



INTERNAL

RULES AND REGULATIONS

OF THE BOARD OF DIRECTORS



## **INTRODUCTION**

These internal rules and regulations are strictly for internal use and do not supersede the Company's bylaws but implement them. They may not be relied on by third parties against CGG or its corporate officers.

### **1. THE BOARD OF DIRECTORS**

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#### **1.1 Role of the Board of Directors**

The Board lays down the guidelines governing the company's activity and sees to their application. Subject to the powers explicitly assigned to the shareholders' meetings and within the limits of the business purpose, it considers any question affecting the proper operation of the company and it settles the matters concerning it. It endeavours to promote long-term value creation by the company by considering the social and environmental aspects of its activities. If applicable, it proposes any statutory change that it considers appropriate. It regularly reviews the opportunities and risks, such as financial, legal, operational, as well as the measures taken accordingly.

At each meeting, the Board is informed about the development of the operating and financial activity of the Group's major activity sectors since the previous meeting, including in the area of social and environmental responsibility.

The said sectorial information is supplemented by a thorough review of the Group's consolidated financial situation, particularly in terms of debt, the cash position and financial resources available on a short-term basis and in the light of forecasts.

Any operations that are significant for the Group's strategy, such as in particular the completion of external growth operations, partnerships, disposals or strategic investments, is subject to advance authorisation by the Board. The Board is then kept regularly informed about progress of the operation in question.

In the area of social and environmental responsibility, the Board of Directors ensures:

- The implementation of a mechanism to prevent and detect corruption and influence peddling;
- The implementation of a policy of non-discrimination and diversity.

#### **1.2 Roles and powers of the Chairman of the Board**

The Chairman represents the Board of Directors and, except in exceptional circumstances, is the only one with the capacity to act and speak on behalf of the Board. He organizes and oversees the activities of the Board of directors, which are reported to the shareholders' meeting. He ensures that the corporate bodies operate in an efficient manner, in compliance with good governance principles. He ensures, in particular, that directors are in a position to fulfill their duties and are provided with sufficient information in this respect. The Chairman is regularly kept informed by the Chief Executive Officer of the significant events relating to the Group business and may request from him any information that may be necessary for the Board and its committees. He may meet with the external auditors of the Company in order to prepare the meetings of the Board

Upon request of the General Management, he may represent the Company vis à vis top level representatives of governmental authorities and major partners of the Group, whether in France or abroad. He may communicate directly with shareholders, particularly with regard to corporate governance matters.

### **1.3 Roles and powers of the Chief Executive Officer**

The Chief Executive Officer is in charge of the General Management of the Company. He manages the Executive Leadership team. He is granted the broadest powers to act on behalf of the Company in any circumstances in compliance with the corporate governance principles applied by the Company (in particular the investments' limits set by the Board of Directors) and except for those powers vested in the Company's general meeting or Board of Directors by applicable laws. He represents the Company vis-à-vis third parties. He is responsible for the financial information released by the Company and presents, on a regular basis, the Group's results and prospects to the shareholders and the financial market. He reports on significant events for the Group business to the Board and its Chairman.

### **1.4 Board meetings**

The Board of Directors is to meet at least four (4) times a year and whenever circumstances so require. Directors may be represented at Board meetings by another director. Each director can represent only one other director.

The auditors are invited to attend all Board meetings.

Pursuant to article L.225-37 of the commercial code, the directors may take part in the Board's decisions by video or telephone conferencing, provided such communication means permit to identify the participants and allow them to effectively participate to the meeting<sup>1</sup>. They are then regarded as present for calculation of the quorum and of the majority.

However, pursuant to law the said procedure may not be used in connection with the present decisions:

- establishment of the annual financial statements and of the management report;
- establishment of the consolidated financial statements and of the report concerning management of the group, if that is not included in the annual management report.

The Board of Directors, on the proposal of the Chairman, shall appoint a Secretary. The Secretary ensures compliance with the operating procedures of the Board of Directors and prepares the minutes of the meetings.

The notices including the agenda of the meeting are sent by the Board Secretary by e-mail and are also uploaded on the secured website of the board of directors and its committees (the "Board Portal").

### **1.5 Evaluation of the Board of Directors**

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<sup>1</sup> Pursuant to article R.225-97 of the French commercial code, the communication means used must satisfy technical conditions that permits a simultaneous and continuous transmission of the meeting.

The Board of Directors organizes an annual evaluation of its activities and of its committees. This is a self-evaluation led by the Chairman of the Appointment and Remuneration Committee with the assistance of the Board Secretary. Such assessment is completed every three (3) year by a more in-depth evaluation by an external consultant which includes individual interviews.

The results of such evaluation are analyzed and reported on by the external consultant and result in action plans that are followed up annually, in particular by the Appointment and Remuneration Committee.

