

Leadership

Living Sustainability

With
Gianluca Soma
Societe Generale



Amrop

Leaders For What's Next

Living Sustainability | Leadership Interview

With Gianluca Soma
Head of International Retail Banking,
Europe and
Group Country Head for Russia
SOCIETE GENERALE

The banking sector is a major driver for socio-economic and environmental change. Accordingly, Societe Generale's mission has changed from its original purpose of 150 years ago (promoting trade and industry), to one that notably puts sustainability at its heart, based in the understanding that economic development and social and environmental change go hand-in-hand.

"Building together, with our clients, a better and sustainable future through responsible and innovative financial solutions."

This revised purpose was shaped with 85,000 contributions from staff worldwide. Three business orientations now guide the influence the Group seeks to have on the world: climate change, social innovation and sustainable development in Africa. The commitments involve all levels of its governance, from entry level staff to the Management Committee and Board, from operations to control functions. Its 'Group Responsible Business Committee' addresses complex cases that present a high risk of reputational damage, or non-alignment with its standards regarding CSR, ethics or conduct.

Read on for our full interview with Gianluca Soma, a 2021 winner of the CEOforLIFE award*.

*See the end of the interview for more details



About Gianluca Soma

Gianluca Soma started his career in 1984 in management consulting with Ernst & Young and then Telos. From 1994 to 1997 he was Head of International Business for Hyperion Software Group, joining GE Capital in 1997. In 1999 he was appointed CEO of Dial Italy, a subsidiary of Barclays Group. He joined Hertz Lease Italy as CEO in 2000.

Following the acquisition of Hertz Lease by SG in 2002, he served as Group Regional Director then Deputy CEO of ALD Automotive Group.

He was appointed CEO of ALD International in 2008 and joined the Societe Generale Group Management Committee in 2010. That year he was appointed CEO of Consumer Finance.

In 2012, he was appointed Deputy Head of Societe Generale's International Retail Banking & Financial Services Division and in 2019, Head of International Retail Banking for Europe and Group Country Head for Russia.

An Italian national, he graduated from LUISS University in Rome with a degree in Business Administration and received an MBA from the Turin School of Business Administration.



Societe Generale on the Frontlines

On 4 May 1864, Napoleon III signed Societe Generale's founding decree. Driven by the ideals of progress, the Bank's mission was "to promote the development of trade and industry in France". During the interwar period, Societe Generale began to build an international reach by financing infrastructure essential to the economic development of a number of countries in Latin America, Europe and North Africa. This expansion was accompanied by the establishment of an international retail network and the acquisition of stakes in financial institutions in Central Europe.

Today the Group has 133,000 members of staff in 61 countries, "Building together, with our clients, a better and sustainable future through responsible and innovative financial solutions."

The bank has taken a leading role in collaborative sustainability initiatives. For example it was a founding signatory to the UNEP-F1 Principles for Responsible Banking. It is a member of the Hydrogen Council, the Net-Zero Banking Alliance, and a contributor to the Sustainable IT Charter.

In its home market of France and since the start of 2020 Societe Generale distributed state-guaranteed loans of €21,6 bn, and participatory recovery loans (PPR). During Covid it has financed 27 projects to support medical research and healthcare workers, partnering with charities to support vulnerable people, and supported the cultural sector via sponsorships and grants. It has been supporting leading charities around the world to help communities and check the spread of the virus.

In the middle of the global pandemic, Societe Generale has continued to drive its sustainable purpose forward.

Disclaimer: this interview covers selected initiatives of Societe Generale and is not intended to provide a comprehensive overview. Please see societegenerale.com.

Living Sustainability | The New Leadership Profile

Bringing ESG alive means setting an engaging strategy and culture, ensuring a relevant focus, and sustained momentum, even through adversity such as that created by the global Covid pandemic.

1

ESG
MINDSET

“

The manager has to **understand** the impact, the implications. Some ideas on how to deal with the **contradictions** of getting there.” Future profiles must address: “**communication** style, **mobilization** style, thinking **agile**...”

