



Sustainable development

A banking group committed to sustainable development



Société Générale confirms its commitment by joining the Global Compact

Société Générale is a component stock of the **4 main international sustainable development indexes**

6,200 new recruits in 2003

An independent ombudsman **since 1996**

17 years of *Mécénat Musical Société Générale*

51,000 existing and former employees are Société Générale shareholders

Sustainable development, a competitive advantage

"The world is changing at a rapid pace, bringing new opportunities for growth, but also an increasing number of risks and demands. We constantly need to find ways to adapt and develop in line with our partners, and sustainable development will prove to be a competitive advantage, contributing to value creation.

Laying the foundations

As an active contributor to various national and international sustainable development bodies, coordinator of a number of think-tanks and sponsor of special events, Société Générale hopes to lay the foundations for a coherent policy in areas where practices still lack specific direction and benchmarks.

A vision of sustainable development inherent in the Group's values

For Société Générale, sustainable development is not just some passing fad, but is an inherent part of our overall business strategy that has been integrated into our corporate values – professionalism, team spirit and innovation.

In keeping with the policies outlined in the 2002 Annual Report, we continued our efforts in 2003 to incorporate the following key targets into coherent action plans for all our businesses in France and abroad: standardization of our socially responsible practices worldwide, systematic integration of our environmental policy in all our businesses, progressive improvement in the Group's social and environmental reporting, and reinforcement of our sponsorship initiatives."

Philippe Citerne
Chief Executive Officer



1987

Company project

1990

Compliance Committee

1996

1st independent ombudsman

1999

Société Générale is included in the four leading ethical investment indexes

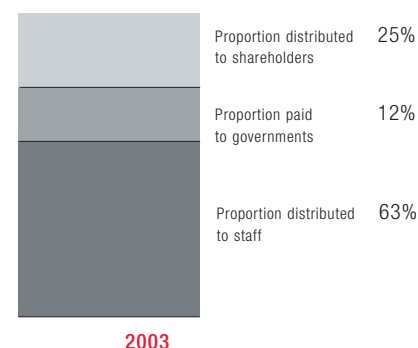
2001

Société Générale signs the United Nations Environment Programme (UNEP) Statement by Financial Institutions on the Environment and Sustainable Development

2003

Société Générale joins the Global Compact, Member of the CNDD (National Council for Sustainable Development)

Distribution of the value added of Group activities in 2003



in millions of euros

Net banking income	A	15,637
Operating expenses (excl. personnel expenses)	B	3,580
Gross added value	C = A - B	12,057
Other income statement items ⁽¹⁾	D	- 2,081
Net added value	E = C + D	9,976
Personnel expenses		6,323
Income tax		1,161
Net income		2,492

(1) Amortization and depreciation (- 665), net allocation to provisions (- 1,226), net income from companies accounted for by the equity method (+ 43), net income from long-term investments (+ 397), exceptional items (- 46), amortization of goodwill (- 217), minority interests (- 263), net allocation to general reserve for banking risks (- 104).

METHOD USED TO DRAFT THIS SECTION AND SCOPE COVERED: this section has been drafted in accordance with the specifications of the NRE law (French new economic regulations law) and the main international social and environmental reporting standards (see page 244). As a general rule, information on policies and management systems relates to the global network. For all other information (notably indicators), the scope is indicated in the relevant section. At the request of Société Générale, Ernst & Young Audit have prepared an external opinion on certain processes described in this section (see page 248).

Our response to the challenges

Establishing a relationship of trust

Although financial institutions share the same social and economic responsibilities as any other company, their specific role in financing the economy creates additional obligations. The financial sector has always been regulated by public authorities and by governing bodies set up within the profession itself. However, as a bank, our responsibilities must extend beyond simple compliance with existing regulations – we need to adapt our practices in line with the changing demands and concerns of society as a whole for two main reasons:

- the health and solidity of the financial sector are essential for economic and social development;
- as a Bank, we have a major role to play in the community by providing basic banking services in France, by offering financial support to microenterprises, by helping to limit overindebtedness, etc.

Trust forms the very cornerstone of banking

In order to counter potential threats to the basic intangible assets that are vital to our long-term development, such as our image and reputation, we need to continually reinforce our risk management procedures and bolster customer confidence.

■ Drawing on a well-developed body of regulations, Société Générale has worked continuously over the past few years to strengthen its surveillance procedure, focusing on four main areas: corporate governance⁽²⁾, compliance⁽³⁾, risk management and internal control procedures⁽⁴⁾.

■ In order to build up the confidence and trust of our stakeholders, we need to show through our behavior and our organization that we maintain the highest standards of business ethics, notably with respect to corruption, money laundering and terrorist financing.

Creating leverage through our businesses

The biggest contribution we can make to sustainable development is through our business activities.

By gradually integrating non-financial criteria into our financing policies, we are fostering a more responsible approach to economic development.

In addition, although still somewhat modest in size, our range of socially responsible investment products helps to encourage the companies in which we invest, for both proprietary and client-driven activities, to incorporate sustainable development concerns into their business.

Human diversity, a driver for profitability and growth

We face a number of challenges for the future:

- keeping pace with the changes in our businesses by maintaining a balanced distribution of skills;
- implementing policies that reconcile professional and personal development (lifelong learning, balance between work and private life, etc.);
- adopting equal opportunity practices in everyday work (non-discriminatory practices, equal opportunities in recruitment and promotion, etc.).

Respecting the environment

Although the direct environmental impact of the banking sector remains relatively modest compared with that of the industrial sector, over the past few years we have targeted those areas that we can effectively control: consumption of paper and fluids, waste management and the application of HQE (high environmental quality) standards to our owned premises, etc.

Encouraging dialogue and exchange

We firmly believe that by listening and responding to the concerns of our stakeholders we can build a stronger platform for our business development. Exchange and dialogue are the keys to achieving mutual growth and enrichment.

A broad vision of our stakeholders

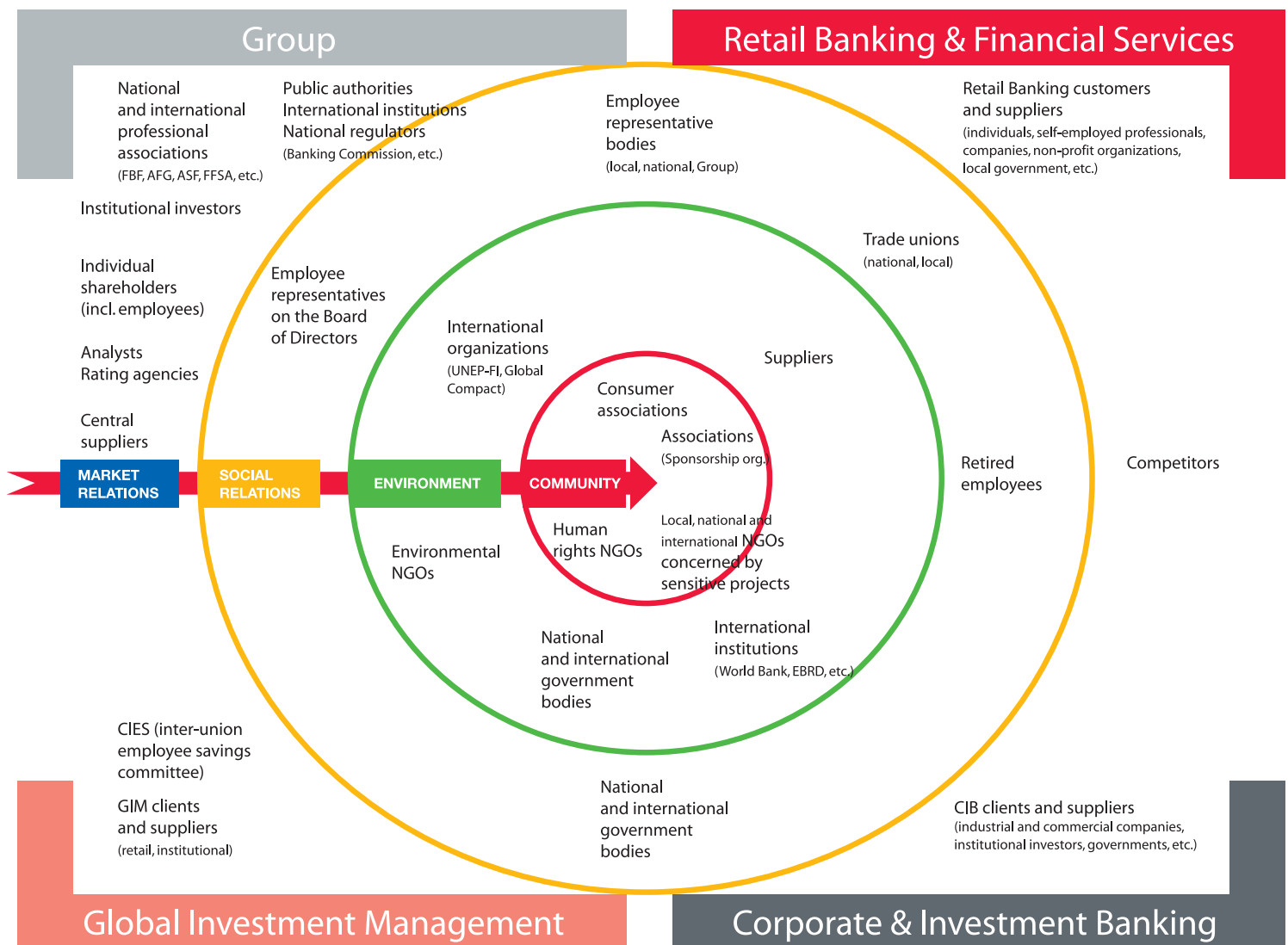
By stakeholders, we refer to groups of internal or external parties who interact with the Bank in a fairly uniform manner and with whom the Bank has a two-way dialogue.

Société Générale maintains open and constructive dialogue with its traditional stakeholders (staff, customers, shareholders, regulatory authorities, etc.) through a

number of procedures, which are already used systematically across the Group or are currently being extended. The ombuds process, for example, which was set up in 1996 for Société Générale's individual customers, has now been extended to all French retail banking customers. Similarly, satisfaction surveys are now carried out for all market segments, and are gradually being implemented in our international retail banking networks.

More recently, we have integrated human rights and environmental criteria into our relationships with suppliers, our terms and conditions, and our user satisfaction surveys. We have also developed contacts with non-governmental organizations and specialized international bodies, as well as with the public authorities and our peers, in order to compare experience and study areas where we can make progress in sustainable development.

