

**McPhy**

Driving  
clean energy  
forward

**Rules of procedure of  
the Board of Directors  
(version dated 27 July 2023)**



## **PREAMBLE**

The purpose of these rules of procedure is to describe the organization and operating procedures of the Board of Directors (the “**Board of Directors**” or the “**Board**”) and the committees created within it (the “**Committee(s)**”) of McPhy Energy (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), in addition to the legislative and regulatory provisions and the Company’s articles of association. Any subsequent amendment to these rules of procedure must be discussed and formally adopted by the Board of Directors. These rules of procedure were approved by the Company’s Board of Directors at its meeting on May 12, 2021, and as subsequently amended<sup>1</sup>.

Its existence and content are made known to shareholders and the public. However, it is an internal document, which may not be invoked by third parties or shareholders against the directors, executive officers, the Company or any member company of the Group.

The rules of procedure are in line with market recommendations aimed at ensuring compliance with the fundamental principles of corporate governance, in particular the Middlednext Code of Corporate Governance to which the Company refers pursuant to Article L. 225-37-4 of the French Commercial Code.

Directors, censors and corporate officers are required to comply with these rules of procedure, which are submitted to them at the time of their appointment or renewal.

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<sup>1</sup> Latest update dated 7 March 2023 (in force on 24 May 2023, as from the Shareholders’ general meeting held on same date).

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**I. THE BOARD OF DIRECTORS - MISSIONS AND COMPETENCE**

**A. Powers of the Board of Directors**

**1. *Missions of the Board of Directors***

As a collegial body, the Board collectively represents all shareholders, and imposes on each of its members the obligation to act in all circumstances in the interests of all its shareholders and, more generally, in the interests of the company.

The Board of Directors determines the direction of the Company's business and oversees its implementation, in accordance with its corporate purpose, taking into account the social and environmental challenges of its activity. In particular, it defines the Group's major strategic, economic, financial and technological orientations.

With the exception of powers expressly assigned to shareholders' meetings and within the limits of the company's purpose, it handles all matters involving the proper functioning of the Company and settles matters through its deliberations.

The role of the Board of Directors is based on two fundamental elements: decision making and oversight.

The decision-making function involves the development, in conjunction with the General Management, of fundamental policies and strategic objectives, as well as the approval of certain important decisions, such as the annual budget.

The Board of Directors is also informed of the financial and cash position of the Company, as well as its commitments, in order to be in a position to make decisions regarding its financing and indebtedness, if necessary.

The oversight function relates to the review of executive management decisions, compliance of systems and controls, and implementation of policies.

In particular, the Board shall deliberate, after study by the competent Committee(s), if any, on the following matters:

- appointment of corporate officers responsible for managing the company and control of their management;
- major strategic transactions contemplated by the Company; and
- any important event concerning the Company.

In addition, the Board:

- ensures the quality of the information provided to shareholders and to the financial markets, through the financial statements it prepares and the annual report;
- convenes and sets the agenda for General Shareholders' Meetings; and
- carries out the controls and verifications it deems appropriate.

The Board also regularly reviews, in connection with the strategy it has defined jointly with General Management, the financial, legal, operational, social and environmental risks and opportunities facing the Company, and the measures taken in consequence. At least once a year, it will review the risk matrix drawn up by the Company.

It ensures that the Company has implemented a system to prevent and detect corruption and influence peddling, and a policy of non-discrimination and diversity, particularly with regard to the balanced representation of women and men in the Company's management bodies.

In any event, the Board of Directors must, prior to their adoption, authorize all important decisions defined in Article I-5.

2. *Strategic Directions - Annual Budget*

The Board of Directors decides on all decisions relating to the major strategic, economic, social, financial or technological orientations of the Company and the Group, and oversees their implementation by the General Management.

The direction of the Group's activities is defined each year by an operating and investment budget, the draft of which is defined and presented by the General Manager. The budget includes a forecast of changes in the Group's main operating and financial indicators. This annual budget is submitted to the Board of Directors for formal approval.

The Chairman of the Board of Directors and the General Manager inform the Board of Directors of any problem or, more generally, any fact or information that calls into question the implementation of a strategic plan.

3. *Control by the Board of Directors*

The Board of Directors annually reviews and assesses the current agreements entered into under normal conditions. The Board of Directors regularly assesses whether these agreements meet these conditions. The assessment procedure implemented is described in the Company's corporate governance report. It is specified that persons directly or indirectly interested in one of these agreements may not take part in the assessment.

The Chairman of the Board of Directors or the Chairman of the Audit Committee may also refer any audit assignment to the Board of Directors. In any event, it shall deliberate on the matter as soon as possible.

When the Board of Directors decides that it is necessary to carry out such work, it defines the precise purpose and procedures in a resolution and carries it out itself or entrusts its execution to one of the Committees, to one of its members or to a third party.

The Chairman, with the assistance of the General Manager, sets the conditions for carrying out such controls or verifications. In particular, measures are taken to ensure that the audit and verification operations cause the least possible disruption to the smooth running of the Group's business. Interviews with Group personnel are organized when necessary. The General Manager ensures that the information required for the audit or verification is provided to the person carrying it out.

A report is made to the Board of Directors at the end of the audit or verification. The latter decides on the follow-up to be given to its conclusions.

4. *General Management*

a. **Choice of steering mode**

In accordance with Article 19 of the Company's articles of association, upon the appointment or renewal of the term of office of the Chairman of the Board of Directors, or at any other time, the Board may entrust the General Management of the Company either to the Chairman of the Board of Directors or to another individual, whether a director or not, with the title of General Manager.

The choice between these two methods of exercising General Management is made by the Board of Directors, which must inform the shareholders and third parties in accordance with the conditions provided for by law. The Board's decision as to which of the two methods of exercising General Management is to be used is taken by a majority of the directors present or represented. The choice of the Board of Directors is communicated to the shareholders and third parties under the conditions provided for by the regulations in force.