2

WISE
LEADERSHIP

“

Instead of creating **silos, committees**, what we need today are leaders capable of **thinking holistically** and **mobilizing** any part of the organization around the **purpose**.”

3

COMMITTED
ESG
LEADERSHIP

“

This has to come from the **Group**, from the **top**... down to internal teams. It **cannot** be something **spontaneous** left to a **few dreamers**, or just an aside. It has to be a **general mobilization**, from the top.”

4

ESG TALENT
BUILDING

“

There is a **lot of news** and the **different angles** are **complicated** — the **political** and **technical** sides have to be taken into account. We started a **massive training programme** to **create experts** who should **advise** the others but also **give a general understanding**.”

“

The **upskilling** of the system, **resourcing**, **workforce planning**, are a big, big challenge.”

5

VIRTUAL
AUTHENTICITY

“

The new manager has to be ready to **speak in front of others**, but very likely **virtually**, at a **distance**, and **transmit** as much as **energy** and **messages** as if he or she was **there**. Is it a **new** characteristic, a new skill? **To some extent it is. Not everybody is ready.**”

Gianluca Soma is Societe Generale's Head of International Retail Banking, Europe and Group Country Head for Russia. In this interview he takes us behind the scenes of Societe Generale's CSR agenda.

When it comes to sustainability, the business community is ramping up the tempo, according to Gianluca Soma. "There has been an incredible escalation and acceleration during the last months. Everybody is talking about it. For example we attended the Russian equivalent of Davos together with the major Russian and international companies. And it's a huge project, all around the energy transition and ESG."

Societe Generale is a founding signatory of the UNEP-FI Principles for Responsible Banking, signed by 130 banks worldwide and officially presented at the UN General Assembly in 2019. The six principles include aligning activities with the Paris Agreement and the UN's Sustainable Development Goals: for example making targeted and public commitments and being transparent about their achievement. At the same time, Societe Generale joined the Collective Commitment for Climate Action.

What is the story behind the Group's sustainability agenda?

Gianluca explains: "We refocused and mobilized everyone around sustaining the recovery and the future of economies in society, because we have experience of this, especially in corporate and investment banking. Since a year and a half ago and during the crisis our motto has become building a better and more sustainable future together with our clients. And this is at the core of our strategy."

Societe Generale employs 133,000 people. In general, "banks can be considered an important employer — so there is definitely a social and employer responsibility."

Acknowledging that banks get criticized, (sometimes justifiably so), the sector has learned many valuable lessons. "Banks are responsible for responsible financing. And the sector has improved a lot in terms of transparency and in helping finance the real economy, as opposed to speculation."

A change of climate

The stormy subject of climate change is of central importance to Societe Generale's socio-economic and environmental role. "We have more and more events related to climate, and this is frightening. So we need to address it. Climate change and energy transition require a lot of money, competence, structuring. We can be important actors behind the players. It can sometimes seem unnatural to imagine why we should be in energy transition, (talk about that with EDF, with nuclear or coal companies). Yet we are financing them, behind them, helping them make the transition, advising, helping the system respect the tight engagement."



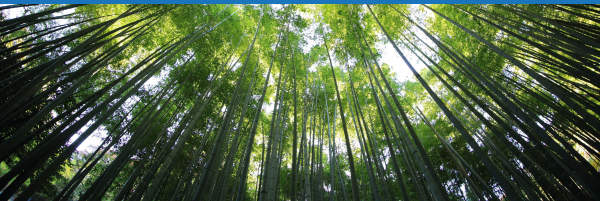
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Do we agree on the climate change issue and that something serious needs to be done? I guess nobody disagrees. Do we feel this is a clear responsibility for responsible people, even before they're managers, bankers or energy leaders? Yes. The point is, is it urgent? Yes. But then, how? And the clear point is: transition.



In March 2021, Societe Generale helped E.ON to structure its Green Bond Framework and its first Green Bond issue (€750 Mn), making it the first energy supplier in Europe to comply with EU Taxonomy on sustainable economic issues. Proceeds will be used to finance sustainable projects with a clear focus on energy transition, as Europe decarbonizes.

