

5.7 GROUP'S DUTY OF CARE PLAN

5.7.1 INTRODUCTION

Purpose

Societe Generale is subject to the French Act of 27 March 2017 on the duty of care for parent and subcontracting companies (the Duty of Care Act). This law requires the Group to prepare and implement a duty of care plan to identify risks and prevent serious breaches of human rights, fundamental freedoms, or damage to the health, safety and security of persons and the environment as a result of its activities. The plan must include risk mapping, measures to assess and mitigate the risk of serious breaches and monitoring of their implementation, as well as a whistleblowing system. This document sets out a summary of the main aspects of the Duty of Care Plan and includes the report on its effective implementation.

Over the years, the Societe Generale Group has voluntarily adopted procedures and tools to identify, assess and manage risks related to human rights, fundamental freedoms, health and safety and the environment as part of how it manages its Human Resources, supply chain and businesses. Over the past four years, implementation of this regulatory obligation has provided Societe Generale with the opportunity to clarify and strengthen its existing framework as part of a continuous improvement process.

Scope of application

The Group's approach to its duty of care is based on the common foundation of human rights and fundamental freedoms as well as environmental issues. The human rights and fundamental freedom issues identified based on reference texts such as the Universal Declaration of Human Rights (1948) and the International Labour Organization's fundamental conventions are: forced labour and slavery; child labour; respect for the rights of indigenous peoples; rights of ownership; discrimination; freedom of association; health and safety; decent working conditions; decent pay; decent social protection and the right to privacy. Environmental issues identified based on The Rio Declaration on Environment and Development (1992) are: climate change and air quality; preservation of water resources and their quality; responsible land use; preservation of natural resources; preservation of biodiversity and minimisation and treatment of waste.

This Duty of Care plan is being rolled out across all consolidated companies over which Societe Generale exercises exclusive control⁽¹⁾ (hereinafter the "Group"). It is structured around three pillars:

- **the Human Resources, Safety and Security pillar**, which aims to prevent the risk of serious violations in respect of human rights, fundamental freedoms or the health of Societe Generale Group employees;
- **the Sourcing pillar**, which aims to manage the risk of serious violations in respect of human rights, fundamental freedoms, health, safety and security and the environment associated with the activities of the Group's suppliers and direct⁽²⁾ (i.e. level 1) subcontractors;
- **the Activities pillar**, which aims to prevent the risk of serious violations in respect of human rights, fundamental freedoms, health, safety and security and the environment that are directly associated with the Group's products and services.

Governance

The Duty of Care Plan was drawn up by the Corporate Social Responsibility Department, the Compliance Division, the Human Resources Department and the Sourcing Division, in association with the Legal Department and the Group Security Division.

The Plan and progress with implementing its measures are presented to General Management every year.

It is also included in the Management Report prepared by the Board of Directors and published in the Universal Registration Document.

Roll-out is coordinated by the Corporate Social Responsibility Department, the Human Resources Department, the Sourcing Division and the Compliance Division. The Business Units and Service Units are responsible for implementing the plan within their scope.

The Duty of Care Plan was devised in accordance with the principle of continuous improvement. How it evolves over time reflects the results of the risk mapping, regular assessments, developments in the Group's activities, new E&S commitments, and updates to the E&S risk management policies and tools.

(1) These are subsidiaries controlled directly or indirectly by Societe Generale, pursuant to Article L. 233-16-II of the French Commercial Code.

(2) Suppliers and subcontractors with whom the various Group companies maintain an "established commercial relationship", i.e. a direct, ongoing and stable commercial relationship (in accordance with the definition developed by French case law).

5.7.2 IDENTIFYING AND PRIORITISING E&S RISKS: MAPPING INHERENT ENVIRONMENTAL AND SOCIAL RISKS

A number of years ago, Societe Generale first began identifying the risks of breaches of human rights, fundamental freedoms, health, safety and security and the environment that are inherent to its activities (referred to as **inherent E&S risks**). This identification process, which served as the basis for the Group's existing E&S risk management tools and procedures, was completed by mapping the inherent E&S risks⁽¹⁾ for each of the three pillars.

These risks were assessed and then ranked based on both sector and geographic data. The assessments used information from recognised external databases⁽²⁾ as well as internal experts.

