



20  
15

# ANNUAL REPORT

MAUREL  PROM

## GROUP PRESENTATION

Company Profile	1
Chairman's message	2
Governance	4
Overview	6
Our assets	8
2015 Highlights	10
Sustainable development	12
Finance & stock market	14

## FINANCIAL INFORMATION

1 Presentation, activity and financial position of the Group	21
2 Risk factors	33
3 Corporate governance	53
4 Corporate, social and environmental responsibility of the Company	115
5 Maurel & Prom and its shareholders	137
6 Corporate information	143
7 Other information about the Group	163
8 Notes	181
Glossary	254

# A DIVERSIFIED PORTFOLIO OF PRODUCING ASSETS

Maurel & Prom is an independent Oil and Gas company specialized in the extraction and production of hydrocarbons with a diversified portfolio providing cash-flows in Africa.





# CHAIRMAN'S





# MESSAGE

*“When oil prices began to fall in summer 2014, Maurel & Prom took a series of measures intended to give the Group the most robust profile in this volatile environment. This policy was implemented on an accelerated basis throughout 2015. We made major decisions to close subsidiaries and offices, systematically reduce the exploration risk, and merge with our former subsidiary, MPI. Today, while all companies in the sector are suffering, our actions allow us to present an attractive profile to investors.*

*To date, thanks to the vigilance and responsiveness of our teams, Maurel & Prom takes advantage from a solid balance sheet, strengthened by significant and diversified future cash flow. Our Gabon asset Ezanga is very high quality and its execution risk is low. In addition, first gas in August 2015 in Tanzania provided the Group with the certainty of additional cash flow, as the sale price of gas is fixed. Moreover, the rescheduling of the Group’s debt has postponed maturity dates beyond the current crisis in our industry.*

*In this difficult period for all operators in the oil industry, Maurel & Prom appears to be a solid company in this sector. The current market environment should allow it to participate in the inevitable concentration of the sector under good condition and to calmly plan the necessary strategic changes.”*

Jean-François Hénin  
*Chairman of the Board of Directors*

# MANAGEMENT TEAM

## Jean-François Hénin

*Chairman of the Board of Directors*



Graduate of the Paris Institut d'Administration des Entreprises (IAE) in Economics. Director of Treasury and Foreign Exchange of Lyonnaise de Dépôts, Treasurer of Thomson CSF, Chief Executive Officer of Altus Finance, Vice-Chairman of the Supervisory Board of Altus Finance, Chairman and Chief Executive Officer of Électricité et Eaux de Madagascar (EEM). From March 1996 to May 1996, he has served as Manager, then Chairman of the Management Board and then Chairman and Chief Executive Officer of Maurel & Prom. Since 26 May 2014 he has chaired the Maurel & Prom Board of Directors.

## Michel Hochard

*Chief Executive Officer*



Graduate of the Commercial Institute of Nancy (ICN) and qualified public accountant. Internal auditor then head of the Elf Aquitaine Finance Division for Africa and the Middle East, Finance Director of SNEAP (Société Nationale Elf Aquitaine Production) and then Elf Aquitaine Production. He was Deputy Director of Human Resources at Elf E&P and Director of Operations for PriceWaterhouseCoopers BPO. From September 2007 to May 2014, he was Chief Financial Officer of Maurel & Prom. He currently serves as Chief Executive Officer of the Group and director of the Seplat's board.

## Philippe Corlay

*Chief Operating Officer*



A graduate of Hautes Etudes Industrielles in Lille and the School of Petroleum and Engines, Philippe Corlay began his career in the Deposit Department of Beicip-Franlab before joining the French Petroleum Institute, where he became head of the Assisted Recovery Project Hydrocarbons. It is then the Coparex Technical Director from 1998 to 2003, when he joined Maurel & Prom where he takes responsibility for Production Manager in 2008 and the Director of Operations in 2013. He is currently Chief Operating Officer.

# GOVERNANCE

## BOARD OF DIRECTORS

**Jean-François Hénin**

*Chairman of the Board of Directors*

**Gérard Andreck**

*Independant director*

**Xavier Blandin**

*Independant director*

**Nathalie Delapalme**

*Independant director*

**Carole Delorme d'Armaillé**

*Independant director*

**Eloi Duverger**

*Independant director*

**Roman Gozalo**

*Independant director*

**Emmanuel de Marion de Glatigny**

*Director*

**François Raudot Genet de Chatenay**

*Independant director*

**Christian Bellon de Chassy**

*Censor*

## AUDIT COMMITTEE

**Roman Gozalo**

*Chairman*

**Xavier Blandin**

*Independant director*

**Nathalie Delapalme**

*Independant director*

## RISK OBSERVATORY

**Carole Delorme d'Armaillé**

*Chairman*

**Nathalie Delapalme**

*Independant director*

**Roman Gozalo**

*Independant director*

**Xavier Blandin**

*Independant director*

## APPOINTMENTS AND COMPENSATION COMMITTEE

**Gérard Andreck**

*Chairman*

**François Raudot Genet de Chatenay**

*Independant director*

**Emmanuel de Marion de Glatigny**

*Director*

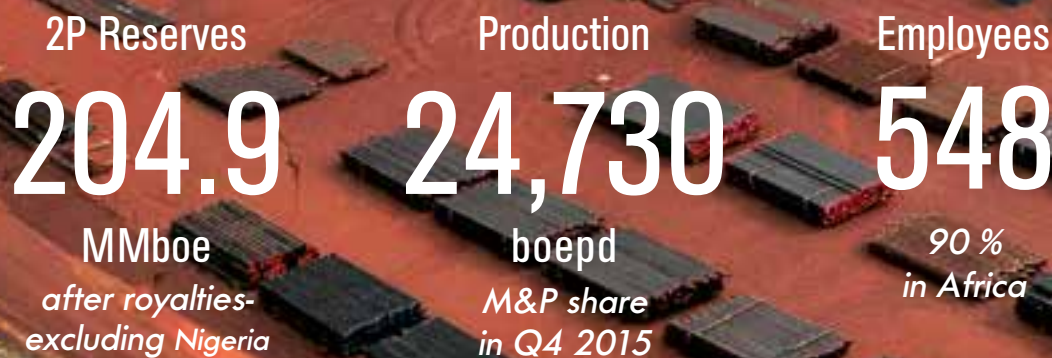


Maurel & Prom is an independent oil company specialized in the extraction and production of hydrocarbons and listed on Euronext Paris.

The Group generates most of its business in Africa through the exploitation of onshore assets already developed (Gabon and Tanzania) and a significant stake (21.37%) in Seplat, a leader of indigenous operators in Nigeria.

The combination of diversified cash flow (gas/oil) and dividends paid by Seplat positions the Group as an attractive investment vehicle for investors.

The Group strategy is to play an active role in the consolidation of the oil and gas sector by creating a leader among European oil juniors.





# OVERVIEW

## RESERVES

The Group's reserves correspond to the volumes of recoverable hydrocarbons from fields currently in production plus those revealed by discovery and delineation wells that can be operated commercially. The oil reserves were certified in Gabon by DeGloyer and MacNaughton on 1 January 2016. The gas reserves were certified in Tanzania by RPS Energy on 31 December 2015.

P1+P2 reserves net of royalties	Oil (million barrels)	Gas (Bcf) Tanzania <sup>(1)</sup>	MMboe
01/01/2015	171.6	212.9	207.1
Production	-5.8	-2.4	-6.2
Revision	-6.4	62.0	3.9
01/01/2016	159.5	272.5	204.9
of which P1 reserves net of royalties	126.6	161.6	153.5
or	79%	59%	75%

<sup>1</sup> Royalties payable under the Production Sharing Agreement are paid by TPDC (Tanzanian Petroleum Development Corporation) in accordance with the agreements established.

## KEY DATES

- ▷ 1831  
Creation of the Company - shipping lines
- ▷ 2001  
Discovery of M'Boundi in Congo
- ▷ 2005  
Entry in Tanzania, in Gabon, in Colombia, in Venezuela and in Peru
- ▷ 2006/2007  
Discovery of Onal in Gabon and Ocelote in Colombia  
Sale of M'Boundi and Kakouala to ENI
- ▷ 2008/2009  
Sale of Hocol Colombia to Ecopetrol
- ▷ 2010  
Creation of SEPLAT
- ▷ 2011  
Sale of M&P Venezuela  
Sale of Caroil (drilling business) to Tuscany  
Spin off of Maurel & Prom Nigeria (MPN)
- ▷ 2013  
Sale of Sabanero in Colombia  
Entry in Myanmar and in Canada
- ▷ 2014  
New PSA in Gabon  
Signature of a gas sale agreement in Tanzania
- ▷ 2015  
Debt refinancing, merger with MPI

# OUR ASSETS

At the date  
of the Annual Report

## Gabon

- ▷ **Ezanga – 6,100 sq km**  
*Production*  
M&P 80% (operator),  
Tullow 7.5%,  
The Gabonese Republic 12.5%  
*Exploration*  
M&P 100% (operator)
- ▷ **Kari – 2,659 sq km**  
*Exploration*  
M&P 100%
- ▷ **Nyanga-Mayombé – 2,831 sq km**  
*Exploration*  
M&P 100%

## Tanzania

- ▷ **Bigwa-Rufiji/Mafia – 12,025 sq km**  
*Exploration*  
M&P 60%
- ▷ **Mnazi Bay – 756 sq km**  
*Exploration*  
M&P 60% (operator), Wentworth 40%  
*Development / Production*  
M&P 48.06%, Wentworth 31.94%, TPDC 20%

NORTH  
AMERICA

SOUTH  
AMERICA

AFRICA

EUROPE

ASIA



## France (Headquarters)

- ▷ Lavignolle – 215 sq km  
M&P 50%, Indorama 50%
- ▷ Mios – 60 sq km  
M&P 50%, Indorama 50%

## Namibia

- ▷ License 0044 – 5,122 sq km  
*Exploration*  
M&P 42,5 % (operator),  
AziNam 42.5%,  
National Petroleum Corporation of Namibia 8%,  
Livingstone Mining Resource Development 4%,  
Frontier Mineral Resources 3%
- ▷ License 0045 – 17,133 sq km  
*Exploration*  
M&P 42.5% (operator),  
AziNam 42.5%,  
National Petroleum Corporation of Namibia 8%,  
Livingstone Mining Resource Development 4%,  
Frontier Mineral Resources 3%

## Canada

- ▷ Anticosti – 6,195.6 sq km  
*Exploration*  
M&P 21.7%, Pétrolia 21.7% (operator),  
Corridor Resources 21.7%,  
Resources Quebec 35%
- ▷ Alberta (12 permits) – 31 sq km  
*Appraisal*  
M&P 25%, Andora 50% (operator),  
Deep Well O&G (25%)
- ▷ Gaspésie (13 permits) – 1,892 sq km  
*Exploration*  
M&P 50%, Pétrolia 50% (operator)

## Myanmar

- ▷ Bloc M2 – 9,652 sq km  
*Exploration*  
M&P 40%,  
Petrovietnam 45% (operator),  
Eden Group Company 15%

## Italy

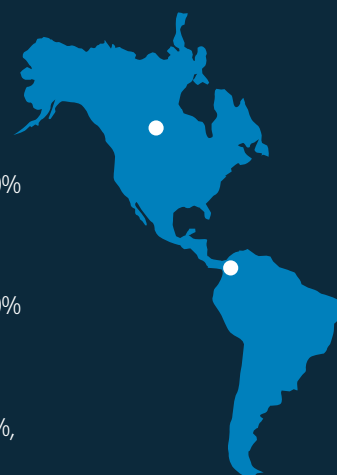
- ▷ Fiume Tellaro – 750 sq km  
M&P 100%

## Nigeria

- ▷ OML 4, 38 et 41 – 2,650 sq km  
*Production*  
SEPLAT (21.37% M&P): 45%
- ▷ OML 283  
*Production*  
SEPLAT (21.37% M&P): 40%
- ▷ OML 53 – 1,585 sq km  
*Production*  
SEPLAT (21.37% M&P): 40%
- ▷ OML 55 – 840 sq km  
*Production*  
SEPLAT (21.37% M&P): 22.5%

## Colombia

- ▷ Muisca – 2,320 sq km  
*Exploration*  
M&P Colombia (50% M&P): 100%
- ▷ COR-15 – 1,194 sq km  
*Exploration*  
M&P Colombia (50% M&P): 100%
- ▷ CPO-17 – 2,104 sq km  
*Appraisal*  
M&P Colombia (50% M&P): 50%,  
Hocol 50% (operator)
- ▷ SN-11 – 633 sq km  
*Exploration*  
M&P 100 % (operator)



# 2015 HIGHLIGHTS

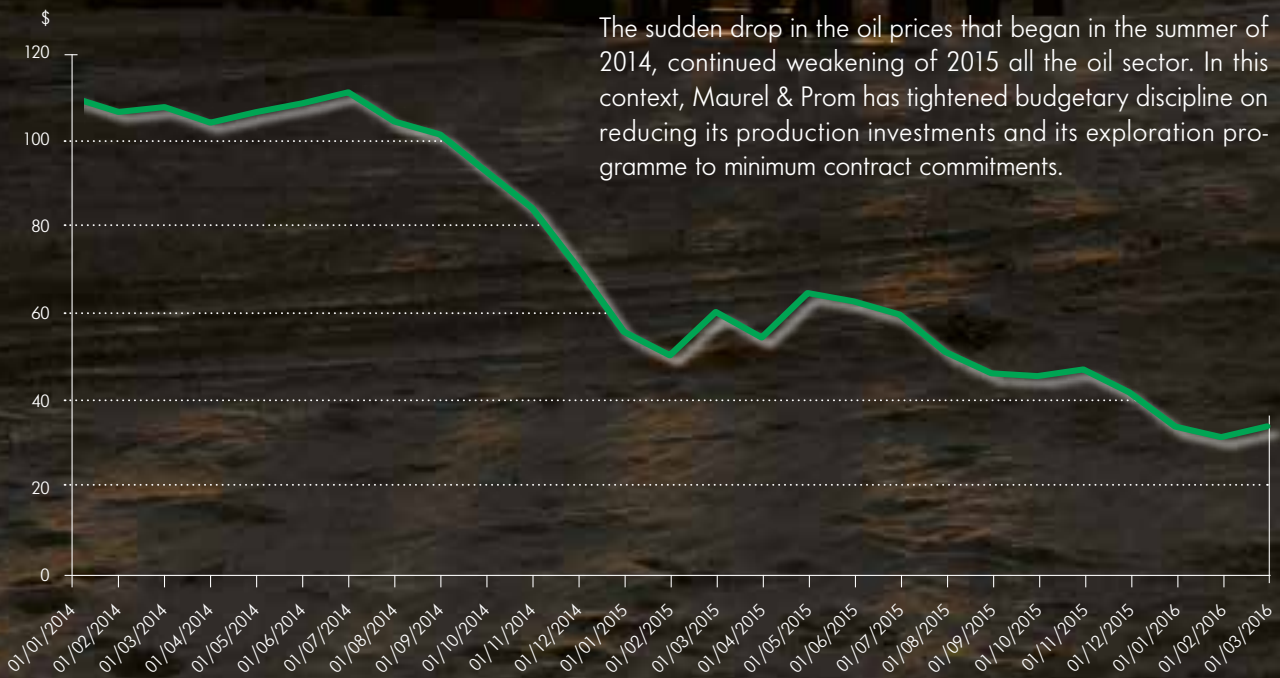


*Economic situation*

## Brent Price

## Highly degraded oil market

The sudden drop in the oil prices that began in the summer of 2014, continued weakening of 2015 all the oil sector. In this context, Maurel & Prom has tightened budgetary discipline on reducing its production investments and its exploration programme to minimum contract commitments.





### *Merger*

## **Merger-absorption of MPI**

On 17 December 2015, the general meetings of MPI and Maurel & Prom approved the merger of the two companies. This has retroactive effect to 1 January 2015. In the Group's consolidated accounts, the SEPLAT stake of 21.37% will be consolidated using the equity method as from the date on which control was actually taken, i.e. 17 December 2015.

### *Production*

## **Situation of force majeure in Gabon**

The company was faced with a complete shutdown of oil production in September 2015 following a force majeure situation by the operator of the pipeline.

Following this incident, talks are underway between the pipeline's various users, the operator and the Gabonese authorities looking at the improvements to be made to this oil transportation network.

In this context, the Maurel & Prom Group has capitalised on this downtime to carry out certain work on Coucal that would enable it to quickly put in place additional exports.

### *Growth*

## **Gas assets in Tanzania**

As the same time as promising results of the MB-4 wells, Maurel & Prom has end of August opened the first two wells of the Mnazi Bay gas field that will deliver the Madimba. The sale price is \$3.07 per thousand cubic feet giving to the Group access to fixed and stable long-term revenue.

### *Finance*

## **Refinancing of Group debt**

In May 2015, the Group issued around €115 million – after the extension clause was exercised – of net share settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE) at maturity on 1 July 2021.

The aim with this issue, reserved for qualified investors, was to refinance the Company's debt and extend its maturity through the amortization, via in particular an off-market purchase, of 2015 OCEANES.

# SUSTAINABLE





# DEVELOPMENT

In 2015, against a backdrop of prospective growth, the Maurel & Prom Group reaffirmed its positioning as an independent oil and gas operator. This has involved efforts to retain skills within the Group and develop optimal teams to increase efficiency.

Health and safety of individuals remains a priority.

In Gabon, the Health, Safety, Security and Environment departments were merged and placed under the responsibility of one person. Collection and processing of HSSE performance indicators improved significantly.

The Group made every effort to limit its environmental footprint during and at the end of its operations. In Colombia, management of block SSJN-9 entered its shutdown phase, a three-year period during which the Company must make good its brownfield (2.5 hectares) through reforestation of a surface area six times greater than the area initially occupied. In 2015, the Colombian subsidiary purchased 7.5 additional hectares in order to fulfil its obligations.

In terms of sustainable development and aid to local communities, the Group renewed its financial contribution to local sustainable development and social projects. In 2015, the Group's contractual commitments towards local communities totalled US\$5.9 million for all subsidiaries combined.

Details of all of the Group's actions are given in Chapter 4, "Corporate social and environmental responsibility of the Company".



# FINANCE & STOCK

## FINANCIAL DATA

<i>in € M</i>	2015	2014
<b>Sales</b>	276	550
EBITDA	107	352
<i>in % of sales</i>	39%	64%
<b>Current operating income</b>	9	265
Write-offs, depreciation, provision and exploration expenses	-256	-113
Badwill resulting from the merger with MPI	140	-
<b>Net income</b>	-95	13
Operating cash flow (after taxes and before change in WC)	92	311
Capex	178	331
Change in cash	+44	+39
<b>Cash position at 31/12/2015</b>	274	229

The drop in oil prices – down 47% compared to 2014 – directly impacted Group sales, which stood at €276 million compared to €550 million in 2014, and on the operational profitability of the consolidated entity.

In addition to the decline in oil prices, the Group experienced the impacts of shutdowns and pressure limitations on the pipeline, leading to reduced production in Gabon's producing fields. Maurel & Prom's working interest totalled 17,078 bopd in 2015 compared to 20,014 bopd in 2014. In addition with oil production in Gabon, gas production began on 20 August 2015 in Tanzania and reached 43 MMcf per day during Q4 2015.

Since that date, Maurel & Prom has thus benefited from two complementary sources of cash flow. Despite the sharp decline in oil prices, 2015 current operating income was positive, at €9 million.

In addition to focus on production activities and in response to the current low-price environment, Maurel & Prom decided to reduce its exploration activity. This resulted in the shutdown or definitive closing of activities in the Congo, Mozambique, Syria, and Peru and in the postponement of the work programmes including in Canada, Myanmar and Colombia. As result, depreciation charged to expenses totals €217 million.



Drilling operations have also been put on hold as a result of declining oil prices. The drilling assets were therefore adjusted to the fair value of €22 million, representing a non-current expense of €39 million in 2015.

The merger with the former subsidiary MPI, will conduct to a sharp reduction in overall operating costs and the creation of an attractive entity.

The Group's refinancing, initiated in December 2014 with a bank loan drawn in the amount of US\$400 million, followed in May 2015 by the issuance of a €115 million convertible bond and the repayment of the existing OCEANE 2015 bonds, allowed the Group to reduce the interest paid by €7 million compared to 2014 and have no major payment before 2019.

The Group's consolidated net income for the 2015 fiscal year was thus -€95 million.

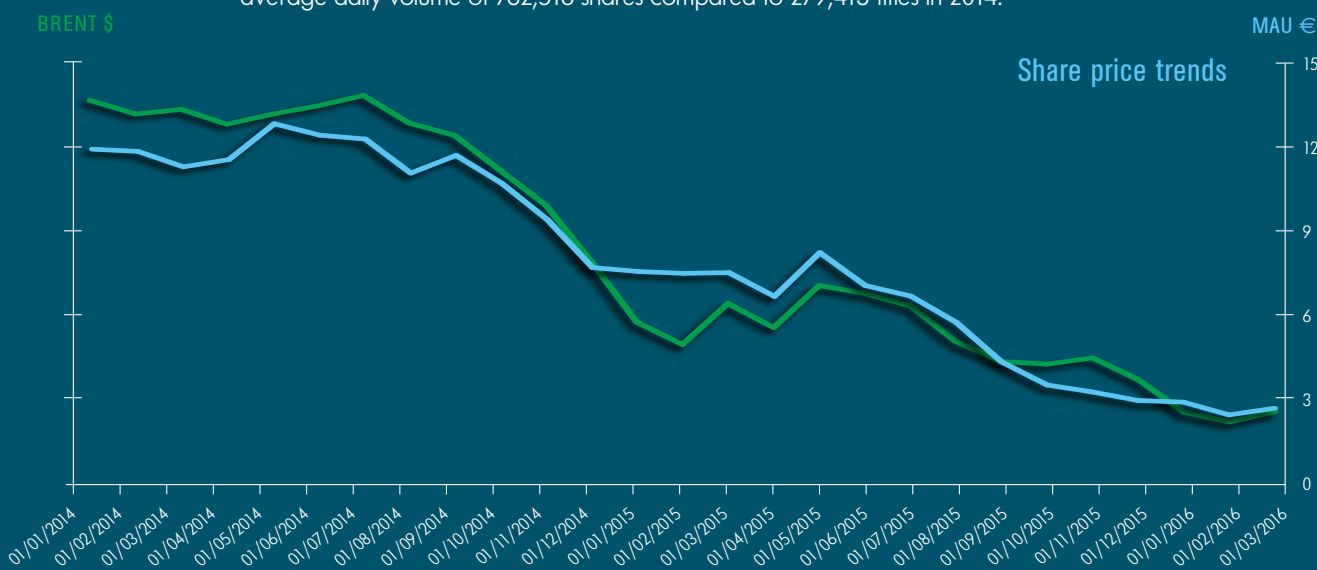
The Group's activities generated after-tax operating cash flow of €92 million. The impact of cash timing differences, the drop in oil prices, and a lower activity resulted in a negative working capital adjustment in the amount of €99 million. The Group's capex stood at €178 million in 2015, compared to €331 million in 2014, a significant drop of 46%. Taking account of the actions carried out in 2015, the Group's cash position at 31 December 2015 stood at €274 million.



# MARKET

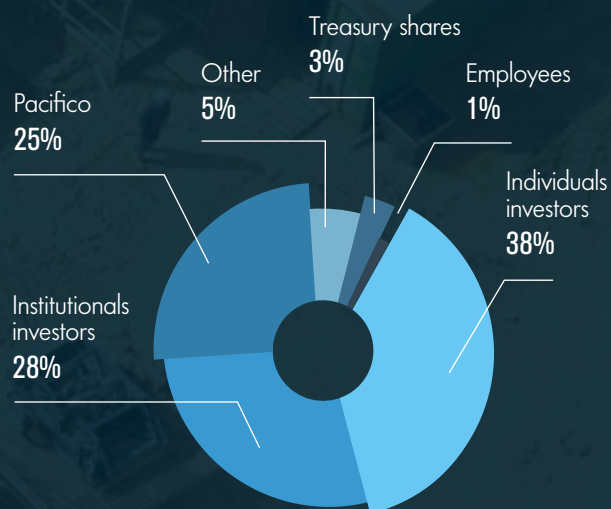
## STOCK EXCHANGE DATA

Maurel & Prom is listed on the Paris Stock Exchange and the Group is included in the French SBF 120 index. Maurel & Prom is eligible for the PEA-PME investment scheme in France. The amount of Maurel & Prom share capital stands at €150,412,041.01 divided into 195,340,313 shares including 5,576,271 treasury shares. At 31 December 2015, the market capitalization of the Group amounted to €580 million at €2.97 per share. In 2015, the number of Maurel & Prom shares traded highly rose to an average daily volume of 762,516 shares compared to 279,413 titles in 2014.



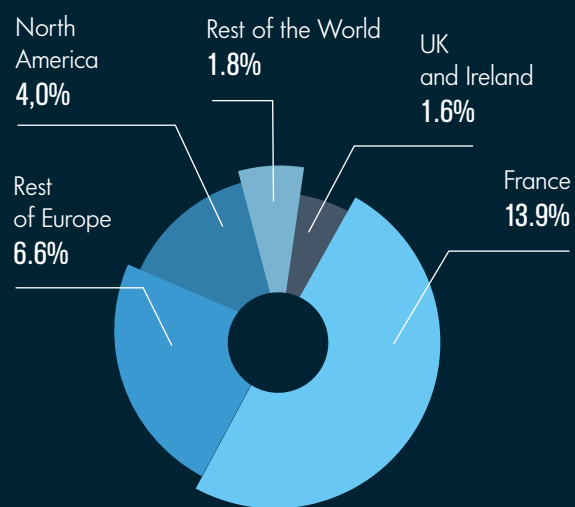
## SHAREHOLDING at 31 January 2016

### Shareholder structure (% of capital)



## Geographic breakdown of institutional investors (% of capital)

### (% of capital)



REWARDS 2015

PRIX AGEFI BRONZE  
« Functioning of the corporate bodies »

CLIMATE LEADERSHIP AWARDS  
« Best Newcomer France »







# FINANCIAL INFORMATION

---

# CONTENTS

1	PRESENTATION, ACTIVITY AND FINANCIAL POSITION OF THE GROUP	21
	1.1. Group presentation	21
	1.2. Financial position	25
2	RISK FACTORS	33
	2.1. Risks linked to the Group's exploration activities and oil and gas production	33
	2.2. Financial risks	40
	2.3. Legal risks	47
	2.4. Insurance	50
3	CORPORATE GOVERNANCE <i>(Chairman's report pursuant to Article L. 225-37 of the French Commercial Code)</i>	53
	3.1. Statement on corporate governance	53
	3.2. Administration and management of the company	57
	3.3. Internal control and risk management	108
	3.4. Rules for admission and convening general shareholders' meetings	112
4	CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY	115
	4.1. Corporate information	115
	4.2. Environmental information	126
	4.3. Information on corporate commitments to promote sustainable development	131
	4.4. Report of the Independent Third-Party Body on the social, environmental and societal information contained within the 2015 Annual Report	134
5	MAUREL & PROM AND ITS SHAREHOLDERS	137
	5.1. Current shareholding structure	137
	5.2. Dividends	140
	5.3. Control of the issuer exercised by one or more shareholders	141
6	CORPORATE INFORMATION	143
	6.1. Information about the Company	143
	6.2. Share capital	143
	6.3. Charter and Articles of Association	158
7	OTHER INFORMATION ABOUT THE GROUP	163
	7.1. Related-party transactions	163
	7.2. Legal and arbitration proceedings	163
	7.3. Property, plant and equipment	164
	7.4. Research and development, patents and permits	165
	7.5. Third party information and statement by experts and declarations of interest	165
	7.6. Documents available to the public	165
	7.7. Organisation chart at 31 December 2015	166
	7.8. Sums paid to governments of countries where extractive activities are carried out	174
	7.9. Person responsible for the annual report and its updating	175
8	NOTES	181
	8.1. Consolidated financial statements at 31 December 2015	181
	8.2. Special report of the Statutory Auditors on related party agreements and commitments	246
	8.3. Statutory auditors' report, prepared in accordance with article L.225-235 of the french commercial code, on the report prepared by the chairman of the board of directors of Etablissements Maurel & Prom	250
	8.4. Five-year financial summary for the company	252
	8.5. Availability of the information	253
	8.6. Glossary	254
	8.7. Cross-reference table	256



# Annual Report 2015



Etablissements Maurel & Prom  
Public Limited Company with a Board of Directors  
with capital of €150,412,041.01

Registered office: 51, rue d'Anjou – 75008 Paris, France  
Tel.: 01 53 83 16 00 – Fax: 01 53 83 16 04  
R.C.S. Paris 457 202 331 – Siret 457 202 331 00072

*This 2015 Annual Report includes the annual financial report  
as referred to in Article 222-3 of the AMF General Regulations*



This Annual Report was filed with the *Autorité des marchés financiers* on 22 April 2016 pursuant to the provisions of Article 212-13 of its General Regulations. It may be used in support of a financial transaction if it includes the relevant transaction notice from the *Autorité des marchés financiers*. It was prepared by the issuer and is the responsibility of its signatories.

Incorporation by reference: pursuant to Article 28 of Regulation (EC) No. 809/2004 of 29 April 2004, the reader is referred to prior Annual Reports with regard to certain information:

1 – for the 2013 fiscal year: the management report, consolidated and annual financial statements, including the reports of the Statutory Auditors on those statements, appear in the Annual Report filed on 29 April 2014 with the *Autorité des marchés financiers* under number D.14-0449 (in paragraphs 8.2.1 to 8.2.4);

2 – for the 2014 fiscal year: the management report, consolidated and annual financial statements, including the reports of the Statutory Auditors on those statements, appear in the Annual Report filed on 17 April 2015 with the *Autorité des marchés financiers* under number D.15-0366 (in paragraphs 8.2.1 to 8.2.4).

These documents are available on the websites of the Company [www.maureletprom.fr](http://www.maureletprom.fr) and the *Autorité des marchés financiers* [www.amf-france.org](http://www.amf-france.org)

1.1.	GROUP PRESENTATION	21
1.1.1.	Company profile	21
1.1.2.	Group oil and gas reserves	21
1.1.3.	Group activity in 2015	22
1.1.3.1.	Production activities	22
	1.1.3.1.1. Gabon	22
	1.1.3.1.2. Tanzania First gas delivery	23
1.1.3.2.	Exploration activities	23
	1.1.3.2.1. Mozambique	23
	1.1.3.2.2. Canada	23
	1.1.3.2.3. Myanmar	23
	1.1.3.2.4. Colombia	24
	1.1.3.2.5. Namibia	24
1.1.3.3.	Drilling activities	24
1.1.3.4.	Registered office	24
	1.1.3.4.1. Refinancing of Group debt	24
	1.1.3.4.2. Merger by absorption of MPI	24
1.1.3.5.	Merger by absorption of MPI	24
1.2.	FINANCIAL POSITION	25
1.2.1.	Consolidated financial statements	25
1.2.2.	Company financial statements	26
1.2.3.	Investments	27
1.2.3.1.	Main investments made the previous two fiscal years	27
1.2.3.2.	Main investments planned	27
1.2.4.	Borrowing and financing	28
1.2.4.1.	Borrowing conditions and financing structure	28
1.2.4.2.	Restriction on the use of capital having a significant impact on transactions	30
1.2.5.	Trends and outlook	30
1.2.5.1.	Events occurring after closing	30
1.2.5.2.	Changes in the Company's activity: known trends, uncertainties, commitments or events likely to significantly influence the outlook for the current fiscal year	30
1.2.6.	Large contracts	31
1.2.7.	Financial information	31
1.2.7.1.	Historical financial information	31
1.2.7.2.	Verification of historical financial information	31
1.2.7.3.	Other information featured in the Annual Report, verified by the Statutory Auditors	31



# 1 PRESENTATION, ACTIVITY AND FINANCIAL POSITION OF THE GROUP

## 1.1. GROUP PRESENTATION

### ▷ 1.1.1. Company profile

Maurel & Prom is an independent oil company specialising in oil and gas exploration and production.

The Company's shares are listed on Euronext Paris.

The Group generates most of its business in Africa through the exploitation of already developed onshore assets (in Gabon and Tanzania) and a significant stake (21.37%) in Seplat, a leader of indigenous operators in Nigeria.

This combination of diversified cash flow (gas/oil) and dividends paid by Seplat gives the Group an attractive positioning in an industry challenged by the volatility and weakness of oil prices.

### ▷ 1.1.2. Group oil and gas reserves

The Group's reserves correspond to volumes of hydrocarbons recoverable from fields already in production or volumes revealed by discovery and delineation wells that can be operated commercially. Oil reserves in Gabon were evaluated by DeGolyer and MacNaughton as at 1 January 2016. Gas reserves in Tanzania were evaluated by RPS Energy as at 31 December 2015.

### P1+P2 reserves net of royalties

	Oil (MMBBL) Gabon	Gas (bcf) Tanzania <sup>(1)</sup>	MMboe
01/01/2015	171.6	212.9	207.1
production	-5.8	-2.4	-6.2
revision	-6.4	62.0	3.9
01/01/2016	159.5	272.5	204.9
<i>o/w P1 reserves net of royalties</i>	126.6	161.6	153.5
<i>i.e.</i>	79%	59%	75%

(1) In Tanzania, royalties due under the Production Sharing Agreement are paid by TPDC (Tanzanian Petroleum Development Corporation) in accordance with the agreements in place.

# 1 PRESENTATION, ACTIVITY AND FINANCIAL POSITION OF THE GROUP

## Group presentation

Maurel & Prom's share of P1+P2 (2P) reserves net of royalties as at 1 January 2016 amounted to 205 MMboe.

In Gabon, 2P reserves net of royalties were 159.5 MMbbls, a 4% downward adjustment from the certified reserves as at 1 January 2015 (171.6 MMbbls), and take into account annual production net of royalties of 5.8 MMbbls in 2015.

The adaptation of the multiyear capex programme for fields under development in Gabon, which has involved focusing on streamlining the water injection programme, is beginning to show results. This programme adjustment allows the Group to consolidate its reserves in spite of the current climate of low prices and thereby benefit from strong cash flow over the long term.

As at 31 December 2015 the Group also had gas reserves amounting to 272.5 Gcf, which is equivalent to 45.4 MMboe. This 28% increase in P1+P2 reserves in Tanzania, compared to the same period in 2014, is the consequence of the results from the MB-4 well drilled in June 2015 and the start of gas supply from the treatment centre in August 2015.

These gas assets give the Group access to fixed, stable revenues over the long term. The sale price is US\$3.07/Mcf and increases depending on inflation. Maurel & Prom thus has significant additional cash flow that is independent of fluctuations in oil prices.

For information, as at 1 January 2016, Seplat's 2P reserves, of which Maurel & Prom owns 21.37%, totalled 480 MMboe, of which 44% is in oil.

## ▶ 1.1.3. Group activity in 2015

### 1.1.3.1. Production activities

#### 1.1.3.1.1. Gabon

During the 2015 fiscal year, oil production in Gabon was limited, primarily due to causes outside the Group's control:

- ▶ total shutdown of oil production in September 2015 following notification by Association Coucal of a situation of force majeure regarding the evacuation pipeline;
- ▶ technical restriction on the capacity of the oil evacuation pipeline in Gabon; and
- ▶ temporary production shutdowns to increase the capacities of surface facilities. These shutdowns were initiated by Maurel & Prom in order to allow the connection of additional facilities (power generation, oil/water treatment, etc.) in order to increase the oil production capacity of the producing fields in Gabon.

As a result, the Group produced, on its own behalf, the equivalent of an average of 17,078 bopd in Gabon.

Barrels of oil equivalent per day	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015
Gas	177	188	1,041	3,716	1,289
Oil	16,358	18,439	12,500	21,014	17,078
<b>TOTAL</b>	<b>16,535</b>	<b>18,627</b>	<b>13,541</b>	<b>24,730</b>	<b>18,367</b>



# 1 PRESENTATION, ACTIVITY AND FINANCIAL POSITION OF THE GROUP

## Group presentation

In 2015 the Group produced, on its own behalf, the equivalent of 18,367 bopd split between conventional oil in Gabon (93%) and dry gas production in Tanzania (7%).

In Gabon, the Group had to deal with many internal and external technical constraints. Consequently, Maurel & Prom's share of average production in 2015 amounted to 17,078 bopd (out of a total of 21,347 bopd) versus 20,014 bopd in 2014. In Q4 2015, production was up by 68% over Q3 2015 at 21,014 bopd (out of a total of 26,267 bopd).

### 1.1.3.1.2. Tanzania

#### First gas delivery

In Tanzania, gas production from the Mnazi Bay field, aimed at supplying the gas pipeline, started up on 20 August 2015 and totalled 43 MMcf/d in Q4 2015.

A total of 2.8 million BTUs were produced in 2015 for sales of €7 million. The proportion of gas in the Group's sales increased in Q4 2015 to 7% of consolidated sales. This was 1% below the 2014 fiscal year.

Gas production is expected to increase gradually to 80 MMcf/d in 2016, based on gas demand for the local market.

### 1.1.3.2. Exploration activities

#### 1.1.3.2.1. Mozambique

Following the exploration results achieved in Mozambique, the Group has written down all the expenditure relating to the Rovuma onshore permit.

As a result of insufficient oil findings and the operator's budget overruns, the Group decided not to continue with research work in Mozambique and did not seek the renewal of the permit's first exploration period which had expired.

#### 1.1.3.2.2. Canada

On the island of Anticosti in Quebec, the stratigraphic drilling campaign that began in 2014 restarted in May 2015. On 8 October 2015, Hydrocarbures Anticosti announced that the first phase of the exploration programme on Anticosti Island was complete, and that it had met in full the main targets that were set, namely to delineate the extent of hydrocarbon resources and to find the three locations for horizontal exploration drilling.

The results of the 12 surveys are broadly in line with expectations in terms of thickness of the Macasty Formation, total organic matter content, porosity, permeability and maturity. These results favourably compare with those of North America's best oil and gas reservoirs found in shales.

Hydrocarbures Anticosti said it had begun work to comply with the various regulatory steps to obtain the environmental authorisation certificate that will enable it to carry out the operations planned for summer 2016 at the three exploration drilling locations. Discussions are currently under way with Quebec province authorities following the recent statements made by the prime minister regarding the future exploitation of the island's resources.

At Sawn Lake in Alberta, the pilot test of the Steam Assisted Gravity Drainage (SAGD) process, conducted on the first pair of horizontal wells to assess the technical and commercial feasibility of bitumen production through steam injection, continued throughout 2015 with an average production of 347 bopd and a maximum of 671 bopd. Despite these good results, deteriorating market conditions caused the project to be mothballed until it becomes more economically viable.

#### 1.1.3.2.3. Myanmar

In Myanmar, drilling of the SP-1X well, operated by Petrovietnam, began on 27 December 2014 and was completed in March 2015. It revealed significant gas volumes in place. The well was not tested and was plugged because of the high pressures encountered during drilling. No material investment is planned before the renewal date of the exploration period in September 2016.

# 1 PRESENTATION, ACTIVITY AND FINANCIAL POSITION OF THE GROUP

## Group presentation

### 1.1.3.2.4. Colombia

Maurel & Prom Colombia is in negotiations with the National Hydrocarbons Agency (ANH) to convert the COR-15 TEA (Technical Evaluation Agreement) into an exploration permit. The permit is in the process of being signed.

No exploration wells were drilled in Colombia during the 2015 fiscal year.

### 1.1.3.2.5. Namibia

The high-resolution 3D seismic acquisition of 2,050 km<sup>2</sup> on the PEL0044 permit recorded in December 2015 went smoothly and the quality of the recordings was satisfactory.

PSTM and PSDM data processing is ongoing and will be finalised in the fourth quarter of 2016. After this, a 3D seismic interpretation phase will be required to confirm and detail the potential observed on the 2D seismic survey made in 2012 on the same permit.

On the PEL0045 permit, geophysical and geological interpretation work is under way based on 2D data acquired in 2012.

### 1.1.3.3. Drilling activities

The Group's drilling activities are largely conducted by Caroil, the Group's wholly owned subsidiary, which owns a fleet of eight drilling rigs outright and has an additional rig under management.

Maurel & Prom also directly owns a drilling rig in Colombia.

In 2015, this activity was significantly penalised by the dramatic reduction in oil operators' investment programmes, with an immediate and direct impact on drilling programmes.

### 1.1.3.4. Registered office

#### 1.1.3.4.1. Refinancing of Group debt

In May 2015, the Group issued around €115 million – after the extension clause was exercised – of net share settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE) maturing on 1 July 2021.

The features of these ORNANE bonds are as follows:

- ▶ maturity: 1 July 2021;
- ▶ par value: €11.02;
- ▶ number of bonds: 10,435,571;
- ▶ nominal interest: 2.75%.

The aim with this issue, reserved for qualified investors, was to refinance the Company's debt and extend its maturity through the amortisation, via in particular an off-market purchase, of 2015 OCEANES.

As at 18 May 2015, Maurel & Prom had redeemed 4,749,542 2015 OCEANES representing approximately 86% of the total 2015 OCEANES initially issued, at a par value of €13.605 per bond. As at 31 July 2015, the Company had redeemed the remaining 2015 OCEANES at maturity.

#### 1.1.3.4.2. Merger by absorption of MPI

The merger with the former subsidiary MPI significantly reduced overall operating costs and the creation of an attractive entity.

On 17 December 2015 the MPI and Maurel & Prom General Shareholders' Meetings voted in favour of the merger by absorption of MPI by Maurel & Prom (with a ratio of 1 Maurel & Prom share to 1.5 MPI shares).



# 1 PRESENTATION, ACTIVITY AND FINANCIAL POSITION OF THE GROUP

## Financial position

## 1.2. FINANCIAL POSITION

### ▶ 1.2.1. Consolidated financial statements

The economic environment was marked by a sharp drop in the price of Brent as from mid-2014. This fell from US\$113 at the end of June 2014 to US\$58/bbl at the end of December 2014 and to US\$38/bbl at the end of December 2015. For the full year, the average price of Brent was US\$52/bbl versus US\$99 in 2014, representing a year-on-year drop of 47%.

At the same time, the average annual euro to dollar exchange rate went from US\$1.33 to the euro in 2014 to US\$1.1095 to the euro in 2015, a year-on-year drop of 17%.

The US dollar gained strength against the euro in the same period. The euro to dollar exchange rate at 31 December 2015 was 1.0887 versus 1.2141 at 31 December 2014.

The following table shows the key financial data for the Group:

<i>In millions of euros</i>	2015	2014
<b>SALES</b>	276	550
<b>EBITDA</b>	107	352
<i>as % of sales</i>	39%	64%
<b>CURRENT OPERATING INCOME</b>	9	265
Adjustment in the value of the drilling and exploration asset portfolio	-256	-113
Negative <i>goodwill</i> resulting from the merger with MPI	140	-
<b>NET INCOME</b>	-95	13
Operating cash flow (after taxes and before change in WCR)	92	311
Investments	178	331
Change in cash and cash equivalents	+44	+39
<b>CASH AT 31/12/2015</b>	274	229

# 1 PRESENTATION, ACTIVITY AND FINANCIAL POSITION OF THE GROUP

## Financial position

Action and measures taken by the Group in 2015 to adjust its positioning in an ongoing context of low prices are reflected in the Group's income, balance sheet and cash flows through different line items.

The drop in oil prices of 47% over 2014 had a direct impact on the Group's sales, which amounted to €276 million versus €550 million in 2014, as well as on the operating profitability of the consolidated entity. As such, EBITDA in 2015 was 39% versus 64% of sales in 2014.

In addition to the drop in oil prices, the Group suffered the consequences of shutdowns and pressure limits on the evacuation pipeline which resulted in reduced production at the production field in Gabon. Maurel & Prom's share of production increased to 17,078 bopd in 2015 versus 20,014 bopd in 2014.

As well as oil production in Gabon, gas production began in Tanzania on 20 August 2015, with output of 43 MMcf/d in Q4 2015.

Maurel & Prom has therefore benefited from two additional sources of cash flow since that date. Consequently, and despite the sharp drop in barrel prices, current operating income is a positive €9 million in 2015.

In addition to efforts made in production activities and because of the current environment of low prices, Maurel & Prom decided to discontinue most of its exploration activity. This is reflected in the shutdown or permanent closure of its activities in the Congo, Mozambique, Syria and Peru, and in the postponement of works, in particular in Canada and Colombia. Also, the total of write-downs recognised as expenses came in at €217 million.

The drop in oil prices also led to the mothballing of drilling activities. These were adjusted to their fair value of €22 million or a non-current charge of €39 million in 2015.

The implementation of these measures, particularly the discontinuation of most exploration projects and corresponding infrastructure, accelerated at the end of 2015.

The Group's refinancing, initiated in December 2014 with a bank loan drawn in the amount of US\$400 million, followed by the issue in May 2015 of a €115 million convertible bond and the redemption of the existing 2015 OCEANes, has allowed the Group to reduce interest paid by €7 million compared to 2015 and defer the main maturities to 2019 onwards.

Consequently, the Group's consolidated net income for 2015 was -€95 million including negative goodwill of €140 million outlined in 1.1.3.4.2.

In 2015 the Group's operations generated operating cash flow of €92 million after taxes and before change in WCR. The impact of cash deferrals, lower oil prices and the reduction in activity led to a negative adjustment in WCR in the order of €99 million. Group investments amounted to €178 million in 2015 versus €331 million in 2014, a significant drop of 46%. As a result of the measures conducted in 2015, the Group's cash position at 31 December 2015 stood at €274 million.

## ▶ 1.2.2. Company financial statements

Company sales correspond exclusively to services and studies provided to the Company's subsidiaries, especially in Gabon and Tanzania, in the amount of €16.2 million.

Impairment of intangible assets mainly concerned exploration assets in the Congo and Mozambique. In addition, impairment of securities and current accounts was recognised in the financial statements to reflect the subsidiaries' financial position.

Net income for fiscal year 2015 was a loss of €196.4 million versus a loss of €140.6 million the previous year.

The balance sheet total at 31 December 2015 stood at €1,059 million, versus €817 million at 31 December 2014. Equity capital at 31 December 2015 was €240 million versus €95 million at 31 December 2014. This included a capital increase and merger premium of €347.7 million.



# 1 PRESENTATION, ACTIVITY AND FINANCIAL POSITION OF THE GROUP

## Financial position

### ▷ 1.2.3. Investments

#### 1.2.3.1. Main investments made the previous two fiscal years

The table below summarises the Group's investments relating to fixed assets made in the last two years:

<i>In thousands of euros</i>	31/12/2015	31/12/2014
Ezanga (Gabon)	11,674	48,455
Mnazi Bay (Tanzania)	814	9,146
Kari (Gabon)	135	731
Nyanga Mayombe (Gabon)	6,004	7,950
Bigwa Rufiji Mafia - BRM (Tanzania)	2,923	20,211
License 44 & 45 (Namibia)	1,960	101
Rovuma (Mozambique)	17,750	27,204
Other	1,876	4,483
<b>INTANGIBLE ASSETS (NET)</b>	<b>44,136</b>	<b>118,281</b>
Ezanga (Gabon)	109,885	202,207
Mnazi Bay (Tanzania)	20,697	6,215
Drilling	3,217	4,480
Other	832	12
<b>PROPERTY, PLANT AND EQUIPMENT (NET)</b>	<b>134,631</b>	<b>212,913</b>
<b>TOTAL INVESTMENTS</b>	<b>177,767</b>	<b>331,195</b>

#### 1.2.3.2. Main investments planned

To deal with an environment of low oil prices, the Group has reduced its investment programme for the coming years. In 2016, and at the date of this Report, the Group has budgeted production investments of €43 million and

exploration investments of €17 million. These amounts are likely to change over the current fiscal year to adapt to the current economic environment.

# 1 PRESENTATION, ACTIVITY AND FINANCIAL POSITION OF THE GROUP

## Financial position

### ▶ 1.2.4. Borrowing and financing

#### 1.2.4.1. Borrowing conditions and financing structure

##### Bonds

##### 2021 ORNANE bonds

On 12 May 2015, the Group carried out a new issuance of net share settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE) maturing on 1 July 2021, in the amount of around €115 million (after exercise of the extension clause).

The features of these ORNANE bonds are as follows:

- ▶ maturity: 1 July 2021;
- ▶ par value: €11.02;
- ▶ number of bonds: 10,435,571
- ▶ nominal interest: 2.75%.

The aim with this issue, reserved for qualified investors, was to refinance the Company's debt and extend its maturity through the amortisation, via in particular an off-market purchase, of 2015 OCEANES.

As at 18 May 2015, Maurel & Prom had redeemed 4,749,542 2015 OCEANES representing approximately 86% of the total 2015 OCEANES initially issued, at a par value of €13.605 per bond. As at 31 July 2015, the Company had redeemed the remaining 2015 OCEANES at maturity.

##### 2019 ORNANE bonds

On 6 June 2014, the Group issued net share settled bonds convertible into new shares and/or exchangeable for existing shares (ORNANE) maturing on 1 July 2019, in the amount of €253 million (after exercise of the over-allocation option).

The features of these ORNANE bonds are as follows:

- ▶ maturity: 1 July 2019;
- ▶ par value: €17.26;
- ▶ number of bonds: 14,658,169;

- ▶ issue premium: 40%;
- ▶ nominal interest: 1.625%.

The purpose of the bond issue, available to qualified investors only, was to refinance and extend the maturity of the Company's debt. The net proceeds from the bond issue were used to redeem the OCEANE 2014 bonds at a price per bond of €16.90.

##### Other Borrowings and Financial Debt

##### Revolving Credit Facility

Under the terms of the credit agreement in the form of a Revolving Credit Facility dated 18 December 2014 (the "RCF"), the Company undertakes to comply with financial and production covenants:

- ▶ the debt ratio of Group consolidated debt/EBITDAX<sup>2</sup> calculated on the 12-month period preceding the observation period must not exceed 3.00:1.00;
- ▶ ratio of P1+P2 Reserves, Group share x US\$10, which cannot be below one-and-a-half times the Group's consolidated net debt; and
- ▶ a level of net production for Maurel & Prom Gabon's rights concerning oil production from fields in the Ezanga production sharing agreement which may be less than an amount set in the RCF. It is specified that adherence to this level of production, which must reach an average of 19,000 barrels per day (in Company share) over the second half of 2015, is to be checked for the first time pursuant to the RCF at 31 December 2015.

The financial and production covenants must be in compliance at 30 June and 31 December of each year.

The drop in oil prices and the interruption to oil evacuation in September 2015 due to a situation of force majeure on the Gabon pipeline had an impact on the Group's sales, net income and oil production level. In light of this, sensitivity testing was conducted to gain a better understanding of the risks related to non-compliance with certain minimum production thresholds and financial ratios set out in the contractual provisions of the RCF. Further to this analysis and alongside the request for formal approval from the bank consortium of the merger by absorption of MPI, the Company requested

(2) EBITDAX is equal to profit before interest, tax, amortization and depreciation and before the impact of exchange gains and losses.

# 1 PRESENTATION, ACTIVITY AND FINANCIAL POSITION OF THE GROUP

## Financial position

an adjustment for (i) certain periods for calculation of minimum production levels and (ii) certain financial ratios to avoid the risk of non-compliance with these commitments at end-2015. These waivers and arrangements were accepted by the banking consortium on 13 October 2015.

The covenants for 31 December 2015 resulting from adjustments approved by the RCF bank consortium are described below:

- ▶ a Group net consolidated debt/EBITDAX ratio, calculated over the 12-month period preceding the reference period, that does not exceed 4.20:1.00 at 31 December 2015; and
- ▶ regarding the level of production for Maurel & Prom Gabon's rights on oil production in fields included in the Ezanga production-sharing contract, the minimum production level at 31 December 2015 is an average of 19,000 barrels per day (in Company share) calculated over the final quarter of 2015 (instead of the second-half year 2015).

Lastly, it is also specified that the Company has also obtained a deferral of the calculation period for a minimum level of production likely to trigger the accelerated repayment of the RCF: the level of production for Maurel & Prom Gabon's rights on oil production in fields covered by the Ezanga production-sharing contract, which must not be less than an average of 22,000 barrels per day, will be calculated over the period from 1 December 2015 to 29 February 2016, rather than the last quarter of 2015.

As at 31 December, 2015, all financial covenants were complied with.

### Maurel & Prom Drilling Services BV loan agreement

Under the terms of the credit agreement entered into in connection with the acquisition of Tuscany's African drilling activities through the acquisition of shares in the Caroil company (the "Credit Agreement"), subject to certain exceptions, the Company is not authorised (and must ensure that its subsidiaries do likewise) to (i) grant securities on its assets, (ii) bear additional financial debt or (iii) sell all or part of the underlying assets.

Subject to certain exceptions, the Company has also made commitments (and must ensure that Maurel & Prom Gabon, Maurel & Prom West Africa, Caroil and Maurel & Prom Drilling Services respect these same commitments) to not (x) grant any new loans or (y) grant guarantees to any parties.

Pursuant to the Credit Agreement, the Company has undertaken to comply with the following financial covenants at 30 June and 31 December each year:

- ▶ a Group net debt/EBITDAX ratio, calculated over the 12-month period preceding the reference period, that does not exceed 3.00:1.00; and
- ▶ a current ratio (Group current assets/current liabilities), calculated over a 12-month period preceding the reference period, that does not exceed 1.10:1.00.

Given the force majeure event and the market climate as outlined above for the RCF, the Company also approached the banking syndicate led by Credit Suisse to request, in addition to the approval of the merger-absorption of MPI by the Company, waivers and the arrangement of the Group net debt/EBITDAX financial covenant scheduled for 31 December 2015 in the Credit Agreement.

The waivers and the arrangement were formally accepted by the banking syndicate led by Credit Suisse on 27 October 2015 (on the understanding that an agreement in principle had been given in writing by said banking syndicate to the Company on 15 October 2015), subject to the following counterparties:

- ▶ a partial early repayment of US\$16,667 million corresponding to one-third of the amount borrowed under the Credit Agreement;
- ▶ an increase in the interest rate stipulated in the Credit Agreement, from Libor +2% to Libor +7.5%; and
- ▶ a Group net debt/EBITDAX ratio, calculated over the 12-month period preceding the reference period, that does not exceed 2.25:1.00 at 31 December 2016 and 4.2:1.00 at 31 December 2015.

As at 31 December 2015, all financial covenants were complied with.



# 1 PRESENTATION, ACTIVITY AND FINANCIAL POSITION OF THE GROUP

## *Financial position*

### 1.2.4.2. Restriction on the use of capital having a significant impact on transactions

With the exception of the limits set out below, the Company has made no commitments having a significant impact on transactions that would restrict the use of capital.

## ▶ 1.2.5. Trends and outlook

### 1.2.5.1. Events occurring after closing

With regard to the RCF bank loan drawn in the amount of US\$400 million, the Group was subject to a production test calculated between 1 December 2015 and 29 February 2016. The minimum level of production likely to trigger the accelerated repayment of the RCF was set at 27,500 bopd, or 22,000 bopd for Maurel & Prom's share. During that period, Maurel & Prom complied with this minimum production threshold.

### 1.2.5.2. Changes in the Company's activity: known trends, uncertainties, commitments or events likely to significantly influence the outlook for the current fiscal year

For the 2016 fiscal year, the Group's oil production is expected to increase over that of 2015. The Group plans to stabilise production from fields in Gabon to approximately 28,000 bopd (22,400 bopd for M&P share) excluding the impact evacuation-related constraints, for investments estimated at approximately US\$40 million (M&P share). This amount includes connecting to the Addax-Shell network to southern Gabon in the first half of 2016.

Maurel & Prom will continue efforts to cut costs by renegotiating contracts and reducing the work programme. Based on this production level and a Brent price of \$40 throughout 2016, operating cash flow in Gabon should be around US\$13/bbl in 2016.

The relative share of revenue from gas sales is expected to increase to about 10% of the Group's total revenue, versus 3% of revenue (and 7% of production) in 2015. The sale price was set at US\$3.07/Mcf and increases depending on inflation. The 2016 production level is expected to increase to 80 MMcf/d, depending on calls for the supply of gas from TPDC, the national oil and gas company, and expected investments are US\$3 million.

Due to the low price of oil, the Group reduced its exploration programme to minimum contract commitments only. To date, US\$17 million has been budgeted for this activity in 2016, down 46% from 2015. Activity in 2017 is expected to follow the same trend.

# 1 PRESENTATION, ACTIVITY AND FINANCIAL POSITION OF THE GROUP

## *Financial position*

### ▷ 1.2.6. Large contracts

On 10 January 2014, the Company entered into an Exploration and Production Sharing Agreement, dubbed "Ezanga", with the Gabonese Republic, which reallocates to Maurel & Prom Gabon the five existing Exclusive Exploitation Authorisations for a 20-year period, with the potential to extend for a further 20 years.

On 18 December 2014, Etablissements Maurel & Prom signed a new Revolving Credit Facility of US\$650 million, split into an initial tranche of US\$400 million and an accordion of US\$250 million that can be drawn down twice subject to certain conditions. The terms and conditions of the Credit Agreement are described in paragraphs 1.2.4.1. and 1.2.4.2. of this Annual Report.

In Gabon, the Group, through its subsidiary Maurel & Prom Gabon, only maintains a major direct customer relationship with Socap International Limited, a subsidiary of the Total group, for all sales intended for export, and with SOGARA for sales intended to meet the needs of the Gabonese domestic market. Socap International Limited extracts and sells crude oil from the Onal field. Given Socap's credit quality, the Company does not consider there to be a customer risk. Trade receivables from Socap International Limited amounted to €6.4 million (US\$7 million) at the end of 2015. They were settled in January 2016. Sales in 2015 with Socap International Limited amounted to €232 million or 84% of Group sales.

Customer risk at 31 December 2015 also extended to SOGARA receivables, which amounted to €5.6 million (US\$6.1 million), and TPDC for gas sales in Tanzania which amounted to €7 million (US\$7.6 million), all of which were settled within the stipulated deadlines.

Apart from these contracts and others signed in the course of its normal activities, the Company has not entered into any significant agreements.

### ▷ 1.2.7. Financial information

#### 1.2.7.1. Historical financial information

The management report, the consolidated and annual financial statements for the years ended 31 December 2013 and 31 December 2014, including the Statutory Auditors' reports on these fiscal years, appear, respectively, in the Annual Reports filed on 29 April 2014 with the French Financial Markets Authority (AMF) under number D.14-0449 and on 17 April 2015 under number D.15-0366, which are incorporated by reference in this Annual Report.

#### 1.2.7.2. Verification of historical financial information

For verifications of historical financial information, please see the Statutory Auditors' reports on the individual company and consolidated financial statements appearing in the Notes to this Annual Report and the previous Annual Reports mentioned in paragraph 1.2.7.1 above.

#### 1.2.7.3. Other information featured in the Annual Report, verified by the Statutory Auditors

The Statutory Auditors' reports on the report of the Chairman of the Board of Directors and on the regulated agreements can be found in the Notes to this Annual Report.

2.1.	RISKS LINKED TO THE GROUP'S EXPLORATION ACTIVITIES AND OIL AND GAS PRODUCTION	33
2.1.1.	Risks linked to the regulatory procedure for obtaining and renewing certain permits	33
2.1.2.	Risks linked to the appraisal of reserves	34
2.1.3.	Risks linked to exploration and the renewal of reserves	34
2.1.4.	Risks linked to hydrocarbon production capacity	35
2.1.5.	Political and security risks	35
2.1.6.	Risks linked to competition	36
2.1.7.	Industrial, environmental and societal risks	36
2.1.8.	Risks linked to the possible dependence of the Group on customers, suppliers or subcontractors	38
2.1.9.	Risks linked to Seplat	39
2.2.	FINANCIAL RISKS	40
2.2.1.	Risks of fluctuations in hydrocarbon prices	40
2.2.2.	Currency risk	41
2.2.3.	Liquidity risk	42
2.2.4.	Interest rate risk	45
2.2.5.	Equity risk	46
2.2.6.	Compliance risk	47
2.3.	LEGAL RISKS	47
2.3.1.	Legal risks associated with the hydrocarbon sector	47
2.3.2.	Risks for the Company in the event of a change in shareholder control	48
2.3.3.	Legal risks linked to the regulatory framework of exploration and production activities in the hydrocarbon sector	49
2.3.4.	Risks linked to unresolved disputes	49
2.3.5.	Risks linked to claims not covered by insurance	49
2.3.6.	Compliance risk	49
2.4.	INSURANCE	50



# 2 RISK FACTORS

Hydrocarbon exploration and production require high levels of investment and are associated with a high risk of loss of the capital invested, due mainly to risks associated with the geographic, economic, legal, political, environmental or societal factors described hereafter. In addition to the risks specific to the oil industry, the risks relating to the Group's own industrial and commercial activity must be added.

In 2015 the Group produced a map of its risks. Representatives of the main foreign subsidiaries, central services (Executive Management, Administration Department, Finance Department, Drilling and Operations Departments) and members of the Audit Committee contributed to this work.

The map has led to (i) the establishment of a list of risks that may affect financial resources, operational effectiveness, reputation or regulatory, legal, fiscal, industrial or corporate compliance, (ii) the positioning of risks in relation to one another in terms of impact and when they might materialise, and (iii) the identification of mitigation measures.

It is also designed to formalise the non-financial risk analysis and rank issues linked to the environment, corporate responsibility and governance against other risks. Following the production of this map, it was decided to create the risk observatory.

Consequently, investors and shareholders are encouraged to review all the information contained in this Annual Report, including the risks described below, before deciding to invest. At the date of filing this Annual Report, any of these risks could have a material adverse impact on the Group, its activity, its financial position and/or its earnings and are important to bear in mind when making investment decisions. Other risks of which the Group is not currently aware or that the Group does not consider significant at the date of this Annual Report could also impact its activities.

## 2.1. RISKS LINKED TO THE GROUP'S EXPLORATION ACTIVITIES AND OIL AND GAS PRODUCTION

### ▷ 2.1.1. Risks linked to the regulatory procedure for obtaining and renewing certain permits

The Group's oil and gas exploration and development activities are subject to the various regulations that apply in this sector (Oil Code, law relating to hydrocarbon exploitation) in each of the countries in which the Group undertakes these activities, particularly as regards the granting of mining rights or the obligations concerning minimum work programmes.

Oil and gas activities, particularly production sharing procedures, operational decisions, recognising and limiting oil costs, certain tax issues in connection with operations and rules of cooperation between the Group and its partners who hold oil or gas exploration or operating permits and secondly the host country, are generally defined in a production sharing agreement ("PSA") between these parties and the host government.

# 2 RISK FACTORS

## *Risks linked to the regulatory procedure for obtaining and renewing certain permits*

Furthermore, a "Joint Operating Agreement" (or "JOA") generally defines the relationship between parties other than the host government.

In addition to the PSAs, permits are granted by the host government that authorises the Group to carry out its hydrocarbon exploration and production activities. The permits are of limited duration and may be renewed. They also carry obligations regarding surface rehabilitation during the exploration period.

More generally, it is difficult to assess the impact on the conditions for using oil permits that could arise from a downturn in the political or economic situation, or tighter regulations or conditions for obtaining permits in one or more of the countries in which the Group currently holds oil exploration or development permits.

With respect to Gabon, the country in which the Group carries out most of its production (91% of Group sales), the Gabonese Mining Code review currently in progress could have an adverse impact on the terms and conditions applicable to any new contracts or permits taken out by the Company or awarded to it, as well as to its current contracts when they come up for renewal. In addition, the award of development permits for Anticosti is contingent on changes in government decisions.

### ▶ 2.1.2. Risks linked to the appraisal of reserves

Reserves as at 31 December 2015, as presented on page 7 of this Annual Report, have been assessed by external appraisers on the basis of economic conditions and by using existing geological and engineering data to estimate the quantities of hydrocarbons that can be produced. The appraisal process involves subjective judgements and subsequent reviews may be required as more information is obtained about the deposits. A variety of factors beyond the Group's control may lead to a downward revision of these estimates in the future. These estimates may therefore be revised downwards if it appears that the Group's subjective judgements based on available geoscience and engineering data were not sufficiently cautious or if the Group's assumptions regarding factors or variables beyond its control fail to be validated over time. Downward revisions of estimated reserves may lead to lower production volumes which would have a negative bearing on the results of the Group's operations as well as on its profits and financial position.

Any error or inaccuracy in the appraisal of resources and reserves and any downward revision that may result could have in the future a material adverse impact on the Group's activity, financial position and outlook.

### ▶ 2.1.3. Risks linked to exploration and the renewal of reserves

Exploration activity that relies on the discovery and extraction of hydrocarbons requires major preliminary operations. For example, geological and seismic analyses are conducted prior to exploration drilling. Operations of this type make it possible to decide on the location of exploration drilling, to transition to the production start-up phase or to decide whether to pursue exploration. At the time these operations are launched, there are still numerous uncertainties about the quality of the hydrocarbons and the feasibility of their extraction.

Les hydrocarbures recherchés lors de l'obtention des permis et des opérations de forage peuvent être absents ou en quantités insuffisantes pour être économiquement exploitables.

The hydrocarbons sought when obtaining permits and during drilling operations may be absent or in insufficient quantities to be commercially viable.

As a result of the many uncertainties that remain during the exploration phase, the Group cannot ensure that the investments made will be sufficiently profitable.

In addition, knowledge of reserves can sometimes be unpredictable and may only be acquired gradually during the course of exploration. Lastly, the practical conditions and costs may vary during the exploration phase for reserves.

It is therefore impossible to guarantee that new oil or gas resources will be discovered in sufficient quantities to replace existing reserves and allow the Group to recover all of the capital invested in exploration activities and ensure that the investments made will be profitable.

In order to limit the technical risks related to exploration, the Company's exploration programmes are validated upstream based on technical criteria and then submitted to the Board of Directors for approval.