However it's critical to keep employer aspects clearly on the radar: "We have done a lot on diversity and inclusion: we have a plan that in 2023, 30% of our senior managers will be women, we are launching a programme on inclusion and inclusivity almost everywhere." Societe Generale has adopted the Women's Empowerment Principles (UN Global Compact and UN Women).

Returning to the criticism that has often surrounded banks, and particularly the reputational pain suffered by many during the 2008 financial crisis, Gianluca sees a clear move towards stakeholder trust-building, and is keen to stress the fundamental shift in the role of banking. "We are creating a consortium for transparent and responsible finance because we need to have trust in banks, and no longer consider banks as actors of speculation, but as actors of the real economy. But the point that strikes me most, and where we have taken precise engagements, (also pretty tough ones) — is the energy transition." Societe Generale is raising a €120 bn investment over a 4-year timeline, starting in 2019. "It's being created and mobilized by us to sustain and finance renewable energy projects."

Whilst Gianluca is keen to avoid 'marketing statements', he points out that Societe Generale is riding high in the rankings: 'We are number one in the world in terms of banking counseling, and second in renewable energy. This has also allowed us to be part of the main alliances that the banks have created. Apart from the Katowice and Paris agreements, for example, we joined the Net-Zero Banking Alliance this year, to align all our portfolio of activities to reach carbon neutrality by 2050. 2050 seems very far away, but it's not at all.' In particular "Carbon neutrality is very tough, because many cities depend on coal for energy. And so being able to have portfolio activities, and exposure to carbon neutrality, is a challenge."

Energy transition is hard work in progress

In a recent Amrop report addressing the energy transition the leaders interviewed displayed an indisputable will for change. But they were emphatic that the energy transition cannot happen overnight, partly because of the continued reliance of utilities and buildings on old, embedded infrastructure. Gianluca agrees that this is a central concern.

"Do we agree on the climate change issue and that something serious needs to be done? I guess nobody disagrees. Do we feel this is a clear responsibility for responsible people, even before they're managers, bankers or energy leaders? Yes. The point is, is it urgent? Yes. But then, how? And the clear point is: *transition*. We cannot bring about a transition where theoretically, tomorrow morning we stop electricity heating for entire populations, because the infrastructure is old.



We need to ensure (this is the inclusivity part) a service throughout this period. It takes time for a population to receive electricity or heating from cleaner sources — with possibly no fossil fuels. We're fighting for this, and it's the hardest part." Accordingly: "investment will be increased dramatically."

The challenge is omnipresent: "There isn't a single day where we don't speak of ESG at different levels in Societe Generale, with our clients and other stakeholders. This creates an incredible sense of the urgency and importance of the subject — and also a lot of pressure and work. So this is the role we need to play to a certain extent. And it's definitely about helping the virtuous and to some extent alerting the non-virtuous and finding the resources."

The horizon to meet stringent CSR goals is closing in fast, and Societe Generale has deployed a team of expert advisors to translate intention into execution. "In the interval to 2050 we have some intermediary targets. For instance, to reduce by 10 per cent by 2025 (meaning tomorrow morning) our exposure to oil and gas.

And in general we will have exited by 2023 (again, tomorrow morning) all so-called reserve-based lending, meaning shale gas and shale oil in the US, because it's not compatible with the environment. We also want to reduce all the average emission intensity of our power portfolio by around 20 per cent in 2025. These are becoming management KPIs, which is the big change, also culturally, that our group CEO has driven, as people understand their objectives, 'when it comes to you'. So we are all mobilized and now have the real feeling."

Hard measurement

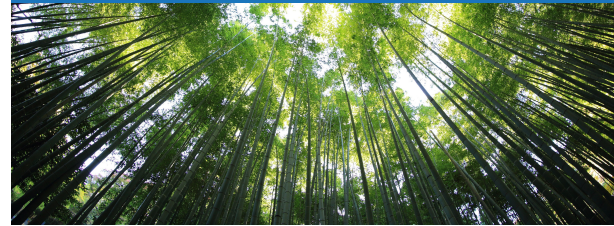
Indeed, sustainability gets very close to home when translated into management KPIs. Societe Generale has published an expansive report detailing its progress on the UNEP Principles for Responsible Banking. This reveals the scale of the task facing the bank. He smiles. "To follow all the kinds of ratings, regulatory reporting and whatever it takes, we have an army of people working. As you can imagine, we want to do it. And at this point the different associations want to know what we are doing on ESG — the International Energy Agency, the NGO's, the ECB..."

