

## **GAZTRANSPORT & TECHNIGAZ**

A French *société anonyme* (public limited company) with a board of directors  
Share capital: €370,783.57

Registered office: 1 Route de Versailles – 78470 Saint Rémy-Lès-Chevreuse  
Versailles Trade and Companies Register No. 662 001 403

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### **INTERNAL RULES OF PROCEDURE OF THE BOARD OF DIRECTORS**

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As last amended by the board of directors on 30 March 2017

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## INTRODUCTION

The internal rules of procedure of the board of directors of Gaztransport & Technigaz (the '*Company*' or '*GTT*') were adopted pursuant to a resolution of its board of directors (the '*board*') dated 6 December 2013.

For the purposes of these internal rules of procedure, the Group includes the Company and any company or entity directly or indirectly controlled by the Company within the meaning of Article L. 233-3 of the French Commercial Code (*Code de Commerce*) (the '*Group*').

The rules applicable to the board, based, primarily, on the recommendations of the corporate governance code of listed companies drawn up by AFEP-MEDEF and amended in November 2016, are as follows:

### ARTICLE 1 – PURPOSE OF THE INTERNAL RULES OF PROCEDURE

- 1.1 Board members are subject to the statutory and regulatory provisions in force and the provisions of the Company's articles of association.
- 1.2 These internal rules of procedure are designed, for the benefit of board members and the corporate interest of the Company, to:
  - remind board members of their various duties,
  - supplement the statutory and regulatory rules and the rules set out in the articles of association, by specifying the procedures applicable for the board's operation.
- 1.3 These internal rules of procedure are binding on all board members.

If a legal entity sits on the board, the provisions of these internal rules of procedure will apply to its permanent representative as if he was a board member in his own name, without prejudice to the relevant legal entity's obligation to fulfil the obligations set out in these internal rules of procedure.
- 1.4 When they take office, all board members are deemed to have agreed to comply with these internal rules of procedure and must comply with all provisions of these internal rules of procedure.
- 1.5 A copy of these internal rules of procedure of the board of directors will be signed by the chief executive officer and, where applicable, by each deputy chief executive officer, when they are appointed and whenever the provisions of these internal rules of procedure concerning the scope of the powers of the chief executive officer or deputy chief executive officers are amended. In this way, the chief executive officer and, where applicable, each deputy chief executive officer will acknowledge that they have read and understood and that they accept the terms of these internal rules of procedure with regard to the restrictions on their powers.

## SECTION I -

### MEMBERSHIP OF THE BOARD

#### ARTICLE 2 – MEMBERSHIP OF THE BOARD

2.1 The board is composed of between three and eighteen members, plus, where applicable, the representatives of employee shareholders appointed in accordance with the provisions of Article 14.8 of the Company's articles of association.

2.2 Directors may be:

- private individuals; or
- legal entities. In such a case, they must name a permanent representative at the time of their appointment, who will be subject to the same conditions and obligations and who will incur the same liability as if he was a director in his own name, without prejudice to the joint and several liability of the legal entity he represents.

2.3 The Company strives to ensure gender equality on the board in accordance, in particular, with the provisions of Article L. 225-17 of the French Commercial Code.

2.4 One third of the directors must be independent directors.

As a general rule, a director will be an independent director if he has no relationship whatsoever with the Company, the Group or its management, that could colour his judgment.

2.5 In particular, each director's independence will be assessed based on the following criteria:

- he must not be an employee or executive officer of the Company, or an employee, executive officer or director of its parent or of a company that the latter or the Company consolidates, and must not have held such a position over the past five years;
- he must not be an executive officer of a company in which the Company or an employee appointed as such or an executive officer of the Company (currently in office or having held such an office over the past five years) is a director or a supervisory board member;
- he must not be a customer, supplier, investment banker or commercial banker that is material to the Company or the Group or for a significant part of whose business the Company or the Group accounts;
- as regards directors holding positions in one or more banks, he must not have been involved (i) in the preparation or solicitation of offers of services by one of these banks to the Company or a Group company, (ii) in work by one of these banks under the performance of a mandate entrusted to the said bank by the Company or a Group company or (iii) in a vote on any resolution concerning a project in which the relevant bank is or could be interested as an adviser;
- he must not be related by close family ties to a corporate officer of the Company or a Group company;
- he must not have held the position of statutory auditor at the Company over the past five years;

- he must not have been a member of the Company's board for more than 12 years, it being specified that he will cease to be treated as an independent member on the date this 12-year limit is exceeded.

For board members holding ten per cent or more of the Company's share capital or voting rights, or representing a legal entity holding such an interest, the board, based on a report by the compensation and nominations committee, will decide whether or not the member is independent based specifically on the composition of the Company's share capital and the potential existence of a conflict of interest.

However, the board may decide that a given director should not be treated as an independent director, even though he meets the criteria set out above, in light of the specific circumstances. Conversely, the board may consider that a director who does not meet these criteria is nevertheless independent.

- 2.6 Each year, the compensation and nominations committee will discuss whether or not each director may be treated as an independent director and this will be examined on a case-by-case basis by the board based on the above criteria.

Director independence will also be discussed whenever a new director is appointed or an existing director is re-elected.

The conclusions of the board's examination of the independence of its members will be notified to shareholders in the report produced by the chairman of the board for the Company's annual general meeting.

