures and relied on innovative solutions such as paperless billing, thereby reducing the time it takes for the invoice to reach the accounts department. The target for 2016 was to pay 75% of invoices within 30 days. At the end of October 2016, the bank had achieved an average payment time for invoices (weighted by value) of 42 days and a 62% rate of invoices paid within 30 days.

Societe Generale was awarded the Prix Grand Groupe in the payment times category at the third Assises et Prix des Délais de Paiement ceremony, under the patronage of French President François Hollande, and sponsored by Emmanuel Macron, Minister for the Economy, Industry and Digital Data, in June 2016.

The objective that has been set for 2017 is to pay 75% of the invoices within 30 days.

TRAINING THE PROCUREMENT TEAM IN THE 2018 POSITIVE SOURCING PROGRAM

A special “Responsible Sourcing” module has been added to the in-house training given to any new member of the procurement team. At the end of 2016, nearly 80% of all buyers in the Procurement Division had received this training.

 **Furthermore, all team managers and the majority of buyers in the Procurement Division have been assigned a personal CSR target.**

DIVERSIFYING SOURCING PRACTICES WHILE HELPING TO IMPROVE THE GROUP’S REGIONAL AND ENVIRONMENTAL FOOTPRINT

As part of the 2018 Positive Sourcing Program, and in line with the Group’s CSR strategy, Societe Generale has identified three priorities:

PRIORITY 1: CONTRIBUTING TO THE GROWTH OF VSBS AND SMES

SMEs are crucial to the French economy. Societe Generale makes it easier for these companies to access the Group’s contracts and fosters mutual trust with all its suppliers. The target for the end of 2018 is to increase the volume of procurement from VSBS/SMEs by 20% as compared to 2015.

⁽¹⁾ Suppliers identified as having a high level of reputational risk for Societe Generale, either due to their privileged business relationships or through their use of the Societe Generale brand in the products and/or services that they offer.

Societe Generale, which was the first bank to sign the SME Pact in December 2007, continues to reinforce its commitment to supporting innovative small and medium-sized businesses. The Group conducts a number of actions, particularly calls for skills (via the SME Pact open innovation platform: <http://innovation.pactepme.org>), mentoring, beneficial partnerships and the supplier satisfaction survey. The supplier satisfaction survey is an annual assessment of the quality of Societe Generale's relationships with its SME suppliers.



The VSB/SME satisfaction score in the 2016 Supplier Survey was 83% (vs. 76% in 2015), placing the Group above the average for the Banking and Insurance sector.

In 2016, 32% of the Group's procurement expenditure was with French VSBs/SMEs.

New way of sourcing from VSBs/SMEs: "Commission Agent/Brokers"

For purchasing intellectual and IT services the Purchasing Department has established framework agreements with platforms offering a model for sourcing Digital Service Companies in the VSB/SME category wanting to develop among major corporations. In order to have a frame for this type of role the Purchasing and Legal Departments have created a new type of framework agreement: a "commission agent/broker" role for increasing the turnover of – specialised and innovative – VSBs/SMEs through purchasing by Societe Generale. In 2016 30 new VSBs/SMEs were identified covering subjects with high levels of expertise.

PRIORITY 2: CONSOLIDATING ITSELF AS THE PARTNER OF CHOICE IN THE SOCIAL AND SOLIDARITY ECONOMY (SSE)

The aim for the end of 2018 is to double the volume of purchases made from SSE structures in 2015, increasing it to EUR 10 million a year.

Thanks to close collaboration with the Group's Mission Handicap team and the Purchasing Department, the Positive Sourcing Program hopes to expand its sourcing from the disabled workers sector. It is also widening its sourcing to include back-to-work schemes and other SSE players.

In 2016, purchases from SSE structures amounted to EUR 6.88 million, of which EUR 5.96 million was from the protected and adapted sector.

Societe Generale, a major partner of the 2nd Salon Handicap, Emploi & Achats Responsables

On 27 March 2017 the Societe Generale Group rallied for the second year running to support the Salon Handicap, Emploi et Achats Responsables (an employment and responsible sourcing fair for the disabled), which was held at the Palais des Congrès in Paris. Mobilising 2,848 visitors, 120 adapted enterprises and establishments of Services d'Aide par le Travail (ESAT) along with 500 experts, the objective of this fair is to increase the employability of handicapped individuals as well as recruitment from the protected and adapted sector. The renewed success of this event has enabled the Group to raise the awareness of many employees, who have formed qualified contacts with enterprises in the protected and adapted sector.

PRIORITY 3: SUPPORTING THE GROUP'S CLIMATE 2020 INITIATIVE

The Group is committed to the energy transition and the circular economy, with the objective of cutting its CO₂ emissions per occupant by 20% between 2014 and 2020, thereby making the fight against climate change a cornerstone of its environmental policy. Within the Procurement Division, this will particularly involve the development of Green IT, improving building energy efficiency and improving the environmental performance of the products and services purchased by the Group. The aim is to systematically seek out innovative products and services with high environmental added value, based on a quantitative analysis of their environmental impact (CO₂ emissions and environmental performance).

1,000 tonnes of CO₂ saved

In the course of renewing the car pool the purchasing teams decided to incorporate a responsible sourcing policy from the first thoughts on the project. In an effort to reduce the impact of transport on the environment an environmental assessment matrix was drawn up and a CSR weighting of 10% was applied. The maximum emissions threshold for vehicles was reduced and limited to 120 g CO₂/km. Electric vehicles have also been included in the catalogue, along with strong messages of encouragement pushing electric mobility to our Retail Banking. This initiative will make it possible to save more than 1,000 tonnes of CO₂ over the term of the contract (at ISO kilometres) and enables Societe Generale to become a customer of ALD Automotive (the leading French and European car rental company) with the most environmentally friendly fleet in terms of the lowest CO₂ emissions.

This new action plan is part of a process of continuous progress.

THE DASHBOARD OF THE POSITIVE SOURCING PROGRAM

The progress achieved by the Positive Sourcing Program in terms of responsible sourcing is measured using indicators. 2016 was a year of transition, which was marked by the implementation of the Positive Sourcing Program and the development of new tools.

Steering indicators	Achieved in 2015	Achieved in 2016	2018 Targets
Value of purchases	€6.5 billion	€6.5 billion	N/A
Expenditure among companies in the adapted sector	€6.85 million	€6.88 million	€10 million
Expenditure among French SMEs/mid caps	62%	61%	> 60%
Expenditure among French SMEs/mid caps	32%	32%	+20%/2015
Number of on-site supplier audits	4	7	10/year
Number of supplier progress plans	9	3	10/year
Number of purchasers trained in CSR	Commissioning	80%	100%
Number of KYS alerts (E&S controversies) handled	Commissioning	4	N/A
Number of cases referred to mediation	0	0	N/A
Rating in the SME Pact supplier satisfaction survey	76%	83%	≥ to n-1
% of invoices paid within 30 days	65%	62%	75% at the end of 2017
Average payment time for invoices (weighted by value)	36 days (at the end of Oct.)	42 days (Dec.)	N/A

3. SOCIETE GENERALE ACTS FOR THE CLIMATE

CLIMATE: STRATEGY AND MANAGEMENT

In the face of climate change and ecological upheaval, the preservation of environmental balances is becoming a real challenge. In 2015, ahead of the COP21 climate change conference, Societe Generale committed to aligning its financing portfolio to the global warming trajectory laid out by the International Energy Agency (IEA), which sets out a 2 °C scenario (2DS), by 2020.

In 2016, Societe Generale developed its climate strategy, which is built around two strategic priorities:

- implementation of climate risk management;
- development of energy transition financing in order to support its clients in their low-carbon investments.

Societe Generale is progressively developing management tools as part of its climate strategy. These tools provide an overall framework for managing the Bank's impact on both financing (indirect emissions) and assets held (proprietary activities). Based on this framework, specific actions and procedures are implemented or strengthened.

Article 173 of the French Energy Transition for Green Growth Act requires greenhouse gas emissions generated by the company's businesses, particularly by the use of the goods and services that it produces, to be reported via significant balance sheet items. In connection with its corporate finance business (indirect emissions), a Group-wide method for evaluating greenhouse gas emissions relating to the Bank's balance sheet commitments⁽¹⁾ has been put in place at Societe Generale to make it possible to identify the sectors with the highest carbon levels⁽²⁾. This method takes a global approach using official data from international organisations, such as the United Nations and the OECD, and enables the Bank to determine, based on the climate challenges facing the macro-sectors (e.g. transport, energy, industry, etc.), the proportion of the emissions corresponding to the commitments undertaken by the Bank.

⁽¹⁾ Portfolio of companies broken down by EAD – exposure at default – as defined under the Basel 2 model ("Assessment of EAD credit exposure", see p. 195, Credit risk exposure).

⁽²⁾ This is the P9XCA method. Societe Generale has updated and adjusted its variables, notably the geographic and sector breakdown.

By ranking the macro-sectors in terms of their carbon intensity, the Bank prioritises its climate action by developing a more microscopic analysis of its priority sectors, and develops more focused monitoring. The greenhouse gas emissions relating to the 2016 balance sheet commitments for the macro-sectors break down as follows: 39% for the transport sector, 37% for the energy sector, 15% for the manufacturing industry, 7% for the process industry, 2% other. To date, the Bank has not yet developed an approach for evaluating greenhouse gas emissions as they relate to financing for private individuals.

Thus, it can be seen that the transport and energy sectors are the most significant macro-sectors (76%). Actions have already been carried out for the energy sector (sector policy, halting funding for carbon and coal-fired power plant projects, commitment to developing funding for renewable energies, etc.). In the electricity sector, Societe Generale has developed a system for monitoring the energy mix of dedicated transactions and corporate lending with the objective of aligning it with a 2 °C global warming trajectory that is in keeping with the IEA's 2DS.

In the context of its proprietary activities (operating emissions) the Group carries out an annual campaign to collect all environmental data relating to energy consumption in its buildings and by its IT infrastructure (including hosted data centres), business trips, goods transport (mail, company shop, transport of funds, etc.), paper consumption (office use and paper for customer communications), waste produced and water consumption. Waste and water consumption are not currently taken into account in the Group's carbon footprint, but are included in its carbon reduction programme for 2014-2020.

The monitoring indicator is greenhouse gas emissions in tonnes of CO2 equivalent per occupant. Energy consumption, which accounts for 72% of the Group's carbon footprint on proprietary activities, is also monitored in kW/h per occupant or per m².

In line with its commitments, Societe Generale, together with 25 other major international financial institutions, has supported the Voluntary Principles for Mainstreaming Climate Action since December 2015 (see p. 3, GROUP COMMITMENTS).

The Group is also a signatory to the CDP Climate Change, Water, Forests and Carbon Action programmes, joining more than 822 financial institutions throughout the world and issuing annual reports on its environmental initiatives in these areas.

GREENHOUSE GAS EMISSIONS OF THE BALANCE-SHEET COMMITMENTS*

Actions in progress:

Transport 39%	Transports and infrastructure: <ul style="list-style-type: none"> • Sector policy on shipping vessels • Seeking business opportunities through the Energy Transition green chain programme
Energy 37%	Energy: <ul style="list-style-type: none"> • Sector policies (Oil and Gas/Coal/Alternative Fuels/Thermal Power Plants) • Cessation of funding for coal-fired thermal power plant projects and the development of coal mines • To reduce outstanding credit (exposure) related to coal mining by 14% between 2015 and 2020 • To limit the proportion of installed capacity for coal-fired power plants in the energy mix financed by the Bank to 19% by 2020 • Seeking business opportunities through the Energy Transition green chain programme • Mobilising up to EUR 10 billion in funding between by 2020 for renewable energies
Manufacturing industry 14%	Industry: <ul style="list-style-type: none"> • Seeking business opportunities through the Energy Transition green chain programme
Processing industry 7%	
Other 2%	Other: <ul style="list-style-type: none"> • Agriculture, Palm Oil, Forestry – implementation of the Soft Commodities Compact commitment

*In 2016 by macro sector in % of MtCO2

ATTENTION TO CLIMATE CHANGE ISSUES ASSOCIATED WITH FINANCING AND OTHER SERVICES

A system for managing climate change risks

Risks related to climate change (physical and transition risks) are not a new risk category, but rather an aggravating factor for the types of risks included in the risk management plan (particularly credit and operational risks and risk related to insurance activities). The sector policies forming the environmental and social (E&S) risk management framework—particularly its carbon sector policy—contribute to the management of transition risk.

In standard credit risk management, the macro-economic and macro-sector analysis, as well as individual credit risk analyses for the countries and sectors with the greatest exposure, take into account physical risks and transition risks.

■ Risk II
The Group's climate change strategy An in-depth analysis was carried out in 2016 by the Risk Division in collaboration with the CSR Department and presented to the Risk Committee in early 2017.

It was decided that the development of sensitivity to these risks should be monitored by the Risk Committee, which wishes to further strengthen consideration of this risk factor through its continuing work and specific actions, such as raising credit analysts' awareness of the development of these risks.

The energy sector at the heart of the climate challenge

In order to set things in motion, the commitment to the 2 °C global warming trajectory will be gradually implemented across all business sectors that the Bank supports through its financing portfolio and other services according to priorities that will be identified by risk management tools and by the Risk Division.

The energy sector plays a central role due to its significant production of greenhouse gas emissions and its position at the heart of the economy. Societe Generale focused its initial efforts on clarifying and implementing its climate strategy within the coal sector. Though coal still plays an important part in the global economy as an affordable resource, its contribution is declining significantly given its impact in terms of CO₂ and fine particles, in keeping with the objective of the Paris Agreement of December 2015.

In 2016, Societe Generale announced the end of funding for coal-fired power plant projects and associated infrastructures on a global scale beginning 1st January 2017. In addition, the Group has not been involved in project financing for the development of coal mines and associated infrastructures since 2015 (see p. 16, SECTOR AND CROSS-SECTOR E&S POLICIES).

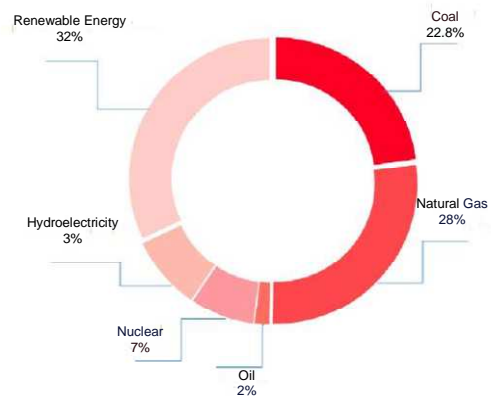
■ Risk II
The Group's climate change strategy Furthermore, Societe Generale has developed a methodology for monitoring its credit exposure to the coal sector for the purposes of implementing its commitment to the IEA's 2DS plan for 2020.

■ Risk II
The Group's climate change strategy The scenarios relating to primary energy production and installed capacity for electricity production were used to set the Bank's objectives, based on a conservative approach that does not include China, whose energy mix relies heavily on carbon.

On this basis, the Bank has set itself the following objectives:

- to reduce outstanding credit (exposure) related to coal mining by 14% between 2016 and 2020;
- to limit the proportion of installed capacity for coal-fired power plants in the energy mix financed by the Bank to 19% by 2020.

ENERGY MIX OF THE ELECTRICAL SECTOR FINANCED BY SOCIETE GENERALE*



* Data in % installed MW AT 31 December 2016

**based on the follow-up of more than 90% of the Bank financing on the Group level for power production activity. This regroups financements afforded to power production facilities as well as those afforded active clients in this sector.*

The Group's energy mix was arrived at by considering both transactions that are dedicated to generating electricity from an identified energy source and loans that are not dedicated to customers active in the electricity generation sector (outstanding credit).

Deforestation, a major challenge in the fight against global warming

Protecting forests through sustainable management and maintaining primary forests help to both mitigate climate change and preserve biodiversity.

At the end of 2015, Societe Generale strengthened its commitment to forest conservation by adopting the Soft Commodities Compact of the Banking Environment Initiative and the Consumer Goods Forum, which aims to achieve zero net deforestation of tropical rainforests by 2020 (see p. 3, GROUP COMMITMENTS).

SUPPORTING CUSTOMERS IN THEIR LOW-CARBON INVESTMENTS

Societe Generale is aware of the role played by economic actors in the transition to a lower carbon economy and intends to be a key player in the energy transition.

Green funding

Strengthened by its presence in 67 countries, the Group actively contributes to the development of the many markets in which it operates. It supports governmental and private sector efforts to transition to a low-carbon economy by targeting:

- the diversification of sources of energy generation with increased funding in the renewable energy sector;
- the reduction of its clients' energy consumption;
- the increase of its energy transition and climate change adaptation efforts in developing countries, particularly in Africa, where Societe Generale has a strong presence, and attracting investors for these projects.

Corporate and Investment Banking has extensive experience in the environmental and renewable energy sector. With a global presence and acknowledged sector expertise (in energy, oil and gas, reserve based finance, etc.) the Bank has continuously supported its customers for over ten years in the development of these fields.

Societe Generale pursues a proactive policy in the renewable energy sector (solar, wind and biomass energy, etc.), aiming to both double its funding of projects in the renewable energy sector and to make up to EUR 10 billion of dedicated funding available by 2020. In 2016, the Group granted funding for renewable energy projects to the tune of EUR 1.26 billion. Moreover, Societe Generale also arranged five major transactions in the offshore wind power sector, including the following:

- funding for the biggest offshore wind farm project in Germany, the "396 MW Merkur" project, owned by a consortium comprising Partners Group, InfraRed Capital Partners, DEME and GE; this project will enable clean energy to be supplied to around 500,000 households in return for EUR 1.24 billion in financing;
- funding for the largest wind farm in the world, Dudgeon, located off the coast of Norfolk in the United Kingdom. Scheduled for completion by the end of 2017, the project will generate electricity for 410,000 British households and replace 893,000 tonnes of CO₂ a year. This is the first offshore wind transaction in which Societe Generale has acted as both advisor and lender, thereby confirming its role as European leader in financing for wind farms.

Group subsidiaries abroad are also present in the sector. On an international basis, Societe Generale helps local authorities, private individuals and companies to develop while preserving the local ecosystem. Many of its international financing deals benefit from guarantees and advantageous conditions thanks to partnership agreements signed with international financial institutions (IFIs) and refinancing lines dedicated to energy efficiency or renewable energies.

For example, in 2016:

- Komerční Banka (Czech Republic) contributed EUR 8 million to the financing of infrastructures and plants offering local residents a better water supply and better wastewater management;

- in the United Kingdom, SG Equipment Finance (SGEF) has been providing financing solutions since 2010 for numerous clean and renewable energy systems: solar panels for schools and industrial buildings, LED lighting for warehouses, schools and hospitals, biomass boilers for public institutions and many farm buildings as well as cogeneration systems for major energy centres in the public and private sectors. In 2016, SGEF UK financed photovoltaic systems, biomass boilers and LED lighting to the tune of EUR 5.3 million;
- in the Czech Republic, SGEF continued to finance the acquisition of buses to improve public transport, lending EUR 20.5 million in 2016;
- Fidelity (Italy) continued to support the photovoltaic sector through financing amounting to EUR 23.3 million in loans for systems and installations related to the production of electricity from solar energy;
- in Bulgaria, SG Express Bank contributed over EUR 170,000 to the Desiree Gas programme supported by the Bulgarian Ministry of Energy and the EBRD, enabling subsidies to be granted to private individuals who are customers of gas distributors and opt to replace diesel oil, coal or wood by natural gas;
- Rusfinance, Societe Generale's consumer credit subsidiary in Russia, provided EUR 46 million in loans for private individuals to buy clean vehicles with a guarantee from the Societe Generale Group, all under the International Finance Corporation's dedicated credit facility.

In total over 2016, the green funding supplied by Societe Generale to private or public sector undertakings (energy infrastructures, all forms of renewable energy generation, waste and recycling, public transport projects, alternative fuels, clean vehicles, green real estate) amounted to around EUR 3.12 billion (with SOGEPROM making a contribution for the first time to the tune of EUR 595 million for green real estate).

Innovative solutions to rise to the challenges of energy transition

In order to satisfy its corporate clients, the Group is keen to contribute to the development of "green bonds" enabling the financing of projects and acquisitions in renewable energy and energy efficiency, thereby participating in the fight against climate change by bringing the Group's structuring and bond distribution solutions to the table, combined with its longstanding expertise in ESG management. In 2016, Societe Generale contributed to the issue of eight green bonds totalling EUR 6 billion and was involved, for example, in the first offshore green bond issue in the Chinese automotive sector for Zhejiang Geely. This issue is intended to finance or refinance design, development and production projects for zero-emission vehicles by its British subsidiary, the London Taxi Company.

The Bank also lends its expertise in terms of financial structuring and distribution to offer innovative solutions that meet the energy transition criteria sought by investors, particularly through the development of positive impact finance under the auspices of the UNEP-FI (United Nations Environment Programme Finance Initiative) (see p. 18, POSITIVE IMPACT FINANCE). In 2016, this approach was continued with a second positive impact bond issue for a EUR 500 million fixed-rate senior note with a 5-year maturity. The funds raised will serve to finance renewable energy projects.

The Bank is a long-standing player in the carbon market, ranked No. 2 by Energy Risk in the European ETS (Emissions Trading System) and No. 1 for its research on the subject in 2016.

