

## COMPLIANCE STATEMENT

under Article 26 (3) of Regulation (EU) 2016/1011 ([BMR](#))  
 following ESMA Technical Standards Template adopted in the  
 Commission Implementing Regulation (EU) [2018/1106](#) of 8 August 2018

Item	Text field
<b>A. General Information</b>	
1. Date of creation of this document and, where applicable, of the latest update to it	1. Created: <i>05/03/2019</i> Last updated: <i>28/02/2020</i>
2. Name of the administrator (referred to as "SG")	2. Société Générale S.A.
3. Relevant National Competent Authority	3. Autorité des Marchés Financiers
<p><i>The following section :</i></p> <ul style="list-style-type: none"> <li><i>—identifies the non-significant benchmark or non-significant benchmarks in respect of which provisions do not apply,</i></li> <li><i>—identifies the provisions that the administrator has chosen not to apply, and</i></li> <li><i>—explains why it is appropriate for the administrator not to comply with each such provision.</i></li> </ul> <p><i>If this document relates to a family of non-significant benchmarks provided by the administrator, a separate section must be completed for each set of benchmarks in respect of which:</i></p> <ul style="list-style-type: none"> <li><i>—the provisions that the administrator chooses not to apply are the same for all those benchmarks, and</i></li> <li><i>—for each provision, the explanation why it is appropriate for the administrator not to comply with the provision is the same for all those benchmarks.</i></li> </ul>	

The indices administration within Societe Generale is spread over two different sites, Paris and Frankfurt. The indices administered from Frankfurt until March 2020 were indices administered by Commerzbank. As part of Societe Generale's acquisition of Commerzbank's derivatives market activities, Societe Generale has since taken over the administration of these indices by retaining in the main the organization implemented by Commerzbank which was adapted to the fact that the underlying of these indices are exclusively financial instruments admitted on regulated markets whose reference prices used for the calculation of these indices are available on those markets and therefore indisputable.

As a result, the organization of index administration within Societe Generale Paris is different from that implemented within Societe Generale Frankfurt, even if the supervision of these activities is placed under the overall supervision of Societe Generale Paris.

The justifications explaining the exemptions applied by Société Générale to the articles of the European Benchmark regulation included in this compliance statement may therefore be different for the entities of Paris and Frankfurt . In this case these are identified for each of the entities in this document.

<p><b>B. Société Générale S.A. chooses to not apply the following provisions of Regulation (EU) 2016/1011 in respect of the non-significant benchmark or non-significant benchmarks identified below</b></p>	
<p>1. The benchmark or benchmarks in respect of which the provision(s) do not apply (referred to as “SGI Benchmarks”).</p>	<p>1. SG benchmarks in relation to this Compliance Statement will be updated on March 17<sup>th</sup>, 2020</p>
<p>2. (i) The provision or provisions of Regulation (EU) 2016/1011 that do not apply</p> <p>(ii) For each provision, the reasons why it is appropriate for the administrator not to comply with that provision</p>	<p><b>2(i) Provision or provisions of Regulation (EU) 2016/1011 that do not apply:</b></p> <p>Article 4(2)</p> <p><i>The provision of a benchmark shall be operationally separated from any part of an administrator's business that may create an actual or potential conflict of interest.</i></p> <p><b>Administration in SG Paris</b></p> <p>SGI Benchmarks are created and administered mainly for being the underlying of financial products traded by the SG Global Markets department (“MARK”). For this reason, the SG Index department (“SGI”) shares resources with MARK for the development and the management of SGI Benchmarks, and thus, is integrated into MARK and within the engineering team of MARK.</p> <p>Nonetheless, potential conflicts of interests are mitigated to a large extent by the following elements:</p> <p>1-Société Générale in Paris is an administrator of non-significant benchmark only</p> <p>1- SGI is placed under the supervision of the head of the Engineering Department and has no common direct reporting lines with the sales nor trading activities.</p> <p>2- SGI has its own set of independent governance and procedures.</p> <p>3- SGI has its own supervisory governance: trading and sales teams have no decision-making power in SGI’s supervisory committees.</p> <p>4- Systematic appointment of an independent calculation agent for every SGI Benchmark.</p>

