Pillar 3 Report

SOCIETE GENERALE INTERNATIONAL LIMITED

As at 31.12.2024

SOCIETE GENERALE

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SOCIETE GENERALE

1. INTRODUCTION

1.1. BACKGROUND

Societe Generale International Limited (SGIL) is a UK based investment firm authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority (FCA) as of 30 September 2024, and subject to the PRA prudential regime, notably the Capital Requirements Regulation (CRR) under the Basel Framework. SGIL was previously regulated by the FCA under the MiFID regulation and Investment Firm Prudential Regime (IFPR).

The Basel framework is structured around three Pillars:

- Pillar 1 sets out the minimum capital requirements Firms will be required to meet for credit and counterparty credit, market, and operational risk;
- Pillar 2 requires a Firm to undertake an Internal Capital Adequacy Assessment Process (‘ICAAP’) to establish whether the Pillar 1 capital is adequate to cover all the risks faced by the Firm and ensures that it can meet its liabilities as they fall due. If the Pillar 1 capital is considered insufficient then the Firm must calculate the additional amount required; and,
- Pillar 3 sets out market discipline and requires a Firm to disclose specific information on its risk management policies and procedures and the Firm’s capital resources.

The CRR and PRA Rulebook sets out specific Pillar 3 disclosure requirements. This document is intended for SGIL to meet those Pillar 3 disclosure requirements.

1.2. FREQUENCY & LOCATION

SGIL publishes this Pillar 3 disclosure annually on its website:
https://sgildisclosure.societegenerale.com/en/useful-information/crr/

1.3. BUSINESS OVERVIEW

SGIL is a wholly owned subsidiary of Societe Generale (SG) and is part of the SG Group’s global coverage platform for execution, clearing, settlement and reporting services. SGIL provides these services across a broad range of assets classes such as equities, fixed income, foreign exchange, and commodity traded products as a member of exchanges and central counterparty clearing venues covering both listed and over the counter (OTC) markets around the world.

SGIL also provides customers with value added services, including a prime brokerage offering, electronic platforms for trading and order routing, cross margining, the centralised reporting of customer portfolios and cross-asset secured financing.

SGIL operates as a standalone entity with dedicated governance and specific regulatory requirements, incorporating some of the staff and processes of SG Group as well as benefitting from significant SG Group financial and operational support.

SGIL is classified under the FCA Client Assets Sourcebook (CASS) as a CASS Large Firm due to the money held being greater than £1 billion. In relation to its regulatory permission, SGIL does not take proprietary speculative positions.

1.4. *Pillar 3 Validation & Approval*

SGIL has adopted a formal policy to comply with the disclosure requirements as outlined in Part 8 CRR disclosure requirements, and in the PRA Rulebook (Disclosure CRR). SGIL has formal policies for assessing the appropriateness of the Pillar 3 disclosures, including their verification and frequency. The Pillar 3 disclosures comprehensively convey SGIL's risk management and policies, the governance arrangements, the Capital Framework (Own Funds), the UK Key Metrics tables, and the Remuneration Policy.

These Pillar 3 disclosures have been subject to senior management review. In addition, review was completed by the Board Audit Committee ("BAC") on 02 June 2025 and approval given by the SGIL board (the "Board") on 25 June 2025.

1.5. *Attestation*

The following person(s) attest that the SGIL has made the disclosures required under the PRA Rulebook and the CRR requirements, and in accordance with the SGIL formal policies and internal processes, systems and controls.

DocuSigned by:
A0253F9AA12B41C...
Lionel Bignone (CEO, SMF1)

DocuSigned by:
Tamar Moore
8AF7EED324674F5...
Tamar Moore (CFO, SMF2)

2. RISK MANAGEMENT OBJECTIVES AND POLICIES

2.1. *OVERVIEW*

The SGIL Risk Management Framework (SGIL RMF) sets out the organisation and governance of SGIL's approach to risk management. It is aligned to the Societe Generale Code (SG Code) which contains SG's core normative documentation. The main components of the SGIL RMF include how risk (financial and non-financial) is managed and governed in the context of SGIL's organisational structure, activities, business strategy and regulatory framework; the applicability of SG's principles; and the design and operation of the three lines of defence model. Monitoring and assessment aim to provide a comprehensive and integrated view of risks, to enable consistent management of these risks across SGIL. This vision fuels the construction and management of SGIL's strategy.

SGIL is organised along the Three Lines of Defence model with well-defined and segregated responsibilities aligned with the SG framework as well as applicable local regulatory requirements and guidance. The Three Lines of Defence model ensures appropriate and clear responsibility for the management, challenge, and assurance of risks within SGIL.

- **First line of defence (LoD1):** LoD1 is composed of any organisational unit or function that is accountable for one or more of SGIL's key risk types; engages in activities designed to generate revenue or reduce expenses; provides operational support or servicing to any business units (BUs) or service units (SUs) for the delivery of products or services to customers and clients; or provides technology services to any BU or SU. As LoD1, the BUs and SUs are accountable for current and emerging risk identification, measurement, monitoring, assessment, control, mitigation, and reporting.

- **Second line of defence (LoD2):** SGIL's LoD2 is composed of the Compliance (CPLE) and Risk (RISQ) divisions. Collectively, the LoD2 maintains an aggregate view of SGIL's risk profile. LoD2 is accountable for the independent oversight of risk-taking activities undertaken in pursuit of SGIL's strategic and business objectives. It further evaluates, oversees, and provides effective challenge to the plans and intended risk-taking and risk management actions of LoD1.

Included within LoD2 are the Level 2 Permanent Control teams (CTL) attached to CPLE, DFIN and RISQ. These CTL teams are responsible for carrying out independent assessments to provide an opinion on the adequacy and effectiveness of Level 1 controls.

- **Third line of defence (LoD3):** The third line of defence (LoD3) is provided by the General Inspection & Audit Division (IGAD) in accordance with the SG Group Internal Audit Charter. This Charter defines the mandate, authority, and responsibilities of IGAD to provide independent, objective, reliable and timely assurance to the Audit and Internal Control Committee (CACI), SG Group Management, and, where applicable, external auditors and regulators over the effectiveness of controls, risk management, and governance activities to mitigate risk and enhance the control culture within the Group. IGAD performs its work in compliance with the legislative and regulatory framework applicable to Internal Audit, and the professional practice standards published by the IIA (Institute of Internal Auditors).

The Risk Management Framework is based on the following key processes, which are described in the following sub-sections:

- Risk identification and assessment
- Risk governance
- Risk appetite
- Internal control framework

2.2. *ADEQUACY OF RISK MANAGEMENT ARRANGEMENTS*

SGIL Board has approved, for the purposes of Article 435(1) CRR, the below concise risk statement and declaration on the adequacy of risk management arrangements:

SGIL Group Risk Management Framework, as described above and leveraging on SG Group Risk Management Framework, is embedded in the day-to-day operations of SGIL. The effectiveness of the framework is reviewed at least annually and, where appropriate, elements are updated to reflect best practice, evolving market conditions, lessons learned following market-wide or idiosyncratic risk events, and in response to changing regulatory expectations and requirements and any significant audit issues. SGIL Board has reviewed the adequacy of these risk management arrangements and systems, including Management’s planned enhancements to strengthen these elements, and considers these appropriate given the strategy and risk profile of SGIL.