Environmental banking offer

In its French banking networks, Societe Generale also promotes financing aimed at improving energy efficiency. Since their launch in France, the Group has distributed more than 27,500 interest-free eco-loans, sustainable development loans and Espresso sustainable development loans, which together represent more than EUR 435 million. As at 31st December 2016, the deposits in Sustainable Development Savings Accounts amounted to EUR 8 billion.

As part of its environmental banking offering, the Bank proposes a range of green products and services, including an environmental business credit card for corporate customers in collaboration with the French Forestry Commission (ONF). Societe Generale has reaffirmed its commitment to fund the regeneration of two forest parks (in the Hautes-Alpes and Loire Atlantique départements) until the end of 2017. In 2016, just over EUR 151,261 was paid to the ONF, up 19% compared to 2015.

Since September 2012, a preferential “clean vehicle” scale has been reserved for clients who wish to finance the purchase of new or second-hand electric or hybrid vehicles via an Espresso loan. In 2016, 3,300 Espresso loans totalling EUR 40.9 million were granted under this scheme. Since it was put in place, close to 10,000 “clean vehicle” Espresso loans have been taken out, totalling EUR 128.4 million.

Sogessur, Societe Generale’s insurance subsidiary, has implemented a permanent 5% discount on insurance premiums for policyholders with vehicles emitting less than 120 grams of CO₂/km, regardless of the package selected (“clean vehicle” policy) and a 10% discount on insurance premiums for policyholders who drive less than 6,000 km/year (“infrequent driver” policy). At the end of 2016, “infrequent driver” policies accounted for 23% of Sogessur’s portfolio, up 2 points compared to 2015, and “clean vehicle” policies accounted for 18%, up 3 points on 2015. In early 2016, Sogessur launched “Star Drive”, a software application that is both educational and fun, and that enables users to improve their driving skills through driving tips and is also environmentally friendly. To date, 8,000 individuals have downloaded the application and beneficial effects on users’ driving performance have been noted.

Societe Generale’s international network also offers a range of environmental banking products and services. For example, in

October 2016, just before the COP22 climate change conference, Societe Generale Morocco launched the C’BIO bank card, made of biodegradable plant-based plastic, and makes a flat-rate donation to Mawarid (“Resources”), a non-profit which works to protect the environment. At end-2016, 188 C’BIO cards had been distributed.

A range of specific services

ALD Automotive, the Group’s automotive leasing subsidiary, is pursuing its strategy to promote low-carbon solutions and new forms of mobility in the operational leasing sector, where technology is driving changes in practices. Private car or car sharing, long-term leasing versus short-term leasing, development of multi-modal solutions – ALD is experimenting with these new corporate mobility business models. The Mobility Experience Centre, which has been set up at its Dutch subsidiary in Amsterdam, is a leading centre for raising awareness and testing in relation to these new practices; examples of the most recent innovations integrated into the “ALD newmobility” programme are flexible mobility solutions such as the “ALD choice” showroom, the “ALD free” platform, the “My ALD” application, which has been rolled out in more than 20 countries, and the “ALD Community” commuter carpooling solution, in partnership with WayUp.

With a fleet of 9,132 electric cars under its management as of the end of September 2016 (out of a total fleet of 1.3 million vehicles worldwide), ALD Automotive’s range of electric options is expanding with new solutions, such as:

- ALD experience: a discovery day organised at corporate client sites to give employees the chance to find out about electric vehicles;
- ALD rent electric: the opportunity for corporate clients to evaluate the introduction of electric vehicles to its car fleet in real conditions by test driving a varied selection of electric vehicles on a long-term basis and with great flexibility;
- ALD electric: advice and comprehensive support, from conducting a needs analysis to the servicing and repairs of the vehicles, including setting up infrastructures at the client site designed to encourage the introduction of electric vehicles in company fleets.

This range of packages is growing thanks to partnerships formed in 2016 with specialists in electric recharging infrastructures, enabling ALD to offer its customers appropriate energy management and intelligent recharging solutions for their vehicles (Eneco in the Netherlands and G2 Mobility in France).

PARTNERSHIPS TO SUPPORT LOW-CARBON* DEVELOPMENT POLICIES

In order to support the Group's low-carbon financing development policies and to assist its customers in this respect, the Group is working to form partnerships with IFIs offering lines or programmes dedicated to financing for clean energy or energy efficiency projects. These dedicated financing lines are aimed at encouraging banks – the primary source of corporate finance – to finance the transition of their existing customers to a more sustainable energy model or to seize the opportunities to finance “green” projects proposed by companies taking an innovative approach in this area.

The partnerships that have been entered into include Sunref (Sustainable use of natural resources and energy finance), concluded in 2015 between the French Development Agency (AFD) and the subsidiaries SGBS in Senegal and SGBCI in Côte d'Ivoire. In the context of these partnerships, the AFD and the local bank coordinate their efforts via committees set up to monitor the Sunref refinancing scheme, as well as regular exchanges on the projects that have been identified by each of the two parties. They evaluate and subsequently decide on the projects' eligibility. In Cote d'Ivoire, as of the end of 2016, four out of the eleven projects and companies reviewed had been accepted as eligible for inclusion in the Sunref programme; five other applications are currently being processed.

This partnership's key to success is also partly due to raising the awareness of both the Bank's sales teams (so as to trigger the “Sunref reflex”) and companies and professional organisations, which the AFD invites to information seminars like the one that was held in Abidjan on 17th November 2016.

The following financing contracts arranging financing facilities for energy efficiency projects have also been signed between the European branches and the EBRD: in Moldavia, for the MoREEFF and MoSEFF programmes, which are specific to this country, to the tune of EUR 8 million, in Romania, for two credit lines totalling EUR 8.1 million, and in Serbia.

In France, an agreement is in place with the EIB in connection with the “France Énergies Renewables” programme to promote investment in renewable energies (EUR 750 million) across the country between 2014 and 2016.

REDUCING THE GROUP'S CARBON FOOTPRINT

The Group's carbon plan

The Bank also generates environmental impacts through its business activity. Aware of its responsibility in this respect, Societe Generale continues to apply its environmental policy in terms of its own activities; such policy involves the control and improvement of its direct impact on the environment, in association with its various stakeholders.

As part of its 2014-2020 carbon reduction programme, Societe Generale has decided to reduce its CO2 emissions by 20% and, from 2017, to include its waste in the Group's carbon footprint.

In 2016, the Group's carbon footprint was 2.13 tonnes of CO2/occupant, i.e. a reduction of 11.8% compared to 2014, the reference year.

The internal carbon tax, a governance tool

In order to achieve this objective, the Bank is extending its internal carbon tax incentive scheme. This tax is levied on the basis of each Group entity's emissions (EUR 10/tonne of CO2) and is then redistributed to finance internal environmental efficiency initiatives via the organisation of the Environmental Efficiency Awards. This scheme shows that environmental measures also represent value-creation and innovation opportunities for the Bank.

Over four years, the internal carbon tax revenues have been allocated to 185 initiatives in 23 participating countries over 4 continents, achieving the following:

a grant of EUR 3.1 million per year on average;

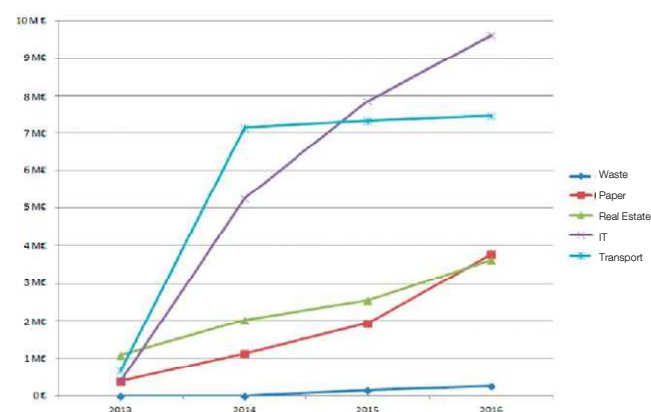
recurring savings of EUR 26 million per year in overheads;

- nearly 11,000 tonnes of CO2 avoided per year (i.e. 3.3% of the Group's emissions);
- 58 GWh of energy saved per year (i.e. 6.8% of the Group's total energy consumption).

The Sourcing Department plays a significant role in the Group's CSR strategy, and is committed to reducing the environmental footprint of the Bank's procurement (see p. 21, IMPROVING CSR RISK MANAGEMENT DURING THE SOURCING PROCESS).

This has led to genuine enthusiasm among employees, and the Bank is keen to share the programme with its peers and the organisations with which it is involved (EpE, ORSE, Global Compact) so that the initiative is adopted elsewhere.

Environmental Efficiency Award
Yearly savings projected on 4 years (2013-2015)



* Relating to the financing of the energy transition.

Measures taken to improve environmental efficiency

REAL ESTATE

REDUCTION IN ENERGY CONSUMPTION

With a total floor space of 3.9 million m² in 2016, the Group has made a commitment to continually enhance the energy performance of its buildings by implementing an environmental strategy for its building stock. To this end, one of the objectives it has set is to increase the energy efficiency of its central buildings (excluding branches and subsidiaries) by 20% by 2020 compared to 2014, which will make a significant contribution to the energy consumption reduction efforts implemented since 2007.

Several tools have been made available to attain this objective:

- an environmental diagnostic tool (EDT) has been developed to evaluate the building stock's environmental performance, facilitating the roll-out of consistent and effective action plans at country or entity level and the improvement of the energy efficiency of the building stock overall;
- a management tool (GREEN) allowing the real-time monitoring of a given building's energy and water consumption and waste management has now been rolled out in the main central buildings in France in order to manage energy efficiency and to monitor energy management in the 19 buildings with ISO 50001 certification in the Ile-de-France region. This certification is a clear indication of the Group's commitment to reducing energy consumption in its buildings, and makes Societe Generale the first bank to be certified in Europe. On an international level, further to its successful roll-out in the United States (one building in New York), India (Bangalore and Chennai) and Luxembourg, the GREEN tool has now been implemented in Asia and the United Kingdom.

In addition to this objective and as part of the ISO 50001 certification for the 19 central buildings, an "energy policy" has been defined and implemented. This policy aims to:

- satisfy the legal and regulatory requirements pertaining to buildings;
- optimise the energy and environmental performance of buildings owned by Societe Generale, as part of the Group's continuing efforts to ensure the comfort of its buildings' occupants;
- capitalise on real estate market opportunities and the current context to occupy buildings best suited to the development of the company's core business values (reliability, business continuity) and to the occupants' expectations in terms of comfort, health, accessibility and services.

The result of these efforts in respect of 2016 is a reduction of over 4%, compared to 2015, in the energy consumption of the central buildings. A noteworthy point is that a remote meter system for measuring consumption data has been installed in 189 branches in Societe Generale's French network.

2016 also saw the construction of buildings at the cutting edge of energy efficiency, such as DUNES (to the east of Paris, with a floor area of 89,000 m² for 5,500 people) and Ampère E+ (at La Défense, 15,000 m² for just under 1,300 people). These buildings have been awarded the following certifications: HQE Construction and LEED for DUNES, and HQE (Excellent) and BREEAM (Very Good) as well as the BBC Effinergie Rénovation label for the Ampère E+ building.

In Chad, Societe Generale has built two annexes to its head office, which are exemplary in terms of their environmental qualities (insulation that is compliant with European standards, external double walls, electricity generation by solar panels and LED lighting). Societe Generale's subsidiary in Burkina Faso has installed 22 solar automatic teller machines (ATMs), mainly in remote areas that are subject to frequent power cuts.

At the same time, the use of renewable energy sources increased by 19% in 2016 compared to 2015, thanks in particular to the production of renewable energy in our buildings (solar panels and methanisation in some company cafeterias) and to the acquisition of green certificates.

Sogeprom, the Group's property development subsidiary, is developing the future of real estate by placing the user at the heart of its concerns (comfort, air quality, connectivity, biodiversity: garden, etc.) while simultaneously increasing the value of property assets. It is redesigning the property development business of the future by taking the overall lifespan of the building into account: from the eco-design to end-of-life considerations for the building and its construction materials. Hence the new Ampère E+ building, Sogeprom's head office, which will soon welcome Sogeprom employees, followed by the employees of Societe Generale's real estate division, was constructed through on-site innovation and partnerships with start-ups and innovative companies in order to significantly reduce the project's ecological footprint (the transmission of data by LiFi technology lighting, an electricity storage solution using second-life batteries (B4B system), a green wall to purify indoor air, an edible wild garden on the roof and fibre optic cabling rather than a conventional copper IT network).

REDUCTION IN WATER CONSUMPTION

The Group's water consumption was 1.92 million m³ in 2016, down slightly compared to 2015.

In the Group's buildings, water management is handled in conjunction with energy management. It is supplemented by consumption-cutting measures (motion detectors, replacement of evaporative air-conditioning units, etc.).

MASS CATERING

Particular attention is paid to the environment and to combating food wastage, in collaboration with the caterers at Societe Generale's main buildings in Ile-de-France (which serve 11,000 meals per day on average). Hence, most of the catering services are provided on site on a just-in-time basis, with a growing proportion being offered on a self-service basis, so that consumers can adjust portion sizes themselves. Management of use-by dates for pre-prepared products is also optimised. In the majority of cafeterias, the remaining waste is sorted and methanised (see below).

WASTE MANAGEMENT

By recycling waste, Societe Generale strives to minimise its direct impact on the environment. At Group level, waste production was estimated at around 18,000 tonnes in 2016. The slight increase in waste production (up 11.4% on 2015) is due to more comprehensive coverage in 2016.

To meet the target of the 2014-2020 carbon reduction programme, a range of measures to improve waste management exist within the Group. Waste collection, recycling and processing efforts involving the disabled workers sector continued in 2016, with nearly 130 tonnes of waste processed. Dehydration and sanitisation of food waste is carried out on site (Credit du Nord), thereby reducing the environmental impact of its transportation.

IT INFRASTRUCTURE

Societe Generale's IT Division has set itself the objective of reducing the energy consumption of its IT stock by 4% a year in line with the pledge given by the Group. The 2016 initiatives helped save 9.4 GWh/year in energy, i.e. a 4.7% drop in CO₂ emissions.

A system has been put in place whereby a contact person dedicated to environmental matters is placed at the centre of the process for each project; in addition, a major campaign of awareness-raising in relation to environmental issues has been carried out with project holders.

In general, particular emphasis has been placed on electricity consumption, collaboration with the Purchasing Department, and management of the Green IT criteria for projects and international development.

Efforts to reduce the carbon footprint of the Group's IT stock continued in 2016 with the roll-out of cloud solutions, wider use of pull printing, and the replacement of obsolete equipment by more efficient and less energy-intensive equipment.

TRANSPORT

Societe Generale has long since implemented measures to reduce the environmental impact of personal and business travel as well as of the transportation of goods.

BUSINESS TRAVEL

Group employees travelled 514 million km by train, aeroplane and car in 2016, representing 3,412 km per occupant. This represented a slight increase (0.5%) in the Group's travel per occupant compared to 2015, with a reduction in the number of kilometres driven by car and a slight increase in the distances travelled by aeroplane and by train.

For five years, the Group's Purchasing Division, in collaboration with Group entities in France, has been endeavouring to reduce the Group's carbon footprint by referencing the vehicles with the lowest emissions on the market. In order to step-up its efforts and achieve its ambitious CO2 emission reduction target, the "EdisOn" project was launched in 2015, with the aim of offering 5% electric vehicles in the Group's car pool within three years. As of the end of 2016 the Group's fleet comprised 52 electric vehicles, versus 27 in 2015, and ten additional recharging stations were installed over the year.

COMMUTING AND TELECOMMUTING

Targeted measures have been deployed to promote alternative solutions to the individual use of vehicles. A car-pool platform and a car-sharing scheme are in place at the head office. Measures have also been implemented in the subsidiaries: in particular, CGI and ALD International have made bicycles and e-bikes available to their employees, which are used for commuting as well as for certain business trips. At the end of 2016, CGI had a fleet of 24 bicycles, which travelled just under 40,000 kilometres in total over the year, and ten parking places were reserved for car-poolers and electric vehicles.

In addition, after three years of trials, Societe Generale is developing telecommuting on a significant scale. At the end of 2016 the Group had 10,000 telecommuters worldwide, representing 520 tonnes of avoided carbon emissions. Societe Generale SA in France has definitively adopted this new way of working (see p. 45, Developing new ways of working and organisational models).

PAPER

Paper, which is the top consumable used by service businesses, represents a significant economic issue and a sensitive environmental topic (waste management, fight against climate change and pollution).

It is a constant concern for the Group, and an increasing number of initiatives are being implemented to rationalise total consumption, which stood at 13,216 tonnes in 2016 (down 26% on 2015). The downward trend in paper consumption that began in 2007 continued: in 2016, it was 86 kg per occupant, i.e. 25% less than in 2015.

More than half of the office paper used (52.4%) now comes from recycled sources, up 10% on 2015.

The progress achieved is the result of various measures implemented Group-wide, such as good use of printers, conversion of paper materials to digital materials and use of recycled paper. As part of its environmental commitments, Societe Generale has also held a seat on the Board of Directors of Ecofolio, an eco-organisation that promotes the circular economy, since 2012.

ENVIRONMENTAL DATA

ENVIRONMENTAL INFORMATION	Units	2016 Consolidated	2015 Consolidated	Ref. year 2014 Consolidated
General environmental policy				
Total number of Group employees	Employees	145,672	145,703	146,793
Total number of occupants covered in the reporting ⁽¹⁾	Occupants	154,280	152,020	150,933
Coverage of data collection scope	%	100%	100%	99%
Total surface area counted	m2	3,866,481	3,998,770	4,019,694
Pollution and waste management				
Waste	Tonnes	18,174	16,075	16,345
Coverage ⁽²⁾	%	91%	90%	86%
Business travel	Millions of km	514	510	506
Coverage ⁽²⁾	%	98%	98%	98%
Aeroplane	Millions of km	261	239	247
Train	Millions of km	54	51	52
Car	Millions of km	199	219	206
Business travel per occupant	Km	3,412	3,443	3,405
Sustainable use of resources				
Water consumption	Millions of m³	1.92	2.08	1.99
Coverage ⁽²⁾	%	98%	98%	94%
Total paper consumption⁽³⁾	Tonnes	13,216	16,411	17,561
Coverage ⁽²⁾	%	98%	100%	100%
Total paper consumption per occupant	Kg	86	109	117
Office paper consumption	Tonnes	6,984	8,241	8,750
Coverage ⁽²⁾	%	98%	100%	100%
o.w. recycled office paper	%	52%	48%	38%
Total energy consumption	GWh	813	848	896
Coverage ⁽²⁾	%	100%	100%	100%
Total consumption per occupant	KWh	5,289	5,632	5,920
Total electricity consumption	GWh	589	610	629
Total electricity consumption per occupant	KWh	3,831	4,054	4,153
Electricity generation from renewable sources	MWh	1,776	1,432	417
Consumption of energy by data centres ⁽⁴⁾	GWh	92	99	111
Climate change				
GHG emissions⁽⁵⁾	Tonnes of CO2 e	320,495	322,157	352,543
Coverage ⁽²⁾	%	97%	98%	98%
GHG emissions per occupant	Tonnes of CO2 e	2.13	2.20	2.40
SCOPE 1 ⁽⁶⁾	Tonnes of CO2 e	31,805	30,248	32,520
SCOPE 2 ⁽⁷⁾	Tonnes of CO2 e	196,490	198,602	214,542
SCOPE 3 ⁽⁸⁾	Tonnes of CO2 e	92,199	93,308	105,481

⁽¹⁾ The number of occupants represents any person, whether or not they are an employee (including seconded staff, subcontractors, temporary workers, work placement trainees, people on work-study programmes, etc.) of the Societe Generale Group working on site and consuming/using/conducting/producing energy, paper, business trips, waste, etc. owing to their presence and their activity on site

⁽²⁾ Coverage represents entities having contributed to data in proportion to their workforce (FTE – full-time equivalent).

⁽³⁾ Includes office paper, documents for customers, envelopes, account statements and other types of paper. ⁽⁴⁾ Includes own data centres hosted in France. Only the energy consumption of own data centres is included in total electricity.

⁽⁵⁾ Greenhouse gases (GHG).

⁽⁶⁾ Includes direct emissions related to energy consumption and emissions of fluorinated gases.

⁽⁷⁾ Includes indirect emissions related to energy consumption.

⁽⁸⁾ Includes GHG emissions related to overall paper consumption, business travel, transport of goods and energy consumption of data centres hosted in France.

4. SOCIETE GENERALE STANDS FOR SOLIDARITY AND COMMITMENT

RESPECT FOR HUMAN RIGHTS

The Group is committed to maintaining and improving the systems and processes that enable it to ensure that human rights are respected in its operations and its human resources management, in its supply chain, and in its products and services.

Societe Generale's commitments to human rights are guided by the following conventions, standards and initiatives:

- the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights;
- the Fundamental Conventions of the International Labour Organization (ILO), which cover, in particular, the elimination of forced labour and child labour, discrimination in employment as well as the freedom of association and the effective recognition of the right to collective bargaining;
- the United Nations Guiding Principles on Business and Human Rights;
- OECD Guidelines for Multinational Enterprises;
- the United Nations Global Compact.