**Administration in SG Frankfurt**

SG Frankfurt has not established a separated department from the SG Global Markets department (“MARK”) to perform the benchmark administration tasks for the following reasons:

- The benchmarks are created and administered only to be the underlying of financial instruments issued by Société Générale
- Société Générale in Frankfurt administers only non-significant benchmarks
- The input data used to calculate the level of the benchmarks are data made available by the regulated markets and sourced by the most recognized data providers. The risk of conflicts of interests in the determination of the level of the input data is thus very limited.
- A computer system is dedicated to the independent and automatic calculation and publication of the level of the benchmarks
- A governance framework involving independent functions from MARK, such as the department of Compliance, is enforced to manage the limited number of instances requiring on a case by case basis the exercise of discretionary decision.

**2(i) Provision or provisions of Regulation (EU) 2016/1011 that do not apply:****Article 4(8)**

*8. An administrator shall establish specific internal control procedures to ensure the integrity and reliability of the employee or person determining the benchmark, including at least internal sign-off by management before the dissemination of the benchmark.*

**2(ii) Reasons why it is appropriate for the administrator not to comply with that provision:****Administration in SG Paris**

No individual member of SGI’s staff is directly involved in the determination of SGI’s Benchmarks levels. Index level determination is performed by calculation agents that are either external to SG (Markit, S&P, etc..) or independent from MARK (SGSS France).

All such determinations are controlled by SGI Casablanca dedicated support team.

	<p><b>Administration in Frankfurt</b></p> <p>The majority of indices administered by Société Générale in Frankfurt are technical indices, with constituents that do not change over time, and this feature allows a continuous, automatic calculation within a rule-based methodology. Société Générale administers several thousand of such indices and it is impossible for management to formally sign off on each individual index publication on a daily basis.</p> <hr/> <p><b>2(i) Provision or provisions of Regulation (EU) 2016/1011 that do not apply:</b></p> <p><b>Article 5(3)</b></p> <p>3. <i>The oversight function shall operate with integrity and shall have the following responsibilities, which shall be adjusted by the administrator based on the complexity, use and vulnerability of the benchmark:</i></p> <ul style="list-style-type: none"><li>(a) <i>reviewing the benchmark's definition and methodology at least annually;</i></li><li>(b) <i>overseeing any changes to the benchmark methodology and being able to request the administrator to consult on such changes;</i></li><li>(c) <i>overseeing the administrator's control framework, the management and operation of the benchmark, and, where the benchmark is based on input data from contributors, the code of conduct referred to in Article 15;</i></li><li>(d) <i>reviewing and approving procedures for cessation of the benchmark, including any consultation about a cessation;</i></li><li>(e) <i>overseeing any third party involved in the provision of the benchmark, including calculation or dissemination agents;</i></li><li>(f) <i>assessing internal and external audits or reviews, and monitoring the implementation of identified remedial actions;</i></li></ul> <hr/> <p><b>2(ii) Reasons why it is appropriate for the administrator not to comply with that provision:</b></p> <p><b>Administration in SG Paris and in SG Frankfurt</b></p> <p>SGI adopted a proportional approach, given that an annual review of the entirety of non-significant benchmarks would put an excessive administrative burden on the supervisory committees while a need to review each benchmark individually would not prove necessary.</p> <p>SGI Benchmarks' methodology review is conducted during the SGI Quarterly Review Committee and, on a case by case basis, during the SGI Event Management Committees.</p>
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	<p><b>2(i) Provision or provisions of Regulation (EU) 2016/1011 that do not apply:</b></p> <p><b>Article 6(5)</b></p> <p><i>5. The control framework shall be documented, reviewed and updated as appropriate and made available to the relevant competent authority and, upon request, to users.</i></p> <hr/> <p><b>2(ii) Reasons why it is appropriate for the administrator not to comply with that provision:</b></p> <p><b>Administration in SG Paris and in SG Frankfurt</b></p> <p>While SGI has set up a control framework that is documented, reviewed and updated as appropriate, the small size and limited overall impact of SGI Benchmarks on the wider financial system would not justify the administrative burden on SGI that the availability upon request by users of the control framework as well as the associated updates of this framework would imply.</p> <hr/> <p><b>2(i) Provision or provisions of Regulation (EU) 2016/1011 that do not apply:</b></p> <p><b>Article 11(1) (b)</b></p> <p><i>1. The provision of a benchmark shall be governed by the following requirements in respect of its input data: (b) the input data referred to in point (a) shall be verifiable;</i></p> <hr/> <p><b>2(ii) Reasons why it is appropriate for the administrator not to comply with that provision:</b></p> <p><b>Administration in SG Paris</b></p> <p>Some benchmarks use internal data which are not directly verifiable with external data, among which:</p> <ul style="list-style-type: none"><li>- the cost of financing provided by the Group Finance Department, which by definition is non-challengeable, still being distinct from trading desks funding rates</li><li>- other internal prices, mainly option prices not readily available in the market. However, a systematic corroboration of such internal data is systematically performed by external checking agent.</li></ul>
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	<p><b>2(i) Provision or provisions of Regulation (EU) 2016/1011 that do not apply:</b></p> <p><b>Article 11(2) (b)</b></p> <p><i>2. Administrators shall ensure that their controls in respect of input data include:</i></p> <p><i>b) a process for evaluating a contributor's input data and for stopping the contributor from providing further input data, or applying other penalties for non-compliance against the contributor, where appropriate; and</i></p>
	<p><b>2(ii) Reasons why it is appropriate for the administrator not to comply with that provision:</b></p> <p><b>Administration in SG Paris and in SG Frankfurt:</b></p> <p>None of SGI Benchmarks use contributed data.</p>
	<p><b>2(i) Provision or provisions of Regulation (EU) 2016/1011 that do not apply:</b></p> <p><b>Article 11(2) (c)</b></p> <p><i>2. Administrators shall ensure that their controls in respect of input data include:</i></p> <p><i>(c) a process for validating input data, including against other indicators or data, to ensure its integrity and accuracy.</i></p>
	<p><b>2(ii) Reasons why it is appropriate for the administrator not to comply with that provision:</b></p> <p><b>Administration in SG Paris:</b></p> <p>All SGI Benchmarks levels are computed by an appointed independent calculation agent which uses its own set of input data after performing all due controls required by its role.</p> <p>Given that all levels computed by the calculation agents are controlled by SGI Casablanca and since both sources of input data do not necessarily coincide, a matching of both levels constitutes an implicit validation of the input data.</p> <p><b>Administration in SG Frankfurt:</b></p> <p>Société Générale administers its benchmarks using input data, which are corroborated with two sources of data. Robust controls are in place during the calculation of each benchmark; However, a comprehensive validation process for all input data used, to ensure its integrity and accuracy, would be disproportionate due to the nature of the data.</p>

