

**ÉTABLISSEMENTS MAUREL & PROM**  
**Public Limited Company with a Board of Directors**  
**And a capital of 154,549,411.94**  
**Registered office: 51, rue d'Anjou – 75008 Paris,**  
**France.**  
**457 202 331 Paris Trade and Companies Register**

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**INTERNAL REGULATIONS OF THE**  
**BOARD OF DIRECTORS**  
**AND**  
**OF ITS SPECIAL COMMITTEES**

**D a t e d 25 April 2019**

## **BACKGROUND**

At its meeting of 25 April 2019, the Board of Directors (the “**Board of Directors**”) of the company Etablissements Maurel & Prom (the “**Company**”) made changes to the previous version of its internal regulations and approved the new wording on the same day.

These internal regulations have been drawn up to complement the Company’s legal and regulatory requirements and its articles of association. They fall within the framework of the general principles of corporate governance.

The internal regulations set out the membership of the Board of Directors, the rules governing the operation of the Board of Directors and its duties and contain the directors’ charter, which specifies the rights and obligations of each director within the Board of Directors. Each director is bound by these internal regulations. If the director is a legal entity, the provisions of these internal regulations apply to its permanent representative as if he/she had been appointed a director in his/her own name.

In these internal regulations, the corporate officers, executive corporate officers and non-executive corporate officers are those persons designated as such in the June 2018 revised version of the AFEP-MEDEF corporate governance code for listed companies (the “**AFEP-MEDEF Code**”), to which the Company hereby refers.

## **SECTION 1 – INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS**

### **ARTICLE 1 – MEMBERSHIP**

#### *1.1 Number of members and term of office*

The Company is governed by a Board of Directors comprising at least three (3) and no more than twelve (12) members, subject to the exception provided for by law in the event of a merger, and one or more observers.

Each director is appointed, on the recommendation of the Appointments and Compensation Committee, for a term of three (3) years.

Each director must ensure that he/she/it is in compliance with the legal requirements on holding multiple mandates. In addition, directors may not hold more than four additional mandates in listed companies outside the group of companies to which the Company belongs (the “**Group**”), including foreign companies. This rule is applied on the appointment or re-appointment of the director in question. The directors must notify the Board of Directors of all mandates held in other companies, including seats on the management or supervisory boards of any French or foreign companies as defined above. Executive corporate officers may not hold more than two other mandates in listed companies outside the Group, including foreign companies.

#### *1.2 Independence*

A director is deemed to be “independent” if they have no relationship of any kind whatsoever with the Company, its Group or its management that could compromise their freedom of judgement. Accordingly, an independent director is any non-executive corporate officer of the Company or the Group with no specific ties (major shareholder, employee or otherwise) thereto.

Companies with diffused ownership and no controlling shareholders have an obligation to ensure that independent directors make up one half of their Board of Directors. Controlled companies, within the meaning of article L. 233-3 of the French Commercial Code, must ensure that one third of their directors are independent.

Each year, the Appointments and Compensation Committee discusses who qualifies as an independent director, and this is reviewed each year by the Board of Directors, in accordance with the criteria listed below, prior to the publication of the annual report. A review also takes place upon the appointment of a new director.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors reviews the circumstances of each of its members on a case-by-case basis, in the light of the criteria set out below, the specific circumstances of the interested party, the Company and the Group, and the opinion of the Appointments and Compensation Committee, then brings the conclusions of this examination to the attention of the shareholders in the annual report and at the General Shareholders' Meeting when the directors are elected.

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

The following criteria are taken into consideration by the Appointments and Compensation Committee and the Board of Directors to determine whether a director is independent and prevent any conflict of interest between the director, the management, the Company or the Group:

- they must not be or have been in the last five (5) years: (i) an employee or an executive corporate officer of the Company, (ii) an employee, executive corporate officer or director of a company consolidated by the Company or (iii) an employee, executive corporate officer or director of the parent company of the Company or a company consolidated by that parent company;
- they must not be an executive corporate officer of a company (i) in which the Company directly or indirectly holds a directorship or (ii) in which an employee designated as such or an executive corporate officer of the Company (either currently or within the last five (5) years) holds a directorship;
- they must not (i) have any direct or indirect links with or be a significant customer, supplier, investment banker, commercial banker or consultant of the Company or the Group or (ii) have any direct or indirect links with or be a client, supplier, investment banker or commercial banker for which the Company or the Group represents a significant portion of its business;
- they must not have a close family relationship with a corporate officer of the Company or the Group;
- they must not have been the Company's statutory auditor within the last five (5) years; and
- they must not have been a director of the Company for more than twelve (12) years, it being specified that directors are considered to have lost their independent status after twelve (12) years.

A non-executive corporate officer may not be considered to be independent they receive a variable remuneration in cash or shares or any remuneration linked to the performance 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 holds more than 10% of the Company's capital or voting rights, the Board of Directors should, through its Appointments and Compensation Committee, examine the director's independent status as a matter of course, taking into consideration the composition of the Company's capital and the existence of potential conflicts of interest.

It is specified that the Board of Directors must discuss the assessment of the significance, or otherwise, of the business relationships with the Company or its Group and clarify in the annual report the quantitative and qualitative criteria (continuity, economic dependence, exclusivity, etc.) that have resulted in this assessment. The significant nature of the relationship is assessed from the Company's perspective and that of the director themselves. If none of the directors who are deemed to be independent have any direct or indirect business relationships with the Company or its Group, or if these relationships are not significant, this information must be specified in the annual report.

## **ARTICLE 2 – OPERATION**

### ***2.1 Convening meetings of the Board of Directors***

The Board of Directors meets at least four (4) times per year and as often as the interests of the Company require. The Directors meet as often and for as long as necessary to ensure an in-depth review and discussion of all matters for which the Board is responsible can take place.

