REMUNERATION DISCLOSURE

Societe Generale London Branch

As at 31 December 2024

THE FUTURE IS YOU

SOCIETE GENERALE

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1. INTRODUCTION

Rule 7.5 in the Remuneration part of the Prudential Regulation Authority (PRA) Rulebook and SYSC 19D.3.13R of the Financial Conduct Authority (FCA) Handbook states that a firm must explain on its website how it complies with the dual-regulated firms Remuneration Code.

The below disclosure provides information on the remuneration policy and practices of Société Generale London Branch (SGLB).

2. REMUNERATION GOVERNANCE

SGLB's remuneration governance ensues robust oversight of remuneration, effective management of any potential conflicts of interest and reflect the need to link remuneration decisions with the Branch's risk appetite.

The governance of remuneration for SGLB is managed through the SGLB Remuneration Committee ("RemCo"), which is responsible for the approval of the SGLB Remuneration Policy and oversight of its implementation throughout the Branch. The SGLB RemCo is constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the elements within these for managing risk, capital and liquidity.

As a Third Country Branch (as defined in the PRA Handbook), SGLB does not have a Board, therefore the SGLB RemCo operates as a standalone committee independent from the executive function of SGLB (that is the SGLB Executive Committee). On remuneration matters only, it will act as the management body in its supervisory function for SGLB as defined in the PRA Handbook and, as such, will adopt and annually review the general principles of the SGLB Remuneration Policy and is responsible for overseeing its implementation.

The Committee regularly receive briefings on business performance, human resources context and remuneration policy execution from the SGLB Chief Executive Officer, HR Director, Chief Risk Officer and Head of UK Wholesale Banking Compliance.

The SGLB Risk, Compliance and Audit departments are also involved in determining the Remuneration Policy for SGLB as follows:

- the Risk and Compliance departments review the proposed Remuneration Policy before submitting it for approval of the RemCo;
- the Risk and Compliance departments review the methodology and the result of the identification of SGLB Material Risk Takers on an annual basis; and
- SG Group Risk, Compliance and Audit departments independently assess risk management and compliance for each Business Unit and specific populations, feeding into the Annual Compensation Review process. In addition, they are involved in the selection of financial indicators used to determine collective remuneration pools. Where Risk, Compliance or Audit departments have concerns about the behaviour of specific groups or individuals concerned or the riskiness of the business undertaken, this is taken into account when setting individual remuneration. As such, these departments may raise an alert relative to risk taking, conflict of interest, treatment of clients or any other behavioural issue.

3. REMUNERATION POLICY

SGLB's Remuneration Policy is designed to support the strategy of the Branch and align with its risk appetitie and support effective risk management. It ensures there is a clear governance process whereby remuneration decisions are authorised at an appropriate level and that the SGLB RemCo has oversight of changes in the structure of remuneration and the payments to senior individuals including those in control functions. It is also reviewed annually to ensure it is in line with applicable regulations including the provisions of the PRA rulebook and the FCA Handbook. Under the FCA's General Guidance on Proportionality, the Branch is a Level 2 firm by virtue of its classification as a UK-designated full-service investment firm with assets of between £13billion and £50billion. A Level 2 firm is required to implement the full FCA and PRA remuneration rules.

The key principles of the SGLB Remuneration Policy include:

- a long-term approach to remuneration, ensuring fairness and competitiveness of compensation and rewarding sustainable collective and individual performance;
- alignment with the Branch's long-term financial performance, risk, operational and long-term targets and the SG Group Code of Conduct;
- consistency of remuneration with sound and effective risk management providing an incentive for prudent and sustainable risk taking; and
- promoting diversity, appropriate risk-taking behaviour, and conduct and culture standards including non-discrimination.

4. REMUNERATION STRUCTURES

Compensation for the majority of employees is made up of 3 key elements;

- **Fixed compensation** primarily reflects relevant professional skills and experience and organisational responsibility and may include the following components: fixed salary, permanent role-based allowances linked to position and allowances related to international mobility;
- **Benefits**; and
- **Variable compensation** structures across SG Group are designed to support sustainable and risk adjusted performance as well as individual job requirements.

SGLB operates a robust and effective performance management system that takes into account individual performance, behaviour and conduct against both financial and non-financial performance at an individual, Business Unit and Branch-wide level.

Individual performance objectives set are in accordance with the SMART method (the objectives are Specific, Measurable, Accessible, and Realistic and fixed within a Timeframe). This means that the objectives are clearly identified and can be assessed by indicators that are known to the employee.

All permanent employees are eligible for an annual discretionary bonus based on their performance, that of the department or Business Unit in which they work (with the exception of control functions), the overall performance of Group and the way in which these results were achieved. The award also takes into consideration the economic and competitive context. In order to avoid any conflicts of interest, variable remuneration is not directly or solely linked to the amount of revenues generated.