2.3. GROUP CONCISE RISK STATEMENT

SGIL's overall risk profile remains consistent with its business strategy, noting that as of 31 December 2024, all of SGIL's risk appetite indicators are within the risk appetite limits that have been formally set. The risk appetite indicators and associated limits have been determined and calibrated in line with SGIL's strategic objectives. SGIL's regulatory capital and liquidity metrics (presented in the table below) remain above SGIL's minimum regulatory requirements and internal risk appetite limits, which reflects the adequacy of SGIL's overall financial resources.

Regulatory Capital Ratios	Level as of 31 Dec 2024
CET 1 ratio	42.7%
Tier 1 ratio	42.7%
Total Capital Ratio	47.6%
Leverage Ratio	5.0%
Liquidity Coverage ratio	246.9%
Net Stable Funding Ratio	129.3%

Figure 1: SGIL's regulatory capital and liquidity metrics

2.4. RISK IDENTIFICATION & ASSESSMENT

Risk Identification is intended to detect and document potential risks to the organisation. For this, SGIL relies on an annual risk identification and assessment exercise as well as on ongoing risk identification processes described in the SG Code. Both processes enable BUs and SUs to identify the material risks that SGIL is facing and formalise the SGIL Risk Identification and Risk Inventory.

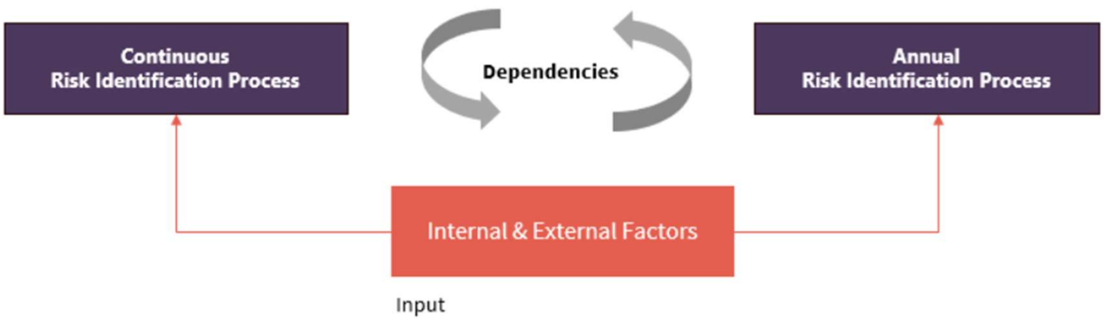

Figure 2: SGIL's Risk Identification Process

While each risk captured in the risk identification process may be important at SGIL and/or BU/SU levels, the list requires prioritisation to focus SGIL management on the most material risks. These material risks are summarised in the SGIL Risk Inventory, which is one of the key outputs of the identification and assessment exercise. Material risks reflected in the Risk Inventory are to be mitigated and controlled through risk management practices such as a specific control framework, risk appetite (alert threshold / limit) or a risk policy.

In addition to material risks being assessed quantitatively as part of the Annual Risk Identification and Inventory exercise, emerging risks are identified and assessed qualitatively.

The Risk Inventory is presented to the SG London Risk Committee (executive level) and BRC (board level) on an annual basis, or more frequently if substantial changes occur in the business model, industry or macroeconomic environment or regulatory requirements.

The risks listed below are considered material as determined by SGIL's Risk Identification process which was last updated in March 2025. Section 2.6 provides a definition of these risks, a description of how they apply to SGIL's business activities, and the processes in place to monitor and report these risks.

- Counterparty credit risk
- Market risk
- Operational risk
- Compliance and legal risk
- Market risk in the banking book (including IRRBB)
- Liquidity risk
- Business risk
- Group risk
- Residual risk

In addition to SGIL's material risk types listed above, the below risk factors have also been assessed as material. A risk factor is an identified event that could trigger or aggravate one or many risk types.

- Environmental, social and governance (ESG) risks (including climate risk)
- Reputational risk

2.5. *Risk Governance*

SGIL's risk governance and organisational structure is designed to ensure that the business objectives, strategy, and risk culture requirements imposed by stakeholders, the Board, and supervisors are met. More specifically, the risk governance structure ensures that that there is sufficient oversight and escalation to manage SGIL's risks, and the three lines of defence model ensures appropriate responsibility for management, challenge, and assurance.

Each of SGIL's BUs and SUs are responsible for setting up an appropriate process for reporting and escalating potential risk management (financial and non-financial) and compliance-related incidents within their respective governance frameworks.

The governance structure has various committees to review risks, various policies, and procedures to facilitate the escalation of risks and reaffirm the ownership responsibilities for its management, while providing for the overall oversight of the risk management framework by the Board. The primary management level committee responsible for risk governance is the SG London Risk Committee (SG London RISKCO), which has coverage of both SG London Branch (SGLB) and SGIL. The SG London RISKCO is a decision-making committee with delegated authority from the respective entity's Executive Committee (ExCo) to review and validate the respective entity's risk appetite, Risk Management Framework (RMF) and its fitness for purpose, Risk Appetite Framework (RAF), and Risk Appetite Statement (RAS). For all SGIL matters, the SG London RISKCO reports to the SGIL ExCo and the SGIL BRC.

Additionally, SGIL has an entity-specific Enterprise Risk Committee (SGIL ERC) which reviews and approves the core components of the SGIL Management Information Pack (SGIL MIP) prior to cascading the SGIL MIP to the:

- SGIL Management Body in its supervisory function (SGIL Board Risk Committee and Board of Directors);
- supervisors (Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA)).

The core components of the SGIL MIP to be discussed at the SGIL ERC include:

- the nature and magnitude of current and emerging risks applicable to SGIL;
- the effectiveness of risk management in relation to these; and
- the alignment of the SGIL risk profile with the SGIL risk appetite, strategy, and objectives, including thresholds and limits
- consumptions, as well as potential breaches.

2.6. *RISK APPETITE*

Risk Appetite is defined as the level of risk that SGIL is prepared to assume to achieve its strategic goals. Risk appetite is an important component of the business and risk strategies of SGIL and guides internal policies, operation, and management.

The SGIL Risk Appetite Statement (RAS) aims to formalise SGIL's risk appetite for the material risks it faces in the conduct of its business. Therefore, SGIL's risk appetite is articulated:

- qualitatively, through a set of principles and policies applicable to various types of risk; and
- quantitatively, through a risk management framework comprising alert thresholds, risk appetite limits, and if relevant, crisis levels.

For each indicator, risk levels are defined: a limit corresponding to the risk appetite level not to be exceeded, an alert threshold to prevent the limit being exceeded, and a crisis level corresponding to a regulatory requirement, where the indicator is subject to it, increased by a buffer to allow remedial measures.

Risk Appetite formalisation is based on:

- SGIL's strategic profile: definition of the major principles for balancing the business portfolio by geography and by expertise.
- SGIL's financial solidity profile: formalisation of SGIL's major financial goals (profitability, solvency, liquidity, etc.), consistent with its strategy, which include targets to comply with in the base case of the three-year financial plan. The target solvency and liquidity profiles are consistent with those defined during the Internal Capital and Liquidity Adequacy Assessments Processes (ICAAP and ILAAP).
- The applicable risk framework comprises of risk policies and / or quantitative levels of risk management.
- The SG Group Risk Appetite that is cascaded to Business Units: this is applied and / or adjusted as relevant taking into account SGIL specifics listed above.