## **SECTION II -**

### **POWERS OF THE BOARD, THE CHIEF EXECUTIVE OFFICER AND DEPUTY CHIEF EXECUTIVE OFFICERS - TRANSACTIONS TO BE SUBMITTED TO THE BOARD FOR ITS PRIOR APPROVAL**

#### **ARTICLE 3 – POWERS OF THE BOARD UNDER THE STATUTORY AND REGULATORY PROVISIONS IN FORCE**

- 3.1 The board will determine the Company's business policies and oversee their implementation. Subject to the powers expressly granted to shareholder meetings and within the limits of the corporate objects, it will examine all issues regarding the smooth running of the Company and will adopt resolutions on any matters concerning the Company.
- 3.2 All directors will receive all the information they need to perform their duties and may, within this limit, request disclosure of all documents they deem appropriate for this purpose.
- 3.3 As a general rule, the board:
- will be kept informed of all material events concerning the course of the Company's business and the Group's business by its chairman and the board's committees and, where applicable, by the Company's chief executive officer or the Company's deputy chief executive officer(s), if any;
  - will ensure that shareholders and market regulators are properly informed, in particular through its monitoring of the information provided to it by the Company's executive managers; and
  - will ensure that the Company implements identification, assessment and monitoring procedures for its commitments and risks, including off-balance-sheet items, and a suitable internal control system.

#### **ARTICLE 4 – TRANSACTIONS TO BE SUBMITTED TO THE BOARD FOR ITS PRIOR APPROVAL IN CONNECTION WITH THE INTERNAL ORGANISATION OF THE COMPANY AND THE GROUP**

- 4.1 In addition to the cases in which the board's prior permission is required under statutory and regulatory provisions, the following transactions must be submitted, in connection with the internal organisation of the Company and the Group, to the board for its prior express approval before being commenced by the Company's chief executive officer or, where applicable, by a deputy chief executive officer:
- decisions relating to a material establishment in France or abroad:
    - directly, by creating a place of business, business, branch or direct or indirect subsidiary, or
    - indirectly, by acquiring a holding;
  - decisions closing such establishments in France or abroad;

- any merger, demerger, partial asset contribution or any similar transaction;
- the conclusion, modification or termination of any commercial or industrial co-operation, joint-venture, consortium or association agreement with a third party (other than agreements entered into in the ordinary course of business) that could have a material impact on the Group's business or a material impact within the framework of a future restructuring of the Company's share capital (in particular as regards change in control or other clauses);
- material transactions that could affect the Group's strategy and modify its financial structure or the scope of its business operations;
- assignments of the ownership of patents used in the Company's core technologies, the granting of any licence relating to these core technologies other than in the ordinary course of business;
- acquisition or transfer of any holding in any existing or future company, contributions to the creation of any company, grouping or organisation, subscriptions for any issue of shares, units or bonds, other than cash flow transactions;
- provision of security interests over company assets.

The chief executive officer or any other person duly authorised to implement the said transactions will be responsible for assessing the material nature of the relevant transactions.

- 4.2 All of the following transactions and decisions must be systematically submitted to the board for its prior approval if the transaction or decision involves an investment or disinvestment of one million euros or more for the Company or a Group company:
- purchase or sale of immovable property;
  - any swap or exchange, whether or not involving a balancing cash payment, of assets, shares or securities, other than cash flow transactions;
  - in the event of a dispute, the signature of any agreement or settlement or the acceptance of any arbitration or compromise.

However, the above-mentioned prior approval procedure will not apply to transactions or decisions involving the conclusion of agreements between entities controlled by the Company and the Company only.

- 4.3 All of the following transactions and decisions must be systematically submitted to the board for its prior approval if the transaction or decision involves an investment, disinvestment, expenditure commitment or guarantee of one million euros or more for the Company or a Group company:
- the conclusion of any loans, borrowings, credit facilities or advances;
  - the acquisition or assignment, using any means, of any debts.

- 4.4 Any industrial or commercial project that the chief executive officer deems material must be submitted to the board for its prior approval.

- 4.5 Requests for the prior permissions and approvals referred to in Article 3.1, 4.1, 4.2, 4.3 and 4.4 above:
- must be submitted in writing by the chief executive officer to the chairman of the board;

- must be listed on the agenda of the board meeting at which they will be discussed; and
- must be discussed and decided at the said meeting of the Company's board.

The prior permissions and approvals referred to in Articles 3.1, 4.1, 4.2, 4.3 and 4.4 above:

- must be recorded in the minutes of board meetings; and
- must be communicated to the chief executive officer by providing him with an extract from the minutes referred to above, unless the chief executive officer is also a director.

**ARTICLE 5 – POWERS OF THE CHIEF EXECUTIVE OFFICER AND, WHERE APPLICABLE, THE DEPUTY CHIEF EXECUTIVE OFFICERS - SPECIFIC RESTRICTIONS IMPOSED ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER AND, WHERE APPLICABLE, THOSE OF THE DEPUTY CHIEF EXECUTIVE OFFICERS BY THE BOARD**

5.1 Subject to the powers:

- reserved for the board; or
- reserved for general meetings of the Company's shareholders;

under the statutory or regulatory provisions in force and the provisions of the Company's articles of association and these internal rules of procedure of the board of directors, all other powers will be held by the Company's chief executive officer and, where applicable, the deputy chief executive officers.

5.2 The board may decide to impose specific restrictions on the powers of the Company's chief executive officer in the decision appointing the chief executive officer or, where applicable, on the powers of a deputy chief executive officer in the decision appointing the said deputy chief executive officer. Where applicable, this article of the internal rules of procedure of the board of directors will be updated on the date of the board's decision to include the specific restrictions imposed.

5.3 The board may also restrict the scope of the powers of the chief executive officer or a deputy chief executive officer for a specific transaction. Where applicable, the said restrictions will be recorded in the minutes of the board meeting at which the relevant transaction was authorised.

## SECTION III -

### OBLIGATIONS OF BOARD MEMBERS

#### ARTICLE 6 – GENERAL OBLIGATIONS

Before accepting their office, all board members must ensure that they are aware of the general and specific obligations imposed on board members. In particular, they must read and understand the statutory and regulatory provisions in force connected to their office, the Company's articles of association and these internal rules of procedure of the board of directors, which are binding on each board member in their entirety.