# 2 RISK FACTORS

## *Risks linked to the regulatory procedure for obtaining and renewing certain permits*

An acquisition or transfer of rights in development permits generally requires approval from the local government, which could delay or hinder transfers of rights or growth operations. Moreover, when such rights are transferred, the local government may require certain work to be performed within specific deadlines or may impose various other constraints (involving payment of financial compensation, for example), which could have a material adverse impact on the Group's activity, results of operations and outlook.

### ▷ 2.1.4. Risks linked to hydrocarbon production capacity

When the estimate of hydrocarbon reserves and the economic analysis justify the development of a discovery, the reserves may, during production, turn out to be lower than predicted, and thus compromise the economics of the operation.

In addition, developing a hydrocarbon production field requires significant investments to build facilities, drill production or injection wells and implement advanced technologies to extract and produce hydrocarbons with complex properties over the duration of the permit, and generally over several decades.

Making these investments and implementing these technologies, generally under difficult conditions, can result in uncertainties about the amount of investment necessary and the operating costs, and have a negative impact that lowers the expected results.

Lastly, the Group's oil or gas production may be restricted, delayed or cancelled due to a number of factors internal or external to the Group; in particular, malfunctions of production or hydrocarbon routing facilities, administrative delays especially in the approval of development projects by host countries, shortages, delays in the delivery of equipment and materials and adverse weather conditions. Such factors may have an impact on the Group's cash flow and results.

In fiscal year 2015 a number of incidents related to the availability of the evacuation capacities operated by a third party impacted production in Gabon. Following pressure build-ups, the pipeline was reinforced by the operator and is expected to continue in 2016. Studies and analyses are also being conducted to identify the source of these evacuation problems.

The Company is examining the possibility of using an alternative channel to export production.

In order to limit the risks of underestimating investments or production costs and avoid delays in completion:

- ▶ all development projects are validated in technical and financial terms before being submitted to the Company's Board of Directors for approval;
- ▶ dedicated teams are put in place for each major project; and
- ▶ risks are continually assessed on the basis of technical and financial reports and indicators to measure how effectively projects are progressing.

### ▷ 2.1.5. Political and security risks

A major part of the Group's activities and hydrocarbon reserves are in countries that may be considered to harbour risks of political or economic instability. In one or more of these countries, the Group could face risks in the future such as the expropriation or nationalisation of its assets, the breach or renegotiation of PSAs, exchange control restrictions, losses due to armed conflict or terrorist groups, or other problems arising from the country's political or economic instability. Consequently, in order to ground their policy of energy independence, some countries in which the Group operates may in future be led to set up or strengthen measures aimed at promoting the emergence of their own home-grown companies in this sector (such as the formation in Gabon in December 2012 of a national oil company, the Gabon Oil Company, tasked with controlling the Gabonese government's interests in Gabonese oil and oil development companies).

Such a policy could lead to heavier participation of the host government in this sector.

The emerging countries in which the Group operates are exposed to significantly higher political and economic risks and risks to personal and material safety than in more developed countries, in particular exposing the Group to the risks mentioned in the first paragraph above.

It is also worth noting that the Group carries out the bulk of its production in just one country which is in itself a risk factor.

In order to limit political risks, the Group is diversifying its exploration and production programmes across multiple countries and, within those countries, the Group strives to maintain a discreet presence by emphasising its skills.



# 2 RISK FACTORS

## *Risks linked to the regulatory procedure for obtaining and renewing certain permits*

### ▷ 2.1.6. Risks linked to competition

The Group faces competition from other oil companies to acquire rights on oil permits for the exploration and production of hydrocarbons. Due to its positioning and size, the main competitors of the Group are "junior" or "mid-size" oil companies. This competitive pressure could have an adverse impact on obtaining new projects.

In order to benefit from new opportunities in this competitive environment, and in keeping with oil industry practices (especially with regard to exploration activities), the Group often partners with other oil companies as part of the process for obtaining permits from the competent authorities. This also allows it to share the costs associated with such processes.

The Group is also susceptible to competition from oil companies that have greater financial resources and thus a competitive advantage in relation to any vendors of oil rights.

However, the Group's modest size in comparison with the sector's majors means that it is functionally more flexible and can make decisions faster. This functional flexibility and rapid decision-making may also lend the Group a competitive edge in other countries where it might envision becoming active in the future.

### ▷ 2.1.7. Industrial, environmental and societal risks

The Group faces industrial and environmental risks that are specific to the oil and gas industry. Among these risks are eruptions of crude oil or natural gas, cave-ins of well heads, spills or leaks of hydrocarbons leading to toxic risks, fires or explosions.

All these events are capable of endangering human lives or property, damaging or destroying the hydrocarbon wells in production as well as the surrounding facilities, incurring business interruptions and causing environmental damage with certain direct consequences for the health and economic wellbeing of local communities.

The risk of social non-acceptability of new projects or industrial operations is one that is growing in importance. Non-acceptability can cause some projects to be delayed, relocated or discontinued. The Group's exploration/production activities are exposed to this risk directly when the Group is operator or indirectly through

its partners. The Group's commitments in terms of sustainable development are presented in paragraph 4.3 of this Annual Report.

Prior to any development, the Group assesses the environmental and social impact of its activities and defines prevention and management programmes in conjunction with the competent authorities.

When the Group partners with companies that assume the role of operator, or enters into a contract with a supplier or subcontractor, it is exposed to the risk that these operators may not have sufficient control over environmental and social risks.

The quality of operating partners' health, safety, security and environmental ("HSSE") management is a key criterion in investment decisions. The Group takes all reasonable measures to assess and manage environmental and social risks. Risk monitoring and the identification of appropriate means for managing them properly are an integral part of technical and financial project tracking. The non-financial aspects of the projects in which the Group invests are central to its relations with its operating partners. Alongside financial investment, the Group may provide access to its extensive expertise and human and technical resources.

The Group's handling of social and environmental issues in its relations with suppliers and subcontractors is described in paragraph 4.3.3(B) (Importance of subcontracting and of considering social and environmental responsibility in relations with suppliers and subcontractors) of this Annual Report.

Nevertheless, the procedures implemented by the Group may fall short of protecting it against a lack of control of these risks by a third party operator, supplier or contractor, given the Group's limited oversight.

A report on the impact of French oil companies' activities in Peru entitled "The Barrel or Life?" ("Le baril ou la vie?") written in particular by CCFD-Terre Solidaire and Secours Catholique-Caritas France, was released on 7 September 2015. This report questions the running of Maurel & Prom's business in Peru and its supposed impact on the environment. Maurel & Prom exercised its right to reply to the inaccurate and misleading statements included in this report in order to bring to the attention of readers of this report all the elements and facts that must be taken into account. This right to reply can be found at the following address:

# 2 RISK FACTORS

## *Risks linked to the regulatory procedure for obtaining and renewing certain permits*

<http://ccfd-terresolidaire.org/infos/rse/rapport-le-baril-ou-la-5170>.

Maurel & Prom furthermore appointed an independent firm to perform an environmental and social analysis of its activities in Peru in compliance with the relevant rules published by the International Association of Oil and Gas Producers (IOGP) and the International Petroleum Industry Environmental Conservation Association (IPIECA). In its preliminary findings, the independent firm (i) verified that drilling activities had been approved by Peru's Ministry of Energy and Mines in compliance with the environmental rules in force when the Company was the operator, and that Maurel & Prom had obtained the necessary authorizations from the competent authorities, (ii) noted that the Peruvian Agency of Environmental Evaluation and Control (OEFA) had issued a certificate attesting to the absence of environmental problems regarding the exploration of Block 116, and (iii) verified that the Company had issued environmental management recommendations to Pacific Stratus Energy, to whom it had sold 50% of its interests in Block 116 in September 2013 and which thereby became joint operator, in compliance with the studies developed by the Company and its international experience.

In order to limit industrial and environmental risks, the Group has put in place an HSE (Health, Safety and Environment) policy described in Chapter 4 of this Annual Report. The Group also hedges against certain risks through specific insurance policies (see page 50, paragraph 2.4. of this Annual Report).

In its oil activities, the Group pays constant attention to preventing industrial and environmental risks and is fully committed to complying with the regulatory constraints of the countries in which it operates.

It also monitors national and international legal and regulatory developments concerning industrial and environmental risks on an ongoing basis. Furthermore, the Group constantly seeks to improve its safety, security and risk prevention mechanisms on the production sites.

Details of the Group's environmental policy and the measures taken to limit the Company's environmental impact are presented in paragraph 4.2. of this Annual Report (page 126).

### Systematic impact studies

In accordance with the applicable regulations in the countries in which the Group operates, systematic impact studies are conducted before the start of any specific work to examine and assess the safety risks and the impact on the environment. In order to identify, quantify and prevent the occurrence of such risks, the Group relies on its own expertise as well as on external experts approved by the governments of the countries involved.

### Approval of surface facilities

The Group seeks to obtain the competent ministry's approval with regard to the safety of its surface facilities. This approval may also be required by the Group's insurers and/or by the local government (civil defence).

### Approval and permission to install pipelines

In compliance with the host country's regulations, the Group carries out the preliminary studies necessary to obtain the authorisations and approvals needed to install pipelines to route the hydrocarbons that have been produced.

### Standards

The Group applies the API (American Petroleum Institute) standards in respect of its drilling activities. Its production facilities are designed according to the recommendations of American insurance companies (GE GAP Guidelines) and its systems and equipment comply with French or international standards, depending on the area in question (API, ISO, ASME, NF, etc.). The Group is also governed by radio and satellite communication standards and obtains the relevant authorisations required by the host country.

For the projects in which it is involved but does not act as operator, the Group ensures that operators apply the best standards in force, such as API (American Petroleum Institute), ISO, ASME, GE GAP Guidelines or, where applicable, the Environmental Impact Assessment Act Cap E12 LFN 2004.

# 2 RISK FACTORS

*Risks linked to the regulatory procedure for obtaining and renewing certain permits*

## Site remediation

The Group has a policy of restoring exploration sites abandoned (dry wells) to their original state once operations are completed. Furthermore, due to the nature of its business, the Group will normally be required to bear the costs of restoring sites that have been affected by operations and oil routing equipment. The Group regularly evaluates and if necessary updates the provisions it has established to cover the future costs of dismantling and restoring the sites.

## Safety procedures

The Group has updated its HSE system by decentralizing HSE management. This has led to an HSE policy based on rules recognised by the International Association of Oil & Gas Producers (IOGP). A Group-wide reference manual has been developed to enable each subsidiary to set its own HSE rules and for its main operating subsidiaries to assemble their own in-house HSE expertise. As part of the HSE management system, Group employees benefit from an HSE awareness and training policy aimed at constantly improving safety and risk prevention.

## Cyber security

The Group's activities also rely on the security and reliability of its information systems. These can be subject to cyberattacks or technical difficulties affecting, among other things, operations, facilities and the safeguarding of intellectual property.

The Group is constantly making improvements in terms of the prevention of industrial and environmental risks. It strives to develop its oil activities while improving the management and operating rules concerning the safety of people, facilities and intellectual property. Preventive actions are designed, for example, to strengthen the security and reliability of industrial assets, processes or information systems but they do not eliminate integrity risk.

## ▶ 2.1.8. Risks linked to the possible dependence of the Group on customers, suppliers or subcontractors

As the Group does not have its own structure for marketing its hydrocarbon production, it has to enter into agreements with companies specialising in this field.

The Group believes that it does not incur any counterparty risk, as its production is sold to leading oil groups such as Sotavento (Total Group) in Gabon. A factoring agreement has been established with the Gabonese bank BGF in order to regulate the cash flows produced in conjunction with the Gabonese refining company.

However, the routing of production to Gabon is dependent on the proper functioning of facilities operated by Total Gabon.



# 2 RISK FACTORS

## *Risks linked to the regulatory procedure for obtaining and renewing certain permits*

The table below shows the Group's share of the sales made with the Group's top customer and top five customers:

	2015	2014	2013
Top customer as a percentage of total sales	70%	70%	85%
Top five customers as a percentage of total sales	98%	100%	100%

The table below shows the Group's share of purchases and capital outlays to its top supplier, top five suppliers and top ten suppliers:

	2015	2014	2013
Top supplier as a percentage of total purchases and capital outlays	10%	7%	10%
Top five suppliers as a percentage of total purchases and capital outlays	38%	28%	39%
Top ten suppliers as a percentage of total purchases and capital outlays	50%	41%	53%

### ▶ 2.1.9. Risks linked to Seplat

Following the merger by absorption of MPI by Maurel & Prom, MPI's 21.37% minority stake in Seplat is now held directly by Maurel & Prom. Effective 17 December 2015, this Seplat shareholding was consolidated by the Company at market value using the equity method.

As a result, the Company is now sensitive to the risks that may impact Seplat. If the risks described in paragraphs 2.1 and 2.2 of this Annual Report were to impact Seplat, this could have a material adverse impact on the Company's activities and development.

All risks identified by Seplat for its activities are described in its 2015 annual report, available on its website at [www.seplatpetroleum.com](http://www.seplatpetroleum.com).

Should any of those risks (or others not identified in that document) occur, it could have a material adverse impact on the activities and results of Seplat and therefore of the Company. Generally speaking, any industrial risks that may impact Seplat, its activities and its share price are likely to have a material adverse impact on the Company and/or its share price.

The Company draws attention to the following risks that may affect Seplat in particular and have a material adverse impact on its activities and financial position:

- ▶ risks linked to the operation of the Joint Operating Agreement between Seplat and NPDC: since 30 July 2010, Seplat has owned 45% of the rights in OMLs 4, 38 and 41, the remaining 55% being owned by NPDC; any persistent disagreement between Seplat and NPDC and/or significant delay in fulfilling NPDC's financing obligations could have a long-term impact on the exploitation of these OMLs, leading to a material adverse impact on the activities and results of Seplat and therefore of the Company; the same holds true for the Joint Operating Agreements with NPDC on OMLs 53 and 55 for which Seplat has owned 40% and 22.5% of the rights respectively since 5 February 2015.

# 2 RISK FACTORS

## *Risks linked to the regulatory procedure for obtaining and renewing certain permits / Financial risks*

► risks of dependence on suppliers or subcontractors: non-performance, poor performance or late performance by a third party of its contractual obligations to Seplat or to the Company could subject Seplat or the Company to additional costs and delays or even lead to the abandonment of projects, which could have a material adverse impact on the activity, outlook, financial position and results of Seplat and the Company. With regard to the transport agreement entered into with SPDC, Seplat has had a new pipeline linked to the refinery since the first quarter of 2014. This provides it with an alternative export channel, reducing the impact of any potential closures of terminals and pipelines operated by third parties. With regard to production from OML 55 (for which Seplat announced on 5 February 2015 that it had signed an agreement with Chevron to finally acquire 22.5% of the rights and had been designated operator), delivery to the Bonny terminal is assured by third-party-owned facilities; delivery problems or closure of those facilities could have a material adverse impact on the activities and production of OML 55. This also holds true for production from OML 53, for which Seplat announced on 5 February 2015 that it had finalised the acquisition from Chevron of a 40% working interest and had been designated operator. Production from OML 53 relies on the facilities of OML 124 in

Izombe, from where it is exported via pipeline to the Brass oil terminal;

► risks related to dependence on customers: as Seplat does not have its own structure for selling its hydrocarbon production to end users, it has to enter into agreements with intermediaries specialising in this field. The Company does not consider that Seplat runs any major counterparty risk in relation to this, to the extent that most of its production is sold, as at the date of this Annual Report, to SWST, a company under Barbados law belonging to the Shell group, one of the world's leading oil groups. However, Seplat remains exposed to other risks inherent in this type of contract, such as contractual non-performance or renegotiation under less favourable conditions.

The Company also draws the attention of investors to the fact that any future Company investment in developing countries with characteristics like those of Nigeria may be subject to risks similar to those described above.

## 2.2. FINANCIAL RISKS

### ► 2.2.1. Risks of fluctuations in hydrocarbon prices

Historically, oil and gas prices have always been highly volatile and can be impacted by a wide variety of factors, such as the demand for hydrocarbons directly related to the general economy, production capacities and levels, government energy policies and speculative practices. The oil and gas industry's economy and especially its profitability are very sensitive to fluctuations in the price of hydrocarbons expressed in US dollars.

The Group's cash flows and future results are therefore strongly influenced by changes in the price of hydrocarbons expressed in US dollars.

Under its previous bank loans, such as Reserve Based Loans, the Group had set up derivative instruments at the banks' requests to hedge part of its production against the risk of a drop in hydrocarbon prices. As this type of financing was not renewed, no transaction of this nature was carried out in 2015.

# 2 RISK FACTORS

## Financial risks

### Impact on consolidated net income of the change in the barrel price of oil in 2015

The economic environment was marked by a sharp drop in the price of Brent as from mid-2014. This fell from US\$113 at end-June 2014 to US\$58/bbl at end-December 2014 and to US\$38/bbl at end-December 2015. For the full year 2015, the average price of Brent was US\$52/bbl versus US\$99 in 2014, representing a year-on-year drop of 47%.

This drop in the annual average barrel price negatively impacted the Group's sales by €243 million and its operating profitability by €214 million.

A 10% drop in the oil price compared to the average price in 2015 would reduce sales by €29 million and EBITDA by €26 million.

### 2.2.2. Currency risk

Although the Group's reporting currency is the euro, its operating currency tends to be the US dollar since sales, most operating expenses and most investments are denominated in this currency. Consequently, the Group's accounts are highly sensitive to the EUR/US\$ exchange rate.

The impact on consolidated income and shareholders' equity as at 31 December 2015 of a 10% rise or fall in the EUR/US\$ exchange rate is shown below:

In thousands of euros	Impact on pre-tax income		Impact on exchange gain/loss (equity capital)	
	10% rise in €/US\$ exchange rate	10% decline in €/US\$ exchange rate	10% rise in €/US\$ exchange rate	10% decline in €/US\$ exchange rate
US\$	304	(372)	(68,228)	83,389
<b>TOTAL</b>	<b>304</b>	<b>(372)</b>	<b>(68,228)</b>	<b>83,389</b>

The average annual €/US\$ exchange rate was down 17% from US\$1.33 for €1 in 2014 to US\$1.1095 for €1 in 2015.

The US dollar gained strength against the euro in the same period. The €/US\$ exchange rate at 31 December 2015 was 1.0887 versus 1.2141 at 31 December 2014.

Against this backdrop, the Group booked an exchange gain of €28 million in financial income and an increase in translation adjustment reserves of €107 million.

To limit its exposure to currency risk, the Group holds a certain amount of US dollar-denominated liquid assets to finance projected investment expenses in that currency. There were no foreign exchange transactions as at 31 December 2015.

The Company's consolidated foreign exchange position at 31 December 2015 was US\$4 million, which is broken down as follows (in US\$ millions):



# 2 RISK FACTORS

## Financial risks

*In millions of US dollars 2015*

	Assets and liabilities	Commitments in currencies	Net position	Hedging instruments	Net position after hedging
Trade receivables and payables	181	-	181	-	181
Borrowings	(400)	-	(400)	-	(400)
Other creditors and liabilities	(9)	-	(9)	-	(9)
Cash and cash equivalents	224	-	224	-	224
<b>EXPOSURE TO US\$</b>	<b>(4)</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>(4)</b>

### ▶ 2.2.3. Liquidity risk

As with any industrial and commercial activity, the Group is exposed to a risk of insufficient liquidity or to a risk that its financing strategy is inadequate. This risk is exacerbated by the current drop in oil prices which is affecting the Group's cash flow and could also affect its ability to obtain financing should prices remain low over the long term.

Nonetheless, despite the context of falling oil prices, the Group successfully obtained financing in 2015 through the bond market: on 12 May 2015, the Group issued ORNANE bonds in the amount of approximately €115 million, maturing on 1 July 2021.

A report on the sources of financing available at 31 December 2015 and the main covenants appears in Note 5.5 to the consolidated financial statements for the period ended 31 December 2015 (page 239 of this Annual Report). A summary of the financing statement is shown in paragraph 1.2.4. of this Annual Report (page 28).

Lastly, it is worth noting that cash flow is monitored on a daily basis. A comparison is made systematically between forecasts and actual. Simulations incorporating new assumptions, especially in the event of falling commodity prices, are updated based on changes in these indicators.

Based on the financial data for the last 12 months (financial data for 2015), the Group net debt/EBITDAX ratio as at 31 December 2015 was below 4.2.

The Group's debt ratios at 31 December 2015 were as follows:

- ▶ consolidated debt/equity: 68%; and
- ▶ current assets/current liabilities: 252%.

The Company confirms that it has complied with the commitments made in respect of its financing contracts.

# 2 RISK FACTORS

## Financial risks

### Summary table of covenants

The summary table below shows the Company's covenants and the adjustments obtained from financing banks as described in paragraph 1.2.4.1. of this Annual Report (page 28):

RCF US\$400m	Initial covenants			Covenants arranged
	Title	Definition	Frequency	Change
	Financial covenant	Group net debt / EBITDA < 3	Half-yearly	At 31/12/2015, Group net debt / EBITDAX ratio < 4.2
	Covenant on reserves	[(P1 + P2 reserves in Group share US\$10 per barrel)/Group net debt] > 1.5	Yearly	No change
	<i>Production compliance certificate</i>	Production in Group share > 19K barrels from July 2015 to end 2016, 17.5 Kbbls in 2017, 16 Kbbls in 2018, 15 Kbbls in subsequent years	Half-yearly	The first test will take place only over the fourth quarter 2015 (versus the third and fourth quarter 2015). Thresholds unchanged

Credit Agreement US\$50m	Initial covenants			Covenants arranged
	Title	Definition	Frequency	Change
	Leverage ratio	Group net debt / EBITDAX ratio < 3	Half-yearly	at 31/12/15 < 5.5 (< 4.2 if the merger with MPI takes place before 31 December 2015), at 30/06/16 < 3, at 31/12/16 < 2.25
	Current ratio	Group current assets / current liabilities < 1.1	Yearly	No change

# 2 RISK FACTORS

## Financial risks

### Breakdown of financial liabilities by contractual maturity

The table below shows the breakdown of financial liabilities by contractual maturity:

<i>In € thousands</i>	2016	2017	2018	2019	2020	> 5 years	Total contractual flow	Total balance sheet value
2019 ORNANE bonds	4,123	4,111	4,111	255,039	-	-	267,384	239,997
2021 ORNANE bonds	3,154	3,145	3,145	3,145	3,145	116,568	132,303	101,835
Revolving credit facility	29,820	78,562	76,113	74,117	144,117	-	402,729	362,688
Credit Suisse	927	927	42,109	-	-	-	43,963	30,860
Short-term bank loans and overdrafts	8,574	-	-	-	-	-	8,574	8,574
Lease financing debt	402	402	402	402	402	1,776	3,787	2,577
<b>TOTAL</b>	<b>46,999</b>	<b>87,147</b>	<b>125,881</b>	<b>332,703</b>	<b>147,664</b>	<b>118,344</b>	<b>858,739</b>	<b>746,531</b>

Notes: loans denominated in US\$ were translated into euros at the €/US\$ closing rate at 31 December 2015 of 1.0887.

As at 31 December 2015, the Group had US\$250 million of unused drawdown capacity, as well as cash and cash equivalents amounting to €274 million. To the Company's knowledge, there are no limitations or restrictions on the raising of cash from the Group's subsidiaries.

The Company has specifically reviewed its liquidity risk and its future maturities. As at 31 December 2015, the Company was compliant with all financial ratios and production thresholds set out in the Revolving Credit Facility and the credit agreement as modified following the arrangements agreed on with the banks. It therefore believes that it is in a position to meet its contractual maturities.

Finally, it should be noted that:

- ▶ as part of the Company's acquisition of the African drilling activities of Tuscany International Drilling and the Company's sale of its stake in Tuscany International Drilling (see paragraph 1.2.4.1. of this Annual Report, page 28), and following a credit agreement with Credit Suisse, on 23 December 2013 the Company took on US\$50 million of Tuscany International Drilling's bank debt with a five-year maturity date; and
- ▶ the Company entered into a Revolving Credit Facility with a banking consortium for a maximum amount of US\$650 million drawn down in the amount of US\$400 million at 31 December 2015 (see paragraph 1.2.4.1. of this Annual Report, page 28).



# 2 RISK FACTORS

## Financial risks

### ▷ 2.2.4. Interest rate risk

The Group's borrowing terms and financing structure are detailed in paragraph 1.2.4. of this Annual Report (page 28).

Like any company that uses external lines of credit and investments of available cash, the Group is exposed to an interest rate risk.

The Group's consolidated gross debt at 31 December 2015 was €746.5 million. This consisted mainly of two ORNANE fixed-rate bond borrowings amounting to

principal plus accrued interest totalling €341.8 million on the balance sheet and a variable-rate debt consisting of a new line of credit (Revolving Credit Facility) of US\$400 million (€362.7 million on the balance sheet) and a five-year bullet loan of US\$33 million (€30.8 million on the balance sheet) (see paragraph 1.2.4.1. of this Annual Report, page 28).

As at 31 December 2015, interest rate risk can be assessed as follows:

<i>In thousands of euros</i>	31/12/2015	31/12/2014
2015 OCEANE bonds	-	67,348
2019 OCEANE bonds	239,997	236,273
2021 OCEANE bonds	101,835	-
<b>FIXED RATE</b>	<b>341,832</b>	<b>303,621</b>
<i>Revolving credit facility</i>	362,688	322,525
Credit Suisse	30,860	37,506
Lease financing debt	8,574	3,011
Short-term bank loans and overdrafts	2,577	464
<b>FLOATING RATE</b>	<b>404,698</b>	<b>363,506</b>
<b>BORROWINGS</b>	<b>746,531</b>	<b>667,127</b>

A one-point rise in interest rates would result in an additional interest expense of €5 million per year on the income statement.

A significant portion of cash (US\$55.3 million and €19.2 million) is held in variable interest rate sight deposits. A 1 point rise in interest rates would result in a €1.6 million increase in income.

# 2 RISK FACTORS

## Financial risks

### ▷ 2.2.5. Equity risk

#### General information

Now that the Company's shares have been admitted for trading on a regulated market, it is worth noting that (i) the market for them may offer only limited liquidity and be highly volatile, and (ii) the potentially heavy volumes being sold may adversely impact their market price.

#### Risk involving the Company's shares

Now that the Company's shares have been admitted for trading on a regulated market, it is worth noting that (i) the market for them may offer only limited liquidity and be highly volatile, and (ii) the potentially heavy volumes being sold may adversely impact their market price.

Successive plans to repurchase treasury shares have been in place since 12 January 2005. As at 31 December 2015, the Company held 5,576,271 treasury shares for a gross carrying amount of €68.5 million, compared to a market value of €16.0 million. A provision was therefore established in the amount of €52.5 million (see Note 3.5. to the financial statements). A 10% decrease in the value of these securities would have a negative impact of €1.6 million on the Company's earnings.

The ORNANE bonds issued by the Group in June 2014 and May 2015 contain both a financial debt component and a derivative instrument component corresponding to the share conversion options.

A 10% rise in the Maurel & Prom share price would result in an expense, depending on volatility.

The Company does not use any specific hedging instrument.

#### Risk involving other companies' shares

Through Saint-Aubin Energie, the Group owns a 20% stake in Deep Well Oil & Gas, a company listed in Canada on the Toronto Stock Exchange.

A significant and/or prolonged decline in the market price of its holdings could have a limited adverse impact on the Group's results.

In addition, as at the date of this Annual Report, the Company owns a 21.37% minority stake in Seplat (following its initial public offering of 14 April 2014), a company under Nigerian law registered with the Corporate Affairs Commission of Nigeria under number RC 824838. Seplat's exploration and production activities and hydrocarbon reserves are located entirely in Nigeria, a country considered to carry significant risk of political and economic instability, as described below.

Consequently, the Company is exposed to risks linked to the lack of a majority holding in Seplat's equity capital, risks that may impact Seplat, and to risks linked to the fact that Seplat operates only in Nigeria.

As a minority shareholder in Seplat, the Company is necessarily exposed to the risk that decisions may be taken at Seplat that are contrary to the Company's interests; Seplat's stock market listing led the founding shareholders, including MPI (following the merger by absorption of MPI, the 21.37% minority stake in Seplat is now held directly by Maurel & Prom, and effective 17 December 2015, Seplat has been consolidated at market value using the equity method), to terminate the shareholder agreement that had linked them since December 2009 and under the terms of which MPI had a right of veto on all major decisions made by Seplat and joint control along with the other founding shareholders.

Because of the size of its shareholding in Seplat, the Company is guaranteed a seat on Seplat's board of directors and continues to participate actively in decisions made by Seplat, over which it exercises considerable influence.

# 2

## RISK FACTORS

*Financial risks / Legal risks*

### ▷ 2.2.6. Counterparty risk

The Group is exposed to counterparty risk with respect to:

- ▶ loans and credit granted to customers and other third parties as part of its operating activities; and
- ▶ investment, hedging and financing transactions made with banks or financial institutions.

The Company estimates that the first risk is limited to the extent that the Group's customers are generally internationally renowned oil companies, recognised independents or national operators with which the Group has had business relations for a long time. When this is not the case, the Group conducts an in-depth examination of the solvency of its counterparties.

As part of its activities, which may be conducted through partnerships, the Group applies a rigorous selection policy for its partners.

The Company deems that the second risk is also limited to the extent that the Group's significant financial transactions are only handled by several leading banking and financial establishments. No issues involving counterparties were encountered in fiscal year 2015.

Details of trade receivables are presented in Note 3.4 to the consolidated financial statements for the period ended 31 December 2015 (page 215 of this Annual Report).

## 2.3. LEGAL RISKS

### ▷ 2.3.1. Legal risks associated with the hydrocarbon sector

As stated in paragraph 2.1.1. of this Annual Report (page 33), the Group's oil and gas exploration and development activity is strictly governed by the various regulations applicable to this sector (Oil Code, law on hydrocarbon exploitation) in each of the countries in which the Group undertakes this activity, particularly with respect to the allocation of mining rights, the durations and legal conditions of development, which focus on the obligations for minimum work programmes and, if applicable, the contractual procedures for sharing production (described in the PSAs).

The oil and gas sector often represents a significant economic weight in the countries where the Group operates, and it may be subject to the payment of royalties, taxes and duties that are higher than other economic sectors.

A downturn in the political or economic situation, a tightening of oil or tax regulations, or of the conditions for obtaining or using permits in one or more countries in which the Group currently holds oil exploration or operating permits, presents a risk that is difficult to evaluate in terms of its impact on the Group's activity and on the valuation and the profitability of the assets that may be concerned.

As indicated in paragraph 2.1.1. of this Annual Report (page 33), with respect to Gabon, the country in which the Group carries out most of its production (91% of Group sales), the Gabonese Mining Code review currently in progress could have an adverse impact on the terms and conditions applicable to any new contracts or permits taken out by the Company or awarded to it, as well as to its current contracts when they come up for renewal.

To limit the legal and tax risks linked to the oil sector, the Group tries to establish adequate relations both with the local authorities and communities in the countries in which it operates.



# 2 RISK FACTORS

## Legal risks

### ▶ 2.3.2. Risks for the Company in the event of a change in shareholder control

The Group draws the attention of investors to the fact that the 2019 ORNANE and 2021 ORNANE bonds, described in paragraph 1.2.4.1. of this Annual Report (page 28), each contain a change-in-control clause stipulating that any bearer may request the early repayment of his/her bonds in cash in the event of a change in control of the Company.

The concept of change in control, as defined in the issue contracts for the 2019 ORNANE and 2021 ORNANE bonds, is taken to mean *“for one or more natural or legal person(s), acting alone or in concert, the fact of acquiring control of the Company, on the understanding that the concept of ‘control’ means, for the purposes of this definition, holding (directly or indirectly through companies themselves controlled by the relevant person(s)) (x) the majority of the voting rights attached to the shares or (y) over 40% of said voting rights if no other shareholder in the Company, acting alone or in concert, holds (directly or indirectly through companies controlled by said shareholder(s)) a higher percentage of voting rights than the percentage held in this way.”*

The Credit Agreement and Revolving Credit Facility, described in paragraph 1.2.4.1. of this Annual Report (page 28), also contain a change-in-control clause whereby the lenders, by majority vote, can cancel the credit arrangements granted to the Company and require it to repay each outstanding line of credit immediately, in the event of a change in control of the Company.

Pursuant to the RCF, the term “change in control” means: *“(A) a person or a group of persons holds the ‘control’ of the Parent Company [i.e. Maurel & Prom] if: (1) this person or group of persons acting in concert (in each case, either directly or indirectly through the holding of share capital, the exercise of voting rights, the holding of their investment or the management of their rights, contracts or otherwise) has the power to: (a) vote, or to exercise control over 50% of the maximum number of votes that may be cast at a general meeting of the Parent Company (or 40% if no other shareholder holds more voting rights than this person or group); or (b) appoint and/or dismiss all or the majority of members of the Board of Directors or other governing body of the Parent Company; or (c) exercise control over the decisions*

*of the Parent Company or its management policy; or (2) this person or group of persons acting in concert effectively holds more than 50% of the issued share capital of the Parent Company (or 40% if no other shareholder holds more voting rights than this person or group); and (B) “acting in concert” has the meaning given to said term in Articles L.233-10 and L.233-10-1 of the French Commercial Code.”*

In connection with the Credit Agreement, the concept of change in control has the following meaning: *“(a) any person or group of persons acting in concert and obtaining control of Maurel & Prom, (b) Maurel & Prom no longer holds, directly or indirectly, at least 51% of the outstanding Share Capital of any other Debtor [i.e. Maurel & Prom Drilling Services and Caroil], or (c) a non-qualified holder (or several non-qualified holders acting jointly or in concert) holds, directly or indirectly, in bearer or registered form, 50% or more of all the outstanding shares of the Share Capital or Voting Rights of any Debtor [i.e. Maurel & Prom, Maurel & Prom Drilling Services and Caroil] or otherwise has the power to direct or oversee the direction of the management and policies of any Debtor. For the purposes of this definition: (i) a person or group of persons has “control” of Maurel & Prom if: (A) this person or group of persons acting in concert (in each case, either directly or indirectly through the holding of share capital, the exercise of voting rights, the holding of their investment or the management of their rights, contracts or otherwise) has the power to: (x) vote, or to exercise control over 50% of the maximum number of votes that may be cast at a general meeting of Maurel & Prom (or 40% if no other shareholder holds more voting rights than this person or group); or (y) appoint and/or dismiss all or the majority of members of the Board of Directors or other governing body of Maurel & Prom; or (z) exercise control over the decisions of Maurel & Prom or its management policy; or (B) this person or group of persons acting in concert effectively holds more than 50% of the issued share capital of Maurel & Prom (or 40% if no other shareholder holds more voting rights than this person or group); and (ii) “acting in concert” has the meaning given to said term in Articles L.233-10 and L.233-10-1 of the French Commercial Code.”*

It is specified that the completion of the merger by absorption of MPI by the Company did not result in a “change in control” pursuant to the clauses outlined above.

# 2

## RISK FACTORS

### Legal risks

Above all, the Group draws the attention of investors to the regulatory, fiscal and contractual environment inherent to the Group's activities in the hydrocarbon sector, described in paragraph 2.3.3. of this Annual Report, which, in certain jurisdictions, includes provisions that may apply in the event of a change in control of the Company (notably in Gabon, Nigeria and Tanzania).

#### ▷ 2.3.3. Legal risks linked to the regulatory framework of exploration and production activities in the hydrocarbon sector

As indicated in paragraphs 2.2.1. and 2.3.1. of this Annual Report, the Group carries out oil and gas exploration and production activities in a very large number of countries and is therefore subject to a substantial number of regulations, particularly with regard to the allocation of mining rights, the durations and legal conditions of operations which focus on the obligations for minimum work programmes and, if applicable, the contractual procedures for sharing production.

The specific risks related to the existence, in most countries in which the Group operates, of legal, fiscal, regulatory or contractual provisions that may apply in the event of a change in control of the Company, are detailed in paragraph 2.3.2. of this Annual Report (page 48).

#### ▷ 2.3.4. Risks linked to unresolved disputes

The Group is involved in various procedures and claims in the normal course of its activities. The Group's disputes and the risks of dispute of which it is aware are set out in paragraph 7.2. of this Annual Report (page 163).

#### ▷ 2.3.5. Risks linked to claims not covered by insurance

In addition to traditional risk cover insurance, the Group has taken out insurance policies that are specific to its business and to the nature and location of its assets. The policy for insuring against risk is set out in paragraph 2.4. of this Annual Report (page 50).

The Group deems that the cover provided by the policies it has taken out is reasonably suited to the risks incurred as part of the Group's ongoing activities. The discontinuation of hydrocarbon production operations on a field or in a country, for whatever reason, is not covered by business interruption insurance.

#### ▷ 2.3.6. Compliance risk

Because of its many agreements and decentralised structure, the Group is exposed to potential corrupt practices. In addition to financial penalties, this risk may lead to criminal or civil risk, contract loss or damage to the Group's reputation. Measures taken to combat corruption are presented in paragraph 4.3.4 (A) of this Annual Report (page 133).

# 2 RISK FACTORS

## Insurance

### 2.4. INSURANCE

---

The Group has taken out the following insurance:

- ▶ third-party liability of executive officers;
- ▶ fire, storm, natural disaster and water damage;
- ▶ theft and vandalism, glass damage; and
- ▶ third-party liability for offices, not including professional third-party liability, and basic legal protection.

In addition to this traditional risk cover insurance, the Group has taken out insurance policies that are specific to its business and to the nature and location of its assets.

The Company regularly reviews its policies (coverage and premiums) in consultation with a specialist broker as part of a uniform Group programme for corporate third-party liability and property damage, and third-party liability of corporate officers and executives.

Insurance policies related to oil activities cover:

- ▶ risks of damage to oil facilities, including the pipeline network and drilling rigs that are reimbursed up to their declared value, risks of real losses of assets that are covered up to their replacement value and risks of pollution related to drilling operations; and
- ▶ risks of general and civil liability up to US\$50 million per claim. The total amount of insurance premiums per year paid by the Group is in the order of €1.4 million for the period from 1 March 2015 to 28 February 2016, based on a €/US\$ exchange rate of 1.10951.

To date, the Company has not taken out business interruption cover.

As part of its oil exploration, production and development operations, the Group risks causing environmental damage resulting, for example, from collapses, eruptions, pollution, leaks, fires and explosions of oil wells and surrounding facilities. Damage of this type is covered by policies providing "Energy Package"-type cover. Agreements signed with the subcontractors and service providers used by the Group also contain an obligation for these subcontractors and service providers to take out insurance for an amount that covers their liability.





3.1.	STATEMENT ON CORPORATE GOVERNANCE	53
3.2.	ADMINISTRATION AND MANAGEMENT OF THE COMPANY	57
3.2.1.	<b>Administration and management bodies</b>	<b>57</b>
3.2.1.1.	Members of the Board of Directors, executive management and management	57
3.2.1.1.1.	<i>Board of Directors and executive management</i>	57
3.2.1.1.2.	<i>Chief Executive Officer</i>	65
3.2.1.1.3.	<i>Observer</i>	66
3.2.1.1.4.	<i>Management</i>	67
3.2.1.1.5.	<i>Other information</i>	67
3.2.1.2.	List of positions and offices held by the members of the Board of Directors and executive management in other companies in the last five years	67
3.2.1.3.	Potential conflicts of interest	78
3.2.2.	<b>Operation of administrative and management bodies</b>	<b>79</b>
3.2.2.1.	Relations of members of the Board of Directors and management with the Company	79
3.2.2.1.1.	<i>Securities transactions</i>	79
3.2.2.1.2.	<i>Contracts with the issuer or its subsidiaries granting benefits under the terms of such contracts</i>	79
3.2.2.2.	Organisation and operation of the Board of Directors	80
3.2.2.2.1.	<i>Description of the Board of Directors</i>	80
3.2.2.2.2.	<i>Chairmanship and convening of the Board of Directors</i>	84
3.2.2.2.3.	<i>Role of the Board of Directors</i>	86
3.2.2.2.4.	<i>Nature of information provided to members of the Board of Directors for the preparation of directors' work and duties</i>	87
3.2.2.2.5.	<i>Assessment of the Board of Directors</i>	88
3.2.2.2.6.	<i>Prevention of insider trading</i>	88
3.2.2.3.	Organisation and operation of the special committees	89
3.2.2.3.1.	<i>Audit Committee</i>	89
3.2.2.3.2.	<i>Appointments and Compensation Committee</i>	92
3.2.2.3.3.	<i>Risk observatory</i>	96
3.2.3.	<b>Compensation and benefits of all types given to corporate officers</b>	<b>98</b>
3.2.3.1.	Non-executive corporate officers	98
3.2.3.1.1.	<i>Compensation of non-executive corporate officers</i>	98
3.2.3.1.2.	<i>Stock options and bonus shares</i>	100
3.2.3.2.	Executive corporate officers	100
3.2.3.2.1.	<i>Compensation of executive corporate officers</i>	100
3.2.3.2.2.	<i>Stock options and bonus shares</i>	103
3.2.3.3.	Equity interests of corporate officers in the Company's capital	108
3.3.	INTERNAL CONTROL AND RISK MANAGEMENT	108
3.3.1.	<b>Internal control and risk management procedures</b>	<b>108</b>
3.3.1.1.	Definition and objectives	108
3.3.1.2.	Organisation of internal control	108
3.3.1.3.	Risk management	109
3.3.1.4.	Implementation	109
3.3.1.5.	Supervision of internal control procedures	111
3.3.1.5.1.	<i>Board of Directors</i>	111
3.3.1.5.2.	<i>Audit Committee</i>	111
3.3.1.5.3.	<i>Executive management</i>	111
3.3.1.5.4.	<i>Internal auditors</i>	111
3.3.1.5.5.	<i>Statutory auditors</i>	111
3.3.2.	<b>Achievements in 2015 and outlook for 2016</b>	<b>112</b>
3.4.	RULES FOR ADMISSION AND CONVENING GENERAL SHAREHOLDERS' MEETINGS	112
3.4.1.	Convening General Shareholders' Meetings	112
3.4.2.	Shareholder access to and participation in General Shareholders' Meetings	112

# 3

## CORPORATE GOVERNANCE

The report from the Chairman of the Board of Directors, prepared in accordance with Article L.225-37 of the French Commercial Code, covers, for the fiscal year ended 31 December 2015, the information relating to the membership of the Board of Directors and the conditions for preparing and organising the work of the Board of Directors, the application of the principle of balanced gender representation within the Board, the internal control and risk management procedures put in place by the Company, potential limits on the powers granted by the Board of Directors to the Chief Executive Officer, the principles and rules applicable to the calculation of

compensation and benefits of any kind for corporate officers as well as any special provision relating to shareholder participation in the General Shareholders' Meeting. This report was prepared by the Chairman of the Board of Directors based on contributions from the Company's administrative, financial and legal support services, including the Audit Committee, the Appointments and Compensation Committee and the General Secretary.

The report was approved by the Board of Directors on 22 April 2016.

### 3.1. STATEMENTS ON CORPORATE GOVERNANCE

The Company has confirmed that the AFEP-MEDEF Corporate Governance Code, as revised in November 2015, is the corporate governance code with which it voluntarily complies, within the meaning of Article L.225-37 of the French Commercial Code and, in accordance with Article 25.2 of the AFEP-MEDEF Code, that it is a member of the Corporate Governance Steering Committee (Haut Comité de Gouvernement d'Entreprise). The AFEP-MEDEF Code is available on the websites of AFEP ([www.afep.com](http://www.afep.com)) and MEDEF ([www.medef.com](http://www.medef.com)). The Company also complies with the AMF's Final

Report on the Audit Committee, dated 22 July 2010, and with the Report on the Report of the Chairman on internal control and risk management procedures dated 1 February 2016.

In accordance with the "apply or explain" rule of Article L.225-37 of the French Commercial Code and Article 25.1 of the AFEP-MEDEF Code, the Company considers that, with the exception of factors disclosed and explained in full in the following table relating to the fiscal year ended 31 December 2015, the Company complies with the recommendations of that code.

## 6. Membership of the Board of Directors: guiding principles

*"In terms of balanced gender representation, the goal is for each board to reach and maintain a percentage [...] of at least 40% female members within six years, as from the 2010 General Shareholders' Meeting. The calculation of these percentages includes permanent representatives of legal entity directors and directors representing employee shareholders but does not include directors representing employees."*

The latest appointment of a new member to the Board of Directors at the General Shareholders' Meeting of 18 June 2015 takes the percentage of women on the Company's Board of Directors to more than 20% (two women out of nine members), in accordance with Law 2011-103 of 27 January 2011 regarding balanced gender representation on boards of directors and supervisory boards which sets this proportion at 40% from 1 January of the sixth year after said Law was published, namely 1 January 2017.

Consequently, while complying with legal provisions, the Company does not comply with the AFEP-MEDEF Code for listed companies on this issue, it being specified that the Company will do what is necessary to comply with the Law soon, which will also bring it into compliance with the AFEP-MEDEF Code on this issue.

## 14. Term of office for directors

*"Although not required by law, it is essential that the Articles of Association or the Bylaws set a minimum number of shares of the Company that each individual director must hold."*

To comply with the recommendation of the AFEP-MEDEF Code, the Bylaws of the Board of Directors, as amended on 30 March 2016, now stipulate that each director must commit to purchasing a minimum number of shares each year for an amount equivalent to €2,000 to be deducted from their attendance fees and keeping those shares until the end of their term of office.

## 18.1. The Compensation Committee

*"It must not include executive corporate officers and a majority must be independent directors. It must be chaired by an independent director. [...]"*

Christian Bellon de Chassy is a former independent director of the Company and, since his term of office ended on 29 June 2011, he has held the position of observer on the Board of Directors. The Company therefore considers him to have all the qualities required, including independence, to be a member of the Appointments and Compensation Committee and to perform the role of Chairman of the Committee.

However, to comply with the AFEP-MEDEF recommendations, at its meeting of 25 March 2015 the Board of Directors decided to appoint a new member to the Appointments and Compensation Committee, Carole Delorme d'Armaillé, an independent director, also appointing her as Chairman to replace Christian Bellon de Chassy. It is worth noting that on 30 March 2016, the Board of Directors changed the membership of the Appointments and Compensation Committee as follows: Carole Delorme d'Armaillé is no longer a member of said Committee, and Gérard Andreck, an independent director, is now Chairman of the Appointments and Compensation Committee. The Group is therefore now in compliance with the AFEP-MEDEF recommendation regarding the committee in charge of compensation.

## 20. Directors' code of ethics

*"In the absence of legal provisions to the contrary, directors must be shareholders in their own right and hold a relatively large number of shares to justify the attendance fees received: directors who do not own such shares upon taking office, must use their attendance fees to purchase them."*

To comply with the recommendation of the AFEP-MEDEF Code, the Bylaws of the Board of Directors, as amended on 30 March 2016, now stipulate that each director must commit to purchasing a minimum number of shares each year for an amount equivalent to €2,000 to be deducted from their attendance fees and keeping those shares until the end of their term of office.

## 22. Termination of employment upon appointment as a corporate officer

*"It is recommended that, if an employee becomes a corporate officer, such employee's employment contract with the Company or a company within the Group should be terminated either by signing a severance agreement, or by the employee's resignation.*

*This recommendation applies to the Chairman, the Chairman & Chief Executive Officer, and the Chief Executive Officer in companies with a board of directors, and to the Chairman of the Management Board and to the Chief Executive Officer in companies with a management board and supervisory board, and to the managing partners of partnerships limited by shares.*

*It is not aimed at employees of a group of companies who are executive corporate officers in a subsidiary of that group, whether listed or unlisted."*

The Board of Directors did not wish to terminate the employment contract of Michel Hochard who, until his appointment as Chief Executive Officer of the Company on 26 May 2014, had held the position of Chief Financial Officer for the Group for a number of years.

The Board of Directors considered that although this provision would be understandable in the case of a director who was recruited externally or was a newcomer to the Group, it would be difficult to justify in the case of a manager who had led a successful career in the Company for a number of years and was now being asked to take on more senior responsibilities.

Indeed, on an individual level this measure would make the position of interested candidates more precarious given the risks incurred in their new responsibilities, and could lead internal candidates to refuse the position or to require higher compensation, which are certainly not the objectives sought by the recommendations of the AFEP-MEDEF Code. This measure would distance the officers from the corporate fabric, and would be inconsistent with the goals of internal promotion and "sustainable management" which are key to building the

Company and its development. Accordingly, the Board of Directors decided to maintain Michel Hochard's employment contract as Chief Financial Officer while still appointing him as Chief Executive Officer. His contract was therefore suspended, in accordance with relevant case law, from the time of his appointment as Chief Executive Officer of the Company and shall remain so until his term of office as CEO expires.

### 23.2.5. Signing-on bonus, severance pay and non-compete compensation

*"Severance pay*

*[...] The law gives shareholders a major role by requiring predefined severance pay, paid when an executive corporate officer's term of office is discontinued, to comply with the terms and conditions governing regulated agreements. It requires total transparency and makes severance pay conditional on performance.*

*Performance should be assessed over a two-year period or longer.*

*The performance conditions set by Boards should be challenging and should not permit severance pay for a director unless the departure is forced and connected with a change of control or strategy, regardless of how the departure is portrayed.*

*Severance pay should not be paid to an executive corporate officer who leaves the Company voluntarily to take on other functions, or changes roles internally within a group, or is close to receiving a retirement package.*

*If paid, severance should not exceed two years' compensation (fixed and variable). When a non-compete clause is included in the terms of office, the total of the signing-on bonus plus severance pay must not exceed the ceiling (see below). [...]*

*Non-compete compensation*

*[...] The Board should state in the terms of departure when the director leaves whether a non-compete clause applies, especially when the director leaves the Company to accept a retirement package or after accepting a retirement package.*



# 3

## CORPORATE GOVERNANCE

### *Statements on corporate governance*

...

*Non-compete compensation should not exceed two years' normal compensation (fixed and variable).*

*When a severance payment also has to be made, the total of the two must not exceed this ceiling (see above)."*

Under his employment contract as Chief Financial Officer (suspended during his term of office as the Company's Chief Executive Officer), Michel Hochard receives (i) non-compete compensation amounting to 35% of the compensation he would have received for two years after the end of his contract and (ii) dismissal compensation equivalent to 24 months' gross pay, if dismissed or forced to discontinue his role as Chief Financial Officer within 18 months following a change of control of the Company or a significant change in the majority shareholder's interest in the Company. These benefits, which were granted to Michel Hochard when he joined the Company in 2007 as Chief Financial Officer, were adjusted in 2011 to take account of the economic and financial context and the Group's development outlook at the time. These benefits, the principle and amount of which have remained unchanged since 2011, were granted in the employment contract and relate solely to the employment contract.

When appointing Michel Hochard as the Company's Chief Executive Officer, the Company and the Board of Directors did not want to put an end to the compensation or benefits owed or that might be owed for the discontinuation of or a change in his role as Chief Financial Officer or for non-compete clauses, or to change them to comply with the AFEP-MEDEF Code applicable to executive corporate officers. These benefits are actually connected only with the termination of his contract as the Company's Chief Financial Officer (suspended for the term of his position as the Company's Chief Executive Officer) and are consistent with the corporate office of the Chief Executive Officer as performed by Michel Hochard.

The Company wishes to point out that as the Company's Chief Executive Officer, Michel Hochard does not receive any actual or potential compensation or benefit for the discontinuation of or a change in his role or any non-compete compensation.

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

## 3.2. ADMINISTRATION AND MANAGEMENT OF THE COMPANY

### ▷ 3.2.1. Administrative, executive management and management bodies

Jean-François Hénin has been Chairman of the Board of Directors and Chief Executive Officer since 14 June 2007. His terms of office were subsequently renewed, on the recommendation of the Appointments and Compensation Committee, by the Board of Directors' meetings held following the General Shareholders' Meetings of 20 May 2010 and 13 June 2013.

To facilitate the smooth operation of the Board of Directors and to allow its Chairman to focus on major strategic decisions affecting the Company, the meeting of the Board of Directors held on 26 May 2014 resolved to separate the role of Chairman of the Board of Directors from that of Chief Executive Officer of the Company, on the recommendation of the Appointments and Compensation Committee.

Accordingly, the Board of Directors decided, on the recommendation of the Appointments and Compensation Committee, to appoint (i) Jean-François Hénin as Chairman of the Board of Directors, for his term of office as director, which runs until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2015 and (ii) Michel Hochard as Chief Executive Officer until the close of the General Shareholders' Meeting called in 2015 to approve the financial statements for the fiscal year ended 31 December 2014.

As the terms of office of Jean-François Hénin as Chairman of the Board of Directors and Michel Hochard as Chief Executive Officer end at the close of the next General Shareholders' Meeting, the Board of Directors will meet at the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2015, and vote to renew their terms of office based on the recommendation of the Appointments and Compensation Committee.

### 3.2.1.1. Members of the Board of Directors, executive management and management

#### *3.2.1.1.1. Board of Directors and executive management*

The Board of Directors is composed of at least three members and no more than twelve members, appointed for three-year periods by the Ordinary General Shareholders' Meeting, barring legal exception in the case of mergers.

Since the Company's Combined (Ordinary and Extraordinary) General Shareholders' Meeting on 18 June 2015, the number of directors on the Board of Directors has increased from eight to nine.

The General Shareholders' Meetings of 18 June 2015 and 17 December 2015 decided:

- ▶ to renew the terms of office as director of Alexandre Vilgrain, Gérard Andreck and Carole Delorme d'Armaillé, for a further three-year period expiring at the close of the Company's General Shareholders' Meeting called in 2018 to approve the financial statements for the fiscal year ending 31 December 2017;
- ▶ to appoint François Raudot Genet de Châtenay as a director, for a period of three years expiring at the close of the Company's General Shareholders' Meeting called in 2018 to approve the financial statements for the fiscal year ending 31 December 2017; and
- ▶ to ratify the co-optation of Eloi Duverger as director of the Company to replace Alexandre Vilgrain, who resigned from the Board of Directors on 23 July 2015, for a term equal to the remainder of his term of office, which was until the close of the General Shareholders' Meeting called in 2018 to approve the financial statements for the fiscal year ending 31 December 2017.

# 3 CORPORATE GOVERNANCE

## Administration and management of the Company

The latest appointment of a new member to the Board of Directors at the General Shareholders' Meeting of 18 June 2015 takes the percentage of women on the Company's Board of Directors to more than 20%, with Nathalie Delapalme and Carole Delorme d'Armaillé serving on the Board of Directors since that date (i.e. two women out of nine members). This complies with Law 2011-103 of 27 January 2011 regarding balanced gender representation on boards of directors and supervisory boards and setting this proportion at 40% from 1 January of the sixth year after said Law was published, namely 1 January 2017.

However, the AFEP-MEDEF Code, as revised in November 2015, stipulates that the Board of Directors must reach and maintain a percentage of "at least 40% female members within six years, as from the 2010 General Shareholders' Meeting", which is as from the 2016 General Shareholders' Meeting.

Consequently, while complying with legal provisions, the Company does not comply with the AFEP-MEDEF Code for listed companies on this issue, it being specified that the Company will do what is necessary so that it is soon in compliance with the law and therefore the AFEP-MEDEF Code on this issue.

There are no directors on the Board of Directors representing employee shareholders or representing employees as the Company is not required to have such a member under applicable laws and regulations.

The following table shows the membership of the Company's Board of Directors at 31 December 2015 as well as the changes in its membership during the fiscal year ended 31 December 2015:

Members of the board of directors	Date of first appointment as director	Appointment/renewal date	Date on which term of office expires	Position	Comments
Jean-François Hénin	14 June 2007	13 June 2013	General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2015	Director and Chairman of the Board of Directors	N/A
Gérard Andreck	14 June 2007	18 June 2015	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017	Director and Vice-Chairman (independent)	Gérard Andreck's term of office was renewed by the General Shareholders' Meeting of 18 June 2015
Xavier Blandin	29 June 2011	12 June 2014	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2016	Director (independent)	N/A
Nathalie Delapalme	20 May 2010	12 June 2014	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2016	Director (independent)	N/A

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

...

Members of the board of directors	Date of first appointment as director	Appointment/renewal date	Date on which term of office expires	Position	Comments
Roman Gozalo	12 June 2008	12 June 2014	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2016	Director (independent)	N/A
Emmanuel de Marion de Glatigny	14 June 2007	13 June 2013	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2015	Director	N/A
Carole Delorme d'Armaillé	27 March 2013	18 June 2015	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017	Director (independent)	Carole Delorme d'Armaillé's term of office was renewed by the General Shareholders' Meeting of 18 June 2015
François Raudot Genêt de Châtenay	18 June 2015	18 June 2015	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017	Director (independent)	François Raudot Genêt de Châtenay was appointed as Director by the General Shareholders' Meeting of 18 June 2015
Eloi Duverger	30 July 2015	30 July 2015	General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017	Director (independent)	Eloi Duverger was co-opted on 30 July 2015 as a director to replace Alexandre Vilgrain, who resigned. His appointment was ratified by the General Shareholders' Meeting of 17 December 2015
Alexandre Vilgrain	14 June 2007	18 June 2015	Resigned on 23 July 2015	Director (independent)	Alexandre Vilgrain has not been a Company director since 23 June 2015



# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

On the recommendation of the Appointments and Compensation Committee, the Board of Directors asked the General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2015, to renew the terms of office of Jean-François Hénin and Emmanuel de Marion de Glatigny.

#### **Jean-François Hénin, 71 years of age**

##### *Chairman of the Board of Directors*

*French citizen*

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

Jean-François Hénin was Chief Executive Officer of Thomson CSF Finance, then of Altus until May 1993. He was Chairman and Chief Executive Officer of Électricité et Eaux de Madagascar between 1994 and 2000. Since that date, Mr Hénin has been a manager and partner at Maurel & Prom (a partnership limited by shares until 2004) with the role of Chairman and Chief Executive Officer of Aréopage. He became Chairman of the Management Board after the Company was converted into a public limited company with a management board and supervisory board on 28 December 2004.

On 14 June 2007, the Board of Directors appointed him Chairman and Chief Executive Officer at the first Board of Directors' meeting held after the General Shareholders' Meeting that decided to convert the firm to a limited company with a board of directors. His term of office as a director was renewed by the General Shareholders' Meeting of 20 May 2010, then by the General Shareholders' Meeting of 13 June 2013 for a further three-year period ending at the close of the General Shareholders' Meeting called in 2016 to approve the financial statements for the fiscal year ended 31 December 2015. The Board of Directors' meetings following these General Shareholders' Meetings had reappointed him as the Company's Chairman & Chief Executive Officer, on the recommendation of the Appointments and Compensation Committee.

As from 26 May 2014, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided to separate the roles of Chairman and Chief Executive Officer and to appoint Jean-François Hénin as Chairman of the Board of Directors for the remainder of his term of office as director, which is until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2015.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors will ask the General Shareholders' Meeting called in 2016 to approve the financial statements for the fiscal year ended 31 December 2015 to renew his term of office for a further three-year period, which is until the close of the General Shareholders' Meeting called in 2019 to approve the financial statements for the fiscal year ending 31 December 2018.

As his term of office also ends at the close of the next General Shareholders' Meeting, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, and subject to the renewal of Jean-François Hénin's directorship, will meet to vote on his reappointment as Chairman of the Board of Directors for his term of office as director, which is until the close of the General Shareholders' Meeting called in 2019 to approve the financial statements for the fiscal year ending 31 December 2018.

Jean-François Hénin also performs a management role within the Group, as indicated in paragraph 3.2.1.2 of this Annual Report.

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

#### Gérard Andreck, 71 years of age

*Vice-Chairman of the Board of Directors,  
independent director Chairman of the Appointments  
and Compensation Committee*

French citizen

MACIF

17/21, rue Etienne Pernet  
75015 Paris

As Chairman of Macif and the Macif Group until 2014, Gérard Andreck has knowledge and expertise in corporate finance, strategy and governance.

He was initially appointed on 29 June 2005 as Macif's permanent representative on the Supervisory Board. He became a member of the Supervisory Board in his own right on 7 November 2005 and was appointed Chairman of the Supervisory Board on the same day. The co-optation of Gérard Andreck as a member of the Supervisory Board in his own right was ratified by the General Shareholders' Meeting of 20 June 2006.

Gérard Andreck has been a member of the Board of Directors since the General Shareholders' Meeting of 14 June 2007. His directorship was renewed by the General Shareholders' Meetings of 18 June 2009, 14 June 2012 and 18 June 2015, for a three-year period each time. His present term of office will end at the close of the General Shareholders' Meeting called in 2018 to approve the financial statements for the fiscal year ending 31 December 2017.

#### Xavier Blandin, 65 years of age

*Independent director,  
Member of the Audit Committee,  
Member of the Risk Observatory*

French citizen

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

Xavier Blandin has been a member of the Board of Directors since 29 June 2011. His term of office was renewed by the General Shareholders' Meeting of 12 June 2014 for a further three years, until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2016.

A graduate of the HEC business school in Paris and an alumnus of ENA, France's graduate school of public administration administrative college, Xavier Blandin spent the early part of his career (1978-1991) in the French civil service, notably with the Treasury Department. During this time, he was Deputy Director for France with the International Monetary Fund in Washington and financial attaché to the French Embassy in the United States (1983-1985), head of the Banks and Banking Regulation office at the Treasury Department (1985-1986), technical adviser to the offices of Camille Cabana and subsequently Edouard Balladur (1986-1988), head of the public enterprise office (1988-1989) and Assistant Director at the Treasury Department (1989-1991).

From 1991 to the end of December 2010, Xavier Blandin worked in the banking sector, first for Banque Paribas (1991-1999) and then for BNP Paribas, where he was a member of the Executive Committee of the Corporate Finance Department before becoming a Senior Banker. He has been Chairman of Fistra Conseil since 2013 and was also Chief Executive Officer of MPI from 27 August 2014 until 23 December 2015.

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### **Nathalie Delapalme, 59 years of age**

*Independent director,  
Member of the Audit Committee,  
Member of the Risk Observatory*

*French citizen*

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

Nathalie Delapalme was co-opted by the Board of Directors on 20 May 2010 to replace Financière de Rosario which had resigned its position, for the remainder of its term. As that term of office ended at the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2010, Ms Delapalme's was renewed by the General Shareholders' Meetings of 29 June 2011 and 12 June 2014, for a three-year period each time.

Her present term of office will end at the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2016.

Nathalie Delapalme began her career in the French Senate, where she served from 1984 to 1985 and again from 1997 to 2002, mainly as an administrator and then as an adviser to France's National Finance, Budget and Accounts Commission.

She was also a Deputy Director serving under the Minister for Development Cooperation between 1995 and 1997, and then became Africa adviser to the Foreign Minister from 2002 to 2007. After her role as Inspector General in the Finance Department (Inspectorate General of Finance, IGF) between 2007 and 2010, she joined the Mo Ibrahim Foundation in June 2010 as Director of Research and Public Policy.

#### **Carole Delorme d'Armaillé, 53 years of age**

*Independent director,  
Chair of the Risk Observatory*

*French citizen*

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

Carole Delorme d'Armaillé was co-opted by the Board of Directors on 27 March 2013 to replace Ambrosie Bryant Chukwueloka Orjiako, who had resigned, for the remainder of his term of office, which was until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2014. Her co-optation was subject to ratification by the General Shareholders' Meeting of 13 June 2013. Her term of office was renewed by the General Shareholders' Meeting of 18 June 2015 for a further three years, until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017.

Carole Delorme d'Armaillé has had a dual career as group treasurer and as head of professional associations in the financial services sector. She began in the financial division of Péchiney before joining the Altus Group's SBT-BATIF bank and then the Global Markets team at J.P. Morgan in Paris. In 1995 she returned to the packaging sector at Crown Cork & Seal (formerly CarnaudMetalbox).

In 2000 she became Managing Director of the Association Française des Trésoriers d'Entreprise (AFTE, the French Association of Corporate Treasurers) and then went on to spend almost 10 years as director of investor communications and relations at Paris Europlace, an organisation tasked with promoting the Paris financial market.

In 2014 she founded her own company, Athys Finances, in partnership with Accola Ltd (UK) which provides consulting services in innovative financing and debt. Since the beginning of 2016 she has served as Chief Operating Officer of the Office de Coordination Bancaire et Financière in Paris.

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

#### Roman Gozalo, 70 years of age

*Independent director,  
Chairman of the Audit Committee,  
Member of the Risk Observatory*

French citizen

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

Roman Gozalo was a member of the Management Board from 24 October 2005 to 14 June 2007. Following the transformation of the Company into a public limited company with a board of directors, he was appointed Chief Executive Officer by the Board of Directors on 30 August 2007, holding this position until May 2008.

Roman Gozalo has been a member of the Board of Directors since the General Shareholders' Meeting of 12 June 2008. His directorship was renewed by the General Shareholders' Meetings of 29 June 2011 and 12 June 2014, for a three-year period each time. His present term of office will end at the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2016.

Roman Gozalo developed his management expertise by serving as the executive manager of three subsidiaries of the Total Group from 1988 to 2002 and also as Administrative Director (General Secretary) of the Elf Group from 1995 to 1999.

#### Emmanuel de Marion de Glatigny, 69 years of age

*Director,  
Member of the Appointments and Compensation Committee*

French citizen

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

A member and Vice Chairman of the Supervisory Board of Maurel & Prom (which, at that time, was a partnership limited by shares), Emmanuel de Marion de Glatigny was first appointed to the Supervisory Board on 19 June 2001.

He has been a member of the Board of Directors since the General Shareholders' Meeting of 14 June 2007. His directorship was renewed by the General Shareholders' Meetings of 20 May 2010 and 13 June 2013, for a three-year period each time.

As his term of office as director expires at the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2015, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, will ask the General Shareholders' Meeting called in 2016 to approve the financial statements for the fiscal year ended 31 December 2015 to renew his term of office for a further three-year period, until the close of the General Shareholders' Meeting called in 2019 to approve the financial statements for the fiscal year ending 31 December 2018.

