

# **CGG SA**

## **Statutory Auditors' Special Report on Related Party Agreements and Commitments**

General Meeting of Shareholders to approve the financial statements for the year  
ended December 31, 2015

*This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.  
This report should be read in conjunction with and is construed in accordance with French law and professional standards applicable in France.*

**ERNST & YOUNG ET AUTRES**

**EY**

SIEGE SOCIAL : TOUR FIRST - 1, PLACE DES SAISONS - 92400 COURBEVOIE

TEL : +33+33 (0)1 46 93 60 00 - FAX : +33

SAS

CAPITAL DE 500 000,00 EUROS – RCS Nanterre 344366315

## **MAZARS**

SIEGE SOCIAL : 61, RUE HENRI REGNAULT - 92075 PARIS LA DÉFENSE CEDEX  
TEL : +33 (0) 1 49 97 60 00 - FAX : +33 (0) 1 49 97 60 01

SOCIETE ANONYME D EXPERTISE COMPTABLE ET DE COMMISSARIAT AUX COMPTES  
CAPITAL DE 8 320 000 EUROS - RCS NANTERRE 784 824 153

## **CGG SA**

"Société Anonyme" with a capital of 283,304,307 €  
Head Office: Tour Maine Montparnasse, 33 avenue du Maine  
75015 Paris  
RCS: Paris 969 202 241

### **Statutory Auditors' Special Report on Related Party Agreements and Commitments**

General Meeting of Shareholders to approve the financial statements for the year  
ended December 31, 2015

## **Statutory Auditors' Special Report on Related Party Agreements and Commitments**

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms, the conditions and the justifications of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, without commenting on their relevance or substance or searching for other agreements or commitments.

Under the provisions of article R. 225-31 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code (Code de commerce) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed the procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted of verifying that the information provided to us is consistent with the documentation from which it has been extracted.

### **AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING OF SHAREHOLDERS**

In accordance with article L.225-40 of the French commercial code (Code de Commerce), we have been advised of certain related party agreements and commitments, which received prior authorization from your Board of Directors.

#### **Agreements and commitments authorized since the closing date**

##### **1. Agreements and commitments with corporate officers ("mandataires sociaux")**

###### **1.1 Extension of the compulsory supplemental Pension and Retirement Plan**

Person involved: Mrs. Sophie Zurquiyah, as Corporate Officer.

Conditions:

The Board of Directors, on March 2, 2016 authorized the extension of the general benefits to Mrs. Sophie Zurquiyah of the compulsory Pension and Retirement plan – article 83. The annual contribution payable by your Company amounts to € 1 639, based on the compensation of € 80,000, received for her services rendered as corporate officer.

Justifications: The Company justifies the commitment as benefiting from the Pension and Retirement plan is automatic, Mrs. Sophie Zurquiyah being eligible and receiving compensation from the Company.

## **1.2 Extension of the Group general benefits plan with Swiss Life**

Person involved: Mrs. Sophie Zurquiyah, as Corporate Officer.

### Conditions:

Your Company has authorized the extension of the general benefits plan with Swiss Life to Mrs. Sophie Zurquiyah, under the same conditions applicable to the other employees of the Group.

The contribution is based on the compensation of € 80,000, received for her services rendered as corporate officer.

Justifications: The Company justifies the commitment as benefiting from the plan is automatic, Mrs. Sophie Zurquiyah receiving compensation from the Company.

## **Agreements and commitments authorized in 2015**

### **1. Agreements and commitments with shareholders of the Company**

None

### **2. Agreements and commitments with companies having one or several executives in common with the Company**

#### **2.1 Modification of the Agreement joint venture between CGG SA and Fugro Consultants International B.V.**

Person involved: Pascal Rouiller, Corporate Officer of your Company and Director of Seabed Geosolutions B.V. since September 4, 2015

### Conditions:

The Board of Directors of November 18, 2015 authorized the amendment of the Agreement joint venture between Fugro Consultants International BV and CGG SA, on Seabed BV Geosolutions so that this agreement takes into account the title change of the "Executive Director" appointed by CGG at the Board of Seabed Geosolutions BV. This new Director is now called "Executive director C" in the joint-venture agreement.