The Board of Directors is convened by the Chairman or, in the event of the temporary incapacity or death of the Chairman, by the Vice-Chairman of the Board of Directors who is most senior in age, who is delegated to act as Chairman. In the case of temporary incapacity, this delegation is given for a limited term and is renewable. In the case of death, it is valid until a new Chairman is elected. Notices of meetings may be conveyed by any means (verbally, by letter, by email, by fax or by phone) with reasonable advance notice, unless in an emergency.

When the Board of Directors has not met for more than two (2) months, at least one-third of the Board's members may ask the Chairman of the Board to convene a Board meeting to consider a specific agenda. The Chief Executive Officer may also ask the Chairman of the Board to convene a Board meeting to consider a specific agenda. The Chairman of the Board of Directors is then bound to act on such requests.

Meetings may be held at any location specified in the notice of meeting. The Directors meet at a location chosen by the Chairman of the Board to ensure that a maximum number of the members can attend.

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

Directors may be represented at Board of Directors' meetings by another director, in accordance with legal and regulatory requirements and the Company's articles of association. 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 videoconference or teleconference (including conference call) 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. If this procedure is to be used for certain meetings, the Chairman will indicate this information in the notice of meeting.

### **2.3 Information for members of the Board of Directors**

The Chairman of the Board of Directors or the Chief Executive Officer will, sufficiently far in advance, provide each director with the information and documents that are necessary for them to fully perform their duties. To this end, all documents necessary to provide directors with information about the agenda and the questions to be reviewed by the Board of Directors shall be attached to the notice of meeting or sent or given to the directors within a reasonable period prior to the meeting.

Furthermore, the directors must ensure that they receive sufficient information in good time so that the Board of Directors is able to validly deliberate. They are responsible for asking the Chairman of the Board of Directors for the information they consider essential for the proper completion of their duties, particularly in view of the agenda of the meetings. Accordingly, if a director considers that he/she has not been able to deliberate in full knowledge of the facts, he/she has a duty to inform the Board of Directors in order to obtain the information he/she considers essential for the proper completion of his/her duties.

Between the meetings of the Board of Directors, the Chairman of the Board of Directors, or any person designated by them, will provide the directors with necessary information at any time during the life of the Company, if the information is sufficiently important or urgent. This information includes all relevant information, including critical information, concerning the Company, in particular articles from the press and financial press.

A director may meet with the key managers of the Group, including in the absence of the executive corporate officers, provided that the latter have been given advance warning of the meeting.

Furthermore, the Chairman of the Board of Directors gives each new director a standard file to ensure they are able to operate effectively in respect of issues before the Board of Directors, within a short time scale.

Directors may, if they deem it necessary on appointment or throughout their term of office, ask for additional training in the specifics of the Company, its business and its sector of activity. These training sessions are organised and provided by the Company at its expense.

### **2.4 Deliberations of the Board of Directors**

Board of Directors' meetings are chaired by the Chairman of the Board of Directors, or if the Chairman is absent, by the oldest Vice Chairman. If the Chairman and Vice-Chairman (or Chairmen) of the Board of Directors are absent, the Board of Directors appoints one of the directors present to chair 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, if applicable, 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.

### **2.5 Secretarial functions for the Board of Directors**

The Board of Directors appoints and fixes the term of office of a secretary, who may be chosen from among the directors or from outside their number.

## **2.6 *Minutes of the meetings of the Board of Directors***

After each meeting of the Board of Directors, minutes will be prepared and signed by the Chairman of the Board of Directors and a director. The draft minutes will be communicated to all directors for their approval prior to being signed.

Without going into unnecessary detail, these draft minutes contain, in addition to the disclosures required by the legislative and regulatory provisions in force, a summary of the discussions and decisions taken, with a concise summary of the issues raised or reservations expressed and notes about any technical incident regarding the videoconference or other means of telecommunication, if this disrupted the flow of the meeting.

## **ARTICLE 3 – DUTIES AND POWERS**

### **3.1 *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. Subject to the powers expressly given to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses all questions relating to the proper functioning of the Company and governs, through its decisions, the affairs that concern it. The duties for which the Board of Directors is responsible include, but are not limited to, the following:

- 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;
- discussing and approving any 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 net income, the structure of its balance sheet or its 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 (see Article 3.2 below);
- 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 surety 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 each year the list of directors who are considered to be independent pursuant to Article 1.2 of these internal regulations;
- appointing one or more new directors on an interim basis, in the circumstances defined by law;
- entrusting one or more directors with a special mandate to undertake one or more specific duties;
- 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 a discussion of its operation, it being understood that a formal review must be conducted a minimum of every three years;
- distributing attendance fees;
- setting any extraordinary remuneration to be awarded to directors for any duties or mandates conferred upon them;
- undertaking an annual review of the Company's policy on professional and salary equality between all employees and between male and female employees;
- deciding to relocate the registered office within French territory, subject to ratification at the next ordinary General Shareholders' Meeting;
- with a delegation of authority from the shareholders granted at an extraordinary General Shareholders' Meeting, making any necessary amendments to the articles of association to ensure compliance with the applicable laws and regulations, subject to ratification of the amendments at the next extraordinary General Shareholders' Meeting;
- authorising regulated agreements;
- staying informed of all important events affecting the Company's markets; and
- carrying out any inspections and checks that it considers appropriate.

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

- the 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;
- the 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 has created.

The Board of Directors is kept informed of:

- the financial position, cash position and commitments of the Company and the Group;

- the Company's liquidity position, promptly, so as to ensure any decisions with respect to financing and indebtedness can be taken; and
- changes to the markets, competitive context and main issues affecting the Company, including corporate social responsibility and the environment.