The Bank is determined to act with integrity and in compliance with the applicable laws in all its activities. Several policies developed at the Group level include provisions that directly or indirectly uphold human rights. A notable example is the Code of Conduct (see p. 11, Code of Conduct), in which Societe Generale undertakes to respect human rights and to comply with the rules laid down by the ILO.

The same applies to policies and processes developed by Societe Generale in connection with its obligations to combat money laundering, terrorist financing and corruption.

In order to meet its obligations under chapter 54 of the 2015 Modern Slavery Act, Societe Generale publishes a statement on slavery and human trafficking on its website (the document is available at <https://www.societegenerale.com/sites/default/files/documents/Document%20RSE/Modern%20Slavery%20Act.pdf>).

Respect for human rights in human resources management

GLOBAL AGREEMENT ON FUNDAMENTAL RIGHTS (HUMAN RIGHTS AND TRADE UNION RIGHTS)

In June 2015, Societe Generale and the UNI Global Union signed a global agreement on fundamental human rights and the freedom of association, thereby making Societe Generale the first French bank to sign such an agreement. This agreement applies to all Group entities. It reinforces the commitments made in Societe Generale's Code of Conduct to respect human rights and recognise fundamental rights in the workplace by making sure employment and working conditions are fair, adopting a zero-discrimination policy for work relationships, and complying with all health and safety regulations. With respect to freedom of association, Societe Generale is committed to respecting the right of all employees to establish and join organisations, to unionise and to bargain collectively. Furthermore, it contains provisions allowing unions that are affiliated with the UNI to meet employees at the company site in order to make themselves known to them. The agreement also covers relationships with business partners, by means of the Group instruction on responsible sourcing, which is appended thereto (see p. 20, A new responsible sourcing action plan: the 2018 Positive Sourcing Program). This agreement is regularly monitored with UNI Global Union, which ensures it is implemented effectively, thereby bringing an external, independent perspective (see p. 47, Constructive and structured international social dialogue).

FIGHTING DISCRIMINATION AND PROMOTING DIVERSITY

The Group's diversity policy aims to fight against preconceptions and to create a culture of inclusion (see p. 51, Promoting team diversity).

Guarding against discrimination during recruitment, in particular, is one of the points that have been subject to continuous monitoring within the Group since 2013. To this end, sample checks are carried out to verify that job advertisements do not contain any discriminatory terms, that candidates are assessed on the basis of objective criteria that are commensurate with the position to be filled and that rejection letters do not contain any discriminatory terms. In France, the Ministry of Labour conducted a study in spring 2016 to measure discrimination experienced by candidates of North African origin in the recruitment processes for large companies. In the case of Societe Generale, no significant risk of discrimination was detected based on the observed sample, reflecting the efforts undertaken on this issue via communications issued to teams, and the training and guidance given to the employees (and the service providers) responsible for resume selection.

Furthermore, the Group's commitment to non-discrimination was demonstrated in practical terms in 2016 with the signing of two international charters:

- the Women's Empowerment Principles, under the aegis of the United Nations Global Compact, promoting gender quality at work, both within the company and in its sphere of influence (see p. 51, DIVERSITY AT THE HEART OF BUSINESS LINE CHALLENGES);
- the Global Business and Disability Charter, under the aegis of the International Labour Organization, promoting the inclusion of persons with disabilities in the world of work (see p. 51, DIVERSITY AT THE HEART OF BUSINESS LINE CHALLENGES).

HEALTH, SAFETY AND WORKING CONDITIONS

The Group continually monitors the possibility of any risks liable to affect the health and safety of its staff, throughout the world. It conducts campaigns and takes action at the hyper-local level to offer practical responses to the needs and concerns of the populations affected. Particular attention is paid to the prevention of psychosocial risks (see p. 50, Focus on the prevention of psychosocial risks) and, more generally, to working conditions via the Life at Work programme (see p. 49, Caring about employees' wellbeing at work).

DISCIPLINARY MEASURES

Since 2015, the Group's disciplinary principles have been presented to the members of the various management committees of Societe Generale SA, the Risk Divisions, Global Transaction & Payment Services (GTPS), the French Retail Banking IT Department, International Retail Banking and Financial Services (IBFS), French Retail Banking and the Global Banking and Investor Solutions (GBIS) entities. These principles will be deployed under the Culture & Conduct Programme (see p. 45, Developing a relationship banking culture based on common values) and under the new Code of Conduct, which was updated in 2016 (see p. 11, Code of Conduct).

Within Global Banking and Investor Solutions, these principles have been disseminated worldwide and an inventory of the current situation in such respect has been drawn up. In 2016, and still within GBIS, a shadow reporting exercise was carried out with a view to ultimately being incorporated into the Culture & Conduct Programme, which is to be rolled out to all Group entities.

Respect for human rights in the supply chain

In 2015, the Group adopted an instruction on responsible sourcing and a code of ethics relating to sourcing. This instruction is appended to the Global Agreement on fundamental human rights and trade union rights (see p. 20, A new responsible sourcing action plan: the 2018 Positive Sourcing Program).

At present, the implementation processes essentially involve sourcing managed from France and cover:

- the identification of potential environmental and social risks (including in relation to human rights) for each sourcing category. The E&S risk mapping results are available on the Group's website (<https://www.societegenerale.com/sites/default/files/documents/cartographie%20des%20risques%20FR.PDF>);

- the implementation of a Know Your Supplier (KYS) process, which has been in place since July 2016;
- the extra-financial evaluation of suppliers;
- the gradual introduction of mandatory E&S criteria in specifications for products and services.

As part of its KYS process, the Bank has undertaken to implement measures to remedy any situation where it has identified or been informed of a potential violation of human rights.

The information relating to responsible sourcing is available online at: <https://www.societegenerale.com/en/measuring-our-performance/csr/responsible-buying>

Respect for human rights in the value chain

Impact on human rights is an integral part of the E&S impact considered in the commitments to responsible finance (see p. 11, IMPLEMENTING RESPONSIBLE FINANCING). With regard to human rights, the General E&S Guidelines list the standards and initiatives that Societe Generale undertakes to respect and has identified as being the most important for the E&S evaluation of its customers.

The Equator Principles (see p. 16, EQUATOR PRINCIPLES) cover the issue of human rights through the performance standards of the International Finance Corporation (World Bank Group), which address workers' rights, population displacement and resettlement, the free, prior informed consent of indigenous populations, and the management of security personnel.

Many sector-based initiatives referenced in the E&S policies as being the framework that is expected of the Group's corporate clients also cover human rights issues.

FIGHTING INSECURITY AND PROTECTING VULNERABLE POPULATIONS

Financial inclusion


MEASURES ALLOWING ACCESS TO BANKING SERVICES FOR ALL IN FRANCE

In accordance with Article L. 312-1 of the French Monetary and Financial Code on the right to hold a bank account, Societe Generale and Credit du Nord provide customers who are entitled to this right with free "basic banking services", as defined by law. The two institutions thereby comply with the Moscovici Act (French Act no. 2013-672 of 26th July 2013 on the separation and regulation of banking activities), which reinforced the effectiveness of this right (including with respect to shorter account opening times and exercise of the right for social service stakeholders to hold an account in the beneficiary's name).

 As of end-December 2016, 10,672 individual customers had access to basic banking services at Societe Generale and 840 at Credit du Nord.

Since 2005, Societe Generale and Credit du Nord have sought to "make banking easier" for all by offering a range of alternative payment methods (APMs) to cheques for customers without a cheque book. The entry into force of the Moscovici Act and its implementing legislation in 2014 significantly reinforced the commitments undertaken since 2005 in relation to customers in financially fragile situations for the entire financial sector.

Accordingly, Societe Generale and Credit du Nord, in keeping with their regulatory obligations as defined by Article R. 312-4-3 of the French Monetary and Financial Code, have implemented a detection and monitoring system, combining internal warning mechanisms and KYC intelligence, for customers fulfilling the criteria for financial hardship.

 This system enables the Bank to write to these customers systematically and at the earliest opportunity to propose a meeting with their advisor in order to present them with a specific offer designed to limit costs in the event of an incident (at least once a year for all customers in situations of financial hardship as well as any time a new instance of hardship is detected).

Générïs, which is available for a modest monthly fee, is the everyday banking package that has been designed to help customers in situations of financial hardship to manage their accounts, in particular through payment methods adapted to their needs and capped costs in the event of an incident.

EY As of end-2016, 44,483 Societe Generale customers had signed up for the Générïs service and 1,550 Credit du Nord customers had signed up for the latter's equivalent service.

For its part, Boursorama Banque launched Welcome in September 2016, which is a comprehensive everyday banking package available to any person over 18 years of age, without any restrictions on the level of income or minimum deposits. This package from Boursorama Banque frees customers from administrative constraints and offers them, amongst other things, a current account with no account management fees, free everyday banking transactions, a Visa Classic debit card for just EUR 1.5 per month, etc. This package bears out the latest rankings carried out by *Le Monde / Choisir-ma-banque.com* in February 2016, in which Boursorama Banque was once again rated the least expensive bank for the four eligible profiles ("active population under 25 years of age", "middle managers", "senior managers" and "employees") for online banking. This rating confirms Boursorama's position as the least expensive bank, which it has held for the past eight years.

Franfinance, a Group subsidiary specialising in consumer loans, offers a loan product that is specifically intended for temporary workers. This innovative product is combined with a completely free back-to-employment assistance plan, with a dedicated employment advisor.

EY In 2016, Franfinance financed 111 loan applications of this type for customers with temporary contracts.

ABROAD

Societe Generale has been expanding its range of pan-African Mobile Banking and Mobile Payment solutions since 2015, with the objectives of bringing traditional banking to its customers and of promoting financial inclusion and access to banking through alternative banking models in addition to its traditional banking model (see Chapter 2.4 of the Registration Document, Significant new products or services).

In keeping with this policy and in order to increase the financial inclusion and satisfaction of its customers in Sub-Saharan Africa,

EY Societe Generale has decided to roll out an Agency Banking model in the region. The aim of this model is to supplement the range of existing solutions with an "accessible banking" solution based on an electronic purse that can be used to carry out a wide variety of day-to-day transactions (transfers, payment of bills, salaries, etc.), distributed via a network of independent partner agents.

The offer, available to both individuals and companies, will be launched in Côte d'Ivoire beginning January 2017, then gradually rolled out to the other target countries (Senegal, Ghana, etc.).

Proximity is also a factor in improving banking inclusion: at the beginning of 2016, to meet customer demand for better accessibility, SGBG Guinée (Société Générale de Banques en Guinée) strengthened its territorial network through the installation – in strategic locations such as service stations, shops and business parks – of "money POP" bank branches with streamlined services and extended opening times. Five concept-store money POP points were opened in 2016, the scheme's first year (four in Conakry and one in Manéah).

The concept of mobile branches travelling the country to reach out to remote populations, which was launched in Burkina Faso in April 2015, is taking root, with the addition in 2016 of a fleet of ten scooters sporting the bank's colours, which travel the length and breadth of the city of Ouagadougou; the concept of the roving branch has also been replicated in Côte d'Ivoire since May 2016.

This diversification of the points of access to banking, bringing them as close as possible to local populations, facilitates the opening of new accounts.

In addition, in Senegal, Manko – a wholly-owned subsidiary of Societe Generale and a supporter of financial inclusion – is continuing its roll-out and since 2013 has been offering banking products and services to populations that are either unbanked or under-banked, without access to the traditional banking system. Manko's model is based on a lean structure, a mobile sales force, equipped with scooters and tablets, and processes that are now completely digitalised.

EY With three branches, 70 employees and 8,500 active customers, Manko is acclaimed by its customers, who state that they are very satisfied with the services offered (the simplicity of processes, pricing, proximity and the expertise of the staff). In 2016, Manko granted more than 5,500 loans totalling EUR 15.9 million (CFA 10.46 billion).

FOR PEOPLE WITH A SERIOUS HEALTH RISK OR IN A STATE OF DEPENDENCY

Societe Generale develops products and services that match the needs of each individual.

Under the terms of the AERAS agreement (insurance and loans for individuals with an increased health risk) signed by professionals in France's banking and insurance sectors in 2007 and later amended in 2011, then again in 2015, opening access to insurance and credit for people with a serious health risk, Societe Generale and Credit du Nord make it easier for such people to get a loan (home loans and consumer loans) and provide a scheme for sharing some of the costs of additional premiums for customers in the lowest income brackets.

In October 2016, on the occasion of the French National Carers Day,

EY Societe Generale supplemented its range of personal insurance policies with the launch of new dependency solutions, one of which is specifically designed to cover the issues faced by carers.

The Garantie autonomie aidant policy is a package of cover and support benefits for persons providing daily care for a dependent elderly relative. To complement this offering, Societe Generale has formed a partnership with the non-profit organisation La Compagnie des aidants, which develops and runs a dedicated online platform for the carer community. Societe Generale has elected to supplement these solutions with an innovative digital package consisting of a web portal with the Ultralert application and Silver Mother, a set of smart monitoring programs. These support solutions have been awarded the Profideo Innovation Trophy.

Local initiatives are also being developed abroad. In particular:

- Mobiasbanca, a Societe Generale subsidiary based in Moldova, launched MobiSanté in July 2016, which is the first programme to be dedicated exclusively to public and private medical bodies with a view to supporting the economic development of the medical sector and improving the quality of the country's medical services;
- in June 2016, Societe Generale Algeria finalised the raising of a EUR 25 million loan for the benefit of Biocare Biotech, which will be used to finance a human insulin plant. This project addresses a major public health challenge in Algeria, where more than two million diabetics have been diagnosed.

Focus on over-indebtedness

Since 2004, the Societe Generale France network has had the resources needed to identify over-indebted customers in order to be able to offer them a responsible solution.

The French law governing consumer credit that entered into force in November 2010 modified the regulatory framework without radically affecting the system in place at Societe Generale, which was precursory in this regard.

A PROCESS DEDICATED TO MANAGING OVER-INDEBTEDNESS

Societe Generale introduced a dedicated process in 2004 to ensure the responsible management of over-indebted customers.

It maintains services for bank accounts that receive income, except in special cases, and informs over-indebted customers of alternative payment methods to cheques. Debtors continue to benefit from any overdrafts already granted. Management of the customer relationship is based on a complementary system:

- account managers ensure the everyday monitoring of the account;
- back-office operators monitor outstanding credit prior to acceptance of applications and manage repayment schedules once approved. This procedure enables the Bank to avoid any increase in loans borne by over-indebted customers whilst still enabling day-to-day personalised monitoring.

Thus, over-indebted individuals who no longer have access to further credit are offered appropriate bank account services and payment methods, enabling them to maintain a social life. They can then subscribe to the tailored offering that is designed to limit costs in the event of an incident (see p. 32, MEASURES ALLOWING ACCESS TO BANKING SERVICES FOR ALL IN FRANCE).

SUPPORT FOR VULNERABLE CUSTOMERS TO PREVENT OVER-INDEBTEDNESS

The support scheme for vulnerable customers, implemented via dedicated platforms, has been operational across the entire network of branches in France since mid-2013. It is based on:

- the identification of all customers corresponding to certain vulnerability criteria (exceeding authorised overdrafts or other limits for a prolonged period, overdue loan repayments, etc.);
- the transfer of these customers to a platform of specialist advisors who temporarily take over the business relationship from the branch;
- the exploration, together with the customer in question, of solutions for the progressive discharge of unpaid debts, favouring a path back to a healthy financial situation over litigation whenever possible;
- resumption of the customer relationship with their branch at the end of the repayment period.

As at end-December 2016, the platforms for amicable negotiation had lent support to more than 28,000 customers. 70% of them have returned to a sound financial footing and their banking relationship in their Societe Generale branch has resumed.

Franfinance, a Group subsidiary specialising in consumer loans, has also introduced various measures to prevent over-indebtedness. Since the end

of 2015, it has extended its action plan to support vulnerable customers. They now benefit from a system of monitoring that has been implemented to prevent difficulties at an earlier stage.

In addition, since 2010, Franfinance and CGI have had a partnership agreement with Crésus, a network of non-profits founded in 1992 that assists individuals with excessive or poorly structured debt. Under this agreement, the Group's two French subsidiaries specialising in consumer loans recommend to any customers showing signs of financial vulnerability that they contact their local Crésus association. Further to the signature (on a voluntary basis) of a support charter between the association and the customer, a budgetary and social evaluation is performed, followed by local support aimed at safeguarding the customer's financial balance.

SUPPORT PROGRAMMES

In France, Societe Generale and Crésus have jointly launched a financial education programme on budget management, conducted as part of a skills sponsorship initiative. In addition, many initiatives are being implemented abroad (see p. 55,

FINANCIAL EDUCATION).

TOOLS TO SUPPORT FINANCIAL EDUCATION

In the interests of transparency and education, Societe Generale makes a large number of simulation or financial calculation tools available to its customers and partners, either online or via partner applications.

In France, Societe Generale has also teamed up with the Playbac Group to offer a financial education website dedicated to 6-11 year olds. This website, abcbanque.fr, offers educational content through games, videos, news and various other tools enabling children to learn while having fun. The site contains a Parents' Corner with advice and topics for reflection, so that parents can offer their children the best possible support in this learning process. All this is topped off by an educational guide, together with a commercial guide, that is provided at the beginning of a new relationship.

Overseas, programmes launched by subsidiaries in recent years ("Home budget with EURO BANK" and the *Money.pl* platform in Poland, the banking access and financial education programme in which SG Morocco is involved, the promotion of financial education by KB within the scope of its partnership with the Czech Academy of Sciences and its *NEZkreslená věda* project, the Rusfinance programme, run on a pro bono basis, aimed at making young adolescents aged between 12 and 16 more aware of personal budget management and combating financial ignorance, etc.) are continuing and new initiatives are also being developed, such as the programme launched by BRD in partnership with the National Bank of Romania and the Romanian Ministry of National Education aimed at raising the awareness of primary school pupils (in 2016, 220,000 pupils and teachers in 145 cities benefited from this awareness-raising, thanks to 105 volunteer trainers).

SOLIDARITY BANKING ACTIVITIES

Solidarity banking offering for private individuals

IN FRANCE

As one of the first banks to develop a range of solidarity banking products, Societe Generale forges closer links between customers and social entrepreneurs, and helps them to support their chosen charities and non-profit associations. In 2016, the Bank continued to increase the number of its partner associations and to enhance its range of products and services, available to all its customers – private individuals, professionals and corporates – enabling them to make contributions to a long list of general and public interest associations. Overall, Societe Generale facilitated donations totalling over EUR 1.8 million (including those made through the Environment Business Card) to 49 partner associations in 2016.

LIFE INSURANCE: ÉRABLE ESSENTIEL AND SG SOLIDARITÉ

Launched in November 2015, *Érable Essentiel* is a life insurance account that allows holders to save from just EUR 25 per month and to invest in the SG *Solidarité* fund (106,979 subscriptions since its launch), which is a vehicle based on solidarity and sharing, certified by Finansol:

- solidarity-based because 5-10% is invested in solidarity enterprises offering a strong social-utility component, and this contributes to the social and economic development of the country;
- sharing-based because 50% of the annual revenue is donated to one of four partner associations. The four non-profit associations thus supported (Restaurants du cœur, Habitat et Humanisme, Fondation pour la recherche médicale and CCFD Terre solidaire), which are also supported via other Sogécap life insurance accounts, had received donations totalling EUR 2.4 million at 31st December 2016.

Several information campaigns have made Societe Generale's customers more aware of this opportunity to give meaning to their savings by helping non-profit associations and investing in solidarity enterprises.

SOLIDARITY SAVINGS SERVICE

The solidarity savings service, which has been certified by Finansol since October 2015, allows customers to contribute all or part (25, 50, 75 or 100%) of the interest on their savings passbooks (Livret A, Livret Développement Durable, Livret Jeune, CSL, Livret Épargne Plus, Livret BFM Avenir) to one or more charities or foundations supporting a humanitarian or social cause and working in the health and environment fields. Societe Generale makes an additional contribution.

The solidarity savings service benefits 38 charity partners.

Late 2016, there were 47,639 accounts signed up to the solidarity savings service (Societe Generale + Banque Française Mutualiste – BFM) (representing a 7.6% increase) and interest totalling EUR 282,576 had been contributed to the partner associations (up 3.5% on 2015), broken down as follows:

- EUR 234,059 in customer donations (including EUR 34,292 from BFM customers);
- EUR 23,408 in additional contributions (including EUR 3,432 in additional contributions by BFM);
- EUR 25,100 in Societe Generale donations.

CHARITY AND ENTREPRENEUR BANK CARDS

Societe Generale offers a range of “Charity Collection” bank cards, which are becoming increasingly popular with customers. These cards enable them to support causes that are dear to them, thanks to the increase in the number of beneficiaries, and to give concrete aid to one of 29 partner associations. For each payment made with one of these cards, Societe Generale donates EUR 0.05 to the charity concerned. A new Charity Collection card was launched in 2016 for the non-profit *Apprentis d'Auteuil*.

Since the launch of these cards in May 2008, EUR 4,839,894 has been donated to the partner charities, of which EUR 882,762 in 2016 (up 4.3% on 2015).

FILIGRANE PROGRAMME

Since the beginning of 2014, the Filigrane Loyalty Programme, part of the JAZZ banking package, has offered customers the opportunity to support the Secours Populaire Français (a humanitarian organisation) and the French Red Cross.