A graduate of ESC Marseille (Kedge Business School) and the Centre d'Études du Commerce Extérieur (centre for studies in foreign trade) and holder of a master's degree in wealth management from the University of Auvergne, Emmanuel de Marion de Glatigny began his career in 1973 at Automobiles Peugeot (PSA) where he held a number of positions within the sales division before moving into the company's financial division as deputy director of the SOCIA and SOFIB banks. In 1990 he joined the Colbert Bank (Crédit Lyonnais group) as executive sales director of its life insurance company Elysis. In 1996 he joined life insurance company Avip (Allianz group) as executive director in charge of developing a business referral network. Emmanuel de Marion de Glatigny left the Allianz group on 1 February 2008 to form his own consulting firm.



# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### Alexandre Vilgrain, 60 years of age

*Independent director  
until his resignation on 23 July 2015,  
Member of the Appointments and Compensation Committee  
until his resignation on 23 July 2015*

French citizen

SOMDIAA  
39, rue Jean-Jacques Rousseau  
75001 PARIS

Alexandre Vilgrain was co-opted as a member of the Supervisory Board of Maurel & Prom by the Board on 18 August 2005, replacing Jean-Louis Chambon. His co-optation was ratified by the General Shareholders' Meeting of 5 June 2006.

Alexandre Vilgrain was a member of the Board of Directors since the General Shareholders' Meeting of 14 June 2007. His directorship had been renewed by the General Shareholders' Meetings of 18 June 2009, 14 June 2012 and 18 June 2015, for a three-year period each time. Alexandre Vilgrain resigned from his directorship on 23 July 2015.

He has been Chief Executive of the Somdiaa Group since 1995. Appointed to succeed his father, Jean-Louis Vilgrain, as head of the Group, he now runs all Somdiaa subsidiaries and holds various offices within other companies (CARE, SIDA Enterprises). With extensive experience of Africa's economic development and as Chief Executive of a leading African agro-industrial group, Jean-Louis Vilgrain has been Chairman of the Conseil Français des Investisseurs en Afrique (French Council of Investors in Africa – CIAN) since 2009.

Having joined the family company in 1979 after studying Law at the Paris II Panthéon-Assas University, Jean-Louis Vilgrain held various positions within the family business in Africa, Asia and Europe.

In 1985, he founded Délifrance Asia, a French-style café-bakery chain based in a number of Asian countries. The success of this unique concept for the region allowed Alexandre Vilgrain to have the company listed on the Singapore Stock Exchange in 1996, before leaving this position in 1998 to focus on Somdiaa Group's activities in Africa.

#### François Raudot Genet de Châtenay, 68 years of age

*Member of the Appointments  
and Compensation Committee*

French citizen

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

François Raudot Genet de Châtenay has been a member of the Board of Directors since the General Shareholders' Meeting of 18 June 2015. His present term of office will end at the close of the General Shareholders' Meeting called in 2018 to approve the financial statements for the fiscal year ending 31 December 2019.

A graduate of Paris IX (Dauphine) University, the Paris I (Assas) Faculty of Law and an alumnus of Institut des Assurances de Paris (Paris I Panthéon Sorbonne), François Raudot Genet de Châtenay began his career in 1975 at the Total group. He held various roles within that group, including Head of Legal Services and Chief Accountant of one of the group's regional offices, Head of Insurance for the Refining and Distribution division, International affairs lawyer, Legal Director of a subsidiary, Head of Governance and finally Special Adviser to the Legal Director. He left the Total group at the end of 2014 and has since been working as an independent consultant.

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### **Eloi Duverger, 54 years of age**

##### *Independent Director*

French citizen

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

Eloi Duverger was co-opted by the Board of Directors on 30 July 2015 to replace Alexandre Vilgrain, who had resigned, for the remainder of his term of office, which was until the close of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2017. His co-optation was subject to ratification by the (Combined Ordinary and Extraordinary) General Shareholders' Meeting of 17 December 2015.

A graduate of European Business School and with a Masters in wealth management from Clermont-Ferrand University, Eloi Duverger began his career in 1985 at J.P. Morgan in Paris before managing sovereign debt sales and trading activities in Brussels, Sao Paulo and then London. In 2001, he joined Dexia Private Banking as account manager and then moved to Groupama in 2004 where he was in charge of private asset management for ten years. On 1 December 2014, Eloi Duverger became the founder and managing director of the FIDERE family office.

#### *3.2.1.1.2. Chief Executive Officer*

#### **Michel Hochard, 66 years of age**

French citizen

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

On the recommendation of the Appointments and Compensation Committee, the Board of Directors appointed Michel Hochard as the Company's Chief Executive Officer on 26 May 2014 with immediate effect.

The meeting of the Board of Directors held on 18 June 2015 at the close of the Combined (Ordinary and Extraordinary) General Shareholders' Meeting decided to renew his term of office.

As his term of office as Chief Executive Officer also ends at the close of the next General Shareholders' Meeting, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, will meet to vote on his reappointment as Chief Executive Officer.

Michel Hochard has a diploma from Institut Commercial de Nancy (ICN). He is a qualified accountant and worked as an internal auditor in the Finance Department of Elf Aquitaine and as head of the finance division for Africa & the Middle East. He also served as Finance Director at SNEAP and at ELF Aquitaine Production. He was Deputy Director of Human Resources at Elf Exploration Production and Operations Director at PricewaterhouseCoopers BPO. From September 2007 until his appointment as Chief Executive Officer, he was the Company's Chief Financial Officer. Michel Hochard's employment contract as CFO has been suspended for his term of office as the Company's Chief Executive Officer.

**3.2.1.1.3. Observer**

In accordance with its Bylaws, the Board of Directors may appoint a maximum of four observers to the Company, chosen from among the individual shareholders.

The term of office for observers is set at three years.

Observers are called upon to attend and observe the meetings of the Board of Directors, and may be consulted by it. They may also present observations at General Shareholders' Meetings on proposals submitted to them, if they deem it appropriate. They must be invited to each meeting of the Board of Directors. The Board of Directors may assign specific tasks to observers.

They may sit on committees created by the Board of Directors, except for the Audit Committee.

The Board of Directors may decide to pay observers a proportion of the attendance fees allotted to it by the General Shareholders' Meeting, and authorise the reimbursement of expenses that observers incur during the course of their work for the Company.

Christian Bellon de Chassy has been an observer since 29 June 2011.

**Christian Bellon de Chassy, 82 years of age****Observer**

*French citizen*

Maurel & Prom  
51, rue d'Anjou  
75008 Paris

Christian Bellon de Chassy became a member of the Board of Directors at the General Shareholders' Meeting of 14 June 2007. His term of office expired at the close of the General Shareholders' Meeting of 29 June 2011 and he did not request its renewal. He was appointed as an observer by the Board of Directors on 29 June 2011 following the General Shareholders' Meeting held on the same date.

Prior to that, he was a member of Maurel & Prom's Supervisory Board, having been co-opted by Maurel & Prom's Supervisory Board on 11 May 2006 to replace Laurent Lafond, who had resigned. The co-optation of Christian Bellon de Chassy was ratified by the General Shareholders' Meeting of 20 June 2006.

Christian Bellon de Chassy has a degree in Science (Chemistry and Geology) and Engineering from Institut Français du Pétrole (École Nationale Supérieure du Pétrole et des Moteurs, ENSPM 1966: drilling and production).

As a director of Comex, and then of Elf, he acquired a great deal of first-hand experience in drilling, production and offshore construction, particularly in Norway. In founding and running his own oil consulting company, Orcal Offshore (with 15 employees), he has completed more than 200 marine oil assignments as a Lloyds-certified loss adjuster. He has acted as an adviser to oil operators and/or their insurers, and has certified oil work procedures in more than 30 countries. He has also acted as an expert witness in international court and arbitration proceedings.

As a consultant to the European Community (DG 13), he contributed to directing energy research, and was subsequently tasked with managing budgets for the European Investment Bank. Appointed by the International Chamber of Commerce, he worked as arbitrator for the International Court of Arbitration.

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### **3.2.1.1.4. Management**

Details of the Company's management team can be found on page 5 of this Annual Report.

#### **3.2.1.1.5. Other information**

To the Company's knowledge, over the past five years no member of the Board of Directors or Management Board, or former member of the Management Board or Supervisory Board:

- ▶ has been convicted of fraud;
- ▶ has ever been involved, as an executive or non-executive corporate officer, in any bankruptcy, sequestration or liquidation proceedings;
- ▶ has been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer, or from being involved in managing or conducting the affairs of an issuer;
- ▶ has been subject to official public sanctions applied against him or her by statutory or regulatory authorities (including designated professional bodies).

#### **3.2.1.2. List of positions and offices held by the members of the Board of Directors and executive management in other companies in the last five years**

As a preliminary point, it should be noted that in accordance with the recommendations of the AFEP-MEDEF Code, Jean-François Hénin and Michel Hochard, the Company's executive corporate officers, no longer hold more than two directorships in listed companies outside the Group, including foreign companies. The executive corporate officers of the Company must also seek the Board of Directors' advice before accepting a new directorship in a listed company outside the Group.

Furthermore, when appointing a director or renewing their term of office, the Appointments and Compensation Committee ensures that the Company director concerned holds no more than four directorships in listed companies outside the Company, including foreign companies.

In order to ensure compliance with the aforementioned rules and the rules relating to the total number of directorships permitted by the French Commercial Code, directors must inform the Board of Directors (and the Appointments and Compensation Committee) of any positions that they hold in other companies, including membership of committees of the boards of directors of these French or foreign companies.

The positions held by the members of the Board of Directors and executive management are described below.



# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

#### Jean-François Hénin

*Chairman of the Board of Directors*

Main positions held outside the Company in the fiscal year ended 31 December 2015:

Chairman of the Management Board	Pacifico S.A.
Chairman of the Board of Directors	MPI S.A.* until 23 December 2015 when the merger by absorption of MPI S.A. by the Company was completed <sup>(1)(2)</sup>

Other positions held in the fiscal year ended 31 December 2015:

For information, it should be noted that pursuant to Article 14.1. of Appendix 1 to Regulation (EC) No. 809/2004 of 29 April 2004, the Company does not list in the tables below all of the positions held by Jean-François Hénin in the Group's companies.

#### *Within the Group*

Co-Managing Director	Maurel & Prom Drilling Services B.V. (formerly Maurel & Prom Latin America B.V.) (Netherlands)
Director	Maurel & Prom Exploration Production Tanzania Ltd (Tanzania); Panther Eureka Srl (Italy); Newton Energy Ltd (Nigeria);

#### *Outside the Group*

Director	Pacifico Forages S.A.
Member of the Supervisory Board	CIMV S.A.

(1) Formerly Maurel & Prom Nigeria, a listed company since 15 December 2011 and absorbed by the Company on 23 December 2015.

(2) Companies marked with an asterisk are listed companies.

# 3 CORPORATE GOVERNANCE

## Administration and management of the Company

### Offices held during the last five years which have expired

For information, it should be noted that pursuant to Article 14.1. of Appendix 1 to Regulation (EC) No. 809/2004 of 29 April 2004, the Company does not list in the tables below all of the expired positions held by Jean-François Hénin in the Group's companies in the last five fiscal years.

#### Within the Group

Chairman and Chief Executive Officer	Etablissements Maurel & Prom S.A.* (until 26 May 2014); MPI S.A.* <sup>(1)</sup> (until 22 September 2011)
Chairman	Caroil S.A.S. (until 15 September 2011)
Co-Managing Director	Maurel & Prom Colombia B.V. (Netherlands)
General Director	Prestoil Kouilou (until 30 September 2013) (Congo); Zeta Maurel & Prom Congo (Congo) (liquidated in 2011);

#### Outside the Group

Director	E02 S.A.; Seplat Petroleum Development Company Ltd (Nigeria*) (since 2013) ; New Gold Mali (representative of Pacifico S.A. until 12 October 2012) (Mali)
----------	--

(1) Formerly Maurel & Prom Nigeria, a listed company since 15 December 2011 and absorbed by the Company on 23 December 2015.

\* Companies marked with an asterisk are listed companies.

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### **Michel Hochard**

##### *Chief Executive Officer*

##### *Main positions held outside the Company in the fiscal year ended 31 December 2015*

Chief Operating Officer of MPI S.A. until 23 December 2015 when the merger by absorption of MPI S.A. by the Company was completed.

##### *Other positions held in the fiscal year ended 31 December 2015*

For information, it should be noted that pursuant to Article 14.1. of Appendix 1 to Regulation (EC) No. 809/2004 of 29 April 2004, the Company does not list in the tables below all of the positions held by Michel Hochard in the Group's companies.

##### *Within the Group*

<i>Director</i>	Seplat Petroleum Development Company Ltd (Nigeria*) (since 2009); MPNATI (Switzerland) (since 2012)
-----------------	--

*These companies were incorporated into the Group following the completion of the merger by absorption of MPI by the Company on 23 December 2015.*

##### *Outside the Group*

None.

##### *Offices held during the last five years which have expired*

For information, it should be noted that pursuant to Article 14.1. of Appendix 1 to Regulation (EC) No. 809/2004 of 29 April 2004, the Company does not list in the tables below all of the expired positions held by Michel Hochard in the Group's companies in the last five fiscal years.

##### *Within the Group*

None.

##### *Outside the Group*

<i>Chief Executive Officer</i>	MPI S.A.* (until 27 August 2014)
--------------------------------	----------------------------------

*\* Companies marked with an asterisk are listed companies.*

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

#### Gérard Andreck

*Vice-Chairman of the Board of Directors,  
Chairman of the Appointments and Compensation Committee, independent director*

Main positions held outside the Company in the fiscal year ended 31 December 2015

Chairman of the Board of Directors of Association de Préfiguration MEDESS Espace 24.

Other positions held in the fiscal year ended 31 December 2015

#### Within the Group

None.

#### Outside the Group

Chairman of the Board of Directors	Association de Préfiguration MEDESS; Espace 24
Director	MACIF; Fondation MACIF; OFI Holding; OFI AM

Offices held during the last five years which have expired

#### Within the Group

None.

#### Outside the Group

Chairman of the Board of Directors	MACIF SAM; CEMM; CEGES MACIF; MACIF SGAM; OFI Holding; SOCRAM Banque S.A.
Chairman	AFA; GEMA; EURECOS (Spain)
Vice-Chairman	IMA S.A. (member of the Supervisory Board); OFI ASSET MANAGEMENT S.A.; SFEREN
Director	SFEREN; CEGES; Foncière de la Macif; Couleurs Mutuelles (UGM); Foncière de Lutèce S.A.; Fondation MACIF; MACIF Gestion; MACIF Participations S.A.; MACIFILIA S.A.; MACIF Mutualité; SICAV OFI SMIDCAP; SCOR S.A.*; Atlantis Seguros (Spain); Atlantis Vida (Spain); S.A. EURESA Holding (Luxembourg)
Member of the Supervisory Board	GPIM S.A.S.; Mutavie S.A.
Member of the Management Committee	SIEM S.A.S.; SIIL (rental investment property company) S.A.S.
Member of the Steering Committee	MACIFIMO S.A.S.
	Altima Assurances ; Sicav Ofi Trésor ISR



# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### **Xavier Blandin**

*Independent director, member of the Audit Committee and Risk Observatory*

Main positions held outside the Company in the fiscal year ended 31 December 2015

Chief Executive Officer of MPI S.A.\* (since 27 August 2014 and until 23 December 2015 when the merger by absorption of MPI S.A. by the Company was completed) and Chairman of FISTRA Conseil S.A.S.

Other positions held in the fiscal year ended 31 December 2015

#### ***Within the Group***

None.

#### ***Outside the Group***

Director	MPI S.A.* until 23 December 2015 when the merger by absorption of MPI S.A. by the Company was completed.
----------	--

\* Companies marked with an asterisk are listed companies.

Offices held during the last five years which have expired

#### ***Within the Group***

None.

#### ***Outside the Group***

In previous years (2009 and 2010), Xavier Blandin was a director of various SOFICA companies.

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### **Nathalie Delapalme**

*Independent director, member of the Audit Committee and Risk Observatory*

Main positions held outside the Company in the fiscal year ended 31 December 2015

Executive Director in charge of Research and Public Policy at the Mo Ibrahim Foundation.

Other positions held in the fiscal year ended 31 December 2015

#### ***Within the Group***

None.

#### ***Outside the Group***

Director	MPI S.A.* until 23 December 2015 when the merger by absorption of MPI S.A. by the Company* was completed.
Member of the Supervisory Board	CFAO S.A.*

\* Companies marked with an asterisk are listed companies.

Offices held during the last five years which have expired

#### ***Within the Group***

None.

#### ***Outside the Group***

None.

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### **Carole Delorme d'Armaille**

*Director Chair of the Appointments and Compensation Committee from 25 March 2015 to 30 March 2016,  
Chair of the Risk Observatory since 30 March 2016*

Main positions held outside the Company in the fiscal year ended 31 December 2015

Chair of Athys Finances S.A.S.

Other positions held in the fiscal year ended 31 December 2015

#### ***Within the Group***

None.

#### ***Outside the Group***

None.

Offices held during the last five years which have expired

#### ***Within the Group***

None.

#### ***Outside the Group***

None.

#### **Roman Gozalo**

*Independent director, Chair of the Audit Committee and member of the Risk Observatory*

Main positions held outside the Company in the fiscal year ended 31 December 2015

Observer at MPI S.A.\* until 27 July 2015

Other positions held in the fiscal year ended 31 December 2015

#### ***Within the Group***

None.

#### ***Outside the Group***

None.

Offices held during the last five years which have expired

#### ***Within the Group***

None.

#### ***Outside the Group***

None.

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

#### Emmanuel de Marion de Glatigny

*Director, member of the Appointments and Compensation Committee*

Main positions held outside the Company in the fiscal year ended 31 December 2015

Chairman of the Supervisory Board of Pacifico S.A.

Other positions held in the fiscal year ended 31 December 2015

#### *Within the Group*

None.

#### *Outside the Group*

Director	MPI S.A.* until 23 December 2015 when the merger by absorption of MPI S.A. by the Company* was completed; Pacifico Forages S.A.
Chairman	Glatigny Patrimoine S.A.S.

\* Companies marked with an asterisk are listed companies.

Offices held during the last five years which have expired

#### *Within the Group*

None.

#### *Outside the Group*

Director	Safetic
----------	---------

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### **Eloi Duverger**

*Independent director*

Main positions held outside the Company in the fiscal year ended 31 December 2015

Manager of FIDERE

Other positions held in the fiscal year ended 31 December 2015

#### ***Within the Group***

None.

#### ***Outside the Group***

Manager
---------

FIDERE family office

Offices held during the last five years which have expired

#### ***Within the Group***

None.

#### ***Outside the Group***

None.

#### **François Raudot Genet de Chatenay**

*Independent director, member of the Appointments and Compensation Committee*

Fonctions principales exercées en dehors de la Société au cours de l'exercice clos le 31 décembre 2015

None.

Main positions held outside the Company in the fiscal year ended 31 December 2015

#### ***Within the Group***

None.

#### ***Outside the Group***

None.

Offices held during the last five years which have expired

#### ***Within the Group***

None.

#### ***Outside the Group***

None.



# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### **Christian Bellon de Chassy**

##### *Observer*

Main positions held outside the Company in the fiscal year ended 31 December 2015

None.

Other positions held in the fiscal year ended 31 December 2015

##### *Within the Group*

None.

##### *Outside the Group*

None.

Offices held during the last five years which have expired

##### *Outside the Group*

Director	Etablissements Maurel & Prom S.A.* (until 2011)
----------	---

\* Companies marked with an asterisk are listed companies.

##### *Outside the Group*

None.

### 3.2.1.3. Potential conflicts of interest

As at 31 December 2015, the Company was not aware of any potential conflict of interest between the private interests of the members of the Board of Directors and/or executive management and their duties with respect to the Company, other than those shown below.

Under the terms of a service agreement concluded in 2005 by Maurel & Prom and Pacifico S.A., a company in which Jean-François Hénin is a shareholder and Chairman of the Management Board, Pacifico S.A. invoiced a total sum of €100,000 net of taxes for the fiscal year ended 31 December 2015 (see paragraph 3.2.2.1.2 of this Annual Report). Furthermore, the Company holds a lease on its registered office and a sublease was signed on 5 April 2013 with Pacifico S.A. The rent received by the Company under the sublease agreement amounted to €164,045.99 net of taxes for the fiscal year ended 31 December 2015.

Jean-François Hénin, Xavier Blandin and Michel Hochard also had an interest in two service agreements (technical services agreement and transitional services agreement) signed in 2011 by the Company and MPI and renewed until 23 December 2015 when MPI S.A. was wound up following the merger by absorption by the Company.

In fact, Jean-François Hénin was both Chairman of the Company's Board of Directors and a director and Chairman of the Board of Directors of MPI (until 23 December 2015), while Xavier Blandin was director of the Company and Chief Executive Officer of MPI (until 23 December 2015), and Michel Hochard was Chief Executive Officer of the Company and Deputy Chief Executive Officer of MPI (until 23 December 2015).

Jean-François Hénin was also a shareholder of the Company and of MPI through Pacifico S.A., where he is Chairman of the Management Board.

Consequently, these agreements were subject to the regulated agreements procedure. The service agreement signed by the Company and Pacifico S.A. was subject to (i) the prior authorisation of the Company's Board of Directors and (ii) an annual review by said Board, followed by the approval of the Company's General Shareholders' Meeting.

The technical services agreement and the transitional services agreement signed by the Company and MPI were pre-approved by the Company's Board of Directors on 23 May 2011, re-examined in 2016 by the Board of Directors pursuant to Article L.225-40-1 of the French Commercial Code, and submitted for the approval of the General Shareholders' Meeting.

The technical services agreement and transitional services agreement were both terminated when the merger by absorption of MPI S.A. By the Company was completed on 23 December 2015.

In addition, Xavier Blandin, Nathalie Delapalme, Emmanuel de Marion de Glatigny and Alexandre Vilgrain, who are directors of the Company, were also directors of MPI. Those directorships ended on 23 December 2015 with the merger by absorption of MPI by the Company.

In order to prevent a potential conflict of interest, the bylaws of the Board of Directors require that Board members comply with strict obligations. To this end, the bylaws of the Board of Directors provide that each director:

- ▶ is obliged to "inform the Board of Directors of any existing or potential conflict of interest arising from his or her duties in another company, and must take all appropriate measures (particularly concerning information available to directors) and refrain from voting in the corresponding deliberations";
- ▶ cannot "assume responsibilities, on a personal basis, in companies or in businesses that compete with the Company or the Group without notifying the Board of Directors and the Chairman of the Appointments and Compensation Committee";
- ▶ must not "use his or her title and office as a director to procure for personal gain or provide to a third party any benefit, financial or otherwise"; and
- ▶ must "immediately notify the Chairman of the Board of Directors of any agreement entered into by the Company in which he or she has a direct or indirect interest."

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

Additionally, every year the Company asks the directors about conflicts of interest that may exist.

The Company's bylaws, which include rules relating to the prevention of conflicts of interest, are available on the Company's website: [www.maureletprom.fr](http://www.maureletprom.fr)

### ▶ 3.2.2. Operation of the administrative and management bodies

#### 3.2.2.1. Relations of members of the Board of Directors and management with the Company

##### 3.2.2.1.1. Securities transactions

To the Company's knowledge, one securities transaction was carried out during the fiscal year ended 31 December 2015 by a corporate officer under the methods described in the table below:

Corporate officer	Transaction	Date	Security	Unit price	Total amount
François Raudot Genet de Châtenet	Purchase	02/09/2015	Share	€4.4	€22,000

It is specified that Eloi Duverger also holds shares in the Company, which he acquired prior to being co-opted on 30 July 2015 as a Director of the Company.

No other securities transaction carried out by one or more of the Company's corporate officers has been reported to the Company over the course of the fiscal year ended 31 December 2015.

##### 3.2.2.1.2. Contracts with the issuer or its subsidiaries granting benefits under the terms of such contracts

With the exception of the agreements described below, the members of the Board of Directors have not, during the last three years, entered into any contracts with Maurel & Prom or its subsidiaries that grant benefits under the terms of such contracts.

##### Agreement with Pacifico S.A. for the provision of services

A support and consulting agreement dated 21 June 2005, as amended by amendments dated 22 December 2005 and 11 June 2007, was concluded between Maurel & Prom and Pacifico S.A., of which Jean-François Hénin is a shareholder and Chairman of the Management Board. The services provided by Pacifico S.A. for Maurel & Prom are as follows:

- ▶ search for strategic partners in the area of oil and gas;
- ▶ conduct fact-finding missions for investment and divestment projects, determine the target parameter;
- ▶ search for new markets and new opportunities for growth;
- ▶ design and development of acquisition or disposal scenarios and determination of financing policy;
- ▶ advise and follow-up on any negotiations entrusted to it (draft contracts, Group development), in particular with respect to technical cooperation proposals; and
- ▶ monitoring and technical, accounting, financial and administrative support for drilling activities.

The financial terms of the agreement are as follows:

- ▶ annual lump-sum fee of €100,000 net of tax, payable quarterly; and
- ▶ additional fees calculated on the basis of the services rendered and the actual cost of these services provided by the consultants. This amount is adjusted quarterly according to the number of days of services actually rendered and the corresponding daily rate.

Pacifico S.A. invoiced the Company for a total of €100,000 net of tax for the fiscal year ended 31 December 2015.

This agreement may be terminated by the parties at any time with two months' advance notice.

#### Sublease agreement with Pacifico S.A.

By a decision of the Board of Directors with effect from 27 March 2013, the Company signed a sublease agreement with Pacifico S.A. on 5 April 2013 for offices located at 51, rue d'Anjou, 75008 Paris, to which it moved its registered office. The sublease took effect on 29 April 2013 and will expire on 31 January 2022, when the main lease ends. It covers offices on the fourth floor with a floor area of 250 m<sup>2</sup>.

The rent paid by Pacifico S.A. to the Company under the sublease amounted to €164,045.99 net of tax for the fiscal year ended 31 December 2015.

### 3.2.2.2. Organisation and operation of the Board of Directors

#### 3.2.2.2.1. Description of the Board of Directors

The Board of Directors determines the strategies for the Company's business and ensures their implementation. With due respect to the powers expressly given to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses all questions related to the Company's proper functioning and governs, by its decisions, the affairs that concern it. The Board of Directors is mandated by all the shareholders. It is collectively answerable and legally responsible to the General Shareholders' Meeting in the performance of its duties.

In its relations with third parties, the Company is bound even by acts of the Board of Directors that are not within the scope of the corporate purpose (unless the Company can prove that the third party knew that the act was beyond the scope of that purpose or that, given the circumstances, the third party could not have been unaware of that fact), the publication of the Articles of Association alone not constituting sufficient proof.

The Bylaws of the Board of Directors, in their updated version of 30 March 2016, incorporate and expand on certain articles in the Articles of Association, including the membership of the Board of Directors and the concept of independent director, the operating rules, tasks, rights and obligations incumbent on directors laid down in a "charter", the appointment and role of the observer and the membership and remit of the Audit Committee and the Appointments and Compensation Committee. The Bylaws are available on the Company's website at [www.maureletprom.fr](http://www.maureletprom.fr)

To the Company's knowledge, the breakdown of equity interests held in the Company by corporate officers as at 31 December 2015 is shown in the following table:

# 3 CORPORATE GOVERNANCE

## Administration and management of the Company

Corporate officer	Shares
Jean-François Hénin <sup>(1)</sup>	47,916,026
Michel Hochard	96,000
Gérard Andreck <sup>(2)</sup>	1
Emmanuel de Marion de Glatigny <sup>(3)</sup>	209,661
Xavier Blandin	40
Nathalie Delapalme	100
Carole Delorme d'Armaillé	10
Roman Gozalo	24,976
François Raudot Genet de Châtenay	5,000
Eloi Duverger	4,666

(1) Held by Pacifico S.A, of which Jean-François Hénin and his family have majority control.

(2) Gérard Andreck is also a former director of Macif, the Company's second largest shareholder with 15,255,700 shares held at 31 December 2015.

(3) Emmanuel de Marion de Glatigny directly owns 192,411 Company shares, with a further 17,250 owned indirectly through a PEA (company shareholding plan) held in his spouse's name.

To the Company's knowledge, no corporate officer holds Company-issued bonds redeemable in cash and/or in new and/or existing shares (ORNANE).

To the Company's knowledge, no corporate officer holds Company-issued bonds redeemable in cash and/or in new and/or existing shares (ORNANE).

It should be noted that the Bylaws of the Board of Directors, in their updated version of 30 March 2016, now stipulate that directors must commit to purchasing a minimum number of shares each year for an amount equivalent to €2,000 to be deducted from their attendance fees.

In accordance with the AFEP-MEDEF Code recommendations and the Company's Bylaws, the Company strives to ensure that a significant percentage of Board members are independent directors.

Directors are considered independent if they have no relationship of any kind with the Company, its Group or its management that may influence their judgment. Thus, an independent director should be understood to mean not only being a non-executive director, i.e. a director not exercising management functions within the Company or its Group, but also as not having any special links with it (such as being a significant shareholder, employee, or other).

The Bylaws of the Board of Directors, in their updated version of 30 March 2016, specify the criteria, listed below, that the Appointments and Compensation Committee and the Board examine to qualify an independent director:

- ▶ he/she must not be an employee or executive corporate officer of the Company, or an employee or director of a company consolidated by the Company, and must not have been so in the last five years;



# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

- ▶ ne pas être dirigeant mandataire social d'une société dans laquelle la Société détient directement ou indirectement un mandat d'administrateur ou dans laquelle un salarié désigné en tant que tel ou un mandataire social de la Société (actuel ou l'ayant été depuis moins de cinq ans) détient un mandat d'administrateur ;
- ▶ he/she must not be an executive corporate officer of a company in which the Company holds a directorship, either directly or indirectly, or in which an employee designated as such or a corporate officer of the Company (currently or having been so for less than five years) holds a directorship;
- ▶ he/she must not be a significant customer, supplier, investment banker or financing banker of the Company or of its Group or for which the Company or its Group represents a significant proportion of its business;
- ▶ he/she must not have any close family relationships with a corporate officer;
- ▶ he/she must not have been an auditor of the Company in the preceding five years;
- ▶ he/she must not be a director of the Company of more than twelve years' standing; and
- ▶ he/she must not be or represent a significant shareholder of the Company holding more than 10% of the capital or voting rights of the Company.

Directors who represent major shareholders of the Company can be considered independent if they do not participate in the control of the Company. If a director has in excess of 10% of the Company's capital or voting rights, the Board of Directors should automatically investigate, through its Appointments and Compensation Committee, the director's qualification of independence, taking into consideration the composition of the Company's capital and the existence of potential conflicts of interest.

The Board of Directors may also decide that a director, although meeting the above criteria, does not qualify as an independent director as a result of his or her particular circumstances or those of the Company, in terms of his or her shareholding or for any other reason. Conversely, the Board of Directors may decide that a director who does not meet the above criteria is nevertheless independent.

In accordance with the AFEP-MEDEF Code recommendations and the bylaws of the Company, the Company strives to ensure that a significant percentage of board members are independent directors. Consequently, the Board of Directors believes that based on the recommendation of the Appointments and Compensation Committee at its meeting of 30 March 2016, the following directors should be considered to be independent:

- ▶ Gérard Andreck;
- ▶ Xavier Blandin;
- ▶ Nathalie Delapalme;
- ▶ Carole Delorme d'Armaillé;
- ▶ Eloi Duverger;
- ▶ Roman Gozalo; and
- ▶ François Raudot Genet de Châtenay.

The following table summarises the situation of the Company's directors as at 31 December 2015, with respect to the independence criteria set out in the AFEP-MEDEF Code and included in the Bylaws of the Board of Directors of the Company:

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

	Jean-François Hénin	Gérard Andreck	Xavier Blandin	Nathalie Delapalme	Carole Delorme d'Armaillé	Roman Gozalo	Emmanuel de Marion de Glatigny	François Raudot Genet de Châtenay	Eloi Duverger
<i>Employee or executive corporate officer of the Company, employee or director of a company within its scope of consolidation in the last five years</i>	X	-	-	-	-	-	-	-	-
<i>Executive corporate officer of a company in which the Company holds a directorship, either directly or indirectly, or in which an employee designated as such or a corporate officer of the Company (currently or having been so in the past five years) holds a directorship</i>	-	-	-	-	-	-	-	-	-
<i>Significant customer, supplier, investment banker or financing banker of the Company or of its Group or for which the Company or its Group represents a significant proportion of its business</i>	-	-	-	-	-	-	-	-	-
<i>Close family relationship with a corporate officer</i>	-	-	-	-	-	-	-	-	-
<i>Auditor of the Company within the last five years</i>	-	-	-	-	-	-	-	-	-
<i>Director of the Company for more than 12 years</i>	-	-	-	-	-	-	X	-	-
<i>Significant shareholder or representative of a significant shareholder of the Company holding more than 10% of the capital or voting rights</i>	X	-	-	-	-	-	X	-	-
<b>Independent status</b>	NO	YES	YES	YES	YES	YES	NO	YES	YES

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### **3.2.2.2.2. Chairmanship and convening of the Board of Directors**

The Board of Directors chooses a Chairman from among its own members, who must be an individual, and, if it deems it necessary, one or more Vice Chairmen. It sets the term of their offices, which cannot exceed the term of their mandate as a director. The Board can terminate these offices at any time.

Since the General Shareholders' Meeting of 14 June 2007 decided to convert the Company into a limited company with a board of directors, Jean-François Hénin has held the positions of Chairman of the Board of Directors and Chief Executive Officer of the Company. Following the decision by the Board of Directors on 26 May 2014, the roles of Chairman of the Board of Directors and Chief Executive Officer were separated to improve the operation of the Board of Directors and to allow the Chairman of the Board of Directors to focus on the major strategic decisions affecting the Company. Since that date, the roles of Chairman of the Board of the Directors and executive management are performed by Jean-François Hénin and Michel Hochard respectively.

The age limit for holding the position of Chairman of the Board of Directors is set at seventy-five (75). If the Chairman of the Board of Directors reaches this age during his term of office, he shall be deemed to have automatically resigned.

The Chairman of the Board of Directors organises and directs the work of the Board of Directors, and reports on this work to the General Shareholders' Meeting. The Chairman oversees the proper operation of the Company's bodies and ensures, in particular, that the directors are capable of fulfilling their duties.

The Board of Directors meets at least four times a year and as often as is necessary in the interest of the Company, and is convened by its Chairman. When the Board of Directors has not met for more than two months, at least one-third of the Board members are required to ask the Chairman to convene a Board meeting. The Chief Executive Officer may also ask the Chairman to convene a Board meeting to consider a specific agenda. The Chairman is then bound to act on such requests. The frequency and duration of Board of Directors' meetings allow for in-depth review and discussion of matters within its remit.

The agenda is set by the Chairman of the Board of Directors, and is sent to the members within a reasonable amount of time before the meeting is held.

#### **Attendance at Board of Directors' meetings**

Directors may be represented at Board of Directors meetings by another director, in accordance with laws, regulations and bylaws. The proxy authority must be in writing. No director may hold more than one proxy in any given meeting.

Except when the Board of Directors meets to deliberate on matters specified in Articles L.232-1 and L.233-16 of the French Commercial Code (preparation and approval of the parent company and consolidated financial statements for the Company and the Group), directors are deemed to be present, for the purposes of establishing a quorum and a majority, if attending by videoconferencing or teleconferencing and using equipment that allows them to be identified and guarantees their actual participation, i.e. by at least transmitting attendees' voices and ensuring clear, continuous, live transmission of the deliberations.

#### **Deliberations by the Board of Directors**

Board of Directors' meetings are chaired by the Chairman of the Board of Directors. If the Chairman and Vice-Chairman of the Board of Directors are both absent, the Board of Directors appoints one of the directors present to chair the meeting. The general secretary of the Company acts as the secretary for the meeting.

The Board of Directors may only validly deliberate when at least half of its members are present. Decisions are made by the majority vote of the members present or represented. In the event of a tie, the meeting chairman has the casting vote.

An attendance register is kept, which is signed by the directors attending each Board of Directors' meeting and gives the names of the directors attending the meeting by videoconference or by any other means of telecommunication authorised by law, who are deemed to be present.

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

Each member is informed of the responsibilities and of the confidentiality of the information received in the meetings of the Board that he/she attends.

The deliberations of the Board of Directors are recorded in meeting minutes established in accordance with law. The meeting minutes are recorded in a special register. The minutes of each meeting must be expressly approved at the next meeting of the Board of Directors. They summarise the discussion and specify the decisions made.

They are particularly important because they are what provide, if necessary, an audit trail of the action taken by the Board of Directors in carrying out its tasks. They also record questions raised and reservations tabled.

The Board of Directors met nine times during the year ended 31 December 2015 and the average attendance rate of its members was 96.3%.

In accordance with the applicable legal provisions, the statutory auditors are invited to attend the meetings of the Board of Directors called to review the semi-annual and annual financial statements.

Board meeting	Attendance rate
25 March 2015	88.9%
18 June 2015	88.9%
30 July 2015	100%
27 August 2015	100%
8 September 2015	100%
15 October 2015	100%
5 November 2015	88.9%
14 December 2015	100%
17 December 2015	100%
<b>AVERAGE ATTENDANCE</b>	<b>96.3%</b>

The main agenda points of the Board of Directors' meetings held in 2015 were as follows:

- ▶ review and approval of the parent company and consolidated financial statements for the fiscal year ended 31 December 2014, proposed allocation of income for the fiscal year ended 31 December 2014, the management report and the Chairman's report on corporate governance and internal control;
- ▶ presentation of the statutory auditors' report on the parent company and consolidated financial statements for fiscal year 2014, as well as on the interim consolidated financial statements as at 30 June 2015;
- ▶ review of the financial statements for the first half of 2015 and the draft statement concerning results for the first half of 2015;
- ▶ presentation of a year-end estimate for 2015, and the draft budget for 2016;
- ▶ convening of the Ordinary and Extraordinary General Shareholders' Meeting and setting of the agenda, draft resolutions, and approval of the Board of Directors' Report for that Meeting;
- ▶ issue of ORNANE bonds and redemption of the OCEANES;
- ▶ review of the request to extend the exercise period for share subscription warrants;
- ▶ review and approval of the planned merger by absorption of MPI and delegation of powers to the Chief Executive Officer;
- ▶ delegation of powers to the Chief Executive Officer with respect to security bonds, endorsements and guarantees;
- ▶ authorisation of regulated agreements;
- ▶ membership of the Board of Directors (appointment of a new director, co-optation of a director to replace a director who had resigned, renewal of directorships);
- ▶ renewal of the term of office of the Chief Executive Officer;
- ▶ setting of compensation for the Chairman of the Board of Directors and the Chief Executive Officer;
- ▶ allocation of directors' fees;
- ▶ review and approval of the planned merger by absorption of MPI and convening of a General Shareholders' Meeting to submit this matter to the shareholders;

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

- ▶ review of and amendment to the planned merger by absorption and amendment to the merger exchange ratio proposed as part of the merger by absorption of MPI by the Company.

#### **3.2.2.2.3. Role of the Board of Directors**

The Board of Directors is a collegiate body mandated by all the shareholders and exercises the authority devolved to it by law to act in the corporate interests of the Company in all circumstances. It determines the Company's business strategy and ensures its implementation. With due respect to the powers expressly given to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses all questions related to the Company's proper functioning and governs, by its decisions, the affairs that concern it.

As part of its mission, the Board of Directors is responsible for but not limited to the following matters:

- ▶ preparing the parent company financial statements, the consolidated financial statements, the annual management report (for the Company and the Group) and documents setting out management forecasts;
- ▶ remaining informed of the financial position, cash position and commitments of the Company and the Group;
- ▶ discussing and approving the major operations envisaged by the Group (i.e. (i) that may significantly impact the strategy of the Company and of the companies that it controls, their financial structure or their scope of activity, the Group's results or the structure of its balance sheet or risk profile, (ii) organic growth operations and (iii) internal restructuring operations) and giving its prior approval to any significant operation outside the Company's stated strategy;
- ▶ approving all proposed mergers and demergers;
- ▶ defining the Company's financial communication policy and ensuring the quality of the information provided to shareholders and the financial markets via the financial statements that it approves, the Annual Report and press releases, or when major transactions are conducted;
- ▶ devoting at least one meeting a year to reviewing the entire strategy of the Group;
- ▶ authorising security bonds, endorsements and guarantees;

- ▶ convening General Shareholders' Meetings and setting their agenda;
- ▶ choosing the Company's organisational structure;
- ▶ appointing and revoking the Chairman of the Board of Directors, the Chief Executive Officer, and any deputy chief executive officer tasked with managing the Company, checking their management performance, setting their compensation and approving the scope of their powers;
- ▶ appointing members of the Board of Directors' special committees;
- ▶ approving the list of directors each year who are considered to be independent in accordance with the Bylaws;
- ▶ assessing its own work by reviewing its own operating procedures, checking that important issues are properly prepared and discussed and measuring each director's actual contribution to its work in terms of their expertise and their involvement in its deliberations. For this purpose, at least once a year it devotes an agenda item to discussion of the way that it operates;
- ▶ distributing attendance fees;
- ▶ authorising "regulated" agreements;
- ▶ staying informed of all important events affecting the Company's markets; and
- ▶ carrying out all inspections and checks that it considers appropriate.

It addresses the following issues in particular, in conjunction with its special committees:

- ▶ proper definition of powers within the Company and the proper exercise of the respective powers and responsibilities of management bodies within the Company;
- ▶ ensuring that no one person has the power to commit the Company without supervision, excluding corporate officers acting under delegated powers received;
- ▶ proper operation of internal management bodies and the satisfactory nature of the terms of the statutory auditors' assignment; and
- ▶ the proper operation of the special committees that it creates.



# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### **Powers of the Chairman of the Board of Directors**

The Chairman represents the Board of Directors, organises and oversees its work, and reports on it to the General Shareholders' Meeting. The Chairman oversees the proper operation of the Company's bodies and ensures that the directors are capable of fulfilling their duties (Article L.225-51 of the French Commercial Code).

#### **Powers of the Chief Executive Officer**

The Chief Executive Officer has the broadest powers to act in the Company's name in all circumstances, and exercises his or her powers within the limits of the Company's corporate purpose, in due respect of those powers that the law expressly reserves for shareholders' meetings and board of directors.

The Chief Executive Officer represents the Company in its relations with third parties. The Chief Executive Officer's actions commit the Company, even if they do not relate to the corporate purpose.

Provisions of the Bylaws and decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not binding on third parties (Article L.225-56 of the French Commercial Code).

In compliance with the provisions of Articles L. 225-35 and R. 225-28 of the French Commercial Code, the Board of Directors unanimously resolved to authorise the Chairman and Chief Executive Officer to freely grant endorsements or guarantees in the name of the Company for one year, starting on 18 June 2015, regardless of the term of the commitments that are secured, endorsed or guaranteed and up to a maximum unit amount of €50 million and a maximum overall amount of €200 million.

The Chief Executive Officer may not grant any endorsement, security bond or guarantee that exceeds this cap to a third party without the express authorisation of the Board of Directors. Furthermore, the Chief Executive Officer may grant security bonds, endorsements or guarantees in the name of the Company to the tax and customs authorities with no restriction as to the amount.

There are no limitations on the powers of the Chief Executive Officer, other than those described above.

#### **3.2.2.2.4. Nature of the information provided to members of the Board of Directors for the preparation of directors' work and duties**

##### **Information prior to each meeting of the Board of Directors**

A detailed file is sent to the members of the Board of Directors prior to each meeting containing the information that allows a full examination to be made of the points on the agenda of the Board of Directors.

More specifically, it contains the minutes of the previous meeting, the significant events occurring since the previous meeting of the Board of Directors and, where relevant, ongoing or planned operations.

The Chief Executive Officer generally provides comment on these documents during the meetings of the Board of Directors.

The members of the Board of Directors can also ask to be provided with any additional information and documents in advance of or during the meetings of the Board of Directors.

##### **Financial information**

Each quarter, the Chief Executive Officer presents a report on the activity of the Group and its main subsidiaries for the past quarter.

A detailed and annotated income statement and balance sheet are presented by the Chief Financial Officer at each half-year and year-end.

In the three months after the closing of each fiscal year, the draft consolidated financial statements are sent to the Board of Directors for verification. The Board of Directors then presents its activity report and financial statements for the period to the General Shareholders' Meeting.

The members of the Board of Directors are also informed of the Company's cash position when making decisions relating to financing and debt.

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### Information on particular transactions

With regard to transactions for external growth or the sale of assets, the Board of Directors examines the data that are provided to it by the Chief Executive Officer on the transactions and strategy, and gives its view on the advisability of the proposals submitted, and if necessary, authorises the Chief Executive Officer to proceed with the transactions.

#### Permanent information

The Board of Directors may also ask the Chief Executive Officer and management, whenever necessary, for any information or analysis it deems appropriate or to give a presentation on a specific subject. Once provided with the information, directors may ask to meet with the Company's senior executives, from which executive corporate officers may be excluded.

In addition, between meetings, the members of the Board of Directors are regularly kept informed of the events or transactions that are of significance for the Company.

Each director may also request any additional training that he or she may consider necessary on the specific features of the Company, its businesses and its industry sector.

#### Directors' duties

The Bylaws of the Company's Board of Directors include a directors' charter that sets out the principles to which directors must adhere. This charter tasks directors with certain obligations aimed mainly at ensuring that they understand the provisions that are applicable to them, avoid conflict of interest situations, devote the necessary time and attention to their duties, comply with the legal provisions governing multiple simultaneous mandates, and observe strict confidentiality requirements in respect of information of a non-public nature that go beyond merely exercising discretion. It also reminds them that despite their being individual shareholders in the Company, they each represent all shareholders and must act in the corporate interest in all circumstances, unless acting on their own account. They are also bound by an obligation of loyalty. The Bylaws of the Board of Directors are available on the Company's website [www.maurelet-prom.fr](http://www.maurelet-prom.fr)

#### 3.2.2.2.5. Assessment of the Board of Directors

The Board of Directors carries out a self-assessment in which it reviews its membership, structure and operation as well as that of its committees. This assessment is designed to review the Board of Directors' operating procedures, to check that important issues are correctly prepared and discussed and to measure each director's actual contribution to the work of the Board of Directors in terms of their expertise and their involvement in its deliberations.

In this respect, the Board of Directors devotes one agenda item a year to discussion of the way that it operates and carries out a formal assessment every three years. This formal evaluation may be carried out under the supervision of the Appointments Committee or an independent director, with the help of an external consultant. The last formal evaluation was conducted in 2014 by the Board of Directors and focused on the fiscal year ended 31 December 2013.

At its meeting on 30 March 2016, the Board of Directors discussed its membership (in terms of the number of female directors on the Board, members' skills and international representation) and operation, as well as the operation of its special committees, and the information contained in the reports given to members with the aim of improving the Board's work.

#### 3.2.2.2.6. Prevention of insider trading

In order to ensure the prudent management of securities in compliance with applicable regulations and, in accordance with the precautionary principle, escalation to directors, the Chairman, the Chief Executive Officer and, to the extent that such roles exist, the Vice-Chairman and Deputy Chief Executive Officer (collectively, the "Corporate Officers") of the Company and its employees, the Company's Board of Directors has introduced a code of ethics relating to insider trading that complies with AMF Recommendation No. 2010-07 of 3 November 2010, as amended on 8 July 2013.

The code explains in some detail the rules of professional conduct relating to transactions in financial instruments (within the meaning of Article L.211-1 of the French Monetary and Financial Code) issued or to be issued in the future by the Company and to derivative and other instruments linked to these securities (options, units in undertakings for collective investment etc.) (collectively, the "Securities") executed by Corporate Officers.

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

The code of ethics on the prevention of insider trading adopts the regulation definition of privileged information and gives examples of information that could be considered privileged. This is, in particular, information about the Company's and/or Group's financial position, strategy, development focus, operations, commercial activity, disputes, investigations or actions involving the Company and/or Group in court, arbitration or administrative proceedings. The code of ethics on the prevention of insider trading then outlines the type of person(s) that could be considered "insiders" in the sense of the applicable regulations.

The prevention of insider trading requires the establishment of specific procedures. In this respect, the code of ethics sets out:

- ▶ the obligation of insiders to observe discretion, such as the general obligations relating to Securities Transactions, the prohibition on disclosing privileged information, specific obligations (securities must be held in registered form, percentage holding of bonus shares and stock options, prohibition on potentially speculative transactions, closed periods or "freezes", prior consultation with a compliance officer) as well as a description of structured management mandates that may, under certain conditions, fall outside the presumption of use of privileged information arising from the European Court of Justice ruling in Spector Photo Group NV and Chris Van Raemdonck v CBFA;
- ▶ the establishment of a list of insiders, kept updated and made available to the AMF, in accordance with the applicable regulations; and
- ▶ specific obligation on insiders to individually disclose their Securities Transactions, in accordance with the applicable regulations.

Lastly, the code of ethics on the prevention of insider trading presents the sanctions that can be applied against insider deals or against a failure to refrain from using privileged information. In addition to any disciplinary sanctions that the Company may decide upon, the code of ethics on the prevention of insider trading specifies that:

- ▶ the administrative sanctions decided by the AMF disciplinary tribunal can be up to €100 million or 10 times the amount of any profits realised; and
- ▶ the criminal sanctions decided by a court can range from one year's imprisonment plus a €150,000 fine to seven years' imprisonment plus a €1.5 million fine.

### 3.2.2.3. Organisation and operation of the special committees

In accordance with the Bylaws of the Board of Directors (in their updated version of 30 March 2016), the Board of Directors has (i) an audit committee, (ii) an appointments and compensation committee, and (iii) a newly created Risk Observatory.

#### 3.2.2.3.1. Audit Committee

The Board of Directors decided on 30 March 2016 to rename the Audit and Risk Committee as the "Audit Committee". This new name is simpler while still maintaining risk prevention prerogatives.

#### Membership of the Audit Committee

The Audit Committee is made up of at least three members chosen by the Board of Directors from among its members. The members of the Audit Committee are experts in finance and accounting (see paragraph 3.2.1.1.1. of this Annual Report). The appointment or renewal of the Chairman of the Audit Committee, as proposed by the Appointments and Compensation Committee, is closely reviewed by the Board of Directors. The Board of Directors aims to ensure that at least two-thirds of the Audit Committee is made up of independent directors. It does not include any executive corporate officers of the Company.

When appointed, the members of the Audit Committee may receive information on the particularities of the Company's accounting, financial and operational systems.

The members of the Audit Committee are appointed for a term commensurate with their term of office as a member of the Board of Directors, or for a term set by the Board of Directors. They may, however, resign during any meeting of the Board of Directors without reason or advance notice.

The membership of the Audit Committee was not modified during the fiscal year ended 31 December 2015 or subsequently up to the date of this Annual Report. As at the date of this Annual Report, its members are:

- ▶ Roman Gozalo, Independent Director, Chairman;
- ▶ Xavier Blandin, Independent Director; and
- ▶ Nathalie Delapalme, Independent Director.

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### Operation of the Audit Committee

##### *Convening meetings of the Audit Committee*

The Audit Committee is convened by its Chairman and meets as often as the Chairman deems necessary or appropriate, at least twice yearly and in any event prior to the meetings of the Board of Directors held to approve the financial statements.

The Audit Committee may be convened by any means (orally, by letter, by email, by fax or by phone) with reasonable advance notice, unless in an emergency.

The Chairman of the Audit Committee sets the agenda for the meetings and sends it to the Chairman of the Board of Directors and the Chief Executive Officer, as required.

##### *Attendance at meetings of the Audit Committee*

Only the members of the Audit Committee are automatically entitled to attend its meetings.

The Chairman of the Board of Directors, the Chief Executive Officer, the other directors, the Chief Financial Officer, the Internal Control Manager, the external auditors and all other persons may attend its meetings only when invited to do so by the Committee's Chairman. The Audit Committee may, provided that it notifies the Chairman of the Board of Directors and the Chief Executive Officer in advance, call on external experts as needed, making sure to verify their competence and independence.

At least once a year, the Audit Committee must meet to speak with the internal and external auditors without other members of management being present. It is preferable that the Audit Committee schedule separate meetings to speak with the internal and external auditors.

Audit Committee meetings may be held anywhere. Before each meeting, at the request of one or more members of the Audit Committee, the Chairman of the Committee may decide to hold the meeting via teleconference or videoconference, it being understood that members of the Audit Committee attending the meeting via these means are deemed to be present for the purposes of establishing a quorum.

#### Deliberations of the Audit Committee

*Audit Committee meetings are chaired by its Chairman.*

The Audit Committee shall only be quorate if at least half its members are present. The proposals, opinions, reports and recommendations that the Committee issues to or prepares for the attention of the Board of Directors are agreed by a majority of the Committee's members in attendance at the meeting. In the event of a tie, the Chairman of the Committee has the casting vote.

Documentation relating to the agenda for the Audit Committee meeting is prepared using a standard format and is sent to committee members in advance of the relevant meeting.

##### *General secretary of the Audit Committee*

The Chairman of the Audit Committee appoints the person who will perform the Committee's secretarial functions.

##### *Minutes of the meetings of the Audit*

The Audit Committee reports on its work at the next meeting of the Board of Directors, in the form of opinions, information, proposals, reports, recommendations or full and accurate minutes, and notifies the Board promptly of any problems encountered.

##### *Missions of the Audit Committee*

The general role of the Audit Committee, as defined by the Bylaws, is to assist the Board of Directors so that the latter has the information and resources needed to ensure the quality of internal controls and the reliability of the financial information provided to shareholders and the financial markets.

##### *Accounts/transactions and financial information*

- ▶ review the company and consolidated financial statements as well as those of the Company's main subsidiaries;
- ▶ review the scope of the Group's consolidated companies and, as the case may be, the reasons why companies have not been included;

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

- ▶ check that the accounting methods adopted (i) for the preparation of the company and consolidated financial statements and (ii) for the Group's scope of consolidation, are relevant and consistent;
- ▶ review major transactions involving the risk of a conflict of interest between the Company and members of the Board of Directors;
- ▶ monitor the process of preparing financial information in coordination with the Risk Observatory;
- ▶ monitor the effectiveness of internal control and risk management systems, their deployment and the implementation of corrective actions when significant weaknesses or anomalies are found or identified;
- ▶ review the main findings of the statutory auditors regarding the company and consolidated financial statements as well as internal control and internal audit;
- ▶ prepare internal audit and risk control reports;
- ▶ remain informed of the internal audit programme;
- ▶ receive internal audit reports and a periodic summary of those reports;
- ▶ review the Chairman of the Board of Directors' reports on these same topics to the General Shareholders' Meeting;
- ▶ review, in coordination with the Risk Observatory, the main risks to which the Company is exposed and the solutions adopted by the Company to address such risks;
- ▶ review material off-balance-sheet commitments;
- ▶ assess the importance of any malfunctions or weaknesses that have been notified to it, and in turn notify the Board of Directors regarding them;
- ▶ review any matter likely to have a material impact on the substance and presentation of the company and consolidated financial statements.

The company and consolidated financial statements are reviewed by the Audit Committee sufficiently far in advance and in any case no fewer than two days before those documents are reviewed by the Board of Directors. This timing was complied with in respect of the fiscal year ended 31 December 2015.

Review of the financial statements is accompanied by (i) a presentation by the statutory auditors focusing on the key points of the statutory audit, including adjustments and any significant weaknesses in internal control identified in the course of their work, and the accounting options adopted, as well as (ii) a presentation explaining the Company's risk exposure and its material off-balance sheet commitments.

#### *Relations with the statutory auditors*

- ▶ regularly interview the statutory auditors, in particular at meetings discussing the process of preparing financial information and the review of company and consolidated financial statements, to hear their reports on the performance of their tasks and the conclusions of their review, it being understood that the statutory auditors may be interviewed without directors being present. The purpose of such meetings is to allow the Audit Committee to remain informed by the statutory auditors of the main risk areas or uncertainties identified, the audit approach adopted, and any problems encountered in performing their tasks;
- ▶ remain informed by the statutory auditors of any significant weaknesses in internal control identified during their review in terms of the procedures for preparing and processing accounting and financial information;
- ▶ interview the statutory auditors regarding (i) their work programme and the sampling they have undertaken, (ii) any modifications that they consider should be made to the accounts or accounting documents and their observations on the evaluation methods used, (iii) any irregularities and inaccuracies they may have discovered and (iv) any conclusions arising from the observations and adjustments to the results for the period compared to those for the previous period;
- ▶ propose to the Board of Directors the procedure for selecting the statutory auditors and preparing a call for tender, if necessary;
- ▶ drive the process for selecting the statutory auditors and submit a recommendation regarding the statutory auditors proposed for appointment by the General Shareholders' Meeting;
- ▶ oversee the call for tenders process, if any, and approve the specifications and the choice of auditor on a "best bid" rather than a "lowest bid" basis; and
- ▶ oversee the statutory auditors' legal review of the company and consolidated financial statements.



# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### *Monitoring the rules for independence and objectivity of the statutory auditors*

- ▶ monitor the independence of the statutory auditors;
- ▶ ensure that it receives communication from the statutory auditors each year including (i) their statement of independence, (ii) the amount of fees paid to the statutory auditors' network by the companies controlled by the Company for services not directly linked to the statutory auditors' duties and (iii) information on the services performed relating directly to the statutory auditors' duties;
- ▶ review with the statutory auditors the risks to their independence and the safeguard measures taken to mitigate those risks;
- ▶ make sure that the fees paid by the Company and the Group to the statutory auditors, and the percentage they represent of the revenue of the auditors' firms and their network, do not jeopardise the independence of the statutory auditors;
- ▶ make sure that the statutory auditors ensure that their duties exclude all other work not linked to this assignment by referring to the statutory auditors' professional code of ethics and standards of practice, with the firm appointed and the network to which it belongs refraining from all other work or consultancy (legal, tax, IT or other) performed directly or indirectly for the Company; and
- ▶ review beforehand work that is incidental or directly additional to the audit of the accounts that may be performed by the selected firms (such as acquisition audits) but excluding evaluation and consultancy work.

#### *Activity of the Audit Committee during the fiscal year ended 31 December 2015*

During the fiscal year ended 31 December 2015, the Audit Committee held three working sessions attended by the Company's administrative and financial management and the statutory auditors. The attendance rate at these sessions was 100%.

At these sessions, the Audit Committee worked mainly on approving the parent company and consolidated financial statements for the fiscal year ended 31 December 2015, reviewing the Annual Report (including the Company and Group management report, the annual financial report and the Chairman's report on corporate governance and internal control), approving the financial statements for the first half of 2015, the profit forecasts for 2016 and the budget for 2016, and mapping risks.

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### *3.2.2.3.2. Appointments and Compensation Committee*

The Appointments and Compensation Committee comprises at least three members, chosen by the Board of Directors from among its members or third parties from outside the Company who are recognised for their expertise.

The Chairman of the Appointments and Compensation Committee is appointed by the Board of Directors for the period of the Chairman's term of office as director, unless decided otherwise. The Board of Directors' objective is for at least half of the Appointments and Compensation Committee's members to be independent directors.

Until 25 March 2015, the Appointments and Compensation Committee was composed of:

- ▶ Christian Bellon de Chassy, Observer, Chairman;
- ▶ Emmanuel de Marion de Glatigny, Director; and
- ▶ Alexandre Vilgrain, Independent Director.

From 25 March 2015 to 30 July 2015, the Appointments and Compensation Committee was composed of:

- ▶ Carole Delorme d'Armaillé, Independent Director, Chairman;
- ▶ Emmanuel de Marion de Glatigny, Director; and
- ▶ Alexandre Vilgrain, Independent Director.

Following the resignation of Alexandre Vilgrain from his position of Company director and his role as member of the Appointments and Compensation Committee and after the 30 July 2015 meeting of the Board of Directors, the Appointments and Compensation Committee was composed of:

- ▶ Carole Delorme d'Armaillé, Independent Director, Chairman;
- ▶ Emmanuel de Marion de Glatigny, Director; and
- ▶ Gérard Andreck, Independent Director.

At the meeting of the Board of Directors on 30 March 2016, the membership of the Appointments and Compensation Committee was changed and now comprises the following members: :

- ▶ Gérard Andreck, Independent Director, Chairman;
- ▶ Emmanuel de Marion de Glatigny, Director; and
- ▶ François Raudot Genet de Châtenay, Independent Director.

#### *Operation*

##### *Convening meetings of the Appointments and Compensation Committee*

The Appointments and Compensation Committee is convened by its Chairman and meets as often as the Chairman deems necessary or appropriate, at least twice yearly and in any event prior to the meetings of the Board of Directors held to approve the financial statements.

The Appointments and Compensation Committee may be convened by any means (orally, by letter, by email, by fax or by phone) with reasonable advance notice, unless in an emergency.

The Chairman of the Appointments and Compensation Committee sets the agenda for the meetings and sends it to the Chairman of the Board of Directors and the Chief Executive Officer, as required.

##### *Attendance at meetings of the Appointments and Compensation Committee*

Only the members of the Appointments and Compensation Committee are automatically entitled to attend its meetings.

To carry out its work, the Appointments and Compensation Committee may interview members of the Company's or Group's executive management and, if appropriate, may be assisted by external consultants while ensuring (i) their competence and independence and (ii) notifying the Chairman of the Board of Directors and the Chief Executive Officer before doing so.

Appointments and Compensation Committee meetings may be held anywhere. Before each meeting, at the request of one or more members of the Appointments and Compensation Committee, the Chairman of the Committee may decide to hold the meeting via teleconfer-

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

rence or videoconference, it being understood that members of the Appointments and Compensation Committee attending the meeting via these means are deemed to be present for the purposes of establishing a quorum.

#### *Deliberations by the Appointments and Compensation Committee*

Appointments and Compensation Committee meetings are chaired by its Chairman.

The Appointments and Compensation Committee shall only be quorate if at least half its members are present. The proposals, opinions, reports and recommendations that the Committee issues to or prepares for the attention of the Board of Directors are agreed by a majority of the Committee's members in attendance at the meeting. In the event of a tie, the Committee's Chairman has the casting vote.

#### *Information for members of the Appointments and Compensation Committee*

Documentation relating to the agenda of the Appointments and Compensation Committee meeting is prepared using a standard format and is sent to its members before each meeting.

#### *Secretarial functions for the Appointments and Compensation Committee*

The Chairman of the Appointments and Compensation Committee appoints the person who will perform the Committee's secretarial functions.

#### *Minutes of Appointments and Compensation Committee meetings*

The Appointments and Compensation Committee reports on its work at the next meeting of the Board of Directors, in the form of opinions, information, proposals, reports, recommendations or full and accurate minutes.

The Annual Report must also include an outline of the activity of the Appointments and Compensation Committee in the past year.

#### *Role of the Appointments and Compensation Committee*

##### *Selection and appointment*

The Appointments and Compensation Committee is responsible for the preparation and membership of the Company's management bodies. In this respect, its duties are as follows:

- ▶ to formulate reasoned proposals for the Board of Directors regarding the appointment of the Company's executive corporate officers and directors. These proposals are made after reviewing in detail all factors to be taken into account in its deliberations, i.e. (i) the desired balance of representation on the Board of Directors in light of the composition of and changes in the Company's shareholding, (ii) the gender balance on the Board of Directors, (iii) the search for and assessment of possible candidates and (iv) the opportunities for renewing mandates;
- ▶ to strive to reflect a diversity of experience and points of view, while ensuring that the Board of Directors retains the necessary objectivity and independence from executive management and any particular group of shareholders, and ensuring the stability of the Company's corporate bodies;
- ▶ to strive, when formulating its proposals, to ensure that (i) the independent directors in office account for at least half of the members of the Board of Directors and (ii) the Audit Committee and Risk Observatory does not include any executive corporate officer and that at least two-thirds of its members are independent directors;
- ▶ to carry out its own reviews of potential candidates before approaching them;
- ▶ to review, each year before the publication of the Annual Report and on a case by case basis, the status of each director in terms of the independent criteria given in the Bylaws of the Board of Directors and submit its proposals to the Board of Directors for the latter to review the status of each candidate;

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

- ▶ to prepare a succession plan for executive corporate officers that can be submitted to the Board of Directors in the event of an unforeseen vacancy; and
- ▶ to give its advice, when requested by the Board of Directors, on the recruitment or dismissal of a non-executive corporate officer.

#### *Compensation (for executive corporate officers, non-executive corporate officers, corporate officers and employees)*

- ▶ to review and formulate proposals regarding compensation for executive corporate officers (fixed and variable compensation, where appropriate). Regarding the variable portion of compensation, it defines the rules for setting the variable portion taking into account the performance of executive corporate officers in the past year and the Company's and Group's medium-term strategy, and then checking that these rules are applied;
- ▶ to make recommendations regarding pension and insurance schemes, bonus or performance share allocations, long-term incentive arrangements, financial instruments, various benefits in kind and monetary entitlements for directors and corporate officers and the financial terms of their departure from the Board;
- ▶ to formulate proposals, at the beginning of each fiscal year, for that year, regarding the details of compensation mentioned above. In particular, the Appointments and Compensation Committee will issue its opinion at the beginning of each fiscal year on the details of compensation (fixed and variable) mentioned above, in compliance with laws, regulations, the AFEP-MEDEF Code as well as with market conditions and the best interests of the Company. Board of Directors meetings relating to the compensation of executive corporate officers will be held without the latter attending;
- ▶ to check that the compensation policy for executives who are not corporate officers of the Company is consistent with market practices and the best interests of the Company. In this respect, the Appointments and Compensation Committee must be kept informed of the policy for compensating key non-executive corporate officers. On such occasions, the Committee meeting is held with executive corporate officers in attendance;
- ▶ to provide advice to the Board of Directors on the general policy for granting bonus shares or performance shares, long-term incentive arrangements and financial instruments proposed by the Group's executive management in accordance with applicable rules and recommendations;
- ▶ to submit its proposal to the Board of Directors on granting bonus shares or performance shares, long-term incentive arrangements and financial instruments, explaining the reasons for its choice and its consequences;
- ▶ to propose to the Board of Directors (i) the total amount of attendance fees that will be submitted for approval to the General Shareholders' Meeting and (ii) the method for distributing attendance fees among the members of the Board of Directors, taking into account the actual attendance of those members at meetings of the Board of Directors and of the special committees on which they sit, it being specified that the variable portion is the predominant component. To do so, at the end of each fiscal year the Appointments and Compensation Committee obtains the attendance record for the meetings of the Board of Directors and its special committees from the Company's General Secretary. Using the applicable rules, the Appointments and Compensation Committee calculates the compensation and proposes the corresponding attendance fees for each of the directors and their services. The proposals are then submitted to the Board of Directors for deliberation, in principle no later than the Board of Directors' meeting held to approve the financial statements;
- ▶ the Committee may be asked to issue an opinion on any proposals for non-recurring compensation made by the Board of Directors to compensate any member assigned particular duties or given a special mandate, in compliance with the provisions of Article L.225-46 of the French Commercial Code; and
- ▶ to review any issue submitted to it by the Chairman of the Board of Directors relating to the matters described above as well as any planned capital increases reserved for employees.