The option chosen by the Board of Directors is for an indefinite period.

b. **Appointment**

The General Manager is appointed by the Board of Directors. When the functions of General Manager are performed by the Chairman of the Board of Directors, he or she is called "Chairman and General Manager".

On the proposal of the General Manager, the Board of Directors may appoint one or more individuals to assist the General Manager with the title of Chief Operating Officer.

In agreement with the General Manager, the Board of Directors determines the scope and duration of the powers granted to the Chief Operating Officers. With respect to third parties, the Chief Operating Officers shall have the same powers as the General Manager.

In the event that the General Manager is temporarily unable to perform his duties, the Board of Directors may temporarily appoint a General Manager whose duties will end on the date on which the General Manager is again able to perform his duties.

c. **Remuneration**

The Board of Directors determines the fixed and/or variable remuneration, profit-sharing or exceptional remuneration to be paid to the General Manager and the Chief Operating Officers, based on the proposals of the Appointments and Remunerations Committee. The Board gives reasons for its decisions in this regard.

The Board discusses the performance of executive officers in the absence of the persons concerned. The remuneration of these executives must be competitive, adapted to the company's strategy and context, and must be designed to promote the company's performance and competitiveness over the medium and long term by incorporating one or more criteria relating to social and environmental responsibility.

The Board of Directors determines the level of remuneration of executive officers on the basis of the principles set out in Recommendation 2 of the Middlednext Code: comprehensiveness, balance between remuneration components, comparability, consistency, intelligibility of rules, measurement and transparency.

These principles apply to all components of remuneration, including long-term and exceptional remuneration.

**d. Dismissal**

The Board of Directors may dismiss the General Manager at any time, and the Chief Operating Officers on the proposal of the General Manager. If the dismissal is decided without just cause, it may give rise to damages, except when the General Manager also assumes the functions of Chairman of the Board of Directors.

5. *Matters reserved for the Board of Directors*

The Board authorizes the following transactions involving the Company and its Subsidiaries prior to their implementation. It is specified that the Board of Directors will meet as needed to re-examine and re-evaluate the principles and thresholds set out below in response to changes in the Group's business.

**1. Budget**

- Approval of the Company's *business plan*;
- Approval and amendment of the Company's annual budget (the "**Budget**"), it being specified that monthly *re-forecasts* will be reported to the Board of Directors on a monthly basis;

**2. Financial operations**

- Long-term loans and debt management operations, securitization of financial or commercial assets, or risk hedging, investment at risk on the nominal amount, in euros or in foreign currencies, whose nominal amount exceeds 1 million euros in principal or the equivalent of this sum in foreign currencies, or whose cumulative amount for one fiscal year would exceed 10 million euros in principal or the equivalent of this sum in foreign currencies;

**3. Transactions involving the Company's capital, external growth and divestments**

- Any issuance of securities of the Company (other than issuances related to the exercise of compound securities or the implementation of previously approved incentive programs);
- Any external growth operation (investments, mergers and acquisitions, partial contribution of assets), divestiture, transfer of assets, or significant restructuring;
- Any industrial partnership (including any *joint venture* agreement) (i) leading to an annual investment (capex) by the Company or its Subsidiaries of more than 2 million euros or (ii) to a global financial exposure of the Group of more than 5 million euros or (iii) including significant obligations on the part of the Group (exclusivity, technology transfer, etc.) and, more generally, (iv) any partnership that may have a structuring impact on the Group;

- Any transfer of intellectual property rights relating to the Company's or its Subsidiaries' key technologies, including the granting of any license relating to such key technologies outside the ordinary course of business;

In this respect, it is specified that the overall financial exposure is assessed by taking into account on- and off-balance sheet commitments. The maximum potential value of off-balance sheet commitments is used. Finally, if the transaction or project gives rise to additional commitments in the future, these are included in the assessment of the financial exposure.

#### **4. Industrial programs on existing assets, tangible or intangible**

- Industrial investment or works programs generating expenditure on supplies, services or works of a unit amount exceeding 250,000 euros per program for investments outside the budget or for which the cumulative amount for a financial year would exceed 250,000 euros.

In this respect, it is specified that any industrial program, provided for in the Budget, generating expenditure on supplies, services or works in excess of 2,000,000 euros will be the subject of follow-up information to the Board of Directors.

#### **5. Real estate operations**

- Any investment, acquisition, disinvestment or disposal in the real estate sector in an amount exceeding 200,000 euros (excluding the conclusion of leases).

The Board of Directors will be informed of any lease not provided for in the Budget.

#### **6. Guarantees, endorsements and sureties**

Authorization for the granting by the Company or by one of its Subsidiaries: of pledges, guarantees, sureties or securities of any kind for a total unit amount in excess of 250,000 euros or an overall annual limit of 500,000; it being specified that the General Manager will report annually, at the meeting held to approve the annual financial statements, on the guarantees, endorsements and sureties granted in respect of the financial year in application of the above provisions, and the Board of Directors will determine the amount of the related budget for the following financial year.

#### **7. Commercial Contracts**

- The General Manager will send a monthly review of commercial offers to the Board.

At the request of any one of the directors, the Key Contracts Committee may be asked to study the terms of the most sensitive and/or significant Client contracts in order to make a recommendation to General Management and the Chairman of the Board of Directors, in particular as to whether all or part of the contract in question should be submitted to the Board of Directors for prior approval.

- Contracts for supplies, works or services, material or immaterial (excluding customer contracts) not provided for in the budget, the amount of which, including any successive amendments, exceeds 200,000 euros (excluding VAT).



## **8. Strategy**

- Transaction likely to substantially modify the Group's strategic orientations as determined by the General Management and the Board of Directors;
- Any significant implantation, directly, through the creation of an establishment, a business, a branch, a direct or indirect subsidiary, or through the acquisition of equity interests, in France or abroad, or any withdrawal from such an implantation;

## **9. Other**

- Implementation or modification of incentive schemes for managers and/or employees and allocation of free shares, etc.;
- In the event of a dispute in excess of 500,000 euros (excluding contractual penalties), signing of any settlement, acceptance of any arbitration and compromise.

