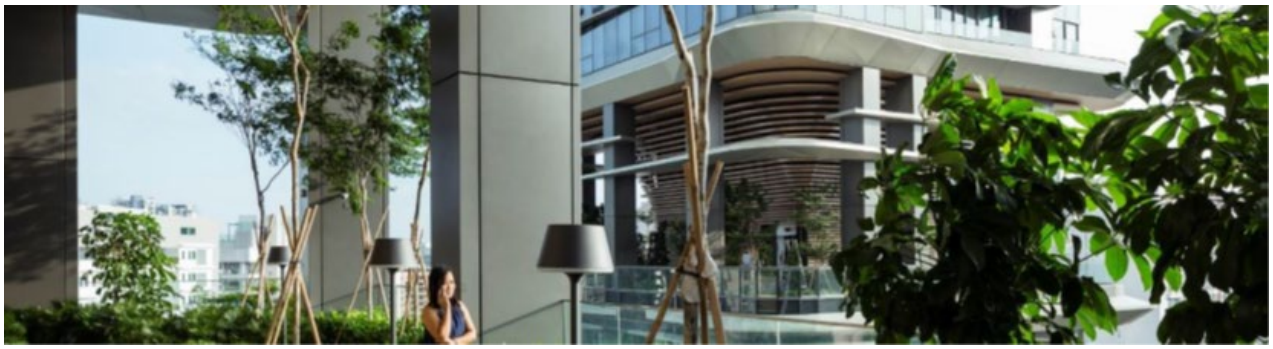
BOUYGUES



BOUYGUES

BOARD OF DIRECTORS

RULES OF PROCEDURE

Updated on 20 February 2019

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PREFACE

The powers of the Board of Directors and the rules governing its operation are set out in Articles L. 225-17 to L. 225-56, L.823-19 to L.823.21 and R. 225-15 to R. 225-34-6 of the Commercial Code and in Title III of the company's Articles of Association.

Directors and non-voting directors must familiarise themselves with the above provisions and with these Rules of Procedure and Annexes and ensure that they are respected.

The Board of Directors' principal characteristics and duties, as defined by law or in the Articles of Association, are as follows:

- the Board of Directors has at least three and no more than 18 members, appointed by the Annual General Meeting. The term of office of those directors is three years;
- in addition to those directors there are two directors elected by the Annual General Meeting to represent the employee share ownership funds set up as part of the Group's employee savings schemes. These directors also have a term of office of three years;
- the Commercial Code (Article L. 225-27-1) requires that directors representing employees be elected or appointed, in accordance with the arrangements set out in the Articles of Association;
- the Ordinary General Meeting may appoint one or more non-voting directors for a three-year term;
- the Board elects from among its members a Chairman, who organises and directs its work and ensures that the corporate bodies function properly;
- the Board entrusts the executive management of the company either to the Chairman of the Board of Directors or to another natural person who may or may not be a director, and who has the title of Chief Executive Officer. The Board must explain the reasons for its decision;
- the Board may, on a proposal from the Chief Executive Officer, appoint up to five Deputy Chief Executive Officers to assist the Chief Executive Officer. The Board sets their term of office and the scope of their powers in agreement with the Chief Executive Officer.
- the remit of the Board of Directors shall include *inter alia*:
  - determining the strategic priorities of the company's business and ensuring they are implemented;
  - subject to powers granted by law to general meetings of shareholders, dealing with issues affecting the proper functioning of the company and with matters concerning it;
  - performing the checks and verifications it deems appropriate;
  - subject to powers granted by law to general meetings of shareholders, determining the remuneration of the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers;
  - considering company policy on professional and pay equality once a year.

The Board shall promote the creation of long-term value by the company while taking account of the social and environmental issues relating to its activities. The company has elected to refer to the recommendations of the Corporate Governance Code of Listed Corporations as revised by Afep and Medef in June 2018 (the "Afep-Medef Code"), which is appended to these Rules of Procedure. The Board of Directors' Report on corporate governance shall indicate any derogations from that Code, and the reasons for those derogations.

ARTICLE 1: COMPOSITION OF THE BOARD OF DIRECTORS

At least one third of the directors shall be persons who are independent within the meaning of the Afep-Medef Code (hereinafter "independent directors"). Directors representing employees and directors representing employee shareholders shall not be included when calculating the proportion of independent directors. The criteria for qualification as an independent director are given in Article 6 of these Rules of Procedure.