	<p><b>2(i) Provision or provisions of Regulation (EU) 2016/1011 that do not apply:</b></p> <p><b>Article 11(3)</b></p> <p><i>3. Where the input data of a benchmark is contributed from a front office function, meaning any department, division, group, or personnel of contributors or any of its affiliates that performs any pricing, trading, sales, marketing, advertising, solicitation, structuring, or brokerage activities, the administrator shall:</i></p> <p><i>(a) obtain data from other sources that corroborate that input data;</i></p> <p><i>(b) ensure that contributors have in place adequate internal oversight and verification procedures.</i></p>
	<p><b>2(ii) Reasons why it is appropriate for the administrator not to comply with that provision:</b></p> <p><b>Administration in SG Paris and in SG Frankfurt</b></p> <p>SGI does not use prices from front office function external to Société Générale.</p> <p>In some cases, SGI may use input data from Société Générale front office function that are not considered as contributions in the meaning of the BMR.</p> <p>Nonetheless, policies and control are in place which manage potential conflicts of interests deriving from the use of these data.</p>
	<p><b>2(i) Provision or provisions of Regulation (EU) 2016/1011 that do not apply:</b></p> <p><b>Article 13(2)</b></p> <p><i>1. An administrator shall develop, operate and administer the benchmark and methodology transparently. To that end, the administrator shall publish or make available the following information:</i></p> <p><i>(c) the procedures for consulting on any proposed material change in the administrator's methodology and the rationale for such changes, including a definition of what constitutes a material change and the circumstances in which the administrator is to notify users of any such changes.</i></p> <p><i>2. The procedures required under point (c) of paragraph 1 shall provide for:</i></p> <p><i>(a) advance notice, with a clear time frame, that gives the opportunity to analyze and comment upon the impact of such proposed material changes; and</i></p> <p><i>(b) the comments referred to in point (a) of this paragraph, and the administrator's response to those comments, to be</i></p>