Map of stakeholders



The concentric circles show the main stakeholders in each major area of social responsibility. To avoid repetition, each stakeholder is only indicated once, even if they relate to all four areas.

Our commitments

The 9 principles of the Global Compact

Human Rights

Principle 1: *Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and...*

Principle 2: *... make sure that they are not complicit in human rights abuses.*

Labor standards

Principle 3: *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*

Principle 4: *the elimination of all forms of forced and compulsory labor;*

Principle 5: *the effective abolition of child labor; and...*

Principle 6: *... eliminate discrimination in respect of employment and occupation.*

Environment

Principle 7: *Businesses should support a precautionary approach to environmental challenges;*

Principle 8: *undertake initiatives to promote greater environmental responsibility; and...*

Principle 9: *... encourage the development and diffusion of environmentally friendly technologies.*

Stronger, more coherent commitments

A new step: signing of the Global Compact⁽⁵⁾

After signing the UNEP⁽⁶⁾ statement in 2001, Société Générale reasserted its commitment to corporate responsibility on May 16, 2003 by becoming a member of the Global Compact.

By joining the Global Compact, Société Générale has asserted its pledge to uphold human rights in its business activities.

There is currently no single list identifying all countries that pose a threat to human rights. The number of high-risk countries varies from 11 to 48, depending on the human rights NGO compiling the list⁽⁷⁾ as each has its own way of approaching the issue.

On the basis of the list compiled by EIRIS⁽⁸⁾, Société Générale would appear to be present in 9 of the 27 countries deemed to be high-risk: Algeria, Cameroon, Egypt, Tunisia and United Arab Emirates, where the Group has general retail banking operations serving a local customer base, in some cases dating back a number of years; Iran, Kazakhstan and Vietnam, where it has representative offices employing a handful of staff; and China, where it currently has 4 branches.

In its project finance activities, Société Générale has implemented strict examination procedures (see pages 67 and 84).

The managers of all our foreign branches and subsidiaries were consulted prior to the signing of the Global Compact on May 16 to inform them of the issues at stake in these international principles, which focus in particular on human rights, and to allow them to assess the impact of their application across the Group. The vast majority of our entities were in favor and even enthusiastic.

The few reservations that were expressed, linked to the cultural context and local legal provisions, merely serve to underline the importance of these principles. The Board of Directors was also involved in the Executive Committee's decision.

Compliance with the principles of the Global Compact has now been integrated into the guidelines issued to suppliers by the Purchasing Department.

A commitment based on our corporate values

Société Générale's commitment to sustainable development is based on its corporate culture and its core values, which were reasserted in 2002.

These values underpinned our recruitment campaign in 2003 and our global employee share ownership plan (page 74).

⁽⁵⁾ The Global Compact is an international initiative launched by the Secretary-General of the United Nations in July 2000.

⁽⁶⁾ United Nations Environment Programme.

⁽⁷⁾ The Freedom House: 48 countries, Amnesty International (The Prince of Wales International Business Forum – Business & Human Rights): 11 countries, Reporters sans frontières: 30 countries, United Nations High Commissioner for Refugees, etc.
⁽⁸⁾ EIRIS is the longest-standing European social and environmental information agency (1983); FTSE4Good constructs its sustainable development indexes on the basis of EIRIS research.

As part of our Group-wide program, entitled "Innovation at all levels", we have also introduced a series of Innovation Awards, including one for individual or collective initiatives in the field of sustainable development. The first winners of this award were announced in March 2004.



A Group-wide commitment

The current organization of steering committees and reporting procedures was implemented centrally as of the end of 2000, and gradually extended to the divisions throughout 2002 and 2003. Each business has appointed operational "Sustainable Development representatives", who are responsible for coordinating all divisional initiatives and implementing the action plan. These representatives are themselves managed through a series of specific committees organized by the Quality and Sustainable Development Department which is attached to the Group's General Management (see diagram below).

Société Générale's involvement

Société Générale has committed to a number of projects designed to promote sustainable development. It is a member of the French National Sustainable Development Council and of various international bodies such as the Wolfsberg Group (for the prevention of the financing of terrorism) and Transparency International. It also supports the London Principles⁽⁹⁾ and the Carbon Disclosure Project (a British initiative concerning the reduction of greenhouse gas emissions).

Société Générale sponsored the annual OECD Forum and FEDERE⁽¹⁰⁾. In June 2003, it took part in the first Sustainable Development week launched by the French government, during which it distributed a booklet to all staff in order to promote awareness. In January 2003, the Group organized a major conference at its headquarters, with 250 key figures from the worlds of finance and insurance, in conjunction with UNEP, Dexia, Caisse des dépôts and the ORSE⁽¹¹⁾. Lastly, it gave a presentation on its performance in sustainable development at the First European Forum for Responsible Investment at the Palais Brongniart in June 2003.

⁽⁹⁾ The London Principles for Economic Prosperity, Environmental Protection and Social Development.

⁽¹⁰⁾ European Forum for Sustainable Development, and Corporate Responsibility, organized by Les Échos.

⁽¹¹⁾ Observatory for Corporate Social Responsibility.

A controversial project: the Bakou Tbilissi Ceyhan (BTC) oil pipeline

The BTC oil pipeline has sparked opposition from a number of NGO's on the grounds that it violates OECD directives, and notably those relating to human rights.

Société Générale is joint-arranger in the financing of the project, in conjunction with a syndicate of French and foreign establishments. Its decision to become involved is based on a series of analyses carried out by its own teams of specialists and by the Risk Division, but also by various independent experts commissioned by the lending banks to give an informed opinion. Société Générale's position is supported by the involvement of a number of multilateral institutions (IFC and EBRD) and export credit agencies (including Coface for France) which are known to have extensive experience in the field and extremely high standards with respect to the environment and social and human rights.

Structures and bodies which contribute to sustainable development

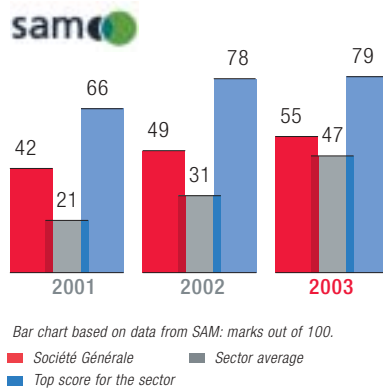


External recognition of our performance

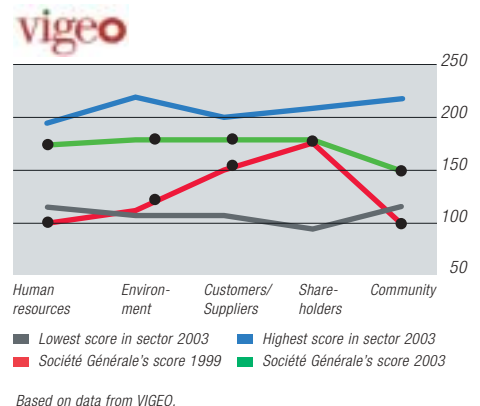
A component stock of the main sustainable development indexes since their creation



Société Générale's scores with non-financial ratings agencies: close to the sector leaders, and improving constantly



Société Générale scored 64% of the top ranking in 2001, 70% in 2003.



Société Générale's annual score has risen three times faster than that of the sector leader (+ 8 % against + 3%). In all areas, except for "Community", the Group is either catching up with the sector leader, or maintaining a stable score.

The new rankings confirm our previous scores

Société Générale was ranked for the first time in 2003 by CoreRatings and Innovest.

Corporate Responsibility Rating



CoreRatings B+
 CFI Institute (rankings) Institutional rating
 Rating scale: A (highest), B, C, D
 The rating is subject to review with the company's progress in changing the material risks arising from its business and environmental, social, and governance (ESG) performance.
 July 2003



On a scale of 4 rankings, from A to D.

SOCIETE GENERALE	
Country:	France
Ticker Symbol:	SOGN
Industrial Sector:	Banks
Rating:	A (Social) BBB (envt)
Rank:	7 12

On a scale of 7 rankings, from AAA to CCC.

Although the various divisions are ranked on much the same criteria, the methods used can vary which means that the final results are somewhat disparate. Consequently, we are engaging in closer discussion with the ratings agencies.

Risk management and internal control

Supporting business development through sound risk management

In terms of credit, the cost of risk measures loss incurred by the default of counterparties or clients of the bank.

Risk management is an essential part of Société Générale's culture. Its primary aim is to contribute to the Group's development by optimizing its overall risk-adjusted profitability.

A segregation of roles for better management

Because it is inherent in all banking activity, risk must be taken into account from the inception of a transaction until its completion. This is why responsibility for risk management lies first with the operating department. The department's role involves:

- analyzing the risks involved in each transaction it originates;
- checking that these are compatible with its assigned limits;
- ensuring that these risks are managed dynamically;
- assessing the risk-adjusted profitability of the transactions.

To increase their motivation, the cost of risk is factored into the variable remuneration of the business officers. To make this risk management even more effective and ensure that it is permanently adapted to new types of risk, the Risk Division provides an independent management and control function, approving any risks taken and monitoring them as they evolve.

The Risk Division is independent from the operating divisions, and reports directly to the Group Management.

Clear principles

The Group applies the following principles:

- strict compliance with legal and regulatory requirements and standards drawn up as part of the Group's risk management policy. This compliance is monitored on a permanent basis;

- the obligation to advise clients appropriately;
- development of business relationships only with counterparties whose identity has been fully established and who share the same sense of integrity and responsibility as we do;
- application of the principles of prudence, good conduct and risk quality and diversification, even when this may weigh on short-term profitability;
- arrangement of significant financing transactions for clients only if these transactions appear on their balance sheet or if the statutory auditors have been fully informed.

Widely disseminated objectives and procedures

The strategy is based on clearly defined targets for each category of risk (credit, market, country, operating). It is implemented through policies and procedures defined by the Risk Division, which set out the criteria for selecting the most suitable

transactions for the Group according to various analysis factors. This information is disseminated throughout the Group via our dedicated intranet site.

A permanent supervision framework

The risk management procedures are monitored and controlled at a number of levels:

- in its preparatory work for the Board of Directors, the Audit Committee carries out an in-depth review of the measures in place for managing, preventing and assessing risk;
- during the Risk Committee meetings, the Executive Committee defines the risk management systems, reviews changes in the characteristics and risk profile of the Group's portfolio, and decides on any changes in the corresponding strategies;
- following on from the Risk Committee, the "Major Risks" Committee reviews significant exposure (individual counterparties or portfolio segments);
- before any new activity can be launched, the New Products Committee ensures that the infrastructure required for its proper management is in place and that the risks generated are correctly analyzed, measured and controlled;
- lastly, the internal audit teams give an opinion on the risks incurred during their various audit assignments throughout the Group.