## **2. RULES APPLICABLE TO DIRECTORS**

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### **2.1 Information for the directors**

The Chairman sees to it that the directors are in a position to perform their assignment. He ensures that each of them is provided with all documents and information needed for performance of his/her assignment.

With a view to each Board meeting, the Board's Secretary sends documentation to the directors containing all useful information on each of the points appearing on the meeting agenda. This documentation is generally uploaded on the Board Portal. The said documentation is put at the disposal of the directors early enough to enable them to study the content before the meeting.

In addition, the directors are informed and consulted by the Chairman, between Board meetings, about any events or operations that are significant to the company.

Press releases concerning the quarterly, semi-annual and annual financial statements and any events or operations that are significant to the company are sent to the directors in draft form with sufficient notice before publication to enable them to make their comments to the Chairman. The other press releases are systematically sent to them at the time they are distributed to the public by the company.

Finally, the company may implement any training action should it be deemed necessary by directors for their good understanding of the Group business and its social and environmental responsibility aspects. The terms and conditions of these trainings shall be determined with the Chairman of the Board.

### **2.2 Duty of expression**

Each director has a duty to clearly express his/her opinions and shall endeavour to convince the Board of the relevance of his/her position.

### **2.3 Corporate purpose**

The director represents all the shareholders of the company and must act within the corporate purpose of the company under all circumstances.

## **2.4 Diligence**

Each director must devote the necessary time, care, attention to his/her duties. Before accepting any new position or office, he/she must consider whether he/she will still be able to fulfil this obligation. Unless he/she is genuinely unable to do so, he/she must attend all meetings of the Board of Directors and of any committees of which he/she is a member, and all general meetings of shareholders.

## **2.5 Number of directorships**

Pursuant to the provisions of the Corporate Governance Code of listed companies:

- the Chief Executive Officer should not hold more than two (2) directorships in listed companies outside the Group, including foreign companies. In addition he must seek the opinion of the Board of Directors before accepting a new directorship in a listed company;
- a director should not hold more than four (4) directorships in listed companies outside the Group, including foreign companies. This recommendation will apply at the time of appointment or the next renewal of the director's term of office. The director should keep the Board of Directors informed of directorships held in other companies, including his/her participation to Board committees of these French or foreign companies.

In the case of a separate Chairman, the Board of Directors may draw up specific recommendations on this issue, taking into account its particular situation and the missions conferred to him/her.

## **2.6 Duties of loyalty and Conflicts of interest**

Directors are bound by a duty of loyalty towards the Company. In no case, they shall act in their own interests, whether direct or indirect, against the interests of the Company.

Each director must inform the Board of Directors, through the Chairman and as soon as he/she is aware of, about any conflict of interest situation, even potential, between:

- The interests of the Company, and
- His/her personal interests, whether direct or indirect, including but not limited to those that may involve him/her because of the duties or shareholding he/she may hold in other companies, or in his/her capacity of representative of a shareholder or of a group of shareholders.

If the concerned director is the Chairman of the Board of Directors, the latter must inform the Chairman of the Audit Committee.

In such a case, the concerned director shall abstain from attending the debate and taking part in voting on the related resolution.

In addition, the Chairman of the Board of Directors, the Directors, the Chief Executive Officer and, if applicable, the Deputy Chief Executive Officer(s) shall not be required to send to the concerned director, or to the director for whom they have reasonable grounds to believe that he/she is in a conflict of interest within the meaning of this article, information or documents relating to the agreement or operation causing the conflict of interest. In the event of such a lack of transmission, the Board of Directors will be informed.

Finally, the Directors, as soon as they are aware of and, in any case, each year in the two months following the end of the financial year, shall inform the company of:

- considering the last five (5) years:
  - o any directorship or position held outside the Group in a subsidiary controlled by the Company, whether still in force or expired,
  - o any conviction for fraud, any association with a bankruptcy, receivership, or liquidation,
  - o any official public accusation and/or penalty by statutory or regulatory authorities,
  - o any impediment order issued by the judge to act as a member of an issuer's management, administration or supervisory body;
- any agreement they may have entered into, directly or indirectly, through an intermediary or through a company in which they have a directorship or a function, with the Company or any of its subsidiaries. In such a case, the Board of Directors will determine if the said agreement:
  - o falls into the scope of related party agreements defined by article L. 225-38 of the French Commercial Code ; then, the agreement will have to be submitted to the Board of Directors' approval, or
  - o fulfils the conditions of the agreements relating to usual transactions and concluded under normal conditions within the meaning of article L.225-39 of the French Commercial Code: in such a case, the procedure referred to in article L. 225-38 of the French Commercial Code could be ruled out and the classification of an agreement relating to usual transactions and concluded on normal terms will be regularly reassessed in accordance with the provisions of the procedure for the periodic evaluation of these conventions adopted by the Board of Directors on March 5, 2020 and available on the Company's website.

## **2.7 Confidentiality – insider trading**

The directors are required to observe discretion concerning information of a confidential nature and provided as such by the Board Chairman.