In addition to the RAS, SGIL has a formalised Risk Appetite Framework (RAF) which is designed to give a summary view of the Risk Appetite governance and implementation framework for SGIL. The RAF:

- is an integral part of SGIL's Risk Management Framework and SGIL's Internal Control Framework;

- defines the governance of the Risk Appetite definition and management;
- presents the approach and methodology by which the risk appetite is determined, monitored, communicated and reported;
- describes the formalisation of this risk appetite in the RAS;
- defines interactions with key strategic processes such as:
    - the Risk Identification
    - the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP),
    - the Recovery Plan,
    - the strategy definition and
    - culture and conduct, and compensation mechanism

The validation of the RAF and RAS is performed at least annually by the SG London RISKCO, the Board Risk Committee (BRC), and the Board of Directors (SGIL Board).

2.7. *INTERNAL CONTROL FRAMEWORK*

SGIL adopts the SG Group's internal control framework which operates within the wider three lines of defence framework. The internal control framework aims to protect SGIL, its financial performance, and its reputation. It encompasses permanent and periodic control:

- Permanent control comprises the Level 1 and Level 2 control framework and helps to contain non-financial risks at the level accepted by SGIL's risk appetite by relying on:
    - Level 1 permanent control: combination of actions and controls that may limit the likelihood of an operational risk to occur or reduce its consequences for the company. All employees have a Level 1 permanent control mission. All departments execute level 1 controls on their own activities. LoD1 relies on its library of normative controls (LNC), which is a framework of key controls to cover SGIL's material risks. It provides the structure of SGIL's level 1 permanent controls and ensures that they are consistent. The key controls are broken down by central functions into managerial supervision controls unless an exception is authorised. The level 1 permanent controls are documented in an inventory and ensure that all the activities performed by SGIL have controls to mitigate the risks the entity is exposed to.
    - Level 2 permanent control verifies the safety and efficiency of those risk assessment and control mechanisms implemented as part of the Level 1 permanent control. DFIN, RISQ and CPLE each have control functions (DFIN/CTL, RISQ/CTL, CPLE/CTL) which, in their capacity as 'control of controls', ensure the proper functioning of level 1 permanent controls. Second level permanent control conclusions are communicated to the concerned level 1 control stakeholders and their respective management and relevant governance forums.

- Periodic control carries out independent audits of the operational entities to verify the compliance of the operations, the level of risk actually incurred, the proper application of procedures and the effectiveness and adequacy of the permanent control system.

2.8. *STRATEGIES AND PROCESSES FOR MANAGING MATERIAL RISKS*

2.8.1. COUNTERPARTY CREDIT RISK

Counterparty credit risk (CCR) is the risk of the deterioration of the creditworthiness or the default of the counterparty to a transaction (derivative or repo) before the final settlement of the transaction's cash flows. CCR is a multidimensional form of risk, affected by the exposure to and the credit quality of the counterparty, both of which are sensitive to market-induced changes. This risk can be broken down into:

- Default risk: this is the replacement risk to which SGIL is exposed if a counterparty fails to meet its payment obligations. In this case, SGIL must replace the transaction following the default of the counterparty. Potentially, this must be done in stressed market conditions, with reduced liquidity and sometimes even facing Wrong-Way Risk (WWR).
- Credit Valuation Adjustment (CVA) risk: this is the variability of the counterparty risk value adjustment, which is the market value of the CCR for derivatives and repos, i.e., an adjustment made to the transaction price to take account of the credit quality of the counterparty. It is measured as the difference between the price of a contract with a risk-free counterparty and the price of the same contract considering the default risk of the counterparty.
- Risk on clearing activities with Central Counterparties (CCP): this relates to the potential default of another clearing member of the central clearing house, which could result in losses for the SG on its contribution to the default fund.

Counterparty credit risk exposure (including concentration and settlement risk) faced by SGIL is largely short-term in nature due to the daily margining process and standard termination periods. The main exposure arises from the following:

- Cross margining activities;
- Margin financing activities; and
- Cash held at banks, carrying brokers, clearing houses and Group entities.

For cross margining and margin financing, SGIL would only suffer a counterparty credit risk loss if:

- the client does not pay; and

- to close out the client's trades, SGIL realised a loss greater than the collateral that SGIL has on deposit for the client (i.e. as at the previous day).

SGIL has a diverse portfolio of clients which ranges from financial services companies and regulated funds to corporates, such as energy companies and commodity trading houses.

CCR is measured with exposure at default metrics (Potential Future Exposure), stress tests and probabilities of default. This is assessed for individual counterparties as well as at portfolio level on a regular basis. Monitoring is performed by the dedicated 'Metrics Monitoring Group' team and consolidated at a SGIL level by the SGIL Risk department, independently from the front office. Breaches are reported to the Board and Executive Committee according to the governance set in the Risk Management Framework and Risk Appetite Framework.

2.8.2. Residual Risk

Residual Risk is the risk that the firm is exposed to when credit risk mitigation techniques used by the firm prove less effective than expected.[1] While the use of credit risk mitigation techniques reduces or transfers credit risk, it may simultaneously increase other risks including credit risk, legal risk, operational risk, liquidity risk, and market risk.

Residual risk is considered relevant and material for SGIL considering the extensive use of collateral and guarantees as part of credit risk management.

2.8.3. Market Risk

Market risk is the risk of loss in value of financial instruments resulting from adverse changes in market parameters. Market parameters include equity and bond prices, interest and exchange rates, credit spreads, commodity futures prices, etc., but also their volatilities and correlations (implicitly deduced from derivative prices).

SGIL's market risk exposure can largely be attributed to the activities on its clearing and collateral management desk. The desk is responsible for optimising return while managing the collateral positions and exchange margin requirements from listed and cleared OTC client activity. Due to this activity, the desk enters FX swaps, resulting in cross-currency basis risk, and outright bond positions, resulting in credit risk.

[1] PRA Rulebook, Internal Capital Adequacy Assessment, Paragraph 1.2.

SGIL primarily measures its market risk through value-at-risk metrics and stress testing based on historical and hypothetical scenarios.

2.8.4. Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, staff, or systems, or from external events.

SGIL is exposed to operational risks inherent to its business. SGIL specifies its zero or very low tolerance to operational risk for: internal fraud, cyber security, data leakage, business continuity, outsourced service delivery, physical security, execution errors. Furthermore, SGIL has no tolerance for incidents whose severity is likely to seriously harm its image, threaten its results or the confidence of its clients and employees, prevent business continuity on its critical activities or challenge its strategic orientations.

SGIL's operational risk management is based on a combination of various types of processes, notably:

- The deployment of secure procedures for processing data, special prevention mechanisms and an internal control system. In addition, a framework has been designed to ensure business continuity in crisis situations;
- Ongoing pro-active analysis / monitoring and mitigation of emerging and materialised operational risks including through, for example, the Risk & Control Self-Assessment (RCSA) exercise, tail risk scenario analysis, incident reviews, incident trend analysis and thematic reviews;
- Implementation of key risk monitoring and control indicators (KRI), and review/challenge through SGIL governance/committees;
- Promotion of a solid risk culture with respect to operational risks throughout the entity;
- Leveraging specific governance or workstreams on topics such as information security, new product approval, operational resilience, third party risk management and risk acceptance; operational losses; and
- Incidents: operational risk events suffered by SGIL: losses, gains, near-losses, reputational risk, and other significant incidents without financial impact.