Suitable methods and systems

Société Générale devotes significant resources to adapting its risk management and monitoring resources within the Group. The information systems in particular, are constantly being modified to accommodate changes in the products processed and the associated risk management techniques.

In the case of counterparty risk with respect to marketable products, the current methods used to measure exposure are backed up using worst-case scenario analyses, to reinforce the transaction selection process.

With respect to market risks, the current risk measurement model used internally (VaR) has been approved by the French Banking Commission for nearly all transaction types.

In credit risk, the existing approval and monitoring procedures have been reinforced over the last few years with the introduction of economic capital, risk-adjusted return on capital (RAROC) and economic value-added (EVA) indicators. As a result, major efforts have been made to model the Group's activities and adapt the information system accordingly.

Ensure the ongoing development of our business by constantly reinforcing our internal controls

Given the extent and diversity of the risks inherent to banking activities, internal control is a vital instrument in risk management and therefore plays an important role in Société Générale's activities.

Internal control is defined in the Group Audit Charter as all the means and resources which enable the Group Manage-

ment to ensure that the transactions carried out and the organization and procedures implemented are compliant with legal and regulatory requirements, professional and compliance practices, internal rules and the policies defined by the company's executive body. Internal control is designed in particular to:

- detect and measure incurred risks, and manage this exposure in an adequate manner;
- guarantee the reliability, integrity and availability of financial and management data;
- verify the quality of the information and communication systems.

The internal control system is everybody's responsibility

Our internal control system relies primarily on the permanent supervision of activities at local level by operational staff. This comprises all procedures implemented on a permanent basis to guarantee that transactions carried out at operational level are correctly handled, secure and valid. Monitoring at operational level comprises two stages:

- day-to-day security: all operational staff are required to comply with the applicable rules and procedures in all transactions carried out;
- formal supervision: management is required to make regular checks in accordance with strict procedures, to verify that staff are complying with rules and procedures for processing transactions and for ensuring day-to-day efficiency and security.

In order to ensure this system functions correctly, operational methods need to be formally defined and communicated to all Group staff. The permanent supervision procedures have been adapted for each entity on the basis of their particular activities, and are set out in specific documents.

A number of departments are involved in the internal control system

The middle and back office are responsible for executing, recording, and processing all transactions carried out within the Group. In addition, they carry out first-level controls in accordance with regulatory requirements.

At the same time, a number of functional departments which are independent from the business departments, also control Group transactions:

- the Risk Division, which is responsible for the Group's risk management and control system, validates all risks incurred and monitors any changes in exposure;
- the Finance and Corporate Planning Department, which draws up the Group's consolidated accounts and Parent Company accounts, and checks that all financial and accounting data communicated externally is reliable and accurate;
- the Division Finance Departments, which assess the quality of the information submitted by the division to the Group for the consolidated financial reports and monitor compliance with accounting, regulatory and management stipulations;
- the Compliance Department, which ensures that all Group staff observe the compliance rules and principles applicable to the various businesses;
- the legal and tax departments which monitor all fiscal and legal aspects of the Group's activities;
- the Internal Audit and *Inspection Générale*.

Each Group entity has its own Internal Audit Department

The Internal Audit is a permanent system designed to evaluate the efficiency of the internal controls employed by the entity to which it is attached. It is based on three principles: independence, impartiality and

universality. All Group activities and entities have an Internal Audit Department, which is authorized to inspect all aspects of their operations. Given the risks at stake, each department is provided with adequate resources, from both a qualitative and quantitative point of view, to carry out its functions effectively. The Internal Audit departments comprise some 1,000 auditors, which is in line with the generally accepted staff/auditor ratio for the banking sector.

Société Générale's control system is divided into two levels: the Internal Audits and the *Inspection Générale*.

Each Group arm has its own Internal Audit Department, managed by the chief auditor (*contrôleur général*), who is directly answerable to the arm manager. The head controller has hierarchical and functional authority over all the auditors in the arm. The system was recently reinforced with the creation of an Audit Department for the functional departments, which is attached to the Group Corporate Secretary.

Each Internal Audit Department regularly identifies the areas of risk to which its arm is exposed. It then defines an annual schedule of audits to ensure that the exposure is covered regularly and in full. Under this framework, the auditors carry out controls to check the security, compliance and efficiency of the division's activities, and evaluate the quality of the permanent supervision system in place. They then put forward recommendations based on their observations, and follow these up to ensure they are implemented correctly.

This system is reinforced with specialized audits in areas requiring specific skills: these include an accounting audit, legal audit, an audit of counterparty risks and information technology security. The management of the functional department in question takes direct responsibility for these specialized audits, and is thus able to

monitor compliance with Group principles and procedures within the business and keep a closer eye on activities at operational level. The specialized audits can also intervene to assist the arm audits in specific areas.

The Inspection Générale carries out inspection assignments every year and monitors the overall quality of the internal control system.

The *Inspection Générale* inspects the business activities and operations of all entities within the Group, without exception, according to an annual program of inspections that is validated by the Group General Management. It reports its findings, conclusions and recommendations to the General Management. The Group Executive Committee then makes quarterly reviews to ensure that the *Inspection's* recommendations are being implemented accordingly.

Furthermore, the *Inspection Générale* is responsible for ensuring that the internal control system implemented across Société Générale and its subsidiaries is coherent and efficient.

To do this, the *Inspection Générale* carries out the following functions:

- it inspects the various functional departments involved in internal controls;
- it assesses the quality of the work carried out by the Internal Audit Departments;
- it validates the audit plans submitted by the Audit Departments;
- the *Inspecteur Général* is in charge of all the controllers and specialized audits;
- as part of his role, the *Inspecteur Général* is required to meet regularly with the Board of Directors' Audit Committee and maintains close ties with the Statutory Auditors and representatives of the supervisory authorities.

Risk in figures

- Exposure to credit risk on non-banking clients: EUR 267 billion.
- 87% in major developed countries.
- 31% in off-balance sheet commitments.
- Risk provisioning for 2003: EUR 1,226 million (expressed as a proportion of risk-weighted assets: 59 basis points).
- Non-performing loans: 5.8% of customer loans, 78% provisioned.
- Average trading VaR for 2003: EUR 24 million.

The Audit Committees

The Internal Audit Committees are organized at least once a year, to bring the audit departments together with their hierarchical and functional managers, and assess their activities. As a result they are a vital part of the overall internal control system. The agenda for each meeting is set by the Inspecteur Général, and covers aspects such as permanent supervision, the missions carried out over the course of the year and the forthcoming audit plan, the implementation of the Inspection Générale's recommendations and, where applicable, those of the supervisory authorities and external auditors.

The audit in figures

The Internal Audit Departments comprise 920 auditors, 78% of which are employed in Retail Banking, 14% in Corporate and Investment Banking and 5% in Global Investment Management.

The Inspection Générale comprises 139 inspectors.

Human resources

Diversity and talent

The HR department's challenge is to promote the diversity of Group staff in terms of background, culture and age, taking into account the problems and issues that are specific to each business activity and ensuring a high degree of internal cohesion.

In 2003, the department undertook a review of its targets and organization, stressing the need for closer human resources management within the businesses. According to the HR department, the main issues for the Group are: management, development of the skills of current managers and training of the future generation, internationalization of the management teams, definition of cross-disciplinary principles for performance assessment and remuneration, enhancement of the Group's image as an attractive place to work, and cross-disciplinary management of the functional departments.

In order to meet these goals, the various human resources functions need to work in close collaboration with the operational management, and adapt Group practices to the changing business environment. The Corporate and Investment Banking and Global Investment Management Arms are already adapting their remuneration, management and staff mobility policies to accommodate the often cyclical nature of their activities, the large number of geographical locations and the highly competitive market environment.

The Retail Banking Networks are facing a number of different problems, depending on their activities and geographical location: increasing the loyalty of younger staff, balancing the age distribution of staff, redeployment of the sales and distribution network in France, integration programs to accompany a sustained policy of acquisitions, training assistance, implementation of a career management procedure outside France.

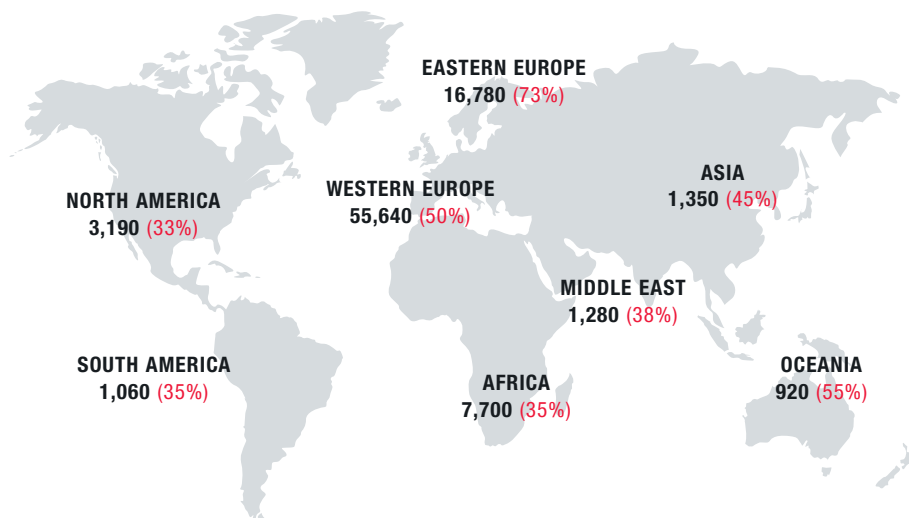
The challenge for the functional departments is more how to attract and retain talented staff by offering stimulating career paths in terms of responsibilities, professional advancement and remuneration.

An active staff management policy to accompany change

Société Générale is very much an international group, operating in over 80 countries, with a total workforce of 88,000⁽¹⁾ half of which are located outside France.

The majority of its staff are female, accounting for 52% of its global workforce.