Human resources, safety and security pillar

The Societe Generale Group operates in 64 countries and the Human Resources Department sees the local context as critical in the analysis of intrinsic risks and the policies and measures implemented to prevent them. The Group assesses exposure to risks of serious violations of human rights and fundamental freedoms, together with employee health and safety, in all its host countries to identify where and how operations are at risk and gain deeper insights into local issues.

Mapping of inherent E&S risks for the Human Resources, Safety and Security pillar was updated in 2021 using an external base⁽³⁾ of indicators detailing the risk levels specific to the country and to financial sector activities.

For each subject area assessed, the following results present the proportion of Societe Generale's workforce operating in countries considered to have a high, medium-high and moderate inherent risk. The remaining employees are thus located in low-risk countries.

RESULTS

Risk exposure	Moderate	Average	High
Freedom of association and collective bargaining rights	4.6% of the workforce	None	None
Discrimination	29.5% of the workforce	1% of the workforce	None
Health and safety ⁽¹⁾	27.4% of the workforce	None	None
Working conditions ⁽²⁾	34.7% of the workforce	0.3% of the workforce	None

(1) The figures presented here do not take Covid-19 health risks into account. They are not included in the data used. Employees are exposed to Covid-19 health risks in all the Group's countries of operation, and the Group has put measures in place to contain these risks in the workplace.

(2) Covers forced labour and modern slavery, child labour, decent working hours and decent wages.

With regard to freedom of association and collective bargaining, Societe Generale's countries of operation with a moderate risk for the banking sector are as follows: Algeria, Cameroon, China, Congo, United Arab Emirates, United States of America, Equatorial Guinea, Madagascar, Mexico, Turkey and Ukraine.

Following on from the global agreement on fundamental rights signed with UNI Global Union, and for the first time this year, Societe Generale dived deeper into the data for additional analytics, using the ITUC Index developed by the International Trade Union Confederation.

According to this index, which covers all sectors, the Group's workforce is spread as: 56.8% in countries to be low to medium risk, 18.3% in medium-high risk countries and 22.5% in high-risk countries.

The differences found between the results based on the ITUC and the Verisk Mapplecroft – Financial Sector indices will be examined with UNI Global Union throughout 2022.

In terms of discrimination, Societe Generale's countries of operation with a medium-high risk for the banking sector are: Cameroon, United Arab Emirates, Guinea, Chad and Turkey. The Group's moderate-risk countries of operation are as follows: Algeria, Benin, Brazil, Burkina Faso, China, Congo, Côte d'Ivoire, United States of America, Ghana, Equatorial Guinea, India, Japan, Madagascar, Morocco, Mexico, Russia, Senegal, Singapore, Tunisia and Ukraine.

Turning to health and safety, Societe Generale's country of operation with a moderate risk for the banking sector are: Algeria, Benin, Brazil, Cameroon, China, Congo, Côte d'Ivoire, United Arab Emirates, Ghana, Guinea, Equatorial Guinea, India, Madagascar, Morocco, Mexico, Russia, Senegal, Chad and Turkey.

Regarding working conditions, Societe Generale's countries of operation with a medium-high risk for the banking sector are Benin, United Arab Emirates and Chad. The Group's moderate-risk countries of operation are: Algeria, Brazil, Burkina Faso, Cameroon, China, Congo, Côte d'Ivoire, Ghana, Guinea, Equatorial Guinea, India, Japan, Madagascar, Morocco, Mexico, Romania, Russia, Senegal, Taiwan, Turkey and Ukraine.

(1) A distinction is made between inherent and residual risks. The latter are obtained after taking account of applying the measures to avoid the risks or mitigate their consequences.

(2) For the HR, Safety & Security and Activities pillars: Verisk Mapplecroft and Reprisk; for the Sourcing pillar: Transparency International, the World Bank Group, the ILO and UNICEF.

(3) Verisk Mapplecroft.

Sourcing pillar

Inherent E&S risk mapping for the Sourcing pillar was based on the main purchasing categories for the banking sector (from a classification including more than 150 sourcing sub-categories in total). The risk level assessment for each purchasing category took in three main areas: business practices and ethics, the environment, human rights and employment conditions. Contextual factors were also built into the risk assessment for the purchasing category: supply chain characteristics (complexity, including the number of actors and distance from the intermediaries to the end purchaser) and labour intensity.