Moreover the directors may be led to hold information relative to the Company that has come to their attention because of their position as director and which, if made public, might have an appreciable effect on the Company's share price. The significant character of a piece of information is normally related to the influence it may have on the financial results of the listed company. A significant piece of information can relate to operating revenues, financial or budgetary estimates, investments, acquisitions or divestments, main discoveries, stops of important manufacturing units, launching or withdrawal of products, significant changes in shareholding or General Management, transactions affecting the capital, the dividend, the appearance or the settlement of a dispute, etc.

In such a case, they must refrain:

- from exploiting such information in their own behalf or in behalf of others, directly or through an intermediary, by purchasing or selling the company's securities or financial products connected with the said issue.
- from communicating the said information for purposes other than and for an activity other than the one in connection with which it is held.

## **2.8 Transactions carried out on the Company's shares by directors**

Transactions made by directors over the Company's securities are subject to the procedure set forth in Exhibit 1.

## **2.9 Compensation**

The directors receive an annual compensation pursuant to their office, the total amount of which is determined annually by a shareholders' meeting pursuant to article 11 of the Company's bylaws.

The procedures regarding allocation of this compensation are determined by the Board of Directors and have to be approved by the general meeting, in the context of the approval on the compensation policy applicable to the senior executive officers. They take account of the directors' actual attendance and of their membership of the committees. The amount thus allocated to directors includes a fixed and variable part, which in accordance with the provisions of the AFEP-MEDEF Code on Corporate governance of listed corporations must be significant.

## **2.10 Minimum stock ownership**

Each director (except the director(s) representing the employees) shall own at least twenty thousand (20,000) shares of the company, in his/her own name or through a fully owned company provided he/she gives evidence of his/her 100% ownership of shares and voting rights in such company.

Newly appointed directors will have six (6) months as from their appointment date, to comply with this provision.

It is also recalled that Article paragraph 5 of the Company by-laws require that each new director must hold at least one (1) share as from his/her appointment.

## **2.11 Communication between the directors and the shareholders and/or potential investors**

The Board of Directors believes that it is the Chairman of the Board and the executive management's responsibility to speak for the Company. Nevertheless, individual board members may, from time to time, be contacted directly by actual shareholders or potential investors. In such a case, directors will have to inform the Chairman of the Board and the Chief Executive Officer. In order to ensure consistency of the communication between the Company and its shareholders and/or potential investors, no meeting can be organized between a director and a shareholder or potential investor without the Chairman of the Board and the Chief Executive Officer's approval.

## **3. BOARD COMMITTEES**

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The Board of Directors has instituted the following four (4) specialised committees:



- the Appointment and Remuneration Committee ;
- the Audit Committee;
- the Investments' Committee ;
- the HSE/Sustainable Development Committee.

### **3.1 Appointment and Remuneration Committee**

The composition, operation and assignment of the Appointment and Remuneration Committee are governed by a charter ratified by the Board of Directors and attached hereto as **Exhibit 2**.

### **3.2 Audit Committee**

The composition, operation and assignment of the Audit Committee are governed by the Audit Committee charter ratified by the Board of Directors and attached hereto as **Exhibit 3**.

### **3.3 Investments' Committee**

#### **3.3.1 Composition**

This Committee consists of at least three (3) directors. The Board designates its Chairman among its members.

#### **3.3.2. Operation**

The Committee is to meet at the initiative of its Chairman.

The Committee meetings may be held by telephone conference or by videoconference.

The Committee is to meet as much as necessary based on the on-going projects.

A quorum of at least half of the members present is required for a meeting to take place.

In performing its work, the Committee may hear the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or any person designated by them.

Documentation containing all useful information pursuant to the meeting's agenda is to be sent to the Committee members within a reasonable time, generally through the Board Portal.

The Committee's work is reported to the Board of Directors.

#### **3.3.3. Assignment**

The Committee is responsible for approving and periodically monitoring the capital expenditures budget, as well as approving and periodically monitoring M & A transactions, making recommendations to the Board of Directors as necessary.

1. Committee reviews capital expenditures budget as part of the budgeting process:

- a. Review all individual proposed and committed capital projects over \$10 million
  - b. Review all other expenditures in aggregate, by line of business
    - i. Sustaining capital expenditures
    - ii. Growth capital expenditures
      - Evaluate risked IRR/ NPV;
    - iii. Multi-Client Portfolio
      - Evaluate risked IRR/ NPV;
  - c. Committee reviews net cash exposure on capital expenditure, comparing cash received and committed pre-funding levels to actual and projected capital expenditures on :
    - i. All individual proposed and committed capital projects over \$10 million;
    - ii. In aggregate, by line of business.
  - d. Committee reviews prior year capital expenditure results (possibly in conjunction with year-end impairment test review.);
  - e. Committee shall periodically evaluate internal cost capitalized versus the market rate for similar services;
2. Committee receives quarterly updates:
- a. Updates on capital expenditure budget, sustaining vs. growth, risked IRR/ NPV;
  - b. Discuss all capital projects over \$10 million where there has been an unfavorable and material change in the risk / return of the project.
3. Committee reviews all AFEs over \$100 million before approval by the CEO and shall make recommendations to the CEO.
4. Committee reviews all M&A projects over \$10 million. Projects shall be submitted to the Committee at such point where the project appears likely to go forward and well before the execution of a final purchase and sale agreement or any other significant financial commitment. Committee shall make its recommendations to the CEO.