Geographical distribution of Group staff (proportion of women as a %)

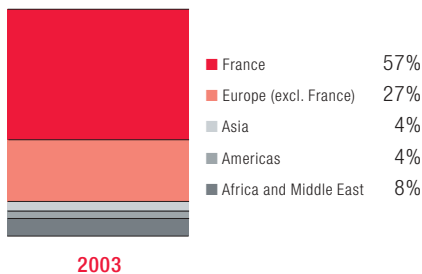


⁽¹⁾ Total workforce at the end of the fiscal year, excluding temporary staff. The Group had 83,220 staff in 2002.

Sustained recruitment

The Group employed 6,200 new staff worldwide in 2003, 72% on permanent contracts, and 52% female. The majority of new recruits joined the Retail Banking Networks (72%), both in France and abroad, and the Corporate and Investment Banking Arm (19%). Overall, in France, Société Générale took on 1,723 new staff on permanent contracts, 39% with executive status, and 835 on temporary contracts⁽²⁾.

GEOGRAPHICAL BREAKDOWN OF RECRUITMENTS



The Group's recruitment policy enables to anticipate and manage the renewal of its staff and its competencies.

In line with this policy, in 2003 the Group continued to extend the use of apprenticeship contracts in France and strengthened its partnerships with higher education establishments (Bac +2/3 and Bac +4/5). Similarly, the decentralized recruitment teams worked actively to enhance the image of the Group as an attractive place to work.

Société Générale was elected the best place to work in France in 2003, ahead of its banking rivals (according to the TNS Sofres survey), and is generally seen as a robust, competitive and dynamic company by future graduates of French engineering and business schools. This image, combined with the Group's excellent results, are major advantages for recruitment.

In France, the Group's recruitment policy is based on the following strategies:

- pre-recruitment through apprenticeships and targeted commercial training (BTS, DUT, masters/IUP or DESS in banking and finance, business schools, etc.) and an increased number of internships and international company volunteer programs (VIE);
- establishment of long-term partnerships with French schools, even in an unfavorable economic context.

Outside France, the Group is following a similar strategy, and has set up partnerships with a number of schools such as the University of Belgrano in Argentina, the Franco-Romanian Management Institute and the Singapore Institute of Marketing and Management.

Adapting to changes in our business

Against a backdrop of increasing competition and a changing market environment, the Group had to rightsize its resources in a number of activities, notably in Retail Banking outside France and Corporate and Investment Banking.

A total of 2,173 jobs were cut worldwide, including 1,589 economic redundancies outside France (1,237 in Retail Banking, notably in Eastern Europe and Africa, and just over 300 in Corporate and Investment Banking).

Participation in business forums

In 2003, Société Générale was the only bank to take part in two corporate forums for the redeployment of employees from the airline industry, where it met receptionists and call-centre staff. In total, it made 44 contacts and then interviewed 26 candidates, finally selecting a total of 10.

By November 2003, 6 staff, aged between 20 and 35, had been recruited, 5 as receptionists and 1 as a customer adviser.

Recruiting young talent: key figures

- 128 advertisements posted in France.
- 450,000 visitors to the recruitment website.
- 140,000 CVs submitted, including 42,000 via the website.
- 7,300 internship offers (20% outside France).
- 120 International company volunteer programs (VIE).
- 596 apprenticeships (552 in the domestic network).
- Participation in 150 forums with targeted schools in France (Polytechnique, École centrale Paris, les Mines, HEC, ESSEC, ESCP, EM Lyon, ESC Rouen, Lille, Toulouse, AUDENCIA de Nantes, DESS Gestion de Patrimoine de Clermont-Ferrand, etc.), and abroad.

(2) Of which 74% were hired on apprenticeship contracts.

Komerční Banka

Since it was acquired by the Group in 2001, Komerční Banka has been adapting its organizational structure in order to enhance its commercial growth and profitability.

In 2003, it recruited over 550 staff and 35 interns, and was voted one of the country's best banking employers by students.

At the same time, due to changes in certain activities, notably the support functions (centralization of the network back offices in Prague and the provinces, development of automated means of payment or distribution, etc.), there were 870 economic redundancies. These cuts were carried out in accordance with social law and local practices, following adequate consultation procedures and a number of accompanying measures (compensation, internal transfer, etc.).

Training in the retail banking network outside France

In 2003, more than one million hours of training were provided in Retail Banking outside France, equivalent to some 35 hours per employee and 2.4% of working time.

In addition to professional diplomas and cross-disciplinary training (languages, IT training), the main areas covered were new information systems, risks and sales skills.

At the same time, the Group continued its active integration policy.

Getting the best from our staff: career management

Société Générale's human resources policy is designed to allow staff to develop their skills in order to meet their own personal objectives and the needs of the Group's activities. The Group adopts a personalized approach to career management, offering help and guidance at local level.

The Corporate and Investment Banking division, for example, provides its young, highly specialized staff with good career development opportunities in order to bolster their loyalty.

Similarly, the Group aims to offer attractive career paths to all its specialized legal, fiscal, financial, risk, IT and human resources staff, with personal progress assessments and pay reviews.

Accompanying our staff throughout their careers

Although the actual career management process varies across the Group due to the diversity of staff, businesses and locations, it is always based on the following fundamental principles:

- Permanent dialogue between the manager and employee (regular personal evaluation to assess results, identify areas for improvement and define the employee's career prospects and ways they can develop).

In 2003, the Group implemented a program entitled "Performance and personal development", for 1,200 top executives.

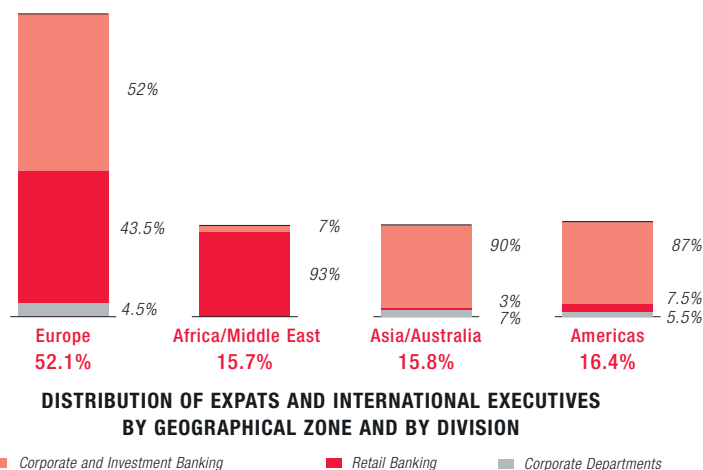
The program emphasized the importance of the manager's role in nurturing staff commitment and implementing personal development initiatives.

- Regular assessment of staff career prospects. In the case of executive staff, the Group organizes regular Career Committees with the participation of managerial staff and human resources representatives, to define forward-looking policies, and place rising talents in key positions to ensure resources are renewed. Similarly, the Group has a "Future Senior Managers" program to monitor the progress and career development of managerial staff in positions of responsibility. In 2003, 70 people (of which 30% were women) benefited from this program.

Making the most of our human capital

Société Générale relies on the competence and experience of its staff around the world. The Group actively encourages the exchange of skills at local and international level through integration seminars, training or geographical transfers, to allow staff to develop their abilities or extend their professional experience.

The number of expatriates remained stable in 2003 at 680, and the number of impatriates and international executives rose to 130, allowing the Group to benefit from broader cultural profiles and skills. The distribution of these international staff across the businesses and major geographical regions varies according to the technical specificity of the activity in question.



One of the Group's main strategies for developing skills and making the most of individual talents is to promote functional and geographical mobility. In addition, it encourages staff promotion as a means of building internal cohesion and loyalty. In line with these strategies, 5,000 staff in France changed position in 2003, while 4,072 were promoted, representing some 11% of the total workforce.

The Group needs to ensure that knowledge is passed on to new recruits, particularly in France where new regulations regarding retirement and the age distribution of staff in certain activities make it vital that senior staff are managed efficiently.

Developing individual skills

In 2003, over 60,000 employees (55% female staff and 45% male) followed at least one training course, representing a total of 2.2 million hours. In France, Société Générale spends more than EUR 50 million per year on training.

As a result of its sustained policy of international growth, the Group has had to reinforce and extend its integration procedures in all countries where it operates.

Major training programs have been developed in the recently acquired entities, notably the Retail Banking operations in Eastern Europe.

In addition, the Group has increased the provision of training in new businesses, introducing a specific program for the multi-channel banking platform, and providing regular training in new techniques and technologies.

Furthermore, 575 Société Générale staff successfully completed banking qualifications (Professional banking diploma, BTS in banking or Technical banking institute qualifications).

Promoting the development of managerial staff

The number and type of training courses available to managerial staff has been significantly increased. In Corporate and Investment Banking, different levels of training are provided, depending on the level of responsibility, and in Retail Banking specific programs have been added relating to changes in domestic network activities and the management of major banking projects. The Group's main managers meet each year to discuss overall strategic directions and developments, in order to promote cohesion between management teams. In 2003, these meetings focused in particular on innovation, cooperation and management techniques.

Integration of handicapped workers

The Group is committed to providing job opportunities for the handicapped, and currently employs some 1,550 disabled staff worldwide.

In France, Société Générale works actively with an enterprise agency to retain and recruit disabled staff, and in 2003 its domestic workforce comprised 900 employees registered with Cotorep⁽³⁾ or receiving disability benefit. To assist its disabled employees, the Group can adapt working hours and work stations, and also offers subsidized transport. In some cases it even takes steps to reduce transport times. Furthermore, the Group continues to encourage the use of Centres d'Ateliers Protégés (centers offering tailored solutions to enable handicapped people to work) for activities such as mailing, the production of welcome packs, etc.

(3) Commissions Techniques d'Orientation et de Reclassement Professionnel (technical commissions for career orientation).

Adequate levels of remuneration

The Group is committed to developing an attractive system of remuneration for all its staff, that takes into account the specificities of their particular role and the increasing globalization of business activities in a highly competitive environment.

Although the Group cannot implement a standard remuneration policy, it monitors the overall coherence of practices and defines pay levels on the basis of local, national and international market practices. Levels of remuneration for individual and collective performances are reviewed on a regular basis in relation to the benchmark for the market.

Individual remuneration comprises a fixed salary, which is defined according to the employee's level of responsibility, and a variable portion which is dependent on the employee's performance over the financial period.

Staff are also entitled to variable remuneration in the form of profit-sharing schemes which are tied to the overall level of Group results.

Under the Société Générale scheme, the total profits to be shared are calculated as a percentage of the gross operating income for the period, weighted according to the change in activity indexes. The staff then receive a share of this profit, which is proportional to their basic salary.