2.8.5. Compliance and Legal Risk

Compliance and legal risks cover both the compliance and other dispute with authorities and commercial dispute.

- Compliance & other dispute with authorities represent the risk of legal, administrative or regulatory sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with national or European laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its banking activities.
- Commercial dispute is defined as the legal risk of any dispute with a counterparty, resulting from any inaccuracy, gap or insufficiency likely to be attributable to the subject company in respect of its contractual obligations.

The First Line of Defence is responsible for ensuring its business is executed in a manner consistent with the Compliance Risk Appetite General Principles, with the advice and support from Compliance. All staff, irrespective of their Line of Defence, are responsible for ensuring they consider the compliance and regulatory risks in front of them and for behaving in a manner consistent with the Compliance Normative Documentation Framework (any documentation issued by CPLE (whether at SG, Wholesale, SG London or SGIL level) (i) the compliance with which is mandatory, and (ii) which applies to all SGIL Staff and/or Staff within a specific BU or SU in SGIL). Compliance Normative Documentation includes all categories of mandatory normative documentation (MND) set out in the SG London Procedure on Mandatory Normative Documentation, such as policies, procedures, minimum standards, and handbooks.

Compliance has in place mechanisms across each of its disciplines to monitor the activity of SGIL. It reports formally into the governance Committees of SGIL.

SGIL is exposed to Legal Risks inherent in its business such as commercial disputes and non-respect of competition laws. SGIL aims to manage and mitigate these risks. Its Legal Division serves as a risk mitigation function and defines the norms, standards, procedures, and controls associated with Legal Risk. The Legal Division provides independent legal advice, and, among its roles, it identifies, assesses, analyses, and mitigates Legal Risk issues. It also promotes a solid “legal risk culture” throughout SGIL.

2.8.6. Market Risk in the Banking Book

Market risk in the banking book is the risk of losses in interest margin or banking book value if interest rates, foreign exchange rates, or credit spreads change. This risk is related to SGIL’s non-trading portfolio, it includes the distortion of the structural difference between assets and liabilities.

The market risk in the banking book assessments and associated indicators are implemented following the SG Group methodology, principles, and framework, as well as the local PRA regulation applicable to the firm. Therefore, SGIL adheres to the Group requirements and the PRA regulatory requirements.

The market risk in the banking book indicators and limits/thresholds are reviewed annually, or more frequently, if required by changes in market conditions, in regulatory regimes etc. The limit/threshold calibration is typically based on historical and forward looking analyses, market conditions, the expected structure of the banking book portfolio and its sensitivity to changes in interest rates and credit spreads, the level of risk which the firm is willing to accept while pursuing its strategic objectives, as well as foreseen changes in the applicable regulations (e.g., transition to the CRR regime, review of IRR shocks prescribed by regulators, etc.).

SGIL Treasury is ultimately responsible for managing the market risk in the banking book within the approved limits. In case of limit breaches, SGIL Treasury is responsible for taking remediation actions, to restore the indicators within the limits.

2.8.7. Liquidity Risk

Liquidity risk refers to the ability of SGIL to fulfil its payment obligations at any moment in time, during normal course of business or under lasting financial stress conditions.

The liquidity and funding risk assessments and indicators are implemented following the SG Group principles and framework relevant to SGIL, as well as local regulation applicable to the firm. Therefore, SGIL adheres to the Group and UK Regulator requirements.

The indicators and limits/thresholds are reviewed annually, or more frequently, if required by changes in market conditions, change in regulatory regimes etc. The limit/threshold calibration is based on historical and forward-looking analyses, the level of risk which the firm is willing to accept while pursuing its strategic objectives, as well as foreseen changes in the applicable regulations (e.g., transition to the CRR regime). The indicators and their associated limits are approved at the Group level and local level.

Additionally, stress testing is a key component of the SGIL's approach to liquidity and funding risk assessing SGIL's capacity to comply with payment obligations under stress while keeping a positive cash balance. The stress testing models are designed to assess the outflows, by liquidity risk driver, that SGIL would have to comply with under different stress scenarios. Liquidity stress testing models are recalibrated at least annually for the ILAAP exercise and to comply with group guidelines and are being reviewed at least every three years.

The contingency funding plan and recovery planning, set out the strategy and procedures to be followed in response to a potential liquidity shortage emerging from internal and external events.

SGIL Treasury is responsible for managing the liquidity and funding risks within the approved limits. In case of breaches, SGIL Treasury is responsible for taking remediation actions, to restore the consumption within the limits.

2.8.8. Business Risk

Business risk is the risk linked to the exposure to value loss due to fluctuations in volumes, margins, net fees, and operating expenses that are not already captured by other risk categories.

Business risk is monitored by DFIN and reported to the SGIL ExCo, and the SGIL Board of Directors through the budgeting process. There is also ongoing monthly monitoring in the SGIL FinCo and quarterly reporting to the SGIL Board Audit Committee and Board of Directors. The performance of the sub business lines within SGIL are monitored monthly against budget enabling business and strategic risk to be monitored through the performance at a sub business line level.

2.8.9. Group Risk

Group risk is the risk that the financial position of SGIL may be adversely affected by its relationships (financial or non-financial) with other entities in the same group (including the parent entity).

The principal exercise for assessing Group risk in SGIL is the review of SGIL's dependencies and relationships (financial or non-financial) with other entities in SG Group (including the parent entity). The key SGIL dependencies on SG Group, are (i) operational dependency (i.e., services provided across business units such as IT infrastructure, accounting, reporting), (ii) funding and liquidity dependency (i.e., for term funding and overnight liquidity management, (iii) franchise dependency (i.e., SGIL franchise can be linked to SG brand), and (iv) counterparty relationship. These dependencies translate in four underlying risks:

1. Operational risks arising from incidents or disruptions in operations performed by SG Group and its entities for SGIL.
2. Funding risks and counterparty credit risks from the funding dependency and from the replacement of the excess cash balance and capital at SG Group.
3. Reputational contagion risk that could materialise in a negative impact on SGIL business activity in case of negative reputational hit on SG Group.
4. Counterparty risk: SGIL franchise has a significant counterparty exposure to SG Group.

All of these risks are monitored through existing risk assessments within SGIL.

2.8.10. ESG Risk

ESG Risk Factors include Environmental, Social, and Governance risk factors. ESG risks can be defined as the negative materialisation of current or prospective ESG factors through SGIL counterparties, invested assets or own operations. ESG factors may negatively impact SGIL's financial performance by materialising through risk types, such as counterparty credit risk, which are primarily affected by an institution's exposure to its counterparties and invested assets and own operations.

Environmental

SGIL follows SG SA Group guidelines regarding climate change and the associated risks. The Group has a climate strategy structured around three core priorities: managing the risks associated with climate change, proactively managing its climate impacts, and supporting clients on a path to a greener future, specifically by devising appropriate advisory and financing solutions.

In line with the Group Risk Management Frameworks, SGIL assesses the impact of Group climate change policy on desk mandates and applies the sectoral policies (e.g. oil & gas, thermal coal, nuclear, metals & mining) which forms part of the Group's Environmental & Social policies.

In support of the wider Group's commitment to the Principles of Responsible Banking, SGIL aligns itself with Group policies and climate related voluntary commitments where relevant and material, including those linked to the UN Sustainable Development Goals, such as the Sustainable IT Charter, which helps to reduce digital waste and promotes digital inclusion.