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### *Activity of the Appointments and Compensation Committee during the fiscal year ended 31 December 2015.*

The Appointments and Compensation Committee met three times during 2015, with an attendance rate of 92%. It dealt mainly with the appointment of two directors, the renewal of the term of office of the Chief Executive Officer, the compensation of corporate officers and the allocation of attendance fees. Its recommendations regarding compensation were based principally on an analysis of the individual performances and contributions of the individuals concerned.

#### **3.2.2.3.3. Risk Observatory**

On 30 March 2016, the Board of Directors decided to form a Risk Observatory.

#### **Membership of the Risk Observatory**

The Risk Observatory is composed of at least three members who are chosen by the Board of Directors from among its members or from outside the Board for their expertise in the Committee's area of concern. At least two of the members are independent directors of the Company.

The appointment or renewal of the Chairman of the Risk Observatory, as proposed by the Appointments and Compensation Committee, is closely reviewed by the Board of Directors.

The Risk Observatory must not include any executive corporate officers.

The members of the Risk Observatory are appointed for a term commensurate with their term of office as a member of the Board of Directors, or for a term set by the Board of Directors. They may, however, resign without reason or notice.

As at the date of this Annual Report, Risk Observatory members are:

- ▶ Carole Delorme d'Armaillé,  
Independent Director, Chair;
- ▶ Nathalie Delapalme, Independent Director;
- ▶ Roman Gozalo,  
Independent Director; and
- ▶ Xavier Blandin,  
Independent Director.

#### **Operation of the Risk Observatory**

##### *Convening meetings of the Risk Observatory*

The Risk Observatory is convened by its Chairman or at the request of the Chairman of the Board of Directors and meets as often as he or she deems necessary or appropriate, at least twice yearly and in any event prior to the meetings of the Board of Directors held to approve the financial statements.

The Risk Observatory may be convened by any means (orally, by letter, by email, by fax or by phone) with reasonable advance notice, unless in an emergency.

The Chairman of the Risk Observatory sets the meeting agenda.

##### **Attendance at meetings of the Risk Observatory**

Only the members of the Risk Observatory are automatically entitled to attend its meetings.

The Chairman of the Board of Directors, the Chief Executive Officer, the other directors, the Chief Financial Officer, the Internal Control Manager, the external auditors and all other persons may attend its meetings only when invited to do so by the Risk Observatory's Chairman.

The Risk Observatory may, provided that it notifies the Chairman of the Board of Directors and the Chief Executive Officer in advance, call on external experts as needed, making sure to verify their competence and independence.

At least once a year, the Risk Observatory must meet to speak with the internal and external auditors without other members of management being present. It is preferable that the Risk Observatory schedule separate meetings to speak with the internal and external auditors.

Risk Observatory meetings may be held anywhere. Before each meeting, at the request of one or more members of the Risk Observatory, the Chairman of the Committee may decide to hold the meeting *via* teleconference or videoconference, it being understood that members of the Risk Observatory attending the meeting *via* these means are deemed to be present for the purposes of establishing a quorum.



# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

#### *Deliberations of the Risk Observatory*

Risk Observatory meetings are chaired by its Chairman.

The Risk Observatory shall only be quorate if at least half its members are present. The proposals, opinions, reports and recommendations that the Risk Observatory issues to or prepares for the attention of the Board of Directors are agreed by a majority of the Committee's members in attendance at the meeting. In the event of a tie, the Risk Observatory's Chairman has the casting vote.

#### *Information for members of the Risk Observatory*

Documentation relating to the agenda for the Risk Observatory meeting is prepared using a standard format and is sent to Risk Observatory members in advance of the relevant meeting.

#### *Secretarial functions for the Risk Observatory*

The Chairman of the Risk Observatory appoints the person who will perform the Observatory's secretarial functions.

#### *Minutes of the meetings of the Risk Observatory*

The Risk Observatory reports on its work at the next meeting of the Board of Directors, in the form of opinions, information, proposals, reports, recommendations or full and accurate minutes, and notifies the Board promptly of any problems encountered.

The Annual Report must also include an outline of the activity of the Risk Observatory in the past year.

#### *Role of the Risk Observatory*

The Risk Observatory's role, as approved by the Board of Directors, is as follows:

- ▶ monitor, in coordination with the Audit Committee, the effectiveness of internal control and risk management systems, their deployment and the implementation of corrective actions when material weaknesses or irregularities are found or identified;
- ▶ review the main findings of the statutory auditors regarding the company and consolidated financial statements as well as internal control and internal audit;
- ▶ prepare internal audit and risk control reports;
- ▶ review the Chairman of the Board of Directors' reports on these same topics to the General Shareholders' Meeting;
- ▶ review, in coordination with the Audit Committee, the risks to which the Company is exposed and the solutions adopted by the Company to address such risks, paying particular attention to potential tax risks and their consequences in terms of reputation;
- ▶ assess the importance of any malfunctions or weaknesses that may have been notified to it, and in turn notify the Board of Directors regarding such matters;
- ▶ review, with the assistance of the independent third-party body and external consultants, the Group's corporate and environmental responsibility strategy and the options chosen for its implementation.

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

#### ▶ 3.2.3. Compensation and benefits of all kinds granted to corporate officers

No non-executive corporate officer received any compensation in the fiscal year ended 31 December 2015, for whatever reason, other than the attendance fees allocated each year to the members of the Company's Board of Directors (see paragraph 3.2.3.1.1. of this Annual Report). Any positions held by the corporate officers in the Company's subsidiaries are not compensated.

#### 3.2.3.1. Non-executive corporate officers

##### 3.2.3.1.1. Compensation of non-executive corporate officers

The Company's non-executive corporate officers received the compensation shown in the table below (in euros) during the fiscal years ending 31 December 2015 and 31 December 2014, respectively:

**AMF Table No. 3 – Statement of attendance fees and other compensation received by non-executive corporate officers**

Non-executive corporate officers	Amount paid for fiscal year 2015	Amount paid for fiscal year 2014
<b>GÉRARD ANDRECK</b>		
Attendance fees	45,608	38,205
Other compensation	-	-
<b>XAVIER BLANDIN</b>		
Attendance fees	45,840	43,698
Other compensation	-	-
<b>NATHALIE DELAPALME</b>		
Attendance fees	44,670	39,390
Other compensation	-	-
<b>CAROLE DELORME d'ARMAILLÉ</b>		
Attendance fees	51,453	35,081
Other compensation	-	-

## 3

## CORPORATE GOVERNANCE

## Administration and management of the Company

Non-executive corporate officers	Amount paid for fiscal year 2015	Amount paid for fiscal year 2014
<b>ROMAN GOZALO</b>		
Attendance fees	51,453	44,130
Other compensation	-	-
<b>EMMANUEL de MARION de GLATIGNY</b>		
Attendance fees	48,178	41,544
Other compensation	-	-
<b>ALEXANDRE VILGRAIN <sup>(1)</sup></b>		
Attendance fees	13,448	34,003
Other compensation	-	-
<b>CHRISTIAN BELLON de CHASSY</b>		
Attendance fees	39,992	41,329
Other compensation	-	-
<b>FRANÇOIS RAUDOT GENËT de CHÂTENAY <sup>(2)</sup></b>		
Attendance fees	31,220	-
Other compensation	-	-
<b>ELOI DUVERGER <sup>(3)</sup></b>		
Attendance fees	29,375	-
Other compensation	-	-
<b>TOTAL</b>	<b>401,237</b>	<b>317,380 <sup>(4)</sup></b>

<sup>(1)</sup> Alexandre Vilgrain has not been a director since 23 July 2015.

<sup>(2)</sup> François Raudot Genet de Châtenay was appointed as Director by the General Shareholders' Meeting of 18 June 2015.

<sup>(3)</sup> Eloi Duverger was coopted at the Board of Directors' meeting of 30 July 2015.

His appointment was ratified by the General Shareholders' Meeting of 17 December 2015.

<sup>(4)</sup> At its meeting of 25 March 2015, the Board of Directors decided, on the recommendation of the Appointments and Compensation Committee, that only 80% of the budget of €450,000 for attendance fees that had been allocated by the General Shareholders' Meeting of 12 June 2014 would be paid out, reflecting the challenging economic context. The data on attendance fees for 2014 account for this reduction in the amount paid out.

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company*

The members of the Board of Directors and the observer receive attendance fees which are voted on each year by the General Shareholders' Meeting. The above breakdown takes into consideration the respective term of office of each member of the Board of Directors (for the fixed attendance fees) as well as their presence at meetings of the Board of Directors and the committees (for the variable attendance fees).

On the recommendation of the Appointments and Compensation Committee, the Board of Directors, at its meeting of 30 March 2016, decided to distribute the budget for directors' fees according to the following rule:

- ▶ a fixed portion, which represents 40% of the overall budget and is proportionally distributed over the year of the duties;
- ▶ a variable portion, which accounts for 60% of the overall budget and is distributed in accordance with attendance and with the rating attached to each member's role (director, Chairman of the Board of Directors, Vice-Chairman of the Board of Directors, Chairman of a special committee, and member of a special committee).

The total annual amount of attendance fees of €450,000 allocated by the General Shareholders' Meeting has remained unchanged for almost a decade.

Non-executive corporate officers, however, receive no specific benefits in kind. There is no supplementary pension scheme in place for non-executive corporate officers.

Allocations of options for the subscription and/or purchase of shares and bonus shares are detailed in paragraph 3.2.3.1.2. below.

#### **3.2.3.1.2. Stock options and bonus shares**

No options for the subscription or purchase of shares or for bonus shares have been granted to the Company's non-executive corporate officers by the Company or by Group companies during the last three fiscal years. In addition, no non-executive corporate officer exercised any options to subscribe or purchase shares during the fiscal year ended 31 December 2015.

#### **3.2.3.2. Executive corporate officers**

##### **3.2.3.2.1. Compensation of executive corporate officers**

On the recommendation of the Appointments and Compensation Committee, the Board of Directors determines the compensation of its executive corporate officers, taking into account in particular the rules set out in the AFEP-MEDEF Code.

This compensation concerns the Chairman of the Board of Directors and the Chief Executive Officer.

The compensation of the Chairman of the Board of Directors and of the Chief Executive Officer does not include a variable portion.

Their compensation was maintained during the fiscal year ended 31 December 2015 and takes into account the separation of the role of Chairman of the Board of Directors from that of Chief Executive Officer. The gross annual compensation of the Chairman of the Board of Directors was set at €200,000 and that of the Chief Executive Officer, at €350,000.

In respect of the current fiscal year, the Board of Directors, at its meeting of 25 February 2016, set the annual gross compensation of the Chairman of the Board of Directors at €325,000 and that of the Chief Executive Officer at €425,000, on the recommendation of the Appointments and Compensation Committee.

For the 2015 fiscal year, the Chief Executive Officer was also a director of Seplat and Newton Energy. As such, he received US\$45,000 in attendance fees from Newton Energy for his directorship in 2015.

Furthermore, as from fiscal year 2016, the Chairman of the Board of Directors and Chief Executive Officer will be entitled to allowances for foreign travel of €1,250 per day.

There is no specific pension scheme for executive corporate officers, who are entitled to the same pension schemes as those applicable to the Group's employees.

In addition, the Board of Directors, at its meeting of 25 February 2016, decided to allot bonus shares to the Chief Executive Officer as indicated in paragraph 3.2.3.2.2. of this Annual Report.

# 3 CORPORATE GOVERNANCE

## Administration and management of the Company

Furthermore, executive corporate officers do not receive any (i) compensation or benefits due or that may be due on the expiry of or a change in their role or (ii) non-compete compensation.

By way of information, it should be noted that under his employment contract as the Company's Chief Financial Officer (suspended for his term of office as the Company's Chief Executive Officer), Michel Hochard is bound by a non-compete clause applicable for two years following the termination of his contract for any reason, which prohibits him from performing any equivalent paid function in a similar field of activity for a competitor of the Company. The financial recompense for this obligation amounts to 35% of the compensation that he would receive in the corresponding period. The Company may, however, decide unilaterally to release the beneficiary from this obligation. Furthermore, should Michel Hochard be dismissed or be forced to leave his role as Chief Financial Officer within 18 months of a change in control

of the Company or a significant change in the majority shareholding in the Company, he would receive contractual compensation for dismissal amounting to 24 months' gross salary (calculated on the basis of the average monthly gross salary received over the 15 months preceding the dismissal or forced departure), it being understood that this compensation would be in addition to the compensation provided by collective bargaining agreements and in law that is due at the time that the employment contract is broken. Provision was also made for special compensation in the form of a retirement package paid at a reducing amount over one year, with an allowance of one month per quarter starting on 1 April 2012.

As at 31 December 2015, no amounts would be payable in respect of this special compensation in the event of the potential dismissal or forced departure of Michel Hochard.

### AMF Table No. 1 – Summary of compensation, options and shares granted to each executive corporate officer

Name and title of executive corporate officer: Jean-François Hénin, Chairman and Chief Executive Officer (until 26 May 2014)	Fiscal year 2015	Fiscal year 2014
Compensation due for the fiscal year	200,000	425,000
Value of options allocated during the fiscal year	-	-
Value of performance shares allocated during the fiscal year	-	-
<b>TOTAL</b>	<b>200,000</b>	<b>425,000</b>

Name and title of executive corporate officer: Michel Hochard, Chief Executive Officer (since 26 May 2014)	Fiscal year 2015	Fiscal year 2014
Compensation due for the fiscal year	350,000	175,000
Value of options allocated during the fiscal year	-	-
Value of performance shares allocated during the fiscal year	-	-
<b>TOTAL</b>	<b>350,000</b>	<b>175,000</b>



# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

AMF Table No. 2 – Summary of compensation to each executive corporate officer

Name and title of executive corporate officer: Jean-François Hénin, Chairman and Chief Executive Officer (until 26 May 2014)	Amounts for fiscal year 2015		Amounts for fiscal year 2014	
	due	paid	due	paid
Fixed compensation	200,000	200,000	425,000	425,000
Annual variable compensation	-	-	-	-
Multi-year variable remuneration	-	-	-	-
<b>NON-RECURRING COMPENSATION</b>				
Attendance fees	48,763	48,763	42,621	42,621
Benefits in kind	-	-	-	-
<b>TOTAL</b>	<b>248,763</b>	<b>248,763</b>	<b>467,621</b>	<b>467,621</b>

Name and title of executive corporate officer: Michel Hochard, Chief Executive Officer (since 26 May 2014)	Amounts for fiscal year 2015		Amounts for fiscal year 2014	
	due	paid	due	paid
Fixed compensation	350,000	350,000	175,000 *	175,000 *
Annual variable compensation	-	-	-	-
Multi-year variable remuneration	-	-	-	-
<b>NON-RECURRING COMPENSATION</b>				
Attendance fees	-	-	-	-
Benefits in kind	25,062	25,062	10,760 *	10,760 *
<b>TOTAL</b>	<b>375 062</b>	<b>375 062</b>	<b>185,760</b>	<b>185,760</b>

\* For the period from 1 June to 31 December 2014.

### Table of attendance fees

Members of the board of directors	Attendance fees paid in 2015	Attendance fees paid in 2014
Jean-François Hénin	48,763	42,621
<b>TOTAL</b>	<b>48,763</b>	<b>42,621</b>

# 3 CORPORATE GOVERNANCE

## Administration and management of the Company

For the other corporate officers, see the table in paragraph 3.2.3.1.1. of this Annual Report.

### 3.2.3.2.2. Stock options and bonus shares

**AMF Table No. 4** – Options to subscribe or purchase shares granted during the fiscal year to each executive corporate officer

No options to subscribe or purchase shares were granted to any executive corporate officer during the fiscal year ended 31 December 2015.

**AMF Table No. 5** – Options to subscribe or purchase shares exercised during the fiscal year by each executive corporate officer

No options to subscribe or purchase shares were exercised by any executive corporate officer during the fiscal year ended 31 December 2015.

**AMF Table No. 6** – Bonus shares granted to each corporate executive officer during the fiscal year

No bonus shares or performance shares were granted to any executive corporate officer during the fiscal year ended 31 December 2015.

At its meeting of 25 February 2016, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, and on the authority granted by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 17 December 2015, decided to grant 240,000 bonus performance shares to the Chief Executive Officer; it approved the bonus share grant plan and set attendance conditions and the three performance conditions related to:

- ▶ a reduction in the Group's structuring costs;
- ▶ compliance with the commitments under the RCF; and
- ▶ finalisation of the merger with MPI.

Bonus performance shares are not flexible with regard to the last two criteria.

Bonus shares will vest to the Chief Executive Officer subject to the fulfilment of the conditions and criteria set by the Board of Directors.

**AMF Table No. 7** – Bonus shares becoming available to each corporate officer during the fiscal year

No bonus shares or performance shares became available to any executive corporate officer during the fiscal year ended 31 December 2015.

For information purposes, it should be noted that in connection with his role as the Company's Chief Financial Officer exercised prior to his appointment as the Company's Chief Executive Officer on 26 May 2014, Michel Hochard was granted bonus shares in 2011 and 2012 as shown in the table below:

	Plan	Plan	Plan
Grant date	20/07/2011	19/12/2011	21/12/2012
Vesting date	20/07/2013	19/12/2013	21/12/2014
End of lock-in period	20/07/2015	19/12/2015	21/12/2016
Number of bonus shares granted to Michel Hochard	5,950	5,000	4,830

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

#### AMF Table No.11 – Summary of benefits granted to executive corporate officers

Executive corporate officer	Employment contract		Supplementary retirement scheme		Compensation or benefits due or that may be due as a result of termination or change of role		Compensation relating to a non-compete clause	
<p><b>Name:</b> Jean-François Hénin</p> <hr/> <p><b>Position:</b> Chairman of the Board of Directors</p> <hr/> <p><b>Term of office start date:</b> 14 June 2007 <sup>(1)</sup></p> <hr/> <p><b>Term of office end date:</b> Approval of the financial statements for the fiscal year ended 31 December 2015</p>		No		No <sup>(2)</sup>		No		No

(1) Jean-François Hénin was Chairman of the Board of Directors and the Company's Chief Executive Officer from 14 June 2007 to 26 May 2014. Since the Board of Directors' decision to separate the role of Chairman of the Board of Directors from that of Chief Executive Officer on 26 May 2014, he has been Chairman of the Company's Board of Directors, with Michel Hochard being the Chief Executive Officer.

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

Executive corporate officer	Employment contract		Supplementary retirement scheme		Compensation or benefits due or that may be due as a result of termination or change of role		Compensation relating to a non-compete clause	
<b>Name:</b> Michel Hochard <hr/> <b>Position:</b> Executive Officer <hr/> <b>Term of office start date:</b> 26 May 2014 <hr/> <b>Term of office end date:</b> Approval of financial statements for the year ended 31 December 2015		Yes <sup>(3)</sup>		No <sup>(2)</sup>		No <sup>(4)</sup>		No <sup>(4)</sup>

(2) Except for the group pension scheme.

(3) The employment contract for the role of Company's Chief Financial Officer held by Michel Hochard has been suspended since his appointment as the Company's Chief Executive Officer on 26 May 2014 for his term of office as Chief Executive Officer (see paragraph 3.1. of this Annual Report).

(4) No provisions or stipulations provide for compensation in the event that Michel Hochard is forced to leave his role as Chief Executive Officer. However, his employment contract, which is suspended for his term of office, provides for a severance and non-compete compensation package if his employment contract as Chief Financial Officer is broken. This compensation package is described in paragraph 3.2.3.2.1. of this Annual Report.

Lastly, it should be noted that Pacifico S.A., a company of which 99% of the capital and voting rights are controlled by Jean-François Héning and his family (with Mr Héning personally owning approximately 10% of the capital and voting rights of Pacifico S.A.), invoiced Maurel & Prom for a total of €100,000 net of taxes for the fiscal year

ended 31 December 2015, pursuant to a support and consulting agreement dated 21 June 2005, as amended by addenda dated 22 December 2005 and 11 June 2007 (see paragraph 3.2.2.1.2. of this Annual Report).

# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

#### Consultation of shareholders on the details of the compensation of executive corporate officers

The details of the compensation due or granted to Jean-François Hénin for the fiscal year ended 31 December 2015 are described in the table below:

Jean-François HÉNIN		
Details of compensation due or attributed for the fiscal year ended	Amounts or accounting valuation submitted for vote	Description
Fixed compensation	€200,000 per year (gross)	During fiscal year 2015, Jean-François Hénin received compensation for his role as Chairman of the Board of Directors.
Annual variable compensation	N/A	Jean-François Hénin receives no variable compensation.
Deferred variable compensation	N/A	Jean-François Hénin receives no deferred variable compensation.
Multi-year variable remuneration	N/A	Jean-François Hénin receives no multi-year variable compensation.
Non-recurring compensation	N/A	Jean-François Hénin receives no non-recurring compensation.
Stock options, performance shares or any other long-term compensation component	Options = N/A Shares = N/A Other compensation = N/A	Jean-François Hénin receives no stock options, performance shares or any other long-term compensation.
Attendance fees	€48,763	This amount corresponds to the attendance fees paid to Jean-François Hénin in respect of the fiscal year ended 31 December 2015.
Valuation of benefits of any kind	-	Jean-François Hénin receives no other benefits.
Compensation due or awarded for the fiscal year ended submitted for vote to the General Shareholders' Meeting under the procedure for regulated agreements and commitments	Amount submitted for vote	Description
Severance pay	N/A	Jean-François Hénin is not entitled to a severance package.
Non-compete compensation	N/A	Jean-François Hénin is not entitled to non-compete compensation.
Supplementary pension scheme	N/A	Jean-François Hénin is not entitled to any supplementary pension scheme, with the exception of the existing group pension scheme.



# 3

## CORPORATE GOVERNANCE

### Administration and management of the Company

The details of the compensation due or granted to Michel Hochard for the fiscal year ended 31 December 2015 are described in the table below:

Michel HOCHARD		
Details of compensation due or attributed for the fiscal year ended	Amounts or accounting valuation submitted for vote	Description
Fixed compensation	€350,000 per year (gross)	During fiscal year 2015, Michel Hochard received compensation for his role as Chief Executive Officer.
Annual variable compensation	N/A	Michel Hochard receives no variable compensation.
Deferred variable compensation	N/A	Michel Hochard receives no deferred variable compensation.
Multi-year variable remuneration	N/A	Michel Hochard receives no multi-year variable compensation.
Non-recurring compensation	N/A	Michel Hochard receives no non-recurring compensation.
Stock options, performance shares or any other long-term compensation component	Options = N/A Shares = N/A Other compensation = N/A	Michel Hochard is not entitled to any stock options, performance shares or any other long-term compensation <sup>(1)</sup> .
Attendance fees	Néant	As Michel Hochard is not a Company director or observer, he is not entitled to attendance fees.
Valuation of benefits of any kind	€25,062	Michel Hochard has his travel expenses paid.
Compensation due or awarded for the fiscal year ended submitted for vote to the General Shareholders' Meeting under the procedure for regulated agreements and commitments	Amount submitted for vote	Description
Severance pay*	N/A	Michel Hochard is not entitled to a severance package for his role as CEO.
Non-compete compensation*	N/A	Michel Hochard receives no non-recurring compensation for his role as CEO.
Supplementary pension scheme	N/A	Michel Hochard is not entitled to any supplementary pension scheme.

\* A description of the severance package and non-compete agreement benefits under the suspended employment contract is provided in paragraph 3.2.3.2.1.

- (1) As a reminder, the Board of Directors, at its meeting of 25 February 2016, based on the recommendation of the Appointments and Compensation Committee and on the authority granted by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 17 December 2015, decided to allocate 240,000 bonus performance shares to the Chief Executive Officer, the allocation conditions of which are included in AMF Table No. 6 above (page 103 of this Annual Report).

# 3

## CORPORATE GOVERNANCE

### *Administration and management of the Company / Internal control and risk management*

#### **3.2.3.3. Equity interest of corporate officers in the Company's capital**

As at 31 December 2015 and to the Company's knowledge, the Company's corporate officers together held 48,256,480 Company shares (corresponding to 24.53% of its capital), which represent 53,629,689 voting rights (or 25.37% of the theoretical voting rights and 26.06% of the exercisable voting rights).

To the Company's knowledge, the details of equity interests in the Company as well as the transferable securities issued by the Company and held by the corporate officers on the same date are shown in the table in paragraph 3.2.2.2.1. of this Annual Report.

In addition to the provisions in the Code of Ethics on the prevention of insider trading (see paragraph 3.2.2.2.6. of this Annual Report), the members of the Board of Directors are subject to the laws and regulations governing trading in company securities about which they have information that has not yet been made public.

## 3.3. INTERNAL CONTROL AND RISK MANAGEMENT

### ▷ **3.3.1. Internal control and risk management procedures**

In preparing this report, the Company states that it complies with the provisions of the AMF Final Report on the Audit Committee of 22 July 2010. At the request of the Chief Executive Officer, the administrative and financial management has compiled the elements that make up this report on the basis of various work conducted by the Company's internal departments. The resulting report was presented to the Audit Committee.

#### **3.3.1.1. Definition and objectives**

Internal control at Maurel & Prom may be defined as all of the policies and procedures for control implemented by the management and personnel of the Company and of the Group, the aim of which is to ensure:

- ▶ that accounting and financial data is reliable and truthful;
- ▶ the accuracy and completeness of accounting records;
- ▶ that the Group's transactions are executed and optimized;
- ▶ that the actions of management, execution of transactions and the conduct of personnel are consistent with the guidelines given to Group operations by the company bodies, and consistent with the values, standards and internal rules of the Group;

- ▶ adherence to applicable local laws and regulations; and
- ▶ safekeeping of the Group's assets by, among other things, providing for the prevention and control of the risks resulting from the Group's business, particularly those detailed in chapters 2 and 7 of this Annual Report.

The objective of internal control is to provide reasonable assurance of compliance with rules and regulations, the securitisation of assets and the effectiveness of operations. It cannot, however, provide an absolute guarantee that these risks have been completely eliminated.

#### **3.3.1.2. Organisation of internal control**

Maurel & Prom's objective is to make its workers aware of their responsibilities with regard to internal control procedures, knowing that these procedures rest on the culture, behaviour and expertise of each individual.

To do this, and as personnel dedicated to internal control, Maurel & Prom's executive management and administrative and financial management, together with the Board of Directors and more specifically its Audit Committee, define the priorities of internal control. On the basis of these priorities, the Group's employees work together to implement procedures that aim to achieve these objectives. Operational coordination of the internal audit procedure is ensured by Maurel & Prom's General Secretary.

# 3

## CORPORATE GOVERNANCE

### *Internal control and risk management*

Maurel & Prom's management implements the organisation, the methods and the procedures to ensure the control and supervision of activities.

It meets regularly to discuss management issues within and outside the normal course of business. The members of the Management Committee (the Chief Executive Officer, the Director of Production, the Director of Exploration, and the Director of Drilling) meet every two weeks to deal with matters relating to the Company's management and to analyse the effectiveness of the actions undertaken. Between these meetings, each member of the Management Committee may, if necessary, call an exceptional meeting.

An expanded Management Committee including, in addition to the members of the Management Committee, the Director of Health, Safety and the Environment as well as the main operational and functional managers, meets quarterly. This committee's primary goal is to analyse anomalies and malfunctions, as well as risk factors, and prevent any possible consequences resulting from them. In this regard, it issues recommendations and suggestions to the relevant officials and monitors their proper application.

#### 3.3.1.3. Risk management

Circulars to the various departments concerned and at internal company meetings (legal, insurance and management control) identify and quantify the significant off-balance sheet commitments and risks to the Company. Commitments likely to be made by the Company are handled centrally at the registered office.

The Board of Directors shall, throughout the year, ensure that the risks involved in the Group's activities are fully understood and also provide for the implementation of risk-monitoring measures. A half-yearly review of all risks is drawn up under its authority, with the assistance of the Audit Committee, at the close of accounting periods. The purpose is to identify the main risks for which mitigation solutions exist and to ensure that these solutions are implemented within the Group.

To this end, risks were mapped and presented to the Audit Committee and Board of Directors on 15 and 17 December 2015 respectively. This type of mapping, which combines proposals and decisions regarding implementing an action plan, allows each identified risk to be optimally managed and ensures that the residual risk will be acceptable to the Group.

In addition, the identification and management of risks is based on an organisational structure with an allocation of clearly defined competencies, formalised through the distribution of operational and functional organisation charts, the establishment of delegated powers, a regular process of operational and financial reporting and the formation of multidisciplinary teams dedicated to each project or action plan presenting specific risks that are deemed significant.

The main external risks are oil prices and the legal and political risks related to the Group's exploration and production regions, as described in chapter 2, "Risk factors", of this Annual Report.

Maurel & Prom's management, in coordination with the subsidiary managers, the Board of Directors and the Audit Committee, identifies and analyses the risks that are likely to have a significant impact on the Group's activity or assets.

The Group has insurance covering several types of risks, including specific policies for its oil activity and the nature and location of its assets. These policies are described in paragraph 2.4. of this Annual Report.

#### 3.3.1.4. Implementation

The Group is made up of a head office establishment, subsidiaries and operating establishments, with each of these being placed under the responsibility of a local management team which reports to the Group's executive management. This local management team coordinates the Group's activities by country or by geographic area of activity.

In the countries in which the Group's operations are the most developed, the operating subsidiaries have their own financial, accounting and legal departments in addition to their technical functions. For the subsidiaries that do not have their own administrative departments, Maurel & Prom's operating departments provide support services for such operations. The prevention and control of industrial and environmental risks are the responsibility of the operating entities.

The operational and financial managers of the establishments and subsidiaries receive appropriate delegations of powers on a case-by-case basis.

The specific "business" responsibilities are assumed by the different functional managers in charge of exploration, development and production, drilling, HSE, and finance/

# 3

## CORPORATE GOVERNANCE

### *Internal control and risk management*

administration/human resources activities at Group level. Consequently, important decisions are prepared in coordination with and validated by the functional managers concerned before being sent to the Group's executive management for approval.

From a legal standpoint, the preparation and validation of key actions in the life of the Group's subsidiaries are handled centrally by the Group's legal department.

To limit the legal risks linked to disputes, the Group has set up a centralised legal department, supported by lawyers specialising in the areas of law concerned, in order to formalise its contractual commitments, comply with its obligations of all kinds and defend its interests, when these are deemed to present a significant risk factor.

Lastly, in conjunction with the Audit Committee, management mapped the risks and CSR challenges for 2015 in order to take account of the impact of potential events on the achievement of the Group's strategic and operational goals. This mapping formalises CSR risks and ranks them in relation to traditional risk.

It was presented to the Audit Committee and the Board of Directors.

In particular, executive teams approved the assessment made of the CSR risks. For their respective activities, Group entities identified, analysed and measured their risks. The main risk factors identified are described in chapter 2, "Risk Factors", of this Annual Report.

In 2015, reports on the Group's key projects were regularly presented to the Audit Committee, particularly by the Finance Department, so that changes in risks related to these key projects could be shared with control bodies.

Maurel & Prom's accounting department is responsible for preparing the Group's consolidated income statements. This department continuously monitors changes in accounting regulations, in particular those concerning international standards, in close coordination with the statutory auditors. The consolidated financial statements are prepared half-yearly. The accounting data from the operating subsidiaries are reviewed by the head office in Paris before being incorporated into the financial statements. The financial statements are prepared by the Company's accounting department prior to being evaluated and controlled by management, the Audit Committee and the Board of Directors.

Maurel & Prom's management control department coordinates the financial preparation of the Group's budget and the consolidated monthly reporting. It conducts analyses of the variations between the budget and the results as well as a general analysis of costs.

In the main operating entities, a management auditor, with a dual operational and functional attachment, strengthens the internal control process.

The management of cash flows, positions and liquid assets as well as financial instruments are handled centrally (under the cash pooling agreement) by the treasury and financing department. This department is also in charge of managing risks associated with financial instruments and cash and foreign exchange activities as part of the policy issued by the Group's executive management.

With regard to information systems, the Group uses standard tools to handle general and cost accounting, consolidation, cash and personnel management (consultants are used at period ends and information systems are contracted to outside service providers).

The entire financial communication process is the responsibility of the Chief Executive Officer, the Board of Directors and the Deputy Chief Financial Officer in charge of financial communication.

Each quarter, Maurel & Prom sends its sales data to the financial market, and in the months following the half-year closing, an income statement, a balance sheet and a consolidated financing summary for the half-year.

The communication schedule is distributed at the beginning of the period in accordance with Euronext requirements. The financial documents provided to the market are prepared by the accounting and management control departments and validated by the Board of Directors.

Financial management then ensures that the information sent to the market is consistent with the Group's results, with the recommendations of the Board of Directors and with legal and regulatory requirements. The statutory auditors validate the interim and annual financial documents before they are distributed.

# 3

## CORPORATE GOVERNANCE

### *Internal control and risk management*

The Group has drawn the attention of its employees that have access to inside information to the obligation not to conduct market transactions on Company securities during certain periods, and not to disclose information likely to have an impact on the share price.

Oil operations are carried out within a framework that involves host countries which must intervene in the application of specific legal limits, and frequently as partners.

The usual practice of partnerships involves the partners' participation, with the understanding that all investments or commitments of oil cost must be within a budget that is approved and/or validated by all stakeholders to the various partnership contracts in place.

This results in operational internal control procedures, which involve the systematic commitment of expenses by the people in charge of the cost centres at each of the operational stages (prospecting, drilling, exploitation).

### **3.3.1.5. Supervision of internal control procedures**

#### **3.3.1.5.1. Board of Directors**

The Board of Directors has always emphasised the importance that it places, along with its executive management, on internal control and its main areas of application.

#### **3.3.1.5.2. Audit Committee**

The Audit Committee is in charge of monitoring internal control measures, with priority being placed on the accounting and financial areas, without disregarding the other functions. This Committee reports to the Board of Directors.

The main duties of the Audit Committee are described on pages 89 and 90, paragraph 3.2.2.3.1. of this Annual Report.

#### **3.3.1.5.3. Executive management**

Executive management has the particular task of defining the general principles governing internal control and ensuring their proper application.

#### **3.3.1.5.4. Internal auditors**

Since 2009, the General Secretary of Maurel & Prom has coordinated the Group's audit and internal control process. The General Secretary reports directly to the Management Committee and reports to the Audit Committee.

In the performance of audits, the General Secretary relies on the internal auditing in place at the Group's main operating subsidiary (Maurel & Prom Gabon) and on external consultants who are duly appointed for this purpose.

The duties assigned specifically take into account the assessment of the most significant risks. The weight and contribution of prior activities and their precedence are taken into consideration in the risk assessment. The action plans decided upon following the audits are regularly monitored by the General Secretary.

#### **3.3.1.5.5. The Statutory Auditors**

The Statutory Auditors, through their various checks, plan and perform their audit to validate the preparation, treatment and consistency of the accounting and financial information for Maurel & Prom and its subsidiaries.

They are informed in advance of the process of preparing the financial statements, and they present a summary of their work to financial and executive management, the Audit Committee and to the Board of Directors.

The Statutory Auditors conduct the internal control checks deemed necessary as part of their duty to certify the financial statements, and communicate their findings to the Audit Committee.



# 3

## CORPORATE GOVERNANCE

*Internal control and risk management /  
Rules for admission and convening General Shareholders' Meetings*

### ▶ 3.3.2. Achievements in 2015 and outlook for 2016

In 2015 the Group produced a map of its risks. Representatives of the main foreign subsidiaries, central services (Executive Management, Administration Department, Finance Department, Drilling and Operations Departments) and members of the Audit and Risk Committee contributed to this work.

This map has led to (i) the establishment of a list of risks that may affect financial resources, operational effectiveness, reputation or regulatory, legal, fiscal, industrial or corporate compliance, (ii) the positioning of risks in relation to one another in terms of impact and when they might materialise, and (iii) the identification of mitigation measures.

It was also designed to formalise the non-financial risk analysis and rank issues linked to the environment, corporate responsibility and governance against other risks.

## 3.4. RULES FOR ADMISSION AND CONVENING GENERAL SHAREHOLDERS' MEETINGS

### ▶ 3.4.1. Convening General Shareholders' Meetings

General Shareholders' Meetings are convened, under conditions stipulated by law, by the Board of Directors or, otherwise, by the Statutory Auditors or by any other legally authorised persons.

General Shareholders' Meetings are held at the registered office or at any other location specified in the meeting notice.

The conditions of admission to General Shareholders' Meetings are as follows:

In accordance with Article R.225-85 of the French Commercial Code, a person is entitled to attend a General Shareholders' Meeting on the basis of the registration of shares in the name of the shareholder or the authorised intermediary registered on the shareholder's behalf, pursuant to paragraph 7 of Article L.228-1 of the French Commercial Code, by midnight, Paris time, on the second business day before the meeting, either in the registered share accounts kept by the Company or in the bearer share accounts kept by the authorised intermediary.

The registration or accounting entry of shares in the bearer share accounts kept by the authorised intermediary is evidenced by a shareholding certificate issued by the authorised intermediary, sent electronically where

necessary, under the conditions set out in Article R.225-61 of the French Commercial Code, and attached to the postal vote or proxy form or to the request for the admission card made out in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary. A certificate is also issued to any shareholder wishing to attend the meeting in person who has not received their admission card by midnight, Paris time, on the second business day before the meeting.

### ▶ 3.4.2. Shareholder access to and participation in General Shareholders' Meetings

A duly convened General Shareholders' Meeting represents all shareholders. Its decisions are binding for all shareholders, even those who are absent, dissenting or legally incapable.

Every shareholder, regardless of the number of shares that such shareholder owns, has the right to participate in General Shareholders' Meetings, be it personally, by appointing a proxy, or by voting remotely, in accordance with current laws and regulations.

Any shareholder may also send a proxy to the Company without indicating the name of their representative. Any such proxies which do not indicate the name of the

# 3

## CORPORATE GOVERNANCE

### *Rules for admission and convening General Shareholders' Meetings*

representative will be considered as a vote in favour of the resolutions submitted or approved by the Board of Directors to the Meeting.

However, proof of the right to participate in the Company's General Shareholders' Meetings, in any form whatsoever, can be shown by accounting records or by the registration of shares under the terms and conditions stipulated by the applicable regulations.

Postal or proxy voting forms, as well as shareholding certificates may, if the Board of Directors so stipulates, be established in electronic form and duly signed in accordance with applicable laws and regulations. For this purpose, the form may be directly entered and signed electronically on the website set up by the Meeting's clearing agent. The form may be electronically signed (i) by entering, in accordance with the provisions of the first sentence of the second paragraph of Article 1316-4 of the French Civil Code, an identifying code and a password, or (ii) by any other process that meets the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code.

The proxy or vote thus expressed before the meeting via this electronic method, as well as the acknowledgement of receipt given, if any, shall be considered an irrevocable written instruction enforceable against all parties, except in cases of sales of securities, which are subject to the notification provided for in Article R.225-85 Section IV of the French Commercial Code.

The procedures for sending postal and proxy voting forms shall be specified by the Board of Directors in the advance notice and notice of meeting.

The Board of Directors may organise, under the applicable legal and regulatory conditions, the participation and voting of shareholders at the Meeting *via* videoconferencing or other telecommunications methods that allow shareholders to be identified and which comply with legal and regulatory requirements. The Board shall ensure the effectiveness of the means of identification.

For the calculation of the quorum and majority required for any General Shareholders' Meeting, shareholders who attend the General Shareholders' Meeting *via* videoconferencing or other telecommunications methods that allow them to be identified, in accordance with applicable legal and regulatory conditions, shall be deemed present.

4.1.	CORPORATE INFORMATION	115
<hr/>		
4.1.1.	Employment	116
4.1.1.1.	Total workforce and breakdown by gender, age and geographic region	116
4.1.1.2.	Recruitment and dismissals	117
4.1.1.3.	Compensation and changes in compensation	118
	4.1.1.3.1. Profit-sharing	119
4.1.2.	Organisation of work	120
4.1.2.1.	Organisation of working time	120
4.1.2.2.	Absenteeism	120
4.1.3.	Industrial relations	121
4.1.4.	Health and safety	121
4.1.4.1.	Occupational health and safety conditions	122
4.1.4.2.	Overview of collective agreements on occupational health and safety signed with trade unions or employee representatives	123
4.1.4.3.	Industrial accidents and occupational diseases	123
4.1.5.	Training	124
4.1.5.1.	Training policies implemented	124
4.1.5.2.	Number of hours of training	124
4.1.6.	Equal treatment	125
4.1.7.	Promotion of and compliance with the International Labour Organization's Fundamental Conventions	126
4.2.	ENVIRONMENTAL INFORMATION	126
<hr/>		
4.2.1.	General environmental policy	126
4.2.2.	Pollution and waste management	127
4.2.3.	Sustainable use of resources	128
4.2.4.	Climate change	129
4.2.5.	Protection of biodiversity	130
4.3.	INFORMATION ON CORPORATE COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT	131
<hr/>		
4.3.1.	Regional, economic and social impact of the Company's activities	131
4.3.2.	Relations with persons or organisations with an interest in Maurel & Prom's activities, notably occupational integration associations, teaching establishments, environmental protection associations, consumer groups and local residents' associations	132
4.3.3.	Subcontractors and suppliers	133
4.3.4.	Fair practices	133
4.3.5.	Other actions undertaken to promote human rights	133
4.4.	REPORT OF THE INDEPENDENT THIRD-PARTY BODY ON THE SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION CONTAINED WITHIN THE 2015 ANNUAL REPORT	134
<hr/>		

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

In 2015, against a backdrop of prospective growth, the Maurel & Prom Group reaffirmed its positioning as an independent oil and gas operator. This has involved efforts to retain skills within the Group and develop optimal teams to increase efficiency.

Health and safety of individuals remains a priority. In Gabon, the Health, Safety, Security and Environment departments were merged and placed under the responsibility of one person. Collection and processing of HSSE performance indicators improved significantly.

Caroil's drilling operations had to overcome two challenges: (1) managing the steep decline in its drilling operations and investments in the second half of 2015, which meant redistributing teams to retain skills, and (2) adapting to projects under "management" contracts (teams at Caroil work on equipment owned by the operator), requiring specific technical expertise in the equipment used (mechanical equipment that is somewhat outdated) and a site located offshore.

The Group made every effort to limit its environmental footprint during and at the end of its operations. In Colombia, management of block SSJN-9 entered its shutdown phase, a three-year period during which the Company must make good its brownfield (2.5 hectares) through reforestation of a surface area six times greater than the area initially occupied. In 2015, the Colombian subsidiary purchased 7.5 additional hectares in order to fulfil its obligations.

In terms of sustainable development and aid to local communities, the Group renewed its financial contribution to local sustainable development and social projects. In 2015, the Group's contractual commitments towards local communities totalled €5.9 million for all subsidiaries combined.

In accordance with Articles L.225-102-1 and R.225-105 et seq. of the French Commercial Code, the management report presents information on the manner in which the Company addresses the social and environmental consequences of its activities as well as its corporate commitments to promote sustainable development, anti-discrimination measures and diversity. This presentation is given in accordance with the applicable laws and regulations and focuses on Group entities that the Group controls and that employ staff.

### 4.1. CORPORATE INFORMATION

The collapse in oil prices which began in 2014 and continued into 2015 threatens the short-term financial equilibrium of many players in the sector and has complicated human resources and skills management in a structurally tight labour market.

In 2015, against a backdrop of prospective growth, the Maurel & Prom Group reaffirmed its positioning as an independent oil and gas operator.

This has involved efforts to retain skills within the Group and develop optimal teams to increase efficiency.

The Group's vision remains unchanged in a sector heavily marked by massive investment, technological progress, and the exploration of new geographic areas that are more difficult to access, requiring training skilled local labour and encouraging women at every level of the organisation.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Corporate information

#### ► 4.1.1. Employment

The Group's recruitment policy is aimed at providing it with the best skills to support its development. In promoting mobility, the Group offers international career opportunities to strengthen the loyalty of its managerial staff.

In 2015, the Gabonese subsidiary remained the Group's largest operation in terms of workforce. At end-December 2015, M&P Gabon had 329 employees representing 60% of the M&P Group's total workforce.

In 2014, the pay and company benefits scales at the Gabonese subsidiary were revised to make pay terms and conditions consistent and to facilitate recruitment and pay policies. In 2013, the subsidiary adopted a new career management tool in the form of a jobs matrix reclassifying staff and redefining positions to enhance flexibility and implement 20-year career plans.

#### 4.1.1.1. Total workforce and breakdown by gender, age and geographic region

At 31 December 2015, the Group had 548 employees in eight countries, compared with 554 employees at 31 December 2014.

The tables below show the breakdown at end 2013, 2014 and 2015 based on job, age bracket, geographic region by gender and expatriates/local employees.

The information below includes the workforce at the Caroil subsidiary as from 2014 and the workforce, including staff previously employed by MPI, as from 2015.

In 2014, job titles were revised to better reflect the actual functions performed in the Group. This matrix has been applied retroactively to staff as at end 2013, which have therefore now been changed as follows:

Position	2013	2014	2015
Engineers	67	81	64
Technicians	195	282	275
Support staff	149	191	209
<b>TOTAL</b>	<b>411</b>	<b>554 *</b>	<b>548</b>

\* Workforce at end-2014 adjusted for personnel changes at the end of 2014.

Breakdown by age bracket	2013	2014	2015
Up to 25 years	7	17	3
25 to 34 years	124	180	154
35 to 44 years	155	195	206
45 to 54 years	87	115	127
Over 55 years	38	47	58
<b>TOTAL</b>	<b>411</b>	<b>554 *</b>	<b>548</b>

\* Workforce at end-2014 adjusted for personnel changes at the end of 2014.



# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Corporate information

Geographic breakdown (registered workforce, all types of employment contract) by gender	2013			2014			2015					
	Men	Women	Total	Men	Women	Total	Men	%	Women	%	Total	%
Africa	276	43	354	431	53	484	436	92	56	75	492	90
Latin America	31	10	24	11	8	19	6	1	5	7	11	2
Europe – Middle East	36	9	32	38	11	49	30	6	14	19	44	8
North America	1	-	1	2	-	2	1	-	-	-	1	-
<b>SUBTOTAL</b>	<b>349</b>	<b>62</b>	<b>411</b>	<b>482</b>	<b>72</b>	<b>554</b>	<b>473</b>	<b>100</b>	<b>75</b>	<b>100</b>	<b>548</b>	<b>100</b>
<b>TOTAL</b>	<b>411</b>		<b>411</b>	<b>554*</b>		<b>554*</b>	<b>548</b>				<b>548</b>	

\* Workforce at end-2014 adjusted for personnel changes at the end of 2014.

Breakdown of expatriate/local employees as at 31 December 2015	Expatriate	%	Local	%	Total
Africa	62	93 %	430	89 %	492
Latin America	3	4 %	8	2 %	11
Europe – Middle East	1	1 %	43	9 %	44
North America	1	1 %	-	0 %	1
<b>TOTAL</b>	<b>67</b>	<b>100 %</b>	<b>481</b>	<b>100 %</b>	<b>548</b>

#### 4.1.1.2. Recruitment and dismissals

In 2014 and 2013, the recruitment policy was marked by the continued insourcing of skills in Gabon, the reallocation of resources in Latin America and the integration of Caroil's workforce.

In 2015 there was particularly strong recruitment in Tanzania, with 30 local hires during the year. In 2014 the subsidiary had hired two production supervisors who had worked in Gabon as site managers.

The Gabonese subsidiary hired 13 people in 2015, nine of them expatriates to take up executive management and supervisory positions such as head of Corporate HSE, head of geosciences and head of the production department. The subsidiary had hired 46 people in 2014.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Corporate information

Recruitment	2013			2014*			2015**		
	Permanent	Casual	Total	Permanent	Casual	Total	Permanent	Casual	Total
<b>TOTAL GROUP</b>	69	30	99	52	18	70	45	3	48
<b>o/w Company</b>	1	1	2	1	4	5	4	2	6

\* Workforce at end-2014 adjusted for personnel changes at the end of 2014.

\*\* Excluding internal transfers. The figures shown above for hires in 2013 do not include five internal transfers on permanent contracts.

The table below shows departures from the Group, excluding retirees, role changes and early retirements, as at 31 December 2013, 2014 and 2015:

	2013	2014*	2015
Departures excluding retirees/role changes/early retirement, of which:	26	21	42
Voluntary departures (resignations, negotiated departures, termination of contract)	15	5	23
End of fixed-term contract	3	7	4
Dismissals	6	9	11
Deaths	1	4	3
Leave to start up a business	1	-	-
End of term of office as corporate officer		1	-
<b>TOTAL DEPARTURES / TOTAL WORKFORCE</b>	<b>6.33%</b>	<b>7.3%</b>	<b>8%</b>

\* Workforce at end-2014 adjusted for personnel changes at the end of 2014.

Note that the sale of M&P activities in the Congo led to a workforce reduction of nine people at end-2015.

### 4.1.1.3. Compensation and changes in compensation

The compensation of corporate officers is described in paragraph 3.2.3. of this Annual Report, it being understood that the variable portion of that compensation (attendance fees) is not subject to qualitative or quantitative criteria associated with the Company's corporate, social and environmental responsibility.

The Group strives to recognise and to fairly reward the contribution of each employee to the Company's success. Compensation varies according to each person's position, skills, performance and potential. These common principles are adjusted in accordance with local parameters such as social legislation, economic conditions and the job market in the various countries in which the Group operates.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Corporate information

For the Group as a whole, personnel expenses break down as follows:

Total payroll, including <i>In thousands of euros</i>	2014 *	2015
Wages and salaries	32,096	29,376
Profit-sharing	361	878
Other personnel expenses	13,676	12,516
<b>NET VALUE</b>	<b>46,133</b>	<b>42,770</b>

\* 2014 net value was revised to align with the change in presentation described in 8.2.1 of the notes to the consolidated financial statements. Note 1.7.

#### 4.1.1.3.1. Profit-sharing

The employees of the Company and those of Maurel & Prom Assistance Technique are able to share in the Group's performance and its capital through a profit-sharing plan and an employee savings scheme. The Group has also decided to establish a comprehensive bonus share allocation system to reward employees of the Group's foreign companies in which the collective profit-sharing schemes permitted under French law do not exist.

##### Profit-sharing plan

The employees of the Company and those of Maurel & Prom Assistance Technique can participate in a profit-sharing plan. The profit-sharing plans currently in place at these companies were set up for Maurel & Prom Assistance Technique and for the Company on 23 June 2013 and 1 January 2015. These agreements have a dual purpose: (i) to rally employees in order to boost Group productivity and (ii) to reward each person's contribution to the common effort to increase productivity and improve work organisation.

##### Employee savings scheme

On 1 March 2002, the Company set up a proactive employee savings scheme by giving employees the option of subscribing to a Company Savings Plan ("CSP"). This plan has a one-year term and is automatically renewable for one-year periods. Since 8 September 2010, a CSP has been set up within Maurel & Prom Assistance Technique. Under this plan, as at 31 December 2015, 61 participating employees (including former employees) held 417,933 Company shares representing 0.21% of its share capital.

All employees of these companies with at least three months' service may join the plan, if they wish to do so.

Contributions to the Company Savings Plan can be made from all or part of any employee profit-sharing, voluntary additional payments by the beneficiary (to the extent permitted by law), Company contributions, and transfer of savings to the plan by the beneficiary.

Employees are encouraged to save through a flexible contribution schedule that is applied across the board and available to all beneficiaries.

Employer contributions to the CSP in 2015 (amounts paid into the CSP on behalf of the employees) amounted to €238,240 (versus €208,604 in 2014).

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Corporate information

#### Bonus shares granted to employees

	Plan 2010	Plan 2011 No.1	Plan 2011 No.2	Plan 2011 No.3	Plan 2012	Plan 2013	Plan 2014	Plan 2016
Allocation date	20/12/2010	01/06/2011	20/07/2011	19/12/2011	21/12/2012	30/08/2013	28/03/2014	25/02/2016
Vesting period	20/12/2012	01/06/2013	20/07/2013	19/12/2013	21/12/2014	30/08/2015	28/03/2016	25/02/2017
Lock-up period	20/12/2014	01/06/2015	20/07/2015	19/12/2015	21/12/2016	30/08/2017	28/03/2018	25/02/2018
Number of employees concerned	47	2	4	41	35	3	17	36
Number of bonus shares	252,100	29,750	41,650	90,238	72,451	34,000	51,840	1,080,600

#### Pension plan and other benefits

The Company and Maurel & Prom Assistance Technique participate in a supplementary pension scheme, which is a group insurance policy with Generali. This affiliation covers all employees, with employer contributions set at 8% for tranches A, B and C. The sums paid under this scheme amounted to €451,914 in 2015 (versus €428,300 in 2014).

### ► 4.1.2. Organisation of work

#### 4.1.2.1. Organisation of working time

The average working week is set by national law and adjusted according to the local context.

In France, the Company has been governed by the oil industry collective agreement since 1 March 2004.

##### Working hours

In France, a protocol to control and reduce working hours has been in place since 19 May 2003. Under this protocol, the working week for Company employees is 35 hours.

In addition, on 1 January 2011, the Company implemented a system for all managers and employees who have discretion over how to assign their time, based on a set

number of working days. Under this system, the working time for the employees concerned is counted in days and no longer in hours. An annual limit of 218 days per year is set by collective agreement, but an employee may lawfully work beyond this up to a maximum of 282 days per year.

##### Overtime

There is no overtime system in place for employees who work a 35-hour week, or for employees working for a set number of days. However, the latter may recoup any day worked over and above the limit set by the collective agreement.

The limit for employees of Caroil in metropolitan France is 218 days a year. Caroil expatriate employees are bound by their particular shift work system.

#### 4.1.2.2. Absenteeism

In 2015, the total rate of absenteeism is estimated to be 3.1%, versus 4.12% in 2014, including 2.2% due to illness versus 2.25% in 2014.

The following calculation method is used:

- ▶ total absenteeism:  $B / (A+B)$
- ▶ absenteeism due to illness:  $C / (A+B)$

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Corporate information

Where:

(A) corresponds to the number of days actually worked by all employees under contract, training days included;

(B) corresponds to the number of days of absence (due to sickness, occupational illness, maternity, workplace accident including work-related travel accident, or any other absence not provided for contractually); and

(C) is the number of sick days (excluding occupational illness, maternity, workplace accident or work-related travel accident, etc.).

### ▷ 4.1.3. Industrial relations

#### Relations sociales

##### *(A) Organisation of social dialogue, notably procedures for employee information, consultation and negotiation*

The quality of industrial relations within the Group is the result of dialogue between employees, their representatives and management. In the Group's subsidiaries, dialogue is organised in accordance with applicable laws and regulations.

In Gabon, social dialogue is of particular importance. A Permanent Committee for Economic and Social Cooperation, pursuant to the country's Labour Code, meets at least once a year. At these meetings, the employees' representatives are presented with current budgets, budget forecasts, the company's areas for development and recruitment needs. An Industrial Relations Organising Committee and the financial or technical backer of Maurel & Prom's Gabonese subsidiary for social projects also take part in the social dialogue. Revisions to the pay and corporate benefits scales were successfully negotiated in 2014.

In Tanzania, following the increased activity in 2015, social dialogue has become more formalised. In August 2014, employees joined the Tanzania Mines, Energy, Construction and Allied Workers Union (TAMICO). A branch of the union was opened in Mnazi Bay.

In Colombia, the joint occupational health and safety committee (see paragraph 4.1.4.2. of this Annual Report) provides an opportunity for discussion between employees and employers that goes beyond occupational health and safety issues.

##### *(B) Overview of collective agreements*

The Group operates in countries where the relatively recent local hydrocarbon exploration and production industry does not always have a collective branch agreement.

In the absence of such measures, the Group's subsidiaries, on a case-by-case basis, enter into collective agreements in particular to cover employee healthcare costs and compensation.

Maurel & Prom Gabon has had a compensation agreement since 2010 which was revised in 2014 based on the job matrix set up in 2013 (see paragraph 4.1.1. of this Annual Report). In early 2015, a company agreement was set up in consultation with M&P staff representatives, the Monitoring Committee and the oil industry's Special Inspectorate.

### ▷ 4.1.4. Health and safety

Health and safety is a key Group concern. The Group is committed to continuing to improve working conditions, preventing risks and reducing nuisances, by implementing a "Health and Safety, Security, Environment and Quality" management programme, which is based on industrial best practices, in compliance with national regulations.

In terms of organisation, the responsibilities for health, safety and environment ("HSE") are clearly defined at all levels.

The Chairman and Chief Executive Officer of Maurel & Prom is responsible for the Group-wide implementation of the principles of the Group's Safety, Environment and Quality Charter drawn up in 2006. In this respect, he defines the HSE policy, objectives and organisation for the Group.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Corporate information

The Group has also set up an HSE executive committee, chaired by Maurel & Prom's Chief Executive Officer. It consists of the Group's Chief Operating Officer, Director of Exploration, Director of Drilling, General Secretary and HSE Manager. This committee defines the Group's HSE policy and objectives, revises the objectives when necessary, and monitors HSE performance and the corresponding action plans.

Within the Group's subsidiaries, their respective CEOs have ultimate responsibility for HSE issues and are tasked with ensuring that, in all their subsidiary's activities, the health and safety of individuals, environmental protection and the protection of goods and property are respected.

Since 2013 the Gabonese subsidiary has had its own Health & Safety policy covering health, safety and the environment. It commits Maurel & Prom Gabon's executive management and its employees, partners and subcontractors to continuous improvement of performance. In 2015, the Health, Safety, Security and Environment departments were merged and placed under the responsibility of one person. Collection and processing of HSE performance indicators improved significantly. A comprehensive record of incidents and accidents is kept, from which information can be drawn. Corrective actions are also recorded and monitored. A system of preventative observations has been set up.

In 2015 the Tanzanian subsidiary continued to revise and upgrade HSE procedures with the support of external resources. The goal was for the local team to be independent and share the same Group HSE management system.

The traditional approach to HSE responsibilities in drilling operations is to allocate them on a strict contractual basis between the drilling company and the operator. The drilling company sets up an HSE management system and is in charge of its implementation. The same rules apply in intra-group relations, between Caroil and the Group's exploration and production subsidiaries.

Note that Caroil's quality, occupational health & safety, and environment management system is underpinned by a robust and efficient documentation system with triple certification (ISO 14001:2004, ISO 9001:2008 and OHSAS 18001:2007). Caroil will undergo an annual audit in June 2016 to renew the triple certification of its QHSE management system.

#### 4.1.4.1. Occupational health and safety conditions

The countries in which the Group operates, in particular Gabon and Colombia, have passed specific laws governing employee health and working conditions, which the subsidiaries apply.

In Colombia, compliance with the guidelines for the prevention of industrial accidents and occupational diseases is verified via half-yearly HSE activity and performance reports sent to the National Hydrocarbon Agency, by audits carried out by the Agency as part of its annual HSE audits of all exploration and production contracts as well as via audits conducted by the Colombian Security Council. Based on its internal procedures (for HSE audits and training), Maurel & Prom Colombia BV ensures that its subcontractors also apply the relevant legal standards.

In Gabon, risk prevention programmes are systematically deployed at all Maurel & Prom Gabon sites and facilities. In 2014, on-site induction procedures were revised to make a medical check-up mandatory before starting a job. Medical fitness checks were stepped up in 2015. With regard to traffic accidents, in 2014 geolocation devices and radios were installed in every vehicle and throughout the site. These measures are expected to be extended to vehicles used by the base.



# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Corporate information

#### 4.1.4.2. Overview of collective agreements on occupational health and safety signed with trade unions or employee representatives

In recent years, the Group has established agreements on social protection for its employees at most of its subsidiaries (in France, Gabon, Colombia and Tanzania). Under certain conditions, these agreements will cover employees' medical expenses and potentially their families' medical expenses.

In Colombia, local laws stipulate that any company doing business in the country and employing more than 10 people must have a joint occupational health and safety committee. Maurel & Prom Colombia BV has set up this committee, which includes an employee representative and an employer representative. This committee is tasked with promoting and monitoring compliance with occupational health and safety rules and regulations.

#### 4.1.4.3. Industrial accidents and occupational diseases

The frequency of workplace accidents involving Group employees is shown in the table below:

	2013	2014	2015
Lost Time Injury Frequency (LTIF)	7.27	3.62	2.30
Total Recordable Injury Rate (TRIR)	8.49	4.82	6.91

The Lost Time Injury Frequency (LTIF) rate is the total number of deaths and injuries or illnesses resulting from work that prevent the person from working on the day following the accident (Lost Time Injuries – LTI), multiplied by one million hours worked and divided by the number of hours worked.

The Total Recordable Injury Rate (TRIR) is the total number of (i) deaths; (ii) injuries or illnesses resulting from work that prevent the person from working on the day following the accident (LTI); (iii) Restricted Work Day Cases (RWDC) corresponding to an injury causing medically certified incapacity provided it is not caused by death or injury with work stoppage; plus (iv) Medical Treatment Cases (MTC), defined as an injury requiring treatment by a doctor or nurse, multiplied by one million hours worked and divided by the number of hours worked.

For Gabon, the severity rate (average work time lost per accident) was 33.5 days in 2015 versus 24 days in 2014 and 9.71 days in 2013. The other subsidiaries did not report accidents in terms of lost time.

The Group's French companies did not report any occupational illnesses in 2015. Furthermore, the Company is not aware of any occupational illnesses that could be reportable by the Group's subsidiaries under the applicable regulations in the countries in which those subsidiaries are based.

In Gabon, road accidents account for a large proportion of industrial accidents. In 2015, one-third of the workplace injuries in that country were related to traffic accidents. This figure is partly due to the site's geographical remoteness in a mountainous region. During the rainy season and the dry season, both of which are extreme, the tracks are slippery. The area's undulating terrain exacerbates the safety issue. Since 2009, Maurel & Prom has successively taken various corrective measures to reduce this risk, mainly by setting up a "Good Driving" training programme. Additionally, a vehicle location tracking system was rolled out in 2013. In 2014, six vehicles with internal and external rollbars were put into use at the Onal and Coucal sites.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Corporate information

Critical drilling operations include handling with the risk of pinching/crushing, lifting operations with the risk of objects falling, and working at height. Transportation and malaria are also causes of accidents and illness.

The risk of explosion from the uncontrolled release of a gas cloud or of flammable hydrocarbons is considered a major or catastrophic scenario. A series of equipment and redundant barriers are provided, as well as training for sensor staff whose ability to control an eruption is tested every two years.

#### ▶ 4.1.5. Training

The Group faces a two-fold challenge in its training programme: on the one hand, to develop an HSE corporate culture internally and among its contractors and subcontractors, and, on the other, to develop continuous training and skills transfer to local workers.

##### 4.1.5.1. Training policies implemented

The Company's training policy is organised around tasks such as the updating and renewal of skills certificates in safety techniques, training local employees in oil-related occupations, continuous training based on individual career paths and training for HSE managers, all of which are entrusted to external training agencies.

Skills transfer and "localisation" are arranged internally and are divided into four key strands: theory classes and operational tutorials, practical exercises and group exercises at the operating site, on-site mentored technical learning, and on-the-job training (OJT).

There are two objectives for internal training:

- ▶ minimise training costs and prioritise training in HSSE and typical occupations (exploration and development);
- ▶ as a priority, strengthen the abilities and further develop the skills of exploration and development staff.

In Gabon, preventive safety training covers electrical certification and command of preventive safety techniques in an oil and gas environment.

In 2015, the Gabonese subsidiary's HSSE training matrix underwent a major revision. Priority was given to mandatory training courses (i.e. HSE management training, well control training, HLO/HDA, fire prevention, first-aid, electrical accreditation, monitoring of working at height). The content of eight initial internal training modules was prepared (security induction, causal analysis, risk analysis, injuries to the hands and fingers, confined space, chemical management, malaria, preventative observation system).

Exploration and development-related training is also provided in the form of on-the-job training by engineers and production managers. In 2015 it mainly consisted of training in production and maintenance, basic principles, breakdown detection and PCP systems (surface-down-hole and optimisation).

##### 4.1.5.2. Number of hours of training

The table next page shows the number of hours of external training provided to Group employees in fiscal years 2013, 2014 and 2015, as well as the associated cost.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Corporate information

	2013		2014		2015	
	Number of hours of training	Cost	Number of hours of training	Cost	Number of hours of training	Cost
Group employees	38,653	€705,631	15,837	€652,972	8,692	€291,444

The reduction in the number of hours devoted to external training in 2015 reflects the reduction in training in Gabon, where more effort is being put into developing the internal training mentioned in paragraph 4.1.5.1. above.

### ▶ 4.1.6. Equal treatment

The Group ensures that all employees receive equal opportunities by basing its recruitment around explicit and non-discriminatory criteria, by raising the awareness of operating entity managers and recruitment staff on these issues, and by complying with applicable laws. Due to its international presence, the Group is fully aware that promoting diversity is also synonymous with the fight against all forms of discrimination, whether it involves access to different social environments, gender equality or integration.