Justifications: The Company justifies the agreement as a necessary update of the joint venture agreement.

#### **2.2 Share Issuance of Seabed Geosolutions B.V.**

Person involved: Pascal Rouiller, Corporate Officer of your Company and Director of Seabed Geosolutions B.V. since September 4, 2015.

### Conditions:

The Board of Directors, on December 3, 2015 authorized the contribution of CGG SA to the share issuance of Seabed Geosolutions B.V, by the conversion of a debt of US \$ 40 million in capital.

Justifications: The Company justifies the agreement as it will help Seabed Geosolutions B.V. strengthen its equity and, in the future, obtain its own financing without the support of its shareholders.

### **3. Agreements and Commitments with corporate officers ("mandataires sociaux")**

#### **3.1 Benefits attributed to Mrs. Sophie Zurquiyah in case of termination of her terms of office**

Person involved: Mrs. Sophie Zurquiyah, as Corporate Officer.

Conditions:

The Board of Directors, on July 30, 2015 appointed Mrs. Sophie Zurquiyah, Corporate Officer, as of September 1<sup>st</sup> 2015 until February 25, 2018 and authorized contractual termination indemnity.

This indemnity shall be paid in case of a forced departure related to a change of control or a change of strategy and is equal to the difference between:

- (i) a gross amount of 200% of fixed annual compensation
- (ii) any indemnity she may be entitled to as a result of such termination of her terms of office, including any sums to be paid further to the application of her non-competition commitments.

The total amount of contractual termination indemnity shall not exceed 200 % of reference annual compensation.

Pursuant to article L.225-42-1 of the French Commercial Code, the payment of the contractual termination indemnity is subject to the achievement of the following performance conditions:

- (i) an objective regarding the performance of the ADS CGG share price relative to that of the PHLX Oil Service Sector SM index (OSXSM);
- (ii) an objective regarding the performance of the CGG share price relative to that of the general SBF 120 index;
- (iii) an objective evaluated with regard to the EBITDAS financial indicator, denominated in USD.

Payment of the full amount of the contractual termination indemnity is subject to the fulfillment of two conditions out of three. In the case of only one condition being fulfilled, Mrs. Sophie Zurquiyah will be entitled to receive only 50% of the said contractual termination indemnity.

Justifications: The Company justifies the commitment as common practice for corporate officers of listed companies, based on an analysis of industry practices.

#### **3.2 Allocation of performance shares to the Corporate Officers of the Company**

Persons involved: Messrs. Stéphane-Paul Frydman and Pascal Rouiller as Corporate Officers.

Conditions:

The Board of Directors, on June 25, 2015 authorized the allocation of performance shares to Messrs. Stéphane-Paul Frydman and Pascal Rouiller, Corporate Officers of the Company. This allocation is considered as an amendment to their employment contracts.

Justifications: The Company justifies the commitment as the compensation of top management will be closely linked to the share performance and the business performance of the Group, as a whole on a medium term basis.

## **AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS**

Pursuant to article R. 225-30 of the French commercial code (Code de commerce), we have been advised that the implementation of the following agreements and commitments, which were approved by the General Meeting of Shareholders in prior years continued during the current year.

### **1. Agreements and commitments with shareholders of the Company**

None

### **2. Agreements and commitments with companies having one or several executives in common with the Company**

None

### **3. Agreements and commitments with corporate officers ("mandataires sociaux")**

#### **3.1 Extension of the supplemental Pension and Retirement Plan**

Person involved: Mr Jean-Georges Malcor as Corporate Officers and administrator.

Conditions:

Your Company has approved the extension of the supplemental Pension and Retirement Plan, implemented starting January 1, 2005, to the benefit of Mr Jean Georges Malcor, under the same conditions applicable to the other beneficiaries.

Persons involved: Messrs. Stéphane-Paul Frydman and Pascal Rouiller as Corporate Officers.

Conditions:

Your Company has approved the extension of the supplemental Pension and Retirement Plan, implemented starting January 1, 2005, to the benefit of Messrs. Stéphane-Paul Frydman and Pascal Rouiller, under the same conditions applicable to the other beneficiaries.