Within the scope of the regulations governing sales with bonuses, Societe Generale has decided to donate the EUR 0.25 financial contribution made by customers for each bonus gift order to these two charities, split equally between them. As a result, they received a combined total of EUR 103,470 in 2016.

Members of this loyalty programme also have the option of converting their loyalty points into donations to one of these two organisations at their discretion, with Societe Generale making a matching contribution for each donation. In 2016 the total contribution to these two charities amounted to EUR 371,981. Overall, Filigrane raised EUR 475,451 in 2016, i.e. 13% more than in 2015.

SPEAR PARTNERSHIP

A partnership agreement with SPEAR (*Société pour une épargne activement responsable* – Company for Actively Responsible Saving), a solidarity crowdfunding platform, was signed in June 2012. SPEAR is a cooperative certified by Finansol that allows companies or charities wishing to carry out a solidarity project to obtain a bank loan thanks to savers who want to give meaning to their savings. Its activity consists of hosting projects addressing social, environment or cultural issues to allow them to secure financing under advantageous conditions by raising the necessary capital from private individuals who wish to see their money put to good use.

Through its dedicated online platform (www.spear.fr) SPEAR positions itself as an easy-access tool providing a powerful solution for solidarity savings and ethical investment. Since 2012, Societe Generale has financed five projects with added social and environmental value to the tune of EUR 620,000.

 Private Banking incorporated SPEAR into its SRI and philanthropy offering in the second quarter of 2016, generating EUR 430,000 in subscriptions.

INNOVATIVE SHARED EXPERIENCE: BRANCHES OPEN FOR NON-BANKING ACTIVITIES

This experiment, the first of its kind in France, enables anyone who so wishes, whether a customer or not, to go and work in the offices of Societe Generale branches. Since the beginning of December 2016, eleven regional divisions in Nouvelle Aquitaine and one in Midi-Pyrénées have become involved in the scheme to turn their workplaces into genuine collaborative workspaces that are open to all, by offering their offices and meeting rooms via the software application base10. In this way, entrepreneurs, itinerant employees, teleworkers, trainers, students, jobseekers and all those with an occasional need for a workspace, be it in Bordeaux or Limoges, can book one in just a few clicks on base10. Two types of workspace will be available on a half-day basis under a single pricing model: office rate EUR 15 (excl. VAT) and meeting room rate EUR 3 (excl. VAT) per available place.

This experiment, run by Societe Generale employees on a volunteer basis, is not intended to generate income for Societe Generale; the funds raised in connection with making its premises available will be donated in full to the Apprentis d'Auteuil association in Bordeaux.

ABROAD

The foreign networks contribute to the process of banking access in countries where the level of "financial inclusion" is still relatively low. They often introduce innovations in their domestic markets.

SOLIDARITY PRODUCTS AND SERVICES IN MOROCCO

Modelled on the cards offered in France, Societe Generale Morocco (SGMA) is continuing to roll out its SOS Villages d'Enfants charity bank card, thereby supporting the association of the same name, which works towards funding the schooling of children from disadvantaged backgrounds. As of end-2016, SGMA had 1,820 card sign-ups, which had enabled around EUR 10,000 (MAD 109,200) to be donated to the charity.

A solidarity offering was also launched in the Czech Republic in mid-2016.

Microfinance

Beyond its impact in terms of jobs and regional development, Societe Generale has for many years developed tools and products that contribute to the social cohesion of the communities and regions in which it is present.

ABROAD

REFINANCING OF MICROFINANCE FINANCIAL INSTITUTIONS

Committed to professional integration and providing entrepreneurs and start-ups with all the support they need, Societe Generale, via its overseas networks, is a major player in microfinance, helping to make banking available and to develop the local economic fabric.

The Group has chosen to focus its microfinance activities in those countries in which it has a presence as a universal bank. Since 2003, it has been lending its support, via its subsidiaries, to the microfinance sector in two ways: granting refinancing lines to MFIs (microfinance institutions) in local currencies and acquiring minority stakes in MFIs.

This strategy underpins the economic support given to social and local entrepreneurs, and satisfies the MFIs' need to find local sources of financing, especially in local currency, to ensure their development without being exposed to currency risk.

The MFI partners facilitate access to credit for communities that do not have access to banking facilities and, in doing so, feed the local economies.

As of end-2016, Societe Generale had granted EUR 110 million (versus EUR 95.8 million in 2015, i.e. an increase of 15% year-on-year) to 37 MFIs abroad, in Sub-Saharan Africa (Benin, Ghana, Senegal, Côte d'Ivoire,

Burkina Faso, Cameroon, etc.), in the Middle East and North Africa (Jordan, Morocco, Tunisia), in Eastern Europe (Serbia, Moldova and Albania), in the overseas departments and territories (Polynesia, the French West Indies, New Caledonia) and in Asia (India). This development is due in particular to an increase in approvals in Sub-Saharan Africa, where commitments have practically doubled in the wake of collaborations with new MFIs and greater support for Advans.

Synergies are developed with the various partners – for instance, in the area of electronic payments, with the development of co-branded cards by Societe Generale's subsidiaries, in partnership with Advans MFIs. These cards give MFI customers access to ATMs (automatic teller machines) and to branches in the networks of Societe Generale subsidiaries. This scheme has been in place in Cameroon since the end of September 2013 and in Côte d'Ivoire since the end of 2014.

Since June 2015, and for the first time in Côte d'Ivoire's banking landscape, an MFI (Advans CI) and a bank (SGBCI, a shareholder in Advans CI) have been sharing the same branch office. In addition to the objective of serving their respective customers, SGBCI and Advans CI regard this innovation as an opportunity to build on their complementarity in terms of financial solutions.

Acquisition of equity holdings in microfinance institutions

Through its subsidiaries in Africa, Societe Generale also holds a stake in five MFIs – via minority but active shareholdings – which are subsidiaries of internationally recognised microfinance groups (Advans Cameroon, Advans Ghana, Advans Côte d'Ivoire, Accès Banque Madagascar and ACEP Burkina). It should be noted that, at the end of 2016, SG Ghana increased its stake in Advans Ghana as part of its strengthened partnership with Advans International, aimed at offering solutions to cover certain of Advans's financial needs and at developing new local operational synergies.

IN FRANCE

SUPPORT FOR ADIE⁽¹⁾

Societe Generale has been an active supporter of Adie since 2006, providing refinancing lines for its microfinance activity in mainland France and the overseas departments and territories, and contributing to the financing of its support actions.

In 2016, the line of funding granted to Adie amounted to EUR 9.6 million, which included EUR 2.1 million for New Caledonia, Polynesia and the French West Indies.

The Bank made it possible for Adie to finance nearly EUR 9 million in loans in 2016, corresponding to 2,326 micro-loans and 2,405 jobs created/maintained. The average micro-loan amount is EUR 3,178.

In addition to financing lines, Societe Generale also gives Adie an annual operating grant, thereby reinforcing its actions to help entrepreneurs.

In connection with Adie's "Microcredit Week" Societe Generale hosted a "company founders' market" at its premises in La Défense in February 2016. This initiative will be repeated in 2017. In October 2016, Societe Generale also hosted the Adie CréaJeunes jury for the Asnières centre's graduating class of 2017. Launched by Adie in 2007, the Adie CréaJeunes programme offers free training on setting up a business for young people aged between 18 and 32.

⁽¹⁾ Adie: Association pour le droit à l'initiative économique - French Association for the Right to Economic Initiative.

SUPPORTING SMES, BUSINESS CREATION AND EMERGING COUNTRIES' DEVELOPMENT

Support for start-ups and SMEs

IN FRANCE

Societe Generale is a key player for corporates, very small businesses and entrepreneurs. Its customer base is made up of more than 85,000 large and mid-cap companies and 240,000 very small businesses and professional clients. The Group is committed to providing regional support to artisans, entrepreneurs and enterprises of every size throughout their life and their business cycle.


LOCAL PRESENCE

The Bank has significantly boosted its support for companies in terms of local networks and access to business expertise. In 2016, the overall level of satisfaction with Societe Generale among SMEs confirms the momentum generated over the past few years. These positive results emphasise the relevance of the Bank's programme, based on the proximity of a national network with strong local roots combined with the power and expertise of a universal bank. By way of proof, almost nine out of ten corporate clients rate Societe Generale's teams as "proficient and knowledgeable" ⁽¹⁾ and the same number feel they enjoy a personalised relationship ⁽²⁾.

COMPREHENSIVE SERVICE PACKAGE FOR ENTREPRENEURS

Driven by the desire to combine proximity and expertise, all the divisions that deal with SMEs and mid-caps have joined forces to create the new "Societe Generale Entrepreneurs" sales strategy, with the objective of making Societe Generale THE reference bank for entrepreneurs. With this offering, the Bank provides owner-managers with a range of services and solutions specifically geared to addressing strategic issues, by pooling expertise from Retail Banking, Corporate and Investment Banking, Private Banking and the Real Estate Division and making it available under one roof in regional centres of excellence (1,000 experts in 200 business centres). This comprehensive and integrated package enables entrepreneurs to receive better support at every key stage of the development and transfer of ownership of their business.

SUPPORT FOR START-UPS

 At end-November 2016, Societe Generale had entered into relationships with 19,341 companies set up in France within the previous 12 months, an increase of 9% on November 2015, whereas start-ups in France overall increased by just 6% in 2016 (source: Insee Première). It has granted them around 1,430 medium/long-term loans to the tune of EUR 101 million. The addition of these new relationships means that Societe Generale is now supporting a total of 56,938 new companies (less than three years old), 20,533 of which have been operating for less than one year.

The Bank is a member of the national Initiative France association and a partner of 106 of its local platforms. These platforms have enabled the start-up or takeover of 8,446 companies, which themselves created or maintained 21,071 direct jobs during their first year.

 In addition to loans on trust (interest-free, unsecured loans) granted by the 227 Initiative France platforms, the Bank awarded 857 loans in 2015 amounting to EUR 57.3 million to entrepreneurs that had been approved by the association (figures reported by Initiative France in 2016 in its activity report).

Through the renewal of partnerships with credit guarantee institutions, for example with SIAGI ⁽³⁾ in March 2014 and with Bpifrance in June 2015, Societe Generale also facilitates access to credit for entrepreneurs creating or taking over companies.

In view of its commitments to professionals, artisans and traders, Societe Generale has joined forces with Bulb in Town ⁽⁴⁾, a crowdfunding platform, with the shared goal of facilitating the emergence of new projects and supporting innovation and the local economy. Challenges are launched to generate financial backing for projects on a "reward-based" (gift-for-a-gift), "close to home" basis, in order to encourage and develop entrepreneurship in the region.

 Lastly, in January 2016, Societe Generale and France Active, the leading financier of solidarity-based companies, signed an agreement on facilitating access to bank financing for very small businesses and solidarity-based enterprises.

Thanks to the support of the 42 regional funds of the France Active network, which are distributed across metropolitan France, entrepreneurs optimise their chances of success in their projects. From emergence of the project through to its development, the Societe Generale and France Active teams help entrepreneurs with their financial problems and provide them with the most suitable financing for their needs.

SUPPORT FOR THE DEVELOPMENT OF BUSINESSES

The Group reaffirmed its commitment to supporting the development of businesses and its mobilisation of resources to back collective efforts to stimulate the French and European economies by maintaining the special credit offer (launched in September 2014) available exclusively to SMEs, very small businesses and professionals in France in order to promote investment in the country, through its Societe Generale and Credit du Nord networks. This offer benefits from the various economic support measures initiated by the European Central Bank.

⁽¹⁾ Competitive satisfaction survey 2016. Survey carried out among 3,000 banking relationship managers within SMEs by the CSA Institute.

⁽²⁾ Societe Generale satisfaction survey 2016. Survey carried among over 5,000 corporate clients of Societe Generale (including 102 large caps) by GN Research.

⁽³⁾ Established in 1966 by the Chambers of Trades and Crafts, SIAGI is involved in the crafts and local activities sectors. It guarantees the credit facilities granted by all the banking institutions in the marketplace.

⁽⁴⁾ Bulb in Town is a crowdfunding platform that supports projects by raising donations, backing in exchange for products or services, and investment.

Committed to financing and supporting businesses on an international basis, Societe Generale draws on its expertise, its international network and its network of correspondent banks to support its corporate clients in more than 100 countries.

For its part, Franfinance, a Group subsidiary specialising in consumer loans, plays a key role in the economic development of its corporate client base, which consists mainly of very small businesses, professionals and SMEs. This role was reinforced in 2016 with the launch of the COSME programme ⁽¹⁾, in partnership with the EIF ⁽²⁾. The objective of this agreement is to facilitate access to financing for micro-enterprises, very small businesses and SMEs, enabling them to make their investment projects a reality. With this programme, Franfinance undertakes to significantly increase its exposure to categories of business that are deemed to be riskier and that have more restricted access to the usual sources of financing. In return, the EIF gives it a guarantee that partially covers the risks it has assumed vis-à-vis these clients. Since April 2016, this agreement has enabled Franfinance to provide 1,450 cases of funding coupled with a COSME guarantee, amounting to EUR 50 million, and to thereby position itself as a key partner in financing sales by proposing new solutions for a client base that was traditionally more difficult to finance.

Societe Generale also helps its professional clients to expand beyond their national borders; international expansion constituting a critical time in the life of this type of customer in general, and for artisans and very small businesses in particular. In France, 30% ⁽³⁾ of exporters are craft businesses, representing 10% of all French exports, i.e. EUR 4 billion a year ⁽³⁾.

ABROAD

SUPPORT FOR THE DEVELOPMENT OF BUSINESSES

In Morocco, within the scope of the option available to commercial banks to register "autoentrepreneurs" (sole-member businesses subject to a specific legal regime), on 16th March 2016 Societe Generale Morocco signed a framework partnership agreement with Barid Al Maghrib, the Moroccan postal service, for the benefit of autoentrepreneurs; this agreement will facilitate the procedures for registration in the national autoentrepreneur register by making Societe Generale Morocco's network of branches available to autoentrepreneurs, and will enable tax advantages to be offered to this new category of customers. Societe Generale Equipment Finance (SGEF) is deeply committed to the SME market. This entrenched philosophy, recognised for the fifth year running by the SME Champion of the Year award (presented at the Leasing Life Conference 2016), is also reflected in the business line's results. At end-September 2016, more than 68% of the financing granted by SGEF was for SMEs/SMIs. This dynamic is also fostered through the collaboration of SGEF subsidiaries with international financial institutions (IFIs), which enables local SME/SMI clients to benefit from attractive conditions for financing their leasing equipment; the new financing lines set up with IFIs in 2016 for SGEF's business amounted to a total of EUR 1 billion.

The EIB has been supporting SGEF's strategy to diversify its external sources of financing since 2012. 2016 was an exceptionally productive year, the subsidiary having signed off on new financing facilities amounting to more than EUR 560 million.

As an example, SGEF Norway and the Nordic Investment Bank (NIB) launched a EUR 150 million credit facility dedicated to financing leasing equipment for Norwegian SMEs. This offering applies to projects relating to the environment, renewable energies, investments in new machinery, manufacturing or service facilities, information and communication technologies, and R&D.

SUPPORT FOR FINANCIAL INSTITUTIONS AND DEVELOPMENT AGENCIES IN THE IMPLEMENTATION OF THEIR DEVELOPMENT POLICY

In keeping with its global strategy, in the other countries in which it operates the Group strives to forge and maintain partnerships with IFIs in order to offer joint financing solutions and development aid solutions that meet the needs of the local enterprises and economic players (co-financing, guarantees, risk sharing, etc.).

In 2016, 21 new partnership agreements worth EUR 1.32 billion were signed with IFIs, mostly with SG Equipment Finance subsidiaries, but in some cases also with our banks overseas. Under these partnerships, the IFIs offer programmes and financing lines specifically dedicated to and used for the development of SMEs or to support energy transition and renewable energies (see p. 23, SOCIETE GENERALE ACTS FOR THE CLIMATE).

Relations with the EIB (European Investment Bank) were further strengthened in 2016 with the signing of 11 contracts for financing, totalling EUR 733 million, mostly dedicated to SMEs and midcaps.

As a major player in Africa, Societe Generale is supporting the development of this fast-growing continent. The Group is present in 18 countries and is one of the most established international banks on the continent, with 3.4 million customers, including 50,000 businesses. The partnerships between Societe Generale, the IFIs and, in particular, the French Development Agency (AFD) highlight the shared commitment to back the economic development of the African continent. In 2016, Societe Generale and Proparco, a subsidiary of the AFD, signed new agreements in favour of economic development in Africa, for credit lines in the amount of EUR 15 million granted to Societe Generale Benin, EUR 20 million granted to Societe Generale Cameroon and EUR 15 million granted to Societe Generale Burkina Faso. These lines are intended to support the financing of the investment and development programmes of local SMEs.

In parallel, the agreement on ARIZ's risk-sharing scheme, with individual guarantees being provided by the AFD, which was concluded between Societe Generale and the AFD in 2009, rounds off the range of solutions to facilitate the granting of investment loans to very small, small and medium-sized companies. With the recent extension of the agreement to include Guinea Conakry, Congo, Mozambique and Tunisia, 13 Group subsidiaries in Africa now benefit from these ARIZ guarantees, making Societe Generale the leading partner of the ARIZ scheme.

Another example of Societe Generale's commitment to fostering Africa's economic development is its subscription, alongside Orange and Proparco, to the EUR 77 million French-African Fund (FAF) initiative, launched by Bpifrance and AfricInvest on the occasion of the Africa-France Summit in Bamako in November 2016.

⁽¹⁾ COSME: Programme for the Competitiveness of Enterprises and SMEs 2014-2020.

⁽²⁾ EIF: European Investment Fund, a subsidiary of the European Investment Bank.

⁽³⁾ Source: French Permanent Assembly of Chambers of Trades and Crafts (APCMA).

Financing for states and local authorities

For more than 30 years now, Societe Generale has been providing loans to the public and para-public sectors, thereby financing public interest investments, particularly among Public Economy players (local authorities, social housing, public institutions, urban planning). As of 31st December 2016, the Group's short-, medium- and long-term outstanding loans across these markets amounted to EUR 16.5 billion.

In 2016, Societe Generale developed its business with social housing and urban planning operators, a trend that is expected to continue in 2017.

In France, as abroad, the Group respects the principles of the Gissler Charter (a charter on good conduct between banking institutions and local authorities) in its dealings with public authorities.

Financing of the non-profit sector in France

Non-profit associations are key players in the French economy due to the services rendered in certain sectors (catering to the needs of people with disabilities, back-to-work programmes and education initiatives) and the jobs that these services generate.

For many years, Societe Generale has cultivated close relationships with the non-profit sector across the country. With an overall market share of 10% and more than 100,000 non-profit customers, the Bank puts its know-how at their service to allow them to achieve their objectives, by financing their projects, helping them to manage their assets and supporting them in their day-to-day management.

Alongside these commitments, Societe Generale, in partnership with the law firm Fidal, has organised approximately fifty information meetings on current legal and tax-related subjects in order to give an expert opinion on issues faced by non-profits and to thereby help to inform volunteer and salaried managers.

5. SOCIETE GENERALE SUPPORTS ITS EMPLOYEES ON A DAILY BASIS

A RESPONSIBLE EMPLOYER

Societe Generale aims to set the standard for relationship banking, an ambition that shapes the Group's Human Resources policy. In order to gain the best possible understanding of the business lines' challenges and changes in the environment, the HR strategic priorities are to:

- Support the Group's rapidly changing businesses. The banking landscape is undergoing profound change, including evolving customer and stakeholder expectations, the emergence of new technologies and the regulatory framework, which are transforming Societe Generale's businesses and the skills required to work in them. The Group must anticipate the skills that its businesses will require in the medium and long term and identify the businesses that are no longer as important. It must also allow employees to develop their employability through training and the formulation of clear career paths, while recruiting the best profiles for its growing or emerging businesses. Lastly, the digital transition is opening the door to new ways of working and new interactions both internally and with customers. For Societe Generale, this means seizing this opportunity to grow and develop its employees. Their ability to adapt their skills and ways of working is critical to the sustainability of the businesses.
- Develop a relationship banking culture based on common values. Societe Generale's corporate culture is based on the values it promotes to best serve its customers (team spirit, innovation, responsibility and commitment), the behaviour and skills they inspire and the conduct to be followed by those who work in these businesses. It has been shaped by serving its customers for more than 150 years. The focus is on the customer, and all employees are guided by the Group's core values. It is this corporate culture that makes the Societe Generale Group unique and enables it to properly meet the expectations of all its stakeholders.
- Foster employee commitment. The Human Resources Division pays particularly close attention to employee commitment, which improves team performance. Recognising each individual's contribution to the Group's long-term performance, ensuring wellbeing at work and drawing on the teams' diversity are all essential to maintaining employees' ties to the company and improving efficiency.

The Societe Generale Group's teams at the end of 2016

Societe Generale employed 145,672 people ⁽¹⁾, at the end of 2016 for a stable headcount compared with 2015

This corresponds to 130,727 full-time equivalents (FTEs) ⁽²⁾.

	2016	2015	2014	2013	2012	2011
Group headcount (at end of period, excluding temporary staff):	145,672	145,703	148,322	147,682	154,009	159,616

GEOGRAPHIC BREAKDOWN

Societe Generale's 145,672 employees are located in 65 countries, including:

- Mainland France (40.1% or 58,415 people, of which 43,432 at Societe Generale SA);
- Russia (13.7%);
- Czech Republic (6.7%);
- Romania (6.4%).