All board members must ensure that they comply with the statutory and regulatory provisions governing the duties of board members of a French *société anonyme* (public limited company) along with the provisions of the Company's articles of association and these internal rules of procedure of the board of directors, and in particular the rules relating to:

- the definition of the powers held by the board;
- multiple directorships;
- incompatibilities and disqualifications;
- agreements entered into directly or indirectly between a board member and the Company; and
- the possession and use of inside or confidential information.

#### ARTICLE 7 – OBLIGATION OF LOYALTY AND MANAGEMENT OF CONFLICTS OF INTEREST

- 7.1 Board members must act with integrity, regularity of attendance, active participation and involvement and may not put their own interests before those of the Company in any circumstances whatsoever.
- 7.2 The chairman of the board oversees the implementation of the procedures of identification and assessment of any potential situation of conflict of interests. Moreover, he works upstream and implement awareness-raising measures to prevent situation of conflict of interests.
- 7.3 He may seize himself at any time of any current or potential conflict of interest that he becomes aware of and can undertake investigations allowing him to identify and prevent such conflicts.
- 7.4 Each board member is obligated to inform the chairman of the board of any existing or potential conflict of interest between the board member (or any family relation of the board member) and the Company or a company in which the Company has an interest or a company with which the Company plans to enter into any kind of agreement. The chairman of the board will then determine the measures to be implemented in order to prevent such conflict and will decide whether or not to inform the board of directors.
- 7.5 If the board member referred to in the above paragraph is the chairman of the board himself, he shall inform the board of directors of the situation of conflict of interests.

- 7.6 The relevant board member may not attend or take part in the board's vote on the issue affected by the conflict of interest or the discussions preceding the vote, unless it relates to a standard agreement entered into at arm's length.
- 7.7 The chairman of the board, the members of the board, the chief executive officer and where applicable, the deputy chief executive officer(s), will not have to deliver to the board member(s) who are or who think they are in a situation of conflict of interests any information or documents relating to the agreement, transaction or situation which has caused the conflict of interests. They will inform the board of directors in such situation.
- 7.8 The members of the board must inform the chairman of the board of their intention to accept a new corporate mandate, in any entity, listed or not, in France or abroad, which does not belong to a group of which they are executive officers, or any participation to the specialized committees of a corporate body, or any new role, so that the board of directors, upon proposal of the compensation and nominations committee, may decide whether such nomination is compatible with the director's mandate within the Company.

#### **ARTICLE 8 – NON-COMPETE COVENANT**

For their entire term of office, all board members agree not to hold any position in a company competing with the Company or with a Group company without first obtaining the consent of the chairman of the board.

#### **ARTICLE 9 – GENERAL OBLIGATION TO PROVIDE INFORMATION**

Pursuant to the statutory and regulatory provisions in force both in France and at European level, all board members must provide the board with full information on:

- all types of remuneration and benefits paid to them by the Company or a Group company;
- the directorships and other positions held in other companies and legal entities; and
- any convictions.

#### **ARTICLE 10 – CONFIDENTIALITY OBLIGATION – POSSESSION OF INSIDE INFORMATION**

10.1 As a general rule:

- all documents for and records of board meetings; and
- all information collected during or outside of board meetings relating to the Group, its business activities or its outlook;

are confidential, without any exceptions, regardless of whether or not the information was presented as confidential information.

10.2 In addition to the mere confidentiality obligation provided for in the statutory and regulatory provisions in force, all board members must consider themselves bound by a genuine duty of professional secrecy.

Accordingly:

- board members may not use all or part of the information received in connection with their office or allow a third party to benefit from this information for any reason whatsoever;
  - board members undertake not to express their personal views outside of the internal discussions of the board on issues discussed at board meetings or on the different opinions expressed by other board members; and
  - all board members must take such steps as are appropriate to protect the confidentiality of this information, in particular by implementing procedures for the secure storage of files and documents provided to them.
- 10.3 This confidentiality obligation does not prevent permanent representatives of legal entities sitting on the board from disclosing information to the management or supervisory bodies of the relevant legal entity, provided, however, that the legal entity takes such steps as are appropriate to ensure that the persons to whom this information is disclosed maintain the absolute confidentiality of the information.
- 10.4 However, board members may be required to disclose confidential information where such a disclosure is imposed under statutory or regulatory provisions or by a competent court of law, administrative authority or market regulator. In such cases, board members may only disclose the strict minimum needed to fulfil these obligations.
- 10.5 Information will cease to be confidential once the Company has communicated it to the general public in accordance with the statutory and regulatory provisions applicable to the Company.
- 10.6 In addition to this confidentiality obligation, board members undertake not to publicly express an opinion, in their official capacity as a board member, on any subject concerning the Company or the Group, whether or not connected to business transacted at a board meeting, without first obtaining the consent of the chairman of the board. However, as an exception to the foregoing, if the chief executive officer is a director and he does not also act as the chairman of the board of directors, he may speak on behalf of the Company on any subject concerning the Company or the Group.
- 10.7 In connection with the performance of their duties, all board members will regularly be in possession of Inside Information as defined in Article 621-1 of the General Regulation of the *Autorité des Marchés Financiers* (French Financial Markets Regulator) which covers information that:
- is precise;
  - has not been made public;
  - relates directly or indirectly to the Company or any Group company, its business activities, its earnings or its financial position or the financial instruments it issues; and
  - if made public, would be likely to have a significant effect on the market price of the Company's equity shares.
- 10.8 Accordingly, all board members will be listed as insiders by the Company on its list of insiders made available to the *Autorité des Marchés Financiers*.