### **3.4 HSE/Sustainable Development Committee**

#### **3.4.1. Composition**

This Committee consists of at least three (3) directors. The Chairman of this Committee is appointed by the Board of Directors.

#### **3.4.2. Operation**

The Committee shall meet at the initiative of its Chairman.

Committee meetings may be held by telephone conference or by videoconference.

The Committee is to meet as much as necessary.

A quorum of at least half of the members present is required for a meeting to take place.

Documentation containing all useful information pursuant to the meeting's agenda is to be sent to the Committee members within a reasonable time, generally through the Board Portal.

The Committee's work is reported to the Board of Directors.

#### 3.4.3. Objective

The Committee will assist the Board of Directors in its oversight of the Group's Health, Safety, Security and Environment (HSE) and Sustainable Development (SD) policies, conduct and culture. The Committee will advise the Board of Directors and Executive Management on such matters.

#### 3.4.4. Specific Duties

The assignments of the HSE/Sustainable Development Committee are the following:

- Support Executive Management in developing a strategic approach to Health, Safety, Security and Environment (HSE) & Sustainable Development (SD). Determine the main axes for the improvement of HSE performance on an ongoing basis. Encourage, assist and counsel Management in maintaining and improving HSE & SD performance.
- Monitor the performance of CGG's HSE & SD systems and programs, and at the Committee's discretion, recommend any changes to the Board.
- Review CGG HSE & SD performance at each regularly scheduled meeting. Benchmark CGG performance against its peers in the industry.
- Review the Group's high rated HSE & SD risks and the controls put in place to manage these risks. Review high impact incidents and near misses such as fatalities and HPis.
- Review the Group's SD programs (principally environmental, social and ethical matters) and provide support and direction concerning the mid-term and long-term direction of CGG efforts in this area.
- Monitor the Group's compliance with applicable laws related to HSE & SD.
- Review the Group's crisis management preparedness. Monitor any major crisis and support the Board and Management team as necessary in the event of such a crisis.
- Recommend to the Board and to Management desirable policies and actions from its review and monitoring activity.
- Coordinate risks review with the Chairman of the Audit Committee.

#### 3.4.5. Reporting

- The Committee shall report formally to the Board of Directors on its proceedings after each meeting, on all matters within its duties and responsibilities.
- The Committee will make recommendations to the Board it deems appropriate on any area within its remit which requires action or improvement.

**PROCEDURE FOR TRANSACTIONS CARRIED OUT ON THE COMPANY'S SHARES BY  
DIRECTORS**

In addition to cases where directors hold an inside information in relation with a specific project as referred to in article 2.7 of the Internal Rules and Regulations of the Board of Directors , directors must abstain from any transaction for their own account or for the account of a third party, directly or indirectly, relating to shares or debt instruments of the Company or derivatives or other financial instruments linked thereto (hereafter the “Shares”), as follows:

- during the **30-calendar days**<sup>2</sup> preceding the publication of semi-annual or annual results, and
- during the **15-calendar days** preceding the publication of quarterly results.

Such publications occur, in principle, the last week end of February or the first week of March, mid-May, the last week of July and mid-November. **Directors will be authorized to resume trading over the Shares the day after the publication date.**

This prohibition does not apply to *persons closely associated with directors*, as defined below.

Pursuant to the provisions of the article 19.12 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (hereafter “MAR Regulation”), the Company may allow a director to trade for its own account or for the account of a third party during the 30-calendar days referred above on the following cases:

- a) either on a case-by-case basis due to the existence of exceptional circumstances, such as severe financial difficulty, which require the immediate sale of shares : the director shall provide a reasoned written request to the Company’s Chief Financial Officer for obtaining the permission to proceed with immediate sale of Company’s shares during a closed period.

Circumstances referred to above shall be considered to be exceptional when they are extremely urgent, unforeseen and compelling and where their cause is external to the director and the director has no control over them.

The written request shall describe the envisaged transaction and provide an explanation of why the sale of shares is the only reasonable alternative to obtain the necessary funding. This request can be done by email to the Group CFO. The company will be required to answer within five (5) days.

The Company shall assess case-by-case requests sent to it.