#### **3.2 Extension of the Group general benefits plan with Swiss Life**

Person involved: Mr. Jean-Georges Malcor as Corporate Officers and administrator.

Conditions:

Your Company has approved the extension of the general benefits plan with Swiss Life to Mr Jean-Georges Malcor, under the same conditions applicable to the other employees of the Group.

Persons involved: Messrs. Stéphane-Paul Frydman and Pascal Rouiller as Corporate Officers

Conditions:

Your Company has approved the extension of the general benefits plan with Swiss Life to Messrs. Stéphane-Paul Frydman and Pascal Rouiller, under the same conditions applicable to the other employees of the Group.

### **3.3 Individual insurance policy covering loss of employment**

Person involved: Mr. Jean-Georges Malcor as Corporate Officers and administrator.

Conditions:

Since July 1, 2010, Mr. Jean-George Malcor has been approved to benefit from an individual insurance policy covering loss of employment subscribed by your Company with GSC GAN. The annual subscription fee payable by your Company amounts to €10,413.15. This insurance provides the maximum payment of 13.4% of his 2015 compensation (i.e. €169,910) upon a twelve-month period.

### **3.4 Non-competition agreement**

Person involved: Mr. Jean-Georges Malcor as Corporate Officers and administrator.

Conditions:

Your Company has approved the signature of non-competition agreements for Mr. Jean-George Malcor.

In consideration of these agreements for an eighteen-month period, Mr. Jean-Georges Malcor will be entitled to receive compensation corresponding to 100% of his annual reference compensations, as defined in his protection letter, upon leaving the Group.

Persons involved: Messrs. Stéphane-Paul Frydman and Pascal Rouiller as Corporate Officers.

Conditions:

Your Company has approved the signature of non-competition agreements between Messrs. Stéphane-Paul Frydman and Pascal Rouiller, and your Company.

In consideration of these agreements for an eighteen-month period, Messrs. Stéphane-Paul Frydman and Pascal Rouiller will be entitled to receive compensation corresponding to 100% of their annual reference compensations, as defined in their protection letters, upon leaving the Group.

### **3.5 Benefits attributed to Mr Jean-Georges Malcor in case of termination of his term of office**

Person involved: Mr. Jean-Georges Malcor as Corporate Officers and administrator.

Conditions:

Your Company, on May 29, 2015 has renewed the benefits granted to Mr Jean-Georges Malcor in case of termination of his term of office. The benefits, as previously approved by the General Meeting of Shareholders on May 3, 2013, are unchanged.



### **3.6 Benefits attributed to Messrs. Stéphane-Paul Frydman and Pascal Rouiller in case of termination of their terms of office**

Persons involved: Messrs. Stéphane-Paul Frydman and Pascal Rouiller as Corporate Officers.

Conditions:

Your Company, on May 29, 2015 has renewed the benefits granted to Messrs. Stéphane-Paul Frydman and Pascal Rouiller in case of termination of their terms of office. The benefits, as previously approved by the General Meeting of Shareholders on May 12, 2012, are unchanged.

### **3.7 Allocation of performance shares to the Corporate Officers of the Company**

Persons involved: Messrs. Stéphane-Paul Frydman and Pascal Rouiller as Corporate Officers.

Conditions:

Your Company, on May 29, 2015 has allocated performance shares to Stéphane-Paul Frydman and Pascal Rouiller, Corporate Officers of the Company. This allocation is considered as an amendment to their employment contracts.

### **3.8 Extension of the Group general benefits plan with Swiss Life**

Person involved: Mr Rémi Dorval as mandate of Board Chairman

Conditions:

Your Company, on May 29, 2015 has approved the extension of the general benefits plan with Swiss Life to Mr Rémi Dorval, under the same conditions applicable to the other employees of the Group.

Paris-La Défense, April 15, 2016

The Statutory Auditors

---

ERNST & YOUNG ET  
AUTRES

PIERRE JOUANNE

LAURENT VITSE

MAZARS

JEAN-LUC BARLET