#### (A) Measures taken to promote gender equality

The Group does not discriminate between men and women when hiring to fill vacancies. As at 31 December 2015, women represented 14% of the Group's workforce and 19% of its recruitment that year, compared to 13% and 10%, respectively, in 2014. In 2014, 9% of the women employed in the Group held engineering positions – drilling procurement engineers, drilling engineers or environment department heads – compared with 12% of the Group's workforce as a whole.

#### (B) Measures taken to encourage the employment and integration of people with disabilities

The Group has not taken affirmative action to integrate the diverse range of disabilities into its working environment and strategic business planning.

An ILO report entitled "Current and future skills, human resources development and safety training for contractors in the oil and gas industry" released in 2012, indicates that at the end of 2012 only one oil company had joined the Global Business and Disability Network created by the International Labour Office. This illustrates the sector-wide problems in doing more in this field.

In 2015, only one employee in the Group's entire workforce was disabled.

#### (C) Anti-discrimination policy

The Group strives to offer equal opportunities for all employees at every stage of their professional career. In this respect, the Group's decision-making criteria are not based on race, nationality, religion, ethnic origin, gender, marital status, morals, political opinions, union activities and – unless declared incapacitated by an occupational physician – state of health. The only criteria that the Group recognises as valid are a person's professional qualities and qualifications.

The Group is committed to full compliance with the non-discrimination principles, as set out in applicable French (declaration of the rights of man and of the citizen, laws and decrees in force), European and local rules and regulations.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

*Corporate information / Environmental information*

### ▶ 4.1.7. Promotion of and compliance with the International Labour Organization's Fundamental Conventions

Freedom of association and the right to collective bargaining / Elimination of discrimination in respect of employment and occupation / Elimination of forced and compulsory labour / Effective abolition of child labour.

The Company's general policy complies with the general principles of international law (OECD, ILO, EU law) as well as national laws that exclude, in particular, all forms of discrimination, harassment, forced labour and child labour.

## 4.2. ENVIRONMENTAL INFORMATION

In terms of environmental protection, the Group's objective is to preserve the areas that may be impacted by its activities and to raise awareness among local communities of environmental issues. Each subsidiary implements an environmental management programme aimed at the identification, prevention and mitigation of environmental risks.

### ▶ 4.2.1. General environmental policy

The Group's environmental policy is based on control of its energy consumption, control of its greenhouse gas emissions and optimal management of its release of waste products.

#### A) Group arrangements to address environmental issues and, where necessary, environmental assessment and certification initiatives

The management of environmental issues is integrated into the HSE departments of the Group's subsidiaries. It is the subject of regular reporting to the highest echelons of the Company.

The Group's integrated HSE management system was defined in 2008 based on the HSE management model used by the International Association of Oil and Gas Producers ("OGP").

The management programmes concerning respect for the environment are built around waste management, environmental impact assessment, transport and storage of hazardous products, and the development and restoration of sites and platforms.

The review of HSE procedures began in early 2012 with an audit and continued throughout 2013, culminating in the adoption of Group guidelines and procedures as well as the updating of subsidiaries' procedures.

Site management and restoration requires access to financial reserves. These are referenced in paragraph 4.2.1. (D) of this Annual Report.

The operational implementation of the environmental management system in the Group's various subsidiaries varies according to the size of the subsidiary concerned and its activity level. Maurel & Prom's Gabonese subsidiary is a pilot facility for the Group. The consolidation of its environmental management system will result in the creation of a documentary base in 2016 which promotes the subsidiary's expertise.

Although the Group recognises the value of certification, all of the Group's facilities in each of the various countries are subject to regular inspections and audits by non-governmental organisations, local governments and local populations, and it has therefore not sought, until now, to set up a certification process for its facilities.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Environmental information

#### (B) Employee training and information action on environmental protection

Just as much as health and safety, the environment lies at the heart of the Group's employee training and awareness programme.

In the environmental study for a project, a management plan is drawn up as stated in paragraph 4.2.1. (C) of this Annual Report. That management plan is then distributed to the on-site operators for implementation.

It is supported by information and awareness sessions for the operators involved in implementing the project, both Group employees and subcontractors.

In 2015 in Gabon, internal training was given on the HSE induction and on waste management.

In 2015, the Gabonese subsidiary's Environment Department took part in the following workshops and events:

- ▶ sub-regional workshop on the challenges related to coastal clean-up and waste management in the event of a hydrocarbon spill, organised by the Global Initiative for West and Central Africa platform (GI-WACAF) under the auspices of the Environmental Affairs Directorate;
- ▶ bilateral Gabon/Congo exercise to test ways to communicate in the event of a cross-border hydrocarbon spill, organised by the GI-WACAF platform under the auspices of the Environmental Affairs Directorate; and
- ▶ Presentation and discussion on refrigerant fluids and the regulations in force in Gabon, organised by the Directorate-General of Environmental Affairs.

#### (C) Resources dedicated to the prevention of environmental and pollution risks

Every project is initially based on a preliminary risk study that leads to the definition of an environmental action plan approved by the competent authorities. Adequate financial, human and technical resources are then made available to apply it. The implementation of these plans is subject to regular internal and external audits by the competent authorities.

Impact studies are carried out in accordance with local regulations, before the project and then throughout the project. In order to enable the identification, assessment and prevention of risks, the Group relies on internal expertise and on independent experts recommended by the local authorities.

If the site is situated in a national or marine park, every project is discussed with the park administrators.

Once these risk studies have been completed, the Group deploys the following action plans:

- ▶ upstream, to combat soil degradation, the deterioration of water tables or sludge seeping into farmland and rivers, the Group asks civil engineering contractors and services to consolidate landscaping work along roads and at site platforms. Weaker areas are stabilised by putting in plant cover (replanting by hydroseeding); and
- ▶ downstream, sites are preserved by restoring deforested areas and by the sorting and controlled destruction of waste.

In Gabon, twenty-one full-time employees of the subsidiary were assigned to environmental issues in 2015. They report to the HSSE department. Eighteen of them work on-site as environmental staff in charge of the waste collection centre at the Onal site, site HSE supervisors, or environmental safety assistants.

#### (D) Amount of provisions and guarantees for environmental risks

As at 31 December 2015, provisions and guarantees for environmental risks across the Group were nil. However, the Group had established a provision for abandoning and restoring sites. As at 31 December 2015, this amounted to €40.6 million versus €11.8 million for the 2014 fiscal year.

As at 31 December 2015, the Group had not established any other provisions for non-financial risk.

#### ▷ 4.2.2. Pollution and waste management

##### Measures to prevent, reduce or remedy releases into the air, water and soil that seriously affect the environment

###### Water

In Gabon, in order to control water quality, Maurel & Prom has built a water treatment plant to process waste water from drilling and has installed piezometric wells

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Environmental information

on certain fields (four at the Onal field). These measures allow it to sample, monitor and analyse waste water from drilling, river water surrounding the platforms, and groundwater. These monitoring actions are supplemented by measures aimed at limiting the effects of accidental hydrocarbon pollution through the availability of floating booms and dispersants to be used only when absolutely necessary.

#### Air

Hydrocarbon exploitation produces atmospheric emissions that can contribute to the formation of particle clouds and acid rain. These atmospheric emissions may be governed by local standards that define the type of substance to be controlled, based on local standards and operating permits.

	2013	2014 *	2015
Number of hydrocarbon spills reaching the environment (more than 1 barrel)	7	9	17
Total volume of hydrocarbons spills reaching the environment, in cubic metres	63	42.9	28.6

\* Including Caroil.

#### (B) Measures to prevent, recycle and eliminate waste

In accordance with Article 9 of the Charter, the Group strives to control its waste production. The Group's subsidiaries engaged in hydrocarbon exploration and production have set up waste sorting, treatment and recycling systems.

#### (C) Management of noise and other forms of pollution specific to an activity

Oil and gas activities can cause a nuisance for people living or working near the exploration or production sites. This is mainly due to noise and smells, but could also be vibrations and road, sea or waterway traffic.

To prevent noise nuisance, the Group encloses equipment such as electricity generators.

In Gabon, noise pollution is not deemed to be significant outside the sites.

#### Soil

The risks of soil contamination related to the Group's activities arise essentially from drilling mud, accidental spills and waste storage (see paragraph 4.2.2. B of this Annual Report).

In 2015, there were 17 accidental hydrocarbon spills into the natural environment with a total volume of 29m<sup>3</sup>. The spills led to the following corrective actions: clean-up of areas concerned, education of staff in charge of operations, preventive checks, and extraction of samples from the impacted medium for analysis.

In addition, it should be noted that the Group's facilities in Tanzania, which are located in a protected marine park, must strive not to create light pollution during the turtle egg-laying and whale breeding seasons.

#### ▶ 4.2.3. Sustainable use of resources

##### (A) Water consumption and supply in accordance with local restrictions

No Group sites are involved in water-use disputes.

The water produced by the Group, which is water mixed with reservoir oil or brine, is separated, treated and reinjected into the geological formation.

Freshwater extractions are for domestic needs (human consumption for life's essentials) and industrial needs (making concrete for construction, civil engineering and maintenance, making mud during drilling, and cooling systems for facilities).



# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Environmental information

In Gabon, the majority of the underground and surface freshwater extracted for sanitation or industrial (drilling) purposes is then reinjected or treated and released into the natural environment.

In Tanzania, freshwater consumption is limited to bottled drinking water (the camp water is desalinated).

#### (B) Consumption of raw materials and measures taken to improve the efficiency of their use

The main raw materials consumed by the Group's activities are water and power. The measures taken by the Group for the recovery and re-use of associated gas are set out below:

#### (C) Energy consumption, measures taken to improve energy efficiency, and use of renewable energy

The Group uses various energy sources for its oil and gas exploration and production operations. The facilities consume bought or produced natural gas, diesel for certain generators, fuel (kerosene, diesel and petrol) for transportation, and a marginal amount of electricity.

To improve the energy efficiency of the Gabonese operations, all platforms will eventually be electrified in order to be able to use gas associated with oil extraction, rather than diesel. The diesel burner of the boiler at the Onal field has also been replaced with a gas burner for the same consumption reduction reasons.

The Group's estimated consolidated energy consumption to operate fixed and mobile combustion sources at the Gabonese and Tanzanian subsidiaries and Caroil in 2015 was 27,188 toe versus 31,425 toe in 2014 (excluding Tanzania).

#### (D) Land use

The land footprint of seismic surveys and exploration activities is very limited over time. When operations cease and the land is surrendered, the Group works to return it to its original state by involving the local populations in the restoration process (choice of varieties to be replanted, for example). The effects of its production activities are felt over a longer period.

The Group strives to minimise its footprint by reconstituting slopes, seeding embankments and the differences in levels created by the activity and that may cause water run-off and landslides.

The Group's activities are located on land that is not subject to any land use disputes. In Gabon, the areas used are situated in logging concessions exploited by other companies. At end 2015, the estimated total footprint occupied by platforms and access roads was 730 hectares.

In Colombia and Peru, operating restrictions are in force depending on the type of zone (exclusion zone, operating zone with tight restrictions, operating zone with moderate restrictions, and operating zone with no restrictions). As at 31 December 2013, after selling its stake in the Sabanero field in September 2013, the Colombian subsidiary's operational footprint was limited to the four Muisca platforms. Since the end of 2014 it has been 6.5 hectares only.

In Colombia, management of the SSJN-9 block entered the final restitution phase, a three-year period during which Maurel & Prom must make good its brownfield (2.5 hectares) through reforestation of a surface area six times greater than the area initially occupied. In 2015, the Colombian subsidiary purchased 7.5 additional hectares in order to fulfil its obligations.

### ▶ 4.2.4. Climate change

#### (A) Greenhouse gas (GHG) emissions

In oil exploration and production activities, greenhouse gas emissions are mainly linked to natural gas associated with oil production, which may be flared, vented or possibly leaked.

It is standard practice to "flare" (burn off) excess gas to ensure the safety of the facility. The quantity of gas flared can also depend on whether or not processes have been put in place for reinjecting gas and infrastructures for processing gas, using the gas internally at the facility, selling the hydrocarbons extracted commercially or even the type of hydrocarbon extracted. Flared gas is clearly a non-value-adding resource and a source of pollution. In recent years, the sector has made progress in reducing the volumes of gas flared and the associated greenhouse gas emissions.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

### Environmental information

In the Group, gas flaring is limited. In Tanzania, the subsidiary does not flare gas. In Gabon, the Onal wells have a low gas/oil ratio (GOR). The GOR represents the amount of gas dissolved in the oil; the lower the ratio, the less gas is present and the lower the volume of gas flared, relatively speaking.

Other direct sources of greenhouse gas emissions are mainly generator groups that run on petrol and gas, generators, compressors at facilities and camps, transportation methods used by the Group (small boats, vehicles, trucks, planes) and potential fugitive leaks.

In Gabon, over the scope existing in 2015, the volume of gas flared was 35.7Nm<sup>3</sup> versus 38.7MNm<sup>3</sup> in 2014. In 2015 a meter was installed so that starting in 2016, the volume of gas flared could be measured more accurately.

In line with the Gabonese national policy to reduce greenhouse gas emissions and the associated gas flaring, the Group decided to install compressors in Gabon to recover the associated gas and use it to supply heating plants used to heat exported oil. This gas will replace the natural gas currently bought from third parties. This project, launched in the 2012 budget, has been delayed. It will be operational in 2017–2018.

In 2015, consolidated GHG figures reflecting emissions from fixed and mobile sources over the scope of the Gabonese and Tanzanian subsidiaries and Caroil amounted to an estimated 20,906tCO<sub>2</sub>e/MMboe versus 18,486tCO<sub>2</sub>e/ MMboe in 2014 (excluding Tanzania). Consolidated indirect GHG emissions ("Scope 2") reflecting the Gabonese and Tanzanian subsidiaries' power purchases and Caroil's activities were estimated at 548tCO<sub>2</sub>e. Consolidated GHG emissions induced by the air travel of employees of the Gabonese and Tanzanian subsidiaries and Caroil amounted to an estimated 1,847tCO<sub>2</sub>e.

### (B) Adapting to the consequences of climate change

There is great uncertainty over a large number of specific climate change impacts. In this context, for the oil and gas sector, adapting to climate change means, firstly, improving the reliability and flexibility of infrastructure and, secondly, boosting the "adaptability" of the sector, the host countries and their populations.

The adaptation strategy must include the impact of climate change in the sector's risk management system, throughout the entire value chain. It requires answers and technical solutions to be provided to curb such risks, and the sharing of knowledge with countries and communities to help them plan their climate change adaptations such as, for example, preparing for emergency situations.

The Group's facilities are located in climate zones with severe seasonal extremes. The Group intends to capitalise on its experience to internally assess the risks posed by climate change and to define an adaptation policy. In Gabon, the Group supports the national policy for adapting to climate change, has taken part in workshops on this issue and implements measures to lower GHG emissions, in line with the national reduction policy.

### ▶ 4.2.5. Protection of biodiversity

#### (A) Measures taken to preserve or develop biodiversity

On all the permits, the potential impact of activities on biodiversity is assessed by conducting environmental impact studies. Species are surveyed, detailed forest inventories are produced and environmental management plans are drawn up.

Preservation of the ecosystem requires training and raising the awareness of staff, subcontractors and local populations, by emphasising the prohibition on clearing plant material, hunting and poaching.

In Gabon, a memorandum of understanding on environmental protection in the Gamba protected areas corridor (Kari permit) was signed in 2014. As part of this project, which started in 2015, awareness campaigns for workers and surveillance measures have been planned in conjunction with the Compagnie des Bois du Gabon ("CBG"), the WWF and the Ministry for Water and Forests. The memorandum of understanding was established following a number of meetings and discussions with the CBG and pools resources for combating poaching and protecting the environment. The project is funded on a quarterly basis in conjunction with other operators in the area and has an oversight body.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

*Information on corporate commitments to promote sustainable development*

### 4.3. INFORMATION ON CORPORATE COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT

In the regions in which it operates, the Group contributes to developing employment at local level and participates in regional development. In terms of sustainable development, the Group is committed, on the one hand contractually, alongside national governments, to local development programmes, and on the other hand and on its own initiative, by being involved in projects identified by its subsidiaries.

#### ▷ 4.3.1. Regional, economic and social impact of the Company's activities

##### (A) Regional, economic and social impact of Maurel & Prom on employment and regional development

Impact studies have concluded that Maurel & Prom's operations have a positive impact on local development.

Between 2010 and 2014, the Group's activities indirectly created 1,291 temporary, locally filled jobs and 99 permanent jobs in Gabon.

##### (B) Regional, economic and social impact of Maurel & Prom on neighbouring or local populations

The policies with regard to local communities are developed with Group subsidiaries and adapted to the countries in which they operate. In Colombia, Peru, Gabon and Tanzania, staff include a team dedicated to managing relations with the communities living near the sites.

In Gabon, the Group's subsidiary contributes to the Local Communities Development Fund, which was created in 2010. The annual donation to the fund was US\$1.2 million in 2015. The fund is administered by a four-party commission that consists of the Directorate-General for Hydrocarbons, Maurel & Prom Gabon, the local administrative authority and community representatives. In practice, the fund identifies programmes at local level, ensures their implementation and monitors them.

The projects identified by the four-party commission in 2012 and 2013 relate to (i) education and health (construction of housing or dispensary, renovation of schools, provision of equipment for schools, provision of an operating theatre, studies for village electrification and water-supply projects, capacity expansion for the Gamba medical centre, provision of equipment for dispensaries); (ii) infrastructure and equipment (water drilling and supply, provision of a bulldozer and boats, renovation of a road, strengthening of infrastructures); (iii) micro-development projects; and (iv) agriculture.

Of the projects identified by the four-party commission in 2012 and 2013, the following were completed in 2014: the renovation of two schools in the villages of Allonah and Nombedouma and the renovation of housing for teachers and nurses in the town of Ndindi. There were no projects completed in 2015.

Since 1 January 2013, Maurel & Prom Gabon has also contributed to the Provision for Diversified Investment (PID) and the Provision for Hydrocarbon Investment (PIH) as part of the Ezanga exploration and production sharing agreement, in order to contribute to the challenges of sustainable development. The PID and PIH provide financial support for nationwide development projects. The selected projects are managed and supervised by a commission statutorily comprised of a representative of the Gabonese Presidential Office, two representatives of the oil authorities, a representative of the Ministry of the Economy and one person representing the operator. The winning project aimed to renovate and develop the road system in the city of Lambaréné (in the Province of Moyen-Ogooue) for a contribution of €7.3 million for the 2013 fiscal year. In 2014, the contribution ratio doubled, with the provision for the year totalling US\$14.3 million (approximately €11.7 million). In 2015 the contribution was US\$4.5 million.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

*Information on corporate commitments to promote sustainable development*

In addition to its contractual obligations, Maurel & Prom Gabon provides aid and assistance to populations, non-governmental organisations, administrations and local communities.

In Colombia, support for local community development projects in 2015, as in 2014, mainly focused on (i) education and culture (to promote local culture), (ii) infrastructure (to design, build and maintain a drinking water supply system and a wastewater treatment system), and (iii) a system for hiring staff from local communities. In 2015, Maurel & Prom Colombia BV committed US\$103,000 to these projects.

### ▶ 4.3.2. Relations with persons or organisations with an interest in Maurel & Prom's activities, notably occupational integration associations, teaching establishments, environmental protection associations, consumer groups and local residents' associations

#### (A) Conditions for dialogue with these persons or organisations

The Group has special relationships with environmental NGOs that work in the national parks, or in their surroundings, in which the Group carries out some of its operations (WWF and the National Agency for National Parks – ANPN).

#### (B) Partnership and sponsorship initiatives

The Group forges partnerships, particularly with regard to environmental protection issues. Maurel & Prom Gabon helps finance the anti-poaching and wildlife management programme PROLAB (in collaboration with the CGB and ANPN) under the agreement mentioned in paragraph 4.2.5 (A), and contributes to the development and monitoring of its annual action programme. In 2015, the local community and representatives of Coucal were therefore given the opportunity to attend an anti-poaching awareness programme at the request of Maurel & Prom.

The Group's Gabonese subsidiary sits on national park local management advisory committees. These committees are consultation bodies intended to promote dialogue between villages, civil society, non-governmental organisations, the private sector and the administrative authorities.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

*Information on corporate commitments to promote sustainable development*

### ▷ 4.3.3. Subcontractors and suppliers

#### (A) Social and environmental issues taken into account in the Group's procurement policy

Procurement is guided by accessibility criteria. The equipment purchased by the Group is prefabricated and assembled in European countries. There has been a trend to relocate the production of this equipment to countries that may be considered sensitive from an environmental or social point of view. The Group remains particularly attentive, insofar as the control measures it may take, to the quality produced by the supplier and to production conditions.

#### (B) Importance of subcontracting and of considering social and environmental responsibility in relations with suppliers and subcontractors

In connection with its operations, the Group regularly seeks technical assistance for its exploration and production activities, and civil engineering and construction works, but also for its programmes to promote environmental protection and sustainable development.

In 2013, the Group adopted an HSE management procedure and a comprehensive subcontractor selection procedure that applies to all subsidiaries. The Gabonese subsidiary pledged to step up its implementation of these procedures in 2016. Previously the Group's subsidiaries reflected the Group's social and environmental policies in their own internal procedures.

### ▷ 4.3.4. Fair practices

#### (A) Anti-corruption measures

To prevent corruption, the Group's purchasing policy is based on a tendering process. Calls for tender are open to shortlisted companies. The bids are opened in the presence of the supervisory authority. In Gabon, the threshold at which tenders become compulsory is now US\$500,000, in accordance with the new terms of the Ezanga permit.

The Caroil subsidiary introduced an ethics charter in February 2014, which applies to its employees and consultants. It is primarily concerned with conflicts of interest.

#### (B) Measures taken to promote consumer health and safety

As it is not a downstream participant in the hydrocarbon sector, the Group is not able to provide or adopt measures to promote the health and safety of consumers.

### ▷ 4.3.5. Other actions undertaken to promote human rights

As part of its responsible approach, the Group also strives to ensure respect for human rights when evaluating new investment projects. Non-adherence to human rights principles can have an adverse effect on the feasibility of a project, its financing, progress and completion as well as the Group's image.

# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

*Report of the Independent Third-Party Body on the social, environmental and societal information contained within the 2015 Annual Report*

### 4.4. REPORT OF THE INDEPENDENT THIRD-PARTY BODY ON THE SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION CONTAINED WITHIN THE 2015 ANNUAL REPORT

#### Report of the independent third-party body on social, environmental and societal data

Following the request made to us as auditors (COFRAC-accredited under Certificate 03-0990 Rev. 6<sup>(1)</sup>), we hereby present the results of our audit carried out in accordance with Articles L.225-102-1 and R.225-105 et seq. of the French Commercial Code.

The purpose of our audit was to verify the presence of all required social, environmental and societal information ("CSR Information") and to issue an opinion on the fairness of the CSR Information selected by the company and presented in its 2015 Annual Report.

This CSR Information was collected and consolidated under the responsibility of the Chief Executive Officer and coordinated by the Etablissements Maurel & Prom administration department, in accordance with the Maurel & Prom Group's procedures.

We are required to issue an opinion on this CSR Information pursuant to Articles A.225-2 et seq. of the French Commercial Code governing the procedures to be followed by independent third parties, and based on our own audit. The conclusions below relate only to the information required by Article R.225-105-1 of the French Commercial Code (Chapter 4 of the 2015 Annual Report: Corporate Social Responsibility) and not to the 2015 Annual Report as a whole.

#### Nature and extent of the audit

Socotec's audit primarily consisted of:

- ▶ an assessment of the company for the purposes of understanding the Maurel & Prom Group's activities and structure (including an analysis of the 2015 Annual Report and interviews with management);
- ▶ a risk assessment to establish an audit plan specific to the activities undertaken and the CSR Information reported;
- ▶ the implementation of the audit plan;
- ▶ the drafting of a preliminary report subject to the Company's approval; and
- ▶ the drafting of a final report (declaration of presence and opinion on the CSR Information).

Based on a documentary audit (24 March to 20 April 2016) and an on-site audit on 6 and 7 April 2016 by two of our CSR experts, our review consisted of interviews with several members of the management at the Maurel & Prom Group's head office and with the individuals at the head office, Gabon and in Tanzania responsible for preparing the CSR Information.

We carried out the following audit to obtain assurance that the selected CSR Information is free from material misstatement:

- ▶ we assessed the Maurel & Prom Group's procedures in terms of their relevance, reliability, ease of comprehension and completeness (use of a questionnaire sent to subsidiaries, additional requests made to the CSR Steering Committee, consolidation tools and internal control);

(1) List of offices and coverage available at [www.cofrac.fr](http://www.cofrac.fr)



# 4

## CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OF THE COMPANY

*Report of the Independent Third-Party Body on the social, environmental and societal information contained within the 2015 Annual Report*

- ▶ at the Maurel & Prom Group, we conducted interviews with the persons responsible for environmental and social reporting to check compliance with internal procedures;
- ▶ checks were performed on all quantitative 2015 CSR Information for all consolidated subsidiaries of the Maurel & Prom Group with regard to its consistency with the previous year's data and with the Maurel & Prom Group's current position, as well as to ensure that it has been properly compiled; and
- ▶ we performed a thorough examination of the understanding and proper application of procedures for important information<sup>(2)</sup> (questionnaire responses), and conducted in-depth tests based on sampling techniques, consisting of checking the calculations made and reconciling the CSR Information with the supporting evidence in terms of quantitative information.

In 2015, the quantitative data selected covered all consolidated staff with regard to social/societal factors. The quantitative data selected for environmental factors covered all operating subsidiaries (exploration/production activities in Gabon and Tanzania, and the drilling activity conducted on the Group's own behalf or on behalf of third parties), representing Maurel & Prom's total hydrocarbon production.

In our opinion, our methodology for identifying important information and auditing data based on the selected sampling provides a reasonable basis for the conclusions and comments expressed below.

### Conclusion

#### *Declaration of presence*

We confirm the presence in the Maurel & Prom 2015 Annual Report of all the information set out in Articles R.225-105 et seq. of the French Commercial Code, except:

- ▶ information on measures taken to promote consumer health and safety, for which the explanation given by the Maurel & Prom Group as to its lack of relevance in terms of the Group's activities and customers was deemed satisfactory.

#### *Opinion on CSR Information*

Based on our audit, we did not identify any material misstatements that could call into question:

- ▶ the compilation and consolidation of the CSR Information drawn up in accordance with the procedures of the Maurel & Prom Group and the information gathered; and
- ▶ the fairness of the CSR Information reported.

In due respect of the conclusion expressed above, we make the following observation:

- ▶ with regard to data for the Maurel & Prom Gabon subsidiary on calculated greenhouse gas emissions, the associated-gas production volumes (the main source of these emissions) are derived from an estimate currently being checked for reliability.

22 April 2016

For Socotec, the Auditors

Patrick ARMANDO and Jean-Michel PRIOLEAU

(2) *Important information taken into account in 2015: workforce and age distribution; organisation of social dialogue; health and safety conditions and workplace accidents; training; ways and means of preventing environmental risks and discharges; financial guarantees; energy consumption and greenhouse gas emissions; economic and social impact of activities; stakeholder relations; subcontractor and supplier relations.*

5.1.	CURRENT SHAREHOLDING STRUCTURE	137
5.1.1.	Composition	137
5.1.2.	Shareholders with more than 5% of capital	140
5.1.3.	Voting rights of the main shareholders exceeding their share of capital	140
5.2.	DIVIDENDS	140
5.3.	CONTROL OF THE ISSUER EXERCISED BY ONE OR MORE SHAREHOLDERS	141
5.3.1.	Control of the issuer exercised by one or more shareholders	141
5.3.2.	Agreements known to the issuer, the implementation of which could result in a change in control	141

# 5 MAUREL & PROM AND ITS SHAREHOLDERS

## 5.1. CURRENT SHAREHOLDING STRUCTURE

### ▷ 5.1.1. Composition

To the Company's knowledge, since 31 December 2015 and up to the date of publication of this Annual Report, its shareholding structure has not changed significantly.

At 31 January 2016, the capital and voting rights of the Company were distributed as follows:

At 31/01/2016	Number of shares	% of capital	Number of exercisable voting rights	% of exercisable voting rights on 205,815,607	% of theoretical voting rights on 211,348,946
<b>INSTITUTIONAL</b>	<b>102,476,826</b>	<b>52.46%</b>	<b>116,135,643</b>	<b>56.43%</b>	<b>54.95%</b>
o/w Pacifico S.A.*	47,916,026	24.53%	61,574,843**	29.92%	29.13%
o/w Macif	14,255,700	7.30%	14,255,700	6.93%	6.75%
o/w other institutional investors	40,305,100	20.63%	40,305,100	19.58%	19.07%
<b>MAUREL &amp; PROM (Treasury shares)</b>	<b>5,533,339</b>	<b>2.83%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EMPLOYEES</b>	<b>1,329,912</b>	<b>0.68%</b>	<b>1,930,397</b>	<b>0.94%</b>	<b>0.91%</b>
<b>PUBLIC AND OTHER</b>	<b>86,000,236</b>	<b>44.03%</b>	<b>87,749,567</b>	<b>42.63%</b>	<b>41.52%</b>
<b>TOTAL</b>	<b>195,340,313</b>	<b>100%</b>	<b>205,815,607</b>	<b>100%</b>	<b>97.38%</b>

*Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares without voting rights. In accordance with the regulation applicable to thresholds disclosure, the ownership thresholds relating to voting rights are calculated on the basis of theoretical voting rights (and not exercisable voting rights).*

\* At 31 December 2015, Pacifico S.A. held a total of 47,916,026 shares, representing 24.53% of the share capital and 29.92% of the exercisable voting rights (and 29.13% of the theoretical voting rights).

\*\* The variance between the number of shares held by Pacifico S.A. and the number of exercisable voting rights is due to the fact that Pacifico S.A. holds double voting rights.

## 5

## MAUREL &amp; PROM AND ITS SHAREHOLDERS

## Current shareholding structure

The composition of the Company's capital at the end of fiscal years 2013 and 2014 is shown in the following tables.

At 31 December 2014, the capital and voting rights of the Company were distributed as follows:

At 31/12/2014	Number of shares	% of capital	Number of exercisable voting rights	% of exercisable voting rights	% of theoretical voting rights
				on 127,859,733	on 133,488,409
<b>INSTITUTIONAL</b>	77,114,720	63.44%	86,720,010	67.82%	64.96%
o/w Pacifico S.A.*	28,749,616	23.65 %	38,354,906**	30%	28.73%
o/w Macif	8,324,204	6.85 %	8,324,204	6.51%	6.24%
o/w other institutional investors	40,040,900	32.94 %	40,040,900	31.32%	30.00%
<b>MAUREL &amp; PROM (Treasury shares)</b>	5,628,676	4.63 %	-	-	-
<b>EMPLOYEES</b>	1,239,357	1.02 %	1,772,661	1.39%	1.33%
<b>PUBLIC AND OTHER</b>	37,579,341	30.91 %	39,367,062	30.79%	29.49%
<b>TOTAL</b>	121,562,094	100%	127,859,733	100%	95.78%

Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares without voting rights. In accordance with the regulation applicable to thresholds disclosure, the ownership thresholds relating to voting rights are calculated on the basis of theoretical voting rights (and not exercisable voting rights).

\* At 31 December 2014, Pacifico S.A. held a total of 28,749,616 shares, representing 23.65% of the share capital and 30% of the exercisable voting rights (and 28.73% of the theoretical voting rights). Between 31 December 2013 and 31 December 2014, a total of 10,585,826 shares out of 10,644,326 bearer shares held by Pacifico S.A. as at 31 December 2013 were registered.

\*\* The variance between the number of shares held by Pacifico S.A. and the number of exercisable voting rights is due to the fact that Pacifico S.A. holds double voting rights.

## 5

## MAUREL &amp; PROM AND ITS SHAREHOLDERS

## Current shareholding structure

At 31 December 2013, the capital and voting rights of the Company were distributed as follows:

At 31/12/2013	Number of shares	% of capital	Number of exercisable voting rights	% of exercisable voting rights	% of theoretical voting rights
				s/ 127,859,960	s/ 133,449,000
<b>INSTITUTIONAL</b>	77,733,720	63.96%	87,339,010	68.31%	65.5%
o/w Pacifico S.A.*	28,749,616	23.66%	38,354,906**	30%	28.74%
o/w Macif	8,324,204	6.85%	8,324,204	6.51%	6.24%
o/w other institutional investors	40,659,900	33.46%	40,659,900	31.80%	30.47%
<b>MAUREL &amp; PROM (Treasury shares)</b>	5,589,040	4.60%	-	-	-
<b>EMPLOYEES</b>	1,291,370	1.06%	1,767,848	1.38%	1.32%
<b>PUBLIC AND OTHER</b>	36,916,039	30.38%	38,753,102	30.31%	29.04%
<b>TOTAL</b>	121,530,69	100%	127,859,960	100%	95.81%

Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares without voting rights. In accordance with the regulation applicable to thresholds disclosure, the ownership thresholds relating to voting rights are calculated on the basis of theoretical voting rights (and not exercisable voting rights).

\* At 31 December 2013, Pacifico S.A. held a total of 28,749,616 shares, representing 23.66% of the share capital and 30% of the exercisable voting rights (and 28.74% of the theoretical voting rights).

\*\* The variance between the number of shares held by Pacifico S.A. and the number of exercisable voting rights is due to the fact that Pacifico S.A. holds double voting rights.

# 5

## MAUREL & PROM AND ITS SHAREHOLDERS

### Current shareholding structure / Dividend

#### ▷ 5.1.2. Shareholders with more than 5% of capital

To the Company's knowledge, at the date of this Annual Report, only Macif and Pacifico S.A. each held, directly or indirectly, more than 5% of the share capital and/or voting rights of the Company.

Pacifico S.A. is a company controlled by Jean-François Hénin, Chairman of the Maurel & Prom Board of Directors, and his family (with more than 99% of the share capital and voting rights).

The percentage of shares held by the Company fluctuates depending on the share repurchase plan and changes in the liquidity agreement (described in paragraph 6.2.2 of this Annual Report). At the fiscal year-end at 31 December 2015, the Company held 2.83% of its share capital.

#### ▷ 5.1.3. Voting rights of the main shareholders exceeding their share of capital

In accordance with Article 11, paragraph 7 of the Company's Articles of Association, "Rights and obligations attached to shares", "a double voting right is granted to fully paid-up shares for which registration in the name of the same shareholder in the Company's registers can be proven for at least four uninterrupted years from the date on which they were fully paid up".

## 5.2. DIVIDENDS

In accordance with Article 243 bis of the French General Tax Code, the dividends paid out for the previous three fiscal years are as follows:

Fiscal year	Total amount	Amount per share
Fiscal year ended 31 December 2012 *	€46,270,690	€0.40
Fiscal year ended 31 December 2013	-	-
Fiscal year ended 31 December 2014	-	-

\* For some taxpayers, the dividend was eligible in its entirety for the 40% tax allowance referred to in Article 158-3 of the French General Tax Code.

No resolution will be submitted to the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 15 June 2016 regarding the payment of a dividend for the fiscal year ended 31 December 2015.



# 5

## MAUREL & PROM AND ITS SHAREHOLDERS

*Contrôle exercé sur l'émetteur par un ou plusieurs actionnaires*

### 5.3. CONTROL OF THE ISSUER EXERCISED BY ONE OR MORE SHAREHOLDERS

#### ▷ 5.3.1. Control of the issuer exercised by one or more shareholders

As at the date of this Annual Report, Pacifico S.A. held 24.53% of the Company's share capital, 29.13% of theoretical voting rights and 29.92% of exercisable voting rights, providing it with significant weight in the General Shareholders' Meeting considering the average attendance rate of shareholders at the Company's General Shareholders' Meetings and, as a result, of the number of voting rights actually exercised by Pacifico S.A. during these Shareholders' Meetings.

It should, however, be noted that the significant weight of Pacifico S.A. at Ordinary General Shareholders' Meetings is directly related to the level of shareholder participation at these meetings, and that any increase in shareholder participation at Ordinary General Shareholders' Meetings automatically contributes to limiting the level of voting rights effectively exercised by Pacifico S.A. at said meetings. As such, the weight of Pacifico S.A. at Ordinary General Shareholders' Meetings is unstable by nature, and may change even when there is no change in the configuration of the Company's shareholding. Furthermore, Pacifico S.A. has never had sufficient weight to be able to single-handedly determine the significant decisions made during the Company's extraordinary general shareholders' meetings.

It should also be noted that the opportunity for any shareholder, including Pacifico S.A., to influence the Company's decisions is limited due to (i) the presence of another major shareholder, Macif, which held 7.30% of the Company's share capital, 6.75% of its theoretical voting rights and 6.93% of its exercisable voting rights as at the date hereof; (ii) the organisation and operating procedures of the Board of Directors and its special committees; (iii) the method of appointing directors and role played by the appointments and remunerations

committee, (iv) the number of independent directors within the meaning of the AFEP-MEDEF Code (forming (a) three-quarters of the Board (committee which ensures there are no conflicts of interest and regularly conducts assessments), (b) the entire Audit and Risk Committee and (c) two-thirds of the Appointments and Compensation Committee since 25 March 2015, it being specified that no executive corporate officer is a member of any of these committees); (v) the separation of the offices of chairman and chief executive officer; and (vi) compliance with the bylaws and the AFEP-MEDEF Code. The Company has always considered that it was not controlled by Pacifico S.A. specifically due to the items outlined above. This analysis has always been shared by Pacifico S.A., which does not consolidate the Company.

Furthermore, under the planned merger by absorption of MPI by the Company, Pacifico S.A. had informed the Company that, as a precaution, it had nevertheless requested that the AMF confirm that a buyout offer based on Articles L.433-4 of the French Monetary and Financial Code and 236-6 of the General Regulations of the AMF will not be required.

#### ▷ 5.3.2. Agreements known to the issuer, the implementation of which could result in a change in control

To the Company's knowledge, there are no agreements between its shareholders or clauses in any agreement providing for preferential terms for the sale or purchase of Maurel & Prom shares affecting 0.5% or more of the share capital or voting rights of the Company, the implementation of which could result in a change in control of the Company.

6.1.	INFORMATION ABOUT THE COMPANY	143
6.2.	SHARE CAPITAL	143
6.2.1.	Share capital and authorisations to increase capital	143
6.2.1.1.	Subscribed capital	143
6.2.1.2.	Authorised capital	144
6.2.2.	Treasury shares held by the issuer or on its behalf, or by its subsidiaries – Treasury share repurchase plan	149
6.2.2.1.	Authorisation granted by the Combined General Shareholders' Meeting of 18 June 2015	149
6.2.2.2.	Description of the share repurchase plan pursuant to Articles 241-1 et seq. of the French Financial Markets Authority (AMF) General Regulations	150
6.2.3.	Convertible or exchangeable securities and warrants	154
6.2.4.	Share capital history	155
6.2.5.	Potential capital dilution	157
6.3.	CHARTER AND ARTICLES OF ASSOCIATION	158
6.3.1.	Corporate purpose	
6.3.2.	Provisions relating to administrative and management bodies	159
6.3.3.	Rights, privileges and restrictions attached to each class of shares in issue	159
6.3.4.	Necessary procedures for modifying shareholders' rights	159
6.3.5.	Provisions to delay, defer or prevent a change in control	160
6.3.6.	Ownership disclosure thresholds	160
6.3.7.	Provisions of the Articles of Association reinforcing the laws governing changes to share capital	161
6.3.8.	Disposal and transfer of shares	161

# 6

## CORPORATE INFORMATION

### 6.1. INFORMATION ABOUT THE COMPANY

**Company name:**

"Etablissements Maurel & Prom".

**The Company's APE code** (French business code) is 7010Z (Registered office activities).

**Trade and Companies Register:** the Company is entered in the Paris Trade and Companies Register (*Registre du Commerce et des Sociétés de Paris*) under number 457 202 331.

**Company's date of incorporation (entry in the Trade and Companies Register):** 10 December 1919. The Company is incorporated under French law.

**Company duration:** 99 years, unless dissolved early or extended. Initially intended until 31 December 2018, the Company's duration was extended, by decision of the shareholders at the Extraordinary General Shareholders' Meeting of 13 October 2014, to 99 years from the date of the meeting, i.e. until 13 October 2113.

Since 14 June 2007, Maurel & Prom has been a public limited company (*société anonyme*) with a board of directors, governed by the French Commercial Code (in particular by the provisions of Articles L.225-17 *et seq.* of the Code), as well as by all other French laws and regulations applicable to it.

From 21 November 1989 to 28 December 2004, Maurel & Prom was a partnership limited by shares. The Combined Ordinary and Extraordinary General Shareholders' Meeting of 28 December 2004 decided to merge Maurel & Prom with its general partner, Aréopage, by absorbing the latter and subsequently converted Maurel & Prom into a public limited company with a management board and a supervisory board. The Combined Ordinary and Extraordinary General Shareholders' Meeting of 14 June 2007 decided to change the Company's management model and replace the management board and supervisory board with a board of directors and an executive management team.

**Registered office:** 51, rue d'Anjou – 75008 Paris  
Tél. : 01 53 83 16 00 / Fax : 01 53 83 16 04

### 6.2. SHARE CAPITAL

#### ▷ 6.2.1. Share capital and authorisations to increase capital

##### 6.2.1.1. Subscribed capital

At 1 January 2015, Maurel & Prom's share capital was €93,602,812.38 (ninety-three million six hundred and two thousand eight hundred and twelve euros and thirty-eight euro cents), divided into 121,562,094 (one hundred and twenty-one million five hundred and sixty-two thousand and ninety-four) fully paid-up shares with a nominal value of €0.77 (seventy-seven euro cents) each.

At its meeting of 8 January 2016, the Board of Directors noted the completion on 23 December 2015 of the capital increase that took the Company's share capital to €150,397,090.69 (one hundred and fifty million three hundred and ninety-seven thousand and ninety euros and sixty-nine euro cents) following the merger by absorption of MPI by the Company as decided by the Extraordinary General Shareholders' Meeting on 17 December 2015.

Lastly, following the exercise of share subscription warrants, note was made on (i) 1 October 2015 by the Chairman then (ii) formally on 8 January 2016 by the Board of Directors of a capital increase that took the Company's

# 6

## CORPORATE INFORMATION

### Share capital

share capital to €150,412,041.01 (one hundred and fifty million four hundred and twelve thousand and forty one euros and one euro cent).

The warrants expired on 31 December 2015 and may no longer be exercised.

At 31 December 2015, the Company's share capital was €150,412,041.01 (one hundred and fifty million four hundred and twelve thousand and forty-one euros and one euro cent), divided into 195,340,313 (one hundred and ninety-five million three hundred and forty thousand and three hundred and thirteen) fully paid-up shares with a nominal value of €0.77 (seventy-seven euro cents) each.

Each share confers a right to the Company's profits and capital in proportion to the share of the capital that it represents. Maurel & Prom's share capital may be increased, reduced or amortised under the terms and conditions governed by law, the Articles of Association making no specific provision for this (see paragraph 6.3.7 of this Annual Report).

### 6.2.1.2. Authorised capital

Authorisations and delegations granted by the Company's General Shareholders' Meetings still in force or that were in force in fiscal year 2015 are described in the table below:

*Authorisation and delegation granted to the Board of Directors by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 17 December 2015 with respect to issues of shares and securities conferring access to capital were as follows:*

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 17/12/2015	Comments
Two	<i>Authorisation for the Board of Directors to award bonus Company shares to employees and/or corporate officers of the Company and its subsidiaries, removing shareholders' preferential subscription rights.</i>	<i>Total number of ordinary bonus shares awarded: 1% of the Company's share capital (as existing at the date of the Board of Directors' decision to award them).</i>	<i>38 months, until 17 February 2019 (ending the twenty-third resolution of the Company's Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 18 June 2015).</i>	-

## 6

## CORPORATE INFORMATION

## Share capital

Authorisations and delegations granted to the Board of Directors by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 18 June 2015 with respect to issues of shares and securities conferring access to capital were as follows:

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 17/12/2015	Commentaires
Twelve	Authorisation to the Board of Directors to purchase, hold and sell Company shares.	<p>10% of the share capital at any time (this percentage applying to share capital adjusted by transactions subsequent to this General Shareholders' Meeting) or 5% in the case of acquisitions with a view to retaining them or their subsequent delivery in payment or exchange as part of a merger, demerger, capital contribution or external growth transaction.</p> <p>The Company may not hold more than 10% of its share capital.</p> <p>Maximum purchase price of €18 per share.</p> <p>Maximum amount of the share repurchase plan set at €218,811,762.</p>	18 months, until 18 December 2016.	This authorisation cannot be used during a public offering of Company shares.
Thirteen	Delegation of authority to the Board of Directors to issue Company shares and transferable securities conferring access to the capital of the Company or of one of its subsidiaries and/or entitling holders to the allotment of debt securities, with shareholders' preferential subscription rights maintained <sup>(1)</sup> .	<p>Total nominal value of capital increases: €50 million.</p> <p>Total par value of any debt securities that may be issued: €1bn.</p>	26 months, until 18 August 2017.	This delegation cannot be used during a public offering of Company shares.

## 6

## CORPORATE INFORMATION

## Share capital

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 17/12/2015	Comments
Fourteen	Delegation of authority to the Board of Directors to issue Company shares and transferable securities conferring access to the capital of the Company or of one of its subsidiaries and/or entitling holders to the allotment of debt securities in the event of a public exchange offering, with removal of shareholders' preferential subscription rights <sup>(1)(2)</sup> .	Total nominal value of capital increases: €25 million.  Total par value of any debt securities that may be issued: €450 million.	26 months, until 18 August 2017.	This delegation cannot be used during a public offering of Company shares.
Fifteen	Delegation of authority to the Board of Directors to issue Company shares and transferable securities conferring access to the capital of the Company or of one of its subsidiaries and/or entitling holders to the allotment of debt securities by private investment governed by Article L.411-2 section II of the French Monetary and Financial Code, with removal of shareholders' preferential subscription rights <sup>(1)(2)</sup> .	Total nominal value of capital increases: €25 million.  Total par value of any debt securities that may be issued: €450 million.  Limit: 20% per year of the Company's share capital as calculated at the date of the Board of Directors' decision to use the delegation.	26 months, until 18 August 2017.	This delegation cannot be used during a public offering of Company shares.
Sixteen	Delegation of authority to the Board of Directors, in the event of an issue, with removal of shareholders' preferential subscription rights, of shares or transferable securities conferring access to capital and/or which give the right to allocate debt securities to set the issue price in accordance with the conditions set by the General Shareholders' Meeting <sup>(1)(2)</sup> .	Total nominal value of capital increases: 10% of the Company's share capital (as it exists at the date of decision of the Board of Directors) per year.	26 months, until 18 August 2017.	This authorisation cannot be used during a public offering of Company shares.



## 6

## CORPORATE INFORMATION

## Share capital

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 17/12/2015	Comments
Seventeen	Authorisation for the Board of Directors to increase the number of instruments to be issued, in the event of capital increase with or without removal of shareholders' preferential subscription rights <sup>(1)(2)</sup> .	<p>The increase must be made within 30 days of the end of the initial subscription period and may not exceed 15% of the initial issue.</p> <p>In the event of a capital increase in which preferential subscription rights are maintained, this authorisation may be used solely to service reducible requests made by shareholders and/or sellers of preferential subscription rights.</p>	26 months, until 18 August 2017.	This authorisation cannot be used during a public offering of Company shares.
Eighteen	Delegation of authority to the Board of Directors to issue shares and securities conferring access to capital in the event of a public exchange offer initiated by the Company, without shareholders' preferential subscription rights <sup>(1)(2)</sup> .	<p>Total nominal value of capital increases: €25 million.</p> <p>Total nominal value of any debt securities that may be issued: €450 million.</p>	26 months, until 18 August 2017.	This delegation cannot be used during a public offering of Company shares.
Nineteen	Delegation of authority to the Board of Directors to issue shares and securities conferring access to capital in consideration for in-kind contributions granted to the Company, without shareholders' preferential subscription rights <sup>(1)(2)</sup> .	<p>Nominal amount of capital increases: dual limit of €25 million and 10% of the Company's share capital (as existing at the date of the Board of Directors' decision).</p> <p>Total par value of any debt securities that may be issued: €450 million.</p>	26 months, until 18 August 2017.	This delegation cannot be used during a public offering of Company shares.

## 6

## CORPORATE INFORMATION

## Share capital

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 17/12/2015	Comments
Twenty	Delegation of authority to the Board of Directors to increase the Company's capital by incorporating reserves, profits, premiums or other sums which may be capitalised.	Maximum nominal value equal to the total sums that may be incorporated into the capital pursuant to the regulations in force.	26 months, until 18 August 2017.	This delegation cannot be used during a public offering of Company shares.
Twenty-two	Authorisation for the Board of Directors to award bonus Company preference shares to employees and/or corporate officers of the Company and its subsidiaries, removing shareholders' preferential subscription rights.	Total number of preference shares that may be awarded: 0.2% of the Company's share capital (as existing at the date of the Board of Directors' decision to award them).  Total number of ordinary shares that may be issued upon conversion of preference shares: 2% of the Company's share capital (as existing at the date of the Board of Directors' decision to allocate them).	38 months, until 18 August 2018.	-
Twenty-three	Authorisation for the Board of Directors to award bonus Company to employees and/or corporate officers of the Company and its subsidiaries, removing shareholders' preferential subscription rights.	Total number of ordinary bonus shares awarded: 1% of the Company's share capital (as existing at the date of the Board of Directors' decision to award them).	38 months, until 18 August 2018.	Resolution cancelled and replaced by the second resolution approved by the Combined Ordinary and Extraordinary General Shareholders' Meeting of 18 December 2015 (see above) so as to benefit from the provisions on the allocation of bonus shares of Law 2015-990 of 6 August 2015, known as the "Macron law".

## 6

## CORPORATE INFORMATION

## Share capital

Resolution No.	Type of authorisation or delegation	Ceiling	Term of authorisation from 17/12/2015	Comments
Twenty-four	<i>Delegation of authority to the Board of Directors to execute capital increases reserved for employees enrolled in the Company savings plan, with the removal of shareholders' preferential subscription rights.</i>	<i>Total nominal value of capital increases: €1 million.</i>	<i>26 months, until 18 August 2017.</i>	-
Twenty-five	<i>Delegation of authority to the Board of Directors to reduce share capital by cancelling shares.</i>	<i>Limit: 10% of the Company's share capital per 24-month period.</i>	<i>18 months, until 18 December 2016.</i>	-

(1) Counts towards €50 million total ceiling on capital increases and the €1 billion total ceiling on debt securities.

(2) Counts towards the €25 million ceiling on capital increases and the €450 million ceiling on debt securities.

## ▷ 6.2.2. Treasury shares held by the issuer – or on the issuer's behalf or by its subsidiaries – Treasury share repurchase plan

### 6.2.2.1. Authorisation granted by the Combined General Shareholders' Meeting of 18 June 2015

The authorisation given to the Board of Directors by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 12 June 2014 to repurchase the Company's shares (Resolution sixteenth) was renewed by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 18 June 2015 by adopting Resolution Twelve.

The share repurchase plan adopted on 18 June 2015, detailed in paragraph 6.2.2.2. below of this Annual Report, can be summarised as follows:

- ▶ the Board of Directors is authorised to purchase, hold or transfer shares of the Company, within the limit of the number of shares representing 10% of the existing

share capital at any time (this percentage applying to share capital adjusted by transactions subsequent to this General Shareholders' Meeting);

- ▶ where the shares are redeemed to boost liquidity (under the conditions detailed below), the number of shares used for the calculation of this 10% limit corresponds to the number of shares purchased, less the number of shares resold over the term of this authorisation;
- ▶ the maximum purchase price must not exceed 18 per share. This price may be adjusted in the event of transactions relating to the share capital such as, in particular, the incorporation of reserves followed by the issue and award of bonus shares and/or the split or reverse split of shares;
- ▶ the maximum value of funds designated for the repurchase plan is €218,811,762 (calculated on the basis of the share capital at 31 December 2014; and
- ▶ authorisation is given for a period of 18 months, beginning on 18 June 2015 and expiring on 18 December 2016.

### 6.2.2.2. Description of the share repurchase plan pursuant to Articles 241-1 et seq. of the French Financial Markets Authority (AMF) General Regulations

#### Legal framework

This plan is implemented in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, Regulation (EC) No. 2273/2003 of 22 December 2003 and the AMF General Regulations.

It was ratified by the Combined (Ordinary and Extraordinary) General Shareholders' meeting of 18 June 2015 under Resolution Twelve. The resolution reads:

*"The General Shareholders' Meeting, acting with the quorum and majority required for Ordinary General Shareholders' Meetings, having reviewed the report of the Board of Directors,*

*1°) authorises the Board of Directors, in compliance with the conditions and obligations set out in Articles L.225-209 et seq. of the French Commercial Code, Regulation (EC) No. 2273/2003 of 22 December 2003 and the General Regulations of the French Financial Markets Authority (AMF) as well as all other laws and regulations that may apply, to purchase or arrange for the purchase of ordinary shares of the Company at any time, up to a maximum of the number of ordinary shares representing 10% of the share capital, with this percentage being adjusted to reflect transactions subsequent to this General Shareholders' Meeting, (provided that when the ordinary shares are redeemed to maintain liquidity in the market as part of the liquidity agreement under the conditions mentioned below, the number of ordinary shares taken into account for calculating this 10% limit equals the number of shares purchased, less the number of ordinary shares resold over the term of this authorisation) or 5% if it involves ordinary shares acquired for holding and their subsequent delivery in payment or exchange as part of external growth transactions;*

*2°) decides that:*

- the maximum purchase price may not exceed €18 per share, although this price may be adjusted in the event of capital transactions such as, in particular, the incorporation of reserves followed by the issue and award of bonus shares and/or the split or reverse split of shares;*

- the maximum amount of funds that the Company may use for this repurchase plan is €218,811,762;*
- the purchases made by the Company under this authorisation may under no circumstances cause the Company to hold, directly or indirectly at any time, more than 10% of the shares making up the share capital at the relevant date; and*

- the shares may be purchased, sold or transferred, under the conditions set out in the applicable legislative and regulatory provisions, by any means, specifically on regulated markets, multilateral or over-the-counter trading systems, including when purchased or sold in blocks, or through derivative financial instruments or transferable securities conferring access to the Company's capital, in accordance with the law and regulations in force on the date of the transactions in question;*

*3°) decides that these ordinary shares may be purchased within the allocation terms specified by law or regulations, the aims of this repurchase plan being:*

- to honour obligations under stock-option plans, bonus share (or preference share) allocations or other ordinary share allocations or sales to employees and/or corporate officers of the Company and its subsidiaries, specifically as part of Company profit-sharing or any share purchase plan or bonus share plan (or, if applicable, any plan involving preference shares);*
- to honour obligations relating to negotiable securities conferring access to ordinary Company shares, by any means, immediately or in future (including any hedging of Company bonds through such negotiable securities);*
- to ensure the liquidity of ordinary Company shares through an investment services provider under a liquidity agreement in accordance with the ethics charter of the French Association of Financial Markets (AMAFI) recognised by the French Financial Markets Authority (AMF);*
- to hold ordinary shares for subsequent use as exchange or payment in a potential external growth transaction; and*
- to cancel all or part of the shares thus repurchased as part of a capital reduction decided or authorised by the General Shareholders' Meeting pursuant to Resolution Twenty-Five or by any subsequent General Shareholders' Meeting;*

# 6

## CORPORATE INFORMATION

### Share capital

4°) states that this plan would also be intended to allow the Company to operate for any other purpose authorised or that may be authorised by the laws and regulations in force. In such a case, the Company would issue a press release to inform its shareholders;

5°) confers all powers to the Board of Directors to decide and implement this authorisation, to specify the terms and procedures for this implementation, to place any stock market orders, enter into any agreements, prepare any documents, particularly information documents, carry out any formalities, including allocating or reallocating the ordinary shares acquired for any purpose, and file any declarations with any entity and, generally, to do everything necessary in order to implement this authorisation;

6°) decides that this authorisation granted to the Board of Directors may be used at any time. However, the Board of Directors, except with the prior authorisation of the General Shareholders' Meeting, may only use this authorisation from the moment a third party files a proposal for a public offering of Company shares until the end of the offer period;

7°) authorises the Board of Directors, within the previously set limits, to sub-delegate the powers granted to it under this authorisation, in accordance with applicable laws and regulations;

8°) sets the term of this authorisation at 18 months from the date of this General Shareholders' Meeting and resolves that it voids, from the same date, for the unused part as at the date of this General Shareholders' Meeting, the authorisation given by the General Shareholders' Meeting of 12 June 2014 under Resolution Sixteen." »

### Number of securities and proportion of capital that the issuer directly or indirectly holds

At 31 December 2015, the Company held 5,576,271 of its own shares, or 2.85% of share capital.

### Breakdown of securities held by the Company by objective:

- ▶ 223,297 shares or 4% of the treasury shares held (representing 0.11% of the Company's share capital) were held under a liquidity agreement; and
- ▶ 5,292,974 shares or 94.93% of treasury shares (representing 2.74% of the Company's share capital) were held as part of the Company's share retention objective with a view to their subsequent use in payment or exchange as part of potential external growth transactions.
- ▶ 60,000 or 1.07% of treasury shares (representing 0.03% of the capital) are allocated for cancellation.

During the fiscal year ended 31 December 2015, no shares were cancelled.

### Objectives of the new repurchase plan submitted to the General Shareholders' Meeting of 15 June 2016

The Combined Ordinary and Extraordinary General Shareholders' Meeting of 15 June 2016 will be asked, under the tenth Resolution, to renew the authorisation granted by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 18 June 2015.

The purpose of the new plan will be:

- ▶ to honour obligations under share option plans or other share allocations to employees and/or corporate officers, specifically as part of (a) company profit-sharing, (b) any share purchase plan or bonus share allocation or preference share allocation for employees under the conditions laid down by law, in particular Article L.3331-1 et seq. of the French Labour Code (including any sale of shares referred to in Article L.3332-24 of the French Labour Code), or (c) any share option plan or bonus share allocation or preference share allocation for employees and corporate officers or for some of them;

# 6

## CORPORATE INFORMATION

### Share capital

- ▶ to honour obligations relating to transferable securities conferring access to Company shares, by any means, immediately or as futures (including any hedging transactions by virtue of the Company's obligations relating to such transferable securities);
- ▶ to ensure the liquidity of Company shares through an investment services provider under a liquidity agreement in accordance with the ethics charter recognised by the AMF;
- ▶ to hold shares for subsequent use as exchange or payment in a potential external growth transaction;
- ▶ to reduce the Company's capital; and
- ▶ any other purpose authorised or that comes to be authorised by the laws and regulations in force.

#### *Maximum share of capital, maximum number and characteristics of securities, maximum purchase price*

##### Securities concerned

The repurchase plan concerns Company shares (ISIN code FR0000051070), traded on Euronext Paris (compartment A).

##### Maximum share of capital

No more than 10% of the total number of shares making up the Company's share capital may be purchased, it being stated that:

- ▶ the number of shares purchased by the Company to hold for use as payment or exchange in a merger, demerger or capital contribution may not exceed 5% of its share capital, in accordance with the provisions of Article L.225-209, paragraph 6 of the French Commercial Code, i.e. 9,767,015 shares at the date of this publication; and
- ▶ this limit refers to the Company's share capital which may, if necessary, be adjusted to account for subsequent transactions affecting the share capital that take place after the General Shareholders' Meeting of 15 June 2016. Under no circumstances may the purchases made by the Company cause it to directly or indirectly hold more than 10% of its share capital.

##### Purchase price

The Company may not pay more than €6 per share for its treasury shares.

##### Repurchase procedures

Such shares may be purchased, sold or transferred by any means, i.e. on the market or over-the-counter, including by the purchase or sale of blocks, financial instruments, particularly derivatives traded on regulated or over-the-counter markets, such as buy or sell options or any combination thereof, excluding call options or warrants to do so, under the terms authorised by the competent market authorities and within the time periods estimated by the Company's Board of Directors. The maximum share capital purchased or transferred as blocks may be the total authorised amount for the plan.

Such transactions may be executed at any time in accordance with the applicable regulations, with the exception of during a public offering period.

##### Duration of the repurchase plan

The duration of this share repurchase plan is 18 months from the General Shareholders' Meeting of 15 June 2016, i.e. until 15 December 2017.



## 6

## CORPORATE INFORMATION

## Share capital

## Report on preceding plans

During the past year, the Company made use of its share repurchase plan (share repurchase agreement and liquidity agreement):

## Position at 31/12/2015

Percentage of capital held as treasury shares	2.85%
Number of shares cancelled in the past 24 months (72,451) i.e.	0.05%
Number of shares held in portfolio	5,576,271
Carrying value of the portfolio in €	68,474,829.33
Market value of the portfolio in € (Based on the weighted average share price in December 2015 of: €2.97)	16 561 524,87

From 1 January to 31 December 2015, there was no movement in the repurchased shares.

The execution report of the preceding plans undertaken between 1 January and 31 December 2015 under the liquidity agreement is as follows:

	Total gross flows *		Positions open on the date that the plan was published			
	Purchases	Sales/ transfers	Open buy positions		Open sell positions	
Number of securities	2,664,390	2,609,964	-	-	-	-
Average maximum term	-	-	-	-	-	-
Average transaction price	6.25102	6.19701	-	-	-	-
<b>AMOUNTS</b>	16,655,155	16,173,973	-	-	-	-

\* Total gross flows include cash purchases and sales as well as exercised or expired options and futures.

### ▷ 6.2.3. Convertible or exchangeable securities and warrants

#### OCEANE 2015 bonds

On 28 July 2010, the Company issued 5,511,812 bonds that are convertible or exchangeable for new or existing shares (OCEANE) with a nominal value of €12.70 per bond, maturing on 31 July 2015, at a rate of 7.125%, with a total gross value of €70 million (2015 OCEANE, ISIN code FR0010921916).

On 18 May 2015, the Company had redeemed 4,749,542 2015 OCEANEs, representing around 86% of the number of 2015 OCEANEs issued, at a price of €13.60 per bond, for a total of €64.6 million. The remaining 2015 OCEANEs outstanding were redeemed at maturity on 31 July 2015.

#### Share subscription warrants

By a decision of the Board of Directors dated 7 April 2010, acting by delegation of the general shareholders' meeting, the Company proceeded with the bonus allocation of share subscription warrants. Each shareholder was allocated one share subscription warrant per share (as registered at the close of business on 18 May 2010), totalling 121,252,271 share subscription warrants, with 10 share subscription warrants carrying the right to subscribe to one new Company share at an exercise price of €14.20 (it being noted that since an adjustment carried out during fiscal year 2011, 10 share subscription warrants carry the right to subscribe to 1.19 new Company shares at an exercise price of €14.20). The share subscription warrants, which were issued to shareholders on 19 May 2010, may be exercised at any time between 19 May 2010 and 30 June 2014 inclusive. If all share subscription warrants had been exercised, the Company would have increased its equity to approximately €172 million.

At the request of the warrant holders' representative, the Company's Board of Directors at its meeting of 26 March 2014 decided to convene a general meeting of warrant holders to approve an extension, exceptionally, of the warrant exercise period. This extension was approved by the general meeting of warrant holders on 2 June 2014 as well as by the Company's Combined General Shareholders' meeting on 12 June 2014.

On 3 September 2015, the Company was asked by the warrant holders' representative to convene a general meeting of warrant holders to revise the warrant exercise price and extend their duration. The Company's Board of Directors, in its 8 September 2015 meeting, decided not to approve this request and, as a result, not to convene a general meeting of warrant holders to approve such changes. The Company's Board of Directors also stated that it would not add to the agenda of the next Extraordinary General Shareholders' Meeting a resolution covering changes to share subscription warrants in the event a decision is taken to this effect by a general meeting of warrant holders.

In fiscal year 2015, 178,180 share subscription warrants were exercised, resulting in the issue of 21,026 new shares, taking the total number of share subscription warrants exercised between their issue and 31 December 2015 to 3,170,860 resulting in the issue of 331,348 new shares.

The share subscription warrants expired on 31 December 2015.

#### ORNANE 2019 bonds

On 6 June 2014, the Company launched an issue, reserved for qualified investors, of bonds redeemable in cash and/or new shares and/or existing shares (ORNANE) maturing on 1 July 2019, with an initial nominal value of approximately €220 million. This initial nominal value was increased to a maximum nominal value of approximately €253 million on 9 June 2014, by the exercise of the entire over-allocation option. This bond issue is represented by 14,658,169 ORNANEs issued on 11 June 2014 at a par value of €17.26 (2019 ORNANE, ISIN code FR0011973577).

Between their issue date and 31 December 2015, no ORNANE 2019 bonds were redeemed. As at 31 December 2015, 14,658,169 ORNANE 2019 bonds therefore remain-ed outstanding.

#### ORNANE 2021 bonds

On 12 May 2015, the Company launched an issue, reserved for qualified investors, of ORNANE maturing on 1 July 2021, with a total initial nominal value of approximately €115 million (after exercise of the extension clause). This bond issue is represented by 10,435,571 ORNANEs issued on 15 May 2015 at a par value of €11.02 at a rate of 2.75% (2021 ORNANE, ISIN code FR0012738144).

## 6

## CORPORATE INFORMATION

## Share capital

The aim with the 2021 ORNANE issue was to refinance the Company's debt and extend its maturity through the amortisation, via in particular an off-market purchase, of 2015 OCEANEs.

Between their issue date and 31 December 2015, no ORNANE 2021 bonds were redeemed. As at 31 December 2015, 10,435,571 ORNANE 2021 bonds therefore remained outstanding.

## ALLOCATION/CONVERSION RATIO

**2019 ORNANE:** 1 share for 1 2019 ORNANE

**2021 ORNANE:** 1 share for 1 2021 ORNANE

## ▶ 6.2.4. Share capital history

The table below shows the change in the share capital of Maurel & Prom during fiscal years 2013, 2014 and 2015.