E&S risks specific to purchasing categories were mapped in conjunction with three other French banks in 2018, with the support of a specialised consulting firm. The mapping was subsequently updated and supplemented within the Group.

The inherent E&S risk levels of each purchasing category were then cross-referenced with the corresponding expenditure amounts per category to identify the share of Group purchases in medium-high and high-risk categories.

Results: within the scope analysed by the Sourcing Division, around 5% of the spend was on purchasing categories representing a high E&S risk, and around 9% on purchasing categories representing a medium-high E&S risk.

Amongst the high-risk purchasing categories, building work was found to bear the greatest risk (renovations and outfitting but also construction of new buildings), together with waste management and telephone and IT equipment.

Activities pillar

Societe Generale provides financial products and services to customers in many sectors, and some may expose it to E&S risks. As in prior years, the Group has identified and ranked E&S risks for each sector, based on external sources (including information on reputation and controversies) and on expert opinion.

It then cross-referenced the risk ratings obtained with the Group's activity data to identify the Group's exposure to E&S risk industries.

The risk management framework includes mitigation measures, in line with the more in-depth due diligence required for Societe Generale products and services directly associated with the most exposed activities and regions.

Results: as we noted in prior years, the industries most vulnerable to E&S are in the energy sector (fossil fuels and electricity generation), transport and logistics (especially automotive and aerospace), agriculture (especially upstream) – although risk has decreased dramatically in the soya business, industry, construction, chemicals, mining, forestry, textiles and defence.

The main risks identified in these sectors include higher climate risks, erosion of biodiversity, risks related to working conditions (including workplace accidents), risks of forced labour and child labour, and the risk of violating community rights.

25% of the Group's exposure⁽¹⁾ (a slight decrease on 2020) relates to sectors with high human rights and environment risks. Once geography is taken into account (*i.e.* mainly the quality of local E&S regulations), less than 10% of the Group's business as measured in terms of sector exposure is conducted in sectors or countries found to present E&S risks.

5.7.3 REGULAR E&S RISK ASSESSMENT PROCEDURES AND RISK PREVENTION AND MITIGATING MEASURES

The aim of the Duty of Care Plan is to provide an appropriate framework for managing E&S risks. In other words it should cover the main risks pinpointed by the risk mapping exercise and be correctly deployed in the Group. Accordingly, Societe Generale regularly reviews its E&S risk management framework to identify risks of serious violations that may not be adequately covered by the existing framework and to step up prevention and mitigation measures.

Human resources, safety and security pillar

The Group's assessment and prevention model is underpinned by a set of operational processes and systems, which are constantly updated to meet continuous improvement goals.

The Group defines specific guidelines for the various health and safety issues, as well as a set of HR policies applicable to the entire Group, which are then implemented by the Business Units and Service Units:

- **social dialogue and freedom of association:** governance of these issues at Group level is based on French labour relations bodies, which monitor working conditions and freedom of association. Societe Generale renewed its agreement on fundamental rights with the UNI Global Union in February 2019; This agreement covers 100% of the workforce and is based on implementing commitments that are discussed with the UNI Global Union on a regular basis;
- staff are also represented through a European Works Council;

(1) Corporate exposures.

- **discrimination:** Societe Generale demonstrates its determination to recognise and promote all talents through its Diversity and Inclusion policy, in place since 2019. The Group is committed to creating the conditions of an inclusive organisation in all its HR processes and entities, and prohibits all forms of discrimination. A Diversity and Inclusion Committee, with members from the BU and SU Management Committees, sets the goal and priorities and oversees progress towards achieving them;
- **health and quality of life at work:** the Group's Health policy is implemented by the entities working with local support teams (HR, logistics managers, occupational health, etc.). Each Group subsidiary defines a level of supplementary health cover depending on the compulsory scheme in its country and with a level of protection at least comparable to local market practices. Moreover, since 2019 the Group has been working to ensure a minimum level of social, health and welfare protection for all its employees worldwide. To date, nine out of ten employees benefit from a supplementary company health or personal protection plan;
- **safety and security:** the safety of people and property on Societe Generale premises is supervised by the Group Security Division within the Corporate Secretariat. A network of departments in the Group's entities is responsible for implementing policies to protect people, property and intangible assets. These teams aim to tighten the Group's safety culture, disseminate policies and measures to make its activities safer, and coordinate relations with national, European and international public safety authorities;
- **working conditions:** the Group has set the minimum age for employment at 16. Group entities are required to check the age of all new employees at the hiring stage. Furthermore, the Group prohibits all forms of forced labour. Societe Generale also strives to offer attractive and fair remuneration to nurture employee loyalty and boost the Group's performance over the long term. The compensation policy is based on principles of non-discrimination and other principles shared by all. It is then adjusted to the businesses and geographic areas in which the Group operates, taking into account market practices and contexts;
- in addition, the Group introduced further measures to protect employees' health and facilitate them as the Covid-19 pandemic accelerated trends in new ways of working. (See Guaranteeing employees' health and safety in the workplace and in performing their professional duties, and ensuring continuous improvement of working conditions, page 314).