Société Générale's domestic staff can invest their share of the profits in marketable securities under the Company Savings Plan, which offers excellent financial terms and tax benefits. They can choose from 4 mutual funds, one of which is invested in Société Générale shares. The company makes an additional contribution to the fund on behalf of staff choosing to invest.

In 2003, a total of EUR 60.4 million in profits was distributed to staff, and EUR 243.7 million were invested in the Company Savings Plan, EUR 131 million by staff and EUR 66.1 million by Société Générale as an additional contribution.

Global Employee Share Ownership Plan

In 2003, the capital increase previously reserved for current and former employees of Société Générale and Crédit du Nord was opened up to an additional 12,000 employees at 12 French subsidiaries and 47 international entities in 21 countries.

The operation is designed to encourage cohesion by giving staff a stake in the company's performance, and thus promote one of its core values, team spirit.

The initial campaign was extremely successful, attracting 67% of the 66,000 eligible staff, 71% of whom were French employees and former employees, thanks to the support of the management teams and 150 "ambassadors" and coordinators at the participating entities in France and abroad.

Subscriptions in 2003 totaled EUR 292.1 million (compared with EUR 258.8 million in 2002), EUR 64 million through the employee profit-sharing scheme⁽⁴⁾, EUR 154.3 million in voluntary subscriptions and EUR 73.8 million in additional contributions by the Group.

Following this capital increase, 9% of the Group's capital is held by 51,000 existing and former staff, underlining their confidence in Société Générale's potential for development.

Given these encouraging results, Société Générale intends to extend the scope of the plan in 2004 to 32,000 additional staff in some forty countries.

Ensuring adequate social protection

Société Générale is open to comments from its staff on their own concerns and the Group's strategy. Each year, it conducts an internal image survey which enables it to adapt its policy and communication strategy accordingly. In 1997, the Group set up a European Works Council, with representatives from 8 countries, to provide a platform for dialogue on economic, financial or social issues which are considered to be of strategic and transnational importance.

Favorable working conditions

Where possible, Société Générale aims to adapt its working hours to the aspirations of its employees, while ensuring that its own operational requirements are met. Under the 35-hour working week agreement signed in October 2000, staff in France are entitled to additional days off and a "savings account" to accumulate unused days off. At the same time, the proportion of staff opting to work part-time remained stable in 2003 at 9%.

Outside France, agreements are frequently signed on working hours which go beyond the requirements of local regulations.

High level of employee protection

The Group has increased training in personal safety in the workplace in order to reduce risks.

In France, all new recruits are trained in basic safety and provided with safety guidelines. Outside France, safety in the workplace is also a priority, and in 2003 a number of Group entities organized specific training modules.

Société Générale also maintains a preventive health policy which goes beyond local regulatory requirements, organizing regular medical check-ups for its employees, both in France and abroad. Staff in France are automatically entitled to complementary health insurance and insurance for invalidity or death, and these schemes are increasingly being offered at the Group's foreign entities, which goes beyond its legal obligations or standard practices. The total number of accidents in the workplace was less than 500 for the entire Group in 2003. Similarly, the Group is extremely reactive in the event of specific health risks and actively campaigns to inform its staff. For example, when the SARS outbreak was detected by the international health authorities, the Group launched an information campaign targeting all its staff. In Asia, specific emergency measures were taken to protect employees and ensure the continuity of the bank's activities.

Abroad, Société Générale is involved in prevention campaigns in a number of countries. In 2002, it began working with the Government of Cameroon to promote AIDS awareness⁽⁵⁾, and in Madagascar and Cote d'Ivoire, it participates in government campaigns to prevent the spread of infectious diseases.

Sustained social dialogue

In France, the Group maintains a firm policy of negotiation and dialogue with trade union organizations and elected staff representatives, both at national level and in day-to-day operations via local representative bodies.

This dialogue led to the signature of 55 company agreements in France in 2003, 15 of which related to Société Générale Parent Company. In addition to a wage agreement and texts relating to the functioning of representative bodies, three major documents were signed:

- the 4D agreement (relating to the deployment of the multi-channel banking platform) (see opposite);
- an NTIC agreement (new technologies in information and communication) designed to encourage staff representative bodies to voice their opinions, by setting up a trade union intranet site available to all Group employees;
- an amendment to the agreement on the exercise of trade union legislation, to allow representatives to combine their professional activity with the exercise of their mandate.

Outside France, where the regulatory contexts differ, some thirty agreements were signed in 2003 (Czech Republic, Spain, Japan, Senegal, Ghana, Greece, the Lebanon, Germany, etc.) on a variety of issues such as retirement, family benefits, health care, salaries, trade union activities, training, working hours, etc.

4D Agreement

To accompany the overhaul of the domestic retail banking platform (4D program), Société Générale signed an agreement with staff representative bodies in March 2003, in which it provided firm guarantees on employment, organizational issues and the provision of training and assistance with job transfers.

Keeping our employees informed

At the end of 2003, two new information intranet sites were set up:

- **Group Online** is designed to promote the image of the Group and staff cohesion, by providing information on strategy, the core businesses and results, along with the latest news and access to key reference documents;
- **RH Online** provides the 36,000 Société Générale France employees with comprehensive information on human resources: main policies, organization, current projects, training and social dialogue, along with career management, transfer opportunities, available training, benefits, etc. It also gives the real time price of the Société Générale share and the unit value of the Company Savings Plan. The Self-Service HR section allows staff to manage their holiday entitlement online, view job offers and invest in the Company Savings Plan. There is also a specific section for managers which provides information on the work experience of their staff to help them manage their teams more effectively.

⁽⁵⁾ Société Générale has 10 operations in sub-Saharan Africa, and in 2003 became an active member of the association Sida Entreprises to implement concrete measures to fight the illness.

Compliance and prevention of money laundering

Role of the Compliance Department

- To define policies, principles and procedures for compliance and the prevention of money laundering and the financing of terrorism, in accordance with legal and regulatory requirements and the demands of the regulators, and to ensure they are applied effectively.
- To ensure professional market rules are respected and monitor any conflicts of interest, using a centralized database (Cosmos) that contains all information relating to transactions undertaken by the divisions and subsidiaries.
- To put forward proposals to the Compliance Committee on personal compliance rules that should be followed by all Group staff, and to establish a strict boundary between professional activities and personal interests.
- To inform, train and advise operational staff.
- To coordinate relations between the different Group entities and the French and international regulators.

Working effectively to limit the ethical risks of financial activities

Practices that are deeply-rooted in our culture

Professional compliance has always been a core value of the Bank's business. It is not only the specific responsibility of the Group's compliance officers, it is the responsibility of all staff, and in particular of the sales staff and their managers. In the banking sector, compliance practices are based on three main principles:

- only working with customers or counterparties that are well known;
- the ability to justify an adopted stance under any circumstances;
- the ability to assess the economic legitimacy of any transaction undertaken on behalf of a customer.

Even before financial market regulations made a compliance function compulsory in 1997 in France, Société Générale had set up a Compliance Committee in 1990 which was headed by the Group's Corporate Secretary. The Group then set up a Compliance Department in 1997, and in 2002 extended this function to include a central anti-money laundering team. The compliance function now comprises 270 staff worldwide.

The Compliance Department also works with the Bank's other functions, notably the internal audit departments and *Inspection Générale*, and the Legal, Risk and Corporate Resources and Human Relations Divisions.

A wide variety of risks

Aside from the identifiable categories of risk to which the Group is exposed, such as legal, regulatory or disciplinary risks which may arise from a failure to respect the legal and regulatory stipulations and codes of good conduct which govern the profession, and commercial risks (management of conflicts of interest, quality of information, suitability of products and services to customer needs), the most serious threat that a bank faces is the potential damage to its image caused by a compliance issue.

Until fairly recently, a bank's image was linked primarily to the sense of security and trust it inspired in its customers. Today, however, due to changes in the expectations of society and the emergence of new threats associated with money laundering and terrorism, a bank's image is dependent on a much wider variety of factors and is therefore exposed to a larger number of risks. In addition to the potentially detrimental impact of associating with dubious counterparties, a bank's image can also be damaged if it is found to finance companies or projects that pose a threat to the environment, or if it operates in countries which are considered to have lax regulations (see page 77).



Highlights of 2003: a reinforced risk management system

As a result of these increased risks, Société Générale has taken major steps to reinforce its compliance procedures:

- SEE⁽¹⁾ risks are gradually being integrated into the assessment criteria applied by the New Product Committee⁽²⁾;
- a “Screening Committee” has been set up in the Corporate and Investment Banking Division to assess all planned transactions likely to pose a threat to the image or reputation of the Bank;
- a new training module has been developed (online training) to allow trading room staff (some 300 people in Paris) to expand and test their knowledge of stock market regulations;
- a “Charter for the use of electronic means of communication” has been distributed;
- an updated Compliance manual has been drafted and distributed to all head office staff.

At the same time, Société Générale has significantly increased the resources dedicated to the prevention of money laundering and financing of terrorism:

- the number of staff in the central anti-money laundering team has been increased;
- a cross-disciplinary “Know Your Customer” team has been set up in the Corporate and Investment Banking Division to supervise the establishment of relationships with new clients;
- the Corporate and Investment Banking and Retail Banking Arms are continuing to develop risk detection tools suitable for the different types of transactions carried out: specialized application for check surveillance (Crible), filtering tools (Sam et Labo), etc.;
- dedicated information and training initiatives have been implemented. From November to June 2003, for example, 20,000 staff from the Société Générale network attended a specialized training course.

Our targets for 2004

- To gradually extend the online training module to other staff members.
- To develop a specialized KYC tool called “Profil”, which centralizes all available data on our clients and their transactions⁽³⁾.
- To merge all the various compliance manuals and charters into a single Charter.



Tax havens and non-cooperative countries

Société Générale has defined strict rules to avoid dealing with illegitimate operations in countries considered to be tax havens by the OECD or included in the FATF (Financial Action Task Force) black-list.

However, the Group does not completely rule out working in these countries provided they already have an effective banking and financial activity that meets the economic needs of a local customer base, as in the case of Monaco or Egypt.

Where necessary, the Group respects the specific provisions of the French tax code regarding countries offering significant tax benefits⁽⁴⁾, and systematically submits a tax return in France for revenues generated by entities located in these countries if they fall under the scope of article 209 B of the tax code.

With respect to the prevention of money laundering, Société Générale complies with all operating principles applicable to credit institutions in France, and is regularly inspected by the Banking Commission, but also applies these standards to all its global operations, even where not required to do so by local regulations.