Date and transaction		Change in capital		Nominal value of the transaction	Total number of shares outstanding
		Total share capital after transaction	Number of shares		
10/01/2013	Capital increase on exercise of share subscription warrants	€ 3,632.09	4,717	€ 93,568,206.27	121,517,151
15/04/2013	Capital increase on exercise of share subscription warrants	€ 5,151.30	6,690	€ 93,573,357.57	121,523,841
13/06/2013	Capital increase (bonus share allocation plan)	€ 22,907.50	29,750	€ 93,596,265.07	121,553,591
13/06/2013	Cancellation of treasury stock	€ (22,907.50)	(29,750)	€ 93,573,357.57	121,523,841
28/08/2013	Capital increase (bonus share allocation plan)	€ 32,070.50	41,650	€ 93,605,428.07	121,565,491
28/08/2013	Cancellation of treasury stock	€ (32,070.50)	(41,650)	€ 93,573,357.57	121,523,841
02/12/2013	Capital increase on exercise of share subscription warrants	€ 4,872.56	6,328	€ 93,578,230.13	121,530,169
19/12/2013	Capital increase (bonus share allocation plan)	€ 65 367,61	84,893	€ 93,643,597.74	121,615,062
19/12/2013	Cancellation of treasury stock	€ (65 367,61)	(84,893)	€ 93,578,230.13	121,530,169

...

## 6

## CORPORATE INFORMATION

## Share capital

Date and transaction	Change in capital		Nominal value of the transaction	Total number of shares outstanding
	Total share capital after transaction	Number of shares		
01/04/2014 Capital increase on exercise of share subscription warrants	€ 1,596.98	2,074	€ 93,579,827.11	121,532,243
01/10/2014 Capital increase on exercise of share subscription warrants	€ 22,985.27	29,851	€ 93,602,812.38	121,562,094
21/12/2014 Capital increase (bonus share allocation plan)	€ 55,787.27	72,451	€ 93,658,599.65	121,634,545
21/12/2014 Cancellation of treasury stock (bonus share allocation plan)	€ (55,787.27)	72,451	€ 93,602,812.38	121,562,094
01/10/2015 Capital increase on exercise of share subscription warrants	€ 1,623.93	2,109	€ 93,604,436.31	121,564,203
23/12/2015 Capital increase through the merger by absorption of MPI	€ 56,792,654.38	73,756,694	€ 150,397,090.69	195,320,897
31/12/2015 Capital increase on exercise of share subscription warrants	€ 14,950.32	19,416	€ 150,412,041.01	195,340,313

## 6

## CORPORATE INFORMATION

## Share capital

## ▶ 6.2.5. Potential capital dilution

The table below shows the maximum potential dilution of the Company's share capital resulting from the redemption or exercise of all securities conferring access to the Company's share capital existing at 31 December 2015 (2019 ORNANE, 2021 ORNANE) or the allocation of bonus shares.

Share capital at 31 December 2015	€ 150,412,041.01	195,340,313 shares
-----------------------------------	------------------	--------------------

	Issue date	Conversion expiration	Number of potential shares	Potential dilution
<b>ORNANE 2019 bonds</b> Balance at 31 December 2015: 14,658,1699	06/06/2014	01/07/2019	14,658,169	7.50%
<b>ORNANE 2021 bonds</b> Balance at 31 December 2015: 10,435,571	12/05/2015	01/07/2021	10,435,571	5.34%
<b>TOTAL ORNANE BONDS</b>	-	-	25,093,740	12.84%

	Allocation date	Vesting date	Number of potential shares	Potential dilution
<b>Bonus shares</b>	28/03/2014	28/03/2016	56,840	0.03%
<b>TOTAL BONUS SHARES</b>	-	-	56,840	0.03%
<b>TOTAL</b> including bonus shares (note that bonus shares will have no dilutive impact because the number of treasury shares cancelled will be the same as the number of shares issued and bonus shares awarded)	-	-	25,150,580	12.87%

## 6.3. CHARTER AND ARTICLES OF ASSOCIATION

The following information:

- ▶ corporate purpose;
- ▶ provisions relating to administrative and management bodies;
- ▶ conditions for exercising voting rights – double voting rights;
- ▶ disposal and transfer of shares;
- ▶ procedure for modifying shareholders' rights;
- ▶ Shareholders' Meeting notices and conditions of admission;
- ▶ statutory thresholds;
- ▶ rights and obligations attached to each share class;

is included in the Company's Articles of Association and available on its website at [www.maureletprom.fr](http://www.maureletprom.fr)

In addition to the amendments to the Company's Articles of Association relating to share capital (as presented in paragraph 6.2.4 of this Annual Report), in the last three fiscal years, the following amendments to the Articles of Association were approved by the Company's General Shareholders' Meeting:

- i.* transfer of the Company's registered office by the Board of Directors' decision of 27 March 2013 as ratified by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 13 June 2013;
- ii.* amendment to Article 17 of the Company's Articles of Association relating to the officers of the Board of Directors as ratified by the Combined (Ordinary and Extraordinary) General Shareholders' Meeting of 13 June 2013; and
- iii.* amendment to Article 5 of the Company's Articles of Association relating to the extension of the Company's life to 13 October 2113 by decision of the Extraordinary General Shareholders' Meeting of 13 October 2014.

### ▶ 6.3.1. Corporate purpose

The Company's corporate purpose is described in Article 3 of its Articles of Association. The Company has the following purpose, both in France and abroad:

- ▶ the management of all shares and membership rights and, to this end, the acquisition of interests in any company, group or association, particularly by way of purchase, subscription and contribution, as well as the sale in any form of said shares or membership rights;
- ▶ the prospecting and exploitation of all mineral deposits, particularly liquid or gaseous hydrocarbon deposits and related products;
- ▶ the leasing, acquisition, transfer and sale of all wells, land, deposits, concessions, operating permits and prospecting permits, either on its own account or on behalf of third parties, whether by participation or otherwise, and the transportation, storage, processing, transformation and trading of all natural or synthetic hydrocarbons, all liquid or gaseous products or by-products of the subsoil, and all minerals or metals;
- ▶ the acquisition of any buildings and their management or sale;
- ▶ trading in all products and commodities; and
- ▶ generally speaking, the Company's direct or indirect participation in all commercial, industrial, real estate, agricultural and financial transactions, in France or other countries, either by the formation of new companies or by the contribution, subscription or purchase of shares or membership rights, merger, joint venture or otherwise, and generally all transactions of any kind whatsoever directly or indirectly related to these activities and likely to facilitate development or management.



# 6

## CORPORATE INFORMATION

### *Charter and Articles of Association*

#### ▷ 6.3.2. Provisions relating to administrative and management bodies

At its meeting of 30 March 2016, the Company's Board of Directors updated the Bylaws which its members had unanimously approved on 25 March 2015.

These Bylaws reprise and set out certain articles in the Articles of Association including membership of the Board and the concept of independent director, the operating rules, missions, rights and obligations incumbent on directors laid down in a "charter", the appointment and role of observers and the membership and remits of the Audit and Risk Committee and the Appointments and Compensation Committee.

Since the Company has not adopted any specific rules limiting or preventing members of the Board of Directors from trading in the Company's shares, the relevant statutory provisions and regulations apply. It has also adopted a code of conduct to prevent insider trading (see paragraph 3.2.2.2.6. of this Annual Report).

#### ▷ 6.3.3. Rights, privileges and restrictions attached to each class of shares in issue

At all General Shareholders' Meetings, every shareholder who is a member of such meetings has as many votes as the shares that such shareholder owns or represents, without any limitations other than those arising from statutory provisions.

Each share entitles the holder to one vote. A double voting right is conferred upon the holders of fully paid-up registered shares who are able to prove that they have been shareholders for at least four years without interruption. Furthermore, in the event of a capital increase through the capitalisation of reserves, profits or issue premiums, the double voting right is conferred – immediately upon the issue of any registered bonus shares awarded – to a shareholder who had existing shares benefiting from this same entitlement.

This double voting right will automatically lapse in respect of any shares that were able to be converted into bearer shares or transferred, but it may be reinstated if the new holders of the shares can prove that they have been their registered holder for at least four years.

Nevertheless, any transfer from registered share to registered share following an "ab intestate" succession or testamentary succession or division of jointly owned assets or joint property as between spouses shall not interrupt the above four-year period or shall retain the acquired right. The same applies in the case of inter-vivos gifts between living persons in favour of a spouse or of a relative entitled to inherit.

The double voting right was removed by decision of the Extraordinary General Shareholders' Meeting after ratification by the special meeting of beneficiary shareholders.

Details of double voting rights are given in the share ownership tables in paragraph 5.1 of this Annual Report.

#### ▷ 6.3.4. Necessary procedures for modifying shareholders' rights

Any amendment to the Company's Articles of Association must be decided or authorised by the General Shareholders' Meeting, acting with the quorum and majority required by the legislative or regulatory provisions in force for Extraordinary General Shareholders' Meetings.

# 6

## CORPORATE INFORMATION

### *Charter and Articles of Association*

#### ▷ 6.3.5. Provisions to delay, defer or prevent a change in control

##### **Statutory restrictions on the exercise of voting rights**

Article 10 of the Articles of Association, which also appears in paragraph 6.3.6. of this Annual Report, deprives any shareholder of the right to vote who has not declared to the Company that they have exceeded a threshold of 2% of the capital or voting rights or any multiple of this 2% threshold, with respect to the shares exceeding the percentage which should have been declared. This restriction may, as the case may be, have an impact in the event of a public offering.

##### **Agreements modified or terminated in the event of a change in control of the company**

The Group draws the attention of investors to the fact that the ORNANE 2019 and ORNANE 2021 bonds, described in paragraph 1.2.4.1. of this Annual Report, each contain a change in control clause, stipulating that bearers may request the early repayment of their bonds in cash in the event of a change in control of the Company.

The credit agreement and the RCF (Revolving Credit Facility), described in paragraph 1.2.4.1. of the 2015 Annual Report (page 28), also contain a change-in-control clause whereby the lenders, by majority vote, can cancel the credit arrangements granted to the Company and require it to repay each outstanding line of credit immediately, in the event of a change in control of the Company.

The Group draws the attention of investors to the regulatory and contractual environment inherent to the Group's activities in the hydrocarbon sector, described in paragraph 2.3.3. of this Annual Report, which, in certain jurisdictions, includes provisions that may apply in the event of a change of control of the Company (notably in Gabon and Tanzania).

#### ▷ 6.3.6. Ownership threshold disclosures

In addition to the thresholds provided by the applicable legal and regulatory provisions, any individual or legal entity, acting alone or in concert, that comes to directly or indirectly hold a number of shares representing a percentage of the capital or voting rights equal to or greater than 2%, or a multiple of 2%, as long as such individual or legal entity does not hold, alone or in concert, a total number of shares representing more than two thirds of the Company's capital and voting rights, must inform the Company of the total number of shares conferring entitlement to the Company capital that it owns, by registered mail with acknowledgement of receipt sent to the registered office within a period of five trading days from the date on which the aforementioned ownership thresholds are crossed.

At the request, recorded in the minutes of the General Shareholders' Meeting, of one or more shareholders holding at least 2% of the Company's capital or voting rights, any failure to comply with this disclosure obligation shall be penalised, with respect to the shares exceeding the percentage that should have been declared, by withdrawal of the right to vote at any General Shareholders' Meeting that may be held until the end of a two-year period after the date on which the notification was formally recorded.

The same disclosure obligation applies, with the same timescale and under the same conditions, each time the share of capital or voting rights held by a shareholder falls below one of the thresholds mentioned above.

For the calculation of the thresholds mentioned above, account is taken of the shares and voting rights held, as well as – even if the person concerned does not personally hold shares or voting rights in another manner – comparable shares or voting rights in application of Article L.233-9 of the French Commercial Code, in relation to the total number of shares comprising the Company's capital and the total number of voting rights attached to those shares. The total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including shares not eligible for voting rights.

# 6

## CORPORATE INFORMATION

### *Charter and Articles of Association*

In order to identify the owners of bearer shares, the Company is at all times entitled, in accordance with the conditions and the methods laid down by the legal and regulatory provisions, to request that the central depository keeping its share issue account disclose the identity of the owners of shares conferring immediate or future voting rights at General Shareholders' Meetings, as well as the number of shares held by each of them and, if applicable, any restrictions relating to the shares.

#### ▷ 6.3.7. Provisions of the Articles of Association reinforcing the laws governing changes to share capital

The Company's share capital may only be changed in accordance with the laws and regulations in force. The law takes precedence over any provision of the Articles of Association, Charter or Bylaws in matters concerning changes to the Company's share capital.

#### ▷ 6.3.8. Disposal and transfer of shares

Subject to the legal and regulatory provisions, the shares are freely transferable. The shares are registered in an account and are transferred by means of a transfer from one account to another.

7.1.	RELATED-PARTY TRANSACTIONS	163
7.2.	LITIGATION AND ARBITRATION	163
7.2.1.	Ecopetrol dispute	163
7.2.2.	Dominion arbitration	164
7.3.	PROPERTY, PLANT AND EQUIPMENT	164
7.4.	RESEARCH AND DEVELOPMENT, PATENTS AND PERMITS	165
7.5.	THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST	165
7.6.	DOCUMENTS AVAILABLE TO THE PUBLIC	165
7.7.	ORGANISATION CHART AT 31 DECEMBER 2015	166
7.7.1.	Organisation chart of the main Group entities	166
7.7.2.	List of all incorporated Group entities in 2015	168
7.7.3.	Overview of the breakdown of income, taxes and activities by tax jurisdiction	173
7.8.	SUMS PAID TO GOVERNMENTS OF COUNTRIES WHERE EXTRACTIVE ACTIVITIES ARE CARRIED OUT	174
7.9.	PERSON RESPONSIBLE FOR THE ANNUAL REPORT AND ITS UPDATING	175
7.9.1.	Person responsible for the annual report and its updating	175
7.9.2.	Statement of the person responsible	176
7.9.3.	Persons responsible for auditing the financial statements	178

# 7 OTHER INFORMATION ABOUT THE GROUP

## 7.1. RELATED-PARTY TRANSACTIONS

Beyond its traditional holding business, through technical and general assistance contracts, cash centralisation and current account advances, the Company has not rendered any specific services to its subsidiaries either during the fiscal year ended 31 December 2015 or during the three previous fiscal years, except for providing employees to its subsidiaries (Maurel & Prom Exploration Production Tanzania Ltd in Tanzania, Maurel

& Prom Colombia in Colombia and Maurel & Prom Gabon in Gabon). This provision was re-invoiced at cost plus a margin.

The Statutory Auditors' special report on the Company's related-party transactions for the fiscal year ended 31 December 2015 is presented in paragraph 8.3. of this Annual Report.

## 7.2. LITIGATION AND ARBITRATION

The main dispute in which the Company or its subsidiaries are involved is described below.

Beside this dispute, no other governmental, legal or arbitration proceeding exists, including any proceeding of which the Company is aware, whether pending or threatened, that could have or that has had significant effects on the financial position or profitability of the Company and/or the Group over the course of the last twelve months.

### ▶ 7.2.1. Ecopetrol dispute

As part of the sale of its subsidiary Hocol to Ecopetrol during fiscal year 2009, the Company, under the terms of the underlying sale agreement, benefits from a price supplement of up to US\$50 million based on the assessment of the reserves at the Niscota field in Colombia. This assessment was in principle to be done as at 31 December 2012 and confirmed by an independent expert appointed jointly by the Company and Ecopetrol.

In December 2012, the Company initiated arbitration proceedings against Ecopetrol with the International Chamber of Commerce in order to have an arbitral tribunal appoint an expert who would, among other duties, determine the amount of the above mentioned price supplement.

# 7

## OTHER INFORMATION ABOUT THE GROUP

### *Litigation and arbitration / Property, plant and equipment*

Under a decision dated 31 October 2014, the arbitral panel of the International Chamber of Commerce ordered the appointment of an oil expert and the implementation of the procedure as stipulated in the agreement.

Now that the Company has obtained through these arbitration proceedings the technical data and other information required for it to assess the level of reserves at the Niscota field, the expert was appointed in the first quarter of 2015.

In its decision dated 12 June 2015, Miller & Lents, the expert appointed by the International Chamber of Commerce, decided that since the totality of technical factors that they deemed necessary had not been gathered, no price supplement was due to the Company. The Company decided not to appeal this decision.

### ▷ 7.2.2. Dominion arbitration

In Tanzania, on the Mandawa permit granted in January 2011, the Group received a commitment from Ophir (formerly Dominion) in the amount of US\$22.9 million, exercisable as an option to enter a permit after drilling an initial well or in the form of a reimbursement. An arbitration procedure is under way.

## 7.3. PROPERTY, PLANT AND EQUIPMENT

With the exception of one building located in Gabon, no company in the Group owns any buildings.

The Company's registered office is under a commercial lease signed on 31 January 2013 for the offices at 51, rue d'Anjou, 75008 Paris. It ends on 31 January 2022 after a nine-year period.

The Group is co-owner, with its associated companies, of the equipment and facilities necessary for producing hydrocarbons at the fields it operates for the duration of their exploitation, as well as certain pipelines used to deliver crude oil to the point of extraction.



# 7

## OTHER INFORMATION ABOUT THE GROUP

*Research and development, patents and permits /  
Third party information and statement by experts and declarations of interest*

### 7.4. RESEARCH AND DEVELOPMENT, PATENTS AND PERMITS

---

The Group does not conduct research and development and does not own any patents or significant permits.

### 7.5. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST

---

Any information relating to the hydrocarbon reserves and resources of the Group provided in this Annual Report is founded on the certification or evaluation of independent experts, whose names are given on page 7 of this Annual Report.

### 7.6. DOCUMENTS AVAILABLE TO THE PUBLIC

---

Generally speaking, the Articles of Association, the minutes of General Shareholders' Meetings, the Statutory Auditors' reports and other corporate documents related to Maurel & Prom may be consulted at the Company's registered office: 51, rue d'Anjou – 75008 Paris, France.

The nature of these documents and the conditions for delivering or making them available are established by the applicable laws and regulations.

Financial notices are published regularly in the economic and financial press whenever the Company publicises sales data, results or other important events in the life of the Company or the Group.

Information on the Company is available on the website [www.maureletprom.fr/en/](http://www.maureletprom.fr/en/), which allows shareholders, employees and the general public to access a general presentation of the Group and its key financial information, such as results, press releases, annual reports, presentations to analysts, share prices, key figures, information on shareholders and corporate governance and all other significant events concerning the Company and the Group.

For information:

**Press, shareholder and investor relations**

Tel: +33 1 53 83 16 45

Email: [ir@maureletprom.fr](mailto:ir@maureletprom.fr)

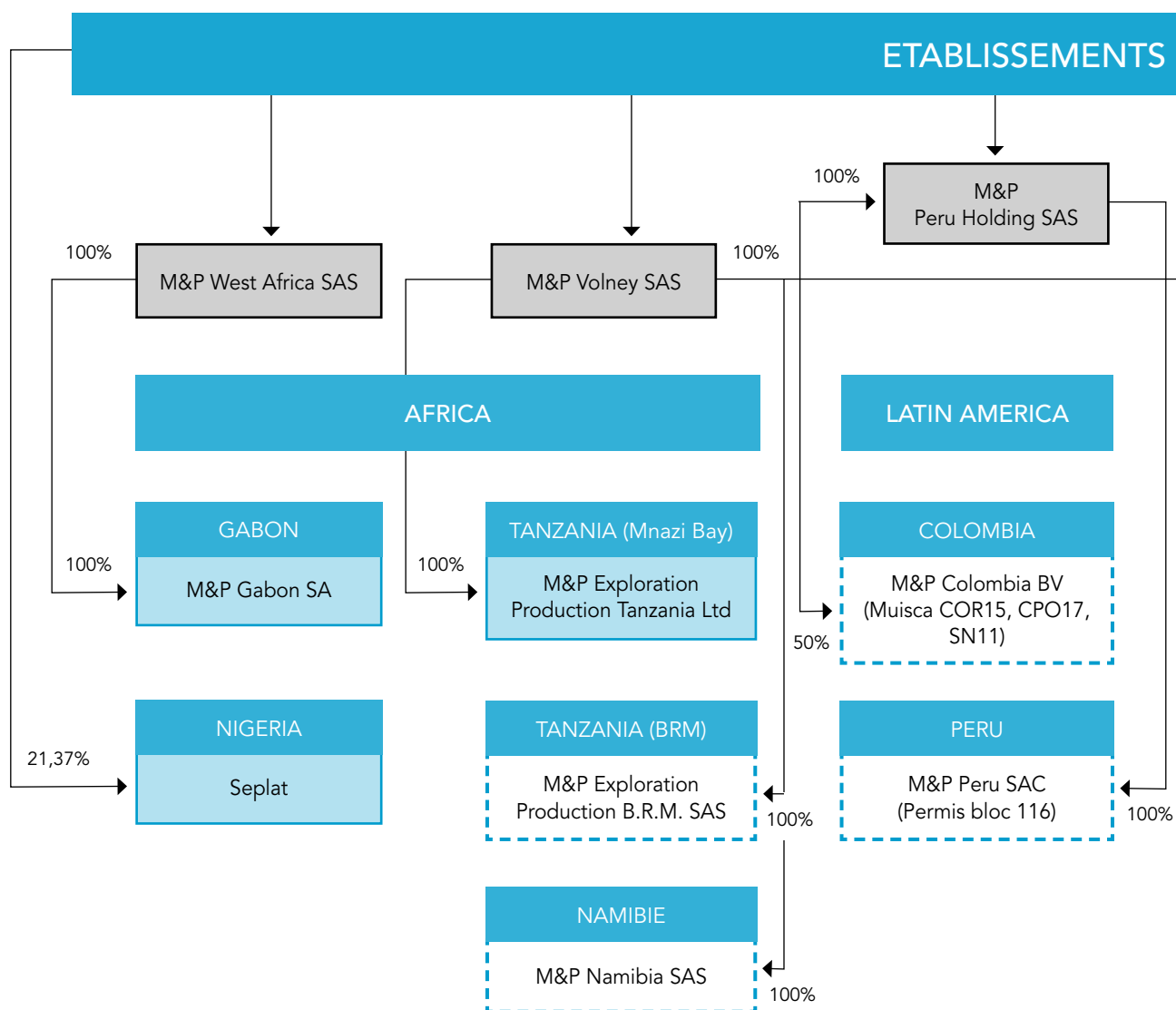
# 7

## OTHER INFORMATION ABOUT THE GROUP

### Organisation chart

### 7.7. ORGANISATION CHART at 31 December 2015

#### ▷ 7.7.1. Organisation chart of the main Group entities



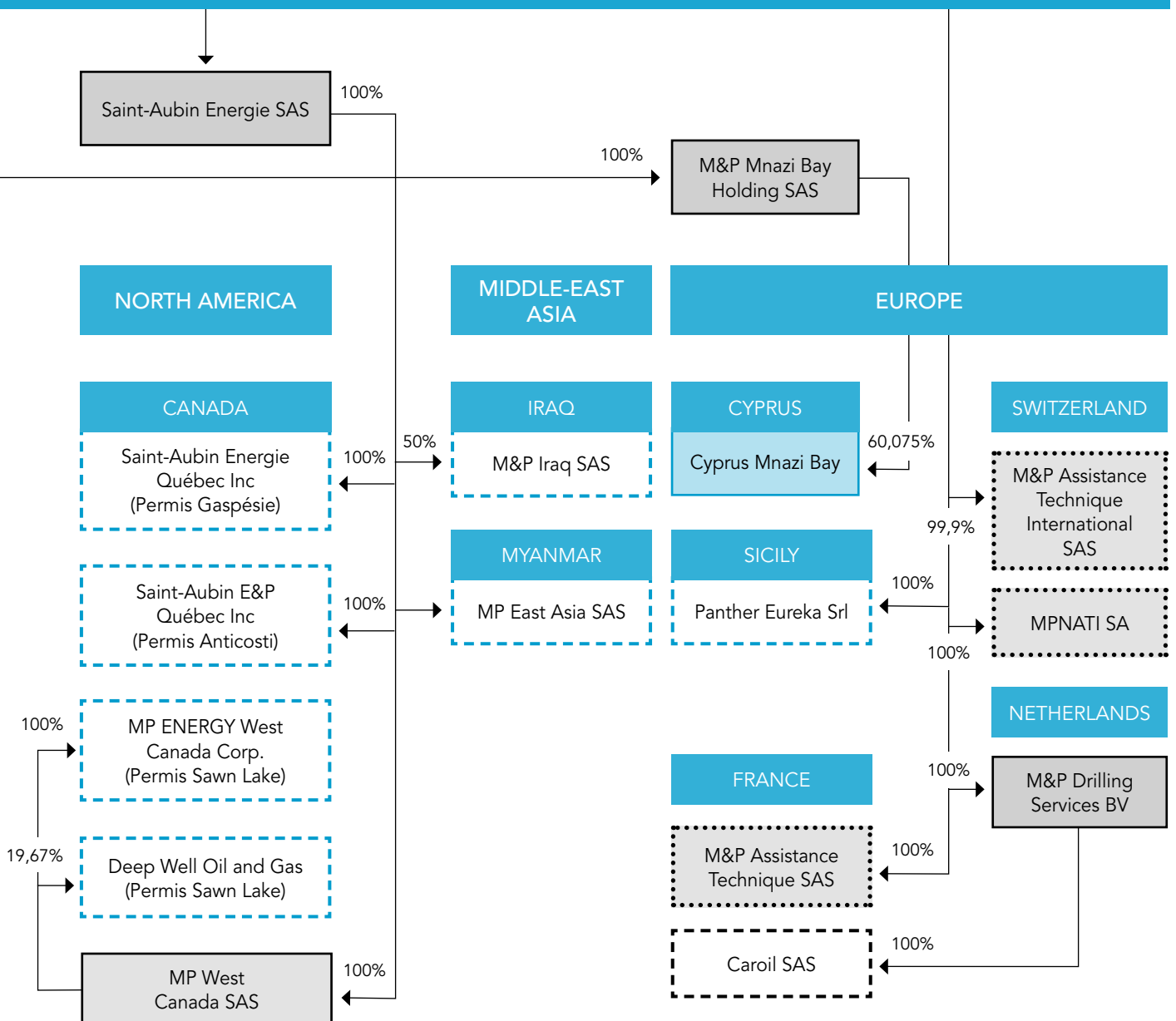
- Holding companies
- Companies whose main activity is production
- Companies whose main activity is drilling
- Companies whose main activity is exploration
- Service companies

# 7

## OTHER INFORMATION ABOUT THE GROUP

### Organisation chart

#### MAUREL & PROM S.A.



# 7

## OTHER INFORMATION ABOUT THE GROUP

### Organisation chart

Pursuant to the OECD recommendation under Action 13 of its Base Erosion and Profit Shifting (BEPS), and in light of the implementation of the proposed amendment to accounting directive 2013/34/EU published in April 2016 regarding disclosure of income tax information by certain undertakings and branches, the Group has already begun including country-by-country reporting in its legal organisation chart with an overview of the breakdown of income, taxes and activities by tax jurisdiction.

### ▷ 7.7.2. List of all incorporated Group entities in 2015

Tax jurisdiction	Resident incorporated entity	Registered office	Consolidated entity	Mining rights owned or managed	Hydro-carbon sales	Liquid and gas hydrocarbon exploration	Technical drilling services	Administrative and management services	Group internal financing	Shares or other equity instruments held	Dormant activities	Other
Bahamas	Zetah Noumbi Ltd	Pointe Noire, Congo									x	d
Brazil	MP Oleo & Gas do Brazil	Paris, France									x	d
Cameroon	Caroil S.A.S. (Cameroon-based)	Paris, France	x				x					
Canada	Saint-Aubin Energie Québec Inc (Gaspésie)	Montréal, Canada	x	x		x						
Canada	Saint-Aubin Exploration & Production Québec Inc (Anticosti)	Montréal, Canada	x	x		x						
Canada	MP Energy West Canada Corp. (Sawn Lake)	Calgary, Canada	x	x		x						
Canada	Deep Well Oil & Gas, Inc	Edmonton, Alberta, Canada	x	x		x						
Colombia	Maurel & Prom Colombia BV	Rotterdam, Pays Bas	x	x		x						
Colombia	Etablissements Maurel & Prom S.A. (Colombia-based)	Paris, France	x				x					
Colombia	Caroil S.A.S. (Colombia-based)	Paris, France	x				x					

# 7

## OTHER INFORMATION ABOUT THE GROUP

### Organisation chart

Tax jurisdiction	Resident incorporated entity	Registered office	Consolidated entity	Mining rights owned or managed	Hydro-carbon sales	Liquid and gas hydrocarbon exploration	Technical drilling services	Administrative and management services	Group internal financing	Shares or other equity instruments held	Dormant activities	Other
Congo	Maurel & Prom Congo S.A.	Pointe Noire, Congo	x	x		x						e
Congo	Etablissements Maurel & Prom S.A. (Noumbie-based)	Paris, France	x	x		x						e
Congo	Caroil SAS (Congo-based)	Paris, France	x				x					
France	Etablissements Maurel & Prom S.A. (registered office)	Paris, France	x	x				x	x			
France	Maurel & Prom Assistance Technique S.A.S.	Paris, France	x					x				
France	Maurel & Prom West Africa S.A.S.	Paris, France	x							x		
France	Maurel & Prom Peru Holdings S.A.S.	Paris, France	x							x		
France	Etablissements Maurel & Prom S.A. (Mios-based)	Paris, France	x	x		x						
France	Etablissements Maurel & Prom S.A. (Lavignolle-based)	Paris, France	x	x		x						
France	Maurel & Prom Volney 2 S.A.S.	Paris, France	x							x		d

# 7

## OTHER INFORMATION ABOUT THE GROUP

### Organisation chart

Tax jurisdiction	Resident incorporated entity	Registered office	Consolidated entity	Mining rights owned or managed	Hydro-carbon sales	Liquid and gas hydrocarbon exploration	Technical drilling services	Administrative and management services	Group internal financing	Shares or other equity instruments held	Dormant activities	Other
France	Maurel & Prom Mnazi Bay Holdings S.A.S.	Paris, France	x							x		
France	Saint-Aubin Energie S.A.S.	Paris, France	x							x		d
France	Caroil S.A.S. (France-based)	Paris, France	x							x		
France	MP West Canada S.A.S.	Paris, France	x							x		
France	MP Québec S.A.S.	Paris, France									x	d
France	M&P Exploration Production France S.A.S.	Paris, France				x					x	d
France	M&P Exploration Production Mozambique S.A.S.	Paris, France				x					x	d
France	Volney 5 S.A.	Paris, France									x	
France	Volney 6 S.A.S.	Paris, France									x	
France	Integra Oil S.A.S.	Paris, France		x						x		b
Gabon	Maurel & Prom Gabon S.A.	Port-Gentil, Gabon	x	x	x	x						
Gabon	Caroil S.A.S. (Gabon-based)	Port-Gentil, Gabon	x				x					
Gabon	Maurel & Prom Exploration Production Gabon S.A.	Port-Gentil, Gabon		x								
Gabon	Maurel & Prom Développement Gabon S.A.	Port-Gentil, Gabon		x								d



## 7

## OTHER INFORMATION ABOUT THE GROUP

## Organisation chart

Tax jurisdiction	Resident incorporated entity	Registered office	Consolidated entity	Mining rights owned or managed	Hydro-carbon sales	Liquid and gas hydrocarbon exploration	Technical drilling services	Administrative and management services	Group internal financing	Shares or other equity instruments held	Dormant activities	Other
Iraq	Maurel & Prom Exploration Production Iraq S.A.S.	Paris, France		x		x					x	
Luxembourg	Ison Holding S.a.r.l.	Luxembourg		x						x		a
Mozambique	Etablissements Maurel & Prom S.A. (Mozambique-based)	Paris, France	x	x		x						
Myanmar	Maurel & Prom East Asia S.A.S.	Paris, France	x	x		x						
Namibia	Maurel & Prom Namibia S.A.S.	Paris, France	x	x		x						
Nigeria	Seplat	Nigéria	x	x	x	x						
Nigeria	Cardinal	Nigéria					x					
Uganda	Caroil S.A.S. (Uganda-based)	Paris, France	x				x					
Netherlands	Maurel & Prom Prom Drilling Services	Amsterdam, Netherlands	x						x	x		
Peru	Maurel & Prom Peru SAC	Lima, Peru	x	x		x						
Sicily	Panther Eureka S.r.l.	Ragusa, Sicily	x	x		x						
Switzerland	Maurel & Prom Assistance Technique International S.A.	Geneva, Switzerland	x					c				
Switzerland	MPNATI S.A.	Geneva, Switzerland	x					c				
Syria	Etablissements Maurel & Prom S.A. (Syria-based)	Paris, France	x	x		x						e

# 7

## OTHER INFORMATION ABOUT THE GROUP

### Organisation chart

Tax jurisdiction	Resident incorporated entity	Registered office	Consolidated entity	Mining rights owned or managed	Hydro-carbon sales	Liquid and gas hydrocarbon exploration	Technical drilling services	Administrative and management services	Group internal financing	Shares or other equity instruments held	Dormant activities	Other
Tanzania	TAMBEC	Dar es Salaam, Tanzania									x	
Tanzania	Maurel & Prom Tanzanie Ltd	Dar es Salaam, Tanzania									x	
Tanzania	Maurel & Prom Exploration Production Tanzania Ltd	Dar es Salaam, Tanzania	x	x	x	x						
Tanzania	Cyprus Mnazi Bay Limited	Nicosia, Cyprus	x	x	x	x						
Tanzania	Maurel & Prom Exploration et Production BRM S.A.S.	Paris, France	x	x		x						
Tanzania	Caroil S.A.S. (Tanzania-based)	Paris, France	x				x					

### Notes on other Group activities

- Since 2012, the Company has held an 18.64% stake in Ison Holding SARL, a company incorporated under Luxembourg law. This company manages interests in gold-mining activities in Mali and owns New Gold Mali (NGM) and Tichit.
- In 2015, the company received US\$9 million plus a 10% stake in that holding company which owns assets in Venezuela, along with preemptive rights on 50% of the dividends as payment for its receivable against the Integra Oil group.
- Maurel & Prom Assistance Technique International and MPNATI are companies entirely devoted to managing the majority of the personnel dedicated to the Group's international activities.
- Companies undergoing liquidation or restructuring.
- Entities excluded in 2015.

## 7

## OTHER INFORMATION ABOUT THE GROUP

## Organisation chart

## ▷ 7.7.3. Overview of the breakdown of income, taxes and activities by tax jurisdiction

The information below is the same as the estimated statutory information for fiscal year 2015 for the entities in which the Group holds at least a 40% interest. Income statement information is translated into euros at the average rate for the fiscal year, while balance sheet information is translated into euros at the period-end rate. This information differs from the consolidated financial statements published in paragraph 8 of this Annual Report insofar as it derives from the financial statements prepared in accordance with local accounting standards and includes intragroup transactions not eliminated on consolidation. This information was prepared in light of the proposed April 2017 amendment to an accounting directive amending Directive 2013/34/EU regarding disclosure of income tax information by certain undertakings and branches.

In thousands of euros

Tax jurisdiction	External sales	Related-party sales	Total sales	Tax liability paid	Tax liability paid	Tax liability due	Share capital paid	Number of employees	Property, plant and equipment
Bahamas	-	-	-	-	-	-	-	-	-
Brazil	-	-	-	-	-	-	-	-	-
Cameroon	-	-	-	-	-	-	-	-	-
Canada	-	-	-	(1,665)	-	(58)	8,028	-	9,629
Colombia	385	-	385	(9,665)	-	349	56	6	13,781
Congo	8,789	-	8,789	(353)	-	561	19	-	1,385
France	-	18,644	18,644	(257,399)	347	-	196,421	67	578
Gabon	256,833	(15,678)	241,156	25,490	38,241	39,619	117	365	254,653
Iraq	-	-	-	-	-	-	74	-	-
Luxembourg	-	-	-	-	-	-	-	-	-
Mozambique	-	-	-	(17,827)	-	-	-	-	-
Myanmar	-	-	-	(49,840)	-	-	37	-	-
Namibia	-	-	-	537	-	-	37	-	-
Nigeria	-	-	-	-	-	-	-	-	-
Uganda	-	-	-	(703)	-	-	-	-	-
Netherlands	-	-	-	(37,199)	-	-	18	-	-
Peru	-	-	-	(1,512)	-	-	2,528	2	-
Sicily	-	-	-	(378)	-	-	129	-	864
Switzerland	-	10,714	10,714	311	72	59	277	43*	-
Syria	-	-	-	(1,266)	-	-	-	-	-
Tanzania	9,619	8,976	18,595	(30,538)	1,322	1,322	25,038	65	48,360
<b>GRAND TOTAL</b>	<b>275,627</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>548</b>	<b>-</b>

\* Internationally mobile employees.

## 7

## OTHER INFORMATION ABOUT THE GROUP

*Sums paid to governments of countries where extractive activities are carried out*

## 7.8. SUMS PAID TO GOVERNMENTS OF COUNTRIES WHERE EXTRACTIVE ACTIVITIES ARE CARRIED OUT

Sums paid in fiscal year 2015 to governments of countries in which the Maurel & Prom Group operates are presented below:

<i>In thousands of euros by country and by project</i>	<b>Taxes and contributions (A)</b>	<b>Premiums and rights (B)</b>	<b>Subsidies (C)</b>	<b>Production rights (D)</b>	<b>Total payments to governments</b>
<b>Gabon</b>	25,532	-	4,834	38,241	68,606
<b>Tanzania (Mnazi Bay)</b>	1,735	250	361	1,322	3,668
<b>Tanzania (BRM)</b>	290	94	714	-	1,099
<b>Colombia</b>	643	-	-	-	643
<b>Other</b>	129	-	-	-	129
<b>TOTAL</b>	<b>28,329</b>	<b>344</b>	<b>5,909</b>	<b>39,562</b>	<b>74,145</b>

The publication of this information was made compulsory for the extractive industries by Transparency Directive 2004/109/EC of 15 December 2004, transposed into French law by Law 2014-1662 of 30 December 2014.

This information was established on the basis of specific consolidated reporting which listed, per project, payments made to each government authority in countries where extractive activities were carried out.

"Projects" mean operating activities governed by a set of agreements that are significantly linked to one another (i.e. permits governed by the same exploration and production sharing agreement) and constitute the basis of payment obligations.

"Authorities of each government" mean any national, regional or local authority of a government or territory, or any administration, agency or undertaking, excluding but not limited to France, Switzerland or other countries.

"Payments" mean disbursements and payments in kind made in respect of each of the following payment categories:

A / Royalties, contributions or taxes.

B / Signature, discovery or production premiums; permit rights, rental fees, entry rights or other permit and/or concession considerations.

C / Payments made to local communities or for infrastructure improvements.

D / Production rights and taxes levied on company benefits.

# 7

## OTHER INFORMATION ABOUT THE GROUP

*Person responsible for the Annual Report and its updating*

### 7.9. PERSON RESPONSIBLE FOR THE ANNUAL REPORT AND ITS UPDATING

---

#### ▷ 7.9.1. Person responsible for the annual report and its updating

Michel Hochard, the Company's Chief Executive Officer, is responsible for the financial information and the Annual Report.

His contact details are as follows:

**Monsieur Michel Hochard**

Chief Executive Officer

**Etablissements Maurel & Prom**

51, rue d'Anjou – 75008 Paris

Tel: +33 (0)1 53 83 16 00

Fax: +33 (0)1 53 83 16 04

### ▷ 7.9.2. Certification of the person responsible

I hereby certify, after having taken every reasonable measure to this effect, that the information contained in this Annual Report is, to my knowledge, accurate and does not contain any omission that could affect its scope.

I also hereby certify, to my knowledge, that the financial statements have been prepared in compliance with applicable standards in France and give a true and fair view of the assets, financial position and earnings of the Company and all companies included in the consolidation, and that this Annual Report including the management report gives a true and fair view of the progress of the business, earnings and financial position of the Company and of all companies included in the consolidation as well as a description of the main risks and uncertainties it faces.

I have obtained a completion of work letter from the Statutory Auditors, in which they indicate that they have verified the financial data and the financial statements contained in this document and have read the document in its entirety.

The historical financial data presented in the Annual Report are covered in the Statutory Auditors' reports, shown in paragraph 8 of said document.

**The report on the 2015 consolidated financial statements (appearing on pages 244 and 245 of this Annual Report) is presented with no observations or is presented with the following observation:**

Without qualifying our opinion, we draw your attention to the matter set out in Note 1.7 "Restatement in presentation of the statement of income" to the consolidated financial statements regarding a modification in the presentation of some aggregates of the consolidated statement of income.

**The report on the 2015 company financial statements (appearing on pages 246 and 247 of this Annual Report) is presented with no observations.**

**The report on the 2014 consolidated financial statements (appearing on page 234 of the 2014 Annual Report) contains the following observation:**

In due respect of the opinion expressed above, we draw your attention to:

- ▶ Note 28 to the financial statements, "Change in accounting method", which describes the implications of the change in accounting method related to the first-time adoption of IFRS 10, IFRS 11 and IFRS 12 starting on 1 January 2014;
- ▶ Note 7 to the financial statements, "Investments in equity associates", which describes the assumptions used by the Company to determine the value of the investment in the equity associate Maurel & Prom Colombia.

**The report on the 2014 company financial statements (appearing on page 267 of the 2014 Annual Report) is presented with no observations.**

**The report on the 2013 consolidated financial statements (appearing on pages 231 and 232 of the 2013 Annual Report) contains the following observation:**

In due respect of the opinion expressed above, we draw your attention to:

- ▶ Note 1 to the consolidated financial statements, "Overview", which includes a reference to the "Ezanga" production sharing agreement in Gabon, taken into consideration for the certification of the Group's reserves and the calculation of the depletion expense on Gabonese assets. The Note states that, under current regulations, this contract must be formally promulgated by a decree of the Gabonese Republic;
- ▶ Note 4 to the consolidated financial statements, "Intangible assets", which shows in particular the net carrying value of the assets associated with the Bigwa-Rufiji-Mafia (BRM) permit in Tanzania and the Company's activities in Colombia. The note describes the methodology adopted by the Company for estimating the value of its intangible assets;
- ▶ Note 17, "Change in accounting method", concerning the recognition of sales according to the entitlements method.



# 7

## OTHER INFORMATION ABOUT THE GROUP

*Person responsible for the Annual Report and its updating*

**The report on the 2013 company financial statements (appearing on pages 265 and 266 of the 2013 Annual Report) is presented with no observations.**

The report on the 2012 consolidated financial statements (appearing on page 210 of the 2012 Annual Report) is presented with the following observation:

In due respect of the opinion expressed above, we draw your attention to:

- ▶ Note 4 to the consolidated financial statements, "Intangible Assets", which shows in particular the net carrying value of the assets associated with the Bigwa-Rufiji-Mafia (BRM) permit in Tanzania, the Etekamba permit in Gabon, and activities in Colombia. The Note describes the methodology adopted by the Company for estimating the value of such intangible assets.
- ▶ Note 7 to the consolidated financial statements, which describes the principles and methods adopted for calculating the value of your Company's equity interests in Tuscany.

**Michel HOCHARD**

*Chief Executive Officer*

Paris, 22 April 2016

## 7

## OTHER INFORMATION ABOUT THE GROUP

*Person responsible for the Annual Report and its updating*

▷ 7.9.3. Persons responsible for auditing the financial statements

Incumbent statutory auditors	Date of first appointment	Term of current appointment	Expiry of appointment
<b>International Audit Company</b> 46, rue du Général Foy 75008 Paris, France	General Shareholders' Meeting of 12 June 2014	6 years starting on 12 June 2014	At the close of the General Shareholders' Meeting called to approve the annual financial statements as at 31 December 2019
<b>KPMG S.A.</b> Tour EQHO 2 avenue Gambetta 92066 Paris La Défense Cedex, France	General Shareholders' Meeting of 12 June 2014	6 years starting on 12 June 2014	At the close of the General Shareholders' Meeting called to approve the annual financial statements as at 31 December 2019
Alternate statutory auditors			
<b>Fabienne Hontarrede</b> 459, avenue de Circourt 78170 La Celle-Saint-Cloud, France	General Shareholders' Meeting of 12 June 2014	6 years starting on 12 June 2014	At the close of the General Shareholders' Meeting called to approve the annual financial statements as at 31 December 2019
<b>Salustro Reydel</b> Tour EQHO 2 avenue Gambetta 92066 Paris La Défense Cedex, France	General Shareholders' Meeting of 12 June 2014	6 years starting on 12 June 2014	At the close of the General Shareholders' Meeting called to approve the annual financial statements as at 31 December 2019



8.1.	CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015	181
8.1.1.	Group consolidated financial statements at 31 December 2015	182
8.1.2.	Notes to the financial statements	188
8.1.3.	Statutory auditors' report on the consolidated financial statements	244
8.2.	SPECIAL REPORT OF THE STATUTORY AUDITORS ON RELATED PARTY AGREEMENTS AND COMMITMENTS	246
8.3.	STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF ETABLISSEMENTS MAUREL & PROM S.A.	250
8.4.	FIVE-YEAR FINANCIAL SUMMARY FOR THE COMPANY	252
8.5.	AVAILABILITY OF THE INFORMATION	253
8.6.	GLOSSARY	254
8.7.	CROSS-REFERENCE TABLE	256
8.7.1.	Management report	256
8.7.2.	EC Regulations	258

# 8 NOTES

## 8.1. CONSOLIDATED FINANCIAL STATEMENTS at 31 December 2015

▷ 8.1.1. Group consolidated financial statements at 31 December 2015	
1. Statement of financial position	182
2. Consolidated statement of comprehensive income	184
3. Change in shareholders' equity	186
4. Cash flow statement	187
▷ 8.1.2. Notes to the financial statements	
<b>Note 1 : General information</b>	<b>188</b>
1.1 : Economic environment and impact on the Group's operations	188
1.2 : Production activities	188
1.3 : Refocusing of the Group's activities	189
1.4 : Merger-absorption of MPI by Maurel & Prom	189
1.5 : ORNANE 2021 bonds / OCEANE 2015 bonds	189
1.6 : Preparation basis	190
1.7 : Restatement of the presentation of the income statement	191
<b>Note 2 : Basis for consolidation</b>	<b>193</b>
2.1 : Consolidation methods	193
2.2 : List of consolidated entities	195
2.3 : Merger-absorption of MPI by Maurel & Prom	196
2.4 : Equity associates	198
<b>Note 3 : Operating activities</b>	<b>202</b>
3.1 : Segment reporting	202
3.2 : Non-current assets	204
3.3 : Inventories	214
3.4 : Trade receivables	215
3.5 : Other current assets	216
3.6 : Provisions	216
3.7 : Trade payables	218
3.8 : Other creditors and miscellaneous liabilities	218
3.9 : Current operating income	219
<b>Note 4 : Financing transactions</b>	<b>220</b>
4.1 : Other current financial assets	220
4.2 : Cash and cash equivalents	221
4.3 : Borrowings	221
4.4 : Fair value	225
4.5 : Financial income	226
4.6 : Financial risks	227
<b>Note 5 : Other information</b>	<b>232</b>
5.1 : Income taxes	232
5.2 : Shareholders' equity	235
5.3 : Earnings per share	236
5.4 : Related parties	238
5.5 : Off-balance-sheet commitments - contingent assets and liabilities	239
5.6 : Other information	243
5.7 : Events after the reporting period	243

## 8

## NOTES

Consolidated financial statements at 31 December 2015

▷ 8.1.1. Group consolidated financial statements at 31 December 2015

1. STATEMENT OF FINANCIAL POSITION

Assets

<i>In thousands of euros</i>	Notes	31/12/2015	31/12/2014
Intangible assets (net)	3.2	319,199	328,232
Property, plant and equipment (net)	3.2	1,504,423	1,294,484
Non-current financial assets (net)		3,820	931
Equity associates	2.4	125,688	94,028
Deferred tax assets	5.1	31,468	280
<b>NON-CURRENT ASSETS</b>		<b>1,984,598</b>	<b>1,715,955</b>
Inventories (net)	3.3	11,897	6,885
Trade receivables and related accounts (net)	3.4	24,678	43,377
Other current financial assets	4.1	72,318	60,197
Other current assets	3.5	74,745	58,400
Current tax receivables	5.1	2,050	1,163
Cash and cash equivalents	4.2	282,403	229,938
<b>CURRENT ASSETS</b>		<b>468,091</b>	<b>399,960</b>
<b>TOTAL ASSETS</b>		<b>2,452,689</b>	<b>2,115,915</b>



## Liabilities

<i>In thousands of euros</i>	Notes	31/12/2015	31/12/2014
Share capital		150,412	93,603
Additional paid-in capital		291,101	165,010
Consolidated reserves		826,907	689,432
Treasury shares		(68,475)	(70,507)
Net income, Group share		(97,760)	13,159
<b>EQUITY, GROUP SHARE</b>		<b>1,102,185</b>	<b>890,697</b>
Non-controlling interests		(728)	(3,181)
<b>TOTAL NET EQUITY</b>	<b>2.3</b>	<b>1,101,458</b>	<b>887,516</b>
Non-current provisions	3.6	49,222	10,282
Non-current bonds	4.3	332,396	233,989
Other non-current borrowings and financial debt	4.3	393,938	359,852
Non-current derivative financial liabilities	4.3	8,090	1,612
Deferred tax liabilities	5.1	382,047	358,217
<b>NON-CURRENT LIABILITIES</b>		<b>1,165,694</b>	<b>963,952</b>
Current bond borrowings	4.3	9,437	69,631
Other current borrowings and financial debt	4.3	10,760	3,654
Trade payables and related accounts	3.7	65,227	107,210
Current tax liabilities	5.1	7,792	6,509
Other creditors and miscellaneous liabilities	3.8	82,472	65,719
Current provisions	3.6	9,851	11,724
<b>CURRENT LIABILITIES</b>		<b>185,538</b>	<b>264,447</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,452,689</b>	<b>2,115,915</b>

## 8

## NOTES

Consolidated financial statements at 31 December 2015

## 2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## Net income for the period

<i>In thousands of euros</i>	Notes	31/12/2015	31/12/2014 *
Sales		275,627	550,398
Other income		12,656	7,395
Purchases and operating expenses		(106,672)	(111,267)
Taxes		(31,455)	(47,480)
Personnel expenses		(43,233)	(47,100)
<b>EBITDA</b>		<b>106,922</b>	<b>351,947</b>
Depreciation and amortisation charges	3.2	(98,059)	(86,720)
<b>CURRENT OPERATING INCOME</b>	<b>3.9</b>	<b>8,863</b>	<b>265,227</b>
Depreciation of drilling assets	3.2/3.3	(38,926)	(9,730)
Exploration expenses and depreciation	3.2/3.6	(125,460)	(103,656)
Non-current income and expenses	2.3/3.6	(9,431)	(10,939)
Income from asset disposals		(11)	(294)
<i>Badwill</i>	2.3	140,228	
<b>EBIT</b>		<b>(24,737)</b>	<b>140,608</b>
Gross cost of financial debt		(36,084)	(37,953)
Income from cash		689	655
Net gains on fair value of financial instruments		7,551	12,005
Net cost of financial debt		(27,845)	(25,293)
Net foreign exchange differences		27,618	25,000
Other financial income and expenses		(6,943)	(10,514)
<b>FINANCIAL INCOME</b>	<b>4.5</b>	<b>(7,170)</b>	<b>(10,807)</b>
Income before tax		(31,907)	129,800
Income tax	5.1	32,311	(101,567)
<b>NET INCOME FROM CONSOLIDATED COMPANIES</b>		<b>404</b>	<b>28,233</b>
Share of income of equity associates **	2.4	(95,396)	(15,380)
<b>CONSOLIDATED NET INCOME</b>		<b>(94,992)</b>	<b>12,853</b>
inc: - Net income, Group share		(97,760)	13,159
- Non-controlling interests		2,768	(306)
<b>EARNINGS PER SHARE IN €</b>			
Basic		-0.82	0.11
Diluted		-0.82	0.10

\* The presentation of the income statement has been amended from the published financial statements at 31 December 2014 (cf note 1.7)

\*\* The charges and impairment reported in the share of income of equity associates total €92,063 thousand.

## Comprehensive income for the period

<i>In thousands of euros</i>	Notes	31/12/2015	31/12/2014
<b>NET INCOME FOR THE PERIOD</b>		(94,992)	12,853
Currency translation adjustments on the financial statements of foreign entities		110,784	115,397
Profit (loss) on hedging of net investments in foreign entities		(3,210)	(4,144)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		12,581	124,105
- Group share		10,128	124,781
- Non-controlling interests		2,454	(675)

## 8

## NOTES

Consolidated financial statements at 31 December 2015

## 3. CHANGE IN SHAREHOLDERS' EQUITY

<i>In thousands of euros</i>	Share capital	Treasury shares	Additional paid-in capital and reserves	Exchange gains (losses)	Fair value of net investment hedges	Income for the period	Equity, Group share	Non- controlling interests	Total equity
<b>1 JANUARY 2014</b>	93,578	(70,860)	691,720	(11,367)	-	62,769	765,839	(2,506)	763,333
Net income	-	-	-	-	-	13,159	13,159	(306)	12,853
Other comprehensive income	-	-	-	115,766	(4,144)	-	111,622	(369)	111,252
<b>TOTAL COMPREHEN- SIVE INCOME</b>	-	-	-	115,766	(4,144)	13,159	124,781	(675)	124,106
Appropriation of income - dividends	-	-	62,769	-	-	(62,769)	-	-	-
Capital increase	(25)	-	(490)	-	-	-	(465)	-	(465)
Bonus shares	-	-	965	-	-	-	965	-	965
Changes in treasury shares	-	353	(776)	-	-	-	(423)	-	(423)
<b>TOTAL TRANSACTIONS WITH SHAREHOLDERS</b>	25	353	62,468	-	-	(62,769)	77	-	77
<b>31 DECEMBER 2014</b>	93,603	(70,507)	754,188	104,399	(4,144)	13,159	890,698	(3,181)	887,516
<b>1 JANUARY 2015</b>	93,603	(70,507)	754,188	104,399	(4,144)	13,159	890,698	(3,181)	887,516
Net income	-	-	-	-	-	(97,760)	(97,760)	2,768	(94,992)
Other comprehensive income	-	-	-	111,099	(3,210)	-	107,888	(315)	107,573
<b>TOTAL COMPREHEN- SIVE INCOME</b>	-	-	-	111,099	(3,210)	(97,760)	10,128	2,454	12,581
Appropriation of income - dividends	-	-	13,159	-	-	(13,159)	-	-	-
MPI acquisition in progress 17/12	56,793	-	146,628	-	-	-	203,421	-	203,421
Outstanding equity components for OCEANE bonds	-	-	(2,307)	-	-	-	(2,307)	-	(2,307)
Capital increase	(17)	-	242	-	-	-	259	-	259
Bonus shares	-	1,453	(2,443)	-	-	-	(990)	-	(990)
Changes in treasury shares	-	579	397	-	-	-	976	-	976
<b>TOTAL TRANSACTIONS WITH SHAREHOLDERS</b>	56,809	2,032	155,677	-	-	(13,159)	201,359	-	201,359
<b>31 DECEMBER 2015</b>	150,412	(68,475)	909,865	215,498	(7,355)	(97,760)	1,102,185	(728)	1,101,457

# 8 NOTES

Consolidated financial statements at 31 December 2015

1

CONSOLIDATED FINANCIAL STATEMENTS

## 4. CASH FLOW STATEMENT

<i>In thousands of euros</i>	Notes	31/12/2015	31/12/2014
Net income	2.2	(94,992)	12,853
Tax expense on continuing operations	5.1	(32,311)	101,567
<b>CONSOLIDATED INCOME FROM CONTINUING OPERATIONS</b>		<b>(127,303)</b>	<b>114,420</b>
Net increase (reversals) of amortisation, depreciation and provisions	2.3 to 3.6	143,189	110,510
Exploration and decommissioning expenses		125,460	98,384
Share of income of equity associates	2.4	95,396	15,380
Expenses and income related to bonus shares		(990)	997
Other calculated income and expenses		(2,462)	(3,933)
Gains (losses) on asset disposals		(11)	294
<i>Badwill</i>	2.3	(140,228)	
Unrealised gains (losses) due to changes in fair value	4.3	(7,551)	(12,226)
Other financial items		27,796	29,590
<b>CASH FLOW BEFORE TAX</b>		<b>113,319</b>	<b>353,415</b>
Taxes paid	5.1	(21,200)	(42,378)
Change in working capital requirements for operations		(98,840)	82,790
inventories	3.3	(2,390)	4,485
trade receivables	3.4	22,606	92,600
trade payables	3.7	(55,016)	9,666
other credits and liabilities	3.5/4.1	(64 040)	(23 961)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>(6,721)</b>	<b>393,827</b>
Proceeds from disposal of property, plant & equipment and intangible assets		-	(64)
Disbursements for acquisition of property, plant & equipment and intangible assets	3.2	(177,767)	(331,127)
Cash contributed by subsidiaries acquired	2.3	182,689	-
Other cash flows from investing activities		(60)	(18,412)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>4,862</b>	<b>(349,475)</b>
Amounts received for capital increases	2.3	17	380
Proceeds from new loans	4.3	112,437	587,514
Repayments	4.3	(81,038)	(567,638)
Treasury share acquisitions	2.3	579	353
Interest paid		(20,712)	(29,590)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>11,283</b>	<b>(8,980)</b>
Impact of exchange rate fluctuations		34,931	3,440
<b>INCREASE/DECREASE IN CASH FLOW *</b>		<b>44,355</b>	<b>38,812</b>
<b>CASH * AT BEGINNING OF PERIOD</b>		<b>229,474</b>	<b>190,662</b>
<b>CASH * AT END OF PERIOD</b>		<b>273,829</b>	<b>229,474</b>

\* The cash stated above and presented in note 4.2 means cash and cash equivalents minus bank loans included in borrowings (cf note 4.3).

## ▶ 8.1.2. Notes to the financial statements

### ▶ Note 1 / General information

Etablissements Maurel & Prom S.A. (the "Company") is domiciled in France. The Company's registered office is located at 51 Rue Volney, 75008 Paris. The consolidated financial statements of the Company include the Company and its subsidiaries (the entity designated as the "Group" and each one individually as the "entities of the Group") and the Group's share in its joint ventures. The Group, which is listed for trading on Euronext Paris, acts primarily as an operator specialising in the extraction and production of hydrocarbons (oil and gas).

The financial consolidated statements were approved by the Board of Directors on 30 March 2016. They will be submitted to the Shareholders' Meeting for approval on 15 June 2016.

The consolidated financial statements are presented in euros, which is the functional currency of the Company. Amounts are rounded off to the nearest thousand euros, except where otherwise indicated.

#### 1.1. Economic environment and impact on the Group's operations

The economic environment was marked by the sharp drop in oil prices beginning in September 2014. The price dropped from US\$113/b in late June 2014 to US\$58/b at the end of December 2014, and to US\$38/b at the end of December 2015. Over 2015, the average price of Brent was US\$52/b versus US\$99/b over 2014, a decline of 47%.

At the same time, the EUR/USD average annual exchange rate fell from US\$1.33 for EUR 1 over 2014 to US\$1.1095 for EUR 1 in 2015, a decline of 17%.

The US dollar appreciated against the EUR over the same period. The EUR/US\$ exchange rate at 31 December 2015 was 1.089 compared with 1.214 at 31 December 2014. In this context, the Group

recorded a currency translation gain of €28m in financial income and recognised an increase of €107m in currency translation reserves.

This drop in the annual average price of a barrel had an unfavourable impact of €243m on the Group's sales and €214m on its operating profitability.

#### 1.2. Production activities

Sales were down 50%, from €550m at year-end 2014 to €276m at the end of December 2015.

- ▶ Sales suffered from the impact of lower oil prices, with a 50% decline in the average selling price of a barrel of oil over 2015.
- ▶ At the same time, the Group had to face production limits resulting from constraints affecting evacuation. Thus, the Maurel & Prom share of Gabon oil production fell from 20,014 bopd in 2014 to 17,078 bopd in 2015:
  - total shutdown of oil production in September 2015 following the notification by the Coucal Association of a situation of force majeure on the evacuation pipeline;
  - technical restriction of the capacity of the oil evacuation pipeline in Gabon; and
  - temporary production shutdowns in order to increase the capacities of surface facilities: these shutdowns were initiated by Maurel & Prom in order to organise the connection of additional facilities (electricity generation, oil/water processing, etc.) in order to boost oil production capacity on the producing fields in Gabon.
- ▶ The share of natural gas in Group revenues rose over 2015 with the start of marketing at Gasco (subsidiary of TPDC) in Tanzania in August 2015 (see note 3.1).
- ▶ The improvement in the US\$/EUR exchange rate partially offset the combined effect of a decline in the quantities sold and falling oil prices.



### 1.3. Refocusing of the Group's activities

In the context of the continued deterioration of oil price, the Group continued to refocus on the production activity.

- ▶ Impairment tests improve the value of the assets in Gabon (Ezanga) and in Tanzania (Mnazi Bay);
- ▶ the Group withdrew from its activities in Congo, Mozambique and Syria and depreciated its assets in Colombia, Myanmar, Canada, Tanzania (BRM) and Peru, with an impact on net income of €223m;
- ▶ the non-renewal of long-term drilling contracts for all the portfolio of drilling rigs because of the freeze on sector investments led the Group to revise the value of the drilling activity assets downward and to recognise impairment of €39m as at 31 December 2015.

The impacts on income and on the value of net non-current assets are summarised in note 3.2.

### 1.4. Merger-absorption of MPI by Maurel & Prom

The Combined Shareholders' Meeting of Maurel & Prom on 17 December 2015 approved the merger-absorption of MPI by Maurel & Prom (with an exchange ratio of 1 share of Maurel & Prom for 1.5 MPI shares).

As the counterparty transferred in the amount of €203m, equal to the market value of the Maurel & Prom shares issued in exchange for the MPI shares, on the transaction date, was less than the fair value of the assets and liabilities contributed by MPI for the amount of €344m, there was *badwill* that impact the 2015 income statement by €140 M. The effects are presented in note 2.3.

### 1.5. ORNANE 2021 bonds / OCEANE 2015 bonds

In May 2015, the Group issued €115 million - after the extension clause was exercised - of ORNANE convertible bonds, which may be redeemed in cash and/or converted into new and/or existing shares, maturing on 1 July 2021. The effects are presented in note 4.3.

The features of these ORNANE bonds are as follows:

Maturity:	1 July 2021
Nominal value per unit:	€11.02
Number of bonds issued:	10,425,571
Issue premium:	37%
Nominal rate:	2.75%

The aim with this issue was to refinance the Company's debt and extend its maturity. Maurel & Prom therefore offered an early redemption option for its OCEANE 2015 bondholders.

The OCEANE 2015 bonds outstanding were redeemed at maturity on 31 July 2015. The amount spent on that date was €8.9 million, including repayment of capital and the interest due.

## 1.6. Preparation basis

Pursuant to European Regulation 1606/2002 of 19 July 2002 on international standards, the consolidated financial statements of the Maurel & Prom Group for the year ended 31 December 2015 have been prepared in accordance with IAS/IFRS international accounting standards applicable as at 31 December 2015, as approved by the European Union and available at [http://ec.europa.eu/finance/accounting/ias/index\\_en.htm](http://ec.europa.eu/finance/accounting/ias/index_en.htm).

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their interpretations (Standing Interpretations Committee and International Financial Reporting Standards Interpretations Committee).

New legislation or amendments adopted by the European Union and mandatory from 1 January 2015 have been taken into account:

► IFRIC 21 (Taxes)

The Group reviewed these changes and concluded that they did not have any significant impact on the consolidated accounts at 31 December 2015 or the information presented previously in its interim consolidated financial statements.

The Group has opted against the early application of any new standards, amendments or interpretations that have been published by the IASB but will not be mandatory from 1 January 2015, including:

- IFRS 9 "Financial instruments": according to the IASB, this standard will be applicable for periods starting on or after 1 January 2018. This standard has not yet been approved by the EU; and
- IFRS 15 "Income from customer contract": according to the IASB, this standard will be applicable for periods starting on or after 1 January 2018. This standard has not yet been approved by the EU.

The recommendations of the AMF in its guide on the relevance, consistency and readability of financial statements, which were published in 2015, primarily covering the presentation of accounting principles within each explanatory note, have been taken into consideration.

The consolidated financial statements are prepared on a historical cost basis, except for certain categories of assets and liabilities valued at fair value (derivative instruments), in accordance with IFRS.

IFRS have been applied by the Group consistently for all the periods presented.

The preparation of consolidated financial statements under IFRS requires the Group to make accounting choices, produce a number of estimates and use certain assumptions that affect the reported amounts of assets and liabilities, the notes concerning potential assets and liabilities on the reporting date, and the income and expenses for the period. Changes in facts and circumstances may lead the Group to review such estimates.

The results obtained may significantly differ from such estimates when different circumstances or assumptions are applied.

In addition, when a specific transaction is not treated by any standard or interpretation, the Group's Management uses its own discretion to define and apply the accounting methods that will provide relevant, reliable information. The financial statements give a true and fair view of the Group's financial position, performance and cash flows. They reflect the substance of transactions, are prepared with prudence, and are complete in all material respects.

The principal management estimates used in preparing the financial statements primarily relate to:

- impairment tests on oil assets;
- provisions for site remediation;
- recognition of oil carry transactions;
- valuation of equity associates;
- accounting treatment of derivative instruments subscribed by the Group;
- recognition of deferred tax assets.

### 1.7. Restatement of the presentation of the income statement

Pursuant to the provisions of standard IAS 1 "Presentation of financial statements" and the recommendations of the Autorité des Marchés Financiers in its guide published 1 July 2015, the Group decided to revise the presentation of its financial statements in order to reconcile them with the aggregates used in the Group's financial communication.

For this purpose, the aggregates EBITDA and "Current operating income" were added.

"Purchases and change in inventories" and "other operating purchases and expenses" are combined as "Operating purchases and expenses".