Social

SGIL aligns itself and its initiatives with the Group's CSR policy. SG and SG UK Foundation in the UK have CSR initiatives and partnerships with a particular focus on raising educational attainment and boosting the employment prospects of those in disadvantaged communities close to our offices. The Company also supports small charities and social enterprises to enable and empower them to expand their reach, capability and impact.

Governance

SGIL's Board and management are committed to observing the highest standards of ethics and integrity in line with the SG values and Code of Conduct, which ultimately align themselves to the

Company's legal and regulatory obligations, including the FCA and PRA Conduct Rules, the FCA's Code of Conduct and Principles for Businesses and the PRA's Fundamental Rules with appropriate policies related to Anti-Money Laundering and Countering the Financing of Terrorism (AML CFT), Market Abuse and Anti-Bribery and Corruption (ABC) including Gifts and Entertainment. Major and minor breaches to such polices are diligently monitored and subject to an agreed breach management framework and where appropriate are brought to executive and Board Committees.

SGIL continues to enhance its Operational Conduct Risk (OCR) and Culture and Conduct (C&C) monitoring, with KRIs monitored and reported to the Executive Committee and the Board at a minimum on a quarterly basis. SGIL adheres to Group policies on data privacy and ensures its practices as a Data Controller are in line with UK requirements set out in the Data Protection Act, supported by the UK Data Protection Officer. The Employee Data Protection Policy was updated and enhanced in November 2023.

2.8.11. Reputational Risk

Reputational risk factor is risk arising from negative perception on the part of clients, counterparties, investors, shareholders, or regulators that can adversely affect SGIL's ability to maintain existing or establish new business relationships and continued access to sources of funding. Reputational risk is multidimensional and reflects the perception of other market participants. Furthermore, it exists throughout the organisation and exposure to reputational risk is essentially a function of the adequacy of the bank's internal risk management processes, as well as the manner and efficiency with which management responds to external influences on bank-related

Controlling reputation risk is based first on prevention. There are various mechanisms in place across the UK platform for capturing, managing, and mitigating different reputation risks, such as:

- The transaction-related reputation risk procedure;
- The CPLE reputational risk reporting relying on a set of indicators grouped in a dashboard covering higher risk clients, regulatory breaches or incidents and complaints;
- BU and SU OCR Dashboards capturing different aspects of operational risk including reputation; and
- Permanent Supervision and Risk Controls reporting; those linked to employee relations and potential tribunals.

3. GOVERNANCE ARRANGEMENTS

3.1. NUMBER OF DIRECTORSHIPS

At 31 December 2024, the composition of the SGIL Board of Directors was made up of five Independent Non-Executive Directors (INEDs), six Non-Executive Directors (NEDs), and one Executive Director. The NEDs and INEDs provide challenge and independent oversight over the Company's strategy and operations.

Name	Executive	Non-Executive
Calvert Cheston Burkhart		1
Thierry D'Argent		2
Lionel Thomas Marcel Bignone	1	
Nicole Coll*		4
Alexandre Fleury		1
Florence Hillaire		1
David Michael Lawton		3
Diane Elizabeth Moore		4
Hatem Mustapha		1
Michael Peter Newman		3
Jurrien Reinders		1
Frank Spahr		1

Appointed to the Board on 1 July 2024. Regulatory approval was obtained on 10 January 2025.

Figure 3: number of directorships held by each member of SGIL Board (SGIL directorship included)

3.2. BOARD COMPOSITION & DIVERSITY POLICY

Board composition is reviewed at least annually by the Nomination and Governance Committee, having regard to the appropriate combination of skills, backgrounds, diversity, experience and knowledge that promotes accountability and constructive challenge in support of effective decision-making in the context of the Companies business activities and respective needs.

Two Board members were female, and one senior management roles is held by a woman (CFO).

The ongoing development of the Board is fostered through a Board and individual training programmes. Over the course of 2024 the Board has undertaken the following training and/or

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presentation aimed at improving the overall knowledge and skills of the Board and its members, and ultimately its effectiveness:

- ICAAP
- Operational Risk Model
- Climate Change and Impact on Disclosures
- RSCA deep dive
- ILAAP
- Recovery and Resolution
- Cybersecurity
- SG Code

SG UK is a signatory of the HM Treasury's Women in Finance Charter and works to ensure the delivery of the Charter's targets and embracing its spirit in everyday actions across SG's footprint in the UK.

SG in the UK is also a signatory of the Race at Work Charter, designed to improve outcomes for ethnic minority employees in the UK by increasing opportunities in the workplace.

4. OWN FUNDS

4.1 TABLE UK CC1 – COMPOSITION OF REGULATORY OWN FUNDS

SGIL's own funds consists of Common Equity Tier (CET1) capital of fully issued ordinary shares and Tier 2 capital. The firm does not hold any Additional Tier 1 capital.

		(a)	(b)
		Amounts (GBP 000s)	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	1,150,000	13
2	Retained earnings	179,275	15*
3	Accumulated other comprehensive income (and other reserves)	-5,235	14
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,324,040**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-426	
8	Intangible assets (net of related tax liability) (negative amount)	-237	1
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-663	
29	**Common Equity Tier 1 (CET1) capital**	**1,323,377**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	150,000	11
51	**Tier 2 (T2) capital before regulatory adjustments**	**150,000**	
Tier 2 (T2) capital: regulatory adjustments			
58	**Tier 2 (T2) capital**	**150,000**	
59	**Total capital (TC = T1 + T2)**	**1,473,377**	
60	**Total Risk exposure amount**	**3,098,378**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	42.71%	

62	Tier 1 (as a percentage of total risk exposure amount)	42.71%	
63	Total capital (as a percentage of total risk exposure amount)	47.55%	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	11.89%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	1.00%	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	31.52%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,880	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	30,751	2
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	2,889	4
Applicable caps on the inclusion of provisions in Tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	20,558	

**difference from UK CC2 due to 2024 P&L amount (118m) deducted in 2024 COREP (unaudited P&L at the time of the submission)*

4.2 TABLE UK CC2 – RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

		a	c
		Balance sheet as in published financial statements	**Reference**
		As at 31/12/2024 (GBP 000s)	
Assets - *Breakdown by asset class according to the balance sheet in the published financial statements*			
1	Intangible assets	237	8
2	Financial assets at fair value through P&L	30,751	73
3	Other receivables	1,002,000	
4	Deferred tax assets	2,890	75
5	Investments at fair value through OCI	329,043	
6	Financial assets at fair value through P&L	72,810	
7	Trade and other receivables	12,841,331	
8	Cash and cash equivalents	2,247,257	
	Total assets	**16,526,319**	
Liabilities - *Breakdown by liability class according to the balance sheet in the published financial statements*			
9	Financial liabilities at fair value through P&L	4,025	
10	Trade creditors and other payables	14,928,132	
11	Subordinated debt	150,000	46
12	Provisions	1,829	
	Total liabilities	**15,083,986**	
Shareholders' Equity			
13	Share capital	1,150,000	1
14	Other reserves	-5,235	3
15	Retained earnings	297,568	2
	Total shareholders' equity	**1,442,333**	

5. OWN FUNDS REQUIREMENTS & RWEA

5.1. *TABLE UK OV1 – OVERVIEW OF RISK WEIGHTED EXPOSURES AMOUNTS*

SGIL uses the following approaches to calculate the RWAs:

- Credit Risk: The Standardised Approach is used for exposures across all portfolios
- Counterparty Credit Risk: The overall approach to calculate counterparty credit risk is using the SA-CCR
- Market Risk: The Standardised Approach is used
- Operational Risk: The Basic Indicator Approach is used
- Large exposure applies the methodology as per Article 397 of the Large Exposures (CRR) Part of the PRA rulebook

		Risk weighted exposure amounts (RWEAs) (GBP 000s)	Total own funds requirements (GBP 000s)
		a	c
		31/12/2024	31/12/2024
1	**Credit risk (excluding CCR)**	**626,704**	**50,136**
2	Of which the standardised approach	626,704	50,136
6	**Counterparty credit risk - CCR**	**1,104,466**	**88,357**
7	Of which the standardised approach	3,635	291
EU 8a	Of which exposures to a CCP	88,764	7,101
EU 8b	Of which credit valuation adjustment - CVA	678	54
9	Of which other CCR	1,011,389	80,911
15	**Settlement risk**	**6**	**0**
20	**Position, foreign exchange and commodities risks (Market risk)**	**181,055**	**14,484**
21	Of which the standardised approach	181,055	14,484
EU 22a	**Large exposures**	**634,521**	**50,762**
23	**Operational risk**	**551,627**	**44,130**
EU 23a	Of which basic indicator approach	551,627	44,130
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	85,468	6,837
29	**Total**	**3,098,378**	**247,870**

6. KEY METRICS

6.1. TABLE UK KM1 – KEY METRICS TEMPLATE

		GBP 000s
		a
		31/12/2024
	Available own funds (amounts)	
1	Common Equity Tier 1 (CET1) capital	1,323,377
2	Tier 1 capital	1,323,377
3	Total capital	1,473,377
	Risk-weighted exposure amounts	
4	Total risk-weighted exposure amount	3,098,378
	Capital ratios (as a percentage of risk-weighted exposure amount)	
5	Common Equity Tier 1 ratio (%)	42.71%
6	Tier 1 ratio (%)	42.71%
7	Total capital ratio (%)	47.55%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)	
UK 7a	Additional CET1 SREP requirements (%)	6.92%
UK 7b	Additional AT1 SREP requirements (%)	3.89%
UK 7c	Additional T2 SREP requirements (%)	5.19%
UK 7d	Total SREP own funds requirements (%)	14.92%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)	
8	Capital conservation buffer (%)	2.50%
9	Institution specific countercyclical capital buffer (%)	1.00%
11	Combined buffer requirement (%)	3.50%
UK 11a	Overall capital requirements (%)	18.42%
12	CET1 available after meeting the total SREP own funds requirements (%)	31.52%
	Leverage ratio	
13	Total exposure measure excluding claims on central banks	26,722,186
14	Leverage ratio excluding claims on central banks (%)	4.97%
	Liquidity Coverage Ratio	
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	2,995,467
UK 16a	Cash outflows - Total weighted value	4,852,882
UK 16b	Cash inflows - Total weighted value	5,247,509
16	Total net cash outflows (adjusted value)	1,213,220

17	Liquidity coverage ratio (%)	246.90%
	Net Stable Funding Ratio	
18	Total available stable funding	2,854,084
19	Total required stable funding	2,207,469
20	NSFR ratio (%)	129.29%

SGIL is a PRA designated firm from 30 September 2024 therefore information pertaining to previous financial periods is unavailable as the firm was previously reporting under the FCA's IFPR regulatory regime.

7. REMUNERATION POLICY

7.1. *Introduction*

The below disclosures are made in accordance with the Capital Requirements Regulation (CRR), Capital Requirements Directive (CRD V) and the PRA and FCA rules for disclosure by Level 2 firms. This has been applied for the whole of the 2024 performance year.

In line with the above regulations, the disclosures below provide information regarding the remuneration policies and practices for those staff whose professional activities have a material impact on the firm's risk profile. Societe Generale International Limited ("SGIL") is a proportionality Level 2 firm in the UK.

7.2. *Remuneration Principles*

SGIL's remuneration policies and practices are designed to support the strategy of the Company and align with its risk appetite, whilst supporting SGIL's aim as part of the wider Societe Generale Group (SG Group), of building together, with our clients, a better and sustainable future through responsible and innovative financial solutions. Remuneration is used as a tool to attract, motivate and retain employees who contribute to the long-term success of the company, while ensuring appropriate management of risk and compliance.

The objectives of the remuneration policy are as follows;

(a) A long-term approach to remuneration, ensuring fairness and competitiveness of compensation, and rewarding sustainable collective and individual performance;
(b) Alignment with the Company's long-term financial performance, risk, operational and long-term targets and the SG Group Code of Conduct;
(c) Consistency of remuneration with sound and effective risk management providing an incentive for prudent and sustainable risk taking;
(d) Promoting diversity, appropriate risk-taking behaviour, and conduct and culture including non-discrimination; and
(e) Ensuring that employees follow regulations and internal rules, whilst also ensuring customers are treated fairly.

SGIL's remuneration practices, policies and procedures aim to ensure the remuneration arrangements properly take into account all type of risks, including capital and liquidity adequacy.

They also ensure that the remuneration is consistent with and promotes sound and effective risk management, in line with the business strategy, objectives, culture and values and the long-term interest of the firm and the shareholders.

7.3. *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 comprises members of the Board who do not perform any executive function in the Company, is responsible for preparing the Board decisions regarding remuneration, including decisions which have implications for the risk and risk management of the Company. 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 as defined under the relevant regulatory authority criteria.

(b) Review and approve the list of individuals categorised as Material Risk Takers.

(c) Take steps to satisfy itself that the remuneration policies and practices of the Company comply with relevant financial services industry standards, SG as 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 do not encourage risk-taking that exceeds the level of risk tolerated by the firm, (ii) are in line with the business strategy, objectives, values and long-term interests of the Company, (iii) include measures to avoid conflicts of interest (iv) address broader societal factors including diversity and Corporate Social Responsibility; and (v) with guidance from the Wates Corporate Governance Principles.

(d) Review the ongoing appropriateness and relevance of the remuneration policy and oversee any major changes in employee benefits structures of the Company.

(e) Exercise independent judgment on remuneration policies and practices and whether incentives provided by the remuneration system take into consideration managing risk, capital and liquidity.

(f) Ensure appropriate interaction between the Board Risk Committee, the Company's executive management, Risk, Compliance and HR functions and, as appropriate, equivalent SG Group functions regarding remuneration decisions, in particular with respect to ensuring remuneration decisions reflect sound and effective risk management.

(g) Review decisions regarding remuneration which are to be taken by the Board, including those which have implications for the risk management of the Company, and also consider these through the lens of harms to the firm, market and client, taking into account the long-term interests of shareholders and other stakeholders in the Company.

(h) Oversee and receive reports in relation to the implementation of the Company's remuneration policies, including meeting with Human Resources regularly to understand the application of the policies and performance adjustment arrangements, including information around the decisions taken in relation to performance adjustment, deferral and clawback of remuneration.

(i) 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 and that any findings from the review are assessed by the Remuneration Committee.

(j) Prior to recommending the Annual Compensation Review (ACR) to the Board, the Committee will consider the annual assessment of the performance of the designated senior executives and Material Risk Takers within the Committee's remit, including the assessments by Risk and Compliance. The Committee will also consider the total individual remuneration package proposed for the designated senior executives and Material Risk Takers within the Committee's remit and have oversight of the remuneration for the senior executives in the Risk and Compliance departments.