These are backed by ensuring that everyone knows the rules and teams are trained in all our host countries. Societe Generale's training offer primarily targets the Risk and Compliance culture (including training in the Code of Conduct, ethics and E&S responsibility). It also offers training courses specific to each business line or function, thereby limiting operational risks.

Further information on what the Group is doing in this area is available in the Group's Declaration of Non-Financial Performance (DNFP) (Chapter 5 of the Universal Registration Document, see Being a responsible employer, page 320).

Sourcing pillar

The Group's normative documentation governs E&S risk management in terms of Sourcing and supplier relationship management.

Operational implementation of the normative documentation and management of E&S risks at all stages of the sourcing process are based on a set of tools to identify, assess and manage E&S risks at a granular level: product or service and supplier or service provider. These tools are used for purchases made by the Group Sourcing Division and at least for high-risk categories in the Sourcing function in other countries. They are being phased in across the Group. To support effective implementation of these E&S risk management measures in purchasing, dedicated training has been provided to all professional buyers. In addition, to make sure occasional buyers are mindful of what is at stake, a motion design video is available presenting the Group's sustainable sourcing programme.

To identify and assess risks, the Sourcing Division draws primarily on:

- E&S risk mapping for the various purchasing categories to identify the E&S risk category for the category in question;
- inclusion of E&S criteria in calls for tender involving purchasing categories ranked as medium-high or high E&S risk;
- inclusion of E&S criteria in the KYS (Know Your Supplier) assessment for shortlisted suppliers, including verifying compliance with the E&S exclusion list;
- non-financial assessment of certain "targeted"⁽¹⁾ suppliers by independent third parties;
- review of controversies.

Managing and mitigating risks involves:

- including E&S criteria in calls for tender covering the main risks for the category of purchases identified in the risk mapping, for categories with a medium-high or high E&S risk;
- weighting E&S criteria according to the degree of E&S risk represented by the purchasing category in question, according to the rating criteria for service or product bids;
- inclusion of a CSR clause into contracts that impose a binding commitment to abide by the Group's Sustainable Sourcing Charter and Code of Conduct, as well as a reference to the right to audit (to perform E&S audits if necessary) and a request for non-financial assessment of "targeted" suppliers;
- if E&S performance falls short:
 - encouraging remedial action plans,
 - option to conduct on-site E&S audits,
 - review of E&S controversies or changes in non-financial ratings.

(1) Suppliers accounting for large purchase volumes at Group level or directly representing Societe Generale brand.

At the end of 2021, and for procurement overseen by the Sourcing Division, the E&S risk management system covers all calls for tender in purchasing categories representing a medium-high or high E&S risk. For calls for tenders managed by the Sourcing Function in the international market for all high-risk E&S categories, suppliers must meet the Group's E&S requirements. E&S evaluation criteria are included in the bid analysis matrix.

The E&S risk management operational tools for procurement not overseen by the Sourcing Division has been simplified and made available for high E&S risk categories. Further information on Sourcing is provided on page 327, Being a responsible purchaser: the positive sourcing programme.

A questionnaire was prepared with an independent third party in 2021 for new supplier CSR audits in 2022 concentrating on service provision in two medium-high risk E&S categories.

Activities pillar

Societe Generale is subject to a set of regulations (anti-money laundering regulations, compliance with embargoes, legislation on personal data protection and on transparency, the fight against corruption and modernisation of the economy, etc.) that constitute the foundation of its risk management.

Beyond its regulatory obligations, the Group has also been developing processes to manage the E&S risks associated with its activities for over ten years. This risk management framework is applied based on E&S standards and commitments, a set of Group normative documents and their transposition into operating procedures, as well as the internal tools for practical implementation.