In 2014, personnel expenses for the headquarters, which are invoiced to the operational subsidiaries, were reported under "purchases and other operating expenses" for €24 million. They have been reclassified as "Personnel expenses".

Depreciation of production and exploration assets for €113.4m in 2014, has been divided into 2 categories: depreciation of drilling assets for €9.7m and production expenses and depreciation of assets for €103.7m.

"Increases in provisions and impairment of current assets", "reversals of operating provisions" and "other expenses" are combined as "non-current income and expenses".

The "foreign exchange gains or loss" included in 2014 in "Other financial income and expenses" has been isolated.

## 8

## NOTES

## Consolidated financial statements at 31 December 2015

<i>In thousands of euros</i>	31/12/2014 (published)	reclassifica- tions	31/12/2014 (restated)
Sales	550,398		550,398
Other income	7,395		7,395
<i>Purchases and change in inventories</i>	<i>(24,821)</i>		<i>(24,821)</i>
<i>Other purchases and operating expenses</i>	<i>(110,851)</i>	<i>(24,405)</i>	<i>(135,256)</i>
<b>PURCHASES AND OPERATING EXPENSES(SUB-TOTAL ADDED)</b>			<b>(111,267)</b>
Taxes	(47,480)		(47,480)
Personnel expenses	(22,695)	24,405	(47,100)
<b>EBITDA</b>			<b>351,947</b>
Depreciation and amortisation charges	(86,720)		(86,720)
<b>CURRENT OPERATING INCOME</b>			<b>265,227</b>
DEPRECIATION OF DRILLING ASSETS (NEW LINE)		(9,730)	(9,730)
EXPENSES AND DEPRECIATION OF EXPLORATION ASSETS (NEW LINE)		(103,656)	(103,656)
Depreciation of exploration and production assets	(113,386)	113,386	
<i>Provisions and impairment of current assets</i>	<i>(8,956)</i>		<i>(8,956)</i>
<i>Reversals of operating provisions</i>	<i>2,108</i>		<i>2,108</i>
<i>Other expenses</i>	<i>(4,091)</i>		<i>(4,091)</i>
<b>NON-CURRENT INCOME AND EXPENSES(SUB-TOTAL ADDED)</b>			<b>(10,939)</b>
Income from asset disposals	(294)		(294)
<b>EBIT</b>	<b>140,607</b>		<b>140,607</b>
Gross cost of financial debt	(37,953)		(37,953)
Income from cash	655		655
Net gains and losses on derivative instruments	12,005		12,005
Net cost of financial debt	(25,293)		(25,293)
FOREIGN EXCHANGE GAINS OR LOSSES(NEW LINE)		25,000	25,000
Other financial income and expenses	14,486	(25,000)	(10,514)
<b>FINANCIAL INCOME</b>	<b>(10,807)</b>		<b>(10,807)</b>
Income before tax	129,800		129,800
Income tax	(101,567)		(101,567)
<b>NET INCOME FROM CONSOLIDATED COMPANIES</b>	<b>28,233</b>		<b>28,233</b>
Share of income of equity associates	(15,380)		(15,380)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>12,853</b>		<b>12,853</b>
Income from discontinued operations	-		-
<b>CONSOLIDATED NET INCOME</b>	<b>12,853</b>		<b>12,853</b>

## ► Note 2 / Basis for consolidation

### 2.1. Consolidation methods

#### Consolidation

The entities controlled by Maurel & Prom are fully consolidated.

The Group controls a subsidiary when it is exposed or it has a right to variable returns because of its ties with the entity and when it has the capacity to influence these returns because of the power it holds over the subsidiary. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which the control ceases.

Intra-group balances, transactions, income and expenses are eliminated on consolidation.

#### Equity associates

Joint ventures and affiliates are consolidated using the equity method.

- ▶ joint ventures are arrangements giving the Group joint control, according to which it has rights to the net assets of the arrangement and not rights to the assets and obligations for the liabilities relating to the arrangement;
- ▶ affiliated entities are entities over whose financial and operating policies the Group has considerable influence without controlling or jointly controlling them. Considerable influence is assumed when the percentage of voting rights is greater than or equal to 20%, unless a lack of participation in the Company's management reveals a lack of considerable influence. When the percentage is less, the entity is consolidated using the equity method if significant influence can be demonstrated.

The gains resulting from transactions with the equity associates are eliminated by the contra entry to the securities accounting for using the equity method in the amount of the Group's stake in the company. Losses are eliminated in the same way as gains, but only insofar as they do not represent an impairment.

#### Business combinations

Business combinations are recognised in accordance with IFRS 3R "Business Combinations" using the acquisition method. Thus, when control of a company is acquired, the assets, liabilities and contingent liabilities of the acquired company are measured at fair value (with exceptions) in accordance with IFRS guidelines.

The Group values the goodwill on the acquisition date as:

- ▶ the fair value of the transferred consideration; plus
- ▶ the amount recognised for non-controlling interests in the acquired company; plus
- ▶ if the business combination is carried out in stages, the fair value of any interest previously held in the acquired company; minus; minus
- ▶ the net amount recognised (generally at fair value) for the identifiable assets acquired and the liabilities taken over.

When the difference is negative, a profit for acquisition under advantageous conditions must be posted directly as EBIT.

Costs related to the acquisition, other than those related to the issuance of a debt or equity securities, which the Group bears as a result of a business combination, are expensed as they are incurred.

Determination of goodwill is finalised within a period of one year from the date of acquisition.

Such goodwill is not amortised but is subjected to systematic impairment tests at the end of each accounting period and in the case of an impairment indicator; any losses in value recognised on goodwill are irreversible.

Changes in the percentage of the Group's stake in a subsidiary not resulting in loss of control are recognised as equity transactions.

Goodwill relating to equity associates is recognised under equity securities.

...

...

When the impairment criteria as defined in IAS 39 "Financial Instruments – Recognition and Measurement" indicate that equity interests have declined in value, the amount of such a loss is measured using the rules specified in IAS 36 "Impairment of Assets".

### Currency translation

The financial statements of foreign subsidiaries whose functional currency is not the euro are converted into euros using the closing price method. Assets and liabilities, including goodwill on foreign subsidiaries, are translated at the exchange rate in effect on the closing date of the period. Income and expenses are converted at the average rate for the period. Currency translation adjustments are recognised in items of other comprehensive income and on the balance sheet in shareholders' equity under "currency translation adjustments"; those related to minority interests are recognised under "non-controlling interests". Currency translation adjustments related to a net investment in a foreign activity are posted directly to other comprehensive income.

Expenses and income in foreign currencies are posted at their equivalent in the functional currency of the entity concerned at the transaction date. Assets and liabilities in foreign currencies are reported in the balance sheet at their equivalent value in the functional currency of the entity concerned based on the closing rate. Differences resulting from conver-

sion into foreign currencies at this rate are carried on the income statement as other financial income or other financial expenses.

When the payment of a monetary item that is a receivable or a debt payable to foreign entity is neither planned nor probable in the foreseeable future, the resulting foreign exchange gains and losses are considered to be part of the net investment in a foreign activity and are recognised as other comprehensive income and are presented as a currency reserve.

The Group applies hedge accounting to foreign currency adjustments between the functional currency of the foreign activity and the function currency of the Company (euro).

Foreign exchange adjustments resulting from the translation of financial liabilities designated as a net investment hedge of a foreign activity are recognised as other comprehensive income for the effective portion of the hedge and accumulated in the translation reserve. Any adjustment relating to the ineffective portion of the hedge is recognised in net income. When the net investment hedged is sold, the amount of the adjustments recognised as translation reserve related to it is reclassified as income at the level of the income from disposal.



# 8 NOTES

Consolidated financial statements at 31 December 2015

1

CONSOLIDATED FINANCIAL STATEMENTS

## 2.2. List of consolidated entities

The scope of consolidation at 31 December 2015 changed as follows:

Company	Registered office	Note	Consolidation Method *	31/12/2015	31/12/2014
Etablissements Maurel & Prom S.A.	Paris, France		Parent	100.00%	100.00%
<b>OIL AND GAS ACTIVITIES</b>					
Caroil S.A.S	Paris, France		FC	100.00%	100.00%
Maurel & Prom Congo S.A.	Pointe Noire, Congo		FC	0.00%	100.00%
Maurel & Prom Drilling Services	Amsterdam, Netherlands		FC	100.00%	100.00%
Maurel & Prom Exploration et Production BRM S.A.S.	Paris, France		FC	100.00%	100.00%
Maurel & Prom Exploration Production Tanzania Ltd	Dar es Salaam, Tanzania		FC	100.00%	100.00%
Maurel & Prom Gabon S.A.	Port-Gentil, Gabon		FC	100.00%	100.00%
Maurel & Prom Mnazi Bay Holdings S.A.S.	Paris, France		FC	100.00%	100.00%
Maurel & Prom Namibia S.A.S.	Paris, France		FC	100.00%	100.00%
Maurel & Prom Peru Holdings S.A.S.	Paris, France		FC	100.00%	100.00%
Maurel & Prom Peru SAC	Lima, Peru		FC	100.00%	100.00%
Maurel & Prom Tanzania Ltd	Dar es Salaam, Tanzania		FC	100.00%	100.00%
Maurel & Prom Volney 2 S.A.S.	Paris, France		FC	100.00%	100.00%
Maurel & Prom West Africa S.A.S.	Paris, France		FC	100.00%	100.00%
Panther Eureka S.r.l.	Ragusa, Sicily		FC	100.00%	100.00%
Cyprus Mnazi Bay Limited	Nicosia, Cyprus		FC	60.08%	60.08%
Maurel & Prom Colombia BV	Rotterdam, Netherlands		EM	50.00%	50.00%
Seplat	Lagos, Nigeria	2.3	EM	21.37%	0.00%
Deep Well Oil & Gas, Inc	Edmonton, Canada	2.3	EM	19.67%	6.55%
Maurel & Prom East Asia S.A.S.	Paris, France	2.3	FC	100.00%	33.33%
MP Energy West Canada Corp.	Calgary, Canada	2.3	FC	100.00%	33.33%
MP Québec S.A.S.	Paris, France	2.3	FC	100.00%	33.33%
MP West Canada S.A.S.	Paris, France	2.3	FC	100.00%	33.33%
Saint-Aubin Energie Québec Inc	Montreal, Canada	2.3	FC	100.00%	33.33%
Saint-Aubin Energie S.A.S.	Paris, France	2.3	FC	100.00%	33.33%
Saint-Aubin Exploration & Production Québec Inc	Montreal, Canada	2.3	FC	100.00%	33.33%
<b>OTHER ACTIVITIES</b>					
Maurel & Prom Assistance Technique S.A.S.	Paris, France		FC	100.00%	100.00%
Maurel & Prom Assistance Technique International S.A.	Geneva, Switzerland		FC	99.99%	99.99%
Maurel & Prom Nigeria Assistance Technique International	Geneva, Switzerland	2.3	FC	99.99%	0.00%

\* FC: Full consolidation / EM: Equity method

### 2.3. Merger-Absorption of MPI by Maurel & Prom

The Combined Shareholders' Meeting of Maurel & Prom on 17 December 2015 approved the merger-absorption of MPI by Maurel & Prom. This merger was treated as a business combination according to IFRS 3 – Business Combinations.

#### Contra item transferred

The contra transferred is equal to the market value of the Maurel & Prom shares issued in exchange for the MPI shares, determined on the basis of:

- ▶ an exchange ratio set at 1 Maurel & Prom share for 1.5 MPI shares;
- ▶ a market value of the Maurel & Prom shares issued equal to €2.758, corresponding to the closing price of Maurel & Prom on 17 December 2015.

The calculation of the contra transferred from the business combination is presented in the table below:

Number of MPI shares to be exchanged <sup>(1)</sup>	110 635 041
Exchange ratio for Maurel & Prom shares <sup>(2)</sup>	1,5
Number of shares to be issued	73.756.694
Market value of the Maurel & Prom share <sup>(3)</sup> (in euros)	2.758
<b>Contra transferred= Total market value of the Maurel &amp; Prom shares issued in exchange for the MPI shares (in millions of euros)</b>	<b>203</b>

<sup>(1)</sup> Number of MPI shares at 17 December 2015 (115,336,534) after restatement of treasury shares (4,701,493) cancelled.

<sup>(2)</sup> The exchange ratio as approved by the Combined Shareholders' Meeting of 17 December 2015.

<sup>(3)</sup> The market value used above represents the closing price on 17 December 2015, the date of execution.

#### Fair value of identifiable assets and liabilities

On the basis of the calculation presented in the table below, the fair value of the identifiable assets and liabilities and the contingent liabilities of MPI was determined in accordance with IFRS 3 at €344m.

In millions of euros

Fair value of the Seplat securities <sup>(1)</sup>	120
Fair value of the Saint-Aubin Energie securities and advances <sup>(2)</sup>	48
Fair value of the working capital requirements	(6)
Fair value of liquid assets	182
<b>FAIR VALUE OF THE IDENTIFIABLE ASSETS AND LIABILITIES OF MPI</b>	<b>344</b>

<sup>(1)</sup> MPI accounted for its stake in the listed Company Seplat, over which it exercised significant influence, using the equity method. The fair value of the stake in Seplat was determined on the basis of its closing market price on the London Stock Exchange on 17 December 2015, which was 72.5 pence on the basis of a Euro/Pound Sterling exchange rate on that date of 0.728.

<sup>(2)</sup> MPI recognised its 67% stake in the company Saint-Aubin Energie over which it exercised joint control with Maurel & Prom, which held 33% in the company, using the equity method. The fair value of the Saint-Aubin Energie securities and advances was determined on the basis of the past costs capitalized, considered to be representative of the fair value of this investment on the basis of the generally accepted practice in the oil sector for the disposal of exploration assets.

**BADWILL**

Thus, as the contra transferred in the amount of €203m was less than the amount of the fair value of the assets and liabilities contributed by MPI in the amount of €344m, the result was *badwill*, which positively impact the income statement in the amount of €140m.

**Transaction costs**

The non-recurring costs related to the translation impact the operating income account in the amount of €4.5m, recognised as non-current income and expenses.

**Takeover of Saint-Aubin Energie**

As the Saint-Aubin Energie step was first a joint venture held at 33.33% by Maurel & Prom and 66.67% by MPI, this was recognised using the equity method in the consolidated financial statements of Maurel & Prom and MPI until the date of the merger transaction. After the merger transaction, Saint-Aubin Energie and its subsidiaries are wholly owned by Maurel & Prom and are fully consolidated.

This change in the equity interests held in Saint-Aubin Energie constitutes an acquisition in stages that must be accounted for in accordance with IFRS 3 – Business Combinations. Thus, the identifiable assets and liabilities as well as the contingent liabilities of Saint-Aubin Energie and its subsidiaries, revalued at their fair value, were accounted for with full consolidation in the Group's statements, while recognising in the income statement a gain or a loss related to the revaluation at fair value of the stake previously held by Maurel & Prom.

In the specific case, and on the basis of the oil sector practice that values disposals of current exploration assets (farm-out) at past costs, it was estimated (i) that the fair value of the identifiable assets and liabilities of Saint-Aubin Energie on the Execution Date corresponded to their net book value, (ii) that this fair value corresponded to the amount of the contra transferred, and (iii) that the gain or loss related to the revaluation at fair value of the stake previously held was negligible.

Among the assets contributed from Saint-Aubin Energie, Deep Well Oil and Gas, held at 19.67%, is consolidated using the equity method as presented in 2.4.

## 8

## NOTES

Consolidated financial statements at 31 December 2015

## 2.4. Equity associates

<i>In thousands of euros</i>	Maurel & Prom Colombia BV	Seplat	DW	Total
Location	Colombia Joint venture	Nigeria Associate	Canada Associate	-
Activity	Exploration	Production	Exploration	-
<b>% INTEREST</b>	50.00%	21.37%	19.67%	-
Total non-current assets	20,225	1,198,677	530	-
Other current assets	20,369	1,176,633	312	-
Cash and cash equivalents	7,758	91,853	1,641	-
<b>TOTAL ASSETS</b>	<b>48,352</b>	<b>2,467,163</b>	<b>2,483</b>	<b>-</b>
Total non-current liabilities	-	653,072	392	-
Total current liabilities	38,826	523,560	254	-
<b>TOTAL LIABILITIES (EXCL. EQUITY)</b>	<b>38,826</b>	<b>1,176,633</b>	<b>646</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY OR NET ASSETS</b>	<b>9,526</b>	<b>1,290,530</b>	<b>1,836</b>	<b>-</b>
Historical value adjustment	2,334	-	-	-
<b>NET ASSETS</b>	<b>11,860</b>	<b>1,290,530</b>	<b>1,836</b>	<b>-</b>
<b>SHARE HELD</b>	<b>5,930</b>	<b>275,768</b>	<b>361</b>	<b>-</b>
Changes in fair value according to IFRS3 *	-	(156,371)	-	-
<b>BALANCE SHEET VALUE AT 31/12/2015</b>	<b>5,930</b>	<b>119,397</b>	<b>361</b>	<b>125,688</b>
Financial income	(3,856)	-	-	-
Other expenses	(2,810)	-	-	-
Expenses and depreciation of exploration assets	(177,149)	-	(17,736)	-
<b>NET INCOME OF EQUITY ASSOCIATES</b>	<b>(183,815)</b>	<b>-</b>	<b>(17,736)</b>	<b>-</b>
<b>SHARE OF INCOME OF EQUITY ASSOCIATES</b>	<b>(91,908)</b>	<b>-</b>	<b>(3,489)</b>	<b>(95,396)</b>

\* Changes in fair value according to IFRS3 in the merger-absorption of MPI by MP.

# 8 NOTES

## Consolidated financial statements at 31 December 2015

1

CONSOLIDATED FINANCIAL STATEMENTS

The entities of the Saint-Aubin Energie step consolidated using the equity method were presented here in 2014. They are now fully consolidated following the merger with MPI, and therefore no longer appear here.

The data above are presented as published in the financial statements of the joint ventures and associates (at 100% and no proportionately) after, as applicable, translation into Euros, adjustments to fair value made on the acquisition date according to IFRS3 following the merger with MPI, and restatements to homogenise accounting methods.

### Maurel & Prom Colombia BV

Impairment indices were identified for the underlying exploration assets for Maurel & Prom Colombia BV resulting in the impairment of certain assets of the joint venture. The net carrying value of the Colombian underlying exploration assets can be analysed as follows:

<i>In thousands of euros</i>	31/12/2014	Exchange gains (losses)	Gross change	Expenses and depreciation	31/12/2015
MUISCA	104,422	10,080	827	(115,329)	-
CPO 17	45,368	4,380	1,971	(51,719)	-
COR 15	17,444	1,684	1,097		20,225
<b>NON-CURRENT ASSETS AT 100%</b>	<b>167,235</b>	<b>16,144</b>	<b>3,895</b>	<b>(167,048)</b>	<b>20,225</b>

The projects: (i) deactivation because they are not profitable under current market conditions (CPO 17), or (ii) on which the expiration date is close without significant investments planned (Muisca) are written-down in totality.

The values maintained in assets concern the COR 15 permit, where the company believes that they retain potential even in the current market environment, and for which exploration and appraisal investments continue.

Moreover, an impairment test of the equity interests in Maurel & Prom Colombia BV was performed. Thus, the net carrying value of the securities at 31 December 2015 was compared to their recoverable value, and the conclusion was that no additional impairment was necessary.

The charges and depreciation of exploration assets in the amount of €177m reflect not only non-current exploration assets for €167m at 100%, but also an impairment of VAT receivables in the amount of €10m at 100%.

# 8 NOTES

## Consolidated financial statements at 31 December 2015

The 2014 comparative information from the Maurel & Prom Colombia BV joint venture are provided here:

<i>In thousands of euros</i>	Maurel & Prom Colombia BV
Location	Colombia
Activity	Exploration
<b>% INTEREST</b>	<b>50.00%</b>
Total non-current assets	167,235
Other current assets	33,680
Cash and cash equivalents	11,680
<b>TOTAL ASSETS</b>	<b>212,595</b>
Total non-current liabilities	15
Total current liabilities	36,835
<b>TOTAL LIABILITIES (EXCL. EQUITY)</b>	<b>36,850</b>
<b>TOTAL SHAREHOLDERS' EQUITY OR NET ASSETS</b>	<b>175,745</b>
Historical value adjustment	
<b>NET ASSETS</b>	<b>175,745</b>
<b>SHARE HELD</b>	<b>87,872</b>
Ajustements	
<b>BALANCE SHEET VALUE AT 31/12/2014</b>	<b>87,872</b>
Current operating income	(19,895)
Financial income	(1,833)
Income tax	(221)
<b>NET INCOME OF EQUITY ASSOCIATES</b>	<b>(21,949)</b>
<b>SHARE OF INCOME OF EQUITY ASSOCIATES</b>	<b>(10,975)</b>



### Seplat

As at 17 December 2015, the Maurel & Prom Group held 21.37% of Seplat, an oil production company based in Nigeria and listed for trading in London and Lagos. This stake was initially recognised at its fair value, then using the Equity Method, given that the Group has significant influence, particularly via the director's seat of the Chief Executive Officer of Maurel & Prom on the Seplat Board of Directors.

The Seplat assets primarily represent interests in six licenses (Oil Mining Licenses 4, 38, 41, 53, 55 and Oil Prospecting License 283). These licenses contain developed fields in production, fields discovered but not developed and a 24-inch diameter pipeline with a capacity of 144,000 barrels per day.

In 2015, Seplat recorded income of US\$87m, down from the previous year because of the substantial drop in oil and gas prices. In 2015, Seplat paid a dividend of US\$0.13 per share prior to its acquisition by the Group.

The equity value of Seplat was €120m at 31 December 2015, equivalent to the fair value on the date of the merger transaction as described in note 2.3, the share of

income for the period of consolidation within the (17 to 31 December 2015) is considered to be negligible. At 31 December 2015, the market price of the Seplat shares was 73.75 pence, which represents a total market value of €120m. In addition, the Group identified no other index of impairment, particularly operational. As a result, no impairment test was performed.

### Deep Well Oil and Gas

As at 17 December 2015, the Maurel & Prom Group held 19.67% of Deep Well Oil and Gas (previously held by Saint Aubin Energie). This company is based in Alberta, Canada and listed for trading in the United States on the OTCQB market, and its main asset is a 25% interest in the Sawn Lake permit. At 31 December 2015, the market price of the Deep Well Oil and Gas shares was US\$0.04, representing a total market value of US\$8m. The difference from the net carrying value of the stake is negligible and the Group has identified no other index of impairment. As a result, no impairment test was performed.

## ► Note 3 / Operating activities

### 3.1. Segment reporting

#### Segment reporting

In accordance with IFRS 8, segment information is reported based on identical principles to those for internal reporting and shows the internal sector information defined for managing and measuring the Group's performance.

Maurel & Prom's activities are split into three segments: exploration, production and drilling.

Geographic information is pertinent only at the level of the assets and is presented in note 3.2

The other activities mainly concern the holding company's support and financial services.

Operating income and assets are broken down for each segment based on the entities' contributing accounts, which include consolidation restatements.

In thousands of euros	Gabon	Tanzania	Production	Exploration	Drilling	Other	31/12/2015
Sales	247,806	7,146	254,952	-	20,675	-	275,627
EBITDA	124,818	2,371	127,189	(9,269)	(1,079)	(9,918)	106,922
Depreciation and amortisation charges	(92,694)	(2,468)	(95,161)	(1,567)	(735)	(596)	(98,059)
Expenses and depreciation of exploration assets	-	-	-	(125,460)	-	-	(125,460)
Depreciation of drilling assets	-	-	-	-	(38,926)	-	(38,926)
Other production provisions	(5,670)	-	(5,670)	(718)	245	8,190	2,049
Other non-recurring expenses	-	-	-	(5,734)	-	(5,746)	(9,431)
Gain (loss) on asset disposals	-	-	-	-	-	(11)	(11)
Badwill	-	-	-	-	-	140,228	140,228
<b>OPERATING INCOME</b>	26,454	(96)	26,358	(142,748)	(40,494)	132,146	(22,688)
SHARE OF INCOME OF EQUITY ASSOCIATES	-	-	-	(95,396)	-	-	(95,396)
Intangible investments	11,674	814	12,488	30,588	(60)	-	43,136
<b>INTANGIBLE ASSETS (NET)</b>	220,022	33,317	253,340	65,728	131	-	319,199
Investments in property, plant and equipment	109,885	20,697	130,582	-	3,217	832	134,631
<b>PROPERTY, PLANT AND EQUIPMENT (NET)</b>	1,425,933	53,751	1,479,684	1,873	22,306	560	1,504,423

## 8

## NOTES

Consolidated financial statements at 31 December 2015

1

CONSOLIDATED FINANCIAL STATEMENTS

<i>In thousands of euros</i>	Gabon	Tanzania	Production	Exploration	Drilling	Other	31/12/2014
Sales	503,747	1,365	505,112		45,286		550,398
EBITDA	357,011	(1,728)	355,283	(8,617)	10,186	(4,906)	351,947
Depreciation and amortisation charges	(71,230)	(42)	(71,272)	(8,789)	(13,729)	7,070	(86,720)
Expenses and depreciation of exploration assets	-	(649)	(649)	(96,357)	-	(6,649)	(103,656)
Depreciation of drilling assets	-	-	-	-	(9,730)	-	(9,730)
Other non-recurring expenses	-	-	-	-	-	(10,939)	(10,939)
Gain (loss) on asset disposals	-	-	-	-	-	(294)	(294)
<b>OPERATING INCOME</b>	<b>285,781</b>	<b>(2,419)</b>	<b>283,362</b>	<b>(113,763)</b>	<b>(13,273)</b>	<b>(15,718)</b>	<b>140,608</b>
<b>SHARE OF INCOME OF EQUITY ASSOCIATES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,380)</b>	<b>-</b>	<b>-</b>	<b>(15,380)</b>
Intangible investments	48,455	9,146	57,601	60,681	-	-	118,282
<b>INTANGIBLE ASSETS (NET)</b>	<b>205,463</b>	<b>43,136</b>	<b>248,599</b>	<b>79,468</b>	<b>165</b>	<b>-</b>	<b>328,232</b>
Investments in property, plant and equipment	202,207	6,215	208,421	-	4,480	(12)	212,913
<b>PROPERTY, PLANT AND EQUIPMENT (NET)</b>	<b>1,224,451</b>	<b>16,770</b>	<b>1,241,220</b>	<b>1,668</b>	<b>49,514</b>	<b>(80)</b>	<b>1,292,484</b>

### 3.2. Non-current assets

Maurel & Prom conducts some of its exploration and production activities under Production Sharing Agreements (PSAs). This type of contract, signed with the host country, sets rules for cooperation (in association with any partners), for sharing production with the government or the state-owned company that represents it and defines the rules for taxation.

Under these agreements, the Company agrees to finance its percentage of interest in exploration and production operations, and in exchange it receives a share of the production known as cost oil; the sale of this share of production should make it possible for it to recover its investments, as well as the operating costs incurred; the balance of the production (profit oil) is then shared in variable proportions with the Government; the Company thus pays its share of tax on the revenue from its activities.

Under such Production Sharing Contracts, the Company recognises its share of assets, income and profit in proportion to its percentage holding in the permit concerned.

The following methods were used to account for the costs of oil-related activities.

#### Oil search and exploitation rights

- ▶ mining permits: Expenditures for the acquisition and award of mining permits are recorded as intangible assets and, during the exploration phase, are amortised on a line basis over the estimated duration of the permit and then, in the development phase, at the rate of amortisation of the oil production facilities. If the permit is withdrawn or the exploration fails, the remaining amortisation is recorded in full at one time.
- ▶ mining rights acquired: Acquisitions of mining rights are recorded as intangible assets and, when they have led to the discovery of oil reserves, they are amortised according to the unit of production method on the basis of proven and probable reserves. The amortisation rate equals the ratio of

the field's hydrocarbon production during the year to the proven and probable hydrocarbon reserves at the beginning of the same year, re-estimated on the basis of an independent appraisal.

#### Exploration costs

The Group applies IFRS 6 for the recognition of exploration costs. Hydrocarbon production fees and assets are recognised in accordance with the full costs method.

Exploration studies and work, including geology and geophysics costs, are entered on the asset side of the balance sheet under intangible assets.

Charges incurred prior to the issuance of the exploration permit are recognised as expenses.

Expenditure incurred after that date is capitalised and amortised once exploitation commences.

Drilling expenditures that do not result in a commercial discovery are recognised as expenses for the costs incurred once it is decided to definitively abandon work in the zone in question or in the attached zone.

When the technical feasibility and commercial viability of the oil production project become demonstrable (analysis based on the outcome of appraisal wells or seismic study work, etc.), following the award of an Exclusive Development and Production Authorisation (AEDE), these costs then become development costs, a portion of which is transferred to property, plant and equipment, depending on their nature.

Once an indicator of impairment arises (expiration of a permit, additional unbudgeted expenses etc.), an impairment test is carried out to verify that the carrying value of the expenses incurred does not exceed the recoverable amount.

In addition, when the technical feasibility and commercial viability of the oil production project become demonstrable, exploration assets are systematically subjected to an impairment test.

...

Impairment tests are carried out at the permit level, as defined by the contract, in accordance with the industry practice.

#### Oil production assets

Oil production assets include all exploration-related costs transferred to property, plant and equipment following discovery, as well as those relating to field development (production drilling, surface installations, oil routing systems etc.).

#### Depletion

Assets are amortised using the unit of production method.

For general facilities, i.e. those which concern the entire field (pipelines, surface units, etc.), the amortisation rate equals the ratio of the field's hydrocarbon production during the year to the proven reserves at the beginning of the same year. If applicable, they are weighted by the ratio (proven)/(proven + probable) reserves for that field, in order to take into account their relative role in the production of all proven and probable reserves of the field in question.

For specific facilities, i.e. those dedicated to specific areas of a field, the amortisation rate used equals the ratio of the field's hydrocarbon production during the year to the proven reserves developed at the beginning of the same year.

The reserves taken into account are the reserves determined on the basis of analyses conducted by independent organisations, to the extent that the said analyses are available on the reporting date.

#### Costs of site restoration

Provisions for site restoration are made when the Group has an obligation to dismantle and restore sites.

The discounted site restoration cost is capitalised and attached to the value of the underlying asset and amortised at the same rate.

#### Financing of oil-related costs for third parties

The financing of oil costs for third parties is an activity within an oil association which consists of substitution for another member of the partnership to finance its share of the cost of work.

When the contract terms give it characteristics similar to those of other oil assets, the financing of oil costs on behalf of third parties is treated as an oil asset.

Consequently and in accordance with paragraph 47 (d) of ASC 932 usually applied in the oil sector, the accounting rules are those applicable to expenses of the same types as the Group's own share (non-current assets, amortisation, depreciation, operating costs as expenses):

- ▶ posting of exploration costs financed as intangible assets (partners' share recognised as the Maurel & Prom share);
- ▶ if prospecting does not result in a producing asset: recognition of all costs as expenses;
- ▶ in the case of production: the transfer of costs booked as intangible to property, plant and equipment (technical facilities);
- ▶ the share of hydrocarbons accruing to the partners carried and used to repay that cost of carry is treated as sales for the partner that carries it;
- ▶ reserves corresponding to the costs carried are added to the reserves of the partner that carries the costs;
- ▶ amortisation and depreciation of technical facilities (including the share of partners carried) using the unit-of-production method by including in the numerator the production for the period allocated to recovery of the costs carried, and in the denominator the share of reserves used to recover all of the costs carried.

...

**Other non-current intangible assets:**

Other intangible assets are recognised at their acquisition cost and posted on the balance sheet at that value, after deducting accrued amortisation and depreciation if any.

Amortisation is calculated on a straight-line basis, and the amortisation term is based on the estimated useful life of different categories of intangible assets amortised over a term ranging from one to three years.

**Other property, plant and equipment:**

The gross amount of other property, plant and equipment corresponds to the acquisition or production cost. It is not revalued.

Depreciation is calculated on a straight-line basis, and the depreciation term is based on the estimated useful life of the different categories of property, plant and equipment, the principal categories of which are as follows:

- ▶ buildings: 10 years;
- ▶ infrastructure: 8 to 10 years;
- ▶ drilling equipment: 3 to 20 years;
- ▶ technical facilities: 3 to 10 years;
- ▶ fixtures and fittings: 4 to 10 years;
- ▶ transportation equipment: 3 to 8 years;
- ▶ office and computer equipment: 2 to 5 years; and
- ▶ office furniture: 3 to 10 years.

Finance lease contracts are agreements which have the effect of transferring virtually all risks and benefits inherent in the ownership of the asset from the lessor to the lessee. Such contracts are recognised in the balance sheet assets at fair value, or at the minimum discounted value of the leases in the contract, whichever is greater. The corresponding debt is recognised under balance sheet liabilities as financial debt. Such assets are amortised on the basis of useful life by the Group.

Leasing contracts which are not finance lease contracts as defined above are recognised as simple lease contracts. Payments for operating leases are booked in the income statement on a straight-line basis over the period of the lease.

Borrowing costs are capitalised when the asset in question meets the eligibility conditions as defined by IAS 23R.

**Asset impairment**

When events indicate a risk of impairment of intangible and tangible assets, and with regard to goodwill and intangible assets not amortised at least once a year, an impairment test is carried out in order to determine whether their net carrying value is lower than their recoverable amount; this amount is defined as the higher of fair value (less exit costs) or value in use. Value in use is determined by discounting future cash flows expected from the use and disposal of the assets.

Since these assets are oil assets in production, cash flows are determined as a function of the reserves identified, the related production profile, and the discounted sale prices after taking into account the tax treatment applicable under the Production Sharing Agreements.

The permit is generally used as the cash-generating unit (CGU). A CGU is a set of assets the ongoing use of which generates cash flows that are largely independent of the cash flows generated by the other groups of assets. In certain cases, a permit may contain exploration and production assets.

With regard to the Group's other activities, impairment tests performed on the basis of the Company's business plans, including a terminal value.

The discount rate used takes into account the risk associated with the activity and its geographical location.

...

# 8

## NOTES

*Consolidated financial statements at 31 December 2015*

1

CONSOLIDATED FINANCIAL STATEMENTS

...

*If the recoverable amount is less than the net carrying value, an impairment is recognised for the difference between these two amounts.*

*This impairment may be reversed up to the limit of the net carrying value that the asset would have had on the same date if it had not been impaired. Impairment losses recorded on goodwill are irreversible.*



## Change in intangible assets

<i>In thousands of euros</i>	31/12/2014	Currency translation adjustments	Investments	Change in scope of consolidation	Transfer	Depreciation and exploration expense	Amortisation	31/12/2015
Ezanga (Gabon)	205,463	26,171	11,674	-	(9,429)	-	(13,857)	220,022
Mnazi Bay (Tanzania)	43,136	4,691	814	-	(10,099)	-	(5,224)	33,317
<b>ASSETS ATTACHED TO PRODUCING PERMITS</b>	<b>248,599</b>	<b>30,862</b>	<b>12,488</b>	<b>-</b>	<b>(19,528)</b>	<b>-</b>	<b>(19,082)</b>	<b>253,340</b>
Kari (Gabon)	24,179	2,886	135	-	-	-	(173)	27,027
Nyanga Mayombe (Gabon)	11,617	1,370	6,004	-	(6)	-	-	18,986
Bigwa Rufiji Mafia -BRM (Tanzania)	34,580	-	2,923	-	(6,068)	(16,887)	-	14,549
Licenses 44 & 45 (Namibia)	3,187	-	1,960	-	-	-	-	5,147
Fiume Tellaro (Italy)	4,271	-	-	-	-	(4,265)	-	7
Rovuma (Mozambique)	105	-	17,750	-	-	(17,854)	-	-
Sawn Lake (Canada)	-	(78)	-	11,563	(4,120)	(7,364)	-	-
Anticosti (Canada)	-	(38)	-	7,170	-	(7,133)	-	-
Gaspésie (Canada)	-	-	-	496	-	(496)	-	-
Block M2 (Myanmar)	-	-	-	50,426	705	(51,132)	-	-
Other	1,529	83	1,816	(206)	-	(3,208)	-	13
<b>ASSETS ATTACHED TO PERMITS IN EXPLORATION</b>	<b>79,468</b>	<b>4,224</b>	<b>30,588</b>	<b>69,449</b>	<b>(9,490)</b>	<b>(108,339)</b>	<b>(173)</b>	<b>65,728</b>
Drilling	165	5	60	-	-	(99)	-	131
<b>INTANGIBLE ASSETS (NET)</b>	<b>328,232</b>	<b>35,091</b>	<b>43,136</b>	<b>69,449</b>	<b>(29,017)</b>	<b>(108,438)</b>	<b>(19,255)</b>	<b>319,199</b>

All the assets in the Group's exploration portfolio were analysed for recoverable value in accordance with IFRS6 and IAS 36. No impairment was recognized on the intangible assets of Ezanga and Mnazi Bay (€253m at 31 December 2015).

The assets for Mozambique, Canada, Myanmar and Italy were impaired given that their recoverable value was null on the basis of the following elements:

(i) deactivation of the projects because they are not profitable under current market conditions given the deterioration of the oil and gas market at 31 December 2015 (in particular, the decline in hydrocarbons forwards), confirmed by the intensified decline of around 25% in Brent prices early in January 2016;

(ii) projects that have not received the necessary administrative authorisations, or with a close expiration date without significant investments planned;

(iii) projects for which there is no short-term development;

The assets of the BRM permit in Tanzania that must be relinquished soon were impaired for €17m according to the same criteria. Only the recoverable assets of the M'Kuranga zone were maintained in the assets given the development project in progress.

The investments made over the 1st half of 2015 in order to terminate the work programmes approved on these depreciated assets, particularly on the Rovuma permit in Mozambique, were recognised as charges for an amount of €18m.

The transfers made essentially reflect the reclassification of the development costs as tangible assets on Mnazi Bay suite following the start of production of the field in August 2015, and on the Mabunda and Niemi field on the Ezanga after the Exclusive Development and Production Authorisation (AEDE) was obtained in the autumn of 2015; as well as the sale of parts of BRM to Mnazi Bay which appears in inventories (cf note 3.3).

## 8

## NOTES

## Consolidated financial statements at 31 December 2015

The changes in intangible assets from the previous year are noted below:

<i>In thousands of euros</i>	31/12/2013	Currency translation adjustments	Investments	Change in scope of conso- lidation	Transfer	Depreciation and explora- tion expense	Amortisation	31/12/2014
Ezanga (Gabon)	190,166	27,823	48,455	-	(51,619)	-	(9,362)	205,463
Mnazi Bay (Tanzania)	29,830	4,851	9,146	-	-	(649)	(42)	43,136
<b>ASSETS ATTACHED TO PRODUCING PERMITS</b>	<b>219,996</b>	<b>32,674</b>	<b>57,601</b>	<b>-</b>	<b>(51,619)</b>	<b>(649)</b>	<b>(9,404)</b>	<b>248,599</b>
Kari (Gabon)	24,298	3,101	731	-	(3,794)	-	(156)	24,179
Nyanga Mayombe (Gabon)	2,656	1,118	7,950	-	(107)	-	-	11,617
Bigwa Rufiji Mafia -BRM (Tanzania)	52,354	-	20,211	-	(81)	(37,904)	-	34,580
Licenses 44 & 45 (Namibia)	3,085	-	101	-	-	-	-	3,187
Fiume Tellaro (Italy)	6,403	-	-	-	-	(2,131)	-	4,271
Noumbie (Congo)	14,009	711	227	-	(946)	(14,001)	-	-
Rovuma (Mozambique)	12,365	-	27,204	-	(157)	(39,307)	-	105
Syria	851	-	350	-	-	(1,202)	-	-
Other	8,372	146	3,906	-	(295)	(1,812)	(8,789)	1,529
<b>ASSETS ATTACHED TO PERMITS IN EXPLORATION</b>	<b>124,394</b>	<b>5,075</b>	<b>60,681</b>	<b>-</b>	<b>(5,381)</b>	<b>(96,357)</b>	<b>(8,945)</b>	<b>79,468</b>
Drilling	165	-	-	-	-	-	-	165
<b>INTANGIBLE ASSETS (NET)</b>	<b>344,556</b>	<b>37,749</b>	<b>118,282</b>	<b>-</b>	<b>(56,999)</b>	<b>(97,006)</b>	<b>(18,349)</b>	<b>328,232</b>

The breakdown in the net values of intangible assets between the gross and the depreciations is as follows:

<i>In thousands of euros</i>	<i>Goodwill</i>	<i>Oil search and exploration rights</i>	<i>Exploration expenses</i>	<i>Other</i>	<b>TOTAL</b>
Gross value at 31/12/2014	6,403	190,591	200,772	3,789	401,555
Impairments at 31/12/2014	(2,138)	(37,955)	(30,209)	(3,021)	(73,323)
<b>NET BOOK VALUE AT 31/12/2014</b>	4,265	152,636	170,563	768	328,232
Gross value at 31/12/2015	6,403	207,795	256,875	4,531	475,604
Impairments at 31/12/2015	(6,403)	(44,556)	(101,884)	(3,562)	(156,405)
<b>NET BOOK VALUE AT 31/12/2015</b>	-	163,239	154,991	969	319,199

## Change in property, plant and equipment

<i>In thousands of euros</i>	31/12/2014	Currency translation adjustments	Investments	Change in scope of consolidation	Transfer	Depreciation and exploration expense	Amortisation	31/12/2015
Ezanga (Gabon)	1,224,451	146,222	109,885	-	24,211	-	(78,836)	1,425,933
Mnazi Bay (Tanzania)	16,770	2,538	20,697	-	14,671	-	(925)	53,751
<b>ASSETS ATTACHED TO PRODUCING PERMITS</b>	<b>1,241,220</b>	<b>148,760</b>	<b>130,582</b>	<b>-</b>	<b>38,882</b>	<b>-</b>	<b>(79,761)</b>	<b>1,479,684</b>
Nyanga Mayombe (Gabon)	1,668	199	-	-	6	-	-	1,873
Sawn Lake (Canada)	-	-	-	6,140	4,120	(10,261)	-	-
<b>ASSETS ATTACHED TO PERMITS IN EXPLORATION</b>	<b>1,668</b>	<b>199</b>	<b>-</b>	<b>6,140</b>	<b>4,127</b>	<b>(10,261)</b>	<b>-</b>	<b>1,873</b>
Drilling	49,514	4,036	3,217	-	1,791	(36,252)	-	22,306
Other	80	5	832	8	(1,864)	1,500	-	560
<b>PROPERTY, PLANT AND EQUIPMENT (NET)</b>	<b>1,292,484</b>	<b>152,999</b>	<b>134,631</b>	<b>6,140</b>	<b>42,936</b>	<b>(45,012)</b>	<b>(79,761)</b>	<b>1,504,423</b>

The primary investments in property, plant and equipment for the period:

- ▶ the costs of drilling and completion of the injection and producing wells and the investments to boost capacity of the processing facilities made on the Ezanga permit;
- ▶ the production investments made on the Mnazi Bay permit to drill well MB4 and for the connections to the Mtwara site; and
- ▶ the work on drilling rigs, primarily in Colombia.

The transfers made essentially reflect the reclassification of the development costs of Mnazi Bay after it came on stream and of the Mabunda and Niembi fields after the AEDs were obtained, and the adjustments to the provisions for site restoration on the Ezanga and Mnazi Bay sites as described in note 3.6.

Pursuant to IAS 36, impairment tests were performed in order to determine the recoverable value of the assets.

The fair value of the drilling assets was determined at €22m, leading to the recognition through income of a loss of €36m on intangible assets and €3m on the inventories (cf note 3.3).

Concerning the production activities in Gabon and Tanzania, the value in use was determined on the basis of the reserves, costs and future cash flows resulting from reports of independent experts.

# 8 NOTES

## Consolidated financial statements at 31 December 2015

1

CONSOLIDATED FINANCIAL STATEMENTS

The calculation assumptions are based on (i) a forward price for Brent of USD40/b in 2016, USD50 in 2017, USD65 in 2018 and USD80/b as of 2019 for oil sale or the contract gas price for gas sales, and (ii) a discount rate of 10%. A reasonable change in one of the pertinent indicators of these impairment tests, i.e. a decrease in the selling price of 5% (in the case of Ezanga), of -5% in the production, or of 100 basis points in the discount rate would not lead to impairment of the production assets.

The impairment test performed is not sensitive to reasonable variations in pertinent indicators (production, price, WACC).

The changes in property, plant and equipment for the previous year are stated below:

<i>In thousands of euros</i>	31/12/2013	Currency translation adjustments	Investments	Change in scope of consolidation	Transfer	Depreciation and exploration expense	Amortisation	31/12/2014
Ezanga (Gabon)	880,186	142,302	202,207	-	61,624	-	(61,868)	1,224,451
Mnazi Bay (Tanzania)	8,792	1,763	6,215	-	-	-	-	16,770
<b>ASSETS ATTACHED TO PRODUCING PERMITS</b>	<b>888,978</b>	<b>144,065</b>	<b>208,421</b>	<b>-</b>	<b>61,624</b>	<b>-</b>	<b>(61,868)</b>	<b>1,241,220</b>
Nyanga Mayombe (Gabon)	1,513	208	-	-	(53)	-	-	1,668
<b>ASSETS ATTACHED TO PERMITS IN EXPLORATION</b>	<b>1,513</b>	<b>208</b>	<b>-</b>	<b>-</b>	<b>(53)</b>	<b>-</b>	<b>-</b>	<b>1,668</b>
Drilling	69,793	5,277	4,480	-	(6,577)	(9,730)	(13,729)	49,514
Other	4,800	7	12	-	(4,739)	-	-	80
<b>PROPERTY, PLANT AND EQUIPMENT (NET)</b>	<b>965,084</b>	<b>149,557</b>	<b>212,913</b>	<b>-</b>	<b>50,255</b>	<b>(9,730)</b>	<b>(75,597)</b>	<b>1,292,484</b>

## 8

## NOTES

## Consolidated financial statements at 31 December 2015

The breakdown in net values of property, plant and equipment between gross and depreciations is as follows:

<i>In thousands of euros</i>	Land and buildings	Technical facilities	Down payments and construction in progress	Other	TOTAL
Gross value at 31/12/2014	4,073	1,650,067	11,037	58,993	1,724,171
Impairments at 31/12/2014	(458)	(424,151)	-	(7,078)	(431,687)
<b>NET BOOK VALUE AT 31/12/2014</b>	<b>3,615</b>	<b>1,225,916</b>	<b>11,037</b>	<b>51,915</b>	<b>1,292,484</b>
Gross value at 31/12/2015	8,397	2,014,382	674	75,700	2,099,153
Impairments at 31/12/2015	(1,734)	(583,549)	-	(9,448)	(594,730)
<b>NET BOOK VALUE AT 31/12/2015</b>	<b>6,664</b>	<b>1,430,833</b>	<b>674</b>	<b>66,252</b>	<b>1,504,423</b>

## 3.3. Inventories

*Inventories are valued according to the FIFO ("First In, First Out") method at acquisition or production cost. Production cost includes consumables and direct and indirect production costs. Hydrocarbon inventories are valued at production*

*cost, including field and transportation costs and the depreciation of assets used in production. A provision is created when the net realisable value is lower than the cost of inventories.*

<i>In thousands of euros</i>	31/12/2014	Currency translation adjustments	Change	Transfer	Impairment	31/12/2015
Ezanga	981	113	-	-	-	1,094
Mnazi Bay	-	154	2,684	5,379	-	8,217
Drilling	5,906	605	(294)	-	(3,632)	2,586
<b>INVENTORIES (NET)</b>	<b>6,885</b>	<b>872</b>	<b>2,390</b>	<b>5,379</b>	<b>(3,632)</b>	<b>11,897</b>

Inventories essentially consist of consumables.

The transfers made reflect the sale of BRM parts to Mnazi Bay that appear in non-current assets (cf note 3.2). Depreciation of drilling inventories results from the impairment test on drilling assets explained in note 3.2.



# 8 NOTES

Consolidated financial statements at 31 December 2015

1

CONSOLIDATED FINANCIAL STATEMENTS

## 3.4. Trade receivables

Trade receivables are initially recognised at fair value and then at their amortised cost.  
At the end of the period, write-downs are created in the event of proven risk of non-recoverability.

<i>In thousands of euros</i>	31/12/2014	Currency translation adjustments	Change	Perimeter	Reversals	31/12/2015
Ezanga	27,069	2,778	(17,763)	-	-	12,084
Mnazi Bay	2,801	395	3,747	(57)	-	7,000
Drilling	9,707	1,009	(5,942)	-	223	4,997
Other	3,800	-	(2,647)	(555)	-	598
<b>TRADE RECEIVABLES (NET)</b>	<b>43,377</b>	<b>4,181</b>	<b>(22,606)</b>	<b>(498)</b>	<b>223</b>	<b>24,678</b>

There is no significant impaired receivable:

The balance of trade receivables on Ezanga for hydrocarbon sales corresponds mainly to receivables from Socap (Total Group) and Sogara, for sales of production from the Ezanga permit fields, as well as receivables from the sale of hydrocarbons from the Mnazi Bay permit.

The outstanding receivables, on Mnazi Bay, for natural gas sales, are mostly from the national company TPDC and Tanesco. The first gas delivery to TPDC resulted in a deferred payment scheduled over a period of 6 to 24 months.

## 3.5. Other current assets

Other current assets are initially recognised at fair value and then at their amortised cost.  
At the end of the period, write-downs are created in the event of proven risk of non-recoverability.

<i>In thousands of euros</i>	31/12/2014	Currency translation adjustments	Change	Perimeter	Impairment	31/12/2015
Advances	5,334	563	(1,614)	-	-	4,283
Prepaid expenses	1,229	96	(133)	(206)	-	986
Tax and social security receivables:	51,836	(135)	13,062	5,989	(1,276)	69,476
<b>OTHER CURRENT ASSETS (NET)</b>	<b>58,400</b>	<b>523</b>	<b>11,316</b>	<b>5,852</b>	<b>(1,276)</b>	<b>74,745</b>
Gross	63,386	523	11,316	6,520	-	81,676
Impairment	(4,986)	-	-	(668)	(1,276)	(6,931)

Tax and social security receivables essentially represent VAT receivables, primarily on Ezanga (€47m), on the drilling activity in Gabon (€9m in net value including depreciation of €5m allocated in 2014), and on the Peruvian (€4m) and Sicilian (€4m) exploration permits.

## 3.6. Provisions

In accordance with IAS 37 – Provisions, contingent liabilities and contingent assets, provisions are recognised when the Group has an obligation at year-end to a third party deriving from a past event, the settlement of which should result in an outflow of resources that constitute economic benefits.

The site restoration obligation is recognised at the discounted value of the estimated cost for the contractual obligation for dismantling; the impact of the passage of time is measured by applying a risk-free interest rate to the amount of the provision. The effect of the accretion is posted under "Other financial income and expenses".

...

Severance payments on retirement correspond to defined benefit plans. They are provisioned as follows:

- ▶ the actuarial method used is the projected credit unit method, which requires that each year of service results in the recognition of an additional unit of benefit. These calculations incorporate assumptions about mortality, staff turnover and projections of future salaries; and

- ▶ the differences between actual and forecast commitments (based on new projections or assumptions) as well as between the projected and actual return on funds invested are called actuarial gains and losses. They are recognised as other items of comprehensive income, without the possibility of being subsequently recycled through income. The cost of past services is recognised under income, whether they are acquired or not.

<i>In thousands of euros</i>	31/12/2014	Change in scope of consolidation	Currency translation adjustments	Transfer	Accretion	Increase	Exploration expense	31/12/2015
Site restoration	11,768	-	1,616	19,355	1,260	-	6,558	40,556
Pension commitments	1,015	141	-	-	-	(37)	-	1,119
Other	9,223	(493)	813	-	-	7,855	-	17,397
<b>PROVISIONS</b>	<b>22,007</b>	<b>(353)</b>	<b>2,429</b>	<b>19,355</b>	<b>1,260</b>	<b>7,818</b>	<b>6,558</b>	<b>59,073</b>
Non-current	10,282	(353)	1,616	19,355	1,260	10,505	6,558	49,222
Current	11,725	-	813	-	-	(2,687)	-	9,851

The "increase" on the "other" line reflects several risks of various types in different countries, presented in the income statement with Non-current income and expenses.

The "exploration expenses" on the "site restoration line" primarily represents our share of the restoration commitment on the Block 116 permit in Peru, presented in the income statement with exploration expenses.

Site remediation provisions for the Ezanga permit have been adjusted based on an expert's report, which has led to the recognition of an asset and a further provision for site remediation for €14m.

A provision for site restoration on the Mnazi Bay permit was recognised on the basis of an expert report, which resulted in the recognition of an asset and a provision for site restoration for €4m.

## 3.7. Trade payables

<i>In thousands of euros</i>	31/12/2014	Currency translation adjustments	Variation	Change in scope of consolidation	31/12/2015
Ezanga	80 762	8 708	(35 548)	-	53 923
Mnazi Bay	3 672	393	(1 544)	-	2 521
Drilling	12 333	1 180	(11 476)	65	2 102
others	10 443	419	(6 448)	2 267	6 681
<b>TRADE PAYABLES</b>	<b>107 210</b>	<b>10 701</b>	<b>(55 016)</b>	<b>2 332</b>	<b>65 227</b>

Trade payables reduction, impacting working capital by €55m in the cash flow statement as per 2.4, results from the activity downturn with 2014 procurement payables being paid on the 1st half of 2015.

## 3.8. Other creditors and miscellaneous liabilities

<i>In thousands of euros</i>	31/12/2015	31/12/2014
Social security liabilities	8 335	6 267
Tax liabilities	13 596	13 811
Miscellaneous liabilities	60 541	45 641
<b>OTHER CREDITORS AND MISCELLANEOUS LIABILITIES</b>	<b>82 472</b>	<b>65 719</b>

### 3.9. Current Operating Income

#### *Oil sales*

Sales representing the sale of the production on the fields operated by the Company under Production Sharing Agreements includes the deliveries of crude oil for production royalties and the taxes (state share of profit oil) when they are effectively paid.

Oil sales are recognised when oil is delivered to the oil terminals. These sales are adjusted to reflect whether the Group is in an over-lift position (in which case the Group posts a debt to its partners), or under-lift position (in which case the Group posts a receivable).

In effect, given the location of the production which is primarily in Gabon, and the existence of a single marketing route (Cap Lopez) in this country, the Group's financial statements can differ significantly depending on whether oil is loaded on a tank just before or just after the end of a period.

Thus, the Group uses the "entitlement method" (method of lifting rights), which consists of measuring oil over- or under-lift positions at realisable value at the end of the period. This method is accepted as common practice in the oil industry.

Gas sales are recognised at the point of connection of customers' facilities.

#### *Drilling services*

Sales are recognised as drilling stages are completed, with progress measured in terms of the depth reached and time taken.

#### *Current operating income*

EBITDA represents revenues net of the following items:

- ▶ purchases of consumable and services (grouped in production purchases and expenses);
- ▶ taxes (including mining royalties and other taxes related to the activity);
- ▶ personnel expenses; and
- ▶ other income from the activity.

Current operating income corresponds to EBITDA before amortisation and depreciation of non-current assets, including depletion.

## 8

## NOTES

## Consolidated financial statements at 31 December 2015

<i>In thousands of euros</i>	31/12/2015	31/12/2014*
Sales	275,627	550,398
Other income	12,656	7,395
Other purchases and expenses	(106,672)	(111,267)
Taxes	(31,455)	(47,480)
Personnel expenses	(43,233)	(47,100)
<b>EBITDA</b>	<b>106,922</b>	<b>351,947</b>
Depreciation and amortisation charges	(98,059)	(86,720)
<b>CURRENT OPERATING INCOME</b>	<b>8,863</b>	<b>265,227</b>

\* The presentation of the income statement has been amended relative to the financial statements published for the year ended 31 December 2014 (see Note 1.7).

## ▷ Note 4 / Financing Transactions

### 4.1. Other current financial assets

Other current assets are initially recognised at fair value and then at their amortised cost.  
At the end of the period, write-downs are created in the event of proven risk of non-recoverability.

<i>In thousands of euros</i>	31/12/2014	Currency translation adjustments	Change	Perimeter	Impairment / Reversals	31/12/2015
Receivables on investments	27,923	(3,128)	3,347	(23,764)	(4,132)	245
Miscellaneous receivables	28,833	3,931	22,911	1,217	14,569	71,461
Advances	3,441	54	(2,976)	93	-	613
<b>OTHER CURRENT FINANCIAL ASSETS (NET)</b>	<b>60,197</b>	<b>857</b>	<b>23,282</b>	<b>(22,454)</b>	<b>10,437</b>	<b>72,318</b>

The change in "Other receivables" is essentially related to the change in receivables on the State partner on the Ezanga permit (carried in a period of saturation of recoverable costs).

# 8 NOTES

Consolidated financial statements at 31 December 2015

1

CONSOLIDATED FINANCIAL STATEMENTS

## 4.2. Cash and cash equivalents

Bank deposits represent short-term investments of excess cash.

<i>In thousands of euros</i>	31/12/2015	31/12/2014
Liquid assets, banks and savings banks	70,287	124,344
Short-term bank deposits	212,115	105,594
Marketable securities	-	-
<b>CASH AND CASH EQUIVALENTS</b>	<b>282,403</b>	<b>229,938</b>
Bank loans*	(8,574)	(464)
<b>NET CASH AND CASH EQUIVALENTS</b>	<b>273,829</b>	<b>229,474</b>

\* Bank loans are stated in debt in 4.3

## 4.3. Borrowings

<i>In thousands of euros</i>	31/12/2014	Translation	Change	Equity	perimeter	31/12/2015
ORNANE 2019 bonds	233,989	-	1,920	-	-	235,909
ORNANE 2021 bonds	-	-	96,486	-	-	96,486
<i>Revolving credit facility</i>	322,525	38,326	-	-	-	360,851
Credit Suisse	37,327	3,961	(10,752)	-	-	30,536
Finance lease debt	3,011	-	(434)	-	-	2,577
<b>NON-CURRENT</b>	<b>596,852</b>	<b>42,287</b>	<b>87,220</b>	<b>-</b>	<b>-</b>	<b>726,360</b>
OCEANE 2015 bonds	69,631	-	(71,953)	2,322	-	-
Current bank borrowings	464	64	8,106	-	(60)	8,574
Accrued interest	179	-	11,418	-	-	11,597
<b>CURRENT</b>	<b>70,274</b>	<b>64</b>	<b>(52,429)</b>	<b>2,322</b>	<b>(60)</b>	<b>20,171</b>
<b>BORROWINGS</b>	<b>667,127</b>	<b>42,351</b>	<b>34,791</b>	<b>2,322</b>	<b>(60)</b>	<b>746,531</b>



*Bonds and derivative financial instruments*

## OCEANE bonds

The OCEANE bonds are compound instruments with two components recognised separately pursuant to IAS 32 and IAS 39:

- ▶ the debt component initially valued at fair value less the issue costs allocated to this component. Estimated fair value corresponds to the value of future contractual cash flows (including coupons and repayment) discounted at the market rate (taking into account the credit risk at issuance) of a similar instrument presenting the same terms and conditions (maturity, cash flow) but without a conversion option. After initial recognition, the debt component is measured at amortised cost using the effective interest rate method;
- ▶ the equity component represents the value of the option to convert the bonds into shares. It is determined by the difference between the proceeds of the bond issue and the debt component calculated according to the methods described above and after deducting the issuance costs allocated to this component; and
- ▶ a deferred tax liability is recognised for the difference between the carrying value and the value of the debt for tax purposes; this deferred tax is constituted as a contra for the equity.

The Group issued two OCEANE bonds in 2009 and 2010, maturing on 31 July 2014 and 31 July 2015, respectively.

OCEANE 2014 - On 6 June 2014, the Group redeemed 16,903,714 OCEANE bonds out of the 19,061,198 OCEANE bonds maturing on 31 July 2014, for a total cost of €262.7 million (including accrued coupons). The balance of the OCEANE 2014 bond was repaid on 31 July 2014. Under IAS 32, the cash paid out (including expenses) was apportioned to the "net equity" and "debt" components of the OCEANE bonds using a method consistent with that used to separate the two components initially. The following impacts were therefore recognised:

- ▶ the difference between the redemption value of the "debt" component of €270m and the carrying value (amortised cost) of €260m, recognised in the income statement for €7m;
- ▶ the redemption value assigned to the "equity" component was €1m.

On 18 May 2015, the Group completed the early redemption of the majority of its OCEANE bonds, covering 4,749,542 OCEANE bonds due to mature on 31 July 2015, with a unit exercise price of €13.605, including €0.72 of accrued interest. Under IAS 32, the cash paid out (including expenses) was apportioned to the "net equity" and "debt" components of the OCEANE bonds using a method consistent with that used to separate the two components initially. The following impacts were therefore recognised:

- ▶ the difference between the redemption price of the "debt" component of €69m and the carrying value (amortised costs of €68m, recognised in the income statement in the amount of €1m);
- ▶ the redemption value assigned to the "equity" component was €2m.

## ORNANE

ORNANE 2019 - On 6 June 2014, the Group issued 14,658,169 ORNANE bonds maturing on 1 July 2019, with a unit exercise price of €17.26 and a coupon of 1.625%, payable every six months.

ORNANE 2021 - On 12 May 2015, the Group issued 10,425,571 ORNANE bonds maturing on 1 July 2021, with a unit exercise price of €11.02 and a coupon of 2.75%, payable every six months.

Under IAS 32 and IAS 39, the ORNANE bonds are hybrid instruments with two separately recognised components:

- ▶ an option to convert to shares, recognised on the balance sheet as a debt derivative (rate derivative);

*This option was measured at fair value (at level 2 in the fair value hierarchy) using a binomial model that assumes observable market volatility, spreads and maturities. Changes in fair value are then recognised in the income statement.*

- ▶ a debt instrument, initially recorded on the balance sheet for the fair value of the ORNANE bonds, after deducting the corresponding transaction costs and the option's fair value. Subsequent valuations of this instrument are at amortised cost.

If holders exercise their rights to be allotted shares, and at the issuer's discretion, these bonds enable: either

- ▶ a cash payment for an amount below the nominal value if the reference price for the underlying share is lower than this nominal value;
- ▶ a cash payment corresponding to the number of shares to be delivered multiplied by the reference price for the underlying share;
- ▶ at the issuer's discretion, a cash payment (ranging from 0 to 100% of the conversion value of the ORNANE bonds), combined with a payment in new and/or existing shares for the fraction exceeding the amount paid in cash. or
- ▶ total payment in shares: the number of shares to be delivered is then equivalent to the number that would be delivered for a conventional OCEANE bond with identical features.

The derivative instruments recognised in "non-current derivative financial instrument liabilities" on the balance sheet represent the fair value of the optional component of the ORNANE bonds issued on 6 June 2014 (for an initial amount of €14m, reduce to €2m

at closing on 31 December 2014) and 12 May 2015 (for an initial amount of €14m).

Changes in fair value are then recognised in the income statement.

In thousands of euros	31/12/2013 restated	Change	Income	31/12/2014	Change	Income	31/12/2015
FINANCIAL INSTRUMENTS	198	13,581	(12,167)	1,612	14,028	(7,551)	8,090

*Other borrowings*

*Other borrowings are initially recognised at their fair value and then at amortised cost. Issuance costs are recognised as a deduction against the initial fair value of the loan. Furthermore, financial expenses*

*are calculated on the basis of a loan's effective interest rate (i.e., the actuarial rate taking issue costs into account).*

On 18 December 2014, Etablissements Maurel & Prom signed a new Revolving Credit Facility for US\$650m with a consortium of four international banks (Natixis, BNP Paribas, Crédit Agricole Corporate & Investment Bank, Standard Bank Plc, Standard Chartered Bank), based on an initial tranche of US\$400m and a US\$250m accordion feature, which may be drawn down on two occasions under certain conditions.

The terms of this new facility are as follows:

Initial amount:	US\$400m
Additional amount:	US\$250m
Maturity:	31 December 2020, i.e. 6 years
First repayment:	31 December 2016
Borrowing rate:	LIBOR +3.40% until 31/12/2018, then +3.65%.

In connection with the acquisition of Caroil from Tuscany in 2013, Maurel & Prom took on US\$50m of Tuscany's debt, based on a credit agreement with Credit Suisse. This loan, taken out on 23 December 2013, is repayable in full on 23 December 2018 and is based on an interest rate of LIBOR +2%.

In October 2015, following the renegotiation described in section 5.5, the Company made a partial early repayment of US\$16,667m, representing one-third of the amount borrowed under the Credit Agreement. At the same time, the interest rate of the Credit Agreement increased from Libor + 2% to Libor + 7.5%. This adjustment was considered to be a substantial modification of the loan agreement. The Company thus derecognised the original debt and recognised a debt for this new borrowing with a negative impact of €4m on income, which was recognised as financial expenses.

As at 31 December 2015, all the financial covenants described in note 5.5 were met.

#### 4.4. Fair value

All fair value assessments are presented in the following tables:

In thousands of euros	Level	31/12/2015		31/12/2014		
		Balance sheet total	Fair value	Balance sheet total	Fair value	
Non-consolidated equity interests	Available-for-sale securities	a	74	74	216	216
Non-current loans and receivables	Loans and receivables	b	3,746	3,746	715	715
Trade receivables and related accounts	Loans and receivables	b	24,678	24,678	43,377	43,377
Other current financial assets	Loans and receivables	b	72,318	72,318	60,197	60,197
Cash and cash equivalents		c	282,403	282,403	229,938	229,938
<b>TOTAL ASSETS</b>			<b>383,219</b>	<b>383,219</b>	<b>334,443</b>	<b>334,443</b>
Other borrowings and financial debt	Liabilities at amortised cost	d	404,698	404,698	363,506	363,506
Bonds	Liabilities at amortised cost	e	341,833	234,200	303,621	300,009
Derivative financial instruments	Fair value	e	8,090	8,090	1,612	1,612
Trade payables	Fair value	b	65,227	65,227	107,210	107,210
Other creditors and liabilities	Fair value	b	82,472	82,472	65,719	65,719
<b>TOTAL LIABILITIES</b>			<b>497,621</b>	<b>389,988</b>	<b>478,163</b>	<b>474,551</b>

IFRS 13 establishes a hierarchy for measuring fair value based on three levels:

**Level 1:** the quoted prices for assets or liabilities identical to those being measured, available on the valuation date in an active market to which the entity has access;

**Level 2:** inputs are observable data, but do not correspond to prices listed for identifiable assets or liabilities;

**Level 3:** inputs not based on observable market data (for example, these data come from extrapolations). This level is applied when there is no observable market or data and the company is forced to use its own assumptions to estimate the data that other market players would have used to measure the fair value of the asset.