### **3.2 Authority restrictions of the Chief Executive Officer subject to prior approval of the Board of Directors**

For operations not foreseen in the annual budget approved by the Board of Directors, prior approval of the Board of Directors will be required prior to action taken by the Chief Executive Officer (and, if so, the Deputy Chief Executive Officer) regarding the following:

- any Financial Commitment (immediate or deferred) of more than five (5) % of the Group non-current assets per Transaction;
- the Group's financing strategy, and hedging of interest rate and currency risks, of oil price, and the conclusion, modification or early repayment of any loans or bonds issue in excess of twenty (20) % of the Group's net debt;
- any Transaction, whatever the amount, likely to affect the Group's strategy, or to modify its scope Significantly (in particular the entry or exit of a substantial asset or mining rights);
- any transaction on the Company's shares outside the liquidity agreement mechanism and the share repurchase program authorized by the Board of Directors;
- any decision to initiate proceedings for the Company admission to trading on a regulated market or the withdrawal of the rating of any financial instrument issued by the Company or any of its subsidiaries;
- any security interests, endorsements and guarantees in the name of the Company up to a maximum amount of fifty (50) million euros per transaction and a total amount of one hundred (100) million euros per year, provided that, on the one hand, in accordance with the Company's articles of association, the term of validity of this authorization is one year, and on the other hand, that the Chief Executive Officer reports annually to the Board of Directors on the amount and the nature of the bonds, endorsements and guarantees that he gave under this authorization;
- any Significant merger, scission, partial asset transfer or similar transaction;
- the conclusion, modification or termination of any joint venture or agreement relating to the mining or partnership or any agreement with a sovereign government or its representatives, in each case that could have a Significant impact on the Group's business;
- the creation of security interests over the assets (*sûretés réelles*) owned by the Company;
- the adoption of substantial changes in accounting policies;
- in the event of a dispute, the conclusion of any transaction having a net impact on the Group (after taking into account insurances) exceeding ten (10) million euros;
- the appointment or removal of a member of the management team (members of the executive committee);



- hiring/appointment, revocation/dismissal of the person(s) assuming the general management of the major subsidiaries.

Unless the context expressly indicates otherwise, the words set out above shall have the corresponding meanings assigned to them:

**Financial Commitment(s)** or **Transaction(s)** shall mean any full and firm financial commitment within five (5) years following its initial decision, such as acquisition, investment, restructuring or assets sales, including mining rights or participations (together with minority interests) in companies ;

**Significant** or **Significantly** shall mean an all exclusive amount no higher than five (5) % of the Group non-current assets at the Transaction's moment and with the information/data available at this moment, for the entire duration of the Transaction period.

### *3.3 Shareholders relations with the Board of Directors*

Shareholders relations with the Board of Directors, particularly with regard to corporate governance aspects, are entrusted to the Chairman of the Board of Directors. He or she shall report on this task to the Board of Directors.

## **ARTICLE 4 – DIRECTORS' CHARTER**

The duties of a director impose certain obligations on all the members of the Board of Directors, whether they are directors who are individuals, or representatives of a director that is a legal entity.

A charter has been drawn up, and the principles that are of relevance to directors are as follows:

- before accepting their position, directors must be aware of the general or specific obligations of their position, and in particular the legislative and regulatory provisions in force, the Company's articles of association, the Code of Conduct, the recommendations of the AFEP- MEDEF Code and of these internal regulations of the Board of Directors as well as, where applicable, the internal regulations of the special committees, all the provisions of which are binding upon them;
- each director must personally hold a significant number of shares with regards to the attendance fees received. Consequently, each director undertakes (i) to acquire each year 500 shares levied on the attendance fees that are paid (or any lower number of shares corresponding to an amount of 3,000 euros) and (ii) to retain those shares until their term of office expires. This rule applies nor to the controlling shareholder director of the Company neither to the directors representing the controlling shareholder of the Company;
- directors must immediately notify the Chairman of the Board of Directors of any agreement entered into by the Company in which they have a direct or indirect interest;
- directors must inform the Board of Directors of any existing or potential conflict of interest arising from the exercise of their duties in another company, and must take all appropriate measures (particularly concerning the information available to directors) and refrain from attending the debate and voting on the corresponding deliberations;
- directors bear an obligation of loyalty to the Company;
- having been appointed by the shareholders, directors must act at all times in the best interests of the Company;
- directors must make themselves available and devote the necessary time and attention to their duties, be regular attendees and take part in all meetings of the Board of Directors, and those of any special committees to which they have been appointed, as well as, wherever possible, the General Shareholders' Meetings;

- directors must notify the Board of Directors and the Chairman of the Appointments and Compensation Committee of any offices they hold in other companies, including their membership of board committees in French or foreign companies, and where directors are also executive corporate officers, they must obtain the advice of the Appointments and Compensation Committee and the Board of Directors before accepting a new office in another listed company;
- directors are under a duty to obtain information and, to that end, they should demand of the Chairman of the Board of Directors, in due time, all useful information and documents required to effectively participate in meetings with respect to the matters on the agenda of the Board of Directors, insofar as they have not been communicated and to ensure they are sufficient and appropriate;
- with respect to non-public information obtained in the course of their duties, directors must consider themselves bound by a real obligation of confidentiality that goes beyond the strict duty of discretion provided for by law. Directors acknowledge that all information conveyed to them is provided solely for the purposes of their duties on the Board of Directors and/or any of the special committees of the Board of Directors and may not be disclosed to any third party or used outside the scope of their duties. This obligation of confidentiality does not prevent the permanent representative of a legal entity director from disclosing the information to the management or supervisory boards of that legal entity, it being specified nonetheless that the legal entity must take all applicable steps to ensure that the information is kept strictly confidential by all persons to whom it is provided;
- directors must observe and adhere strictly to the provisions of the Company's Code of Conduct relating to the prevention of insider trading, the text of which is attached, and they must declare transactions performed on the securities of the Company in accordance with applicable legal and regulatory provisions and send a copy of the corresponding declarations to the Company within the same time frame;
- directors must not use their title and office as a director to procure for personal gain or provide to a third party any benefit, financial or otherwise;
- directors must not assume any responsibilities, in a personal capacity, in companies or business activities that are in competition with the Company or the Group without previously notifying the Board of Directors and the Chairman of the Appointments and Compensation Committee; and
- directors must refrain from any individual interference in Company matters, particularly through direct contact with executives, staff, customers of the Group, shareholders or investors, unless specifically tasked to do so by the Board of Directors or by the committee of the Board of Directors of which they are a member.