The allocation of discretionary variable compensation at the individual level takes into account:

- the employee's achievement of quantitative and qualitative objectives set at the beginning of the year. This is measured within 3 core objectives – behavioural, operational and job performance;
- the assessment of the employee's conduct, risk management behaviour, respect of internal procedures and compliance, and adherence to the Group Leadership Model values;
- input from control functions or other specific body; and
- compensation practices and internal consistency.

The total amount of variable compensation is therefore based on a combination of the assessment of the performance of the individual and of the Business Unit concerned and of the overall results of the Branch and SG Group, taking into account financial and the non-financial criteria.

SGLB has the responsibility of identifying and maintaining a list of those employees having a significant impact on SGLB's risk profile. The identification of the SGLB Material Risk Taker ("MRT") population is conducted through a holistic review of individuals managing the key business risks facing the Branch using criteria defined in the PRA rulebook, based on the definition set out in the Regulatory Technical Standards ("RTS") developed by the European Banking Authority ("EBA").

For individuals identified as MRTs, their remuneration is subject to a 2:1 maximum ratio of variable to fixed remuneration. Where annual variable remuneration exceeds £44k or is greater than or equal to one-third of total annual remuneration (if annual variable remuneration is less than £44k) the structures will include the following;

- A deferred portion subject to conditions of continued employment, performance, appropriate risk management and compliance, vested over 4 – 7 years dependent on MRT status years with a deferral rate of at least 40% and up to 70% for the highest variable remuneration;
- 50% in the form of Société Generale shares or share equivalents, i.e. 50% of the vested portion and 50% of the deferred portion. Société Generale share equivalents are units in cash whose value is determined relative to the share price quoted on the NYSE Euronext market in Paris over a given reference period. A 12-month retention period applies after vesting.

For MRTs, variable remuneration awarded is subject to malus and clawback. Any variable remuneration which has already been paid can be clawed back for a period of up to 7 years from the date of award, in cases where an MRT contributed significantly to a reduction in, or negative performance of, the Branch, or in case of fraud, or acting with intent or severe negligence which lead to significant losses for the Branch. This period can be extended to 10 years in certain circumstances.

In addition to the above, the variable remuneration granted to employees of SGLB, and the support or control functions, is also subject, when it reaches at least £95k, to deferred payment at a progressive rate over three years on a pro-rata temporis basis, with the first payment in cash and next two payments in shares or share equivalents. The vesting conditions for the unvested portion are the same as those for the MRTs.

Employees in Control Functions are paid independently of the performance of the business Units that they oversee and are assessed against objectives linked to the functions within which they work. Their remuneration is predominantly fixed and the decision-making process regarding their remuneration is independent and is designed to avoid conflicts of interest with the other business functions.

Employees whose variable remuneration is subject to risk alignment cannot use personal hedging to undermine the risk alignment effect embedded in their remuneration arrangements. This includes, for example, entering into an arrangement with a third party under which the third party will make payments, directly or indirectly, to the employee to compensate for a risk alignment reduction. The Branch notifies the employees that they cannot hedge the risks embedded in their deferred compensation arrangements.

Pension benefits are provided under a Group Retirement Savings Plan. Employees have the option of opting out of the plan fully (if they meet certain criteria) and receiving a cash amount instead which represents the net cost to the Company that would have been delivered in pension contributions. The Branch does not pay any discretionary pension contributions to any employees.

5. OTHER FORMS OF VARIABLE REMUNERATION

Guaranteed compensation awards made by SGLB will only be granted or paid in exceptional circumstances, in the context of hiring new employees and limited to the first year of service.

In exceptional cases, the Branch may make an award to a new employee to compensate them for unvested deferred compensation forfeited on leaving a previous employer ("Buy-out Award"). Buy-out Awards only occur if there is a commercial imperative and the delivery mechanism to do so. The Branch does not propose buy-out conditions which are more favourable than the forfeited plan in terms of deferral, instruments, retention period, performance conditions, malus and clawback. The vesting dates of the Buy-Out Award are matched as closely as possible to the forfeited award.

Retention bonuses can only be awarded in exceptional circumstances in the case of restructuring, wind-down or change of control. Retention bonuses are based on conditions other than performance (e.g. the condition that the employee stays employed by the Branch until a certain event), or on a combination of performance and presence conditions.

Discretionary payments linked to the early termination of an employment contract are under no circumstances set out contractually in advance. They are determined at the time the employee leaves the Bank taking into account legal constraints, reflect the performance achieved over time and are designed in a way that does not reward failure or misconduct.

Guaranteed bonuses and Retention bonuses always comply with the broader Branch requirements on variable remuneration, including ex-post risk adjustment, deferral, attribution in instruments, retention period, malus and clawback.