## **6. *Strategic Directions***

The direction of the Group's activities is defined each year by an operating and investment budget, the draft of which is prepared and presented by General Management. The budget includes a forecast of changes in the Group's main operating and financial indicators. This annual budget is submitted to the Board of Directors for approval.

General Management informs the Board of Directors of any problem or, more generally, any fact that calls into question the implementation of a strategic plan.

## **7. *Possibility of giving an assignment to a director or to third parties***

When the Board of Directors decides that one (or more) of its members or a third party (or parties) should be entrusted with a specific mission on its behalf, it determines the main characteristics of the mission. When the person(s) entrusted with the assignment is/are a member of the Board of Directors, he/she/they do not take part in the vote.

On the basis of this deliberation, a draft mission statement is drawn up at the initiative of the Chairman, which:

- Defines the precise purpose of the mission;
- Establishes the form that the mission report should take;
- Decides the duration of the mission;
- Determines, if applicable, the remuneration due to the holder of the mission as well as the terms of payment of the sums due to the interested party;
- Provides, where applicable, a cap on reimbursement of travel and travel expenses.

The Chairman submits the draft mission statement, where necessary, to the relevant Board Committees for their opinion prior to the Board's deliberation and forwards the signed mission statement to the Chairmen of these Committees.

The mission report is brought to the attention of the Company's directors. The Board of Directors deliberates on the action to be taken.

B. Corporate Officers Liability Insurance (COLI)

The Company has contracted on behalf of and for the benefit of the managers of all its subsidiaries and sub-subsidiaries, exercising a corporate mandate, a liability insurance for corporate officers (COLI) and for the Management Committee.

## **II. COMPOSITION OF THE BOARD OF DIRECTORS**

### **A. Conditions for appointment of the members of the Board of Directors**

The articles of association determine the number of members of the Board of Directors.

The directors are appointed or reappointed by the general shareholders' meeting.

Their term of office is three years in accordance with the Company's articles of association, it being specified that the renewal of terms of office is by rotation so that the members of the Board are renewed regularly in as equal fractions as possible. By way of exception, the ordinary general meeting may, in order to establish or maintain the rotation of directors' terms of office, appoint one or more directors for a term of one or two years.

No person may be appointed as a director if, having passed the age of 70, his appointment would result in more than one third of the members of the Board of Directors being over that age.

When this proportion is exceeded, the oldest director is deemed to have resigned automatically at the end of the ordinary general meeting called to approve the financial statements for the year in which the proportion is exceeded.

### **B. Criteria for the independence of directors**

Each year, the Board of Directors examines the situation of each of its members and ensures that, in accordance with the Middlenext Code of Corporate Governance, they meet the following criteria on a permanent basis:

- they must not be a salaried employee or corporate officer of the Company or of a company in the Group, and must not have held such a position within the last five years;
- they must not have been, over the last two years, and not currently be in a significant business relationship with the company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.);
- they must not be a reference shareholder of the company or hold a percentage of the capital or voting rights exceeding 1%;
- they must not have a close relationship or family ties with a corporate officer or reference shareholder;
- they must not have been an auditor of the company in the course of the previous six years.

In this respect, the Board of Directors may consider that a member is independent even though he or she does not meet all the independence criteria, and conversely consider that a member is not independent even though he or she meets all the independence criteria on the basis of the "*comply or explain*" principles. The Board of Directors must then justify its position.

When appointing a new member or renewing the term of office of one of its members, the Board of Directors examines the situation of this member with regard to the criteria set out above.

Each member qualified as independent informs the Chairman of the Board of Directors, as soon as he or she is aware of any change in his or her personal situation with regard to these same criteria.

C. Honorary President

The Board of Directors may appoint, in an honorary capacity, an Honorary President, who is an individual and a former President of the Board of Directors. The Honorary President may be invited to the meetings of the Board of Directors where he/she will have a purely consultative voice. He/she will have to adhere to the Board's rules of procedure.

### **III. COMMITTEES OF THE BOARD OF DIRECTORS**

In order to prepare its work, the Board of Directors may create committees of the Board (the “Committees”).

The Board of Directors sets out in these rules of procedure the area of competence of each Committee. Within its area of competence, each Committee shall formulate proposals, recommendations or opinions as appropriate. To this end, a Committee may decide to undertake investigations likely to clarify the deliberations of the Board of Directors.

The Board of Directors appoints the members and Chair of each Committee.

After taking into account the schedule of the Board of Directors, each Committee decides on the annual schedule of its meetings. These meetings are held at the head office or at any other location determined by the Chairman.

The Chairman of each Committee sets the agenda for its meetings and communicates it to the Chairman of the Board of Directors.

The Chair of each Committee may decide to invite all or some members of the Board of Directors to its meetings and where necessary, any other person of their choice. The Chair of a Committee informs the Chairman of the Board of Directors which members of management they would like to participate in a session.

The conditions for referral to each Committee are as follows:

- It shall consider any matter within the scope of its competence under these rules and shall determine its annual program;
- It may be referred to by the Chairman of the Board of Directors for any question included or planned to appear on the agenda of the Board of Directors;
- The Board of Directors and its Chairman may also refer to the Committee at any time concerning other questions involving its sphere of competence.

General Management ensures that the information necessary for the performance of their duties is made available to the Committees. It also ensures that each Committee is kept regularly informed of legislative and regulatory developments in its area of competence.

The proposals, recommendations and opinions issued by the Committees are the subject of written documents under the conditions described below, and these reports are sent to the Chairman of the Board of Directors for communication to its members.