- 10.9 Pursuant to the statutory and regulatory provisions in force, whenever board members are in possession of Inside Information, they must refrain, in particular, from:
- using this information by purchasing, selling or attempting to purchase or sell, on their own behalf or on behalf of third parties, either directly or indirectly, the financial instruments to which the information pertains or the financial instruments to which these instruments are linked;
  - disclosing this information to any person other than in the ordinary course of their work, employment or duties, or for purposes other than those for which the information was disclosed to them;
  - advising another person to purchase or sell or arranging for another person to purchase or sell, based on Inside Information, the financial instruments to which the information pertains or the financial instruments to which these instruments are linked.

#### **ARTICLE 11 – OBLIGATIONS RELATING TO THE OWNERSHIP OF FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY**

- 11.1 All directors, other than the representatives of employee shareholders, are required to own at least 100 registered shares in the Company.
- 11.2 If a director owns less than 100 registered shares at any time, he will need to re-establish a holding of 100 registered shares in the Company within a period of two months. If the relevant director fails to acquire the required number of shares by the end of this period, he will be deemed to have automatically resigned from office.
- 11.3 Pursuant to the statutory and regulatory provisions in force, all board members:
- undertake to comply with the provisions relating to the obligation to report information to the *Autorité des Marchés Financiers*; and
  - also undertake to immediately inform the Company of any purchase, sale, subscription or swap involving the Company's shares or financial instruments linked to these shares, whether the relevant transaction is carried out:
    - directly; or
    - indirectly by persons who are closely connected to board members, in accordance with the statutory and regulatory provisions in force.
- 11.4 Moreover, board members and any persons who have ties with them within the meaning of the applicable statutory and regulatory provisions may not carry out any transaction involving the Company's shares:
- during the period of 30 calendar days preceding the date on which the annual and half-yearly consolidated earnings are published; and
  - during the period of 15 calendar days preceding the date on which quarterly sales figures are published.

#### **ARTICLE 12 – DUTY OF CARE**

- 12.1 All board members must devote the necessary time and effort to their duties.

- 12.2 All board members undertake to ensure that they have a good attendance record and, save in the event of an unavoidable impediment, to:
- attend all board meetings in person, where necessary using videoconferencing or telecommunications systems,
  - attend all general meetings of shareholders,
  - attend the meetings of all committees created by the board where they are a member of the relevant committee.
- 12.3 The second variable part of directors' fees, as defined in Article 23 of these internal rules of procedure, will only be paid if the director has a good attendance record.

### **ARTICLE 13 – OBLIGATION TO OBTAIN INFORMATION**

- 13.1 The board and each board member may obtain copies of all documents and information that they deem appropriate or necessary for the performance of their duties.
- 13.2 The obligation to obtain information imposed on board members is matched by a corresponding right for board members to obtain the information requested.
- 13.3 Board members must submit their requests for information or documents to the chairman of the board, who is responsible for ensuring that these requests are fulfilled.
- 13.4 The chairman of the board or the board itself pursuant to a request by at least one third of its members may ask to hear the chief executive officer or, where applicable, the deputy chief executive officer(s) and the main executive managers of the Company, including without the executive directors being present, whenever they consider this to be appropriate or necessary. In the latter case, the executive directors must be informed of this in advance.

**SECTION IV -  
OPERATION OF THE BOARD**

**ARTICLE 14 – ROLE OF THE CHAIRMAN OF THE BOARD**

14.1 The chairman of the board organises and manages the board's work and reports back to the general meeting of the Company's shareholders on this work.

14.2 The chairman of the board will propose that the board of directors appoint a secretary of the board.

The secretary of the board may, but need not, be a board member. If the secretary is not a board member, he will nevertheless be bound by the same confidentiality obligations as board members, in accordance with the provisions of Article 21.9 below.

14.3 The chairman of the board will oversee the smooth running of the Company's bodies, in particular the board's committees.

14.4 The chairman of the board will chair board meetings. If the chairman is absent, the board will appoint one of the directors to act as the chairman of the meeting, who will not have a casting vote in the event of a tied vote.

14.5 The chairman of the board may attend all meetings of the board's committees, even if he is not a member of the relevant committee, but in such case he will only be entitled to attend in an advisory capacity (unless the committees specifically ask him not to attend meetings at which the chief executive officer, where the chairman does not also hold this office, deputy chief executive officers or main executive managers of the Company will be heard) and may consult these committees in relation to any issue falling within their remit.

14.6 The chairman of the board will ensure that board members are in a position to be able to perform their duties, in particular their duties as committee members.

14.7 Board members may consult the chairman of the board at any time and they may submit any question on their duties to the chairman.

14.8 The chairman of the board has sole authority to speak on behalf of the board.

14.9 The chairman of the board will ensure that board members devote the required amount of time to issues of concern to the Company and the Group.

14.10 Pursuant to the statutory and regulatory provisions in force, the chairman of the board will report back to the Company's general meeting in the form of a report on:

- the membership of the board;
- the conditions for the preparation and organisation of the board's work; and also

- the internal control and risk management procedures implemented, specifying, in particular, which of these procedures relate to the preparation and processing of accounting and financial information for the individual and consolidated accounts.

#### **ARTICLE 15 – FREQUENCY OF BOARD MEETINGS**

- 15.1 The board will meet at least once every quarter and as often as the Company's interests dictate.
- 15.2 The number of meetings of the board and the board's committees held over the previous financial year must be stated in the report given by the chairman of the board to the general meeting, which must also provide shareholders with all relevant information on the participation of board members at these meetings.

#### **ARTICLE 16 – NOTICE OF BOARD MEETINGS AND RIGHT TO BE PROVIDED WITH INFORMATION**

- 16.1 Board meetings will be called by the chairman of the board or, if the chairman dies or is temporarily unable to act, by at least one third of the directors.
- 16.2 At least one third of the directors may ask the chairman to call a board meeting or call a board meeting directly, for a pre-determined agenda, if the board has not met for over a month.