Mix of countries in which Societe Generale has operations:

- 11.6% of the workforce in low-income or lower-middle-income countries ⁽³⁾;
- 24.7% in upper-middle-income countries ⁽⁴⁾.



¹ Total number of employees on a permanent contract or a fixed-term contract, including work-study contracts, regardless of whether they are present or absent.

² As detailed in chapter 2, page xx

³ As defined by the World Bank, in particular Côte d'Ivoire, Ghana, India, Madagascar, Morocco and Senegal.

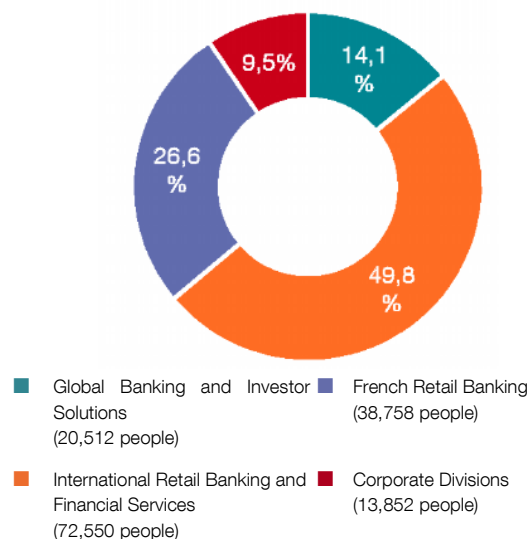
⁴ As defined by the World Bank, in particular Algeria, Romania, Russia, Serbia and Tunisia.

BREAKDOWN BY CORE BUSINESS

The most significant changes in headcount in 2016 reflected the Group's restructurings and adaptations to the environment. They affected each core business differently:

- for International Retail Banking and Financial Services, the ongoing adjustments to different environments and markets led to a slight 1% decrease in headcount. The most significant development was the sale of Bank Republic in Georgia (approximately 1,000 employees);
- for Global Banking and Investor Solutions, the 5.5% decline in headcount was due to the various restructuring plans (including the transfer of support functions to the corporate divisions) and minor adjustments to headcount in several businesses and countries, partially offset in the United Kingdom by the acquisition of the private bank Kleinwort Benson (nearly 400 additional staff⁽¹⁾);
- for French Retail Banking, the 1.3% decline in headcount can be attributed to departing employees (including internal mobility) who were not replaced in the Societe Generale network as part of the restructuring plan announced in early 2016 and the transfer of the support functions to the Corporate Divisions;
- for the Group's Corporate Divisions, the 20.7% increase in headcount was due to the centralisation of the communications and finance functions that had previously been housed in the divisions, and the ramp-up of the IT and compliance teams to support the Group's adaptation to technological developments and regulatory requirements.

BREAKDOWN OF STAFF BY CORE BUSINESS*



* Breakdown of workforce by status

BREAKDOWN OF WORKFORCE BY STATUS

	2016	2015
Overall headcount on permanent contracts at 31st December	135,511	135,050
Overall headcount on fixed-term contracts (including work-study participants) at 31st December	10,161	10,653
Temporary staff	11,338	10,891
Outside contractors	7,535	6,850

* Monthly average in 2016 for Societe Generale SA in France. The use of outside contractors principally concerns the sub-contracting of specialised activities such as IT and consulting.

Supporting changing professions

Today, the banking profession is going through profound economic, regulatory and technological changes. The Group's Human Resources policy is supporting this transformation so that each of the Group's businesses has the skills required to serve the needs of its customers, while enabling its employees to develop their employability over the long term.

ANTICIPATING AND SUPPORTING CHANGES IN THE BUSINESSES

STRATEGIC WORKFORCE PLANNING, A KEY TOOL

It corresponds to a strategic approach that gives the Group the skills its business lines will need in the medium and long term.

⁽¹⁾ At 31st December 2016, about 150 employees had been included in the headcount within the new Kleinwort Hambros entity, which is included in the reporting scope. The integration will continue until the second quarter of 2017.

The three-year forward-looking macro vision is based on the Group's strategic plan and the market environment, and aims to anticipate major qualitative trends in changing professions. This vision enables the Group to draw up mobility and recruitment plans for the full year, as well as a development plan for each employee that relates back to the individual management process. It also involves identifying key competencies and the connections between the Bank's professions. This approach is based on implementation of the right HR policies, particularly with respect to training and filling vacant positions. It gives employees the resources to examine their motivations and ambitions in light of the organisation's new requirements. Moreover, through the job trends observatory established in 2013, Societe Generale has been involved in a number of studies with the branch observatory, the Association Française des Banques (AFB – the French banking association), including an examination of the impact of the digital transition on banking professions.

FOCUS ON THE #MONJOB2020 INITIATIVE

The #MonJob2020 initiative was introduced in 2016 as part of the French Retail Banking transformation programme announced at the end of 2015 (see page 10). It aims to define the jobs and skills that will be needed to meet customers' expectations in the future. This collective effort brings together network managers and employees, business lines, HR and trade unions for workshops held across France. The project's first challenge was to understand customers' changing expectations as well as trends (regulatory, competition, digitisation, etc.) to identify impacts on how business is conducted (interactions between the different participants in the customer experience, tools, behavioural and interpersonal approaches to be taken).

EY In total, more than 300 people participated in this initiative in 2016.

Starting in 2017, field testing will be conducted on the tools and methods conceived throughout the workshops.

AN EMPLOYMENT DYNAMIC THAT RESPONDS TO THE GROUP'S CHANGES

TURNOVER: ARRIVALS AND DEPARTURES

	2016	2015
New hires on permanent contracts	16,283	15,155
New hires on fixed-term contracts (including work-study participants)	10,458	9,627
Departures of employees on permanent contracts	16,714	19,402

Recruitment: attracting the talent that the Group needs

In the 2016 financial year, the Group's recruitment broke down as follows:

- 16,283 permanent contracts, including 56.9% women;
- 10,458 fixed-term contracts, including 68.7% women.
- In France, Societe Generale recruited:
 - 4,151 permanent contracts (of which 2,831 for Societe Generale SA in France);
 - 4,656 fixed-term contracts (including work-study contracts).

The recruitment and talent attraction policy is adapted to the characteristics of each business line and activity and to the specific regional environment.

The careers.societegenerale.com site, the primary interface with candidates, offers a unified recruitment process for the Group in 20 countries. In 2016, approximately 300,000 applications were sent via the Careers site, which had close to 3.4 million hits.

Departures and turnover

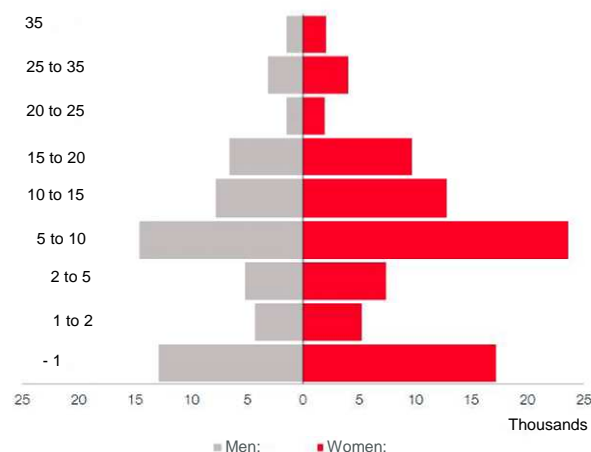
EY The voluntary turnover rate for employees on permanent contracts (due to resignations only) was 7.3%.

This rate was 5.5% excluding the Russian entities (where, in addition to significant structural adjustments, turnover rates are traditionally high), with rates particularly subdued in key countries such as France (3.5%) and the Czech Republic (4.9%). Nevertheless, voluntary turnover varied by business and geographical area. Highly competitive financial markets (especially in Asia) and countries with a dynamic labour market have higher voluntary turnover rates than most of the Group's entities. Specific, targeted actions have been undertaken to retain the best talent.

Overall, 16,714 employees on permanent contracts left the Group, due to the resignations mentioned above, retirements (1,601) and redundancies (4,657, of which 2,097 for economic reasons).

BREAKDOWN OF STAFF BY LENGTH OF SERVICE⁽¹⁾

Years of service:



⁽¹⁾ Data at 31st December 2016, for 97% of the Group.

The average length of service within the Group is 9.5 years.

Specific focus on inducing young people

One of Societe Generale's HR challenges is attracting, recruiting and retaining the best talent. The Group continues to prioritise the recruitment of young graduates whose skills meet its needs. The Bank is therefore committed to a proactive approach to the professional integration of young people. In 2016, across all entities, the Group added to its workforce:

- 5,188 work-study participants (2,150 were posted within Societe Generale SA in France at the end of 2016, in line with the legal requirement);
 - 10,471 interns. France alone (including subsidiaries) accounted for 3,951 interns. These internships, most of which are mandatory for graduation, allow students to be immersed in the business world, while benefiting from the support and supervision of their training supervisor.
- Societe Generale's former interns, VIEs (volunteers for international experience) and work-study participants represent a priority recruiting ground for recent graduates. To attract the best candidates and retain the loyalty of the recent graduates who make up this talent pool, Societe Generale has, for example: partnered with a number of schools and institutes of higher education worldwide. In France and Europe, for example, the Group has partnered with close to 40 schools and institutes of higher education;
- funded educational programmes and research through 11 chairs, with a total commitment of more than EUR 6 million (e.g. Energy & Finance Chair with HEC, Financial Risk Chair with the École Polytechnique, UPMC and the École Nationale des Ponts et Chaussées);
 - established Global Banking and Investor Solutions' GenerationNext (interns, VIEs and apprentices) and Junior Programme (recent graduates) support and development programmes, which serve as in-house launching pads (development of the professional network, mentoring, in-depth introduction to the businesses, training seminars, etc.). These programmes each have more than 1,500 members worldwide.

These initiatives demonstrate the Group's determination to attract and recruit talent by raising their awareness of the challenges and responsibilities of the banking sector and its professional realities from their very first contact with the company.

Internal mobility, a vector for transformation

In 2016, Group internal mobility was as follows:

- Group internal mobility rate: 17%;
- 22,711 moves worldwide;
- 58% of permanent positions filled through internal mobility (76% for Societe Generale SA in France).

Societe Generale develops an active, effective internal mobility policy that promotes the ongoing adaptation of employee skills to the rapid

changes in the economic, regulatory and technological environment, while reiterating its social commitment by developing employability. By offering internal opportunities for advancement, this mobility policy also promotes loyalty among employees, who become deeply attached to the Group: the 2015 Employee Satisfaction Survey measured the level of pride in belonging to the Societe Generale Group at 84% (up six points from 2013). A number of measures have been put in place to encourage internal mobility:

- Job@SG: a new tool rolled out in 2016 for both internal mobility and external recruitment. It lists open positions in 22 countries and allows all employees on permanent or fixed-term contracts, work-study participants, interns and VIEs to apply. They can streamline their application process by completing their profile in advance;
- mapping and "jobs" intranet: the mapping, performed since 2013 across all businesses and regularly expanded and updated, has helped identify possible connections between different professions. A "jobs" intranet allows employees to simulate various possible careers depending on their experience;
- monitoring: in France, driven in particular by the "Campus Métiers Mobilité™"⁽¹⁾ (Job Mobility Campus), nearly 9,200 employees were transferred internally at Societe Generale SA in 2016 (compared with 8,700 in 2015) for a mobility rate of 23%.

International mobility is also encouraged to support the company's intercultural dimension. At the end of 2016, the Group had approximately 1,000 international mobility employees (all origins and destination countries combined). Meanwhile, the Bank has developed short-term international assignments, lasting a few months, for employees on international teams. These assignments are more flexible than an expatriation contract and can increase synergies and facilitate relationships within multicultural teams. More than 200 such assignments were undertaken in 2016.

DEVELOPING THE SKILLS AND EMPLOYABILITY OF EMPLOYEES

ADAPTING THE TRAINING POLICY TO MEET CURRENT BUSINESS AND CUSTOMER NEEDS

Training in 2016

 In 2016, 84% of the Group's employees were able to finish at least one training programme, for over 3.8 million hours,

of which 26% were completed remotely (e-learning, virtual classes, etc.). This represents an average of 26.2 hours of training per employee, compared with 25.2 in 2015. A total of EUR 92.3 million was earmarked for training expenses (1.2% more than in 2015⁽²⁾). These controlled budgetary efforts enabled the Group to continue the digitisation of the educational tools, while completing the necessary investment to comply with regulatory requirements. Most of the training provided related to business-specific expertise, with a focus on technical skills; the remainder involved the Group's cross-business modules, including the risk management, regulatory, managerial, behavioural and personal development components.

⁽¹⁾ The Campus Métiers Mobilité (Job Mobility Campus) centralises the positions to be filled for the Corporate Divisions and core businesses except for internal moves within the French Retail Banking managed in a decentralised way on account of its structure and geographic breakdown.

⁽²⁾ Figure restated relative to data published in the 2016 Registration Document

Skills needed to meet the business line challenges

Training is key to helping employees develop their employability, taking into account the needs of customers and their future development. In 2016, business-line issues primarily concerned the changing customer relationship, the challenges posed by the digital transition, and increased regulatory constraints.

Strategic training initiatives have been analysed accordingly by the Learning Board, composed of members of the Executive Committee and Management Committee. In 2016, the emphasis was therefore on:

- customer focus, whether from the standpoint of sales know-how or customer relations and satisfaction;
- improvement in all employees' expertise in digital issues, targeting more specifically the impact of digital technology on each business and support function;
- stronger risk management and awareness of compliance issues, mainly through 17 cross-functional regulatory training courses (including a core curriculum of five courses that are mandatory for all) and about 100 regulatory training courses adapted to the Group's different businesses;
- managerial approach, as the management training courses have all been completely overhauled to better embody the Leadership Model (see page 45), foster discussion among peers and measure the subsequent impact of these training courses.

In addition, the Training division supports the Group's digital transformation by changing its learning methods (see Digitisation of training, on the right).

Professional training for the functions and learning processes

In addition to the individual training sessions, the Bank has spent several years developing learning communities and modules that target specific populations.

Accordingly, the development programmes are grouped into "academies" specific to each business or function within the Group (e.g. large corporate advisory, retail banking salespeople, human resources, audit, etc.). These academies offer enhanced support and help align practices abroad, regardless of entity.

In France, the training programmes known as "Cursus Cadre" (to obtain "cadre" status) and Passerell'E (to achieve France's banking classification Level E) also remain long-established vectors for employability and internal promotion. In 2016, 462 employees of Societe Generale SA in France successfully completed these programmes.

SUPPORTING THE DIGITAL TRANSITION

Technological developments have shifted practices towards greater agility and created new ways to interact. These trends, supported by specific efforts to recruit IT staff, have a direct impact on the Group's

businesses, including development of relations and interactions with current and prospective customers, transformation of products and services and transformation of operational models and the working environment for employees.

In 2016, the Societe Generale Group was ranked third as a company and first as a bank for its digital maturity at the 2016 eCAC40 awards organised by *Les Échos Business* and Gilles Babinet. This ranking acknowledges the in-depth transformation Societe Generale has undergone in the last two years, with:

- an accelerating digital transformation that involves the entire company, in all its businesses and regions;
- an original open-innovation strategy with worldwide ecosystems (see Experimenting with new working methods, p. 45);
- digital awareness for all employees at all levels of the Group.

Digital awareness

In 2014, Societe Generale launched its "Digital for All" programme with the aim of involving all employees in accelerating the Bank's digital transition by encouraging everyone to adopt digital tools and develop an awareness of the challenges of this transition. Through this programme, most employees now have access to digital tools and are gradually changing how they work by adopting tablets, collaborative tools and work communities on the corporate social network, as well as applications accessible through BYOD⁽¹⁾ on personal devices (smartphones or tablets) for employees who would like that option.

Digitisation of training

Societe Generale is pursuing an ambitious strategy to rethink training in the digital age. New learning methods are giving employees the opportunity to grow in areas of their choosing, at their own pace and at the location that suits them best (using mobile tools or from a virtual office, for example). Employees now have access to:

- 7 MOOCs⁽²⁾, which help them delve deeper into the different topics available through self-tests, videos and interactions with learning communities. Launched in 2015, the digital MOOC ("Make me digital") had close to 3,000 participants worldwide by the end of 2016;
- more than 300 Rapid Learning modules⁽³⁾ designed strategically and in response to specific needs by Societe Generale experts in France and abroad, using a solution implemented throughout the Group since 2012;
- 450 microlearning modules less than three minutes long, with summary content that helps build targeted expertise through a variety of complementary media sources, including more than 200 self-study videos on the intranet (general economic and banking culture, data protection, employee savings, management control, etc.). Many of these modules were developed directly by employees.

⁽¹⁾ BYOD: Bring Your Own Device

⁽²⁾ Massive Open Online Course

⁽³⁾ 15-20-minute long e-learning modules designed internally by business line experts.

DEVELOPING NEW WAYS OF WORKING AND ORGANISATIONAL MODELS

Telecommuting and redefining the workspace

Telecommuting serves a dual purpose: (i) to develop innovative operating procedures in the digital age, and (ii) to help employees achieve a better work-life balance. It is therefore a motivating factor, a source of empowerment and a performance lever. In April 2016, in France, 96% of Societe Generale's managers considered that performance levels had improved or been maintained after telecommuting was introduced in their department. A growing number of Group entities are experimenting with telecommuting through mechanisms that are appropriate to the local environment. At the end of 2016, the number of teleworkers had doubled from 2015 to nearly 10,000 people worldwide. The countries with the most teleworkers were France (nearly 5,600), the United Kingdom (nearly 1,600), the Czech Republic (nearly 900), and Romania (more than 400). For Societe Generale SA in France, the testing phase that began in 2014 has given way to the agreement reached in 2016 to perpetuate telecommuting. Within the central departments, which are eligible for telecommuting, nearly 27% of employees on permanent contracts now work from a home office, which ranks Societe Generale among the most advanced CAC 40 companies in this area.

The Group is also experimenting with new approaches to the workspace that encourage mobility, interaction and cooperation, in workspaces that are more open, more modular and less formal, and that use new digital tools. That is the case, for example, in Luxembourg, Hong Kong, London and New York, as well as in France, at the new Boursorama headquarters and new eastern Paris real estate complex "Les Dunes". Involving employees in the design process for Les Dunes was key to making it easier for the 5,000 people who have moved there since the autumn of 2016 to make the space their own. The design allows for a more horizontal management style, more teamwork and improved wellbeing at work. Taken together, this creates a pro-innovation work environment. The FlexWork approach implemented at Les Dunes means employees can choose where to sit for the day, based on the colleagues with whom they need to collaborate. The satisfaction rate of employees who have moved into this eastern Paris technology park was as high as 88% at the end of 2016.

Experimenting with new working methods

The open innovation initiative undertaken by the Group since 2015 gives the teams the chance to collaborate with the external innovation ecosystem (start-ups, FinTech and experts) to increase the creativity, agility and speed of their project development process. In addition to promoting alternative working methods ("pizza teams", continuous improvement through the Test & Learn method or user experience), the Group encourages teams to immerse themselves in innovative communities so they can bounce their ideas off experts in this ecosystem. In France, as well as in India, Dakar and London, the aim of the partnerships is to open up the business line challenges to the local ecosystems and boost innovation at all Group entities. These initiatives enabled the Group to open Le Plateau in the autumn of 2016, located at the heart of the new Les Dunes real-estate complex. Its purpose is to house external and internal start-ups working on disruptive innovative projects and to promote collaboration among different stakeholders in order to foster serendipity.

Developing a relationship banking culture based on common values

INVOLVING TEAMS IN THE GROUP'S VALUES

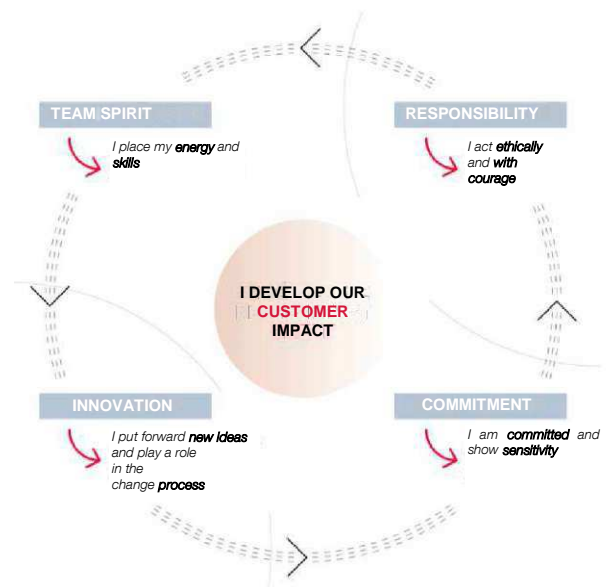
Societe Generale aims to set the standard for relationship banking, to be close to its customers and to be chosen for the quality and commitment of its teams. To make this ambition a reality, employees must work together, regardless of their job within the Group, with one shared objective: the customer.