When examining whether the circumstances described in the written request referred to in Article 7(2) are exceptional, the issuer shall take into account, among other indicators, whether and to the extent to which the person discharging managerial responsibilities :

- is at the moment of submitting its request facing a legally enforceable financial commitment or claim;
- has to fulfil or is in a situation entered into before the beginning of the closed period and requiring the payment of sum to a third party, including

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<sup>2</sup> For semi-annual and annual results: time period fixed by the article 19.11 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse.

tax liability, and cannot reasonably satisfy a financial commitment or claim by means other than immediate sale of shares.

- b) or due to the characteristics of the trading involved for transactions made under, or related to, an employee share or saving scheme, qualification or entitlement of shares, or transactions where the beneficial interest in the relevant security does not change.

Pursuant to the provisions of the article 19.12 b) of MAR Regulation, following transactions are permitted during a closed period:

- a) where the director had been awarded or granted financial instruments under an employee scheme, provided that the following conditions are met:
  - (i) the employee scheme and its terms have been previously approved by the issuer in accordance with national law and the terms of the employee scheme specify the timing of the award or the grant and the amount of financial instruments awarded or granted, or the basis on which such an amount is calculated and given that no discretion can be exercised;
  - (ii) the person discharging managerial responsibilities does not have any discretion as to the acceptance of the financial instruments awarded or granted;
- b) where the director had been awarded or granted financial instruments under an employee scheme that takes place in the closed period provided that a pre-planned and organised approach is followed regarding the conditions, the periodicity, the time of the award, the group of entitled persons to whom the financial instruments are granted and the amount of financial instruments to be awarded, the award or grant of financial instruments takes place under a defined framework under which any inside information cannot influence the award or grant of financial instruments;
- c) where the director exercises options or warrants or conversion of convertible bonds assigned to him under an employee scheme when the expiration date of such options, warrants or convertible bonds falls within a closed period, as well as sales of the shares acquired pursuant to such exercise or conversion, provided that all of the following conditions are met:
  - (i) the person discharging managerial responsibilities notifies the issuer of its choice to exercise or convert at least four months before the expiration date;
  - (ii) the decision of the person discharging managerial responsibilities is irrevocable;
  - (iii) the person discharging managerial responsibilities has received the authorisation from the issuer prior to proceed;
- d) where the director acquires the issuer's financial instruments under an employee saving scheme, provided that all of the following conditions are met:
  - (i) the person discharging managerial responsibilities has entered into the scheme before the closed period, except when it cannot enter into the scheme at another time due to the date of commencement of employment;
  - (ii) the person discharging managerial responsibilities does not alter the conditions of his participation into the scheme or cancel his participation into the scheme during the closed period;
  - (iii) the purchase operations are clearly organised under the scheme terms and that the person discharging managerial responsibilities has no right or legal possibility to alter them during the closed period, or are planned under the scheme to intervene at a fixed date which falls in the closed period;

- e) where the director transfers or receives, directly or indirectly, financial instruments, provided that the financial instruments are transferred between two accounts of the person discharging managerial responsibilities and that such a transfer does not result in a change in price of financial instruments;
- f) where the director acquires qualification or entitlement of shares of the issuer and the final date for such an acquisition, under the issuer's statute or by-law falls during the closed period, provided that the person discharging managerial responsibilities submits evidence to the issuer of the reasons for the acquisition not taking place at another time, and the issuer is satisfied with the provided explanation.

*Notification of transactions carried out on the Shares:*

Pursuant to the provisions of article 19.1 of MAR regulation, directors shall notify the *Autorité des Marchés Financiers* and the Company (to the attention of the General Secretary), all transactions conducted in their own account relating, in respect of the issuer, to the shares or debt instruments of the issuer or to derivatives or other financial instruments linked thereto.

The non-exhaustive list of transactions to be notified includes the following (article 10 of the commission delegated regulation (EU) 2016/522 of 17 December 2015 related to managers' transactions):

- a) acquisition, disposal, short sale, subscription or exchange;
- b) acceptance or exercise of a stock option, including of a stock option granted to managers or employees as part of their remuneration package, and the disposal of shares stemming from the exercise of a stock option;
- c) entering into or exercise of equity swaps;
- d) transactions in or related to derivatives, including cash-settled transaction;
- e) entering into a contract for difference on a financial instrument of the concerned issuer or on emission allowances or auction products based thereon;
- f) acquisition, disposal or exercise of rights, including put and call options, and warrants;
- g) subscription to a capital increase or debt instrument issuance;
- h) transactions in derivatives and financial instruments linked to a debt instrument of the concerned issuer, including credit default swaps;
- i) conditional transactions upon the occurrence of the conditions and actual execution of the transactions;
- j) automatic or non-automatic conversion of a financial instrument into another financial instrument, including the exchange of convertible bonds to shares;
- k) gifts and donations made or received, and inheritance received;
- l) transactions executed in index-related products, baskets and derivatives, insofar as required by Article 19 of Regulation (EU) No 596/2014;
- m) transactions executed in shares or units of investment funds, including alternative investment funds (AIFs) referred to in Article 1 of Directive 2011/61/EU of the European Parliament and of the Council (1), insofar as required by Article 19 of Regulation (EU) No 596/2014;
- n) transactions executed by manager of an AIF in which the person discharging managerial responsibilities or a person closely associated with such a person has invested, insofar as required by Article 19 of Regulation (EU) No 596/2014;

- o) transactions executed by a third party under an individual portfolio or asset management mandate on behalf or for the benefit of a person discharging managerial responsibilities or a person closely associated with such a person;
- p) borrowing or lending of shares or debt instruments of the issuer or derivatives or other financial instruments linked thereto.