The chief executive officer or, where applicable, a deputy chief executive officer may also ask the chairman to call a board meeting for a pre-determined agenda.

In both cases, the chairman of the board must comply with the requests submitted to him and must call a board meeting within seven days of the request, or within a shorter period if an emergency board meeting is required.

- 16.3 Notices of board meetings may be given using any method of written communication. Notice of ten calendar days must be given for a board meeting but this period may be shortened if the need for an emergency board meeting is duly established.

The board may validly deliberate even if no notice was given, provided that all of its members are present or represented.

- 16.4 In the context of the review of the yearly and half-yearly accounts, the members of the board are informed of the financial situation, cash position and commitments of the Company.
- 16.5 The member of the board are also informed about market developments, the competitive environment, corporate social and environmental responsibility matters and the main strategic issues of the Company.
- 16.6 Unless the need for an emergency board meeting has been duly established, board members will receive a copy of the agenda for the board meeting with the notice of the meeting along with all of the information and documents they need to consider so as to take an informed decision on the items listed on the agenda.
- 16.7 At any time between meetings of the board of directors, if the importance or urgency of the information so requires, the members of the board are also provided with any relevant information about the Company, including press articles and financial analysts' reports

## **ARTICLE 17 – LOCATION OF BOARD MEETINGS**

Board meetings will preferably be held at the registered office or, failing this, in any other location stated in the notice of the meeting.

## **ARTICLE 18 – AGENDA**

- 18.1 Board meetings will be called to deliberate on a pre-determined agenda.
- 18.2 All directors may and are under a duty to ask the chairman of the board to add certain items to the draft agenda if they consider that they fall within the board's remit.
- 18.3 At least once every year, the chairman of the board will invite the board to review the board's operation. On a regular basis, and at least every three years, the board of directors undertakes a formal review of the board's operation.

## **ARTICLE 19 – BOARD MEMBERS' PARTICIPATION AT BOARD MEETINGS**

- 19.1 Directors may be represented at board meetings by another director.  
Directors may only represent one other director at a given board meeting.  
The proxy must be appointed in writing:
  - by letter;
  - by fax; or
  - by e-mail, in which case the signed proxy form must be attached to the e-mail.
- 19.2 Pursuant to the provisions of Article 20 below, board members may take part in board meetings using videoconferencing or telecommunications systems.

## **ARTICLE 20 – USE OF VIDEOCONFERENCING AND TELECOMMUNICATIONS SYSTEMS**

- 20.1 Board members may take part in board meetings using videoconferencing or telecommunications systems.
- 20.2 Pursuant to the statutory and regulatory provisions in force, this method of participation may not be used for the finalisation of individual and consolidated accounts or for the preparation of the individual and consolidated management reports.
- 20.3 The system used must allow the participants to be identified and guarantee their effective participation at the board meeting, meaning that the voices of the participants must be transmitted at the very least and the technical characteristics must allow a simultaneous and continuous retransmission of the meeting.
- 20.4 Board members taking part in a meeting using videoconferencing or telecommunications systems are deemed to be present at the meeting for the calculation of quorum and majority requirements.
- 20.5 The necessary steps must be taken to identify each participant and check that the quorum requirements have been met.  
If this is not the case, the board meeting will be adjourned.
- 20.6 The secretary will sign the attendance register for board members taking part in the board meeting using a videoconferencing or telecommunications system as they are

therefore unable to sign the register themselves (on their own behalf and on behalf of any directors they represent).

These persons will sign a loose sheet of paper which will be sent to the secretary and then appended to the attendance register.

- 20.7 Pursuant to the statutory and regulatory provisions in force, minutes of meetings will include information on which board members took part in the meeting using a videoconferencing or telecommunications system.

Minutes must also record any technical incident that may affect a videoconference or telecommunication if the incident disrupted or interrupted the running of the meeting.

If such an incident occurs, a new vote will be held on the issues discussed after the disruption or interruption of the transmission.

## **ARTICLE 21 – PARTICIPATION OF THIRD PARTIES AND NON-VOTING MEMBERS AT BOARD MEETINGS**

### **Invitations**

- 21.1 Based on the items listed on the agenda, the chairman of the board may decide, in particular pursuant to a proposal submitted by a board member, to invite any person he deems appropriate to give a presentation or contribute to preliminary discussions before the vote, whether or not such person is a Company employee.

### **Statutory auditors**

- 21.2 The statutory auditors will be given notice to attend meetings analysing the draft annual and half-yearly individual and consolidated accounts.
- 21.3 The statutory auditors will be given notice to attend all board meetings examining annual or interim individual and consolidated accounts.
- 21.4 The statutory auditors will be given notice to attend at the same time as the board members, but the notice of the meeting will be sent to them by registered post with acknowledgement of receipt.

### **Non-voting members**

- 21.5 Non-voting members will be given notice to attend all board meetings.
- 21.6 They will take part in the meetings in an advisory capacity.
- 21.7 The role of non-voting members is to attend board meetings as observers and the board may decide to consult them. The board may instruct them to perform specific missions.
- 21.8 Non-voting members must comply with the obligations set out in Article 10 of these internal rules of procedure.

### **Confidentiality obligation**

- 21.9 If a third party who is not a board member is invited to attend a board meeting or preliminary work for a board meeting, the chairman of the board must remind the third party of his confidentiality obligations in relation to information collected at the

board meeting or prior to the meeting and the third party must give a prior written undertaking to comply with these obligations.