To achieve this goal, in 2014 Societe Generale redefined its core values (commitment and responsibility were added to the long-standing values of innovation and team spirit) and then emphasised the behaviour and skills through which these values will be expressed by all employees to improve customer service. Discussions about Societe Generale's new Leadership Model were held among Group senior management (Executive Committee and Management Committee) and nearly 300 managers. They helped strengthen the corporate culture which combines the ambition to grow the business (innovation/customer) with a desire for individual and collective excellence (commitment and team spirit, respectively), as well as attention to ethics and compliance with rules (responsibility).

These values strengthen the corporate culture, with a client focus. Specific governance has been established at the highest level of the company through the Culture & Conduct programme introduced in 2016 (see COMMITMENTS, CHALLENGES AND AMBITION, p. 3).

TRANSLATING VALUES INTO BEHAVIOUR

Societe Generale's Leadership Model translates the customer focus and each of the company's four values into the required skills. These are categorised for the three main levels of responsibility within the company – senior management, managers and employees – thereby introducing a common language that provides everyone with the keys to their success within the Group. For example, for employees, the five focus areas are reflected in the following behavioural skills:



The competency guide resulting from the Leadership Model then provides concrete and practical examples of the behaviours that stem from each of these skills and that are observable — and therefore measurable.

In conjunction with this guide, a self-assessment intranet tool allows respondents, after answering 20 questions, to locate themselves in relation to the behaviour that is expected. They can then use the development tools provided to improve in any areas that may be necessary.

After raising the awareness of all Group teams and businesses in 2015, the Leadership Model has gradually been integrated into all HR processes, including evaluation, development, the promotion procedure and management training. Examples can be found below. See also Policy governing remuneration of Chief Executive Officers, subject to shareholder approval, p. 96 of the Registration Document.

EVALUATING BEHAVIOUR

EVALUATION AT RECRUITMENT

The tasks assigned to each new employee require specific behavioural skills that have been identified and are consistent with the Leadership Model. These skills are clearly detailed and are identified in candidates using a common matrix during recruitment interviews. After a test phase in 2015, this approach is now used for each position to be filled in the company. Recruiters have therefore been a priority target for training in the Leadership Model, since hiring candidates evaluated according to the Leadership Model is one of the keys to changing the corporate culture over the long term.

PERFORMANCE EVALUATION AND MANAGEMENT

To ensure that this Leadership Model is firmly rooted in the daily professional work of every employee, it has now been incorporated into the performance management process. Aligning the annual appraisal with the Leadership Model is considered a key component of the transformation. This process assesses not only the achievement of operational results, but also the manner in which these results are obtained. One to two development objectives have to relate to the areas of focus of the Leadership Model, drawing on the concrete and measurable examples provided in the new Group skills guide (see Translating values into behaviour, p. 45).

In 2016, a total of nearly 116,700 Group employees had an appraisal, i.e. 93% of the workforce on permanent contracts.

EVALUATION WHEN IDENTIFYING THE NEXT GENERATION OF MANAGERS

The first people who have to embody Societe Generale's Leadership Model are the Group's current and future senior managers. Accordingly, this mode is now central to several key initiatives to identify, train and promote the leaders of tomorrow.

Detection and support

The aim of the Strategic Talent approach is to detect, develop and build the loyalty of high-potential employees to prepare the next generation of managers. A Strategic Talent is defined as an employee who embodies the Group's values (and therefore the Leadership Model), performs well over the long term and has strong potential for advancement. With its systematic approach, the Strategic Talent policy identifies individuals around the world on an objective basis defined by the Leadership Model, gives them the same chances to bring out their potential and enables them to advance within the Group. The talent pool created represents 2.6% of the Group's workforce.

The Corporate University is responsible for developing the leadership qualities of the most senior managers and the Group's senior leaders. The modules it offers focus on the development of behavioural skills, through programmes that incorporate the Leadership Model as adapted for senior managers. In 2016, nearly 650 Group employees attended its programmes.

Succession plans

Societe Generale is paving the way for the next generation of managers with the succession plans in place for the Group's various scopes, both in France and abroad. The plans for 300 key Group positions are monitored by General Management. The plans for 1,500 strategic Group positions are approved and monitored by the core businesses and Corporate Divisions. The behaviour and interpersonal skills of the people identified as potential successors are analysed in relation to the Group's Leadership Model based on a matrix similar to that used when hiring new employees (see Evaluation at recruitment, on the left). One of the criteria used to identify potential successors for a key Group position is whether this behaviour is consistent with the Leadership Model.

MEASURING BEHAVIOURAL CHANGE

EMPLOYEES' PERCEPTION OF THE COMPANY

The Employee Satisfaction Survey is a comprehensive and anonymous internal survey conducted every two years throughout the Group. The results of each survey are used to develop improvement action plans. In 2015, the survey questions were revised with the Leadership Model in mind and a more streamlined questionnaire was developed to ensure that each question could be linked to one of the Group's four values. The results of the survey show how employees' feelings and experiences compare with the practices and behaviours associated with the corporate values. They will also be used to measure forward movement and change in the corporate culture over time, based on future surveys.

The results of the 2015 Employee Satisfaction Survey, which achieved a 68% response rate, highlighted a strong commitment to the values of Responsibility (79%) and Team Spirit (76%). They showed a significant improvement in Commitment (70%, five points higher than in 2013), while there appeared to be room for progress on the "Innovation" value (72%). More than 1,600 improvement actions have been developed jointly by teams from the different scopes, managers and HR. They cover all of the Group's values and were implemented throughout 2016.

360° PERCEPTION OF TOP MANAGERS

Since 2015, a 360° questionnaire based on the Leadership Model has been used to evaluate the Group's 300 senior managers around the world (members of the Executive Committee and the Management Committee, and holders of key Group positions) and nearly 1,000 managing directors in Global Banking and Investor Solutions. This annual evaluation is used to analyse how the daily actions and behaviour of key managers are perceived by their employees, peers and superiors. It also gives the subjects of the questionnaire an idea of their impact on their colleagues and shows them where they stand in relation to the expectations of the Leadership Model. Individually, the results of these assessments shed additional light on the performance management process, while the consolidated results will provide a way to measure changes in managerial practices over time.

CUSTOMERS' PERCEPTION OF THE COMPANY

Societe Generale's Leadership Model puts the focus on the customer. Customer satisfaction is the top priority and is therefore regularly analysed for each of the Bank's businesses. This is generally done through the net promoter score (rolled out gradually since 2015), an approach used at the highest level of the Group. See also CUSTOMER SATISFACTION, p. 12.

INTEGRATING THE RELATIONSHIP BANKING CULTURE INTO EMPLOYEES' DAILY LIFE

CLOSER TEAM RELATIONSHIPS

The rationale for the cultural transformation is first and foremost to build closer relationships with customers and further Societe Generale's stated "Relationship Banking" ambition. However, to achieve excellence in customer satisfaction, the same attention must be paid to the relationship with and among employees. Developing relationships of trust within a team and with one's manager is vital to developing this same relationship with one's customers.

That is why the "attention symmetry" initiative, which was launched in 2012, has gradually been expanded to cover the entire Group. This programme, in which the quality of employee relations mirrors customer satisfaction, seeks to encourage manager accessibility, direct contact and employee empowerment, as well as to foster a listening culture at every level of the organisation.

Initiatives rolled out to that end in 2016 included the creation of forums for dialogue, in particular within the teams in the Societe Generale network in France, which cover job content and the conditions under which the work is performed. More than 200 ideas and solutions have been put forward, some of which have been presented to the Management Committee. This gives employees the opportunity to have a direct impact on the company's operating procedures and customers' perception.

PROMOTING A QUALITY SOCIAL DIALOGUE

Constructive and structured international social dialogue

All the structural and cultural transformations underway at the Group require a high-quality, constructive Group-wide social dialogue.

In addition to its legal obligations, Societe Generale has set up dialogue and consultation bodies since 2013 to address the corporate strategy. In 2016, union leaders were given visibility over the strategic and economic directions of the company and the business lines through:

- two meetings with the Chief Executive Officer or his representatives at the European Group Works Council meeting;
- five meetings of the dialogue and consultation body, attended by Executive Committee members, to discuss strategy and the basis for any projects under consideration;
- five meetings with the Chief Executive Officer or his representatives at the meetings of the Central Works Council;
- four joint workshops between managers, HR, employees and union representatives as part of the "#MonJob2020" initiative (see page 42) and on the IT function's strategic workforce planning initiative.



Group-wide, Societe Generale is implementing an agreement on fundamental human rights and freedom of association, signed with UNI Global Union federation in 2015 (see RESPECT FOR HUMAN RIGHTS, p. 31).

After a global communication and awareness campaign aimed at senior managers and HR, as well as wide internal dissemination of the agreement among employees, targeted initiatives were conducted in 2016 to promote social dialogue internationally. In particular, a management seminar for International Retail Banking's Africa and Middle East region led to specific workshops on building and facilitating social dialogue. In addition, Societe Generale participated in international conferences organised by the International Labour Organization (ILO) on the development of social dialogue and corporate practices regarding respect for fundamental rights in the supply chain.

The first meeting to follow up on the agreement was held in September 2016 between representatives of UNI Global Union, several Societe Generale union representatives abroad, and the Group's Human Resources Division. An analysis of social dialogue in Europe and Africa was presented at that time. This meeting showed that social dialogue is a reality in France and internationally, and that the Bank is honouring its commitment to fundamental rights at work.

Overview and impact of collective bargaining

In 2016, 217 agreements were signed within the Group (including 14 for Societe Generale SA in France). Nearly half of those agreements covered compensation and employee benefits. The main themes identified also included working conditions, social dialogue procedures and diversity. 15 agreements focused specifically on health and safety.

The expected impact of the 14 agreements signed in 2016 for Societe Generale SA in France is detailed hereafter:

AGREEMENTS SIGNED

IMPACTS ON ECONOMIC PERFORMANCE AND WORKING CONDITIONS

Employment and job support

- Framework agreement on changing professions, skills and employment.
- Four agreements on supporting the transformation in various Bank scopes.

The three-year framework agreement on employment provides a structure for the social dialogue policy on strategy, strategic workforce planning, mobility, intergenerationality and framework measures for employment protection plans.

These measures are defined in four specific agreements that call for concrete actions to develop employability and guide employees through the transformation of the businesses, which is critical to the company's sustainability. This demonstrates the Group's commitment to ongoing support for its employees, in accordance with its commitments as a socially responsible employer. These agreements also provide visibility and security for employees on the level and content of the social support measures for which they are eligible.

Social issues, diversity, working conditions and employee benefits

- Home office agreement.
- Agreement on donating days of paid leave to employees with a seriously ill child (and amendment to the "RTT" (reduced work time) agreement).
- Agreement on the employment of persons with disabilities.
- Two technical amendments on retirement savings.

These agreements improve employees' working conditions (home office and disability), address social and solidarity challenges within the company (days off donation, disability) and allow employees to share in the company's financial performance (retirement savings).

By implementing measures to maintain the work-life balance and promote diversity and equal opportunity within the company, these agreements are vehicles for employee engagement and resilience, while promoting the Group's values of responsibility and innovation. These elements are necessary for the company's operational performance.

Organisation of the Staff Representative Bodies

- Three agreements on the staff representative bodies in the central departments.

These agreements facilitate the organisation and operation of social dialogue, which is necessary for the company's economic performance.

Fostering employee commitment

RECOGNISING EACH PERSON'S CONTRIBUTION TO THE COMPANY'S PERFORMANCE

AN ATTRACTIVE AND REWARDING REMUNERATION POLICY

Monetary remuneration includes a fixed salary, which rewards the ability to satisfactorily hold a position using the requisite skills and is determined in a manner consistent with market practices. It also includes, where applicable, variable remuneration which aims to recognise collective and individual performance. Variable remuneration is dependent on operational and behavioural goals set at the beginning of the year based on the environment, results and how those results were achieved (see Performance evaluation and management, p. 46). In particular, since 2016, the results of the 360° evaluation of key Group positions (see page 46) and their alignment with the Leadership Model have been taken into consideration when calculating the variable component. Lastly,

since 2014, the individual commission system for the French Retail Banking and Private Banking sales forces in France has been eliminated and replaced with gross global annual remuneration and the variable component.

The Group's monetary remuneration policy is based on Group-wide principles applied in all the countries and is adjusted to the economic, social and competitive environment of the local markets as well as to the legal and regulatory obligations in force. Where possible, a cross-business review between functions and business lines is carried out to ensure consistent, objective remuneration levels between the Group's different activities and facilitate cross-business cooperation.

For the 2016 financial year, personnel expenses for the Group totalled EUR 9,455 million (see note 5.1 on page 384 of the Registration Document). For Societe Generale SA in France, average gross annual remuneration ⁽¹⁾ amounted to EUR 54,068, an increase of 1.30% compared with 2015, showing moderate growth in remuneration.

⁽¹⁾ Average overall remuneration includes fixed and variable components as well as bonuses, excluding financial remuneration (employer contribution and profit-sharing) and employer matching contributions. The average is calculated for all employees excluding those that are regulated (whose professional activities are liable to have a significant impact on the Group's risk profile), who are also subject to monitoring and disclosure (see transparency and communication, p. 49).

TRANSPARENCY AND COMMUNICATION

The principles governing the Group's remuneration policy, in particular for the categories of staff whose professional activities are liable to have a significant impact on the Group's risk profile, as per the European Capital Requirements Directive no. 2013/36/EU (CRD4), are detailed in the compensation policy and principles report. It will be published, as it is every year, prior to the General Meeting and transmitted to the ACPR in accordance with the provisions of EU Regulation no. 575/2013⁽¹⁾. Detailed quantitative information on those persons likely to have a significant impact on the Group's risk profile is also sent to the ACPR.

For the employees themselves, an interactive Total Reward Statement is sent electronically every year to staff on permanent contracts and to work-study participants at Societe Generale SA in France. This personalised HR information document provides employees with a complete view of the components of their overall remuneration for the previous year and gives them a better understanding of those components. Other Group entities have also provided their teams with a similar document, including Credit du Nord and some Societe Generale branches abroad.

EMPLOYEE SHARE OWNERSHIP

At the end of 2016, current and former employees of Societe Generale, representing approximately 90,000 people, held a total of 6.61 % of the share capital and 11.98% of the voting rights under the Company and Group Savings Plans. This high employee share ownership demonstrates the ongoing commitment of the workforce.

Free share plan

To involve each employee closely in the Group's earnings and future, a "free share plan granted to all employees" was implemented in 2010. All employees were awarded 40 shares subject to their continued employment within the Group, performance conditions and an increase in customer satisfaction. Those shares were delivered in two instalments for employees who are French residents for tax purposes (in 2013 and 2014). For non-residents of France for tax purposes, the first instalment was delivered at the end of March 2015 and the second at the end of March 2016.

Mandatory employer contributions, voluntary profit-sharing and company savings plan

In France, employees are involved in the long-term development of the Group via profit-sharing and/or employer contribution schemes. These schemes enable employees to finance projects or earn additional income. They are linked to the company's overall performance (financial and extra-financial) and regulated by Societe Generale agreements signed with the trade unions every three years. For Societe Generale SA in France, the total amount of mandatory employer contributions and voluntary profit-sharing for the financial year 2015 was EUR 95 million, a 21.8% increase from the previous year. This amount breaks down into EUR 76 million for financial performance, up 11%; EUR 16 million for the dividend distribution component, up 69%; and EUR 3 million for the share relating to CSR (corporate social responsibility) objectives.

The company savings plan proposes medium- and long-term savings, offering employees the opportunity to build up assets under preferential financial conditions⁽²⁾ and tax rates through tailored management of a diversified portfolio of investment securities. It comprises a diversified range of seven funds, including the employee share ownership fund (Fonds E). Financial remuneration (consisting of the employer contribution and profit sharing⁽³⁾) may be invested in the company savings plan. See also SRI-CERTIFIED SAVINGS FOR SOCIETE GENERALE EMPLOYEES, page 20.

Information about the Societe Generale employee share ownership fund named "Société Générale Actionnariat (Fonds E)"

Under the terms of the rules governing the Societe Generale mutual fund, the voting rights attached to the Societe Generale shares included in the Fund's assets belong individually to the holders of fund units in proportion to the respective shares they hold. The Fund's Supervisory Board, which is composed of an equal number of unit-holding employee representatives and representatives of Management, exercises voting rights for fractional shares and voting rights not exercised by unit holders.

In the event of a public purchase or exchange offer, the Supervisory Board decides whether or not to tender shares to the offer, based on the relative majority of the votes cast. If there is no relative majority, the decision is put to the vote of the unit-holders, who decide according to the relative majority of the votes cast.

CARING ABOUT EMPLOYEES' WELLBEING AT WORK

PROMOTION OF WELLBEING AT WORK

Societe Generale considers employees' health and, more broadly, wellbeing to be a long-term driver of performance and critical to its attractiveness, effectiveness and sustainability. The Group is convinced there is a very strong link between wellbeing at work and quality of work. It therefore formalised an ambitious corporate project on wellbeing at work and in 2015 launched the "Life at Work" programme, which focuses on six specific themes:

- individual and collective efficiency (promotion of efficient working methods);
- health and prevention (relating to the risks inherent in the Group's businesses);
- teleworking and new organisational models (see page 45);
- working environment (see page 45);
- support during key life events (services that facilitate the work-life balance);
- change in managerial culture (training and awareness initiatives in connection with the Leadership Model).

⁽¹⁾ The report on the Group's compensation policy and principles in 2015 was sent to the ACPR in April 2016 and published on the Societe Generale website.

⁽²⁾ Employer matching contribution and discount on the Societe Generale share in the event of a reserved capital increase.

⁽³⁾ (In addition to Societe Generale SA in France, for which the amounts of financial remuneration paid in 2016 are detailed in Note 4.1 (page 461), most French subsidiaries belonging to the Company Savings Plans are subject to an employer contribution and/or profit-sharing agreement.

For Societe Generale SA in France, this programme was launched in conjunction with discussions with employees and their representatives. An agreement on working conditions signed in 2015 defined a framework for rethinking operating procedures. It also promoted the expansion of best practices by encouraging new initiatives on the ground as well as ways to share and test them (see Closer team relationships, p. 47). This agreement also required that wellbeing at work be integrated into organisation or reorganisation projects that have a high impact on the teams, as was the case in 2016 with the IT teams' move to eastern Paris (see Telecommuting and redefining the workspace, p. 45). It is monitored regularly by the Wellbeing at Work Observatory (joint discussion forum, composed of representatives from management and from the trade unions), chiefly by means of quantitative and qualitative indicators identified through an annual survey of working conditions (see Focus on the prevention of psychosocial risks, on the right).

INDIVIDUAL AND COLLECTIVE EFFICIENCY

At the end of 2014, Societe Generale's Executive Committee signed the "15 Commitments for Work-Life Balance" Charter. This charter, introduced by the French Ministry of Social Affairs, Health and Women's Rights and the French Work-Life Balance and Corporate Parenthood Observatory, proposes that signatory companies work to improve their employees' work-life balance. Initiatives implemented under this Charter include heightened awareness of meeting schedules and the use of email outside working hours and initiatives to support employees on a daily basis (conferences, access to personal services, dedicated intranet, etc.).

This charter also resonates outside France with the following initiatives:

- a flexi-time policy at several Group entities (Germany, Belgium, Spain, Italy, Luxembourg, Portugal, United Kingdom, Scandinavia, Czech Republic, Serbia, Hong Kong, India, Taiwan and Canada);
- a requirement that managers pay greater attention to employees' workload, in particular through initiatives on individual coaching in work-life balance (in several Asia-Pacific entities and in the United States).

HEALTH AND PREVENTION

Social protection

Societe Generale fulfils its social responsibility by actively contributing to the social protection of all its employees, particularly in terms of healthcare, pension, death, invalidity and incapacity benefits.

As compulsory benefit plans vary according to the legislation and regulations which apply in each country, each Group entity is responsible for defining the degree of local additional cover needed, in accordance with the objective defined by the Group to offer a minimum level of cover at least comparable to local market practices. Working alongside their regulatory authorities (and potentially with other Societe Generale entities in the same country), Group entities must also factor in their development strategy, remuneration policies and financial position when defining employee cover.

International Retail Banking pays particularly close attention to the social protection schemes at its subsidiaries, including in Africa. Consequently, all African subsidiaries offer health cover to employees and their beneficiaries, in most cases personal protection insurance for beneficiaries should the employee die and, in certain cases, complementary pension plans. At the end of 2016, all employees in the Mediterranean Basin and Sub-Saharan Africa had easier access to care and benefited from the company's contribution to their healthcare expenses.

In France, the Societe Generale group health plan covered nearly 120,500 people (participating members and beneficiaries).

Focus on the prevention of psychosocial risks

Stress prevention initiatives are conducted in 85 Group subsidiaries and branches in France and abroad, covering 76% of the Group's workforce in total. They seek to inform, train and support employees likely to encounter situations that are factors in psychosocial risks. This is reflected differently in various countries:

- free assistance programmes established in partnership with healthcare or insurance sector specialists, which allow employees to speak freely with an outside expert (Germany, France, United Kingdom, Switzerland, Romania, Australia, Korea, India, Singapore and United States);
- training on psychosocial risks and/or awareness-raising by the occupational health office or external experts (Spain, France, Italy, Luxembourg, United Kingdom, Poland, Czech Republic, Romania, Russia, Serbia, China, Korea, Hong Kong, Burkina Faso, Ghana, Morocco, Tunisia and Turkey);
- stress surveys and evaluations (Germany, Austria, Denmark, Spain, France, Italy, Monaco, United Kingdom, Scandinavia and Japan);
- leisure and relaxation activities (France, Montenegro, Romania, Russia, Serbia, Hong Kong, India, Singapore, Taiwan and Morocco).