*made accessible after any consultation, except where confidentiality has been requested by the originator of the comments.*

**2(ii) Reasons why it is appropriate for the administrator not to comply with that provision:**

**Administration in SG Paris and in SG Frankfurt**

In case of material change in the methodology (as defined under paragraph 29 of the ESMA Guidelines on non-significant benchmarks), "consultation" and "advanced notice" would put an excessive administrative burden on Société Générale acting as administrator of non-significant benchmarks.

In Société Générale's current setup, any extraordinary event that could give rise to a material change in an index methodology is escalated to the SGI Event Management Committee or to the SGI Quarterly Review Committee in which independent functions such as the Department of Compliance are represented, and which will take appropriate actions in the best interests of customers, which may include a prior consultation or notification.

**2(i) Provision or provisions of Regulation (EU) 2016/1011 that do not apply:**

**Article 14 (2)**

*An administrator shall monitor input data and contributors in order to be able to notify the competent authority and provide all relevant information where the administrator suspects that, in relation to a benchmark, any conduct has taken place that may involve manipulation or attempted manipulation of the benchmark, under Regulation (EU) No 596/2014, including collusion to do so. The competent authority of the administrator shall, where applicable, transmit such information to the relevant authority under Regulation (EU) No 596/2014.*

**2(ii) Reasons why it is appropriate for the administrator not to comply with that provision:****Administration in SG Paris and in SG Frankfurt:****- Input data**

Market abuse controls are performed by the department of Compliance which is independent from the SG Global Markets department (MARK). The department of Compliance monitors MARK's trading desks transactions including trading desk in charge of replicating SGI indices but does not monitor the entire perimeter of external market data. SGI Benchmarks use mainly data made available by the regulated markets but sourced from data providers (Bloomberg/Reuters) which are not considered as providing outsourced services. Therefore, SGI do not benefit of the regulated-data exemption applicable to this provision (ESMA Q&A 70-145-11 published on 17 July 2018). In this context, Société Générale considers that this requirement becomes disproportionate with regards to the administration of Non-Significant Benchmark taking into account (i) the number of input data used by the administrator and (ii) its reliance on independent calculation agents or on the largest data providers in the market to calculate its index administered in Paris or to source input data made available by the regulated markets for the determination of its indices administered in Frankfurt

**- Contributors**

SGI Benchmarks do not rely on contributor's submissions as defined under the BMR.

**2(i) Provision or provisions of Regulation (EU) 2016/1011 that do not apply:**

*Article 15(2)*

**Article 15(2)**

Where a benchmark is based on input data from contributors, its administrator shall develop a code of conduct for each benchmark clearly specifying contributors' responsibilities with respect to the contribution of input data and shall ensure that such code of conduct complies with this Regulation. The administrator shall be satisfied that contributors adhere to the code of conduct on a continuous basis and at least annually and in case of changes to it.

2. The code of conduct shall include at least the following elements:

(a) a clear description of the input data to be provided and the requirements necessary to ensure that input data is provided in accordance with Articles 11 and 14;

(b) identification of the persons that may contribute input data to the administrator and procedures to verify the identity of a contributor and any submitters, as well as authorisation of any submitters that contribute input data on behalf of a contributor;

(c) policies to ensure that a contributor provides all relevant input data;

(d) the systems and controls that a contributor is required to establish, including:

(i) procedures for contributing input data, including requirements for the contributor to specify whether input data is transaction data and whether input data conforms to the administrator's requirements;

(ii) policies on the use of discretion in contributing input data;

(iii) any requirement for the validation of input data before it is provided to the administrator;

(iv) record-keeping policies;

(v) reporting requirements concerning suspicious input data;

(vi) requirements concerning the management of conflicts of interest.

**2(ii) Reasons why it is appropriate for the administrator not to comply with that provision:****Administration in SG Paris and in SG Frankfurt:**

None of SGI Benchmarks makes use of contributed data in the meaning of Regulation (EU) 2016/1011.