#### **ARTICLE 22 – ATTENDANCE REGISTER – MINUTES**

- 22.1 An attendance register will be kept, to be signed by board members taking part in the relevant board meeting.
- 22.2 Draft minutes of the previous board meeting will be sent or handed over to all board members before or at the time of the notice given of the next meeting.
- 22.3 The chairman and the secretary of the board have authority to certify copies of or extracts from minutes of board meetings.
- 22.4 The minutes of the board's meetings may be established in French and/or in English as decided by the majority of the directors present or represented, it being specified that in the event that that minutes were established in French and in English, the French version shall prevail in case of discrepancy.
- 22.5 The minutes of the meeting summarize the discussions and the questions raised and indicate the decisions made as well as any reservations expressed.

#### **ARTICLE 23 – DIRECTORS' FEES PAID TO BOARD MEMBERS**

- 23.1 Pursuant to the statutory and regulatory provisions in force and the provisions of the Company's articles of association, shareholders at a general meeting may award an annual total amount to board members, to remunerate them for their work, in the form of directors' fees.
- 23.2 The allocation among the directors of the annual total amount referred to in Article 23.1 above will be decided by the board of directors based on a proposal made by the compensation and nominations committee. This allocation will be made in accordance with the following principles:
  - ✓ a total sum will be attributed to the board and a total sum will be attributed to each board committee;
  - ✓ the remuneration will have a fixed component, as well as a variable component depending on actual attendance at board meetings and board committee meetings;
  - ✓ the variable component will be preponderant, in accordance with the AFEP-MEDEF rules; and
  - ✓ higher fixed and variable components will be attributed to the chairman of the board and the committee chairmen.
- 23.3 Moreover, all board members are entitled to claim reimbursement of their travelling expenses incurred for the performance of their duties against receipts.

## **SECTION V -**

### **THE BOARD'S COMMITTEES**

#### **ARTICLE 24 – PERMANENT COMMITTEES**

- 24.1 By adopting these internal rules of procedure, the board creates two permanent committees:
- an audit and risk committee; and
  - a compensation and nominations committee.
- 24.2 Where necessary, the board may subsequently set up other committees of the board. In such a case, these internal rules of procedure will be amended to specify the missions, resources, membership and rules of procedure for the new committees.

#### **ARTICLE 25 – GENERAL RULES APPLICABLE TO ALL PERMANENT COMMITTEES**

- 25.1 The committees are tasked with conducting an in-depth examination and consideration of issues prior to their discussion at board meetings and assisting with the preparation of the board's decisions.
- The committees have no decision-making powers whatsoever and the opinions, proposals and recommendations that they submit to the board do not bind the board in any manner whatsoever.
- 25.2 Committee members must be directors and are appointed on a personal basis by the board.
- A permanent representative of a legal entity sitting on the board may also be appointed as a committee member, it being specified that if the permanent representative is replaced, he will immediately cease to act as a committee member.
- 25.3 Committee members are eligible for re-election.
- 25.4 Directors may be members of several different committees.
- 25.5 Directors who are appointed as members of one or more committees will remain members of the said committees for their term of office as a director.
- 25.6 The board may remove each committee member, without just cause and with immediate effect, with no need to give reasons for the removal.
- 25.7 For each committee, the board will appoint one of the committee members to act as chairman of the said committee.
- 25.8 Each committee will decide the frequency of its meetings, which will be held at the registered office.
- 25.9 Each committee may hold a meeting at any time, at the request of its chairman, the majority of its members, the chairman of the board or one third of the directors.
- 25.10 The person calling the meeting will decide the agenda for the meeting.
- 25.11 A committee meeting may only be held if more than one half of its members are present, either via a conference call or a videoconference or using one of the methods allowed under the statutory or regulatory provisions in force, the provisions of the articles of association or the provisions of these internal rules of procedure for the participation of board members at board meetings.

- 25.12 The opinions, proposals or recommendations of each committee will be adopted by a simple majority of the members of the relevant committee present at the meeting.

The chairman of each committee will not have a casting vote in the event of a tied vote.

- 25.13 Each committee chairman may invite all directors to attend one or more meetings of the relevant committee along with any other person whose presence is required for the discussion of the items listed on the agenda for the relevant committee meeting. In such cases, any persons who are not board members will be bound by the confidentiality provisions set out in Article 10 of these internal rules of procedure.

Only committee members may vote on the relevant resolutions.

- 25.14 Each committee will appoint one of its members to act as the secretary, tasked to prepare the minutes of each meeting of the relevant committee, with the assistance of the Company's administrative services and under the authority of the committee chairman if the chairman and the secretary are not one and the same person.

These minutes must be provided to all members of the relevant committee.

- 25.15 Each committee will issue proposals, recommendations or opinions on issues falling within its remit.

To this end, each committee may propose to the board that it arrange for external or internal studies to be conducted, at the Company's expense, designed to inform the discussions of the board. If external counsel is sought, each committee shall ensure the impartiality of the relevant counsel.

Each committee may also hear one or more members of the Company's executive management team, in particular the chief executive officer or, where applicable, the deputy chief executive officer(s).

Each committee will report back to the board on its work at each board meeting, through its chairman, or if the chairman is unable to act, through any other member appointed for this purpose.

- 25.16 Each committee will decide, where necessary, the other rules of procedure applicable to the committee.

Each committee must periodically ensure that its rules and procedures of operation are consistent with its role of helping the board to validly deliberate on subjects falling within its remit.

## ***AUDIT AND RISK COMMITTEE***

### **ARTICLE 26 – MISSIONS OF THE AUDIT AND RISK COMMITTEE**

- 26.1 The audit and risk committee's main role is to examine the accounts and monitor questions relating to the preparation and control of accounting and financial information.