## **ARTICLE 5 – ASSESSMENT OF THE WORK OF THE BOARD OF DIRECTORS**

The Board of Directors is responsible for assessing its own work in order to:

- review its operating procedures;
- check that significant issues are suitably prepared and discussed; and
- measure the actual contribution of each director to the work of the Board of Directors in terms of their skills and level of involvement in deliberations.

This assessment also provides an opportunity for the Board of Directors to think about the desired balance of its own membership and that of its special committees, especially in terms of diversity

(gender, nationality, international experience, expertise, etc.), and consider from time to time whether its organisation and operation are adequate for the performance of its tasks.

To this end, once per year, the Board of Directors devotes an agenda item to a discussion covering its operation. A summary of this assessment is presented by the Chairman of the Appointments and Compensation Committee to the Board of Directors. A formal assessment of the operation of the Board of Directors is made at least every three (3) years, under the direction of an independent director or the Appointments and Compensation Committee, possibly with the assistance of an external consultant.

Each year in the annual report, the Board of Directors reports to the shareholders on the evaluations carried out and, if applicable, on any steps taken as a result.

Furthermore, the Company's directors meet periodically, and at least once per year, without the executive corporate officers of the Company in order to assess the performance of those officers and to reflect on the future of the Company's management.

## **ARTICLE 6 – COMPENSATION**

Members of the Board of Directors may receive compensation in respect of attendance fees, the total amount of which is determined by the General Shareholders' Meeting and distributed by the Board of Directors to its members, on the recommendation of the Appointments and Compensation Committee. This distribution takes account of the actual attendance of each director at meetings of the Board of Directors and of any special committees and, therefore, its principal component is variable.

Directors may receive additional fees or extraordinary compensation for carrying out any specific role for the Board of Directors. This will entail the conclusion of a regulated agreement.

The Board of Directors, on the recommendation of the Appointments and Compensation Committee, ensures that the amount of attendance fees is appropriate, given the tasks and responsibilities the directors assume.

The rules of distribution of attendance fees and the individual amounts paid to the directors are reported each year in the Company's annual report.

## **ARTICLE 7 – OBSERVER**

The Board of Directors may appoint one or more observers chosen from among the individual shareholders, up to a maximum number of four (4).

The term of office of observers is set at three (3) years.

The observer(s) attend the meetings of the Board of Directors in an advisory capacity and may be consulted by the Board of Directors. They must be invited to each meeting of the Board of Directors. The Board of Directors may assign specific tasks to observers. Subject to compliance with legal and regulatory provisions and the Company's articles of association, as well as the recommendations of the AFEP-MEDEF Code, observers may be part of any special committees set up by the Board of Directors.

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 any expenses incurred by the observers in the interests of the Company.

## **PART 2 – SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS**

The Board of Directors may decide to set up one or more special committees, which may be temporary or permanent, designed to facilitate the operation of the Board of Directors and contribute effectively to the preparation of its decisions. The membership of such special committee(s) may be drawn from within the Board of Directors itself or support may be given from people who are not directors.

These committees are tasked with examining any issues that the Board of Directors or its chairman submits for their attention, to undertake preparatory work for the Board of Directors with regard to these issues and to report their conclusions to the Board of Directors in the form of non-binding, full and accurate, written or oral advice, minutes, information, proposals, reports or recommendations. It is specified that only the chairman of each of the committees of the Board of Directors is authorised to report to the Board of Directors regarding its work.

The members of each special committee of the Board of Directors act collectively. For the proper completion of its work, each special committee of the Board of Directors may decide to interview the Group's top management or third parties, subject to notifying the corporate officers in advance and reporting back to the Board of Directors thereupon.

Any request for additional information from a member of a special committee of the Board of Directors must be sent to the chairman of the special committee, who will be solely responsible for determining the necessity and appropriateness of this request and the conditions of its transmission.

The special committees perform their allocated duties under the responsibility of the Board of Directors. The Board of Directors determines the compensation, if any, to be awarded to the members of the special committees.

The special committees can commission external technical studies on topics relating to their fields of expertise, at the expense of the Company, after having informed the Chairman of the Board of Directors or the Board of Directors itself and provided that it reports back to the Board on that matter. If special committees commission external consultation services, they will ensure the objectivity of the service providers they use.

The role of the special committees is strictly advisory. The Board of Directors will independently establish the steps it intends to take as a result of any non-binding, full and accurate, written or oral advice, minutes, information, proposals, reports or recommendations issued or drawn up by its special committees. Each director remains free to vote as they see fit, without being bound by the studies, investigations or reports of the special committees, and they are not bound by any advice these committees may offer.

The Company's annual report includes a report on the activities of each of the special committees during the previous fiscal year.

There are three (3) special committees, each of which is subject to specific internal regulations:

- the Audit Committee;
- the Risk Observatory; and
- the Appointments and Compensation Committee.

## **INTERNAL REGULATIONS OF THE AUDIT COMMITTEE**

### **BACKGROUND**

These internal regulations are intended to set out the tasks allocated to the Company's audit committee (the "**Audit Committee**") and specify its operational procedures, in addition to the applicable laws and regulations, the provisions of the Company's articles of association and the decisions and internal regulations of its Board of Directors.