#### **A. Audit committee**

In accordance with best market practice, the composition of the Committee should aim to have at least 50% independent directors. Its members are chosen for their financial and accounting expertise. The Chairman of the Board of Directors may not be a member of the Audit Committee.

The mission of the Audit committee is not divisible from that of the Board of Directors, which remains responsible for examining the corporate accounts and consolidated accounts.

The mission of the Audit Committee is to monitor issues relating to the preparation and control of accounting and financial information and to ensure the effectiveness of the risk monitoring and operational internal control system, in order to facilitate the exercise by the Board of Directors of its control and verification duties in this area.

Within this context, the Audit Committee has the following main tasks:

**a. Monitoring of the financial reporting process**

Prior to their presentation to the Board of Directors, the Audit Committee must review the annual and interim parent company and consolidated financial statements, and ensure that the accounting methods used to prepare these financial statements are appropriate and consistent. The Committee must give its opinion on any significant change in the accounting principles applied by the Company in the preparation of its consolidated financial statements (annual and half-yearly), other than as a result of changes in the standards IAS/IFRS.

Where appropriate, the Audit Committee makes recommendations to ensure the integrity of financial information and approves the main elements of the Company's financial communication before they are published.

In particular, the Audit Committee must examine provisions and their adjustments and any situation that could generate a significant risk for the Group, as well as any financial information or any quarterly, half-yearly or annual report or report on the progress of corporate affairs, or drawn up on the occasion of a specific operation (contribution, merger, market transaction, etc.).

Where possible, this review shall take place two (2) days prior to the review by the Board of Directors.

The review of the financial statements should be accompanied by a presentation by the statutory auditors indicating the main points of the results of the statutory audit and the accounting options selected, as well as a presentation by the Chief Financial Officer describing the Company's exposure to risks, including those of a social and environmental nature, and significant off-balance sheet commitments.

**b. Monitoring the effectiveness of internal control, internal audit and risk management systems relating to financial and accounting information**

The Audit Committee is responsible for ensuring the relevance, reliability and implementation of the Company's internal control, identification, coverage and risk management procedures relating to its activities and to accounting, financial and non-financial information.

The Audit Committee must also review the significant risks and off-balance sheet commitments of the Company and its subsidiaries. In particular, the Audit Committee must hear the heads of the internal audit department, if any, and regularly review the mapping of financial and non-financial risks. If an internal audit department is created, the Audit Committee must also give its opinion on its organization and be informed of its work program. It must receive internal audit reports or a periodic summary of these reports.

**c. Follow-up of the statutory audit of the corporate and consolidated financial statements by the Company's statutory auditors**

The Audit Committee must obtain information from and follow up with the Company's statutory auditors (including in the absence of management), in particular on their general work program, any difficulties encountered in the performance of their assignment, any changes they consider should be made to the Company's financial statements or other accounting documents, any irregularities accounting irregularities, misstatements or inaccuracies they have identified, significant risks and uncertainties relating to the preparation and processing of accounting and financial information, the conclusions reached on the basis of their observations and corrections of the results for the period compared with those of the previous period, and any significant internal control weaknesses they have discovered.

The Audit Committee regularly hears the statutory auditors, in particular at Committee meetings dealing with the review of the financial reporting process and the review of the financial statements, so that they can report on the performance of their assignment and the conclusions of their work.

The Audit Committee may obtain from the statutory auditors, at their request, the findings and conclusions of the French High Council for Statutory Auditors [*Haut Conseil du Commissariat aux Comptes*] following the audits it has carried out on the Company's statutory auditors concerning:

- evaluation of the design of the internal quality control system;
- the evaluation of the content of the last transparency report; and
- the audit of the assurance engagement Company's financial statements.

**d. Supervision of the statutory auditors**

Procedure for the selection and renewal of the statutory auditors

The Audit Committee issues a recommendation on the statutory auditors proposed for appointment by the General Meeting. This recommendation to the Board of Directors is prepared in accordance with the legal and regulatory provisions in force.

When the terms of office of the statutory auditors expire, the Audit Committee submits a recommendation to the Board of Directors. Unless this recommendation concerns the renewal of the term of office of the statutory auditor(s), it shall be justified and shall include at least two possible choices for the audit mission and indicate, among these possibilities, the duly motivated preference of the Audit Committee for one of them.

Unless it is a question of renewing the term of office of the statutory auditor(s), this recommendation concerning the selection of the statutory auditor(s) must be preceded by a call for tenders supervised by the Committee, which validates, in particular, the specifications (including remuneration) and the choice of the firms consulted.

### Supervising the independence of the statutory auditors

In order to enable the Audit Committee to monitor the independence and objectivity of the Statutory Auditors throughout their term of office, the Audit Committee must be provided each year with:

- the declaration of independence of the statutory auditors;
- the amount of fees paid to the network of statutory auditors by companies controlled by the Company or the entity controlling it for services not directly related to the statutory auditors' mission; and
- information on the services performed in connection with the statutory auditors' work.

The Audit Committee must also review with the statutory auditors the risks to their independence and the safeguards taken to mitigate these risks. In particular, it must ensure that the amount of the fees paid by the Company and the Group, or the proportion they represent in the revenues of the firms and networks, are not such as to impair the independence of the statutory auditors.

### Approval of services other than account certification (SOAC)

Provided that it is not prohibited by the provisions of Article 5 of Regulation (EU) No. 537/2014, the Audit Committee approves the provision of services other than the certification of accounts mentioned in Article L. 822-11-2 of the French Commercial Code by the statutory auditors or members of their networks, whether this service is rendered to the Company or to an entity that controls it or that it controls within the meaning of the provisions of Article L.233-3 I and II of the French Commercial Code.

The Chairman of the Board of Directors or the Statutory Auditors refer to the Audit Committee any event that exposes the Group to a significant risk.

The Audit Committee may interview the Chief Financial Officer in the absence of the Chairman of the Board of Directors.