No more than two directors or permanent representatives of legal entities may come from outside companies or groups in which a corporate officer or salaried director of Bouygues holds office.

The company applies a diversity policy to the composition of the Board of Directors in terms of criteria such as age, gender, qualifications and professional experience.

ARTICLE 2: MEETINGS AND REMIT OF THE BOARD OF DIRECTORS

In principle, the Board of Directors shall meet in ordinary session at least once every quarter and twice in the first quarter:

- in January, the Board shall review the Group's estimated sales and earnings for the previous financial year, and the strategic priorities, business plans and the financing policy for the business segments and the Group shall be presented to it for approval;
- in February, it shall close off the financial statements for the previous financial year;
- in May, it shall close off the first-quarter financial statements;
- in August, it shall close off the first-half financial statements;
- in November, it shall close off the nine-month financial statements;

Other Board meetings shall be held as the Group's business requires.

A separate session shall be held at least once a year at which no Executive Officers are present.

In addition to the aspects of the Board's remit mentioned in the Preface, the Board of Directors shall:

- with the assistance of an ad hoc committee if needed, determine the company's strategic priorities;
- examine and make decisions on major transactions;
- have submitted to it for prior approval any transaction regarded as being of major significance for the Group, involving investments, organic growth, external acquisitions, disposals or internal restructuring, particularly where the transaction is outside the scope of the company's stated strategy;
- authorise major financing transactions via public offerings or private placement, and the principal guarantees and major commitments;
- exercise control over management and oversee the quality of the information supplied to shareholders and to the markets, in particular through the financial statements and in connection with major transactions;
- perform regular reviews of opportunities and risks, including risks of a financial, legal, operational, social or environmental nature, and assess their impact on the strategy determined by the Board and the measures taken as a consequence, and to that end receive all information necessary to fulfil its remit, especially from the Executive Officers;
- obtain assurance that mechanisms are in place to prevent and detect corruption and influence peddling, and receive all necessary information to that end;
- obtain assurance that senior management is applying a policy of non-discrimination and diversity, especially in terms of gender parity on executive bodies.

At the request of the Chairman of the Board or by decision of the Board, the Chief Executive Officer (if the functions of Chairman and Chief Executive Officer are not separate), the Deputy Chief Executive Officers, members of management, the statutory auditors or other persons from outside the company with special skills in matters on the agenda may attend all or part of a Board meeting. In accordance with the Commercial Code, the statutory auditors shall attend all Board meetings at which the interim or full-year financial statements are examined or closed off.

ARTICLE 3: QUORUM

Directors who take part in Board meetings by videoconference or other telecommunications systems shall be deemed present for the calculation of quorum and majority. In accordance with the Commercial Code, this provision shall not apply for the following decisions:

- closing off the full-year parent company financial statements and the management report;
- closing off the consolidated financial statements and the Group management report, if it is not included in the annual report.

The videoconferencing or other telecommunications systems used must have the technical capability to allow the directors to be identified and to participate effectively in the Board meeting. The minutes of the meeting shall note any technical incident during the videoconference or telephone communication that has interfered with the meeting.

ARTICLE 4: DIRECTORS' ACCESS TO INFORMATION

The Chairman or the Chief Executive Officer shall provide each director with all documents and information necessary to fulfil their remit properly, in particular as regards:

- those aspects of their remit mentioned in the Preface and in Article 2;
- market trends, the competitive environment and the main challenges facing the company, including corporate social responsibility issues;
- the progress of business activities, in particular sales figures and order books;
- the financial position, in particular the company's cash position and commitments;
- any event that materially affects the Group's consolidated financial results or that may do so;
- material events in the human resources area, including trends in headcount;
- major risks to the company, any change therein, and the steps taken to control those risks.

Once each quarter, senior management shall report to the Board of Directors on the previous quarter's operations and consolidated results.

The company shall also provide directors with appropriate information between meetings of the Board throughout the life of the company, if the importance or urgency of the information so requires. Such ongoing disclosure should also include any relevant information relating to the company, including criticism, such as articles in the press and financial analysts' reports.