### **ARTICLE 1 – MEMBERSHIP**

At least two thirds of the members of the Audit Committee must be independent directors. Executive corporate officers may not be members. The members are chosen by the Board of Directors from among its members.

The Chairman of the Audit Committee is appointed by the Board of Directors for the duration of his/her term of office as a director or for a period determined by the Board of Directors. The appointment or renewal of the Chairman of the Audit Committee, as proposed by the Appointments and Compensation Committee, is subject to close scrutiny by the Board of Directors.

The members of the Audit Committee must demonstrate specific skills in finance or accountancy. Following their appointment, they receive information on the specific accounting, financial or operational features of the Company.

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 without reason or notice.

### **ARTICLE 2 – OPERATION**

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

Meetings of the Audit Committee are convened by its chairman or at the request of the Chairman of the Board of Directors and take place as often as they deem necessary or appropriate, at least two (2) times 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 meeting agenda.

#### ***2.2 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 when invited to do so by the Chairman of the Committee.

When the Audit Committee consults with the chief financial officer or the managers of the accounts, cash management or internal control departments, the consultation may take place without the general management of the Company if deemed appropriate by the Audit Committee.

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

It may also seek assistance from external advisors to obtain independent technical reviews of subjects within its area of concern, subject to notifying the Chairman of the Board of Directors or the Board of Directors itself and reporting thereupon to the Board of Directors. The Audit Committee must ensure the objectivity and independence of any advisors consulted.

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 Audit Committee may decide to hold the meeting via teleconference or videoconference (including conference call) and using equipment that allows members 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. 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. If this procedure is to be used for certain meetings, the Chairman will indicate this information in the notice of meeting.

### ***2.3 Deliberations of the Audit Committee***

Audit Committee meetings are chaired by its chairman.

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

### ***2.4 Information for members of the Audit Committee***

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

### ***2.5 Secretarial functions for the Audit Committee***

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

### ***2.6 Minutes of the meetings of the Audit Committee***

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.

The annual report must also include a report of the activities undertaken by the Audit Committee during the previous fiscal year.

## **ARTICLE 3 – DUTIES**

The duties of the Audit Committee, as determined by the Board of Directors, are as follows:

### ***3.1 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 would not be included;
- check that the accounting methods adopted (i) for the preparation of the company and consolidated financial statements, (ii) for the Group's scope of consolidation and (iii) for processing major transactions are relevant and consistent;
- review major transactions that could give rise to a conflict of interest;
- monitor the process of preparing financial information;
- ensure the existence and monitor, in coordination with the Risk Observatory, 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 the internal control procedures and internal audit;
- hear internal audit and risk control reports;
- consult with the managers of the internal audit and risk control departments and, in coordination with the Risk Observatory, give an opinion on the organisation of these departments;
- 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;
- ensure that systems are implemented to detect and remedy any malfunctions. In this regard, the Audit Committee will assess the significance of any malfunctions or weaknesses reported to it and notify the Board of Directors of them; and
- 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 a reasonable time before these documents are reviewed by the Board of Directors.

The review of the financial statements is accompanied by a presentation from the management explaining the Company's risk exposure and its material off-balance sheet commitments and the relevant accounting options applied.

### **3.2 *Relations with the statutory auditors***

- regularly interview the statutory auditors, in particular at meetings discussing the review of the process of preparing financial information and the review of company and consolidated financial statements, to hear their reports on the performance of their duties 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 duties;
- 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 schedule of work and the sampling they have undertaken, (ii) any modifications that they consider should be made to the financial statements 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, including, if necessary, the organisation of a call for tenders, in accordance with the applicable law;
- manage 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 applicable, and approve the specifications and the choice of auditor on a "best bid" rather than a "lowest bid" basis, in compliance with statutory rotation obligations; and
- oversee the statutory auditors' legal review of the company and consolidated financial statements.

### **3.3 *Monitoring the rules governing the independence and objectivity of the statutory auditors***

- monitor the independence of the statutory auditors;
- ensure that it receives information 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' audit duties and (iii) details of the services performed relating directly to the statutory auditors' audit 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 networks, 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 professional 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 when required by applicable legal and regulatory provisions;
- review beforehand work that is incidental or directly additional to the audit of the financial statements that may be performed by the selected firms (such as acquisition audits) but excluding evaluation and consultancy work; and
- pre-approve services other than audit in accordance with the arrangements set forth in article 3.4 of the internal regulations of the Audit Committee.

### **3.4 Approval of services provided by statutory auditors**

Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (the "**Regulation**") and French ordinance no. 2016-315 of 17 March 2016 on statutory audit entered into force on 17 June 2016. They set forth a list of services that statutory auditors and their networks are not permitted to provide.

In accordance with the Regulation, for the statutory auditor to provide services other than auditing the accounts, it must first:

- be approved by the Audit Committee, and
- confirm its independence,

depending on the requirements set forth in the French Commercial Code.

The approval of the Audit Committee is required whenever the statutory auditors (or members of their network in France or abroad) provide services other than audit services to the Company, to entities controlled by the Company or to entities controlling the Company, within the meaning of parts I and II of article L. 233-3 of the French Commercial Code.

To make its decision, the Audit Committee reviews the type and scope of the services in the light of the laws and regulations governing the independence of statutory auditors.

Lastly, the Regulation introduced an upper limit on fees payable for non-audit services. This limit of 70% is due to enter into force from financial year 2020.

As the lawmakers did not specify the applicable procedure, the Audit Committee has developed a procedure that allows it to meet its obligations by drawing up a list of prohibited services and non-audit services that may be provided by statutory auditors or members of their network, with the corresponding authorisation procedures.