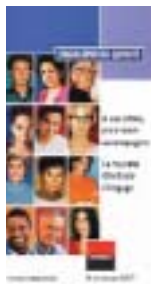
(1) Social – Environmental – Ethical.

(2) See page 67.

(3) This tool is designed to identify abnormal transaction types, situations, or behavior liable to give rise to an investigation.

(4) The scope of this definition is much broader than the tax havens defined by the OECD.

Customer and supplier relations



10-year anniversary of our commitment to quality...

The Group set up its Quality department in 1993 to encourage the systematic application of the ongoing quality improvement process. In 2003, at the annual Quality Forum, attended by over 500 managers and "Quality representatives", we looked back over our "10 year commitment to Quality" and established the future targets for our customer-focused approach. Awards were also presented for the best and most promising quality initiatives and practices.

Over the past three years, the scope of the Quality Forum has also been expanded to cover the issue of sustainable development.

Developing relationships based on trust and transparency

Maintaining our position as our customers' partner of choice

Our customer policy is the product of a long-standing culture of customer satisfaction and loyalty, and has been built around the creation of relationships of trust and confidence. We encourage our operational staff to look beyond short-term objectives and focus on establishing long-term relationships with their customers.

Société Générale has adapted its organization to create a more customer-focused structure, with the deployment of the 4D Program (Tomorrow's Retail Banking Distribution System), the creation of CORI (Corporate and Institutions) and a sales department dedicated to major accounts. It has also set up multimedia Customer Relations Centers (mCRC), to identify customer profiles more precisely and develop a product and service offer which is better suited to their needs.

Permanent dialogue throughout the customer relationship

Société Générale has developed tools and systems in all market segments to allow its customers to voice their opinions. In the domestic retail banking networks, nearly 100,000 individual customers were contacted by telephone in 2003 in order to evaluate levels of satisfaction. 71% of Société Générale customers and 73% of Crédit du Nord customers said they were satisfied with the level of service, compared with an average of 70% for the banking sector as a whole⁽¹⁾.

In the event of a disagreement, customers can contact Mrs Christiane Scrivener, who has been the Bank's independent ombudsman since 1996. In accordance with the Murcef law, details on how to use the ombuds process have been included on each customer account statement since December 2002.

The rise in the number of cases handled by our ombudsman is primarily due to this increased communication and also to the extension of its scope of application.

Total number of cases submitted to the ombudsman

	2001	2002	2003
Number of cases, of which:	99	106	223
– Investments	39%	37%	57%
– Means of payment	17%	17%	10%
– Functioning of accounts	23%	23%	20%
– Loans	21%	23%	12%

Transparent and open relationships

Transparency is based first and foremost on the provision of clear, honest and comprehensive information. In its communication with its customers, notably its advertising, Société Générale aims to highlight both the risks inherent in its products and services and the potential benefits.

Access to information has been improved with the increasing deployment of the multi-channel banking platform (165 Internet sites were available at December 31, 2003).

At the same time, the Group publishes a large number of printed documents to inform its customers, and in 2003 produced 800,000 copies of its product catalogue for individual customers in the domestic retail banking network.

Since 1985, lists of fees and charges have been available at all branches and, more recently, on the website www.particuliers.societegenerale.fr. In accordance with the Murcef law, customers are now informed of any changes in fees and charges at least three months in advance, and have two months in which to submit their comments during which time they can close or transfer their account free of charge.

Since the end of the 1980's, and well before the introduction of the Murcef law, Société Générale has systematically drawn up written contracts for all customer deposit accounts, which must be signed by the accountholder(s)⁽²⁾. These contracts are compliant with the Charter signed at the beginning of 2003 by the banking profession and the Minister of Finance (see pages 33 and 35). At the beginning of 2003, all existing customers received a letter from the Head of Sales and Distribution⁽³⁾ informing them that they were entitled to request a free copy of the contract.

(2) 460,000 contracts were signed in 2003.

(3) Some 4.5 million letters were sent out.

(4) SG AM has been certified compliant with AIMR-PPS (Association of Investment Management and Research-Performance Presentation Standard) and GIPS (Global Investment Performance Standards) since 1999.

(5) 3rd rank on a scale of 16.

Increased control of our Quality approach

In order to meet customers' security needs, Société Générale has continued its efforts to optimize the quality of its services.

Its work was rewarded with the renewal of ISO 9001 certification and the confirmation, and in some cases upgrading, of its ratings for securities activities by financial agencies. Furthermore, SGBT Luxembourg private banking was certified compliant with AIMR-RPS and GIPS standards in 2003⁽⁴⁾.

FITCH RATINGS	2003	2002
SG AM (all activities)	aa+	aa+
Securities depository control	aa+	aa
Securities custodian services	aa	aa

MOODY'S	2003	2002
Investors' agency in the Institutional Securities Department	Aa2 (MQ) ⁽⁵⁾	MQ1 ⁽⁶⁾

In order to improve the management of the Quality procedure, new projects are underway or scheduled to be launched in 2004. The Bank aims to build up customer satisfaction by providing the best service in terms of quality, cost and rapidity.

Meeting the needs of our customers, regardless of their situation

Société Générale's customer base covers all segments of the French population (see opposite). The Bank is fully aware of its responsibilities as a provider of banking services, and aims to treat all its customers equally, taking into account their specific financial situation, and going beyond legal stipulations regarding the provision of basic banking services for all⁽⁷⁾.

(6) Highest rating on a scale of 5.

(7) Law dated July 29, 1998, decree No. 45.2001 dated January 18, 2001.

(8) Formerly SGAM Europe Éthique.

(9) Quarterly assessment of socially responsible investment funds carried out by Amadéis & Novethic.

(10) Inter-union committee on employee savings.

Increasing focus on sustainable development products

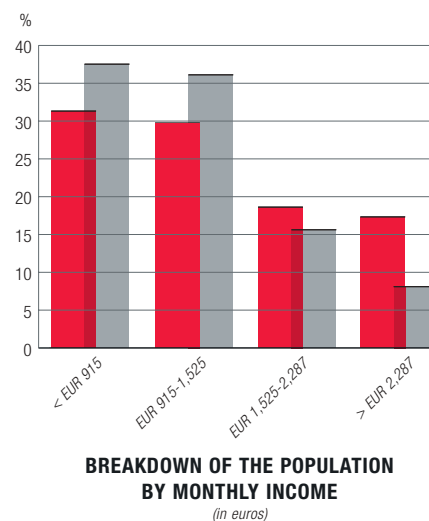
Société Générale offers a range of ethical products and currently manages total assets of some EUR 1 billion in ethical or private funds.

It also offers two sustainable development funds, SGAM Développement Durable⁽⁸⁾ and Étoile Développement Durable (distributed by the Crédit du Nord Group), with some EUR 45 million of assets under management.

SGAM's SRI management approach was awarded an AA+ rating, one of the highest in the sector⁽⁹⁾.

Arcancia Label, a range of employee savings funds, was recognized by the CIES in 2002⁽¹⁰⁾.

In addition, Société Générale offers a profit-sharing fund, Concilliance, where customers can donate all or part of the earnings from their investment to a selection of 20 charities (EUR 6.3 million of assets under management at December 31, 2003).



Source: OPERBAC 2002.

Société Générale Group purchasing

- 54,000 suppliers
- EUR 3 billion of purchases

Our targets for 2004

- Extend our range of sustainable development products.
- Develop partnerships in the microfinance market, particularly in sub-Saharan Africa.
- Initiate further quality enhancement projects.
- Carry out an internal audit of the Group's compliance with social and environmental standards in its purchasing.
- Encourage the widespread recycling of electronic goods at the end of their useful life.

As part of its commitment to meeting the needs of a diverse population, Société Générale has also implemented the following initiatives:

- for several years now, Société Générale has been providing account statements in Braille for the blind or partially-sighted;
- new or renovated branches are designed to provide easy access for disabled or less mobile customers.

In 2003, the Head of Retail Banking outside France launched a new microfinance project, focusing primarily on Africa, where a large proportion of the population does not have access to banking services and uses microfinance institutions for savings and loans services. Several of Société Générale's entities have already forged close ties with local microfinance institutions and granted loans (Benin, Morocco, Lebanon, Cameroon).

In addition, in 2003, Société Générale opened a specific branch for Moroccan nationals resident in France in order to help meet the needs of the country's foreign communities. This branch opening follows on from the 2002 creation of a branch for Senegalese customers.

Using our purchasing policy to encourage suppliers to adopt responsible practices

In 2003, the Purchasing Department continued its efforts to alert staff and suppliers to the issues of social responsibility, and encourage the adoption of responsible practices.

Training purchasers in social and environmental responsibility

The awareness drive was targeted at various levels of the purchasing organization (head office purchasers, country purchasers, delegated purchasers).

A number of purchasing managers received training on ecological design, focusing in particular on purchases which have a significant impact on greenhouse gas emissions (see below).

Encouraging our suppliers to adopt our practices

The Bank has taken every opportunity to stress social and environmental issues in its calls for tender, at its meetings with suppliers and when modifying supply contracts.

It placed particular emphasis on this area when it signed the Global Compact.

Taking concrete steps in specific purchasing categories

In practice, the main concrete steps taken in 2003 were as follows:

- encouragement of the use of recycled paper;
- systematic selection of diesel engines for service vehicles in the Retail Banking Division in order to use fuels which give off less carbon dioxide;
- reuse of printer cartridges;
- reuse and recycling of equipment and furnishings;
- reinforcement of clauses in contracts with suppliers of labor (cleaning staff and receptionists) to ensure they comply with regulations on social protection and safety.

Investor relations

Committed to maintaining long-term relationships with our shareholders

A dedicated team

Investor relations are managed by a team of 8 people, 5 of whom are dedicated to institutional investors and 3 to individual investors. This team is responsible for distributing detailed financial information and promoting a policy based on active dialogue and proximity.

Long-standing guiding principles

For over 15 years, Société Générale's policy towards financial information has been based on 4 guiding principles:

- equal access to information for all shareholders, and immediate availability;
- involvement of investors in the Group's development;
- compliance with recommended deadlines for the publication of company accounts;
- transparent information.

Any financial information liable to influence the Group's share price is published in a press release, which is widely distributed in French and English, and is immediately available online at www.ir.socgen.com. The Group's financial results are published

within 24 hours of their approval by the Board of Directors. Following the publication of a press release, financial analysts, institutional investors and financial journalists are invited to a presentation followed by a Q&A session. To facilitate participation in these conferences, they are accessible by telephone and over the internet, both live and as a recording. Presentations are then made over subsequent weeks to institutional investors in the leading financial centers in France, Europe and North America, in the form of conferences or one-on-one meetings. These presentations are also adapted for meetings organized with individual shareholders in France.