In France, Societe Generale continued the efforts made since 2008 with all corporate actors and with the support of external stakeholders specialised in the prevention and management of psychosocial risks. Two priorities were set: preventing internal risks (stress, harassment) and external risks (aggression, armed assault).

- Stress and harassment: the training and awareness modules rolled out since 2009 (and updated in 2015 and 2016) have been used to train more than 8,000 employees (including HR, managers and senior management) in psychosocial risk management. Since 2016, a working conditions survey has replaced the Stress Observatory. The first survey was carried out among more than 37,000 employees on permanent contracts, achieving a response rate of 62%. This survey was used to identify psychosocial risk factors for each scope, as well as sources of satisfaction. The results will help define targeted action plans to improve the working conditions of the teams surveyed. Lastly, a sexual and psychological harassment prevention initiative and a dedicated procedure (listening, mediation, investigation and discipline, if necessary) have been in place since 2005.
- Prevention and management of aggression: under the company agreement signed in 2008, mandatory training on conflict situations (taken by all network employees) and specific psychological support programmes for employees who have been victims of armed assault or aggression (through the *Institut National d'Aide aux Victimes et de Médiation* - National Institute for Victim Support and Mediation, INAVEM) have been implemented.

Organisation of working hours

The organisation of working hours depends on the regulations applicable in each country where the Group operates and the employee's function. As a result, practices vary significantly (working time and hours, organisation, etc.):

- average annual working hours ⁽¹⁾: 1,738 hours;
- number of part-time employees: 8,789 (or 6% of the workforce), of which 6,287 in France;
- Total overtime hours ⁽²⁾: 83,851 hours (or 1.4 hours on average per employee).
- For Societe Generale SA in France:
- full time for hourly-paid staff (technical employees and executives): 1,607 hours/year ⁽³⁾;
- full time for salaried executives: 209 days (or 206 days depending on the length of service and age of employees in 2000, when the agreement took effect) ⁽³⁾;
- part time: employees may qualify for schemes that reduce the number of working hours to 90%, 80%, 70%, 60% or 50% ⁽⁴⁾.

Health and safety indicators

- Number of workplace accidents: 821 (945 in 2015);
- Accident frequency rate ⁽⁵⁾: 3.5 (4.0 in 2015);
- Overall rate of absenteeism ⁽⁶⁾: 3.5% (3.5% in 2015);
- Rate of absenteeism due to sick leave: 1.9% (1.9% in 2015);
- Rate of absenteeism due to maternity leave: 1.3% (1.3% in 2015);

PROMOTING TEAM DIVERSITY

DIVERSITY AT THE HEART OF BUSINESS LINE CHALLENGES

In addition to the ethical responsibility, the diversity of Societe Generale's employees and its inclusive culture address a performance challenge. The diversity of profiles and skills combinations can generate a variety of ideas and help the Bank better understand and serve its customers in all its markets.

In terms of diversity, the Group has made it a priority to promote women and international profiles to positions of responsibility and seats within the Bank's management bodies. This strategy has been adapted for the different entities, with each one implementing appropriate action plans to help the Group achieve its goals. A Diversity Board, composed of Executive Committee and Management Committee members, monitors progress on this issue.

Some HR processes are key drivers of progress in gender balance and internationalisation, including:

- succession plans (see page 46) that include women and international profiles;
- diverse Strategic Talent profiles (see page 46): currently 40% are women and 40% international (non-French).

In addition to these priorities, Societe Generale is committed to other aspects of diversity, such as intergenerationality, social inclusion and disability. A variety of initiatives are implemented locally, depending on the challenges and regulations in the different countries and core businesses (see also Fighting discrimination and promoting diversity, p. 266 of the Registration Document).

⁽¹⁾ Time weighted based on the size of the entities' workforce.

⁽²⁾ The definition of overtime is taken from French law, which means that the reporting scope for this indicator is therefore limited to France (Societe Generale SA and subsidiaries).

⁽³⁾ In accordance with the agreement on the organisation of working hours of 12th October 2000 and its amendments.

⁽⁴⁾ In accordance with the agreement of 2nd June 2004 and its amendment.

⁽⁵⁾ See note on methodology on page 292. The rate of accident severity is not an indicator that is monitored, given the nature of the Group's activities.

⁽⁶⁾ Number of days absent/total number of days paid, as a percentage.

GENDER BALANCE

Share of women

	2016	2015
Group	59.1%	59.1%
Managers	44.2%	43.3%
Senior management (top 1,000)	22.2%	21.2%
Management Committee (61 members) ⁽¹⁾	21.3%	20.0%
Executive Committee (13 members)	23.1%	15.4%
Board of Directors (13 members) ⁽²⁾	53.8%	50.0%
Executives (for Societe Generale SA in France)	45.7%	45.2%

⁽¹⁾ The Management Committee includes the members of the Executive Committee. At 16th January, it includes 13 women (compared with 11 at the beginning of 2014, eight at the beginning of 2011 and six at the beginning of 2010).

⁽²⁾ Board of Directors: seven women (including two staff-elected directors).

Gender balance reflects the company's ability to appoint and promote the person whose skills best match a given position without bias or cultural filters. Societe Generale encourages all of its managers to promote this balance within their teams and adopts this approach at the highest level of the company.

Accordingly, in 2016 Frédéric Oudéa signed the UN Global Compact's Women's Empowerment Principles, applicable Group-wide. These principles commit their signatories to make progress on promoting gender balance in the workplace, in the economic ecosystem and within the community. This charter was also signed by Societe Generale Dubai in order to cement this Group commitment among its local partners.

Numerous Group-wide initiatives have been undertaken in this area, including the examples listed below.

Training, development and support

Development initiatives are under way in various Group scopes, such as the Women in Leadership (WILL) development course designed for female Strategic Talent, participation in inter-company events (JUMP forum, EVE programme), awareness initiatives and training and mentoring programmes at various subsidiaries and branches (e.g. in Germany, Italy, Czech Republic, United States, India and Dubai).

The Group supports the women's and mixed networks formed within the company that actively and independently help promote gender balance. These networks have more than 2,400 members worldwide, including France, United States, Singapore, India, Luxembourg, Czech Republic, Senegal, Tunisia, Cameroon, United Kingdom, Korea, China, etc.

Gender equality in the workplace

The Group's gender balance policy is adapted locally through specific measures and collective agreements. For example:

- Societe Generale SA in France: the 2015 agreement on equality in the workplace pursues the commitments made in four priority action areas, namely training, career development, remuneration

and work-life balance. It defines concrete and measurable objectives, such as the target of 46% women executives by the end of 2018 (it was 45.7% at the end of 2016), measures that allow female employees on maternity, adoption or parental leave to keep up with the transformations under way in the businesses, the methodology for eliminating pay gaps, etc. Since 2008, EUR 12.7 million has been earmarked to eliminate unjustified pay gaps between men and women doing equivalent jobs or at equivalent managerial or seniority levels within the company. These funds have been used to correct nearly 7,500 individual situations. Another EUR 1.7 million will be allocated for the same purpose in 2017;

- in the Czech Republic, the Group's subsidiaries are focused on establishing measures to smooth the return to work after maternity leave (by maintaining contact with the company, returning gradually and starting back with part-time work, benefiting from skills upgrades, etc.). The "Maternity Programme" at Komerční Banka has helped to increase the rate of women who return after maternity leave from 45% (in 2008) to 65% (in 2016);
- in Luxembourg, the "Opportunités égales pour hommes et femmes" (Equal Opportunities for Men and Women) project approved and supported by the Luxembourg Ministry for Equal Opportunities focuses on three topics: equal treatment between men and women, gender equality in decision-making processes and reconciling the work-life balance.

GEOGRAPHICAL ORIGINS

Employees' diverse geographical origins reflect as closely as possible the diversity of the businesses, customers, countries and societies in which the Group operates.

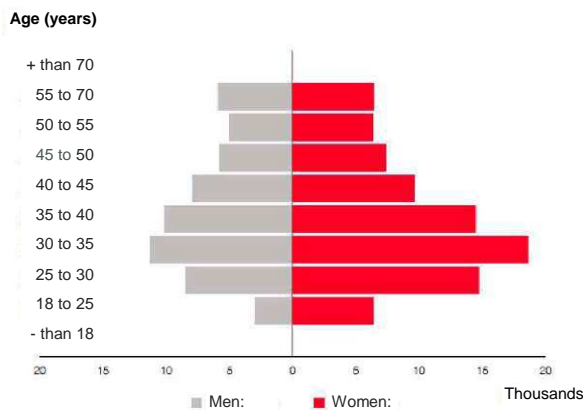
The Group has:

- 123 different nationalities;
- 58% non-French employees.

Within the Management Committee, 10 nationalities are represented, and 23% of members are not French.

GENERATION BALANCE

BREAKDOWN OF STAFF BY AGE BRACKET ⁽¹⁾



⁽¹⁾ Data at 31st December 2016, for 97% of the Group.

Within the Group:

- 23% of employees are under the age of 30;
- 26% of employees are over the age of 45;
- the average age is 37.7.

Intergenerational cooperation

The Group is working to improve cooperation among the different generations, mainly through:

- the inter-company OCTAVE programme, in which it is a partner;
- the digital transformation, which offers opportunities for junior employees to transmit knowledge to senior employees (e.g. reverse mentoring).

It is also focusing its efforts on the professional integration of young people, while overseeing the continued employment of its older employees and accompanying them towards retirement. In France, as part of the effort to adapt the “generation contract”, all Group subsidiaries have established specific agreements and/or dedicated action plans to reflect these objectives, for example:

- Societe Generale SA set an annual target for the recruitment of young people on permanent contracts. In 2016, this target was 500 (a target that was met and exceeded: 921 young people under the age of 26 were recruited during the year). The generation contract and the employment agreement signed in 2016 (see page 48) introduced concrete measures to support senior employees in areas such as training, health and prevention, adjustments to working hours and end-of-career skills transmission (for example, solidarity half-time compensated at 70%, carried out through an association/charity);
- Credit du Nord set a 5% recruitment target for people over the age of 45 over the course of the Senior action plans (November 2013 to November 2016 — by the end of this period, the rate was 7.5%) in order to ensure a balanced age and experience pyramid, including at the time of recruitment.

INTEGRATION OF PERSONS WITH DISABILITIES

Societe Generale is committed to promoting the employment of persons with disabilities. In 2016, Frédéric Oudéa signed the International Labour Organization’s Business and Disability Charter and gave this commitment an international dimension. This makes Societe Generale a member of a network that aims to facilitate the sharing of knowledge and best practices on the inclusion of persons with disabilities in the workplace. At the end of 2016, Societe Generale employed 2,365 disabled staff (as defined locally) around the world (mainly in France, Italy and Germany), accounting for 1.6% of the overall headcount, including 1,684 persons in France. The main achievements of Societe Generale SA in France in 2016 were:

- 520 long-term employment initiatives (a total of nearly 3,000 adjustments have been made to workstations since 2007);
- recruitment of 40 employees with disabilities;
- stronger initiatives to raise awareness among employees, managers and social partners (first Salon Handicap, Emploi & Achats Responsables (an employment and responsible-sourcing fair for the disabled) in Paris, local events in conjunction with the European Disability Employment Week, workshops and training);
- specific mechanisms for skills improvement to promote the integration of the disabled into the workplace (e.g. the HandiFormaBanques work-study programme);
- the development of the protected and adapted sector, with a reinforced approach to professionalising the sector (DIVERSIFYING SOURCING PRACTICES WHILE HELPING TO IMPROVE THE GROUP’S REGIONAL AND ENVIRONMENTAL FOOTPRINT, p. 21);
- the signature of a new three-year (2017-2019) agreement, strengthening the resources of “Mission Handicap” and support for employees.

In Serbia, the “Inclusive Academy” programme, led by employee volunteers from Societe Generale Srbija, helps young disabled people enter the job market. The programme has assisted 60 young people since 2011. Half of them have transformed their experience into long-term employment either at the Bank or externally.

In Romania, the Czech Republic, Germany, Spain, Algeria, Equatorial Guinea and Japan, recruitment, awareness-raising, induction and support programmes have been implemented to promote the employment of the disabled.

Societe Generale also makes sure its services are accessible to disabled customers. For example, in France:

- almost all of Societe Generale’s and Credit du Nord’s automated teller machines (ATMs) are equipped with voice synthesis and tactile sensors and new facilities comply with accessibility standards for people with disabilities or reduced mobility;
- Societe Generale’s mobile application is accessible to the visually impaired;
- a reduced-rate phone number puts visually impaired customers in direct contact with a customer call centre and nearly 700 customers received their bank statements in Braille in 2016;
- at the end of 2016, 70% of Societe Generale branches and 75% of Credit du Nord Group branches were declared accessible to persons with disabilities. The goal is to achieve full coverage by 2021 (excluding historical heritage buildings).

SOCIAL INCLUSION

Over and above the initiatives implemented by the Societe Generale Foundation (see below), Societe Generale SA in France pursues a social inclusion policy for the underprivileged neighbourhoods in which it is located. In 2013, the Bank was one of the first companies to sign the "Entreprises et Quartiers" (Businesses and Neighbourhoods) Charter with France's Ministry for Urban Affairs. This framework built on an older policy that aimed to continue and promote a number of initiatives covering the employment, training and professional integration of young people from underprivileged neighbourhoods of the city. For example:

- the "Coup de Pouce" (Helping Hand) programme, which helped 200 young people with little or no academic qualifications join the retail banking network on apprenticeship contracts since 2008 (with nearly 70% converted to permanent contracts);
- the inclusive "Nouvelle Chance" (Second Chance) programme, introduced in 2015 in Hauts-de-Seine, which improves employability at every stage of the screening process and provides personalised support throughout the job search by

promoting the professions within retail banking and ALD Automotive;

- the promotion of equal opportunities at the Group's target schools and through support and financing for specific inclusive programmes (Institut Villebon Georges-Charpak, etc.), which provides access to certificate-granting training and, ultimately, the possibility of a job at the Bank;
- nearly EUR 200,000 to fund subsidised contracts within local associations.

Moreover, in 2016, Societe Generale became a founding member of the Public Interest Group of the Grande École du Numérique (umbrella organisation for training in the digital transition). This certification label for short, qualifying training courses allows the general public (young people having difficulty finding a job, employees with career development plans, etc.) to quickly gain the skills companies will need in the future to address the digital transformation.

COMMITMENT: SPONSORSHIP AND PARTNERSHIPS

Societe Generale is committed to civil society and pursues a corporate commitment policy that is built around three strategic priorities: citizenship, sport and culture, via three separate entities. Whether in the teams, among customers or with third-party beneficiaries, every day these priority areas drive the four core values promoted by the Group: Team spirit, Innovation, Responsibility and Commitment.

Citizenship

The Group's solidarity policy is in particular demonstrated by the actions of the Societe Generale Corporate Foundation for Solidarity, established in 2006, and the implementation of civic engagement initiatives for employees, which reflect the Group's four core values. The Societe Generale Group is particularly proactive in the areas of vocational integration and social inclusion through sport and cultural activities.

The employee involvement programmes are social action drivers that complement and follow on from the company's actions in community life and respond to a growing demand from employees. They are also powerful drivers for mobilisation and commitment centred around the Bank's core values and social responsibility, strengthening its image as an employer and consolidating internal cohesion by fostering relations between employees and bringing added value to the teams.

Societe Generale Corporate Foundation for Solidarity

The purpose of the Societe Generale Corporate Foundation for Solidarity is to conduct and to support actions that are in the public interest, aimed at fostering the development of solidarity in society. Since its creation in 2006, it has been working to promote vocational integration, notably by supporting projects to help young people get into work and to fight illiteracy. Since 2015, the Foundation has extended its scope of intervention to include education, electing to support non-profit projects using sport or cultural activities as a means of promoting education and/or social inclusion for people in difficulty.

These actions can take many forms, adapted to the needs of the beneficiaries: use of the practice of a sport, for example one offered by Sport dans la Ville, as a driver of motivation to help them define their professional project and also daily support for members of the public who are very isolated from the world of work provided by the teams of the Arès group. The Societe Generale Foundation has decided to expand its long-term relationships with five major partners: ARÈS, CARE France, Sport dans la Ville, Emmaüs Défi and Apprentis d'Auteuil.

The Foundation is also directly involved in initiatives in both France and the other countries in which the Group is present. In a difficult economic environment, now more than ever, the Foundation supports a hundred or so projects each year by means of an annual endowment of EUR 3 million. The Societe Generale Foundation also regularly reinforces the solidarity actions of its establishments by relying on locally created solidarity structures (of the foundation variety).

Since 2006, 867 non-profit projects in 29 countries have been supported through the Societe Generale Corporate Foundation for Solidarity, to the tune of over EUR 21.2 million.

The tenth anniversary of the Foundation in 2016 was the occasion to celebrate and publicise the solidarity commitment of Societe Generale and its employees through initiatives, events and talks organised throughout the year, notably: the solidarity actions and events organised by Societe Generale subsidiaries with employees, the design and publication of a pamphlet entitled "10 years of commitment for inclusion", a concert at the Philharmonie de Paris for the associations and a breakfast organised for employees.

FOUNDATIONS ABROAD

In the countries in which it is based, the Group supports civic actions to actively promote the social inclusion of people in difficulty. In order to be closer to the needs of the beneficiaries, Societe Generale solidarity-based structures also support non-profit organisations for social inclusion locally by seeking to involve their employees on a voluntary basis as well as their customers.

The Societe Generale Corporate Foundation for Solidarity regularly boosts the financial contributions of the Group's solidarity-based structures to the non-profit organisations supported. It thus seeks to both create synergies and identify opportunities to strengthen the links between Societe Generale's solidarity-based structures and the Foundation. Examples include the foundations in Brazil and Morocco, solidarity-driven actions in the United Kingdom, Talents & Partage (an association of employees and retirees of the Group) and Fondation 29 Haussmann (a foundation for Private Banking customers).

In 2016, Societe Generale contributed over EUR 10 million to solidarity sponsorship.

Employee involvement

In parallel with the financial support given by the Foundation, one of the objectives of the Group Citizenship Policy is to promote the civic commitment of Societe Generale employees by offering them the opportunity to put their skills to use for the benefit of the Group's partner associations, during their working hours. These schemes are not only social action drivers, but also drivers of mobilisation and commitment, which respond to a growing demand from employees to get involved in solidarity-based and skills sponsorship initiatives. In 2016, more than 15,000 employees throughout the Group were involved in a solidarity action proposed by the company. As a result, these employees devoted more than 5,000 days to such solidarity actions.

CITIZEN COMMITMENT

A highlight of the Societe Generale Group's citizenship programme is the Citizen Commitment Time, organised every year to foster and promote the benefits of employee commitment worldwide. Under this scheme, employees can take part in sports challenges to raise money, dedicate a day to skills sponsorship, mentoring or voluntary work in order to support partner associations of the Foundation working to promote education and social inclusion through sport and/or cultural activities.

In 2016, nearly 12,000 employees from 43 countries in which Societe Generale is present (including from Paris and all the French regions) took part in a wide variety of solidarity-related actions as part of the Citizen Commitment Time initiative. Thanks to their efforts, the company contributed nearly EUR 600,000 to non-profit projects related to social inclusion through sport and cultural activities.

SKILLS SPONSORSHIP

Skills sponsorship is one way of making employees available on an ad hoc basis and free of charge during their working hours to non-profit associations that are partners of the Foundation or supported by Societe Generale.

PRO BONO DAYS

The objective of these Pro Bono initiatives is to offer a day's support to a non-profit association chosen in keeping with the Group's citizenship strategy. Employees thus apply their high value-added expertise to addressing a clearly defined need on the part of the association (communications, marketing, HR, finance, IT, etc.). This skills sponsorship also serves to highlight the expertise of the employees involved. Since 2012, 49 Pro Bono Days have been organised, involving 346 employees and representing more than 2,600 Pro Bono hours for the benefit of 39 communities.

Overseas, skills sponsorship takes the form of Societe Generale employees helping non-profits or schools during their working hours. This is the case, for instance, in Romania, where employees commit to two involvement programmes: firstly, working with schools to prevent and fight against instances of children and youths dropping out of school, and secondly, the personal development of secondary school pupils.

MENTORING

Mentoring involves an employee of the company providing support to a person who is socially marginalised or far removed from the labour market in the context of his or her schooling, orientation or job search by sharing experience and advice. In 2016, nearly 300 Societe Generale employees in France acted as mentors within six of the Foundation's partner associations (Proximité, Nos Quartiers ont des Talents, Solidarités Nouvelles face au Chômage, Fratelli, Mozaik RH and Capital Filles).

Aware of its role in civil society and the importance of strengthening the ties between the company and young people, the Group encourages its employees to get involved in a wide variety of actions to mentor and support young people worldwide. In the United Kingdom, for example, Societe Generale involves its employees to a significant extent in initiatives to boost educational aspirations and prospects of employment for young people. In 2016 over 750 volunteers devoted more than 3,800 hours to helping young people prepare for the business world.