Directors may obtain additional information on request. The Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers shall always be at the Board's disposal to provide explanations and relevant information.

Directors may also meet with the company's senior executives, and may do so without the Executive Officers present provided that the latter have been informed beforehand.

Committees tasked by the Board of Directors with addressing specific issues shall help to keep the Board well informed through their work and reports.

Directors shall always receive any document that the company and its subsidiaries have issued publicly, particularly information for shareholders.

Directors may request additional training relating to the specific characteristics of the company, its business segments and the sectors in which it operates, and corporate social responsibility issues facing the company.

Directors representing employees and directors representing employee shareholders shall receive training appropriate to the exercise of their duties.

ARTICLE 5: PROHIBITION ON COMBINING CORPORATE OFFICE WITH AN EMPLOYMENT CONTRACT

In accordance with the Afep-Medef Code, when an employee becomes an Executive Officer of the company his or her employment contract with the company or with a Group company shall be terminated, either by contractual termination or by resignation.

ARTICLE 6: INDEPENDENT DIRECTORS

The Board of Directors shall identify directors as independent based on substance rather than form. To this end, the Selection and Remuneration Committee shall give an opinion on the situation of each Board member.

The Afep-Medef Code makes the following recommendations to boards of directors:

1. The classification of directors as independent should be discussed by the appointments [or equivalent] committee in light of the criteria set out below, and should be determined by the Board:
   - on the occasion of the appointment of a director;
   - and annually for all directors.

2. The shareholders should be made aware of the conclusions of this review.

3. The Board of Directors may consider that although a director meets the criteria set out below, he or she cannot be held to be independent owing to the specific circumstances of that person or of the company, due to its ownership structure or for any other reason. Conversely, the Board of Directors may decide that a director who does not meet those criteria is nevertheless independent.

4. A director is independent when he or she has no relationship of any kind whatsoever with the company, its group or its management that may interfere with his or her freedom of judgement. Accordingly, an independent director is understood to be any non-executive director of the company or its group who has no particular bonds of interest (significant shareholder, employee, other) with either the company or its group.

5. The criteria to be reviewed by the Committee and the Board in order for a director to qualify as independent and to prevent risks of conflicts of interest between the director and the management, the company or its group, are the following:
   - not being and not having been within the past five years:
     - an employee or Executive Officer of the company,
     - an employee, Executive Officer or director of an entity consolidated by the company,
     - an employee, Executive Officer or director of the company's parent or of an entity consolidated by that parent;

- not being an Executive Officer of an entity in which (i) the company directly or indirectly holds a directorship or (ii) an employee of the company is designated as a director or (iii) an Executive Officer of the company (current, or who has held such office within the past five years) holds a directorship;
- not being a customer, supplier, investment banker, commercial banker or consultant[1],
  - that is material to the company or its group, or
  - for which the company or its group represents a significant proportion of its business.

  The assessment of whether or not the relationship with the company or its group is significant must be discussed by the Board, and the criteria used in that assessment (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the report on corporate governance;
- not being related by close family ties to a corporate officer;
- not having been an auditor of the company within the past five years;
- not having been a director of the company for more than 12 years, the status of independent director being lost once twelve years have elapsed.

Non-Executive Officers cannot be regarded as independent if they receive variable remuneration in cash or shares, or any remuneration related to the performance of the company or Group.

Directors representing major shareholders of Bouygues or of its parent may be regarded as independent provided those shareholders do not take part in the control of Bouygues. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the Selection and Remuneration Committee, systematically reviews whether a director qualifies as independent in light of Bouygues' share ownership structure and the existence of any potential conflict of interest.

ARTICLE 7: EVALUATION OF THE BOARD OF DIRECTORS

The Board of Directors shall periodically evaluate its ability to meet shareholders' expectations by reviewing its composition, organisation and operation, and by undertaking a similar review of Board committees. Consequently, every year the Board shall include on the agenda of one of its meetings a discussion on the way in which the Board operates.

This formal evaluation shall have three objectives:

- assess the way in which the Board and its committees operate;
- check that important issues are suitably prepared and debated;
- measure the actual contribution of each director to the Board's work.

Shareholders shall be informed each year of the evaluation and of any follow-up action taken, in the report on corporate governance.