The Group also organizes specific presentations of its medium-term financial and strategic plans, to encourage in-depth dialogue between the management and investors.

The annual results are published before the end of February each year, the half-yearly results in late July or early August and the quarterly results within 45 days of the closing of the quarterly accounts. These results are presented for each core business (Retail Banking and Financial Services, Global Investment Management and Corporate and Investment Banking), then broken down by business line.

The Shareholders' Consultative Committee

This Committee was set up in 1988 and currently has 14 members, including two representatives of shareholder associations⁽²⁾, who have a permanent mandate, and 12 individual shareholders with three-year mandates.

It meets with the Group General Management to voice the concerns of individual shareholders, and has a twofold mission:

- *to express an opinion on Société Générale's communication with its shareholders;*
- *to suggest improvements and new ideas in this respect.*

The Shareholders' Consultative Committee met twice in 2003.

The first meeting was dedicated to preparing the Annual General Meeting (examination of the presentations and resolutions, etc.) and to a debate on Société Générale's sustainable development initiatives. The second was on the issue of corporate governance. The Committee suggested that Société Générale develop an external communication policy which places greater emphasis on its achievements in this field. These proposals are currently being studied.

* The ANAF (National Association of French Shareholders) and Club Assact SG.

A comprehensive system of dialogue

For several years now, Société Générale has maintained regular and direct contact with its individual shareholders and institutional investors. In 2003, 750 participants attended the Annual General Meeting.

Individual shareholders

Direct contact

Meetings: 4 main meetings in Paris and the Provinces, attended by several thousand shareholders.

2 Salons: Investment and savings forum and Actionaria (thousands of contacts).

Shareholders' Consultative Committee: 2 meetings per year.

Shareholders' Club activities: nearly 30,000 shareholders (holding at least 200 shares each). Organization of visits of Tour Société Générale, concerts, trips, etc.

Written communication

Letter to shareholders: 4 issues per year, following the quarterly results. Over 60,000 subscribers.

Shareholders' Club Newsletters: issued quarterly to some 30,000 members of the Shareholders' Club.

Telephone contact

Toll-free number (France only): 0 800 850 820

Free telephone service providing information on the share price, and recorded news (updated each week). Shareholders can also talk directly to the individual investor relations team. 75,000 calls, and nearly 2,000 direct consultations per year.

E-mail

actionnaires.individuels@socgen.com

Internet

Website: www.ir.socgen.com

Contents: annual reports (since 1997), quarterly results (since 1999), the financial communication calendar, contacts, Société Générale share price, press releases.

Several thousand visits per year.

Institutional investors

Direct contact

Roadshows: several hundred meetings per year with analysts and investors.

Conferences: 5 conferences in 2003 on specific themes (New York, Rome, Paris, Madrid and London).

Meetings at Tour Société Générale: groups of investors are invited to meet the Group General Management.

Written communication

Press releases.

Results presentations are posted online four times a year, along with all public presentations.

Telephone contact

+ 33 (0)1 42 14 47 72

E-mail

investor.relations@socgen.com



The Shareholders' Consultative Committee

From left to right: Marcel Tixier (President of ANAF), Patrice Leclerc (President of Club Assact SG), Patrick Bindschedler, Noël Flageul, Martine Adam-Roussel, Daniel Bouton, Florence Klein-Bourdon, Jean-Baptiste Téfra, Guillaume Raffy, Jean-Paul Chaudron, Christophe Bréard, Éric Pérouse.

Not pictured:

Marie-France Nordlinger, Brigitte Reech, Dominique Sénéchal.

Participation in the Annual General Meeting

The Annual General Meeting (AGM) is an opportunity for shareholders to gain direct information on the Company, take part in debates and vote on the resolutions submitted for their approval.

How are shareholders informed about the AGM?

One month before the AGM, a notice of meeting is published in the French Bulletin of Mandatory Legal Notices (BALO), containing the agenda and the resolutions to be submitted for approval. Two weeks before the AGM, a notice of meeting gives the time, date and place of the AGM. Information is also published in the press, and is available online at www.socgen.com, and via a toll-free number (0 800 850 820).

Holders of registered shares receive a notice of meeting two weeks before the AGM, including all necessary information and the voting form.

Who can take part in the AGM?

All shareholders whose shares are registered in an account two days before the AGM may attend the meeting. Shareholders who receive a notice of meeting and who wish to attend must request an admission card by checking the relevant box and returning the form.

Holders of bearer shares must contact their authorized financial intermediary to request a notice of meeting and an admission card or proof that their shares are not available for sale. This certificate is transmitted to Société Générale automatically when holders of bearer shares return the duly completed and signed voting form to their intermediary. If a shareholder does not receive an admission card prior to the meeting, he or she may still attend, on presentation of proof that their shares are not available for sale.

How does the vote take place?

For shareholders present at the AGM, votes are cast during the meeting using an electronic voting box, which is distributed to attendees once they sign the attendance register.

Shareholders who wish to vote without attending the meeting in person can either submit a postal vote, appoint their spouse or another shareholder to act as proxy, or delegate their vote to the chairman, by returning the voting form included in the notice of meeting.

Internet

The AGM is webcast live and is available as a recording online at www.socgen.com

Shareholders' diary

April 29, 2004

Annual General Meeting of Shareholders

May 13, 2004

Group results for the first quarter 2004

May 18, 2004

Dividend payment date

July 30, 2004

Group results for the second quarter 2004

November 9, 2004

Group results for the third quarter 2004

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Environment

Encouraging environmentally-friendly behavior on the part of our clients and staff

Assessment of financing applications by environmental consulting engineers

The Risk Division comprises a team of top-level consulting engineers who are highly experienced in their particular field. They examine all loan applications in order to assess technical and industrial criteria.

The consulting engineers pay particular attention to environmental issues in their assessment, conducting site visits, using specially designed internal tools (e.g. an environmental questionnaire) and drawing on their own personal knowledge of the major considerations for the sector in question i.e. based on ICPEs (installations classified for the protection of the environment) and the Seveso Directive, etc. They then submit their findings to operational staff. If they have any doubts over a file, they may recommend intervention by an external expert. In cases where the environmental risks were found to be inadequately controlled, the engineers were partially or fully opposed to the projects.

A financing process that integrates environmental, human rights and social criteria

In 2003, Société Générale continued to roll out its environmental initiative, with the aim of integrating environmental protection, and social and human rights into its financing and joint-financing activities.

Over the course of the year, it set up a cross-disciplinary sustainable development team in the Corporate and Investment Banking Division. Its goal is to adapt the principles and criteria defined in 2001 by the Risk Division for the entire Group – notably those put forward by the World Bank, the OECD, Coface, etc. – to the specific activities of each business line. In practice, in 2004, this adaptation process should reinforce our existing procedures in project and asset finance, and the monitoring of commitments considered to be high-risk⁽¹⁾. In the long term, Société Générale hopes to achieve a satisfactory balance between the concerns of the NGOs with which we hope to establish an effective dialogue, and our own objective of meeting the demands of our customers with respect to our business conduct.

In Retail Banking, the Risk Division has drafted a series of practical guides to assist operational staff in evaluating the environmental risks inherent to certain sectors of activity (saw mills, printing and textiles, transport of chemicals, etc.).

Environmentally friendly financing

Société Générale is active in the field of environmentally-friendly financing⁽²⁾.

- At end-2003, Sofergies financing (leasing companies specialized in environmental projects) accounted for EUR 449 million of our outstanding loans.
- Société Générale is the leading French financier (in terms of number of projects) of wind energy projects. For example, Crédit du Nord financed the largest wind farm in France, located in Bouin in the Vendée region, in the amount of EUR 11 million. Société Générale was also selected as joint-arranger for a project to construct 25 37.5 MW wind turbines in Nord-Pas-de-Calais⁽³⁾.
- Certain foreign branches of the Retail Banking network have developed “green loans”. For example, NSGB (Egypt) and the United States Aid Agency (USAID) set up a USD 10 million reserve to finance

(1) Nuclear power plants, dams, forests, etc.

(2) It is difficult to give an exact figure for the number of environmentally-friendly commitments as a large proportion are not specific projects but rather part of an overall operation financed by the Bank.

(3) These will generate 100,000 MWh of electricity per year without emitting greenhouse gases, equivalent to the average annual electricity consumption of 95,000 people.

projects which will have a positive effect on the environment. Loans will be granted to private Egyptian companies with projects relating to the use of natural gas, the management of energy consumption or ecotourism.

Steps to reduce our direct ecological impact

Improvement of the Environmental Management System (EMS)

In 2003, Société Générale set up a Group Property Committee to manage all its premises, which represent some 1.8 million square meters located throughout the world. The Committee centralizes all worldwide initiatives relating to property and premises and works to optimize the use of office space and the associated consumption of energy, water, etc.

Extension of environmental reporting

In 2003, we extended the scope of our fluid consumption monitoring. It is now applied to nearly all sites in France and to several major foreign sites (Czech Republic, Romania, US and UK), representing some 62% of Group staff⁽⁴⁾.

CONSUMPTION ⁽⁵⁾	2002	2003
Electricity in MWh	207,200	282,651
Gas in MWh	32,360	89,240
Fuel + steam in MWh	24,639	30,545
Energy/person in MWh	6.5	7.2
Water in m ³	488,608	547,710
Water/person in m ³	18.4	18.6
Waste in tons	10,499	9,128
Waste/person in kg	259	219

(4) Except for water and waste, for which no figures are available.

(5) Figures are not comparable from one year to the next, as the scope of the inventory has been extended. See also the NRE (New Economic Regulations) appendix in the Financial Statements, page 244.

(6) Some 20% of total premises.

(7) 16 types of waste collection are carried out and all subcontracting contracts contain a clause specifying that waste must be recycled or valorized. All our waste treatment is subcontracted. No dangerous waste is produced.

A long-standing tradition of efficient resource management

For ten years now, we have implemented the following practices:

- all central offices in France have automatic thermal regulation systems⁽⁶⁾;
- since 1995, the Group has had systems to reuse the heat generated in computer rooms, meeting 90% of heating requirements and saving 5.5 GWh per year;
- since 1994, the Group has had a structured waste management system⁽⁷⁾, managed by a dedicated department.