The Audit Committee must receive from General Management any document reasonably necessary for the performance of its duties, within a reasonable period of time of at least three days prior to the Committee meeting. In particular, the Audit Committee shall receive all significant documents within its remit (financial analysts' notes, rating agency notes, summaries of audit assignments, etc.). It may request that an internal or external audit be carried out on any subject it considers relevant to its mission. The Chairman of the Committee informs the Board of Directors.

The Committee meets at least every time an accounting statement is published. The Committee appoints a person to act as secretary to the Committee. The Committee's reports to the Board of Directors should enable the Board to be fully informed.

#### **e. Various**

The Audit Committee may in no case replace the Board of Directors. In the event of any contradiction between the Board of Directors' rules of procedure on the one hand, and the Company's articles of association or the law on the other, the latter shall take precedence.



B. Appointments and Remunerations Committee

The Appointments and Remunerations Committee plays an essential role in the composition and remuneration of executive officers and members of the Board of Directors.

a. Missions of the Committee

The Appointments and Remunerations Committee is a specialized committee of the Board of Directors whose main mission is to assist the Board in the composition of the Company's and the Group's management bodies, and in the determination and regular assessment of all remuneration and benefits of the Company's and the Group's corporate officers and/or senior executives, including all deferred benefits and/or voluntary or forced departure indemnities from the Company and the Group.

Within this framework, it carries out the following missions in particular:

*(i) Proposals for the appointment of members of the Board of Directors and its Committees and the Company's executive officers*

The role of the Appointments and Remunerations Committee is to make proposals to the Board of Directors for the appointment of members of the Board of Directors (by the General Meeting or by co-optation) and of the Company's executive officers, as well as the members of these Committees and its Chairman.

To this end, it makes reasoned proposals to the Board of Directors. These proposals are guided by the interests of the shareholders and the Company. In general, the Appointments and Remunerations Committee must strive to reflect a diversity of experience and viewpoints, while ensuring a high level of competence, internal and external credibility and stability of the Company's corporate bodies.

In addition, it draws up and keeps up to date a succession plan for the members of the Board of Directors and the Company's executive officers, in order to be in a position to propose succession solutions to the Board of Directors rapidly, particularly in the event of an unforeseen vacancy.

With regard specifically to the appointment of members of the Board of Directors, the Appointments and Remunerations Committee takes the following criteria into account:

- the desirable balance in the composition of the Board of Directors in light of the composition and changes in the Company's shareholder base,
- the desirable number of independent members,
- the proportion of men and women required by the regulations in force,
- the opportunity to renew mandates and
- the integrity, competence, experience and independence of each candidate.

The Appointments and Remunerations Committee must also organize a procedure for selecting future independent members and carry out its own studies of potential candidates before approaching them.

When making its recommendations, the Appointments and Remunerations Committee must ensure that the independent members of the Board of Directors and of the Board's specialized committees, including the Audit Committee, include at least the number of independent members required by the governance principles to which the Company refers and by its Board of Directors' rules of procedure.

*(ii) Annual assessment of the independence of the members of the Board of Directors*

Each year, before the publication of the Company's corporate governance report, the Appointments and Remunerations Committee examines the situation of each member of the Board of Directors with regard to the independence criteria adopted by the Company, and submits its opinions to the Board with a view to the latter's examination of the situation of each person concerned with regard to these criteria.

*(iii) Examination and proposal to the Board of Directors concerning all the elements and conditions of the remuneration of the General Manager and the Chief Operating Officer(s)*

The Appointments and Remunerations Committee draws up proposals that include fixed and variable remuneration, but also, where applicable, stock options, performance shares and, more generally, all incentive plans set up within the Company pension and welfare plans, severance pay, benefits in kind or specific benefits and any other direct or indirect remuneration (including long-term) that may constitute the remuneration of the Company's General Manager and Chief Operating Officer(s).

In preparing its proposals and work, the Appointments and Remunerations Committee takes into account the corporate governance practices to which the Company subscribes.

As an exception to the foregoing, in the event that the Chief Operating Officer(s) is/are compensated under an employment contract, the Appointments and Remunerations Committee will assess the degree to which the criteria for variable remuneration have been met and will inform the Board of Directors of its conclusions in this regard.

*(iv) Determination of the general remuneration policy for members of the Executive Committee, other than the General Manager, the Chief Operating Officer(s)*

The Appointments and Remunerations Committee determines the general remuneration policy for the members of the Executive Committee (the "**Executive Committee**").

The Appointments and Remunerations Committee is informed and consulted by the General Manager on the fixed and variable remuneration, as well as the pension and welfare plans, severance pay, benefits in kind or special benefits and any other direct or indirect remuneration (including long-term) that may constitute the remuneration of the members of the Executive Committee of the Company and of the Group (other than the General Manager and the Chief Operating Officer(s) whose remuneration is determined in accordance with the terms and conditions set forth in paragraph (iii) above).

The prior opinion of the Appointments and Remunerations Committee is required for any grant of stock options, bonus shares or other incentive instruments and, more generally, any stock option plan for the benefit of any member of the Executive Committee of the Company and the Group.

In preparing its proposals and work, the Appointments and Remunerations Committee takes into account the corporate governance practices to which the Company subscribes.

*(v) Monitoring of the policy on equal opportunities and equal pay*

Each year, the Appointments and Remunerations Committee reviews the Group's equal opportunity policy and makes observations to the Board of Directors.

To this end, the Appointments and Remunerations Committee carries out annual monitoring of the indicators relating to professional equality between men and women applicable within

the Group.

*(vi) Reviewing and proposing to the Board of Directors the method of distribution of the total annual remuneration package allocated by the General Meeting*

The Appointments and Remunerations Committee proposes to the Board of Directors the total annual remuneration package to be submitted to the General Meeting for approval, as well as the allocation of this package and the individual amounts to be paid to Board members in this respect, taking into account in particular their effective participation in the Board and its Committees, the responsibilities they incur and the time they must devote to their duties.