Doesn't this risk becoming a heavy bureaucratic exercise? "There is always this risk because whenever you introduce rules, respecting them becomes partially a positive effect and partially a bureaucracy *per se*. I still believe that the cause is very good, and the final goal is good. Therefore we can accept some bureaucracy if it's for a very good cause."

Big picture initiatives aside, has he experienced a personal 'Road to Damascus' moment that changed his perception of sustainability? "I started addressing ESG as a target when I was managing ALD Automotive." An international fleet management and car leasing company, ALD is a fully-owned subsidiary of Societe Generale, and manages around 1,5 million vehicles. Like the automotive industry in general, ALD found itself in the glare of the spotlight as awareness about CO₂ emissions took hold. A sobering, even shocking time for the sector, that his personal experience quickly reinforced: "The statistics, the quality of the air, landing in Milan and seeing a big smog cloud covering the city, you realize that there is something wrong in continuing in this way."

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“ Clients have reached a high level of maturity, they respect that. They know we adhere to stringent targets and they share the challenge: this point of feeling part of something bigger than you, that is around you, inside you — you feel that you can do something to contribute. That is the best part, because otherwise you’re just passively living the KPIs.

And so the drive to invest gathered speed, reinforced by the fact that ALD is now one of the major worldwide mobility players, with all the implications for hybrid engines, new forms of mobility, consumption and fuel.

He pauses to recall the original thrust of sustainable banking, which was mainly about establishing connectivity to clients and building bilateral trust. “When I was boarding the banking world we were initially interested in responsible banking, that was the main subject at the time: new clients, new families, new enterprises. Can you count on us? Are we transparent enough? Are we closer to you? Are we a real actor in the real economy?”

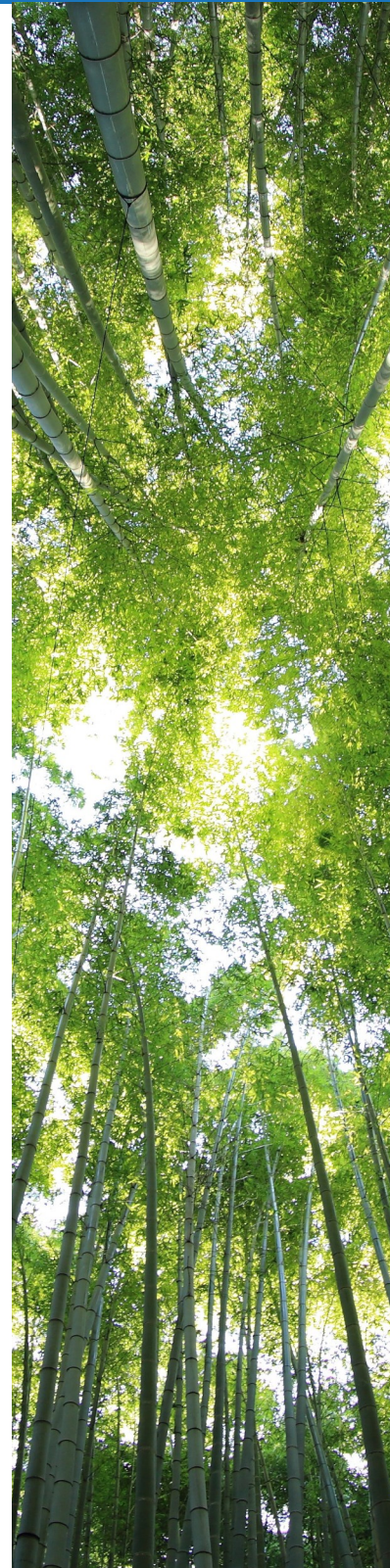
It was around five years ago, he says, that energy transition really entered the frame. Energy players have been widely vilified as one of the major causes of climate change, with a reputation for resisting transformation. However his interactions with energy leaders convinced Gianluca that they were first in line to be worried and for several reasons: punitive tariffs, or KPIs issued by an increasingly stringent European Commission. Beyond compliance, however, he has witnessed a growing natural engagement: “At a certain point the sensitivity, commitment, awareness spread. Then there’s no day, no week but we open the news and see there’s been a major flood. I grew up in Rome and I never remember floods like those we had recently — not in July. You see that something has been compromised.”