Innovations in 2003

■ Société Générale signed a “green offer” contract with EDF to ensure that at least 15% of its electricity requirements are from renewable sources. As of December 1, 2003, this contract has been applied to all legally eligible buildings⁽⁸⁾. Approximately 9 GWh of our total annual consumption of 60 GWh will now come from renewable sources (wind, solar, geothermal, wave and biomass energy, etc.).

■ The Group was granted permission to build its third tower at la Défense in December 2003. This building will be constructed in line with High Environmental Quality standards. The project was recognized as “an HQE and tertiary building initiative” by the CSTB and ADEME⁽⁹⁾.

■ A list of recommendations to optimize the use of climate management installations in the French Network branches was distributed in 2003.

■ The policy for reducing use of paper was reasserted by the Group General Management at the 2003 Quality Forum (see page 78). It has already been implemented by the Retail Banking Division and recycled paper is now used internally across the entire Group.

(8) Tour Société Générale at la Défense.

(9) CSTB: Scientific and technical centre for building construction; ADEME: Environmental and energy management agency.

(10) WEEE: Waste Electrical and Electronic Equipment.

(11) Social/Environmental/Ethical.

Intensive recycling of computer equipment at ECS

ECS is ahead of the 2004 European Directive on the treatment of WEEE⁽¹⁰⁾, processing 350 tons of computer equipment a year at its Technical Remarketing Center (CTR) and through its spare parts distribution subsidiary, Arilis.

The CTR recovers and recycles computer equipment at the end of its lifecycle (audit, test, reconditioning and reconfiguration).

The CTR features:

- 50 experienced staff guaranteeing a 24-hour service,
- 3 test laboratories that handle 261,000 equipment transfers, recycle some 13,000 articles and send out 22,000 spare parts.

ECS can also take charge of its customers' obsolete equipment.

Our targets for 2004

- Continue the integration of SEE⁽¹¹⁾ criteria into our financing activities.
- Continue expanding the scope of our reporting system.
- Quantify carbon dioxide emissions at our head office.
- Define Group standards for the management of our premises.

Community

The Group's commitment to society

Talents et Partage: employee charity work

Talents et Partage is a charitable association which was set up in 1994 by members of Société Générale's staff, to assist current or retired employees with their charity work for underprivileged children, the elderly, social integration and the handicapped (some 150 projects have been carried out over 9 years). In 2003, Société Générale signed a new, reinforced partnership with the association, granting a further EUR 250,000 for 2004 and agreeing to pay for all management and staff expenses. Talents et Partage has an office at the Group's headquarters, and maintains an active internal communication program to increase staff involvement.



Contributing actively to local development

Société Générale works to promote economic development at local level in France, through a number of initiatives:

- financing of local governments, notably for local infrastructure projects (Toulouse metro, Sytral in Lyon, the Seine Arche urban regeneration project, etc.). The Group's medium and long-term financing commitments in France totaled EUR 6.4 billion at December 31, 2003;
- health sector financing: Société Générale has links with over 20% of public hospitals;
- financing of associations: Société Générale has a market share of over 10% in this sector;
- support and guidance for business start-ups, with a market share of some 10% in 2003;
- loans to apprentices to allow them to complete their training;
- support for fair trade projects: financing of campaigns, sale of fair trade coffee at the café at Tour Société Générale (where some 6,000 staff are employed), soon to be extended to the entire Group.

The Group's entities outside France also contribute to local development. In addition to supporting microfinance (page 80),

Société Générale brings its retail banking expertise to local customers in areas outside the main cities (see pages 37 and 38). Furthermore, in less developed countries, the Group adapts its distribution methods to local specificities. In Senegal, for example, it is developing a network of automated banking outlets in areas which previously had no banking services.

Group charity work

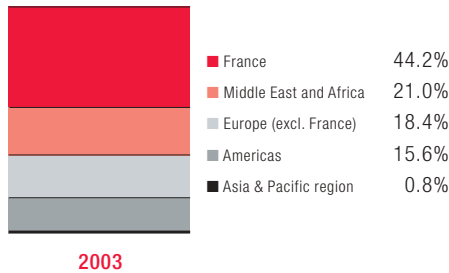
Société Générale has set itself two main targets for its charity work:

- promote and facilitate the direct involvement of staff;
- encourage its network branches, divisions and subsidiaries to take local initiatives both in France and abroad.

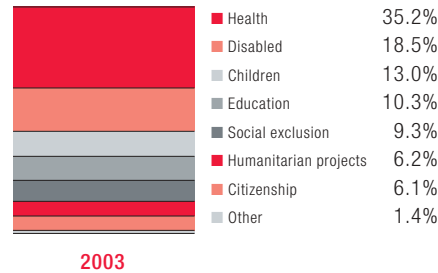
The commitment of Société Générale's staff

In addition to the legal entitlement to leave (sabbatical, international solidarity leave), since 1999 the Group has offered its staff the option of taking time off work to take part in humanitarian projects or work with associations. Staff taking this option are guaranteed a job within Société Générale at the end of their break, with an equivalent level of pay⁽¹⁾.

The partnership with Talents et Partage is also part of this policy (see opposite).



BREAKDOWN OF CHARITABLE WORK BY GEOGRAPHICAL REGION



BREAKDOWN OF CHARITABLE WORK BY FIELD

Initiatives for 2003

Société Générale's financial contribution to **charity work** around the world rose from EUR 1.6 million in 2002 to EUR 2.2 million in 2003.

In France, in addition to cross-disciplinary initiatives involving all or part of our network (*Offrez-vous un sourire* with the Association des Paralysés de France, *Donnez-leur un peu de toi* with Habitat et Humanisme, *Journées du handicap mental* with the UNAPEI (national association of friends and parents of disabled children), collection of donations in the Paris region for the *Association des Paralysés de France*, the Catholic famine and development Committee and Emmaüs, etc.), the branches supported a wide variety of local projects⁽²⁾.

Staff abroad have been similarly enthusiastic. At BSGA, our Argentinean subsidiary, they created a charity association called AY SOL, to support children effected by the current economic crisis in the country. The funds collected were donated to a number of NGO projects (shelters, canteens, medical equipment, etc.). Our subsidiary in Madagascar, supported the "White Orchids", a local branch of the UNAPEI, by financing the construction of two centers for handicapped children.

These companies and our subsidiary in the Côte d'Ivoire were singled out in our 2003 Quality Forum (see page 78).

Cultural sponsorship

Cultural sponsorship

For over 15 years, Société Générale has been promoting the development of classical music through its corporate association, Mécénat Musical Société Générale (MMSG)⁽³⁾. In 2003, MMSG organized 46 concerts⁽⁴⁾, and purchased 2,500 tickets for Group staff to attend concerts given by its partners. The association has also given a number of chamber music⁽⁵⁾, symphonic⁽⁶⁾ and contemporary formations⁽⁷⁾ the opportunity to perform in public.

Making modern and contemporary art more accessible to the general public

Société Générale has an extremely large art collection, which is primarily exhibited in the communal areas at the head office at la Défense⁽⁸⁾, and also forms the basis for a series of monthly modern art conferences for Group staff. In 2003, 16 conferences were held⁽⁹⁾. The Group also sponsored some ten private visits of major exhibitions in conjunction with the art magazine, *Connaissance des Arts*.

The 2004 grand tour: "celebrating our sponsorship!"

For 17 years, the MMSG's guiding philosophy has been that "Music is a passion to be shared". This principle, "that one of the greatest pleasures of music is to share it with others" was particularly well-illustrated in 2003 when the association began to prepare its "2004 Grand Tour" to celebrate music through 30 concerts in Paris and 6 in provincial towns, from March to April 2004. Throughout the tour, the MMSG will continue to focus on its main priorities, helping rising young musicians, chamber music, creativity and the conservation and dissemination of our cultural heritage.



(2) E.g. a concert for autistic children in Loire-Atlantique, support for diabetic children in Nice, support by the Banque Rhône-Alpes (part of Crédit du Nord) for the association Le Petit Monde; mother and baby hospital in Lyon, etc.
 (3) To celebrate 15 years of support for music, MMSG brought out a DVD at the end of 2003 with images, music and documentaries on the various aspects of its policy.
 (4) 18 for staff, and 28 for customers.

(5) The Psophos and Debussy Quatuors, and the Centre for Baroque Music in Versailles, etc.
 (6) Lamoureux Orchestra, French National Youth Orchestra, etc.
 (7) At the Why Note festival.
 (8) The art collection can also be viewed online in 3D at www.socgen.com
 (9) On Sonia Delauney, Vassily Kandinsky or contemporary artists such as Zao-Wu-Ki and Serge Mendjisky, etc.



**Société Générale
and UNICEF: a partnership
spanning 30 years**

Winter 1973 – Winter 2003. Société Générale celebrated the thirtieth year of its partnership with UNICEF by selling special edition Christmas cards. Over the last ten years, Société Générale network branches have collected the equivalent of EUR 3.8 million.

Our targets for 2004

- To continue to support our existing partners.
- To donate the funds collected at the Jazz awards to charity⁽¹⁰⁾.

**Promotion of sport
as a means
of social integration**

**Continuing our support
for rugby begun in 1987**

In 2003, Société Générale renewed its partnerships in the world of rugby and negotiated new contracts for 2003-2007 with the French Rugby Federation, National Rugby League and FIRA-the European Amateur Rugby Association. Through its partnerships, the Group supports a large number of local initiatives, both in France (where it is involved with 300 clubs), and abroad (Czech Republic, Romania, Argentina, etc.).



**Expanding this support
to other sports and audiences:
partnership with the Handisport
Federation**

In 2001, the Bank decided to extend its sport sponsorship to golf⁽¹¹⁾. It has also supported bridge for over 20 years, and in August 2003 sponsored the International Junior Bridge Championship in Paris.

At the start of 2003, the Group became official partner of the Handisport Federation, which promotes 42 disciplines and over 26,000 athletes. This 4-year partnership is designed to foster the integration of young disabled people through sport, and to sponsor events such as les Jeux de l'Avenir, which took place in Paris in May 2003 with the participation of 700 disabled athletes.

**CONTRIBUTIONS TO CHARITY AND
TO CULTURAL AND SPORTS SPONSORSHIP**

Excluding operating expenses (in EUR m)	2002	2003
Charity	1.6	2.2
Culture/Teaching	2.0	2.3
Sports partnerships	4.5	6.0
Total	8.1	10.5

(10) Loyalty points product.
(11) Société Générale Awards for golf schools for young amateurs; sponsorship of three young professionals to help them launch their career on the European circuit.