(k) Within the terms of the agreed remuneration policy and in consultation with the Chief Executive Officer, recommending principles and providing benchmarking for the compensation of the Independent Non-Executive Directors.

(l) 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.

(m) Approve the design of, and review targets for, any performance related compensation schemes operated by the Company and approve the total annual payments made under such schemes.

(n) Have oversight of any termination payments for Material Risk Takers in order to ensure that such payments are reasonable, not excessive and recognise that failure is not rewarded.

(o) Review any public disclosures related to remuneration or any disclosures to regulatory bodies related to remuneration.

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 2024 the Remuneration Committee met 4 times. The members of the Committee were:

Gunner Burkhart (joined 1 June 2024)	Independent Non-Executive Director
Diane Moore	Independent Non-Executive Director
David Lawton	Independent Non-Executive Director
Mike Newman	Independent Non-Executive Director
Nicole Coll (joined 1 July 2024)	Independent Non-Executive Director
Stephen Swift (left 31 March 2024)	Non-Executive Director

7.4. *ROLE OF RELEVANT STAKEHOLDERS AND EXTERNAL CONSULTANTS*

During the year, the committee received briefings on business performance, human resources context and remuneration policy execution from the SGIL Chief Executive Officer, HR Director and key HR stakeholders.

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

- the Risk and Compliance departments reviewed the proposed Remuneration Policy before submitting it for approval of the Remuneration Committee;
- the Risk and Compliance departments reviewed the methodology and the result of the identification of SGIL Material Risk Takers; 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 SGIL 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.

SGIL's Remuneration Policy is subject to review at least annually. In 2024, the Remuneration Policy was reviewed based on alignment to regulatory requirements as a result of the PRA designation and the SG Remuneration principles.

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

7.5. *Scope of the CRD V Regulated Population in 2024*

SGIL annually identifies its Material Risk Takers and maintains a record of those individuals that have been identified. This is process is carried out based on the criteria set out in CRD V, the Commission Delegated Regulation (EU) No 2021/923, the EBA Regulatory Standards for Material Risk Taker identification and the PRA rulebook.

SGIL's 2024 regulated population included, but are not limited to:

- The Chief Executive Officer
- The members of the Board of Directors
- The members of the SGIL Executive Committee
- Those with managerial responsibility over a Material Business Unit
- Heads of Control Functions (Audit, Compliance, Risk)
- Head of Specific Functions
- Risk Management Committee
- New Product Committee
- Those who hold credit or VaR limits above a determined threshold
- Individuals in receipt of significant remuneration in the preceding financial year

7.6. *2024 Remuneration Policies and Principles*

The award of variable remuneration depends on both individual and collective performance and takes into account quantitative and qualitative criteria which are defined ex ante. It also takes into consideration the economic, social, and competitive environment.

Variable remuneration for SGIL is defined at the level of Global Banking & Investor Solutions ("GBIS") business, by the Societe Generale ("SG") Group Remuneration Committee; the allocation of this variable remuneration between business lines and notably to SGIL is decided by the senior management of SG Group in charge of the GBIS business. The variable remuneration for SGIL is generated based on performance indicators which take into account all the costs and risks inherent to the activities (liquidity, credit, market, operational risks as well as capital requirements) of Global Banking & Investor Solutions (GBIS). Performance indicators include Operating Income (excluding variable remuneration), Return on Normative Equity (calculated on the basis of the Risk Weighed Assets of GBIS and SG Group), the normalized profit excluding variable remuneration as well as the compensation ratio. Market practices and trends, as well as the market environment and relative performance are also taken into account. The variable remuneration ultimately allocated to SGIL is reviewed by SGIL senior management and overseen by the Remuneration Committee.

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/amount of revenue generated 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:

- the performance of SG Group;
- 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 and assessment of behaviour in terms of compliance with applicable regulations and internal rules;

- 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).

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.

Risk Adjustment

The overall remuneration process takes account of risk both ex-ante and ex-post in the determination of variable remuneration pools and individual allocation through the following;

- Groupwide use of financial and non-financial indicators taking into account risks and also qualitative indicators for the determination of the variable remuneration pools. Individual evaluations are based on pre-defined quantitative and qualitative objectives, which may include criteria associated with risk management, clients' interests and satisfaction, compliance with the rules and regulations applicable to the function;

- In addition, independent annual evaluations are conducted by the risk and compliance Divisions regarding risk and compliance management by the business lines/entities having a major impact on the Group's risks profile. They evaluate how they manage credit, market, operational structural risks (including model risks) and compliance risks. This assessment may lead to an adjustment in the distribution of variable remuneration pools between the business lines.

- Annual Evaluations are also carried out by SGIL risk and compliance on regulated staff which feed into the bonus determination.

- For regulated staff: at least 40% is deferred variable remuneration spread out over four, five or seven years (dependent on the Material Risk Taker category) vesting on a pro-rata temporis basis, when the variable remuneration amount overpasses the regulatory threshold of £44k, or one-third of total remuneration; payment of at least 50% of total variable remuneration in financial instruments; unvested portion subject to conditions of continued employment, financial performance, and appropriate risk management and compliance;

- Outside the scope of regulated staff, for employees above a given threshold, variable remuneration is partially deferred at a progressive rate over three years vesting on pro-rata temporis basis and partly paid in financial instruments; unvested portion subject to the same vesting conditions as for regulated staff.

7.7. *STRUCTURE OF REMUNERATION*

7.7.1. FIXED REMUNERATION

The Fixed Remuneration component rewards employee's qualifications, the level and scope of responsibility of their job and their expertise and professional experience. It includes items such as base salary and any allowances associated with mobility and/or position in accordance with regulations. Fixed remuneration is reviewed on an annual basis.

7.7.2. VARIABLE REMUNERATION

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

In accordance with CRD V, for Material Risk Takers where annual variable remuneration exceeds £44k or is greater than or equal to one-third of total annual remuneration, the following deferral structure applies;

- An unvested portion subject to conditions of continued employment, performance, appropriate risk management and compliance, vested EQUALLY OVER THREE YEARS, WITH A DEFERRAL RATE OF AT LEAST 40% AND UP TO 60% FOR THE HIGHEST VARIABLE REMUNERATIONS;
- 50% awarded in share-linked instruments – this includes both the vested and unvested portion;
- All share linked instruments awarded to Material Risk Takers in relation to their variable remuneration are subject to a 6-month retention period.

In addition, SG Group operate the SG Fidelity Bonus Plan for all staff. Variable remuneration, granted to all employees is also subject, when it reaches a certain threshold, to deferred payment at a progressive rate over three years on a pro-rata basis, with the first payment in cash and next two payments in share linked instruments. The vesting conditions for the unvested portion are the same as those for the regulated population and linked to the performance of the applicable business of SG Group.

SGIL does not have any Long-Term Incentive Plans for the senior executive population; however, employees are eligible for consideration for a discretionary grant under the SG Group Performance Shares Plan. Certain key support and other junior employees 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. We did not make any awards under this plan for 2024.

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 SG Group.

7.7.3. Ratio of Fixed to Variable

An annual review of the ratio between fixed and variable takes places to ensure an appropriate balance continues to be maintained. The maximum ratio for 2024 was set at 1:2 for Material Risk Takers. This is based on the ratio set at the SG Group level.