### 3.4.1 Services prohibited by the Regulation and the French Code of Ethics for Statutory Auditors in the European Union

#### 3.4.1.1 *Prohibited services*

Pursuant to article 5.1 of the Regulation and to the French Code of Ethics for Statutory Auditors (*Code de déontologie des Commissaires aux comptes*, the "**Code of Ethics**"), the following services may not be entrusted to statutory auditors or their networks for the Company (a public-interest entity), companies controlling the Company or the subsidiaries controlled by the Company, within the meaning of article L.233-3, parts I and II, of the French Commercial Code, where situated in the European Union:

- tax services relating to:
  - preparation of tax forms;
  - payroll tax;
  - customs duties;
  - identification of public subsidies and tax incentives unless support from the statutory auditor or the audit firm in respect of such services is required by law;
  - support regarding tax inspections by tax authorities unless support from the statutory auditor or the audit firm in respect of such inspections is required by law;
  - calculation of direct and indirect tax and deferred tax;
  - provision of tax advice;
- services that involve playing any part in the management or decision-making of the audited entity;
- bookkeeping and preparing accounting records and financial statements;
- payroll services;
- designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems;
- valuation services, including valuations performed in connection with actuarial services or litigation support services;
- legal services, with respect to:
  - the provision of general counsel;
  - negotiating on behalf of the audited entity; and
  - acting in an advocacy role in the resolution of litigation;
- services related to the audited entity's internal audit function;

- services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;
- promoting, dealing in, or underwriting shares in the audited entity;
- human resources services, with respect to:
  - management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve:
  - searching for or seeking out candidates for such position; or
  - undertaking reference checks of candidates for such positions;
  - structuring the organisation design; and
  - cost control.
- fund management or escrow services;
- drafting legal instruments and providing legal secretary services;
- audit services in the event of a contribution of assets or merger;
- outsourcing (even partial) services.

#### *3.4.1.2 Exception concerning certain tax and valuation services for certain EU Member States but not France*

As an exception to the prohibited services listed above, article 5.3 of the Regulation provides that certain EU Member States may authorise auditors to provide the following services:

- preparation of tax forms;
- identification of public subsidies and tax incentives unless support from the statutory auditor or the audit firm in respect of such services is required by law;
- support regarding tax inspections by tax authorities unless support from the statutory auditor or the audit firm in respect of such inspections is required by law;
- calculation of direct and indirect tax and deferred tax;
- provision of tax advice;
- valuation services, including valuations performed in connection with actuarial services or litigation support services;

if the following requirements are met:

- they have no direct or have immaterial effect, separately or in the aggregate on the audited financial statements;

- the estimation of the effect on the audited financial statements is comprehensively documented and explained in the additional report to the audit committee referred to in Article 11; and
- the principles of independence laid down in Directive 2006/43/EC are complied with by the statutory auditor or the audit firm.

France did not opt for this exception, as a result of which the above services may not be provided by statutory auditors under any circumstances or by their network where the relevant Group entity is incorporated in France.

Whether or not it is possible for the network of the statutory auditor to provide these services under the exception for a Group entity located in the European Union but outside France is unclear due to the ambiguity over how the exception is to be applied. Where this is the case, the statutory auditor will need to demonstrate that the exception applies in the country in question and that the requirements for its application are met, depending on any further detail that may be provided on how exceptions are to be applied.

### 3.4.2 Authorised services

#### *3.4.2.1 Mandatory services provided by the statutory auditor or audit firm under French or foreign regulations*

For example, in France, mandatory services include the audit services provided for a capital increase or reduction, the distribution of interim dividends or when a company is converted to another type of company.

The Audit Committee has pre-approved these services for France and abroad and delegated authority to the chief executive officer and secretary general to approve the corresponding budget proposed by the statutory auditor or its network.

The statutory auditor undertakes an annual review of its work and the corresponding fees. The list of services and fees is provided each year for information to the Audit Committee. These services do not count toward the calculation of the 70% upper limit mentioned above.

#### *3.4.2.2 Services commonly provided by the statutory auditor or its network*

These services include comfort letters for market transactions, work corresponding to "services directly related" to audit services and services carried out pursuant to an international standard such as ISAE 3402 services on internal control.

The following table lists the services that have already been approved by the Audit Committee, subject to confirmation of their compatibility with the audit engagement, to be provided by the statutory auditor:

<b>Authorised services</b>	<b>France</b>	<b>EU</b>	<b>Outside EU</b>
Contractual audit	✓	✓	✓
Limited review	✓	✓	✓
Statements	✓	✓	✓
Agreed procedures	✓	✓	✓
Technical consultations on an accounting, fiscal or regulatory matter	✓	✓	✓
Review of forecast (or pro-forma) accounts prepared by the Company that may give rise to opinions and recommendations	✓	✓	✓
Review of the current or planned information system, together with opinions and recommendations	✓	✓	✓
Consultations on internal control, which may give rise to opinions and recommendations	✓	✓	✓
Due diligence on acquisitions	✓	✓	✓
Due diligence on disposals	✓	✓	✓
Independent third party review of environmental data	✓	✓	✓
Review or consultation on employment, social and environmental data or indicators	✓	✓	✓
Comfort letters for market transactions	✓	✓	✓
Assurance reports on internal control (ISAE 3402)	✓	✓	✓

The Audit Committee has pre-approved these services for France and abroad and delegated authority to the chief executive officer and secretary general to obtain confirmation from the statutory auditor as to the compatibility of these services with its audit engagement. The budget is to be approved by the legal representative of the entity for which the service is proposed.

The statutory auditor reviews these services and the corresponding fees on an annual basis.

Beginning in 2020, the statutory auditor will also need to monitor compliance with the 70% limit. The list of services and fees is provided each year to the Audit Committee for information and for validation of compliance with the 70% limit.