The E&S General Guidelines govern all its E&S commitments. They include the cross-sector and sector-specific policies for those sectors deemed potentially sensitive from an environmental, social or ethical point of view. These policies notably describe the main risks of human rights violations or environmental damage, and set out assessment criteria for customers or transactions carried out with counterparts acting in these sectors.

The Group's normative documentation was updated in 2019 to include information relative to risk management processes and measures introduced to prevent these risks, especially who does what in each of these areas. Since then, most of the Business Units continued to gradually introduce E&S risk management into their operational processes, strengthened their centres of E&S expertise, and conducted specific training for teams working in sales, the Risk Division and the Compliance Division.

Last, the tools to identify and assess E&S risks, used internally in the Group, are also updated at least every six months, including:

- the E&S watch list of projects, companies or sectors/countries representing a high risk on E&S issues, designed to trigger a more in-depth due diligence on such sectors, projects or companies;
- the E&S exclusion list.

The E&S risk assessment procedures and risk control systems are described in more detail in the Universal Registration Document (see E&S risk management in the businesses to promote fair and responsible growth, page 285).

5.7.4 WHISTLEBLOWING PROCEDURE

Under the Duty of Care Act (as well as the French Act on Transparency, the Fight against Corruption and Modernisation of the Economy, known as the Sapin II Act), companies must have a whistleblowing procedure. To comply with both these laws, a Group-wide whistleblowing system is now in place in addition to existing measures. The French representative trade unions were consulted and the system proposed was presented to and discussed with French and European bodies before being introduced. The policy is now available at www.societegenerale.com and on the Societe Generale Group's intranet. It has been rolled out in France and other countries, and is now available in 21 languages. This is in addition to going through the managerial channel and direct referral *via* the Chief Compliance Officer, to whom the issue can be reported.

Whistleblowers can use the system to report any suspected, potential or actual serious and clear violations of an international commitment,

a law or a regulation; in respect of human rights, fundamental freedoms, health and safety or the environment; and regarding behaviour or a situation that runs counter to the Group's Code of Conduct. It is available to all employees, as well as to external or temporary staff and service providers working with the Group on an established basis (as subcontractors or suppliers). It is hosted on a secure external platform offering the guarantees required by the French Act on Transparency, the Fight against Corruption and Modernisation of the Economy, namely protection of personal data and strict confidentiality of any information provided.

Whistleblowing is a right and no employee may be sanctioned in any way whatsoever for having made disclosures in good faith.

The Group's Code of Conduct reflects this whistleblowing process (see A Code of Conduct underpinned by shared values, page 275).

5.7.5 MONITORING OF DUTY OF CARE MEASURES

Societe Generale has developed management and reporting tools to comply with its extra-financial reporting obligations and monitor implementation of its E&S risk management processes. These tools provide the Human Resources Department, Security Division, Sourcing Division and Sustainable Development Department with key extra-financial performance indicators. A common extra-financial reporting system is in place throughout the Group and supplies the data needed for extra-financial reporting (Chapter 5 of the Universal Registration Document) and for the Duty of Care Plan.

Duty of care measures are also monitored by means of internal self-assessment exercises, to:

- monitor how E&S risk management processes are applied in Business Units, Service Units and further down the chain (at individual legal entity level);
- identify areas for improvement and monitor the ensuing action plans; and
- leverage additional indicators for monitoring the measures taken by the Group.

Human resources, safety and security pillar

Societe Generale uses controls to assess monitoring of applicable rules.

How well it manages its risks determines the Bank's ability to achieve its HR risk prevention goals. Therefore, which control systems it uses, and how they are determined and monitored all play a crucial role in the Company's performance.

For the sake of efficiency, the Group provides all its entities with normative documentation specific to the nature of the activities and taking into account all types of risk, including HR risks. This documentation is updated, disseminated, and accessible.

Societe Generale uses self-assessment exercises to assess risk mitigation measures.