No coal tomorrow

Euractiv.com reported in March 2021 that Europe was well on the road towards closing all coal power plants by 2030. Half have already been shut or announced a retirement date. This matters, because coal produces the most CO₂ per kilogram of all fossil fuels, nearly double the amount emitted by natural gas, and releases polluting particulates when it burns.

In 2020 alone, EU financial institutions introduced nearly 40 coal-restricting policies. And many commercial banks have announced plans to terminate financing for new coal initiatives. Societe Generale has also closed the door to financing coal plants in favor of more sustainable projects. It has committed to phasing out thermal coal extraction and coal-fired power generation by 2030 in the EU and OECD countries, and by 2040 for the rest of the world.

When it comes to financing, the bank’s dialogues with energy clients are therefore uncompromising, and indeed: “Clients have reached a high level of maturity, they respect that. They know we adhere to stringent targets and they share the challenge: this point of feeling part of something bigger than you, that is around you, inside you — you feel that you can do something to contribute. That is the best part, because otherwise you’re just passively living the KPIs. So you get a sense, and to be honest, banks needed some extra sense, extra purpose, rather than just ‘dealing with money’.”



‘Growing with Africa’

Supporting the sustainable development of Africa is one of Societe Generale’s CSR pillars. Even if the continent lies outside of Gianluca’s direct area of responsibility, what are his views?

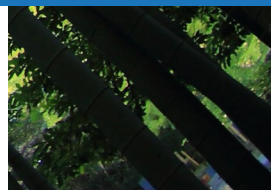
“We have been present on the African continent for over 100 years; for years we have seen it evolve. We are convinced that it has reached a momentum. It sounds obvious, but there is a lot of potential. Of course this has to be handled together with African people, with proper knowledge of Africa, and proper care. You cannot do business in Africa without contributing to Africa’s infrastructure, to Africa’s standard of living, to Africa as a whole. Otherwise it would be just short-term speculation, and we’re not there for this. We want to help African corporates deal with European, American and Asian partners, adding more and more business opportunities with them.”

In April 2021 The Fintech Times reported that around 57% of Africa’s population, (about 95 million people) don’t have a traditional bank account. What role is Societe Generale performing with regard to this huge unbanked population? Mobile wallets, says Gianluca, are an important area. Another is micro-financing, supporting Africa’s entrepreneurial appetite and skills (the bank has committed to increase outstanding loans to microfinance institutions to €120 million by 2022). Whilst this is a relatively low-risk enterprise, it is important, he insists, to ensure that funding directly helps the population. The bank has also committed to increasing loans outstanding to African SMEs by 60% by 2022, as compared to 2018.

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In the energy arena, given the prevalence of mining and fossil fuels in Africa, a realistic, incremental approach is key, he believes, especially in supporting the population’s inclusive access to energy. “We cannot cut people out: if, in a country, you cannot produce hydro or renewables and you need to live with oil for a while, we need to accept it. We can’t stop Africa’s growth because of that. And at the same time the next investment, or very smart tech investment, helps avoid a situation in which oil dominates for ever.” The answer lies in supplementary energy sources and progressive innovation.

He recalls a recent conversation with the bank’s head of corporate investment banking, an expert in NAT (natural resourcing) who says that adjusting the bank’s multi-billion Euro oil and gas portfolio is not his biggest worry given the opportunities in alternative energy sources and infrastructure — opportunities which apply to Africa, as elsewhere.