On the other hand, the following transactions do not have to be notified:

- transactions carried out by a financial institution or an investment services provider, for the account of a third party, when such institution provider or one of their managers is an executive officer of a listed company;
- transactions carried out by legal entities holding director positions and acting for the account of a third party;
- a pledge (or a similar security interest) of financial instruments in connection with the depositing of the financial instruments in a custody account does not need to be notified, unless and until such time that such pledge (or other security interest) is designated to secure a specific credit facility.

Persons closely associated with directors:

This obligation to notify transactions also applies to persons closely associated with directors.

As per article 3.1.26 of the MAR Regulation, persons closely associated with directors are the following:

- a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law;
- b) a dependent child, in accordance with national law (hence, under French law, spouses (providing they are not separated), to partners bound by civil union);
- c) a relative who has shared the same household for at least one year on the date of the transaction concerned; or
- d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in point a), b) or c), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

Directors shall notify, in writing, to their persons closely associated with them of their obligations under article 19 of the MAR Regulation in writing and shall keep a copy of this notification.

Notification period for transactions carried out:

Notifications shall be made within **three (3) business days of the transaction date.**

The obligation to notify such transactions is the direct responsibility of each director.



Notification threshold:

The notification threshold has been set at €20,000 in aggregate per calendar year and per person. As soon as the accumulated amount exceeds this threshold, the concerned person must notify all the transactions concerned.

Terms of the notification:

The notification will have to be filed with the AMF via the centralized website "ONDE", at the following address:

<https://onde.amf-france.org/RemiseInformationEmetteur/Client/PTRemiseInformationEmetteur.aspx>

The General Secretary may also carry out these notifications on behalf of the directors.

**APPOINTMENT AND REMUNERATION COMMITTEE CHARTER**

The Appointment and Remuneration Committee was created on March 15, 2000 by the Board of Directors. The composition, operating procedures and role and responsibilities of the Committee are now described in this Charter as initially adopted by the Board of Directors in its meeting held on July 30, 2008.

## **1. Composition**

### **1.1 Members**

The Committee consists of at least three (3) directors appointed by the Board of Directors to serve until a new Committee is appointed. The Committee appoints its Chairman by choosing one of its directors.

It may also appoint a secretary from outside the ranks of its members.

The Committee shall be composed of a majority of independent directors<sup>3</sup>.

### **1.2 External advice**

The Committee may be assisted by an independent external compensation consultant.

## **2. Operating procedures**

### **2.1 Meetings**

The Committee is to meet at its Chairman's initiative or at the request of the Chairman of the Board of Directors. Furthermore, each Committee member may propose the Chairman to hold a Committee meeting, if he/she deems necessary to discuss a specific issue.

The documentation relating to the agenda shall be provided to the members of the Committee reasonably in advance.

Members may be convened by all means, including by verbal notice, reasonably in advance. The meetings may be held by telephone conference or by videoconference.

A quorum of at least half of the members present is required for a meeting of the Committee to take place.

The Committee Secretary is any person designated by the Committee.

The recommendations, proposals, conclusions or comments of the Committee are decided by the majority of its members attending the meeting, each member holding one vote.

The Committee is to meet at least three (3) times a year in order to consider:

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<sup>3</sup> The Board of Directors annually determines which directors meet the independence criteria pursuant to the AFEP-MEDEF code of corporate governance for listed companies.

- the compensation paid to the Chairman of the Board of Directors, the Chief Executive Officer and to any other senior executive officer considered as “*mandataire social*”;
- the allocation of long-term incentives; and
- the evaluation of the Board of Directors and Chief Executive Officer.

In performance of its work, the Committee may hear the Chairman of the Board of Directors or any person designated by him/her.

## 2.2 Reporting process

The Committee debate and decisions are described in minutes drafted by the Secretary of the Committee.

The Chairman of the Committee shall submit to the Board of Directors a report whenever the Board of Directors has to make a decision related to an appointment and remuneration issue.

The Board of Directors reviews the operating procedures of the Committee in the course of the annual review of its own performance.

The Committee shall submit to the Board of Directors' approval any amendment to the Charter.