The Appointments and Remunerations Committee also makes a proposal on the remuneration allocated to the Chairman of the Company's Board of Directors.

*(vii) Exceptional missions*

The Committee is consulted for recommendations to the Board of Directors on any exceptional remuneration for exceptional assignments that may be entrusted by the Board of Directors to certain of its members.

It is also informed and consulted within the context of any recruitment of any employee reporting directly to the General Manager.

#### **b. Composition of the Committee**

The Appointments and Remunerations Committee has at least three members, the majority of whom are independent members of the Board of Directors within the meaning of Article II-B of the Board of Directors' rules of procedure. They are appointed by the Board of Directors from among its members or non-voting directors, in particular on the basis of their independence and their expertise in the selection or remuneration of executive officers of listed companies. The Appointments and Remunerations Committee may not include any executive officers.

The composition of the Committee may be modified by the Board of Directors acting at the request of its Chairman, and is, in any event, obligatorily modified in the event of a change in the general composition of the Board of Directors or a change in the non-voting directors, provided that these non-voting directors were members of the Appointments and Remunerations Committee.

The term of office of the members of the Appointments and Remunerations Committee coincides with their term of office as members of the Board of Directors or as non-voting directors. It may be renewed at the same time as the latter.

The Chairman of the Appointments and Remunerations Committee is appointed by the Board of Directors from among its independent members.

The Committee appoints a person to act as secretary to the Committee.

#### **c. Committee Meetings**

The Appointments and Remunerations Committee may validly deliberate either during physical meetings, by telephone, or via videoconference, under the same conditions as those provided for the Board of Directors in Article IV-A of the Board of Directors' rules of procedure, when convened by its Chairman or the secretary of the Appointments and Remunerations Committee, provided that at least half of the members participate in its work. Members of the Appointments and Remunerations Committee may not give a mandate to another member to

represent them.

Recommendations made by the Appointments and Remunerations Committee are adopted by a simple majority of the members present. In the event of a tie, the Chairman of the Appointments and Remunerations Committee, or in his absence, another independent member, has the deciding vote.

Notices of meetings shall include an agenda and may be given verbally or by any other means.

The Appointments and Remunerations Committee meets as often as necessary and in any event prior to any meeting of the Board of Directors deciding on matters falling within the said Committee's competence.

The deliberations of the Appointments and Remunerations Committee are recorded in minutes, a copy of which is approved by the Appointments and Remunerations Committee at the meeting itself or at the next meeting. These minutes are commented on by those members of the Appointments and Remunerations Committee who wish to do so. The Committee's reports to the Board of Directors should enable the Board to be fully informed.

**d. Work of the Committee**

The Appointments and Remunerations Committee involves the executive officers in its work.

The Appointments and Remunerations Committee may also request external technical studies on subjects within its remit, at the Company's expense and within the limits of an annual budget that may be decided by the Board of Directors, after informing the Board of Directors and General Management, and reporting to the Board of Directors. In such cases, the Appointments and Remunerations Committee ensures the objectivity of the Board concerned.

The Appointments and Remunerations Committee may issue any opinions or recommendations to the Board of Directors in the areas corresponding to the missions described above.

**e. Various**

The Appointments and Remunerations Committee may not under any circumstances replace the Board of Directors. In the event of any contradiction between the Board of Directors' rules of procedure on the one hand, and the Company's articles of association or the law on the other, the latter shall take precedence.

C. CSR Committee

a. **Missions of the CSR Committee**

- The mission of the CSR Committee is to examine and provide the Board with its opinion and any recommendations in determining and taking into account the so-called corporate social responsibility ("CSR") topics in the context of the strategy and activities of the Company and the Group.
- In this respect, the CSR Committee carries out the following tasks:
  - **Strategy and key decisions** :
    - Adequate integration of CSR considerations during the review and adoption of strategic orientations by the Board as well as during any major topics discussed in the Board (growth, restructuring, innovation, acquisitions, etc.) in order to create value for the Group and its stakeholders; and
    - Monitoring of implementation by the General Management in accordance with the CSR guidelines set by the Board.
  - **CSR roadmap** : Review and monitoring of its implementation by the General Management.
  - **General** :
    - In-depth review and follow-up of CSR topics as well as performance monitoring and gradual ramp-up within the Group in this area;
    - Review and monitoring of (i) CSR reporting carried out by the Group on a mandatory or voluntary basis with the various elements of measurement of the so-called extra-financial performance; (ii) CSR information contained in the Universal Registration Document and (iii) Group communication on CSR; and
    - Assistance or recommendation to any other Committee on any matter related to CSR issues (such as considering CSR criteria in executives compensation or Group risk factors).

b. **Composition of the CSR Committee**

- The CSR Committee is composed of 3 members or more, at least 50% of whom are independent directors, appointed by the Board.  
The Chair of the CSR Committee is chosen by the independent members.
- The term of office on the CSR Committee is that corresponding to the directorship of the member concerned.

c. **Functioning of the CSR Committee**

- The CSR Committee may only meet validly if at least half of its members are present.  
It deliberates by simple majority, in case of tie, the vote of the chair of the CSR Committee (or in his absence, that of another independent member) is decisive.
- The CSR Committee meets as many times as necessary to carry out the mission assigned to it.
- The CSR Committee appoints the person being the secretary of the CSR Committee.

**d. Rights of the CSR Committee**

For the accomplishment of its mission, the CSR Committee, as it deems appropriate, may, in particular:

- solicit the Chairman of the Board on items within its mission and request the addition of items to the agenda of a Board;
- be provided with any necessary accounting, legal, financial or extra-financial documents;
- hear any member of the management team in charge of CSR, legal and compliance, human resources and/or risk management; and
- consult the reports and, if necessary, hear the independent external experts who have expressed an opinion on the Group's CSR performance (auditors, rating agencies, independent third-party bodies, etc.).