### *3.4.2.3 Other services for which approval is required*

For those services that do not come under any of the pre-approved categories listed in 3.4.2.1 and 3.4.2.2, the chief executive officer or the secretary general must seek the opinion of the Audit Committee or, where the situation is urgent, the opinion of the chairman of the Audit Committee. The statutory auditor will also confirm whether or not the service in question is compatible with its audit engagement. The Audit Committee or its chairman will approve the service taking into account the view of the statutory auditor and the proposed engagement letter.

A list of services approved in this manner is kept by the statutory auditor and provided to the Audit Committee each year.

### *3.4.2.4 Services proposed by the statutory auditor or its network for Group entities located outside the EU*

- Services proposed by the statutory auditor itself for Group entities located outside the EU

When working with entities of which the registered office is located outside the EU and controlled (within the meaning of parts I and II of article L. 233-3 of the French Commercial Code) by the public-interest entity for which it has entered into an audit engagement, the statutory auditor is subject to the same restrictions and approval rules as those listed in paragraphs 3.4.1, 3.4.2.1 and 3.4.2.2 above.

- Services proposed by the statutory auditor's network for Group entities located outside the EU

When working with entities of which the registered office is located outside the EU and controlled (within the meaning of parts I and II of article L. 233-3 of the French Commercial Code) by the public-interest entity for which the statutory auditor has entered into an audit engagement, the restrictions applicable to members of that statutory auditor's network are limited to the following:

- being involved in the decision-making of the audited entity;
- bookkeeping and preparing accounting records and financial statements;
- designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems.

For any other service, the statutory auditor must assess whether or not its independence would be compromised by rendering the service, taking into account the main ethical principles of independence. If its independence would be affected, the statutory auditor will apply safeguards, where applicable, in order to mitigate the threats caused by providing the service in a third country. If the auditor cannot justify that providing the service would not influence its professional judgment or the audit report, it must not provide the service.

Accordingly, the statutory auditor will submit an opinion on any potential services to be provided by its network for controlled entities located outside the EU to the chief executive officer or secretary general for approval.

## **INTERNAL REGULATIONS OF THE RISK OBSERVATORY**

These internal regulations are intended to set out the tasks allocated to the Company's risk observatory (the "**Risk Observatory**") and specify its operational procedures, in addition to the provisions of the Company's articles of association and the decisions and internal regulations of its Board of Directors.

### **ARTICLE 1 – MEMBERSHIP**

At least one (1) member of the Risk Observatory must be independent director. Executive corporate officers of the Company may not be members.

The members of the Risk Observatory are chosen by the Board of Directors from among its members or from outside the Board and for their skills and expertise in the Risk Observatory's area of concern.

The Chairman of the Risk Observatory is appointed by the Board of Directors for the duration of his/her term of office as a director or for a period determined by the Board of Directors. The appointment or renewal of the Chairman of the Risk Observatory, as proposed by the Appointments and Compensation Committee, is subject to close scrutiny by the Board of Directors.

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. Members who are not directors are appointed for a term of one year, which is renewable automatically. Members may resign without reason or notice.

### **ARTICLE 2 – OPERATION**

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

Meetings of the Risk Observatory are convened by its chairman or at the request of the Chairman of the Board of Directors and take place as often as they deem necessary or appropriate, at least two (2) times 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.

#### ***2.2 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 Chairman of the Risk Observatory.

When the Risk Observatory consults with the chief financial officer or the managers of the accounts, cash management or internal control departments, the consultation may take place without the general management of the Company if deemed appropriate by the Risk Observatory.

At least once a year, the Risk Observatory should 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.

Subject to notifying the Chairman of the Board of Directors or the Board of Directors itself in advance and reporting to the Board thereafter, the Risk Observatory may call on external experts to obtain

independent technical advice. Where this is the case, the Risk Observatory must make sure to verify the competence and independence of these experts.

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 Risk Observatory may decide to hold the meeting via teleconference or videoconference (including conference call) and using equipment that allows members 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. Members of the Risk Observatory attending the meeting via these means are deemed to be present for the purposes of establishing a quorum. If this procedure is to be used for certain meetings, the Chairman will indicate this information in the notice of meeting.

### ***2.3 Deliberations of the Risk Observatory***

Risk Observatory meetings are chaired by its chairman.

The Risk Observatory shall only be quorate if at least half of 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 Risk Observatory's members in attendance at the meeting. In the event of a tie, the Chairman of the Risk Observatory has the casting vote.

### ***2.4 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 members of the Risk Observatory in advance of the meeting concerned.

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

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

### ***2.6 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 a report on the activities undertaken by the Risk Observatory during the previous fiscal year.

## **ARTICLE 3 – DUTIES**

The duties of the Risk Observatory, as determined by the Board of Directors, are as follows:

- ensure the existence and 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 important transactions that could give rise to a conflict of interest;
- review the main findings of the statutory auditors regarding the company and consolidated financial statements as well as the internal control procedures 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;
  - consult the internal audit and risk control managers and, in coordination with the Audit Committee, give an opinion on the organisation of these departments;
  - 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;
  - ensure that systems are implemented to detect and remedy any malfunctions. In this regard, the Risk Observatory will assess the significance of any malfunctions or weaknesses reported to it and notify the Board of Directors of them; and
  - review, with the assistance of the auditors and external consultants, the Group's Social and Environmental Responsibility strategy and the options chosen for its implementation.
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**INTERNAL REGULATIONS**  
**OF THE APPOINTMENTS AND COMPENSATION COMMITTEE**

**BACKGROUND**

These internal regulations are intended to set out the tasks allocated to the Company's appointments and compensation committee (the "**Appointments and Compensation Committee**") and specify its operational procedures, in addition to the provisions of the Company's articles of association and the decisions and internal regulations of its Board of Directors.