ARTICLE 8: BOARD COMMITTEES

The committees of the Board of Directors shall examine issues submitted to them for an opinion by the Board or its Chairman as well as matters assigned to them by law. There shall be three committees: the Accounts Committee, the Selection and Remuneration Committee, and the Ethics, CSR and Patronage Committee. The Rules of Procedure of these committees are provided in Annexes 2 to 4 of these Rules of Procedure.

(1) Or not being directly related to such a person.

The Board shall determine the membership and remits of the committees, which perform their activities under the Board's responsibility. It shall appoint the committee members from among directors and non-voting directors, except that no non-voting director may be a member of the Accounts Committee.

Each committee may if it deems fit commission technical research from third parties in areas within its competence, subject to the principles and rules contained in Article 14.3 of the Afep-Medef Code.

ARTICLE 9: DIRECTORS' FEES

The Board of Directors shall determine, within the limits set by the Annual General Meeting, the fees to be paid to directors and non-voting directors for serving on the Board and its committees, and for serving as Chairman of the Board or of a committee.

Such fees shall consist of a 30% fixed portion and a 70% variable portion, the latter calculated on the basis of attendance at meetings.

The fixed portion shall be paid at the end of each quarter. If directors join or leave the Board during a quarter, the fixed portion shall be allocated in proportion to the amount of time served on the Board in that quarter.

The variable portion shall be paid at the end of the financial year. It shall be calculated in proportion to the director's actual attendance at the five ordinary Board meetings held annually as described in Article 2 of these Rules of Procedure, and for committee members in proportion to their actual attendance at the meetings of the committee(s) concerned.

ARTICLE 10: REMUNERATION OF EXECUTIVE OFFICERS

The Board shall be responsible for determining, subject to the control exercised by the general meeting of shareholders, the fixed remuneration, variable remuneration, benefits in kind and any retirement benefits or severance packages awarded to the Executive Officers: the Chairman of the Board, the Chief Executive Officer and the Deputy Chief Executive Officers. It shall also make any decisions to award them stock options or performance shares.

The Board shall make such decisions on the basis of proposals from the Selection and Remuneration Committee, assessing each Executive Officer's overall remuneration and seeking a fair balance between the company's corporate interest, market practices, and the Executive Officer's performance. It shall explain the reasons for such decisions.

In doing so, the Board shall comply with:

- the recommendations of the Afep-Medef Code, which is appended to these Rules of Procedure;
- the AMF's recommendations concerning the disclosures on Executive Officers' remuneration to be provided in registration documents.

ANNEX 1: Bouygues directors' and non-voting directors' Code of Conduct

1. Preface

The present Code of Conduct, with which each director and non-voting director of Bouygues is required to comply, amplifies Article 19 of the Afep-Medef Code dealing with ethical rules for directors.

Before accepting their position on the Board, directors and non-voting directors must ensure that they are aware of the general and specific obligations of their position. In particular, they must familiarise themselves with the relevant laws and regulations, the Articles of Association, the recommendations of the Afep-Medef Code, the present Code of Conduct and the Board's full Rules of Procedure.

When directors and non-voting directors are uncertain as to the interpretation or application of a rule in this Code of Conduct, they should if they see fit consult the Chairman of the Ethics, CSR and Patronage Committee and/or the Group Ethics Officer.

2. Representation of shareholders

Although each director is a shareholder in her or her own right, they also represent all shareholders and must act in all circumstances in the best interests of the company; failure to do so can give rise to personal liability.

3. Duty to be informed

Directors have a duty to ensure that they are well informed. Accordingly, they must request from the Chairman in a timely manner the information they need to work effectively on the issues on the Board's agenda.

4. Regular attendance – Multiple directorships

Directors must devote the necessary time and attention to their functions. They must attend and participate regularly in the meetings of the Board and of any committees of which they are a member.

All directors are also required to comply with the rules set out in the Commercial Code governing multiple directorships in *Sociétés Anonymes* (public limited companies), as well as the recommendations of the Afep-Medef Code according to which:

- Executive Officers must not hold more than two other directorships in listed companies outside their group, including foreign companies, and must seek the opinion of the Board before accepting a new directorship in a listed company;
- directors must not hold more than four other directorships in listed companies outside their group, including foreign companies. This recommendation shall apply at the time of their appointment or of the next renewal of their term of office;
- directors must inform the Board of directorships held in other companies, including their involvement in the board committees of those companies, whether French or foreign.