**D. Key Contracts Committee**

The mission of the Key Contracts Committee is to review commercial offers and sensitive contracts, in particular in the event that their conclusion is in conflict of interest, at the request of General Management, the Chairman of the Board of Directors or any of the directors. In accordance with good market practice, this Committee will be composed of independent members or members who do not represent a reference shareholder of the Company. The Chairman of the Board of Directors is an ex officio member of the Key Contracts Committee. The members of the Committee may be assisted by persons from outside the Board of Directors, chosen for their specific skills.

The Key Contracts Committee meets quarterly, and as often as necessary to carry out its duties at the request of the Chairman of the Board of Directors, the General Manager and/or any of the directors.

#### **IV. OPERATION OF THE BOARD OF DIRECTORS**

##### **A. Meetings of the Board of Directors**

On the proposal of the Chairman of the Board of Directors, the Board of Directors establishes each year a provisional calendar of meetings for the coming year. This schedule sets the dates of regular meetings of the Board of Directors and, on a provisional and revisable basis, the dates that the directors must reserve for any additional meetings of the Board of Directors.

The Board of Directors meets once a year without the presence of the executive officers.

The Chairman of the Board of Directors sets the agenda for each meeting of the Board of Directors and communicates it in good time and by all appropriate means to its members.

The agenda shall also include any matter requested by at least one third of the members of the Board of Directors. The General Manager may also ask the Chairman of the Board to convene the Board of Directors on a specific agenda.

Unless there are special circumstances, notices of meetings shall be sent in accordance with the articles of association.

Pursuant to Article L. 225-35 of the French Commercial Code, the Chairman or the General Manager is required to provide directors in good time with the information they need to perform their duties, in particular to enable them to participate effectively in the work of the Board of Directors, so as to enable them to carry out their duties under appropriate conditions. The time limit for providing this information is, however, reduced in order to take account of situations of urgency or necessity, for which there is good reason, or with the agreement of all the directors attending the meeting.

The documents necessary for the effective preparation of Board meetings and enabling the directors to make fully informed decisions on the items on the agenda put forward by the Chairman of the Board of Directors are sent by General Management to the members of the Board of Directors at least 5 days before the Board meeting (and 72 hours in the event of an emergency).

Conversely, directors have an obligation to request the necessary information they feel they need to perform their duties. As such, if a director considers that he/she has not been put in a position to be informed in order to make decisions, he/she shall have the obligation to tell the Board of Directors and to request the required information.

The same applies at any time during the life of the Company when the importance or urgency of the information so requires. This permanent informing must include all relevant information, including critical information, concerning the Company, and in particular press articles, press releases and financial analysis reports. The Company's press releases are sent to the members of the Board of Directors by e-mail with the mention "under embargo" with 24 hours' notice before their distribution.

Subject to prior information from the General Manager, any director may meet with the Company's principal managers, including in the absence of the senior managers (i.e., the Chairman of the Board of Directors, the General Manager and the Chief Operating Officers).

In any event, the Board of Directors may, at any of its meetings, in the event of an emergency, and on the proposal of the Chairman of the Board of Directors, deliberate on matters not included in the agenda that has been communicated to it.

The Board of Directors is empowered to take, by written consultation, at the initiative of the

Chairman of the Board of Directors, the decisions authorized by law. The decisions thus taken are recorded in minutes kept under the same conditions as the other decisions of the Board of Directors.

The video-conference or telecommunication means must meet the technical characteristics guaranteeing effective participation in the meeting of the Board of Directors, whose deliberations will be broadcast continuously and simultaneously.

The register of attendance at meetings of the Board of Directors shall mention, where applicable, the participation of its members by videoconference or telecommunication.

A member of the Board of Directors participating in the meeting by videoconference or telecommunication may represent another member of the Board of Directors, provided that the Chairman of the Board of Directors has, on the day of the meeting, a proxy from the Board member so represented.

For the purpose of calculating the quorum and majority, members of the Board of Directors participating by videoconference or telecommunication means shall be deemed to be present.

All members of the Board of Directors may participate simultaneously in a meeting by videoconference or telecommunication means.

#### B. Operation of the Board of Directors

In addition to the agenda for each meeting of the Board of Directors, each director is provided with documents enabling him or her to take a fully informed position on the items on the agenda.

At each Board of Directors meeting, the Chairman of the Board of Directors informs the members of the main facts and significant events concerning the life of the Group that have occurred since the date of the previous Board of Directors meeting, based on information provided by the General Management.

Any Director wishing to visit an establishment in order to obtain the information necessary for the performance of his or her duties must submit a written request to the Chairman of the Board of Directors, who will define the conditions of access and organize the terms of the visit with the General Management.

The Board of Directors appoints a Secretary of the Board, if it deems it useful, and sets the duration of his or her duties. The Secretary's duties include assisting the Board and its Committees in the organization of their meetings and all other tasks related to the rules of corporate governance applicable to the Company. He or she draws up and keeps the minutes of the meetings of the Board of Directors and the Committees and is empowered to certify copies or extracts of the minutes of the Board of Directors' deliberations.

#### C. Evaluation of the Board of Directors

In accordance with recommendation R11 of the Middlednext Code, the Board of Directors carries out an annual self-assessment of the adequacy of its functioning and the preparation of its work. The purpose of this evaluation is also to check that important issues are properly prepared and discussed, and to measure the contribution of each member to the work of the Board of Directors in terms of his or her competence and involvement. The results of this evaluation are recorded in the minutes of the next meeting.



**V. RULES FOR DETERMINING THE REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND AD HOC COMMITTEES**

Directors may receive remuneration for their duties, the total amount and distribution of which are voted by the Ordinary General Meeting. The Board of Directors allocates the total annual remuneration of the directors taking into account the opinion of the Appointments and Remunerations Committee.