Every year the Group asks all entities with more than 50 employees to contribute to two self-assessment exercises:

- one is on hedging operational risk (Risk control self-assessment). In 2021, entities were asked to emphasise major residual risks, Culture & Conduct, recruitment, psychosocial risks and emerging risks. The Human Resources Department, the Risk Division and the Finance Division are responsible for governance and controls relating to this exercise;
- the other is specific to correct application by the Group's entities of their duty of care. It is based on a questionnaire (Planethic Reporting) that covers how local policies and processes are implemented, as well as checks performed on all issues presented in the Universal Registration Document, Being a responsible employer on page 314. The Human Resources Department governs and consolidates these data.

Societe Generale assesses the satisfaction and well-being of its employees.

In addition to these measures, the Group gauges employee engagement and gathers direct feedback on working conditions through the Employee Satisfaction Survey, an annual anonymous internal survey carried out throughout the Group. The 2021 survey set

out to gain insights on insight, Culture & Conduct, working conditions and diversity. The results, shared with employees, help to take the pulse of our workforce and their expectations and to read the labour relations climate. Based on the survey findings, action plans are implemented where necessary to continuously improve employees' daily working conditions.

Sourcing pillar

The Sourcing Division tracks E&S risk indicators on suppliers and calls for tender on a quarterly basis. For procurement overseen by the Sourcing Division:

- CSR tool sheets cover 100% of the purchasing categories representing a high or medium-high E&S risk (more than 50 tool sheets in total). These tool sheets are designed to help the Sourcing Division's buyers ask CSR questions or impose CSR requirements in respect of identified risks in the context of calls for tender;
- 99% of calls for tender in high E&S risk categories included CSR criteria;
- 89% of a targeted scope of suppliers under contract have an up-to-date non-financial evaluation conducted by an independent third party;
- a tool to help tackle controversies involving companies suspected of using forced labour in their supply chains was also developed;
- at 31 December 2021, 100% of the Sourcing Division's active buyers had received Responsible Sourcing training, as defined in the Group's normative documentation and in E&S risk management tools applicable to sourcing.

Activities pillar

The Group continued to implement procedures and controls aimed at managing E&S risks in its activities, drawing on the annual monitoring in the framework of the DNFP (see E&S risk management in the businesses to promote fair and responsible growth, page 285) and on the Compliance Risk Assessment.

The Compliance Risk Assessment was conducted in 2020 and looked in detail at E&S risks in 188 Group entities. It provided the Group with more granular detail over a wider scope on implementation of its E&S risk management frameworks and insights to define the necessary improvement actions.

These internal management tools have made it possible to assess:

- familiarity with the regulatory framework for managing E&S risks in the Group (E&S policies, E&S watch list, E&S exclusion list) and their transposition into the Business Units' own procedures;
- the Business Units with the highest exposure, that implemented particular procedures (transposing the Societe Generale Code) with respect to the environmental and social risk management system;
- implementation of Group procedures and associated controls, as part of the Group's permanent control system;
- human resources and skills devoted to E&S risk management;
- governance framework to address complex E&S issues at local level, before escalation to Group level;

- number of people trained in managing E&S and climate risks;
- number of customers and transactions that pose an E&S risk that were the subject of an in-depth E&S due diligence, as well as the main findings of these reviews.

The main findings confirmed that:

- Business Units are gradually applying the E&S exclusion list (81% at the survey date) and call on E&S experts for an in-depth review if they identify this type of risk (85% at the survey date);

- E&S expert teams have been created in the Business Units and additions have been made to second line of defence staff with dedicated E&S personnel;
- E&S KYC checks or E&S watchlists are being progressively introduced (69% of entities surveyed).

5.7.6 REPORT ON EFFECTIVE IMPLEMENTATION OF THE DUTY OF CARE MEASURES

Summary

Since publication of the Duty of Care Act, Societe Generale has continued to improve and implement its E&S management framework and measures for the HR, Safety & Security, Sourcing, and Activities pillars.

The main measures implemented in 2021 in this regard, detailed above in the Duty of Care Plan, as well as their main results, were:

Risks

Freedom of association and collective bargaining rights

Discrimination

Health and safety

Working conditions⁽¹⁾

Human resources, safety and security pillar

Results of applying the Duty of Care Plan in the Group's entities.

Among the entities located in high, medium-high or moderate risk countries on the topics assessed under the Duty of Care Plan:

Workforce exposure level

Entities that need to strengthen their employee representation systems employ **1.8%** of the workforce.

Entities that need to strengthen their checks to ensure that HR processes are non-discriminatory employ **0.3%** of the workforce.