7.7.4. Performance Adjustment

For all staff whose variable remuneration is partially deferred, the vesting of the deferred variable remuneration component depends entirely on both (i) the fulfilment of financial performance conditions and (ii) appropriate risk management and compliance. Financial performance conditions are based on SG Group's Core Tier One ratio and the profitability of the Group and the Core business or activity. If performance conditions are not met each year, deferred variable compensation is partially or fully forfeited.

In addition, any excessive risk-taking or behaviour deemed unacceptable by the Senior Management may lead to deferred variable compensation being forfeited, substantially reduced or clawed back. The Forfeiture condition could be applied by SGIL in the following events: (i) material financial loss at any level of SG Group (ii) SG Group determines that information it referred to when taking its decision to award the bonus was materially incorrect or misstated. Moreover, the Forfeiture condition will be applied in the situation of (i) fraud; (ii) unauthorised disclosure of confidential information; (iii) breach of a non-solicitation provision, non-competition etc.

Awards are also subject to clawback up to ten years after the award date should any forfeiture condition be contravened. Clawback is also applied in the case of guaranteed variable remuneration awarded to new hires.

7.7.5. Guaranteed Variable Remuneration

Guaranteed compensation awards made by SGIL will only be granted or paid in exceptional circumstances, in the context of hiring new employees and limited to the first year of service. They are approved in line with the Group delegation rules.

7.7.6. SEVERANCE PAYMENTS

Payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure or misconduct.

7.8. QUANTITATIVE DISCLOSURE

Using the definition of Material Risk Takers set out in PRA rulebook and following a review by the SGIL Chief Risk Officer and Chief Compliance Officer, 33 people were identified as Material Risk Takers for the performance year 2024. This was reviewed and validated by the SGIL Remuneration Committee and the SGIL Board.

UK REM1 - Remuneration awarded for the financial year

		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	10	5	5	13
	Total fixed remuneration	575,000	1,450,015	1,392,817	3,231,257
	Of which: cash-based	575,000	1,368,737	1,317,817	2,963,774
	(Not applicable in the UK)				
	Of which: shares or equivalent ownership interests				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: other instruments				
	(Not applicable in the UK)				
	Of which: other forms	0	81,278	75,000	267,483
	(Not applicable in the UK)				
Variable remuneration	Number of identified staff		5	5	13
	Total variable remuneration		733,000	1,183,000	2,492,800
	Of which: cash-based		425,260	631,600	1,247,974
	Of which: deferred		119,960	274,600	470,234
	Of which: shares or equivalent ownership interests				
	Of which: deferred				
	Of which: share-linked instruments or equivalent non-cash instruments		307,740	551,400	1,244,826
	Of which: deferred		138,240	287,400	551,086

	Of which: other instruments				
	Of which: deferred				
	Of which: other forms				
	Of which: deferred				
Total remuneration (2 + 10)		575,000	2,183,015	2,575,817	5,724,057

Please note the Fixed remuneration element includes salary, any allowances and employer pension contributions.

The information above includes remuneration for SGIL Material Risk Takers performing executive roles related to SGIL but employed by SG London Branch. They also provide a role to SG London Branch but their full remuneration has been included.

UK REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards				
Guaranteed variable remuneration awards - Number of identified staff				
Guaranteed variable remuneration awards -Total amount				
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
Severance payments awarded in previous periods, that have been paid out during the financial year				
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff		2		
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount		417,000		
Severance payments awarded during the financial year				
Severance payments awarded during the financial year - Number of identified staff				
Severance payments awarded during the financial year - Total amount				
Of which paid during the financial year				

Of which deferred				
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
Of which highest payment that has been awarded to a single person				

One severance payment was paid during/in respect of 2024 to Other senior management, however amounts will not be disclosed to prevent individual disclosure.

UK REM3 - Deferred remuneration

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
MB Supervisory function	**-**	**-**	**-**	**-**	**-**
Cash-based	-	-	-	-	0
Shares or equivalent ownership interests	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-
Other instruments	-	-	-	-	-
Other forms	-	-	-	-	-
MB Management function	**345,709**	**61,871**	**283,838**	**61,871**	**16,783**
Cash-based	116,021	31,261	84,760	31,261	-
Shares or equivalent ownership interests	15,493	13,827	1,666	13,827	-
Share-linked instruments or equivalent non-cash instruments	214,196	16,783	197,413	16,783	16,783
Other instruments	-	-	-	-	-
Other forms	-	-	-	-	-
Other senior management	**1,371,189**	**250,543**	**1,120,646**	**250,543**	**30,892**
Cash-based	564,992	206,359	358,634	206,359	-

Deferred and retained remuneration	**Total amount of deferred remuneration awarded for previous performance periods**	**Of which due to vest in the financial year**	**Of which vesting in subsequent financial years**	**Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year**	**Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods**
Shares or equivalent ownership interests	248,706	13,292	235,413	13,292	-
Share-linked instruments or equivalent non-cash instruments	557,491	30,892	526,599	30,892	30,892
Other instruments	-	-	-	-	-
Other forms	-	-	-	-	-
Other identified staff	**1,919,193**	**409,671**	**1,509,522**	**409,671**	**150,204**
Cash-based	647,440	259,467	387,973	259,467	-
Shares or equivalent ownership interests	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	1,271,753	150,204	1,121,549	150,204	150,204
Other instruments	-	-	-	-	-
Other forms	-	-	-	-	-
Total amount	**3,636,091**	**722,084**	**2,914,006**	**722,084**	**197,879**

UK REM4 - Remuneration of 1 million EUR or more per year

EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1 000 000 to below 1 500 000	1
1 500 000 to below 2 000 000	
2 000 000 to below 2 500 000	
2 500 000 to below 3 000 000	
3 000 000 to below 3 500 000	
3 500 000 to below 4 000 000	
4 000 000 to below 4 500 000	
4 500 000 to below 5 000 000	
5 000 000 to below 6 000 000	
6 000 000 to below 7 000 000	
7 000 000 to below 8 000 000	

UK REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	Management body remuneration			Business areas			-
	MB Supervisory function	MB Management function	Total MB	Investment banking	Corporate functions	Independent internal control functions	Total
Total number of identified staff							33
Of which: members of the MB	10	5	15				
Of which: other senior management				2	1	2	
Of which: other identified staff				9	4	-	
Total remuneration of identified staff	575,000	2,183,015	2,758,015	6,120,183	1,437,191	742,500	
Of which: variable remuneration	-	733,000	733,000	3,043,000	404,800	228,000	
Of which: fixed remuneration	575,000	1,450,015	2,025,015	3,077,183	1,032,391	514,500	

8. APPENDIX

SGIL prepares its Pillar 3 disclosure as per the Article 433(C) criteria of PRA Rulebook. The relevant disclosure requirements for SGIL are outlined in the table below.

CRR Article	Topic	Pillar 3 Report Reference
points (a), (e) and (f) of Article 435(1)	Risk Management Objectives and Policies	Section 2
points (a), (b) and (c) of Article 435(2)	Governance Arrangements	Section 3
point (a) of Article 437	Own Funds	Section 4
points (c) and (d) of Article 438	Own Funds Requirements and Risk Weighted Exposure Amounts	Section 5
the key metrics referred to in Article 447	Key Metrics	Section 6
points (a) to (d), (h) to (k) of Article 450(1)	Remuneration Policy	Section 7

Figure 4: Pillar 3 Report reference