In the absence of a vote by the General Shareholders' Meeting on a sufficient amount of remuneration, and in the event of more than one independent director, remuneration will be divided between the independent directors and the Chairman of the Board of Directors solely on a pro rata basis according to the number of meetings of the Board or of an *ad hoc* committee in which they have participated during a given year.

The Board of Directors, after consultation with the Appointments and Remunerations Committee, may set a fixed annual remuneration for the Chairman of the Board of Directors in addition to his remuneration as a director, or provide for a higher remuneration in respect of his duties as Chairman of the Board.

The Board of Directors also decides on the granting to these corporate officers of any stock option plan, such as the granting of free shares or stock subscription or purchase options.

## **VI. DIRECTORS' DUTIES AND CODE OF ETHICS**

### **A. Duty of disclosure - Conflicts of interest**

In exercising the mandate entrusted to him/her, each director must make decisions independently of any interest other than the company's corporate interest.

In order to prevent the risk of conflicts of interest and to enable the Board of Directors to provide quality information to shareholders, each Director is required to inform the Chairman of the Board of Directors, as soon as he/she is aware of it, of any situation that could create a conflict of interest between the corporate interest of the Company or one of the Group's companies and his/her direct or indirect personal interest or the interest of the shareholder or group of shareholders he/she represents. The Chairman of the Board of Directors obtains the opinion of the Appointments and Remunerations Committee, if necessary.

It is specified, as necessary, that a direct or indirect link to a person with interests competing with those of the Company may, in addition to the conflict of interest that it creates, also raise difficulties with regard to competition rules. In this respect, a director may not, during his term of office, accept a corporate office or management or consultancy position with a person whose interests are in competition with those of the Company or one of the Group's companies without the authorization of the Board of Directors.

It will be up to the director concerned, if he/she finds him/herself in one of the situations mentioned above, to act accordingly, within the framework of the applicable legislation, and, as the case may be, to:

- abstain from participating in the vote of the corresponding deliberation;
- not attend Board meetings during the period in which he/she has a conflict of interest;
- resign from his/her mandate.

Once a year, the Board of Directors reviews known conflicts of interest. Each director reports on any changes in the situation.

Failure to comply with these abstention and withdrawal rules may result in liability for the Board member.

### **B. Sensitive information - directors' duty of confidentiality**

The members of the Board of Directors are bound by an absolute obligation of confidentiality with respect to the content of the debates and deliberations of the Board of Directors and its committees, as well as with respect to the information presented therein. It is specified, where necessary, that this obligation of confidentiality also applies to non-voting directors.

In general, the members of the Board of Directors, with the exception of the Chairman of the Board of Directors and General Manager, are required not to communicate externally, in particular with the press.

The General Manager, in coordination with the Chairman of the Board of Directors, informs the directors of the information to be given to the market, as well as the text of the press releases issued for this purpose on behalf of the Group.

In the event of a proven breach of confidentiality by one of the directors or censors, the Chairman of the Board of Directors, after consulting the participants in the Board of Directors meeting convened for this purpose, reports to the Board of Directors on the action he/she intends to take in response to this breach.

In addition to this duty of confidentiality, no information that is sensitive from the point of view of competition law may be disclosed or discussed in the presence of a director who is directly or indirectly related to a person whose interests are in competition with those of the Company or of one of the Group's companies.

Sensitive information from the point of view of competition law means any non-public information that could enable the director concerned to understand or influence the Company's strategy, particularly its commercial strategy, in the market or markets in which the person with interests competing with those of the Company and with whom the director concerned has a connection is present.

However, any information that is general in nature, or sufficiently old or aggregated, or composed solely of publicly available data, will not be considered sensitive under this section.

The risk of exchanging sensitive information from the point of view of competition law is treated in all respects as a conflict of interest within the meaning of this article.

#### C. Duty of Care and Attendance of Directors

By accepting the mandate entrusted to him/her, each director undertakes to fully assume it, namely:

- to devote the necessary time to the study of the issues dealt with by the Board of Directors and, if applicable, the committee of which he/she is a member;
- to request any additional information that it considers useful;
- to ensure that these Regulations are enforced;
  
- to freely form its conviction before any decision, having in view only the corporate interest;
- to actively participate in all meetings of the Board of Directors, unless prevented from doing so;
- to formulate all proposals for the constant improvement of the working conditions of the Board of Directors and its committees.

The Board of Directors ensures that the information provided to shareholders is constantly improved. Each director, in particular through his/her contribution to the work of the Board Committees, must contribute to the achievement of this objective.

Each director undertakes to make his or her mandate available to the Board of Directors when he/she believes in good faith that he/she is no longer able to fully assume it.

D. Obligations relating to the possession of privileged information - Prevention of insider trading - Obligation to refrain from trading in the Company's shares during certain closed periods

In accordance with the provisions of Articles L. 225-109 and R. 225-110 of the French Commercial Code, members of the Board of Directors must register the shares of the Company they hold when they take office and those they acquire during their term of office. This provision does not apply to management companies.

The members of the Board of Directors provide the Chairman of the Board of Directors and the Chief Financial Officer with information enabling them to inform the French Financial Markets Authority [*Autorité des marchés financiers*] of any transactions they have carried out in the Company's shares.

Generally speaking, with regard to non-public information acquired in the course of their duties, all members of the Board of Directors must consider themselves bound by a genuine obligation of professional secrecy that goes beyond the simple obligation of discretion provided for in Article L. 225-37 of the French Commercial Code.

More specifically, as a result of his/her duties, any member of the Board of Directors may regularly have access to specific, non-public information concerning the company or the financial instruments it issues, which, if made public, would be likely to have a significant impact on the price of its shares.

As such, each member of the Board of Directors appears on the list of insiders established by the Company.

**VII. AMENDMENTS AND PUBLICATION OF THE RULES OF PROCEDURE**

These articles of association may be amended by decision of the Board of Directors.

All new members of the Board of Directors shall be asked to sign the agreement upon taking office.

The rules of procedure are published on the Company's website.