A human strategy

Returning to the broader sustainability strategy, Gianluca ponders: “What are the ingredients in the organization to make this the real agenda, and not just a statement in a PowerPoint or in our slides for investors or stakeholders? And there are two things which sound extremely banal, but which are not banal in execution.”

One is leadership commitment. “This has to come from the Group, from the top, from the CEO, Frédéric (Oudéa), to the management team, to me, to my CEOs of the banks in Czech Republic, Russia, Germany and so on, and down to internal teams. It cannot be something spontaneous that is left to a few dreamers, or just an aside. It has to be a general mobilization, from the top.”

The second, which he admits he needs more time for, is: “training, training, training.” Energy transition in particular is a complex and constantly-evolving regulatory field. “There is a lot of news and the different angles are complicated—the political and technical sides have to be taken into account. We started a massive training programme in our Group to create experts who should advise the others but also give a general understanding.”

The messages are now extending to almost every employee “on what helping the energy transition means, the rules of the game and the pros and cons, the challenges, what is sometimes the reality behind the appearance, what the social stakeholders ask from us. Our people not only appreciate that, but also the new staff make a difference. As young people, you no longer want to work for a company that doesn’t understand what role it has to play in ESG, and I welcome that.”

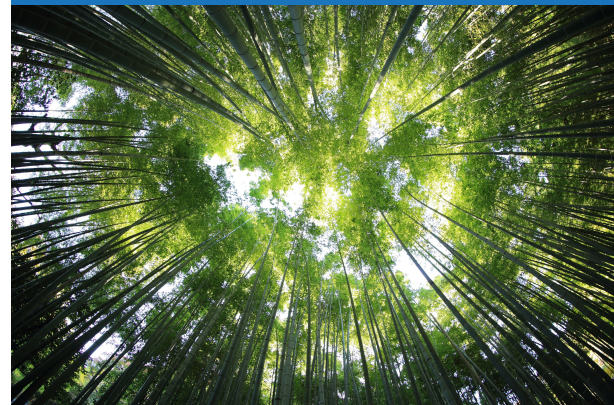
Leaders for what’s next

As a top manager with a wide responsibility, what new characteristics is Gianluca seeking in candidates for this deep change process? He admits that whilst the exact chemistry and characteristics are still emerging, autocratic leadership is out. “The capacity to be *the* boss.” Even if certain cultures may still respond better to a directive style, “today we search for people who are able to mobilize people and create a holistic environment around that.”

He thinks that ‘agile’ needs rephrasing. “In reality it’s common sense. Guys, let’s sit together in the same room, from marketing to development, instead of creating silos, committees, and so on. Easy to say, not easy to implement. So what we need today are leaders that are capable of thinking holistically and mobilizing any part of the organization around the purpose.

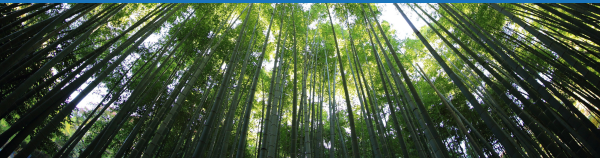
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Four people from general management were passing the ball to each other, discussing what we have at stake — and people loved it.



And at the same time, these leaders have to be together with their people, and really good orchestra directors. To some extent the job is over when the concert starts because it's been the preparation, the coaching, that matter." The conductor is "no longer the big guy, the huge personality, the big boss, the king."

Maestros Von Karajan and Bernstein might lose their batons pretty quickly these days, then. Has Covid in particular nudged leadership culture along? The pandemic has broken down many organizational silos and rules, we suggest, and some organizations are having difficulty adapting.

Gianluca recalls Societe Generale's annual director's meeting day. Held in La Défense in Paris pre-Covid, this assembled around 1000 people. "A huge organization, as you can imagine. This year they decided to run it at general management level for two hours as a team of four. In two hours you can prepare and be more spontaneous to some extent, instead of working in a big auditorium. You are less stressed. So people said that they felt more sincerity than usual."