## **3. Role and responsibilities**

The Committee is mainly responsible for assisting the Board of Directors in preparing its assignments, especially with respect to the determination of the senior executive officers considered as “*mandataires sociaux*” compensation packages and the installation of equity based plans. In particular, it must ensure that these compensation packages and equity based plans are consistent with the shareholders’ interests and the company’s performance. The Committee also has additional responsibilities as defined in the present charter.

### 3.1 Propositions and/or recommendations to the Board of Directors

The responsibilities of the Committee in terms of propositions and/or recommendations to be made to the Board of Directors relate to:

1. the global compensation policy applicable to the “*mandataires sociaux*”, including but not limited to:
  - a. the procedures for setting the variable part thereof and the grant of possible benefits in kind; and
  - b. the maximum amount of the total annual compensation allocated to the Directors and the relate allocation rules;
2. all provisions relative to the retirement of “*mandataires sociaux*”;
3. for the “*mandataires sociaux*”, the deferred elements of the compensation packages (pension, severance payment) to be submitted to the shareholders’ annual meeting;
4. the evaluation of financial consequences on the Company’s financial statements of all compensation elements for *mandataires sociaux*;
5. the contracts between the Company and a “*mandataire social*”;

6. the possible candidacies for filling director's positions, positions as senior executive officer considered as "*mandataire social*" or positions as a member of a Board Committee.
7. the periodical review of the independence of Board members;
8. the realization of capital increases reserved for the employees; and
9. the installation of equity-based plans (stock options, performance shares...).

### 3.2 Additional responsibilities

In addition to the assignments here above described, the Committee is also in charge of:

1. examining the compensation of the Executive Leadership team;
2. carrying out the performance evaluation of the Board and its committees;
3. carrying out the performance evaluation of the Chairman of the Board of Directors and of the Chief Executive Officer;
4. reviewing the succession planning process of the Executive Leadership team;
5. reviewing the compensation data and other related information to be publicly disclosed by the Company in its annual reports and any other reports to be issued pursuant to applicable laws and regulations.

The Committee may also be led to consider any question that might be submitted to it by the Chairman in connection with one of the matters mentioned above.

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**AUDIT COMMITTEE CHARTER**

## **1. Composition**

The Committee consists of at least three (3) members designated by the Board of Directors from among the latter's members having the required financial and accounting competence and being non-executive directors of the Company.

The Committee shall at any time comprise two-third of independent members and be chaired by one of them. The Board of Directors annually determines which directors meet the independence criteria. The Chairman of the Board shall not be a member of the Audit Committee.

In addition, pursuant to section L.823-19 of the French Commerce Code, at least one member of the Committee must have specific expertise in finance, accounting and financial audit matters and be independent pursuant to the independence principles determined and disclosed by the Board of Directors.

The Committee appoints its Chairman.

## **2. Operation**

The Committee is to meet at least four (4) times a year, in principle before each meeting of the Board of Directors. If circumstances so require, it may also meet between two Board meetings upon notice given by its Chairman or by the Chairman of the Board of Directors. Furthermore, each Committee member may propose the Chairman to hold a Committee Meeting if he/she deems necessary to discuss a specific issue.

Members may be convened by all means, including by verbal notice.

The documentation relating to the agenda must be provided to the Committee members reasonably in advance.

The Committee meetings can be held by mean of either telephone conference or videoconference.

The meetings of the Committee can only validly be held provided at least half of its members are in attendance.

The following persons are to attend the Committee meetings:

- the Chief Executive Officer and the Chief Financial Officer,
- the auditors,
- the Senior Vice-President Internal Audit, and
- any person whom the Committee wishes to hear.

In the scope of its activities, the Committee may also meet, without the General Management being present, with the external auditors, the Group Chief Financial Officer, the Chief Accounting Officer, the Group General Counsel, the Senior Vice-President Internal Audit or any other key executive of the Group. In addition, the Committee is entitled to call on one or several outside experts if it considers this necessary for proper performance of its assignment.

The Audit Committee meetings are described in minutes approved by the Committee members.

In addition, at the closest meeting of the Board of Directors held after the Committee's meeting, the Chairman of the Committee gives a report on the performance of the Committee's duties. He informs the Board of Directors of any difficulty he may encounter in the performance of its assignments. The said report is entered in the Board's minutes.

The Committee shall subject to Board's approval any amendment to this chart.

The Board of Directors reviews the operating procedures of the Committee in the course of an annual review of its own performance.

### **3. Assignments:**

The Audit Committee is responsible for assisting the Board of Directors and, as such for preparing its assignments. The assignments of the audit committee are set forth in section L.823-19 of the Commerce Code and are described below.

The Audit Committee shall report regularly on the practice of its missions to the Board of Directors. The Committee shall also report on the audit process of the financial statements, on how such process contributed to the integrity of the financial statements and the role the Committee played in such process.

The Committee shall immediately inform the Board of any difficulty encountered.

