

Societe Generale International Limited (“SGIL”)

Pillar 3 Remuneration Disclosures (2017)

The below disclosures are made in accordance with the Capital Requirements Regulation (CRR), Capital Requirements Directive (CRD IV) and FCA rules for disclosure by Level 3 firms.

In line with the above regulations, the disclosures below provide information regarding the remuneration policies and practices for the firm.

Under the UK IFPRU Remuneration Code (FCA Senior Management Arrangements, Systems and Controls SYSC 19A), SGIL is a Limited Activity Firm proportionality Level 3. This has been agreed with the FCA.

Composition and the mandate of the Remuneration Committee:

SGIL Board of Directors adopts and periodically reviews the general principles of the remuneration policy and is responsible for overseeing its implementation.

The Remuneration Committee, which includes members of the Board who do not perform any executive function in the firm, is responsible for preparing the Board decisions regarding remuneration, including decisions which have implications for the risk and risk management of the firm. The Remuneration Committee, subject to the general oversight and authority of the Board of Directors of SGIL, has the following Terms of Reference:

The role of the Remuneration Committee is to:

- a) review and recommend to the Board, the framework or policy for the remuneration of the Company’s Chief Executive, the Executive Directors and any employee identified as a Material Risk Taker under the relevant regulatory authority criteria;
- b) take steps to satisfy itself that the remuneration policy of the Company complies with relevant financial services industry standards, its shareholder policy globally, and regulatory requirements, including the requirement to ensure that the Company’s remuneration policies, procedures and practices (i) are consistent with and promote sound and effective risk management, and (ii) are in line with the business strategy, objectives, values and long-term interests of the Company;
- c) review the ongoing appropriateness and relevance of the remuneration policy and oversee any major changes in employee benefits structures of the Company;
- d) exercise independent judgment on remuneration policies and practices and the incentives created for managing risk, capital and liquidity;
- e) prepare decisions regarding remuneration, including those which have implications for the risk and risk management of the Company and which are to be taken by the Board, taking into account the long-term interests of shareholders, investors and other stakeholders in the Company;

- f) oversee and receive reports in relation to the implementation of the Company's remuneration policies, including meeting with human resources at least annually to understand the application of the policies and performance adjustment arrangements, including information around the decisions taken in relation to performance adjustment, deferral and claw back of remuneration;
- g) ensure that the implementation of the Company's remuneration policies is subject, at least annually, to central and independent internal review for compliance with the policies and procedures for remuneration adopted by the Board and for compliance with applicable regulatory requirements;
- h) within the terms of the agreed remuneration policy and in consultation with the Chief Executive Officer, approve the total individual remuneration package of the designated senior executives and Material Risk Takers;
- i) within the terms of the agreed remuneration policy and in consultation with the Chief Executive Officer, review and recommend for approval to the Board the compensation of the Chairman and each Non-Executive Director;
- j) within the terms of the agreed remuneration policy and in consultation with SG Senior Management, approve the total individual remuneration package of the Chief Executive Officer;
- k) within the terms of the agreed remuneration policy and in consultation with the Chief Executive Officer, approve the total individual remuneration package of the Chief Administrative Officer and the Company Secretary; and
- l) approve the design of, and determine targets for, any performance related compensation schemes operated by the Company and approve the total annual payments made under such schemes.

Members of the Remuneration Committee are appointed to enable the Committee to exercise competent and independent judgement on remuneration policies and practices and the impact of remuneration on managing risks, capital and liquidity. No individual is involved in decisions relating to his or her own remuneration.

During 2017 the members of the Committee were:

Michael Collins	Chairman & Non Executive Director
Tanya Castell (until 08/09/17)	Independent Non Executive Director
Gary Wolens (until 10/04/17)	Independent Non Executive Director
John Hitchins (wef 01/04/17)	Independent Non Executive Director
Marcia Cantor-Grable (wef 01/12/17)	Independent Non Executive Director

During the year, the SGIL Chief Executive Officer provided briefings to the Committee on business performance, human resources context and remuneration policy execution. The Committee also received advice from the SGIL Head of Human Resources and representatives from the Societe Generale compensation department (headed by the Head of EMEA Compensation and Benefits, Societe Generale).

In 2017 the Remuneration Committee met 3 times.

The Committee has not sought to use external consultants to determine remuneration policy but SGIL has sought advice from Price Waterhouse Coopers on certain regulatory issues.

2017 Remuneration policies and principles

SGIL's remuneration practices, policies and procedures aim to ensure that the remuneration arrangements properly take into account all types of risks, liquidity and capital levels and that the remuneration is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, culture and values and the long-term interest of the firm and the shareholders.