**ARTICLE 1 – MEMBERSHIP**

At least half of the members of the Appointments and Compensation Committee must be independent directors. Executive corporate officers of the Company may not be members.

The members of the Appointments and Compensation Committee are chosen by the Board of Directors from among its members or from outside the Board for their expertise.

The Chairman of the Appointments and Compensation Committee, who must be an independent director, is appointed by the Board of Directors for the duration of his/her term of office as a director or for a period determined by the Board of Directors. The appointment or renewal of the Chairman of the Appointments and Compensation Committee is subject to close scrutiny by the Board of Directors.

If the Chairman of the Board of Directors and the Chief Executive Officer are not the same person, a non-executive chairman may be a member of the Appointments and Compensation Committee.

The members of the Appointments and Compensation Committee are appointed for a term commensurate with their term of office as a member of the Board of Directors, or for a term decided by the Board of Directors. Members who are not directors are appointed for a term of one year, which is renewable automatically. They may resign without reason or notice.

**ARTICLE 2 – OPERATION**

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

Meetings of the Appointments and Compensation Committee are convened by its chairman or at the request of the Chairman of the Board of Directors and take place as often as they deem necessary or appropriate, at least two (2) times yearly.

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 meeting agenda.

***2.2 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.

The executive corporate officer may be involved in the work of the Appointments and Compensation Committee, save where the discussions concern (i) his or her re-appointment or (ii) the compensation policy applicable to the executive corporate officer, including where the Chairman of the Board of Directors and the Chief Executive Officer are the same person.

To carry out its work, the Appointments and Compensation Committee may interview senior managers of the Company or the Group, subject to notifying the corporate officers in advance and reporting

thereupon to the Board of Directors.

It may also seek assistance from external advisors to obtain independent technical reviews of subjects within its area of concern, at the Company's expense, subject to notifying the Chairman of the Board of Directors or the Board of Directors itself and reporting thereupon to the Board of Directors. The Appointments and Compensation Committee must ensure the objectivity and independence of any advisors consulted.

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 Appointments and Compensation Committee may decide to hold the meeting via teleconference or videoconference (including conference call) and using equipment that allows members 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. 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. If this procedure is to be used for certain meetings, the Chairman will indicate this information in the notice of meeting.

### ***2.3 Deliberations of 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 of its members are present. The proposals, opinions, reports and recommendations that the Appointments and Compensation Committee issues to or prepares for the attention of the Board of Directors are agreed by a majority of the Appointments and Compensation Committee's members in attendance at the meeting. In the event of a tie, the Chairman of the Appointments and Compensation Committee has the casting vote.

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

Documentation relating to the agenda for the Appointments and Compensation Committee meeting is prepared using a standard format and is sent to members of the Appointments and Compensation Committee in advance of the meeting concerned.

### ***2.5 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.

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

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 a report of the activities undertaken by the Appointments and Compensation Committee during the previous fiscal year.

## **ARTICLE 3 – DUTIES**

### ***3.1 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 and non-executive corporate officers and its directors. These proposals are made after reviewing in detail all factors to be taken into account in its deliberations, i.e.:
  - the desired balance of representation on the Board of Directors in light of the composition of and changes in the Company's shareholding,
  - the gender balance on the Board of Directors,
  - nationality and international experience,
  - the search for and assessment of potential candidates, and
  - 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 putting forward proposals, to ensure that (i) independent directors make up (a) at least half of the members of the Board of Directors if the ownership of the Company is diffused and if the Company has no controlling shareholders or (b) at least one third of the members of the Board of Directors if the Company is controlled, within the meaning of article L.233-3 of the French Commercial Code, and that (ii) the Audit Committee and the Risk Observatory do not include any executive corporate officers and at least two-thirds of the members of the Audit Committee and one (1) member of the Risk Observatory are independent directors;
- to organise a process for selecting future independent directors and 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 set out in article 1.2 of the internal regulations of the Board of Directors and submit its proposals to the Board of Directors for the latter to review the status of each candidate, as set out in article 1.2 of the internal regulations of the Board of Directors. The Appointments and Compensation Committee is also responsible for reviewing the independence of potential new directors;

- to prepare a succession plan for executive corporate officers; and
- to give its advice, when requested by the Board of Directors, on the recruitment or dismissal of a non-executive corporate officer.

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

The duties of the Appointments and Compensation Committee are as follows:

- to review and formulate proposals regarding compensation and benefits 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, then checks that these rules are applied;
- to make recommendations regarding pension and insurance schemes, various benefits in kind and monetary entitlements for directors and corporate officers and the financial terms of their departure from the Board;
- to provide advice to the Board of Directors on the general policy for the allotment of 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 the allotment of bonus shares or performance shares, long-term incentive arrangements and financial instruments, explaining the reasons for its choice and its consequences;
- to formulate proposals, at the beginning of each fiscal year and for that year, on the compensation policy applying to corporate officers and on the details of compensation mentioned above. In particular, at the beginning of each fiscal year, the Appointments and Compensation Committee will issue its opinion on the above-mentioned remuneration components (fixed and variable) and benefits, having taken into account any legislative and regulatory requirements, the AFEP-MEDEF Code, 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 non-executive 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 executive corporate officers may be involved in the Committee's work;
- to propose to the Board of Directors (i) the total amount of attendance fees that will be submitted for the approval of the General Shareholders' Meeting and (ii) the method for distributing these 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. In order to do this, at the end of each fiscal year, the Appointments and Compensation Committee obtains from the Company's General Secretariat the registers of attendance at meetings of the Board of Directors and of the special committees of the Board of Directors. Using the distribution rules in force, the Appointments and Compensation Committee calculates and proposes the attendance fees for each of the directors and their services rendered. 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 set out above as well as any planned capital increases reserved for employees.