Accordingly, it has the following main tasks:

- to examine the draft individual and consolidated accounts, both the annual and half-yearly accounts, before they are presented to the board, and in particular:
  - to check the suitability and continuity of the accounting methods used for the preparation of the individual accounts and the consolidated accounts;
  - to examine any problems encountered with the application of accounting methods; and

- more specifically, to examine material transactions which may have involved a conflict of interest.
- to examine the financial documents published by the Company at the time of the closing of the annual and half-yearly accounts;
- to examine the draft accounts prepared for specific transactions such as capital contributions, mergers, demergers or the payment of interim dividends;
- to examine off-balance-sheet commitments;
- to examine, from a financial standpoint, some of the transactions proposed by the chief executive officer, such as:
  - increases of share capital;
  - acquisitions of holdings; and
  - acquisitions or transfers;
 submitted to the board, some for prior approval;
- to assess the reliability of the systems and procedures used to prepare the accounts and forecasts, along with the validity of the decisions taken for the treatment of material transactions;
- to check the statutory auditing of the annual accounts and consolidated accounts by the statutory auditors;
- to examine the methods and procedures used for the reporting and reprocessing of accounting information provided by foreign Group companies; and
- within the framework of its monitoring duty of the process of preparation and control of accounting and financial information, and when appropriate, to issue recommendations in order to insure its integrity.

26.2 The audit and risk committee is also tasked to check the effectiveness of the Company's internal control, risk management systems and internal audit.

Accordingly, it has the following main tasks:

- to assess, with the persons responsible for these activities, the Group's internal control systems;
- to assess, with the persons responsible for these activities at Group level, and with the assistance of the internal audit department:
  - the targets and work and action plans in the internal control sector;
  - the conclusions of the work performed and action taken by the relevant managers within the Group; and
  - the recommendations made along with the action taken following the work and actions, by the relevant managers;
- to examine the methods and performance of the internal audit department;
- to check that the internal audit procedures used help to ensure that the Company's accounts:
  - give a true and fair view of the Company; and
  - comply with accounting principles;
- to examine the suitability of the risk analysis and monitoring procedures, by ensuring that an identification, quantification and prevention process has been implemented for the main risks arising from the Group's business activities;

- to examine and control the rules and procedures applicable to conflicts of interest; and
- to examine the draft report produced by the chairman of the board on internal control and risk management procedures.

26.3 The audit and risk committee is also tasked to check the effectiveness of the external control of the Company and the independence of the statutory auditors.

Accordingly, it has the following main tasks:

- to lead the selection process of the statutory auditors and, as the case may be, to solicit a tender offer process, to supervise the tender offer process and to carry it out in accordance with legal provisions;
- to issue a recommendation on the proposed statutory auditors to be appointed at a general meeting of the Company which are elaborated in accordance with applicable regulation, justified and that are comprised of at least two possible choices for the designation and that indicates, amongst those choices, the duly motivated preference of the committee on one of the choices;
- to examine, each year and with the statutory auditors:
  - their audit plan and their conclusions;
  - their recommendations and the action taken following these recommendations;
- to follow up on the on the statutory auditor's performance of their mission;
- to ensure that the Company's statutory auditors remain independent;
- to examine the fees paid to the Company's statutory auditors, which must not undermine their independence or their objectivity;
- to insure compliance with the rotation rules and to insure the need of rotation of the statutory auditors.

In particular, in order to allow the committee to monitor the independence and objectivity rules applicable to statutory auditors throughout their term of office, the audit and risk committee must obtain the following documents and information each year:

- the supplementary report of the statutory auditors prepared in accordance with applicable regulations;
- the declaration of independence by the statutory auditors including, where applicable the risks that are impacting such independence and the measures undertaken to mitigate such risks;
- the amount of the fees paid to the statutory auditors' network by companies controlled by the Company and the entity controlling it for services with no direct connection to their duties as statutory auditor; and
- information on services provided for work that is directly connected to their duties as statutory auditor.

Moreover, the audit and risk committee must examine, with the statutory auditors, the risks to their independence and the preventive steps taken to mitigate these risks. In particular, it is tasked to ensure that the amount of fees paid by the Company and the Group, or the fraction they represent in the turnover of the firms and networks, is not such that it could undermine the independence of the statutory auditors.

Statutory auditor duties are not compatible with the provision of any other services that are not connected to the statutory audit. The auditors selected must agree, both on their own behalf and on behalf of their network, not to directly or indirectly provide any consultancy services (legal, tax, IT etc.) to the company that has selected the auditor or to the companies it controls. However, they may provide services other than statutory audit with the prior approval of the audit and risk committee, such as acquisition or post-acquisition audits, provided that such services are not prohibited and to the exclusion of any valuation or consultancy services.

- 26.4 The audit and risk committee will give the board regular reports on:
- its work;
  - the results of the mission to certify the accounts;
  - the way this mission contributed to the integrity of the financial information and the role the committee took in this process; and
  - will immediately inform it of any problems encountered.

These reports will either be inserted in the minutes of the relevant board meetings or appended to these minutes.

#### **ARTICLE 27 – RESOURCES MADE AVAILABLE TO THE AUDIT AND RISK COMMITTEE**

- 27.1 Pursuant to the applicable statutory and regulatory provisions and the provisions of the Company's articles of association and these internal rules of procedure, the audit and risk committee in general and, more specifically, each of its members may request the provision of all information they consider relevant, appropriate or necessary for the performance of their duties.
- 27.2 Pursuant to the applicable statutory and regulatory provisions and the provisions of these internal rules of procedure, the audit and risk committee may ask to hear the statutory auditors or hear the Company's key figures, such as the members of the Company's executive management team and, in particular, the chief financial officer. Where necessary, they may be heard without members of the executive management team being present.
- 27.3 Pursuant to the applicable statutory and regulatory provisions, the audit and risk committee may conduct an independent investigation if it considers this to be necessary.
- 27.4 As a general rule, the Company's executive management team and the statutory auditors will inform with sufficient prior notice the audit and risk committee of any event that could expose the Company, the Group or a Group entity to a material risk.
- Members of the Company's executive management team or the statutory auditors will be solely responsible for assessing the material nature of the risk.