## 8

## NOTES

*Consolidated financial statements at 31 December 2015*

The fair values are based on the following assumptions:

- a. Non-consolidated equity interests classed as available-for-sale securities, like non-current loans and receivables (linked primarily to equity associates or non-consolidated equity interests), are valued at cost since it is not possible to have a reliable fair value. Checks have been carried out to ensure that there are no impairments to be recorded;
- b. The net carrying value of trade receivables, other current financial assets, trade payables and other creditors and liabilities is judged to correspond to a reasonable approximation of their fair value given their short-term nature.
- c. The net carrying value of the Group's cash corresponds to its fair value given that it is considered to be liquid;
- d. As all other borrowings and financial debts were arranged at variable interest rates, their balance sheet value reflects fair value;
- e. The fair value of the ORNANE 2019 bonds was recalculated by applying the binomial valuation model (which was used to value the optional component) to the bond component. The valuation of the OCEANE and ORNANE bonds was level 2 fair value. The revaluation at fair value of the derivative component of the ORNANE bonds was calculated at 31 December 2015; (for information, at 31 December 2014, the fair value of the OCEANE 2015 bonds had been recalculated by discounting the future cash flows at the market rate applicable for an issue with similar features under the conditions in effect at 31 December 2014).

#### 4.5. Financial income

*In thousands of euros*

	31/12/2015	31/12/2014
Interest on overdrafts	(69)	(146)
Interest on OCEANE and ORNANE bonds	(15,679)	(24,510)
Interest on other borrowings	(20,337)	(13,297)
<b>GROSS FINANCE COSTS</b>	<b>(36,084)</b>	<b>(37,953)</b>
Income from cash	689	655
Net income from derivative instruments	7,551	12,005
<b>NET FINANCE COSTS</b>	<b>(27,845)</b>	<b>(25,293)</b>
Net foreign exchange differences	27,618	25,000
Other	(6,943)	(10,514)
<b>OTHER NET FINANCIAL INCOME AND EXPENSES</b>	<b>20,675</b>	<b>14,486</b>
<b>FINANCIAL INCOME</b>	<b>(7,170)</b>	<b>(10,807)</b>

The cost of gross debt takes the effective interest rate of the loan (i.e. the actuarial rate taking into account issuance fees), which explains the disconnect with the interest effectively paid over the period.

The net gains and losses on derivative transactions essentially reflect the change in the fair value of the option detached from the ORNANE bonds between the closing

date of the previous year (for ORNANE 2019 bonds) or the date of issuance (12 May 2015 for the ORNANE 2021 bonds) and the account closing date.

The net foreign exchange gains recorded mainly relate to the revaluation of the Group's currency positions based on the closing rate.

## 4.6. Financial risks

### Credit Risk

The Group is exposed to credit risk due to loans and receivables that it grants to third parties as part of its operating activities, short-term deposits that it holds

at banks, and, if applicable, derivative instrument assets that it holds.

In thousands of euros	31/12/2015		31/12/2014	
	Balance sheet total	Maximum exposure	Balance sheet total	Maximum exposure
Non-current financial assets	3,820	3,746	931	715
Trade receivables and related accounts	24,678	24,678	43,377	43,377
Other current financial assets	72,318	72,318	60,197	60,197
Other current assets	74,745	74,745	58,400	58,400
Cash and cash equivalents	282,403	282,403	229,938	229,938
<b>TOTAL</b>	<b>457,964</b>	<b>457,890</b>	<b>392,844</b>	<b>392,628</b>

Maximum exposure corresponds to the balance sheet outstanding net of provisions. The Group believes that it does not incur any significant counterparty risk, as its production is sold to a leading oil group: Total Gabon. For outstanding amounts on gas sales in Tanzania, securities are in place. Other financial and non-financial current assets do not present any significant credit risk.

### Liquidity risk

The Group's liquidity is detailed in the consolidated cash flow statements prepared weekly and sent to Management.

Seven-day, monthly, quarterly and year-end forecasts are also prepared at the same time.

The earnings are compared to forecasts using these statements, which, in addition to liquidity, make it possible to see the exchange position. The head office's treasury department consists of a professional directly attached to the Group's finance department. This person is assisted by the managers in each entity. The central treasury's mission is to manage foreign exchange, interest rate and commodities risks.

## 8

## NOTES

*Consolidated financial statements at 31 December 2015*

As at 31 December 2015, unadjusted contractual flows (principal and interest) on outstanding financial liabilities, by maturity, were as follows:

<i>In thousands of euros</i>	2016	2017	2018	2019	2020	> 5 years	total contractual flow	total balance sheet value
ORNANE 2019 bonds	4,123	4,111	4,111	255,039	-	-	267,384	239,997
ORNANE 2021 bonds	3,154	3,145	3,145	3,145	3,145	116,568	132,303	101,835
Revolving credit facility	29,820	78,562	76,113	74,117	144,117	-	402,729	362,688
Credit Suisse	927	927	42,109	-	-	-	43,963	30,860
Current bank borrowings	8,574	-	-	-	-	-	8,574	8,574
Finance lease debt	402	402	402	402	402	1,776	3,787	2,577
<b>TOTAL</b>	<b>46,999</b>	<b>87,147</b>	<b>125,881</b>	<b>332,703</b>	<b>147,664</b>	<b>118,344</b>	<b>858,739</b>	<b>746,531</b>

At 31 December 2015, the Group had US\$250m in unused draws and cash and cash equivalents totalling €274m. To the Company's knowledge, there are no limitations or restrictions on the raising of cash from the Group's subsidiaries.

The Company has specifically reviewed its liquidity risk and its future maturities.

At 31 December 2015, the Company was in compliance with all financial and production ratios stipulated in the Revolving Credit Facility and the Credit Agreement as amended following arrangement agreed on with the banks. It believes therefore that it is in a position to meet its contractual maturities.



# 8 NOTES

## Consolidated financial statements at 31 December 2015

1

CONSOLIDATED FINANCIAL STATEMENTS

For information, at 31 December 2014, the non-discounted contractual flows (principal and interest) on the outstanding financial liabilities, by maturity date, were the following:

<i>In thousands of euros</i>	2015	2016	2017	2018	2019	> 5 years	Total contractual flows	Total balance sheet value
Bonds	77,862	4,123	4,111	4,111	255,039	-	345,246	303,620
Credit Suisse	927	927	927	42,109	-	-	44,889	37,506
Revolving credit facility	13,305	29,820	78,562	76,113	74,117	144,117	416,035	322,525
Current bank borrowings	464	-	-	-	-	-	464	464
Finance lease debt	402	402	402	402	402	2,178	4,189	3,011
<b>TOTAL</b>	<b>92,961</b>	<b>35,272</b>	<b>84,002</b>	<b>122,736</b>	<b>329,558</b>	<b>146,295</b>	<b>810,823</b>	<b>667,126</b>

### Market risk

The Group's results are sensitive to various market risks. The most significant of these are oil prices, expressed in US\$, and the EUR/US\$ exchange rate. The Group's operational currency is the US Dollar insofar as sales, a major portion of the operating expenses, and a significant portion of investments are denominated in this currency.

### Equity risk

The ORNANE bonds issued by the Group in June 2014 and May 2015 contained both a financial debt component and a derivative component corresponding to the options for conversion into shares.

An increase of 10% in the price of the Maurel & Prom share would result in a charge that depends on volatility.

### Foreign exchange risk

Although the Group's reporting currency is the euro, its operating currency is the US dollar since sales, most operating expenses and most investments are denominated in this currency (it should also be noted that certain investments are made in Canadian dollars). This situation leads to a sensitivity of the Group's

financial statements to the EUR/US\$ and EUR/CAD exchange rates related to the translation into the presentation currency at the closing rates of assets and liabilities; the different resulting from this translation is recognised directly as equity.

# 8

## NOTES

### Consolidated financial statements at 31 December 2015

Given its heavily international activity, the Group is exposed to the foreign exchange rate in several ways.

- ▶ changes in foreign exchange rates affect the transactions recognised as operating income (sales flow, cost of sales, etc.);
- ▶ the revaluation at the closing rate of debts and receivables in currencies generates a financial foreign exchange risk;

- ▶ finally, along with these operating and financial foreign exchange risks, the impact of which is recognised through income, there is an exchange risk related to the translation into euros of the accounts of the group's entities in which the functional currency is the dollar. The resulting exchange gain/loss is recorded in other comprehensive income.

The Group also holds liquid assets in US dollars intended to finance its projected investment expenses in that currency.

As at 31 December 2015, the Group's exchange position, as shown in the table below, was US\$4m (excluding currency translation adjustments as equity).

<i>In millions of US\$</i>	Assets and liabilities	Commitments in currencies	Net position	Hedging financial instruments	Net position after hedging
Trade receivables and payables	181	-	181	-	181
Borrowings	(400)	-	(400)	-	(400)
Other creditors and liabilities	(9)	-	(9)	-	(9)
Cash and cash equivalents	224	-	224	-	224
<b>US\$ EXPOSURE</b>	<b>(4)</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>(4)</b>

The impact on consolidated income and shareholders' equity as at 31 December 2015 of a 10% rise or fall in the €/US\$ exchange rate is shown below:

<i>In thousands of euros</i>	Impact on income before tax		Impact on current translation adjustment (shareholders' equity)	
€/US\$ exchange rate	10% increase	10% decrease	10% increase	10% decrease
<b>US\$</b>	<b>304</b>	<b>(372)</b>	<b>(68 228)</b>	<b>83,389</b>

**Interest risk**

Current borrowings as at 31 December 2015 as well as available lines of credit are described in note 4.3, which measure the potential liquidity and rate risk.

Liquid assets held by the Group are placed in a non-interest bearing current account.

**rate risk**

As at 31 December 2015, rate risk can be evaluated as follows:

<i>In thousands of euros</i>	31/12/2015	31/12/2014
OCEANE 2015 bonds	-	67,348
ORNANE 2019 bonds	239,997	236,273
ORNANE 2021 bonds	101,835	-
<b>FIXED RATE</b>	<b>341,832</b>	<b>303,621</b>
<i>Revolving credit facility</i>	<b>362,688</b>	<b>322,525</b>
Credit Suisse	30,860	37,506
Finance lease debt	8,574	3,011
Current bank borrowings	2,577	464
<b>VARIABLE RATE</b>	<b>404,698</b>	<b>363,506</b>
<b>BORROWINGS</b>	<b>746,531</b>	<b>667,127</b>

A one-point rise in interest rates would result in an additional interest expense of €5m per year on the income statement.

**Exposure to hydrocarbon risk**

As at 31 December 2015, the Group has no hedges on the selling prices of the oil production.

A decrease of 10% in the price of oil from the average price in 2015 would have impacted sales by €-29m and EBITDA by €-26m.

## ► Note 5 / Other information

### 5.1. Income taxes

The tax expense presented on the income statement includes the current tax expense (or income) and the deferred tax expense (or income).

Deferred taxes are recorded based on the temporary differences between the carrying values of assets and liabilities and their tax bases. Deferred taxes are not adjusted. Deferred tax assets and liabilities are measured based on the tax rates adopted or quasi-adopted on the closing date.

Deferred tax assets, resulting primarily from losses carried forward or timing differences, are not taken into account unless their recovery is likely. To ascertain the Group's ability to recover these assets, the following elements in particular are taken into consideration:

- ▶ the existence of sufficient temporary differences taxable by the same tax authority for the same taxable entity, which will create taxable amounts on which unutilised losses for tax purposes and tax credits may be charged before they expire; and
- ▶ forecasts of future taxable income allowing prior tax losses to be offset.

With the exception of the companies holding the Mnazi Bay permit, for which the possibility of recovery of deferred tax assets is demonstrated, the other deferred tax assets relating to losses carried forward are not recognised in excess of deferred tax liabilities if it is not sufficiently likely that there will be future taxable profits against which the losses may be charged. From a structural perspective, this is notably the case for Etablissements Maurel & Prom S.A. (parent).

The corporate income tax expense payable primarily concerns the recognition of income tax for the State's share of profit oil on the Ezanga permits in Gabon.

Deferred tax income primarily results from the recognition of the timing difference between recoverable costs from a tax perspective and the recognition of fixed assets in the consolidated financial statements for the Ezanga and Mnazi Bay permits.

## Reconciliation between the tax expense and pre-tax income

*In thousands of euros*

	31/12/2015	31/12/2014
Pre-tax income from continuing operations	(127,303)	114,421
- Net income from equity associates	(95,396)	(15,380)
<b>PRE-TAX INCOME EXCLUDING EQUITY ASSOCIATES</b>	<b>(31,907)</b>	<b>129,801</b>
distortion taxable base Gabon	(36,077)	(241,591)
distortion base taxable Tanzania	2,883	-
<i>distortion taxable base Badwill</i>	(140,228)	-
<b>TAXABLE INCOME (R)</b>	<b>(205,329)</b>	<b>(111,790)</b>
(A) THEORETICAL TAX INCOME (R*33.33%)	68,436	37,260
<b>(B) TAX RECOGNISED IN INCOME</b>	<b>32,311</b>	<b>(101,567)</b>
<b>DIFFERENCE (B-A)</b>	<b>(36,125)</b>	<b>(138,827)</b>
- Tax difference on Gabon tax rate and recoverable costs	16,797	(58,070)
- Tax difference on recoverable costs and Tanzania tax rate	30,878	-
- Profit oil tax / notional sales	(20,547)	(40,199)
- Non-capitalised losses	(63,252)	(35,967)
- Other differences	-	(4,591)

The distortion effects in terms of the taxable base in Gabon are due to differences between eligible recoverable costs from a tax perspective and the costs recorded from an accounting perspective.

The distortion effect related to *badwill* reflect the lack of tax on this income in the consolidated financial statement, include as the merger premium in the individual statements.

## 8

## NOTES

Consolidated financial statements at 31 December 2015

### Breakdown of deferred taxes

<i>In thousands of euros</i>	31/12/2015	31/12/2014
Goodwill on property, plant and equipment	31,468	-
OCEANE equity component	-	280
<b>DEFERRED TAX ASSETS</b>	<b>31,468</b>	<b>280</b>
Goodwill on property, plant and equipment	382,047	358,217
Deferred tax liabilities	382,047	358,217
<b>NET DEFERRED TAX</b>	<b>350,579</b>	<b>357,937</b>

### Reconciliation of the tax expenses with balance sheet positions

<i>In thousands of euros</i>	Deferred tax	Current tax
ASSETS AT 31/12/2014	280	1,163
LIABILITIES AT 31/12/2014	(358,217)	(6,509)
<b>NET VALUE AT 31/12/2014</b>	<b>(357,937)</b>	<b>(5,346)</b>
Tax expense	47,674	(15,363)
Change in scope of consolidation	-	(5,448)
Payments	-	21,200
Exchange gains (losses)	(40,317)	(784)
<b>ASSETS AT 31/12/2015</b>	<b>31,468</b>	<b>2,050</b>
<b>LIABILITIES AT 31/12/2015</b>	<b>(382,047)</b>	<b>(7,792)</b>
<b>NET VALUE AT 31/12/2015</b>	<b>(350,579)</b>	<b>(5,742)</b>

## 5.2. Shareholders' equity

Following the approval by the General Shareholders' Meeting of 12 June 2014, the Board of Directors is authorised to repurchase up to 10% of the Company's existing share capital, under the following terms: a maximum unit price of €18.

Within the context of this buyback plan, in 2015 no shares were bought in 2015, and 21,525 shares were delivered as a result of equity warrant conversions.

Over the same period, 2,664,390 shares were purchased under the liquidity contract and 2,716,795 shares were sold.

*Treasury shares are recognised as a deduction from equity on the basis of their acquisition costs. Subsequent changes in fair value are not taken into account. Similarly, proceeds from the disposal of treasury shares do not affect profit or loss for the year.*

At 31 December 2015, the Company held 5,576,271 treasury shares (2.85% of share capital for a gross value of €68.5 million at end-2015), including 223,297 shares under the liquidity agreement).

At 31 December 2015, according to the table of capital transfers below, there were 195,340,313 shares of the Company, and the share capital was €150,412,041.01.

	Number of shares	Treasury shares
<b>AT 31/12/2010</b>	<b>121,305,001</b>	<b>6,363,053</b>
- Issue for exercise of subscription warrants (BSA)	188,533	-
- Share buyback	-	-389,973
<b>AT 31/12/2011</b>	<b>121,493,534</b>	<b>5,973,080</b>
- Issue for exercise of subscription warrants (BSA)	18,900	-
- Share buyback	-	-256,835
<b>AT 31/12/2012</b>	<b>121,512,434</b>	<b>5,716,245</b>
- Issue for exercise of subscription warrants (BSA)	17,735	-
- Share buyback	-	-127,204
<b>AT 31/12/2013</b>	<b>121,530,169</b>	<b>5,589,041</b>
- Issue for exercise of subscription warrants (BSA)	31,925	-
- Share buyback	-	39,635
<b>AT 31/12/2014</b>	<b>121,562,094</b>	<b>5,628,676</b>
- Issue for exercise of subscription warrants (BSA)	21,525	-
- Share buyback	-	-52,405
- Capital increase / MPI merger	73,756,694	-
<b>AT 31/12/2015</b>	<b>195,340,313</b>	<b>5,576,271</b>



Bonus shares allocated by Maurel & Prom to its employees are recognised under personnel expenses when they are granted and are spread over the vesting period; the method by which they are spread depends on the respective vesting conditions of each

plan. The fair value of bonus shares is determined on the basis of the share price on the allocation date (minus discounted future dividends).

For all the plans issued by the company since 2006, the allocation of shares to their beneficiaries will be definitive at the end of the minimum two-year vesting period, and the minimum lock-in period is set at two years from the vesting date.

The allocations of bonus shares granted since 2009 are as follows:

Date of allocation decision	Number of shares
19/06/2009	57,500
15/12/2009	120,500
21/12/2010	202,256
01/06/2011	29,750
20/07/2011	41,650
19/12/2011	90,238
21/12/2012	72,451
30/08/2013	34,000
28/03/2014	56,840

### 5.3. Earnings per share

Two earnings per share are presented: the basic net earnings per share and the diluted earnings per share. In accordance with IAS 33, diluted earnings per share are equal to the income attributable to ordinary shareholders arising from the parent company divided by the weighted average number of outstanding ordinary shares at the price for the period, after adjusting the numerator and denominator for the impact of any potentially dilutive ordinary shares. Potential ordinary shares are treated as dilutive if, and only if, their conversion to ordinary shares has the effect of reducing earnings per share from the ordinary activities undertaken. Treasury shares are not taken into account in the calculation.

## 8

## NOTES

Consolidated financial statements at 31 December 2015

1

CONSOLIDATED FINANCIAL STATEMENTS

<i>In thousands of euros</i>	31/12/2015	31/12/2014
Net income, Group share	(97,760)	13,159
Average number of shares outstanding	119,060	115,912
Average number of diluted shares	119,139	135,796
<i>In euros</i>		
<b>EARNINGS PER SHARE</b>		
Basic	-0.82	0.11
Diluted	-0.82	0.10
<b>AVERAGE NUMBER OF SHARES</b>		
share capital	195,340,313	121,540,401
treasury shares	5,576,271	5,628,676
<b>AVERAGE NUMBER OF SHARES OUTSTANDING</b>	119,059,915	115,911,725
Share subscription warrants (BSA)	-	14,095,081
bonus shares	79,507	160,503
<b>NUMBER OF DILUTED SHARES</b>	119,139,422	135,795,985

## 5.4. Related parties

at 31/12/2015	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
<i>In thousands of euros</i>				
<b>1) EQUITY ASSOCIATES</b>				
Maurel & Prom Colombia BV	249	(189)	-	5,842
Seplat	-	-	287	77
<b>2) OTHER RELATED PARTIES</b>				
- Pacifico S.A.	164	(100)	49	-

at 31/12/2014	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
<i>In thousands of euros</i>				
<b>1) EQUITY ASSOCIATES</b>				
Maurel & Prom Colombia BV	2,597	(198)	3,122	8,071
Saint-Aubin Energie and its subsidiaries	1,258	-	22,713	-
<b>2) OTHER RELATED PARTIES</b>				
Pacifico S.A.	196	(100)	147	25
MPI	507	-	140	-

With respect to other related parties, transactions with Pacifico S.A., conducted under normal terms, relate to rentals and support services.

With Pacifico S.A. in particular, which is a 23.71% shareholder, Maurel & Prom has signed a subletting agreement for office premises. Pacifico S.A. also provides Maurel & Prom with technical and financial support services.

# 8 NOTES

Consolidated financial statements at 31 December 2015

1

CONSOLIDATED FINANCIAL STATEMENTS

## 5.5. Off-balance-sheet commitments - Contingent assets and liabilities

### Work commitments

Oil work-related commitments are valued based on the budgets approved with partners. They are revised on a number of occasions during the year to take various aspects into account, including the results of oil work

carried out. They also take into consideration any firm commitments made to States in connection with permits.

In millions of euros	31/12/2015	31/12/2014
Gabon	1	172
Tanzania	6	41
Canada	4	2
Mozambique	-	17
Other	3	12
<b>TOTAL</b>	<b>14</b>	<b>245</b>

Concerning the joint ventures, information for which is not included above, there are commitments made with the States in the €2m as the Maurel & Prom share in Colombia.

### Guarantees given on loans: Maurel & Prom Revolving Credit Facility

Etablissements Maurel & Prom on 18 December 2014 signed a line of credit for US\$650m (Revolving Credit Facility: RCF), distributed between an initial tranche of US\$400m and an accordion of US\$250m.

The Company is the borrower in respect of the new RCF, which is guaranteed by its French subsidiary Maurel & Prom West Africa and by Maurel & Prom Gabon. The following sureties have also been set up:

- ▶ pledge against bank account balance, granted by the Company on the Company's collection account;
- ▶ pledge against Maurel & Prom Gabon shares held by Maurel & Prom West Africa;
- ▶ pledge against Maurel & Prom West Africa shares held by the Company;

- ▶ the transfer, as guarantee, of the respective rights held by Maurel & Prom Gabon, the Company and Maurel & Prom West Africa in any (i) hedge agreement, (ii) insurance policy and (iii) future oil sales agreement concerning underlying assets, entered into between Maurel & Prom Gabon and any party authorised to carry out liftings; and
- ▶ transfer, as a guarantee, of rights relating to any loan awarded to any Group company.

The sums made available must be used to:

- ▶ pay fees and interest due in relation to the new facility;
- ▶ repay the existing RCF;
- ▶ finance investments in underlying assets; and
- ▶ finance all general requirements, including financing for acquisitions.

The Credit Agreement comes with an amortisation schedule that stipulates the final repayment on 31 December 2020. However, under certain conditions, the grace period, initially two years, i.e. until 31 December 2016, may be extended by an additional year, until 31 December 2017.

Maurel & Prom will have to pay interest on the facility, when due, at a rate equal to the LIBOR plus the mandatory costs and a margin of 3.40% per year until 31 December 2018 and then 3.65% per year until 31 December 2020. Interest will be calculated by 3-monthly periods, unless otherwise stipulated.

Maurel & Prom has made commitments to comply with certain financial ratios at 30 June and 31 December each year:

- ▶ ratio for the Group's consolidated net debt to EBITDAX (earnings before interest, taxes, depreciation, amortisation and impairment net of the impact of exchange gains and losses), calculated over a 12-month period prior to the reference period, with a maximum limit of 3.00; and
- ▶ ratio for P1+P2 Group share reserves x US\$10, which must not fall below 1.5 times the Group's consolidated net debt.

In addition, Maurel & Prom Gabon's rights to oil production from fields in the Ezanga production sharing agreement must not drop below a net level of production set in the Credit Agreement.

The drop in oil prices and the interruption to oil evacuation in September 2015 due to a situation of force majeure on the Gabon pipeline had an impact on the Group's sales, net income and oil production level. In light of this, sensitivity testing was conducted to gain a better understanding of the risks related to non-compliance with certain minimum production thresholds and financial ratios set out in the contractual provisions of the RCF. Further to this analysis and alongside the request for formal approval from the bank consortium of the merger by absorption of MPI, the Company requested an adjustment for (i) certain periods for calculation of minimum production levels and (ii) certain financial ratios to avoid the risk of non-compliance with these commitments at end-2015. These waivers and arrangements were accepted by the banking consortium on 13 October 2015.

The covenants for 31 December 2015 resulting from adjustments approved by the RCF bank consortium are described below:

- ▶ a Group net debt/EBITDAX ratio, calculated over the 12-month period preceding the reference period, that does not exceed 4.20 at 31 December 2015; (returning to 3 thereafter); and
- ▶ regarding the level of production for Maurel & Prom Gabon's rights on oil production in fields included in the Ezanga production-sharing contract, the minimum production level at 31 December 2015 is an average of 19,000 barrels per day (in Company share) calculated over the final quarter of 2015 (instead of the second-half year 2015).

Finally, it is also specified that the Company obtained a shift in the period for calculating a minimum production level that could constitute a case of accelerated repayment of the RCF: the level of production of the rights of Maurel & Prom Gabon to the oil production from fields included in the Ezanga production sharing agreement, which must not be less than 22,000 per day on the average, will be calculated on the period from 1 December 2015 to 29 February 2016 instead of the period covering the last quarter of 2015.

These adjustment set up for a transition period have not resulted in a change in the rate and cost of the loan.

Under the terms of the banking facility (subject to certain exceptions), the Company is not authorised to – and must ensure that its subsidiaries do not – (i) grant any sureties on its assets, (ii) take on any additional financial debt or (iii) dispose of all or part of the underlying assets.

Subject to certain exceptions, the Company has also made commitments (and must ensure that Maurel & Prom Gabon, Maurel & Prom West Africa, Caroil and Maurel & Prom Drilling Services respect these same commitments) to not (x) grant any new loans or (y) grant guarantees to any parties.

In addition, the Company has made commitments to ensure that Maurel & Prom Gabon maintains a minimum level of production as stipulated with the banking facility.

**Maurel & Prom Drilling Services BV loan agreement**

In connection with the acquisition of Tuscany's African drilling activities, through the acquisition of shares in Caroil, Maurel & Prom Drilling Services BV, a fully-owned subsidiary of the Company, took out a US\$50m bank loan with a banking syndicate led by Credit Suisse on 23 December 2013 (this loan covers part of Tuscany's debt with a banking syndicate led by Credit Suisse for this amount).

The following sureties have been set up:

- ▶ a pledge of bank accounts;
- ▶ a second-tier pledge of bank accounts;
- ▶ a pledge of Caroil's business;
- ▶ a second-tier pledge of Caroil's business;
- ▶ a pledge of a securities account of Caroil shares;
- ▶ a pledge of facilities contracted by the Company; and
- ▶ confirmation of certain guarantees taken out by Caroil in 2011 and 2012 with Credit Suisse (acting as agent for the banking syndicate).

Given the force majeure event and the market climate as outlined above for the RCF, the Company also approached the banking syndicate led by Credit Suisse to request, in addition to the approval of the merger-absorption of MPI by the Company, waivers and the arrangement of the Group net debt/EBITDAX financial covenant scheduled for 31 December 2015 in the Credit Agreement.

The waivers and the arrangement were formally accepted by the banking syndicate led by Credit Suisse on 27 October 2015 (on the understanding that an agreement in principle had been given in writing by said banking syndicate to the Company on 15 October 2015), subject to the following counterparties:

- ▶ a partial early repayment of US\$16,667 million corresponding to one-third of the amount borrowed under the Credit Agreement;
- ▶ an increase in the interest rate stipulated in the Credit Agreement, from Libor +2% to Libor +7.5%; and
- ▶ a Group net debt /EBITDAX ratio, calculated over a 12-month period preceding the reference period, which must not exceed 2.25:1.00 at 31 December 2016; thus, the Group net debt/EBITDAX ratio for 31 December 2015 resulting from the arrangement approved by the Credit Agreement bank syndicate, calculated of a 12-month period preceding the reference period, must not exceed 4.20 at 31 December 2015.

**Other commitments given**

At the end of the reporting period, the commitments given were identical to those presented for the consolidated financial statements at 31 December 2014.

**Cyprus Mnazi Bay Limited**

Under the agreement signed on 26 July 2012 to acquire Cyprus Mnazi Bay Limited from Wentworth, Wentworth will be paid up to US\$5m if gas production volumes exceed 100 million cubic feet per day over a period of 30 consecutive days. The production threshold was exceeded over the last quarter of 2015 and the commitment is recognised as an expense as payments are made.

**Rockover**

The agreement to acquire Rockover in February 2005 included a 10% snap-back clause for former shareholders in the event of a discovery at any of the permits sold (Ofoubou/Ankani, Ezanga (formerly Omoueyi), Nyanga Mayombe, Kari) and a 50% snap-back on the Banio permit.

At the initiative of Maurel & Prom, an agreement to buy out this clause was signed on 13 July 2007. Under this agreement, Maurel & Prom would pay the former shareholders US\$55m (paid to date) plus royalties of 2% when cumulative production exceeded 39 million barrels on all fields sold to Maurel & Prom in 2005 (excluding Banio). This volume was reached in the last few days of December 2014.

In addition, the following commitments have been maintained: Maurel & Prom must pay the sellers a total royalty of US\$ 1.30 per barrel produced as from the date on which total production in all permit areas exceeds 80 Mbbl; Maurel & Prom must pay one of the two sellers a royalty equivalent to 2% of total available production up to 30 MMboe and 1.5% above this limit, based on production from operational permits with the MT 2000-Nyanga Mayombe exploration permit. The production threshold was exceeded over December 2014 and the commitment is recognised as an expense as payments are made.

**EZANGA exploration and production sharing agreement**

The Gabonese State had a right of entry on all the fields (Exclusive Development Authorisation) from the Omoueyi permit under certain conditions.

Following the signing of the new Ezanga exploration and production sharing agreement, a similar right of entry will apply when an Exclusive Development Authorisation is awarded.

#### **Independent guarantee for the Anticosti project**

Saint-Aubin Energie guaranteed, as the first guarantor, the obligations of its fully-owned subsidiary Saint-Aubin Energie Exploration Production Inc, in addition to the €50m payment concerning the partnership set up with the Government of Quebec. Under the guarantee agreement, Maurel & Prom is jointly responsible with Saint-Aubin Energie for meeting the obligations and payments of any amounts due, up to a maximum of €50m.

#### **Commitments received**

In connection with the sale of its subsidiary Hocol to Ecopetrol in 2009, a price supplement clause was signed enabling Maurel & Prom to receive a maximum price supplement payment of US\$50m, based on the valuation of reserves on the Niscota field in Colombia, covered by the transaction.

In principle, the Niscota field's reserves were due to be valued at 31 December 2012 and validated by an independent expert, appointed jointly by Maurel & Prom and Ecopetrol.

In its accounts at 31 December 2011, Ecopetrol recorded a US\$27.3m liability in relation to this earn-out. Maurel & Prom asked Ecopetrol to provide the basis for calculating this valuation and all the information required, as set out in Hocol's sales agreement, to be able to evaluate the changes in the Niscota field's reserves and their level at 31 December 2012.

The information was received late from Ecopetrol and did not allow Maurel & Prom to assess the level of the Niscota field's reserves before the end of 2012 or to appoint the independent expert provided for in Hocol's sales agreement. In December 2012, Maurel & Prom therefore opened arbitration proceedings with the International Chamber Of Commerce against Ecopetrol in order to get an expert appointed by the court of arbitration, particularly with a view to determining the amount of potential receivables corresponding to the aforementioned price supplement.

The arbitration proceedings were completed during the first half of 2015 and concluded that there were no amounts receivable in relation to the price supplement.

In Tanzania, on the Mandawa permit granted in January 2011, the Group has received a commitment from Ophir (formerly Dominion) in the amount of US\$22.9m, exercisable as an option to enter a permit after drilling an initial well or in the form of a reimbursement. The arbitration proceeding is still ongoing.



## 5.6. Other information

### Executive compensation

Principal Officers means Directors (department heads) and members of the Board of Directors, the Chairman, and the Chief Executive Officer.

<i>In thousands of euros</i>	31/12/2015	31/12/2014
Short-term benefits	1,761	2,024
Share-based payment	-	63
<b>TOTAL</b>	<b>1,761</b>	<b>2,087</b>

### Auditors' fees

Fees paid to statutory auditors (including members of their networks), are analysed below:

<i>In thousands of euros</i>	KPMG		IAC		KPMG		IAC	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Audit</b>	2015				2014			
<i>* Statutory audit, certification, examination of individual and consolidated financial statements:</i>								
Issuer	538	97%	341	79%	386	100%	224	59%
Fully consolidated subsidiaries	-	-	90	21%	-	-	125	33%
<i>* Other measures and services directly related to the mission of the statutory auditor:</i>								
Issuer	17	3%	-	-	-	-	33	9%
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
<i>Other services rendered via the networks to fully consolidated subsidiaries</i>								
<b>TOTAL</b>	<b>555</b>	<b>100%</b>	<b>431</b>	<b>100%</b>	<b>386</b>	<b>100%</b>	<b>382</b>	<b>100%</b>

## 5.7. Events after the reporting period

None

### ▷ 8.1.3. Statutory auditors' report on the consolidated financial statements

Dear Shareholders,

In compliance with the assignment entrusted to us by your general shareholders' Meeting, we hereby report to you, for the year ended 31 December 2015, on:

- ▶ the audit of the accompanying consolidated financial statements of Etablissements Maurel & Prom S.A.;
- ▶ the justification of our assessments; and
- ▶ the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

#### 1 / Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in Note 1.7 "Restatement in presentation of the statement of income" to the consolidated financial statements regarding a modification in the presentation of some aggregates of the consolidated statement of income.

#### 2 / Justification of our assessments

In accordance with the provisions of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring the following matters to your attention:

- ▶ note 3.2. "Non-current assets" to the consolidated financial statements explains how your Company evaluates tangible and intangible assets; and
- ▶ note 2.3. "Merger-Absorption of MPI by Maurel & Prom" to the consolidated financial statements explains how your Company evaluates the assets and liabilities brought by the merger.

Our audit involved assessing the data and assumptions used to determine the value of the above-mentioned assets and to review the procedures for conducting impairment tests based on:

- ▶ the grounds for undertaking exploration work in the absence of certified oil reserves, as presented by the management of your company;
- ▶ the conclusions of independent experts appointed by your Company to assess the oil reserves of production assets; and
- ▶ future discounted cash flows determined on the basis of the long-term plan established by the company for other operating assets or fair value of operational assets.

We have also verified that the notes to the financial statements provide appropriate information.

The resulting assessments form part of our audit of the consolidated financial statements as a whole, and have therefore contributed to the formation of our opinion expressed in the first part of this report.

### 3 / Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information related to the group, presented in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Paris-La Défense, on 22 April 2016  
The Statutory Auditors

**KPMG Audit**  
*Département de KPMG S.A.*

*French original signed by*

**Eric JACQUET**  
*Partner*

**International Audit Company**

*French original signed by*

**François CAILLET**  
*Partner*

## 8.2. SPECIAL REPORT OF THE STATUTORY AUDITORS ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Dear Shareholders,

As Statutory Auditors of your company, we present to you our report on the related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main characteristics and terms of the agreements and commitments that have been disclosed to us or of which we have become aware during our assignment, including the reasons justifying their interest to the company, without commenting on their relevance or substance or inquiring about the existence of other agreements or commitments. It is your responsibility, under the provisions of Article R.225-31 of the French Commercial Code, to assess the benefits of entering into these agreements and commitments when they are submitted for your approval.

Furthermore, it is our responsibility, where applicable, to communicate to you any information of the type referred to in Article R.225-31 of the French Commercial Code relating to the performance, during the previous fiscal year, of any agreements and commitments already approved by the General Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidelines issued by the national auditing body (*Compagnie nationale des commissaires aux comptes*). Those guidelines require that we verify that the data and disclosures provided to us are consistent with the documents on which they were based.

### Agreements and commitments submitted for approval by the General Shareholders' Meeting

In accordance with Article L.225-40 of the French Commercial Code, we have been informed of the following agreements and commitments which were subject to the prior approval of your board of directors.

#### Agreement with Ison Holding Sarl ("ISON")

##### Persons concerned

Jean-François Hénin, Chairman of your company and a shareholder of ISON through Pacifico, and Emmanuel Marion de Glatigny, director of your company and Chairman of the Pacifico S.A. supervisory board.

##### Nature and purpose

At its meeting of 22 April 2016, your board of directors authorised the renewal of the cash pooling agreement between ISON and your company.

This agreement, initially signed by your company and New Gold Mali (and subsequently transferred to ISON), had already been approved by the supervisory board on 30 September 1999.

##### Conditions

This agreement, initially signed on 20 March 2000 by your company and New Gold Mali, took effect on 1 January 2000 for a one-year term, automatically renewable for equivalent terms. Interest on current account advances are paid at the tax-deductible rate.

The receivable, which at 30 June 2012 amounted to €11,430,616 principal and interest was transferred to ISON, the company in which your company holds an 18.64% equity interest, in consideration for the signing of a loan agreement between ISON and your company under the same terms and conditions and for a debit balance of principal and interest in the same amount.

At 31 December 2015, the current account (interest included) amounted to €12,387,498 in favour of your company. Interest income in respect of fiscal year 2015 was €260,684.

### Agreements and commitments already approved by the General Shareholders' Meeting

#### *Agreements and commitments approved in previous years whose implementation continued during the past fiscal year*

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by the General Shareholders' Meeting in previous years, continued to be implemented during the past fiscal year.

#### 1. Addendum to the suspended employment contract of Michel Hochard

##### Persons concerned

Michel Hochard, Chief Executive Officer of your company as from 26 May 2014.

##### Nature and purpose

At its meeting of 26 May 2014, your Board of Directors voted to appoint Michel Hochard as the company's chief executive officer.

##### Conditions

Insofar as Michel Hochard was the company's chief financial officer prior to his appointment as the company's chief executive officer, the board of directors, on the recommendation of the appointments and compensation committee, noted the automatic suspension of Michel Hochard's employment contract dated 27 November 2007 (and its addendum dated 10 October 2011) (the "Employment Contract"), it being specified

that the Employment Contract would automatically go back into effect when Michel Hochard's term of office as chief executive officer expires for any reason whatsoever.

Accordingly, your Board of Directors authorised the formalisation of this suspension of the Employment Contract in an addendum dated 26 May 2014, describing the system for suspending and resuming said contract.

#### 2. With Pacifico S.A.

##### Persons concerned

Jean-François Hénin, Chairman of your company.

##### Nature and purpose

A service agreement was entered into on 21 June 2005 by your company and Pacifico S.A., your company's main shareholder. This agreement was subject to an addendum dated 11 June 2007, previously authorised by your board of directors on 29 May 2007.

##### Conditions

This addendum amended several articles of the agreement, in particular Article 1, in order to clarify the parties' respective duties and to eliminate any ambiguities in the wording.

For the record, the services provided by Pacifico S.A. to your company are as follows:

- ▶ search for strategic partners in the area of oil and gas;
- ▶ conduct fact-finding missions for investment and divestment projects, determine the target parameter;
- ▶ search for new markets and new opportunities for growth;
- ▶ design and development of acquisition or disposal scenarios and determination of financing policy;

- ▶ advise and follow-up on any negotiations entrusted to it (draft contracts, Group development), in particular with respect to technical cooperation proposals;
- ▶ monitoring and technical, accounting, financial and administrative support for drilling activities.

The financial terms of the agreement are as follows:

- ▶ an annual lump-sum fee of €100,000, excluding taxes; and
- ▶ the payment of additional fees calculated based on services rendered, and the actual cost of services in the field of financial consultation and tasks related to the drilling area of the subsidiary of your company.

This agreement may be terminated by the parties at any time with two months' advance notice.

The amount paid by your company for the fiscal year ended 31 December 2015 was €100,000 excluding taxes, which is the annual fee.

### 3. With MPI

#### a. Transitional services agreement

##### Persons concerned

Jean-Francois Henin, Xavier Blandin, Alexandre Vilgrain, Emmanuel de Marion de Glatigny, Bryant Chukwueloka Orjiako, Roman Gozalo, Nathalie Delapalme and Macif, all directors of both your company and MPI at the contract signature date.

##### Nature and purpose

As a result of MPI leaving the Etablissements Maurel & Prom Group at the end of 2011, and insofar as MPI for the time being has no employees or the necessary technical means or resources to (i) perform day-to-day administrative and accounting operations; or (ii) provide services to Seplat, an MPI subsidiary, it was necessary for your company to enter into a transitional services agreement.

##### Conditions

Under the terms of this agreement entered into on 2 November 2011, your company provides to MPI, for a period of 12 months beginning on 15 December 2011 and renewable for a further 12 months, services enabling it to perform its administrative and accounting functions and to honour its commitments to Seplat. This agreement was renewed on 5 November 2014 for a period of one year.

It was not renewed further because of the merger by absorption of MPI by your company on 17 December 2015.

The services invoiced by your company for fiscal year 2015 amounted to €300,659 excluding taxes.

**b. Partnership Agreement****Persons concerned**

Jean-François Hénin, Xavier Blandin, Alexandre Vilgrain, Emmanuel de Marion de Glatigny and Nathalie Delapalme, all directors of both your company and MPI at the agreement signature date.

**Nature and purpose**

At its meeting of 27 March 2013, your Board of Directors authorised the establishment of a partnership with MPI and approved its guiding principles. Under the terms of this partnership, future development projects relating to oil exploration and production will be carried out jointly by the two companies (except in the two companies' respective historical regions of operation).

**Conditions**

This partnership took the form of a joint venture, called Saint-Aubin Energie, which is involved in various development projects. Maurel & Prom owns one-third of the capital in this joint venture, with MPI holding the remaining two-thirds. Development projects led by Saint-Aubin Energie are financed by your company and MPI in proportion to their equity interest.

This agreement ended on 17 December 2015 with the merger by absorption of MPI by your company.

**c. First-demand guarantee agreement as part of the Anticosti project****Persons concerned**

Jean-François Henin, Xavier Blandin, Alexandre Vilgrain, Emmanuel de Marion de Glatigny and Nathalie Delapalme, all directors of both your company and MPI at the contract signature date.

**Nature and purpose**

On 23 April 2014, your board of directors authorised the signing of a first-demand guarantee agreement as part of the oil exploration programme on Anticosti Island in Quebec.

**Conditions**

Saint-Aubin Energie guaranteed, as the primary guarantor, the obligations of its wholly owned subsidiary Saint-Aubin Energie Exploration Production Inc., and the payment of €50,000,000 to establish a partnership with the government of Quebec. Under the terms of this guarantee, your company is jointly responsible with Saint-Aubin Energie for meeting the obligations up to a maximum of €50,000,000.

Furthermore, MPI decided to issue, to the benefit of your company, an independent first demand guarantee of up to €33,333,333 representing two-thirds of the maximum amount that may be owed by your company under the terms of the guarantee agreement.

This agreement ended on 17 December 2015 with the merger by absorption of MPI by the company.

Paris and Paris-La Défense, on the 22 April 2016  
The Statutory Auditors

**KPMG Audit**  
*Department of KPMG S.A.*

*French original signed by*

**Eric JACQUET**  
*Partner*

**International Audit Company**

*French original signed by*

**François CAILLET**  
*Partner*



*Statutory auditors' report, prepared in accordance with article L.225-235 of the french commercial code, on the report prepared by the chairman of the board of directors of Etablissements Maurel & Prom S.A.*

### 8.3. STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF ETABLISSEMENTS MAUREL & PROM S.A.

Dear Shareholders,

In our capacity as statutory auditors of Etablissements Maurel & Prom S.A. and in accordance with Article L.225-235 of the French Commercial Code, we hereby present our report on the report prepared by the Chairman of your company, in accordance with Article L.225-37 of the French Commercial Code for the fiscal year ended 31 December 2015.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by Article L.225-37 of the French Commercial Code relating to matters such as corporate governance.

Our responsibility is to:

- ▶ report to you any observations we may have relating to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- ▶ attest that the report also includes the other information required by Article L.225-37 of the French Commercial Code. It should be noted that our role is not to verify the fairness of this other information.

We conducted our audit in accordance with auditing standards applicable in France.

#### Information about internal control and risk management procedures relating to the production and processing of financial and accounting information

The standards of our profession require us to plan and perform our audit to assess the fair presentation of the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information. An audit mainly involves:

- ▶ obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- ▶ obtaining an understanding of the work involved in the preparation of this information and existing documentation; and
- ▶ determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

# 8

## NOTES

*Statutory auditors' report, prepared in accordance with article L.225-235 of the french commercial code, on the report prepared by the chairman of the board of directors of Etablissements Maurel & Prom S.A.*

On the basis of our audit, we have no observations to make on the information relating to the company's internal control and risk management procedures relating to the preparation and treatment of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L.225-37 of the French Commercial Code.

### Other information

We hereby attest that the report prepared by the Chairman of the Board of Directors contains the other information required by Article L.225-37 of the French Commercial Code.

Paris and Paris-La Défense, on the 22 April 2016  
The Statutory Auditors

**KPMG Audit**  
Département de KPMG S.A.

*French original signed by*

**Eric JACQUET**  
*Partner*

**International Audit Company**

*French original signed by*

**François CAILLET**  
*Partner*

## 8

## NOTES

## Five-year financial summary for the company

## 8.4. FIVE-YEAR FINANCIAL SUMMARY FOR THE COMPANY

<i>In euros</i>	2011	2012	2013	2014	2015
<b>I - CAPITAL AT THE END OF FISCAL YEAR</b>					
a) Share capital	93,550,021	93,564,574	93,578,230	93,602,812	150,412,041
b) Number of shares authorized issue and outstanding	121,493,534	121,512,434	121,530,169	121,562,094	195,340,313
<b>II - FINANCIAL DATA AND EARNINGS FOR THE FISCAL YEAR</b>					
a) Net sales	13,180,296	12,875,149	13,287,876	17,337,130	16,154,394
b) Earnings before income tax, depreciation and provisions	-7,079,270	-9,844,960	-36,098,069	3,834,131	30,657,865
c) Income tax	-261,127	-10,726,043	420,004	5,795	-941,929
d) Earnings after income tax, depreciation and provisions	-29,551,000	46,661,303	-64,648,732	-140,559,277	-196,371,528
e) Amount of dividends distributed*	46,205,552	46,270,690	-	-	-
<b>III - EARNINGS PER SHARE</b>					
a) Earnings after income tax and before depreciation and provisions	-0.056	0.007	-0.300	0.031	0.162
b) Earnings after income tax, depreciation and provisions	-0.24	0.38	0.53	-1.16	-1.01
c) Net dividend paid per share*	0.40	0.40	-	-	-
<b>IV - SOCIAL INFORMATION</b>					
a) Staff number	37	31	32	29,5	30
b) Total amount of gross wages and salaries	6,184,489	5,290,727	5,322,096	4,684,313	6,029,085
c) Amounts expensed for social costs (social security and other contributions)	3,488,834	3,472,659	2,846,624	3,101,679	3,000,771

\* Amount payable for the year indicated, paid in the next fiscal year.

## 8.5. AVAILABILITY OF THE INFORMATION

---

### ▷ Electronic version

All relating to the Company are available on the Company's website:

[www.maureletprom.fr](http://www.maureletprom.fr)

Press releases, statements, annual reports, declarations of directors regarding their treasury shares and notes on operations are available on the AMF website:

[www.amf-france.org](http://www.amf-france.org)

and on the Euronext website:

[www.euronext.com](http://www.euronext.com)

BALO publications are available on the Bulletin des Annonces Legales Obligatoires website:

<http://balo.journal-officiel.gouv.fr>

The annual financial statements are filed with the Clerk of the Paris Commercial Court, and may be consulted at:

<http://www.infogreffe.fr>

### ▷ Printed version

All documents mentioned in this Annual Report are available free of charge on request from the Company:

**Etablissements Maurel & Prom**  
51, rue d'Anjou – 75008 Paris

## 8.6. GLOSSARY

<b>b (barrel)</b>	<i>Unit of volumetric measurement of crude oil, which is 159 litres (42 US gallons). One tonne of oil contains approximately 7.5 barrels.</i>
<b>bcf</b>	<i>Billion cubic feet.</i>
<b>boe</b>	<i>Barrels of oil equivalent.</i>
<b>boepd</b>	<i>Barrels of oil equivalent per day.</i>
<b>AEDE (Exclusive Exploration and Production Authorization)</b>	<i>Exclusive Development and Production Authorisation.</i>
<b>Brent</b>	<i>Quality of oil from the North Sea.</i>
<b>cf</b>	<i>Cubic feet.</i>
<b>cf/d</b>	<i>Cubic feet per day.</i>
<b>Kboe</b>	<i>Thousands of barrels of oil equivalent.</i>
<b>Mboe</b>	<i>Millions of barrels of oil equivalent.</i>
<b>PSA (Production Sharing Agreement)</b>	<i>Contract signed by the State and the company operating the permit; this contract defines all the rights and obligations of the operator, including the percentage of cost oil (allowing the operator to be reimbursed for the exploration and development expenses incurred by the operating company) and set the division of the profit oil (remuneration).</i>
<b>EBITDA</b>	<i>This Intermediate Management Balance corresponds to sales net of purchases of consumables and services, taxes and personnel expenses.</i>
<b>Drilling</b>	<i>Drilling consists of creating a passage through the earth's surface in order to take samples from the subsoil or extract fluid substances. Originally, drilling was always performed vertically. Today, however, when vertical drilling cannot be performed it is done on an angle, whether it is directed toward specific objectives or not, as in deviated drilling.</i>
<b>HSE</b>	<i>Health, Safety and Environment.</i>
<b>MPI</b>	<i>Public limited company with its registered office at 51, rue d'Anjou – 75008 Paris, and listed in the Paris Trade and Companies Register (RCS) under number 517 518 247, merger with Etablissements Maurel &amp; Prom S.A.</i>
<b>Mcf</b>	<i>Million cubic feet.</i>
<b>Oil pipeline</b>	<i>Pipeline for transporting fluids.</i>
<b>OML</b>	<i>Oil Mining Licence.</i>
<b>Operator</b>	<i>Company responsible for the operations on an oilfield.</i>
<b>Annual production</b>	<i>Production available for sale (after oil taxes).</i>
<b>Operated production</b>	<i>Total production from a field, before production sharing.</i>
<b>Maurel &amp; Prom production share / own share</b>	<i>Production operated minus the share of the partners.</i>

## 8

## NOTES

## Glossary

Maurel & Prom production share net of royalties	Maurel & Prom share of production minus royalties.
Mbbl	Thousand barrels.
Mboe	Thousand barrels of oil equivalent.
Mcf	Thousand cubic feet.
MMbbl	Million barrels.
MMboe	million barrels of oil equivalent.
MMcf	Million cubic feet.
Production available for sale after oil taxes/Entitlement)	Maurel & Prom's net share of production after royalties and oil taxes. This is the production sold.
Royalties	Oil taxes paid in kind, corresponding to a percentage of a field's production.
Assessed reserves	Maurel & Prom's share of reserves, as assessed by an independent expert, after deducting royalties in kind, and before the taxes applicable to each type of contract (production sharing, concession).
Net reserves	Proportion of total reserves from the fields belonging to the Company (as a function of its interests) and taking into account the provisions of the production sharing agreement for the cost-oil and the profit-oil.
Net reserves of royalties	Total reserves of a field, minus royalties.
RP1 reserves (proven)	Gas and oil reserves "reasonably certain" to be producible using current technology, at current prices, with current commercial terms and government consent. In the industry, these are also known as P1 reserves. Some industry specialists refer to them as P90 reserves, because they have at least a 90% chance of being produced.
P2 reserves (probable)	Gas and oil reserves "reasonably probable" of being produced using current technology, at current prices, with current commercial terms and government consent. In the industry, these are also known as P2 reserves. Some industry specialists refer to them as P50 reserves, because they have at least a 50% chance of being produced.
P3 reserves (possible)	Gas and oil reserves defined as "having a chance of being developed under favourable circumstances". In the industry, these are also known as P3 reserves. Some industry specialists refer to them as P10 reserves, because they have at least a 10% chance of being produced.
Resources	Reserves that do not yet have any contractual commercial outlet.
C1+C2 resources	Recoverable quantities of hydrocarbons associated with fields that have been discovered but not yet developed and/or connected to a production centre or for which there is no approved budget.
Current Operating Income	This Intermediate Management Balance corresponds to EBITDA minus amortisation and depreciation.
Rig	Drilling rig.
2D/3D seismic survey	Geophysical surveying method consisting of sending sound waves into the subsoil and recording their propagation, thus making it possible to obtain information on the structure of the subsoil. They may be in 2 or 3 dimensions.

## 8.7. CROSS-REFERENCE TABLE

### ▷ 8.7.1. Management report

ITEMS REQUIRED BY THE FRENCH COMMERCIAL CODE, MONETARY AND FINANCIAL CODE, GENERAL TAX CODE AND GENERAL REGULATIONS OF THE AMF	Corresponding SECTIONS of the Annual Report	Corresponding PAGES of the Annual Report
Analysis of the development of the business, earnings and financial position of the Company, the Company's position during the fiscal year just ended (L.225-100 and L.232-1 of the French Commercial Code)	Group presentation 1; 8.1.1; 8.1.4; 8.4	1-15; 182-187; 247-275; 275
Analysis of the development of the business, earnings and financial position of the Group, the Group's position during the fiscal year just ended (L.225-100-2 and L.233-26 of the French Commercial Code)	Group presentation 1; 8.1.1	1-15; 182-187
Results of subsidiaries and controlled companies by branch of activity (L.233-6 of the French Commercial Code)	1; 8.1.1; 8.14	1-15; 182-187; 247-275
Projected changes (L.232-1 and L.233-26 of the French Commercial Code)	1.2.5	30
Significant events occurring after the end of the fiscal year (L.232-1 and L.233-26 of the French Commercial Code)	1.2.5.1	30
Research and development activities (L.232-1 and L.233-26 of the French Commercial Code)	7.4.	165
Interests or controlling interests in companies with their registered office in France (L.233-6 of the French Commercial Code)	N/A	N/A
Information on corporate, social and environmental responsibility, corporate commitments in favour of sustainable development and anti-discrimination measures and the promotion of diversity (L.225-100 and L.225-102-1 of the French Commercial Code)	4	115-135
Description of main risks and uncertainties (L.225-100 and L.225-100-2 of the French Commercial Code)	2	33-49
Group financial risk management policy (L.225-100 and L.225-100-2 of the French Commercial Code)	2.2; 3.3	40-47; 108-112
Group exposure to price, credit, liquidity and treasury risks (L.225-100 and L.225-100-2 of the French Commercial Code)	2.2.	40-47



## 8

## NOTES

*Cross-reference table*

ITEMS REQUIRED BY THE FRENCH COMMERCIAL CODE, MONETARY AND FINANCIAL CODE, GENERAL TAX CODE AND GENERAL REGULATIONS OF THE AMF	Corresponding SECTIONS of the Annual Report	Corresponding PAGES of the Annual Report
Table summarising delegations of powers currently in force granted by the General Shareholders' Meeting to the Board of Directors for capital increases and the use of these delegations of powers during the year (L.225-100 of the French Commercial Code)	6.2.1.2	144-149
Elements likely to have an impact in the event of a public offering (L.225-100-3 of the French Commercial Code)	6.3.5	160
Employee share capital shareholding at the last day of the fiscal year (L.225-102 of the French Commercial Code)	5.1.1	137-139
Identity of shareholders holding more than 5%; treasury shares (L.233-13 of the French Commercial Code)	5.1.2	140
Summary of transactions made by directors involving the securities of the Company (L.621-18-2 of the French Monetary and Financial Code and 223-26 of the AMF General Regulations)	3.2.2.1.1	79
Total compensation and benefits of any kind paid to each corporate officer (L.225-102-1 of the French Commercial Code)	3.2.3	98-108
Positions and roles held in any company by each of the corporate officers during the year (L.225-102-1 of the French Commercial Code)	3.2.1.2	67-77
Information on treasury share repurchases (L.225-211 of the French Commercial Code)	6.2.2	149-153
Amount of dividends distributed during the last three fiscal years (243-bis of the French General Tax Code)	5.2	140
Changes made in the presentation of the annual financial statements (L.123-17 of the French Commercial Code)	8.1	184-277

## 8

## NOTES

## Cross-reference table

## ▶ 8.7.2. EC Regulations

	HEADING	Corresponding SECTIONS of the Annual Report	Corresponding PAGES of the Annual Report
1	RESPONSIBLE PERSONS	7.9.1	175
2	STATUTORY AUDITORS	7.9.3	178
3	SELECTED FINANCIAL INFORMATION	Group presentation	1-15
4	RISK FACTORS	2	33-50
5	INFORMATION ABOUT THE ISSUER		
5.1	History and development of the Company	Group presentation	1-15
5.1.1	Corporate and trade name of the issuer	6.1	143
5.1.2	Registration location and number of the issuer	6.1	143
5.1.3	Date of incorporation and term of the issuer	6.1	143
5.1.4	Registered office and legal form of the issuer, legislation governing its activities, its country of origin, address and telephone number of its registered office	6.1	143
5.1.5	Important events in the development of the issuer's business	Group presentation 1.1.3; 1.2.5	1-15; 22-24; 30
5.2	Investments	1.2.3	27
5.2.1	Main investments made over the previous two fiscal years	1.2.3.1	27
5.2.3	Main investments planned	1.2.3.2	27

## 8

## NOTES

*Cross-reference table*

	HEADING	Corresponding SECTIONS of the Annual Report	Corresponding PAGES of the Annual Report
6	<b>BUSINESS OVERVIEW</b>		
6.1	Main activities	Group presentation 1.1.3.1 à 1.1.3.3	1-15; 22-24
6.2	Main markets	1.1.2; 1.1.3.1; 1.2.1	21; 22-23; 25-26
6.3	Exceptional factors	N/A	N/A
6.4	Possible dependence of the Group with regard to certain significant customers or procurement contracts	2.1.8; 2.2.6	38; 47
6.5	Competitive position	2.1.6	36
7	<b>ORGANISATION CHART</b>		
7.1	Place of the issuer within the Group	7.7	166-173
7.2	Main subsidiaries	7.7; 8 (3.27)	166-173; 274
8	<b>RESERVES - REAL ESTATE PROPERTIES, PLANTS AND EQUIPMENT</b>		
8.1	Most significant property, plant and equipment	7.3	164
8.2	Environmental issues concerning the most significant fixed assets	2.1.7; 4.2; 4.3	36-37; 126-131; 131-133
9	<b>REVIEW OF THE FINANCIAL POSITION AND RESULTS</b>		
9.1	Financial position	1.2	25-31
9.2	Operating income	8 (3.9)	219-220

## 8

## NOTES

*Cross-reference table*

HEADING		Corresponding SECTIONS of the Annual Report	Corresponding PAGES of the Annual Report
10	ASH AND CAPITAL		
10.1	Information on short-term and long-term capital	8.1.1	181-187
10.2	Source, amount and description of cash flows	8.1.4	251
10.3	Borrowing conditions and financing structure	1.2.4.1	28-29
10.4	Restrictions on the use of capital having a significant effect on operations	1.2.4.2	30
10.5	Sources of financing planned for the main investments considered and major expenses on the most significant property, plant and equipment	1.2.3.2; 1.2.4.1	27; 28
11	RESEARCH AND DEVELOPMENT, PATENTS AND PERMITS	7.4	165
12	INFORMATION ON TRENDS	1.2.5	30
12.1	Main trends having affected production, sales and inventories, costs and sale prices since the close of the previous fiscal year	1.2.5.1	30
12.2	Known trends, uncertainties, commitments or events likely to significantly influence the outlook for the current year	1.2.5.2	30
13	FORECASTS AND ESTIMATES OF SALES AND INVESTMENT BUDGETS	N/A	N/A
14	ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND EXECUTIVE MANAGEMENT		
14.1	Information regarding members of the administrative and management bodies	3.2.1	57-78
14.2	Conflicts of interest, commitments relative to appointments, restrictions on disposals of interests in the issuer's share capital	3.2.1.3	78

## 8

## NOTES

*Cross-reference table*

HEADING		Corresponding SECTIONS of the Annual Report	Corresponding PAGES of the Annual Report
15	<b>COMPENSATION AND BENEFITS</b>	3.2.3	98-108
15.1	Compensation allocated for the last completed fiscal year, of any kind, to each member of the administrative, management and supervisory bodies	3.2.3	98-108
15.2	Sums provisioned or recognised for pensions, retirement or other benefits	3.2.3	98-108
16	<b>FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES</b>		
16.1	Expiry date of current terms of office and dates on which office was taken	3.2.1.1.1	57-65
16.2	Contracts with the issuer or its subsidiaries granting benefits under the terms of such contracts	3.2.2.1.2	79-80
16.3	Information on the Company's Audit and Compensation committees	3.2.2.3	89-96
16.4	Compliance with the system of corporate governance in force in France	3.1	53-56
17	<b>EMPLOYEES</b>		
17.1	Staff at the end of the last three fiscal years; breakdown by geographic region and by type of activity	4.1.1.1	116
17.2	Employee shareholding and stock options	4.1.1.3; 5.1.1	118-119; 137-140
17.3	Agreements stipulating an employee shareholding in the capital of the issuer	4.1.1.3	118-119
18	<b>MAJOR SHAREHOLDERS</b>		
18.1	Interests held above thresholds that must be disclosed (known interests)	5.1.2	140
18.2	Voting rights of the main shareholders exceeding their share of capital	5.1.3	140
18.3	Control of the issuer exercised by one or more shareholders	5.3.1	141
18.4	Agreements known to the issuer, the implementation of which could result in a change in its control	5.3.2	141

## 8

## NOTES

*Cross-reference table*

	HEADING	Corresponding SECTIONS of the Annual Report	Corresponding PAGES of the Annual Report
19	RELATED PARTY TRANSACTIONS	7.1	163
20	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, FINANCIAL POSITION AND EARNINGS		
20.1	Historical financial information	1.2.7.1	31
20.2	Pro forma financial information	N/A	N/A
20.3	Annual financial statements	8.1	184-276
20.4	Audit of the annual historical financial information	1.2.7.1	31
20.4.1	Audits of the historical financial information	1.2.7.2	31
20.4.2	Other information featured in the Annual Report, verified by the Statutory Auditors	1.2.7.3	31
20.4.3	Financial information appearing in the Annual Report and not taken from the issuer's certified financial statements	N/A	N/A
20.5	Date of the last audited financial information	31 December 2015	31 December 2015
20.6	Interim and other information	N/A	N/A
20.6.1	Quarterly or half-yearly financial information established since the date of the last audited financial statements	N/A	N/A
20.6.2	Interim financial information for the first six months of the year following the end of the last fiscal year audited	N/A	N/A
20.7	Dividend policy	5.2	140
20.8	Litigation and arbitration	7.2	163-164
20.9	Material changes in the financial or commercial position	Group presentation 1.2.1	1-15; 25-26

## 8

## NOTES

*Cross-reference table*

	HEADING	Corresponding SECTIONS of the Annual Report	Corresponding PAGES of the Annual Report
21	ADDITIONAL INFORMATION		
21.1	Share capital	6.2	143-157
21.1.1	Subscribed capital or authorised capital	6.2.1.1	143
21.1.2	Shares not representative of capital	N/A	N/A
21.1.3	Shares held by the issuer or its subsidiaries	6.2.2	149-153
21.1.4	Securities conferring future access to the issuer's share capital	6.2.3	154
21.1.5	Conditions governing any right of acquisition and/ or any bond attached to capital subscribed but not paid up, or to any capital increase	N/A	N/A
21.1.6	Capital of any Group portion subject to an option	N/A	N/A
21.1.7	History of the issuer's share capital over the last three fiscal years	6.2.4	155
21.2	Charter and Bylaws	6.3	158-161
21.2.1	Corporate purpose of the issuer	6.3.1	158
21.2.2	Provisions of the Bylaws and Charter concerning members of the administrative, management and supervisory boards	6.3.2	159
21.2.3	Rights, privileges and restrictions attached to each class of shares in issue	6.3.3	159
21.2.4	Necessary procedures for modifying shareholders' rights	6.3.4	159
21.2.5	Notices of General Shareholders' Meetings and conditions of admission	3.4	112-114
21.2.6	Provisions of the issuer's Articles of Association, Charter or Bylaws which could delay, defer or prevent a change in its control	6.3.5	160
21.2.7	Required ownership threshold disclosures	6.3.6	160
21.2.8	Conditions more stringent than the law for modifying the share capital	6.3.7	161



# 8

## NOTES

### *Cross-reference table*

	HEADING	Corresponding SECTIONS of the Annual Report	Corresponding PAGES of the Annual Report
22	LARGE CONTRACTS	1.2.6	31
23	INFORMATION FROM THIRD PARTIES, DECLARATIONS	7.5	165
24	OF EXPERTS AND DECLARATIONS OF INTERESTS	7.6	165
25	PUBLICLY AVAILABLE DOCUMENTS	7.7	166-173

Design-Production:  Tel.: +33 1 46 37 68 82

Photo Credits: Fotolia © Andrei Merkulov / Maurel & Prom

**MAUREL & PROM**

51, rue d'Anjou

75008 PARIS

Tel.: +33 1 53 83 16 00

Fax: +33 1 53 83 16 04

[www.maureletprom.fr](http://www.maureletprom.fr)