In this scope, the Committee is specifically in charge of:

#### **3.1. Assignments relating to accounts and financial information:**

In accordance with the provisions of section L.823-19 of the Commerce Code, the Audit Committee is in charge of monitoring the accounting and financial reporting process and shall make any relevant recommendation in order to ensure its integrity.

In this scope, the Committee is in charge of:

- Reviewing and discussing with Management and the statutory auditors the following items:
  - the consistency and appropriateness of the accounting methods adopted for establishment of the corporate and consolidated financial statements,
  - the consolidation perimeter,
  - the draft annual and consolidated accounts, semi-annual and quarterly consolidated financial statements along with their notes, and especially off-balance sheet arrangements,
  - the quality, comprehensiveness, accurateness and sincerity of the financial statements,



- Hearing the statutory auditors reporting on their review, including any comments and suggestions they may have made in the scope of their audit.
- Examining the draft press releases related to the Group financial results and propose any modification deemed necessary,
- Review the "Document de référence",
- Raising any financial and accounting question that appears important to it.

### 3.2. Assignments relating to risk management and internal control:

In accordance with the provisions of section L.823-19 of the Commerce Code, the Audit Committee shall monitor the effectiveness of the company's internal control and risk management systems, and, if need be, of internal audit systems, in relation to the preparation and treatment of accounting, financial and non-financial information, without prejudicing internal audit's independence.

In this scope, the Committee is in charge of:

- Review with the General Management (i) the Company's policy on risk management, (ii) the analysis made by the Company of its major risks (risk cartography), including social and environmental risks, and (iii) the programs put in place to monitor them,
- Review with the General Management (i) the role and responsibilities with respect to internal control ; (ii) the principles / rules of internal control defined by the Company on its general internal control environment (governance, ethics, delegation of authority, information systems...) and on the key processes (treasury, purchase, closing of the accounts, fixed assets...), (iii) the internal control quality as perceived by the Company and (iv) the significant deficiencies, if any, identified by the Company or reported by the external auditors (section L.823-16 of the French code of commerce) as well as the corrective actions put into place,

### 3.3. Assignments relating to internal audit:

- Reviewing with General Management:
  - the organization and operation of internal audit,
  - Its activities and notably the missions proposed in the scope of the internal audit plan approved by the General Management and presented to the Committee,
  - Results of internal audit reviews.

### 3.4. Assignments relating to external audit:

- Reviewing with the statutory auditors their annual audit plan,

- Hearing, if necessary, the statutory auditors without the General Management being present,
- Monitoring the procedure for selection of the auditors and issue a recommendation to the Board of Directors on the statutory auditors whose appointment or renewal is to be submitted to the shareholders' meeting. Such recommendation shall be prepared in accordance with section 16 of Regulation (EU) n°537/2014 (the "Regulation"); the Audit Committee shall also issue a recommendation when the renewal of the auditors is contemplated under the conditions set forth in section L.823-3-1 of the Commerce Code;
- Monitoring the auditors' compliance with the independence conditions defined in section L.822-9 to L.822-16 of the Commerce Code and take any measures necessary to the application of paragraph 3 of section 4<sup>4</sup> of Regulation (EU) n°537/2014 and make sure that the conditions set forth in section 6 of the Regulation are complied with;
- Following the way the auditors fulfill their mission and take into account the statements and conclusions issued by the *Haut Conseil du commissariat aux comptes* as a result of their review pursuant to section L.821-9 and seq. of the Commerce Code;
- Approving the supply of non-audit services referred to in section L.822-11-2, pursuant to the policy prepared by the Audit Committee and ratified by the Board of Directors;
- Discussing possibly individually the audit work with the statutory auditors and the Management and reviewing regularly with the Management the amount of the auditors' fees. Within the framework of a procedure that it determines annually, the Committee has sole authority to authorize performance by the auditors and/or by the members of their network of services not directly relating to their auditing mission.

### 3.5. Other assignments:

- Reviewing with Management and, when appropriate, the external auditors the transactions binding directly or indirectly the Company and its executive officers,
- Seeing to the handling, anonymously, of any feedback concerning a possible internal control problem or any problem of an accounting and financial nature.

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<sup>4</sup> When the total fees received from a public-interest entity in each of the last three consecutive financial years are more than 15 % of the total fees received by the statutory auditor or the audit firm or, where applicable, by the Group auditor carrying out the statutory audit, in each of those financial years, such a statutory auditor or audit firm or, as the case may be, Group auditor, shall disclose that fact to the audit committee and discuss with the audit committee the threats to their independence and the safeguards applied to mitigate those threats. The audit committee shall consider whether the audit engagement should be subject to an engagement quality control review by another statutory auditor or audit firm prior to the issuance of the audit report.

Finally, the Management of the Company must report to the Audit Committee any suspected fraud of a significant amount so that the committee may proceed with any verification that it deems appropriate.

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