The variable remuneration pool is defined at the level of Global Banking and Investor Solutions business, by the SG Group Remuneration Committee; the allocation of this pool between business lines and notably to SGIL is decided by the Deputy CEO of the Group in charge of the GBIS business. Therefore, it factors in the performance of Societe Generale Group and is based on the performance of SGIL. The pool is determined by considering profits of Societe Generale Group, the normalised profit performance of the business lines within SGIL and risk assessment criteria. Normalised profit is the measure of profit post all costs including cost of risk and cost of capital and Societe Generale Group allocations. If the normalised profit of the Societe Generale Group decreases, the allocation to SGIL will be decreased accordingly.

The remuneration pool ultimately allocated to SGIL is reviewed by SGIL senior management and is approved by the Board of Directors upon the advice of the Remuneration Committee of SGIL

The individual allocations of variable remuneration for all employees, including Material Risk Takers, are correlated with the individual annual performance appraisal which takes into account the level of achievement of quantitative and qualitative objectives.

There is no direct or automatic link between the financial results of an individual employee and his or her level of variable remuneration since they are subject to an overall assessment, including the manner in which the results were achieved.

The qualitative objectives are individual, in relation with the professional activity of the employee and adapted to the position held (i.e. where applicable the managerial or decisional level of the position). The quality of risk management, compliance with the appropriate regulations and rules, the behaviours used to achieve the results, compliance with the Code of Conduct,

cooperation and teamwork and personnel management are some examples of behavioural qualities which might be assessed.

Thus, the level of individual variable remuneration depends on:

- for business functions, the results of the employee's business line; for control functions, the achievement of objectives linked to function;
- individual performance, assessed on the basis of annual qualitative and quantitative objectives;
- the way in which performance level has been reached: prudent risk management (including market risks, counterparty risks, and operational risks), compliance with the professional rules of conduct, and the quality of cooperation internally (for example between front offices and back/middle offices).

Compensation of control functions is independent from the performance of the business areas they control.

Variable Remuneration for all employees, including Material Risk Takers, is discretionary.

Guaranteed bonuses are used very sparingly, and are limited to exceptional new hires for a maximum of one year. Guarantees for Material Risk Takers are approved by the Remuneration Committee. Guarantees for all other employees are approved by the SGIL CEO.

Long Term Incentives and Deferrals:

SGIL does not have any executive Long-Term Incentive Plans; however, employees are eligible for consideration for a discretionary grant under the SG Group Performance Shares Plan. Certain key support and other junior employees (including Material Risk Takers) are eligible for consideration; subject to caps on the total amount granted. The Performance Shares granted are subject to specific performance conditions until the vesting date.

As a Level 3 firm, SGIL disapplies certain FCA IFPRU remuneration principles to its Material Risk Takers (deferral, attribution in instruments, performance adjustment). At the same time, although it is not required by the FCA Remuneration Code to have any deferral plans for staff outside of the Material Risk Takers scope, it is good practice to do so and it is in line with Societe Generale Group policy. Above a certain threshold, all SGIL employees (including Material Risk Takers) are subject to progressive deferral of variable remuneration, attribution in instruments and performance adjustment linked to the performance of the applicable business of Societe Generale Group.

Material Risk Taker Criteria:

Using the definition of Material Risk Takers laid down by the European Banking Authority in the Delegated Regulation (EU) No 604/2014, and following a review by the SGIL Chief Risk Officer, 39

people were identified as Material Risk Takers for the performance year 2017. This was reviewed and validated by the Remuneration Committee and the SGIL Board.

The list of Material Risk Takers for SGIL includes all SGIL Senior Management and the Heads of all SGIL Business Lines.

Aggregate quantitative information on remuneration, broken down by business area:

Business Area	Total Remuneration
Management, Support and Control	£13,425,192
Business Lines	£20,999,811

Aggregate quantitative information on remuneration, broken down by senior management and members of employees whose actions have a material impact on the risk profile of the firm:

	Senior management	Other Material Risk Takers	Totals
Fixed remuneration (inclusive of salary, allowances and employee benefits)	£6,885,887	£1,356,942	£8,242,829
Variable remuneration (inclusive of upfront and deferred bonus awards, and severance)	£4,280,833	£419,520	£4,700,353
Number of Employees	30	9	39

Please note the figures above include remuneration for SGIL Material Risk Takers performing executive roles related to SGIL but employed by SG London Branch.