Isn't it paradoxical that a virtual digital meeting became more intimate, authentic and sincere? "Exactly. True!" The fact that every minute of the old format had to be stage-managed was no recipe for spontaneity. "In this case, four people from general management were passing the ball to each other, discussing what we have at stake — and people loved it." Could doing this be part of that elusive new skillset? "The new manager has to be ready to speak in front of others, but very likely virtually, at a distance, and transmit as much as energy and messages as if he or she was there. Is it a new characteristic, a new skill? To some extent it is. Not everybody is ready."

He believes it will be mandatory for the manager of the future to deeply understand ESG, beyond a general sympathy for a cause that was once a 'nice to have', or marketing greenwashing. "The manager has to understand the impact, the implications. To have some ideas on how to deal with the contradictions of getting there." Future profiles must address: "communication style, mobilization style, thinking agile when it comes to ESG and so on. But the upskilling of the system, resourcing, workforce planning, are a big, big challenge."

As banking transforms, its executives will need to do more than read a balance sheet, or possess a basic understanding of main ratios and risks, he argues. Given the profound impact of digitization on banking, digital-savviness and the mastery of subtle cognitive skills will be a must. "A balance sheet can also be read by a robot... So that's dramatic for many people. Dramatic."

This said, "Covid was a forced excuse not to travel, we rediscovered the beauty of virtual and so on but that beauty is, at the same time, limited. When you have projects, a crisis, or dynamics to launch, you need some physical: eye contact. So it's quite nice to see some re-opening, because there are moments where you need to be together."



Living Sustainability | CSR in Action

Selected Societe Generale Initiatives

11,9^{bn}

committed to financing identified as SPIF (Sustainable and positive Impact Finance)

26,9^{bn}

in SPI (Sustainable & Positive Investments) products.

€

120^{bn}

dedicated to financing the energy transition 2019—2023

By

2050

all average emission intensity of power portfolio to be reduced by

18%

By

2023

30%

of senior managers to be women

By

2022

60%

Increase in outstanding loans to African SMEs



CEO
for **Life**
- AWARDS -

CEOforLIFE was born in Italy in 2019. It is a working group of business leaders who want to turn commitment to the UN 2030 Agenda into action.

Its founder Giordano Fatali is motivated by a quite literal wake-up call. He has said that many people, like him, “are not really living their life to the full, but in a dormant almost unconscious way. They trudge along day in, day out over and over again, doing heaps of activities with no real purpose or meaning.”

As its name suggests, CEOs are key to the CEOforLIFE project. After all, as Fatali says, these are the business leaders with the biggest impact on the socio-economic fabric and its networks. For true impact and positive change, organizations need a new vision along with clear common goals, a forward-thinking agenda and people who share the same values, he believes. He has unshakeable faith in the ability of CEO’s to make it happen. After all, “they are pragmatic people, leading small or large groups of people... generating a wave of real change towards promoting and defending life, in all its shapes and forms.”

Cross-fertilization catalyzes change. CEOforLIFE is, amongst other things, a hub that assembles SDG-sensitive and committed CEOs. Its annual meeting program enables these leaders to share experiences and promote projects, ideas and thoughts to stakeholders (institutions, other CEOs, and the media, for example). The annual CEOforLIFE Award is given to those who have set new standards of excellence. In March 2021, 40 CEOs, including Gianluca Soma and Amrop’s Annika Farin, were honored in front of a stakeholder audience comprising representatives from institutions, business and the media.

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CEO for Life stems from a strong and irrepensible need to fully understand ‘the trick’. Explore, discover and ‘truly live life. A desire of many people I have encountered who, just like me, are not really living their life to the full, but in a dormant almost unconscious way. They trudge along day in, day out over and over again, doing heaps of activities with no real purpose or meaning in life.

Giordano Fatali
Founder, CEOforLIFE

About Amrop

With over 60 offices in all world regions, Amrop is a trusted advisor in Executive Search, Leaders and Board advisory.

Amrop advises the world's most dynamic organizations on finding and positioning Leaders For What's Next: top talent, adept at working across borders in markets around the world.

Amrop's mission: shaping sustainable success through inspiring leaders.