Entities that need to step up checks that health and safety rules are implemented employ **1.6%** of the workforce.

Entities that need to strengthen checks that working conditions meet International Labour Organization standards employ **0.7%** of the workforce.

(1) Covers forced labour and modern slavery, child labour, decent working hours and decent wages.

Looking at freedom of association and collective bargaining, staff representation systems were improved in Societe Generale in the following host countries: China, United Arab Emirates, the United States and Turkey.

On discrimination, policies, procedures and formalised rules were improved in the following host countries to ensure non-discriminatory HR processes: Algeria, United Arab Emirates, Equatorial Guinea and Ukraine.

As announced last year, reflecting the Group's commitment to diversity and to preventing all forms of discrimination, measures are in place as follows:

- consolidation of policies to stamp out harassment and establishment of internal audits to ensure compliance with the principles of non-discrimination;
- conducting the five additional checks included in the internal control system in 2020 (on preventing discrimination and legal obligations concerning employment of people with disabilities);

- creation of a Group department responsible for corporate culture, diversity and inclusion;

- a more muscular diversity and inclusion strategy, including campaigns to address unconscious bias and stereotypes, and proactive actions to increase the representation of women in senior management positions.

On health and safety, policies, procedures and formal rules on health and/or safety at work were improved in Societe Generale in the following host countries: Cameroon, United Arab Emirates, Equatorial Guinea, Madagascar, Morocco and Russia. More generally, steps have been taken across all Group entities worldwide to protect employees' health during the pandemic.

As for working conditions, policies, procedures and formalised rules were improved in the following countries of operation to meet International Labour Organization standards: Algeria, Congo, United Arab Emirates, Morocco, Romania, Russia, Chad and Ukraine.

The 2021 self-assessment exercise was performed in entities representing 100% of the Group's headcount.

Sourcing pillar

The main achievements in 2021 were:

- enhancements to the regulatory documentation since May 2021 with new obligations to include requirements in specifications (for high-risk E&S categories for the international function and purchasing delegated in entities), as well as E&S assessment criteria in bid analysis matrices (for high-risk E&S categories for the international function);
- review of 16 tool sheets that include E&S requirements and criteria for high-risk IT equipment categories, and creation of three tool sheets for moderate- or low-risk purchases;
- training provided to the Sourcing Function in all tools;
- monitoring of action plans based on the E&S audits in 2020 at some of our suppliers with the highest E&S risks;
- kick-off of groundwork in preparation for E&S audits in 2022 (drafting the audit questionnaires on two medium-high risk purchasing categories);
- procedure for managing controversies.

Results: for procurement overseen by the Sourcing Division:

- around 5% of the spending analysed was found to be on purchasing categories with a high E&S risk and 9% on categories with medium-high E&S risk. Building work (1,5% of Group spending) emerged as the highest risk category;
- CSR tool sheets cover 100% of the purchasing categories representing a high or medium-high E&S risk (more than 50 tool sheets in total). To meet specific challenges, 50 or so additional CSR tool sheets cover other purchasing categories;
- 99% of calls for tender in high E&S risk categories included CSR criteria;
- as at 31 December 2021, 100% of the Sourcing Division's active buyers had received Responsible Sourcing training.

Activities pillar

The main achievements in 2021 were:

- review of the environmental and social (E&S) general principles in March 2021 to meet certain obligations enshrined in Regulation 2019/2088 on sustainability-related disclosures in the financial services sector, especially with regard to the transparency of policies on the integration of sustainability risks and negative impacts on sustainability factors. They set out the principles that apply to transactions and dedicated products or services and define three types of criteria: exclusion criteria, priority risk assessment criteria and additional risk assessment criteria. Four sector-based policies were revised in 2021 (thermal power plants, dams and hydro power, maritime transport and mines), as well as two cross-cutting policies covering climate and biodiversity;

- roll-out of a new tool to flag transactions located in protected areas (Unesco World Heritage, IUCN I – IV, Ramsar, Alliance for Zero Extinction) to reinforce biodiversity criteria;
- definition of a procedure to escalate E&S risks;
- bolstering expertise in managing E&S risks in the Business Units and in the second line of defence. The Compliance Division appointed people assigned to handling cases where any doubt exists on compliance with the Group's voluntary E&S commitments. The decision circuit for such cases was clarified;
- continued controls on management of E&S risks were included in the permanent supervision system;
- e-learning module on E&S risk management. Training was made compulsory for staff in direct or indirect contact with corporate customers. The module described the scope, governance and main stages in managing E&S risks: identifying and assessing risk and ensuing action plans;
- all employees were offered free-to-access online training on E&S topics. The Business Units and Service Units organised workshops focusing on sector policies;
- action plans were monitored by the Compliance Division following the 2020 Compliance Risk Assessment, including specific monitoring of the highest risks. All action plans intended to target the highest risks have been introduced.