FINANCIAL EDUCATION

Convinced that the sensible use of banking products and services hinges on financial education, Societe Generale, drawing on the skills of its employees, rolls out tools to help young people and people in difficulty to manage their budget more effectively.

In France, Societe Generale and the non-profit Crésus have devised and implemented a budget education programme, which is delivered within the framework of skills sponsorship. Since 2013, the financial education project has been seeking to raise awareness amongst young people aged 16-25 and people in difficulty of the issues surrounding good budget management, through joint actions within French Apprentice Training Centres (CFA) and communities (the Second Chance Schools (E2C), Capital Filles, Chantiers d'Insertion, etc.). Since the programme was launched, some 3,500 CFA apprentices and beneficiaries of non-profit services have benefited from the course, thanks to the commitment of over 250 employees.

Societe Generale also gives its employees the opportunity to showcase their professional skills through the development of financial education programmes on an international scale (including in Poland, Morocco, Albania, the Czech Republic, Spain, the United States, Benin, Senegal, etc.).

In Poland, for example, a financial education programme has been developed since 2015. This programme, which is run in partnership with a community and secondary schools, aims to give secondary school pupils a better understanding and instil good habits in terms of budget management.

Since the programme was launched in 2013 18,500 young people have taken part in the workshops in 115 schools in Poland.

DISABLED SPORTS

Societe Generale strives, on a daily basis, to promote the inclusion of people with disabilities among its employees, getting involved in local and international events, committees and clubs. The Group has been working with the Paralympic movement since 2003 and shares its values with the French Disabled Sports Federation (*Fédération Française d'Handisport* – FFH) and the French Adaptive Sports Federation (*Fédération Française du Sport Adapté* – FFSA), two French federations dedicated to sport for people with disabilities.

This partnership also resonates abroad, through the commitment of Group subsidiaries, for instance in Algeria, Benin, the Czech Republic, the United Kingdom, Singapore, etc. Societe Generale Algeria (SGA) has been a partner of the Algerian Disabled Sports Federation for the past 11 years and renewed its support in 2016. The same subsidiary also financed the financial awards given to the gold, silver and bronze medal winners at the Rio 2016 Paralympics.

The Group ran an exceptional communication campaign around the 2016 Paralympics on the theme of "Societe Generale, supporting the 2016 Paralympic Team of France as closely as possible", making three advertising films, which were distributed via the Internet, on three French paralympic athletes, a 360° communication plan on internal and external media (example: a special eight-page feature on Societe Generale's ten years of commitment to disabled sports in the supplement to the *L'Equipe* newspaper on the occasion of the Paralympic Games). This campaign was a great success on social media, with record results on Facebook and Twitter. In fact the videos were viewed more than eight million times in three weeks, there were more than 18.6 million impressions of the hashtag #auplusprès on Twitter and one of the Facebook posts generated 15,000 likes, which is a record.

Thanks to the support of Societe Generale, a group of young people from the favelas of Rio, supported by the Gol de Letra Association, attended international competitive events in Brazil and met Paralympians with Societe Generale employees in Brazil.

Culture, a commitment that echoes the company's values

Societe Generale's commitment to contemporary art and classical music goes back over several decades. These are long-term commitments and are implemented either centrally or locally by the Group subsidiaries.

MODERN AND CONTEMPORARY ART

IN FRANCE

In France, Societe Generale's contemporary art collection currently comprises more than 1,000 works, exhibited at the Group's premises in La Défense, on boulevard Haussmann in the centre of Paris and in Val de Fontenay. Projects based around the collection involve both employees and the general public, particularly on social networks.

The Societe Generale Collection is taking its mediation activities among young people and the wider general public a step further; in particular, it extended its programme of visits and projects with students in 2016. Since 2013, patronage of the arts has included working with the students of Paris I-Panthéon Sorbonne, and the current project involves an exhibition at the Sorbonne university itself on the theme of commitment.

The arts patronage commitment of the Group towards cultural organisations is maintained, through the lending of works in France and abroad (Museum of the City of Lisbon) and support for art projects for a wider audience, such as those of the Van Gogh Foundation in Arles, LAAC in Dunkirk and the city of Le Havre for its 500th anniversary.

ABROAD

Overseas, Societe Generale also supports contemporary creation directly, particularly in North Africa through its historical collection of more than 1,000 works in Morocco, as well as more recent collections in Tunisia and Algeria, but also in Romania and Bulgaria. In addition, it sponsors the Artagon project, an annual art event and competition open to art school students.

The Group is also the main partner of the Victoria & Albert Museum for its landmark exhibitions in 2016 and 2017 (Botticelli Reimagined and Opera), as well as of the Pushkin Museum in Moscow and the National Gallery in Prague. It has also supported the French May in Hong Kong for many years.

CLASSICAL MUSIC

The Societe Generale Group has become one of the key actors in classical music, particularly through the patronage of its Mecenat Musical Societe Generale association, created in 1987.

MECENAT MUSICAL SOCIETE GENERALE ASSOCIATION

The number of musical ensembles supported by the Mecenat Musical Societe Generale reached 23 in 2016. The association continues to lend its support to prestigious concert halls, such as the Philharmonie de Paris, and is pursuing its collaboration with the Paris Autumn Festival, the concert seasons of the Théâtre des Bouffes du Nord and the Collège des Bernardins in Paris, and of the Museum of Grenoble.

Particularly focused on meeting the needs of talented young musicians starting out in their careers, the association awards grants to students of the national conservatories of Paris and Lyon each year – there were 42 such grants for 2016-2017. Mecenat Musical Societe Generale also strives to facilitate access to classical

music for young people by supporting musical practice and mediation activities. To this end, the association is the founding patron of the Démon Project (a musical and orchestral education initiative with a social aspect), which ran throughout France in 2016 with 26 orchestras, and of Concerts de Poche, a non-profit association which organised 5,000 musical workshops and concerts. In addition to its policy of giving financial support to organisations in the world of classical music, Mecenat Musical also continued to organise concerts (on 43 occasions), thereby enabling young musicians and ensembles to perform on a regular basis.

Mecenat Musical Societe Generale will celebrate its 30th anniversary in 2017.

PRESTIGIOUS PARTNERS IN FRANCE AND ABROAD

In France, the Group is the partner of several major institutions, such as the Opéra Royal du Château de Versailles, the Grand Théâtre de Bordeaux, the Dominicains de Haute Alsace, the Volcan au Havre and the Opéra Grand Avignon, and also supports renowned festivals, such as the Flâneries Musicales de Reims and the Festival Pablo Casals de Prades. In addition, the Group is also partner to several top-level orchestras, such as the Orchestre National de Lille, the Orchestre des Pays de Savoie and the Orchestre de la Suisse Romande.

Societe Generale continues to support prestigious venues, such as Glyndebourne and the Royal Albert Hall (Great Britain), the Philharmonie de Luxembourg and the Prague National Theatre (Czech Republic).

PLAYING FOR PHILHARMONIE PARIS, A UNIQUE INITIATIVE IN THE BUSINESS WORLD

Following on from the success of the "Playing for Salle Pleyel" events in 2013 and 2014 and the "Playing for Philharmonie de Paris" event in 2016 (a choir and symphony orchestra made up of Societe Generale employees performing with the Les Siècles orchestra), Societe Generale has decided to export this initiative, which is unique in the business world, to London.

Hence, the nearly 300 employees who performed at the Philharmonie de Paris in November 2016, including around 50 from Cameroon and Morocco, joined by 30 or so London-based employees, will come together under the baton of François-Xavier Roth for the "Playing for London" concert at the Royal Festival Hall, Southbank Centre, on Saturday 22nd April 2017.

SPORT, EVER CLOSER

Societe Generale pursues a policy of forging sports partnerships to support the development of its activities around the world. Whether sponsoring champions during international competitions or reaching out to younger athletes, Societe Generale is the preferred partner of national leagues and federations and local clubs alike, focusing its support chiefly on rugby and golf.

RUGBY: SOCIETE GENERALE RENEWED ITS COMMITMENT TO THE FRENCH RUGBY FEDERATION IN 2016 FOR SIX YEARS

Societe Generale has been a devoted partner of local and national rugby in France, from the amateur level right up to the top, since 1987. Involved in more than 450 clubs, Societe Generale is a major partner of professional rugby and of France's national team. The renewal of its partnership with the French Rugby Federation in 2016 for six years confirms Societe Generale's commitment to rugby, at every level and on a long-term basis.

Through its subsidiaries and establishments, the Group also supports rugby in many countries around the world, including Luxembourg, China, Senegal and Serbia. 2016 marked the beginning of Societe Generale's commitment in India, to both women's and men's national teams and also at the local level through its commitment to World Rugby's "Get into Rugby" programme, which is working to make rugby more widely available in schools. At the international level, Societe Generale is a key partner of the Rugby World Cup, which it has supported every four years since 2007.

Rugby sevens, which has been supported by Societe Generale since 2001 and has been an Olympic sport since 2016, is another way in which the Group brings rugby to new populations of school

children and students. Since 2014, Societe Generale has organised the SG Sevens, the French university rugby sevens championship final.

GOLF: AN INSTRUMENT FOR BUILDING RELATIONSHIPS

Societe Generale has been a partner of the French Golf Federation since 2001. In keeping with its conviction that sports activities must be accessible to as many people as possible, Societe Generale also supports Handigolf, a non-profit association promoting golf for people with disabilities.

In line with the growing international interest, the Group has since 2008 been a partner of the only major ladies' tournament held in continental Europe – the Evian Championship.

6. APPENDICES

NOTE ON METHODOLOGY

The purpose of this note is to explain the reporting methodology used by Societe Generale for matters relating to corporate social responsibility (CSR). This methodology is set out in detail in the Group's reporting protocol, available on request.

Reporting protocol

The information included in the Registration Document, on the CSR website, in other communication media of Societe Generale, as well as in the Group's activity and sustainable development report, whether pertaining to the 2016 financial year or to previous years, was prepared on the basis of contributions from the Group's internal network of CSR officers and in accordance with the Group's CSR reporting protocol and CSR initiatives programme. It is also prepared on the basis of data from the "Planethic Reporting" tool, used for the standardised collection of the indicators used to keep track of the various initiatives. All reporting is coordinated by the Group CSR and Sustainable Development Department, which reports to the Group Corporate Secretary (see p. 5, Organisation & governance).

Regular efforts are made to bring contributors and managers on board and familiarise them with the reporting protocol and the tool in the interest of increasing data reliability.

This reporting protocol is updated on a regular basis.

Reporting periods

SOCIAL, SPONSORSHIP AND BUSINESS DATA

Quantitative indicators are calculated for the period running from 1st January 2016 to 31st December 2016 (12 months), with data taken as at 31st December 2016.

ENVIRONMENTAL DATA

Quantitative indicators are calculated for the period running from 1st October 2015 to 30th September 2016 (12 months), with data taken as at 30th September 2016.

CSR consolidation scope

Entities included in the reporting scope meet at least one of the following criteria:

- entities in which the parent company, Societe Generale SA (SGSA), directly or indirectly holds a controlling interest of over 50%. The branches are by definition wholly owned, since there are no shareholders;
- entities that are fully consolidated in the Societe Generale Group and have more than 50 employees.

The CSR consolidation includes 150 companies within the Group's financial consolidation scope at 31st December 2016.

Data collection

The following data collection methods are used for the scope defined above:

- for social, environmental, business and corporate sponsorship data, most of the quantitative indicators are collected by each Group entity via the "Planethic Reporting" tool by collectors who enter the data at the level of their subsidiary, which is validated by validators who review the input data at the level of their entity before approving it, administrators who check and validate the data at the level of the core businesses, and central administrators (Group CSR and Sustainable Development Department) at the Group level, who carry out the final checks prior to consolidation;
- other data is collected directly from the core businesses' CSR officers or from the relevant departments (Purchasing Department, Risk Division, Human Resources Department) by the Group CSR and Sustainable Development Department.

Indicators

During a formal communication campaign, all contributors were informed of the data collection schedule, a Group Instruction and a protocol for each category of indicators. The protocol serves as a reminder of indicator definitions and application criteria.

The 2016 indicators were chosen particularly in respect of information requirements under the "Grenelle II" Law (in accordance with Article L. 225-102-1 of the French Commercial Code) as well as in light of the Group CSR strategy and the determination to align a core ambition as closely as possible with the GRI-G4.

The indicators are generally reported for a global scope. Some indicators, however, cannot be consistently applied to a global scope. In such cases, the indicators were analysed for the scope of France or Societe Generale SA in France (excluding subsidiaries).

Scope and rules for the calculation of social indicators

The workforce taken into account in all the social indicators (unless explicitly stated otherwise) corresponds to the total number of employees on a permanent contract or a fixed-term contract, including work-study contracts, regardless of whether they are present or absent.

The frequency rate of accidents in the workplace is the ratio of the number of accidents in the workplace (as defined by local regulations) to the total number of hours worked (workforce present on a permanent or fixed-term contract multiplied by the number of annual working hours in the entity) multiplied by 1,000,000.

The rate of absenteeism is the ratio of the number of reported days of absence paid to the total number of days paid, as a percentage. It is counted in calendar days and is calculated on the basis of the total number of employees (workforce present multiplied by 365). The scope of the charts "Breakdown of staff by age bracket" (page 53) and "Breakdown of staff by length of service" (page 42) is the CSR consolidation scope as defined above, excluding the headcount of entities in Germany (GEFA, PEMA GmbH, On Vista, SGSS GmbH), Morocco (Sogelease) and Tunisia (UIB), for which this information is not consolidated.

Scope and main management rules for environmental indicators

The scope corresponds to the CSR consolidation scope as defined above. Coverage of the total data collection scope corresponds to the ratio of the headcount of all entities that participated in the data collection campaign to the total headcount of Societe Generale. With data having been collected on 145,672 employees, Societe Generale estimates that the total data collection scope – i.e. accounting for at least the data on occupants and surface area – covers approximately 97% of the workforce.

Restatement of historical data

To ensure the transparency of communication and the comparability of data, the emissions for the reference years and for 2014-2016 are presented in the emissions table.

Similarly, the new indicators that have been incorporated into the calculation of CO₂ emissions have also been incorporated into the historical data.

These restatements do not correct variations related to the growth or reduction of the activity within the entities themselves.

Environmental data: general rules

Environmental data is calculated on the basis of invoices, direct readings, information received from suppliers and estimates. The following checks and ratios are used to manage the reported data:

- checks on variation compared to the previous year were performed for all environmental indicators. Contributors received alerts asking them to check the data recorded if the variation was greater than 30%;
- data collected on energy, office paper and transport is expressed in relation to the number of occupants declared by the entity;

- energy consumption (electricity, steam, chilled water, oil, gas) is also expressed in relation to the surface area (per m²) ;
- in the interest of continually improving the reliability of data, qualitative questions (answers expected via written comments) are used to identify different scopes of data and best practices, and to understand year-to-year variations.

Wherever possible, the number of occupants covered corresponds to the average number of Societe Generale employees or subcontractors working on-site during the reporting period or, failing that, the number of occupants as at 30th September 2016.

Coverage of the data collection scope for each indicator is the ratio of the headcount of all entities having completed the indicator to the total headcount of Societe Generale.

New indicators were incorporated or modified in 2016:

- new indicators for waste were added in order to meet the requirements of French Decree no. 2016-288 of 10th March 2016 which sets out various provisions adapting and simplifying regulations on waste prevention and management. Indicators for glass, metal, plastic and wood were also added;
- with the exception of the Societe Generale France network, most subsidiaries consolidate their data in the Group's reporting tool. Transport and paper consumption data for France is reported centrally by the Sustainable Development Department on the basis of data received from the Purchasing Department.

Calculation of CO₂ emissions

Calculation of the Group's CO₂ emissions is broken down into three categories:

- Scope 1 covers direct emissions related to energy consumption and fugitive emissions of fluorinated gases by the central departments;
- Scope 2 covers indirect emissions related to energy consumption (external electricity, steam and chilled water);
- Scope 3 covers GHG emissions from office paper consumption and business travel, since 2012. The scope has been widened to include the overall paper consumption, transport of goods and energy consumption of data centres hosted in France. .

CO₂ emissions are calculated according to the GHG Protocol method.

INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

Societe Generale - Financial Year ended 31st December 2016

To the Shareholders,

In our quality as an independent verifier accredited by the COFRAC⁽¹⁾ under number 3-1050, and as a member of the network of one of the statutory auditors of Societe Generale, we present our report on the consolidated social, environmental and societal information established for the financial year ended on 31st December 2016, presented in chapter 5 of the management report, hereafter referred to as the "CSR Information" pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code (Code de commerce).

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors to draw up a management report including the CSR Information referred to in Article R. 225-105-1 of the French Commercial Code, in accordance with the protocols used by the company (hereafter referred to as the "Criteria"), a summary of which is included in this Reference Document and available on request from the company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial Code (Code de commerce). In addition, we have implemented a quality control system, which includes documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT VERIFIER

It is our role, based on our work:

- to attest to whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of Presence of CSR Information);
- to express a limited assurance conclusion that the CSR Information, overall, is fairly presented in all material aspects in accordance with the Criteria (Limited Assurance on CSR Information).

Our verification work was undertaken by a team of six people between September 2016 and February 2017 for an estimated duration of fifteen weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13th May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the Limited

Assurance on CSR Information, in accordance with the international standard ISAE 3000(2).

1. Attestation of presence of CSR Information

NATURE AND SCOPE OF THE WORK

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial Code (Code de commerce).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial Code (Code de commerce).

We verified that the CSR Information covers the consolidated perimeter, namely the entity and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the entities that it controls within the meaning of Article L. 233-3 of the same code with the limitations specified in the Note on methodology in Chapter 5 of this Registration Document.

CONCLUSION

Based on this work, and given the limitations mentioned above, we confirm the presence in the management report of the required CSR Information. .

2. Limited Assurance on CSR Information

NATURE AND SCOPE OF THE WORK

We conducted about 30 interviews with the people responsible for the preparation of the CSR Information in the departments in charge of the data collection process and, where applicable, the people responsible for internal control processes and risk management, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality and understandability, taking into consideration, if relevant, industry standards;
- verify the implementation of the process for the collection, compilation, processing and control in respect of the completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

⁽¹⁾ The scope of the accreditation is available at www.cofrac.fr

⁽²⁾ ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information in relation to the characteristics of the Company, its social and environmental issues, and its strategy in relation to sustainable development and industry best practices.

For the CSR Information that we considered the most important ⁽¹⁾:

- at the level of the consolidated entity and the business lines we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a random basis, the calculations and the consolidation of the data, and also verified its coherence and consistency with the other information presented in the management report;
- at the level of the representative sample of entities that we selected⁽²⁾, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify the correct application of the procedures and carried out detailed tests on the basis of samples, consisting of verifying the calculations made and linking them with supporting documentation. The sample of entities thus selected represents 25% of the total workforce for the social data, 26% of energy consumption for the environmental data and 16% of the consolidated net banking income for the business lines data.

For the other consolidated CSR Information, we assessed its consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations in light of, where appropriate, the partial or total absence of certain information.

We consider that the sampling methods and sizes of the samples that we considered by exercising our professional judgement allow

us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be totally eliminated.

CONCLUSION

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken as a whole, has not been fairly presented, in compliance with the Criteria.

OBSERVATION

Without qualifying our conclusion above, we draw your attention to the following points:

Sectoral policies and environmental and social assessment of clients, which are voluntary commitments from Societe Generale, are not sufficiently implemented within certain Group business lines and geographical locations.

Paris La Défense, 7th March 2017

Independent Verifier

ERNST & YOUNG et Associés

Caroline Delerable

Partner, Sustainable Development France

Hassan Baaj

Partner

⁽¹⁾ **Societal and business information:**

Indicators (quantitative information): the number and amount of dedicated transactions signed by the Group in 2016 and reviewed under E&S assessment (under the Equator Principles scope as well as the voluntary extended scope of Societe Generale), amounts of new positive impact financing, green financing to corporate clients, financial authorisations granted to microfinance institutions.

Qualitative information: territorial, economic and social impacts (support for SMEs, the range of solidarity products and services in France and internationally, financial inclusion in France, the Positive Impact Finance initiative), measures undertaken in favour of consumers' health and safety (digital security and data protection), the implementation of the group's environmental and social commitments when conducting its business (integration of ESG issues in risk management topics, sector policies, Equator Principles, E&S evaluations of transactions and clients), taking into account social and environmental issues in the sourcing policy.

Environmental information:

Indicators (quantitative information): emissions of CO2 per occupant.

Qualitative information: the general environmental policy, management tools for climate strategy including the methodology for monitoring outstandings in the coal sector in order to implement the bank's commitment to align with scenario 2DS of IEA by 2020.

Social information:

Indicators (quantitative information): total headcount, new hires, departures including dismissals, training policies, total number of hours of training and average number per employee.

Qualitative information: General Policy implemented in management and skills (#MonJob2020) and implementation of the agreement of fundamental rights and union rights signed with UNI Global Union.

⁽²⁾ The entities selected are:

- For societal / business, environmental and social data: Credit du Nord Group (France), Rosbank (Russia), Komerční Banka (Czech Republic),
- For societal / business and social data: Rusfinance (Russia),
- For societal / business data Société Générale Hong Kong (China).

RAPPORT
2016/2017

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