#### **ARTICLE 28 – MEMBERSHIP OF THE AUDIT AND RISK COMMITTEE**

- 28.1 The audit and risk committee will have at least three members, including its chairman. They will be chosen from among the directors, other than the chairman of the board, who do not have executive duties in the Company.

- 28.2 Two thirds of the members of the audit and risk committee, including its chairman, must be independent directors, as assessed using the criteria set out in Article 2.5 above.
- 28.3 Committee members must have specific financial and/or accounting expertise.
- 28.4 At the time of their appointment, all members of the audit and risk committee must receive information on the accounting, financial and operational aspects specific to the Company.

#### **ARTICLE 29 – OPERATION OF THE AUDIT AND RISK COMMITTEE**

- 29.1 The audit and risk committee will meet as often as is necessary and, in any case, at least four times a year.
- 29.2 The board will draw up a timetable of the meetings of the audit and risk committee, without prejudice to the provisions of these internal rules of procedure relating to notice of committee meetings.
- 29.3 In any case, board members will be informed when a meeting of the audit and risk committee is called.

#### ***COMPENSATION AND NOMINATIONS COMMITTEE***

#### **ARTICLE 30 – MISSIONS OF THE COMPENSATION AND NOMINATIONS COMMITTEE**

##### **Nomination missions:**

- 30.1 The compensation and nominations committee is tasked to:
- assist the board with its choice of:
    - board members;
    - members of the board's committees; and
    - the chief executive officer and, where applicable, the deputy chief executive officer(s);
  - select potential board members meeting the independence criteria and submit its list to the board;
  - examine, each year, prior to the publication of the Company's annual report, each board member's position as regards the independence criteria set out in Article 2.5 of these internal rules of procedure and submit its opinions to the board to allow the board to examine the position of each relevant member under these criteria; and
  - prepare the replacement of:
    - members of the Company's executive management team; and
    - the chairman of the board, the chief executive officer and, where applicable, the deputy chief executive officer(s).

##### **Compensation missions:**

- 30.2 The compensation and nominations committee is also tasked to submit recommendations and proposals to the board concerning, for entitled board members:
- the distribution of directors' fees;

- all other elements of remuneration, including the conditions applicable at the end of their term of office;
- where applicable, any compensation payable to non-voting members;
- potential modifications or changes to the pension and benefit schemes;
- benefits in kind and miscellaneous monetary entitlements; and
- where applicable:
  - the granting of stock options; and
  - the allotment of bonus shares.

30.3 The compensation and nominations committee is also tasked to make recommendations to the board concerning:

- the remuneration policy for senior executives, including the criteria used to define the variable part of the remuneration paid to senior executives which must be consistent with the Group's strategy, and
- the profit-sharing mechanisms, of all kinds, for the employees of the Company and, more generally, the Group companies, including:
  - company savings plans;
  - supplementary pension schemes;
  - reserved issues of securities carrying an entitlement to share capital;
  - the granting of stock options; and
  - the allotment of bonus shares.

In particular, the compensation and nominations committee is tasked to make recommendations to the board relating to the performance-related criteria to be used, where applicable, for the determination of the variable part of the remuneration paid to senior executives, for the granting or exercise of stock options, if any, and the allotment of bonus shares, where applicable.

These performance criteria must be easy to ascertain and explain, must properly reflect the Group's performance and economic expansion objectives, in the medium-term at least, must ensure transparency for shareholders in the annual report and at general meetings and must be consistent with corporate objectives and standard practice at the Company for executive remuneration.

30.4 The compensation and nominations committee will examine, each year, prior to the publication of the Company's annual report, each board member's position as regards the independence criteria set out in Article 2.5 of these internal rules and submit its opinions to the board to allow the board to examine the position of each relevant member under these criteria.

#### **ARTICLE 31 – RESOURCES MADE AVAILABLE TO THE COMPENSATION AND NOMINATIONS COMMITTEE**

The compensation and nominations committee may use all of the resources made available to it under these internal rules of procedure in order to successfully complete its mission.

#### **ARTICLE 32 – MEMBERSHIP OF THE COMPENSATION AND NOMINATIONS COMMITTEE**

32.1 The compensation and nominations committee will have at least three members, including its chairman and, insofar as possible, an employee director.

- 32.2 The chairman of the board and, if the position of chief executive officer is held by a director other than the chairman of the board, the chief executive officer, may not sit on the compensation and nominations committee.
- 32.3 The majority of the members of the compensation and nominations committee, including its chairman, must be independent directors, as assessed using the criteria set out in Article 2.5 above.

**ARTICLE 33 – OPERATION OF THE COMPENSATION AND NOMINATIONS COMMITTEE**

- 33.1 The compensation and nominations committee will meet as often as is necessary and, in any case, at least three times a year.
- 33.2 The board will draw up a timetable of the meetings of the compensation and nominations committee, without prejudice to the provisions of these internal rules of procedure relating to notice of committee meetings.
- 33.3 In any case, board members will be informed when a meeting of the compensation and nominations committee is called.
- 33.4 The chief executive officer contributes to the work of the compensation and nominations committee.

## **SECTION VI -**

### **ADAPTATION AND AMENDMENT OF THE INTERNAL RULES OF PROCEDURE**

#### **ARTICLE 34 – ADAPTATION AND AMENDMENT OF THE INTERNAL RULES OF PROCEDURE**

These internal rules of procedure may be adapted and amended by a resolution adopted by the board by a simple majority of the directors present or represented at the said board meeting, it being specified, however, that the provisions of these internal rules of procedure restating certain provisions of the articles of association may only be amended if the corresponding provisions of the articles of association have first been amended at an extraordinary general meeting of the Company's shareholders.