Results:

- The mapping exercise demonstrated that 8% of the Group's risk exposure was linked to activities that potentially pose an E&S risk (*i.e.* energy, transport and logistics, upstream agriculture, industry, construction, etc.) and that are conducted in countries that also entail risk;
- Action plans shed light on the following:
 - the 2020 evaluation underscored that over 90% of the Business Units apply the E&S identification and exclusion list at the KYC or transaction due diligence stage, and, at the end of 2021, 80% of entities evaluated stated having had introduced E&S review and identification or exclusion application controls,
 - more than 1,200 transactions underwent an E&S review in 2021,
 - the number of assessments increased on clients of the main Business Units with a financing activity, and produced a range of widely differing opinions: 88.5% were positive, 9.5% posed additional conditions and 2% were negative,
 - E&S training deployment continued: around 40,000 employees had received training in managing E&S risks through e-learning modules by end-2021.

5.7.7 OUTLOOK AND PLANNED DEVELOPMENTS

Part of the existing E&S risk assessment and management procedures were reviewed in 2021, in particular to include the main risks that are either not covered or insufficiently covered by the existing tools and procedures. The risk management framework will be further enhanced (policies, formal processes and/or additional checks) in 2022.

Human resources, safety and security pillar

Managing work-related psychosocial risks is more important than ever, both in the face of the Covid-19 pandemic and as result of changes brought about by the Group's transformation. And not just for Societe Generale, all companies must step up their response and vigilance.

In the Group, the main steps to prevent and manage health and safety risk are:

- analysing the results of the employee survey, paying particularly close attention to engagement and psychosocial risks;
- stepping up measures to prevent psychosocial risks, especially risks generated by the Group's transformation projects (monitoring labour relations indicators, developing preventive policies, setting up actions to contain psychosocial risk factors, and more);
- training managers and HR personnel to detect and prevent psychosocial and mental health risks;
- communicate and inform staff about health and safety rules and best practice with information on safety processes and concepts available on the Group's intranet;
- adapting properties to create a good working environment for employees and reconfigure workspaces in response to the growth of remote and hybrid forms of working, with a 2021-2025 programme led by the Group's Real Estate Division.

Additional measures are also planned in entities that need to improve their controls, for example:

- mental health information sessions are planned in the United Arab Emirates;
- in Morocco, the Bank has strengthened governance and expanded the prerogatives of the health, Safety and Security Committee;
- in Russia, all employees will be asked to complete regular questionnaires and evaluations on health at work;

- plans for Madagascar include standardising the approach to applying workplace health, safety and security rules to improve how controls are set up and monitored.

Moreover, the Group will continue to implement measures to protect and support staff during the pandemic in 2022. Listening attentively to stakeholders will clarify changes in its environment and help the Group to address them with agility. Appropriate channels have been set up to foster constructive dialogue with all stakeholders by considering the results of internal surveys and through continued dialogue with the UNI Global Union.

Sourcing pillar

The main actions planned are as follows:

- continued improvements to the tools used to identify and assess risks, including creating new tool sheets on moderate and low-risk categories for buyers;
- translating all tool sheets into English for the international function, covering all risk levels and purchasing categories;
- more regular training for Group buyers and the function as a whole, and extending training to entities that habitually manage sourcing when they request it;
- performing CSR audits and setting up remedial action plans with suppliers under contract that present E&S risk factors;
- beefing up procedures to identify and manage E&S controversies for suppliers using new E&S risk analysis tools.

Activities pillar

The main actions planned are as follows:

- publishing updated sector policies – with the addition of biodiversity criteria – with the aim of improving identification and prevention of environmental and social risks;
- defining a normative framework dealing with forced labour and related tools;
- developing aids for Business Units to apply sector policies and qualify the materiality of E&S controversies;
- continuing training workshops on sector policies.