5. Preventing conflicts of interest

Directors and non-voting directors must ensure that they do not carry on an activity that would place them in a situation of conflict of interest with the company. In particular, no director or non-voting director should seek to hold an interest or invest in another entity, whether this be a customer, supplier or competitor of the company, if that interest or investment might influence their actions in their role as a director or non-voting director.

Directors and non-voting directors undertake to inform the Chairman of the Board of Directors of any actual or potential conflict of interest between their duty to the company and their private interests and/or other duties, and in the case of voting directors not to deliberate or vote on any matter that directly or indirectly concerns them.

If the situation requires, the director or non-voting director concerned may be required not to attend Board meetings during such deliberations, not to take part in any vote on a resolution, and not to have access to documents and information brought to the attention of the other directors and non-voting directors concerning the subject in question.

The Chairman of the Board may at any time ask directors and non-voting directors to confirm in writing that they are not in a conflict of interest situation.

6. Information concerning directors

The Chairman of the Board may at any time ask any director or non-voting director to provide an attestation, declaration or any other relevant information, in particular on the following points: their family ties with other directors or non-voting directors; service contracts binding them to the company or to any of its subsidiaries under which they are entitled to benefits; their curriculum vitae; their management expertise and experience; positions and offices they hold or have held in other listed or unlisted entities and on the committees of such entities, in France or abroad; the number of the company's shares they own; their situation with regard to the Afep-Medef Code director independence criteria; a detailed account of any restriction accepted by them concerning the sale, within a certain period of time, of their shareholding in the company.

Directors undertake to inform the Chairman of the Board of any convictions for fraud, of any incrimination, preventive measure or official public sanction issued against them in the past five years, and of any bankruptcy, compulsory administration or liquidation proceedings with which they have been associated in the last five years. The Chairman of the Board may ask directors at any time to confirm in writing that they are not affected by any of these situations.

7. Share ownership

The Articles of Association stipulate that each director must hold at least ten shares in the company. It is recommended that each director and non-voting director own 500 shares in the company.

8. Holding of the company's shares in registered form

In accordance with Article L. 225-109 of the Commercial Code, the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officers and the directors, whether individuals or legal entities, as well as standing representatives of legal entity directors (the "Persons Concerned"), are required to convert to registered form as soon as they take office any Bouygues shares that they hold and any listed shares issued by any subsidiary that they (or any of their minor children) hold, and to do likewise for any shares they subsequently acquire. The same obligation applies to the non-separated spouse of a Person Concerned. It is recommended that non-voting directors also follow the above rules.

9. Confidentiality

Directors and non-voting directors shall consider themselves bound by professional secrecy over and above the mere obligation of discretion stipulated by regulations, with regard to non-public information acquired in the performance of their duties.

Directors and non-voting directors, and any person called to attend a meeting of the Board or of one of its committees, shall be bound by a strict obligation of confidentiality with regard both to persons outside the company and to persons with no need to know such information by reason of their duties in the company.

Only the Executive Officers of the company shall have authority to provide third parties and the public with information on company policy, strategy, business operations and performance.

10. Prevention of insider dealing

Directors and non-voting directors are reminded that they are likely to hold inside information at all times and that they must ensure before carrying out any transaction in the company's shares or in any related financial instruments that they are not engaging in insider dealing. Directors and non-voting directors must therefore manage their holdings in the company in an ethical and rigorous manner.

Directors and non-voting directors must observe the following rules of conduct, which apply to all financial markets, whether French or foreign, in which they carry out transactions:

10.1 Obligation not to circulate and/or make use of inside information

Besides the general obligation of confidentiality described in Article 9 above, any Person Concerned holding inside information about the company, its subsidiaries or a transaction under consideration by the company or its subsidiaries is bound by an obligation of strict confidentiality and an obligation to refrain from trading.

Accordingly, Persons Concerned are prohibited from directly or indirectly acquiring or selling, or attempting to acquire or sell, on their own account or on behalf of others, financial instruments to which such inside information relates, and any financial instruments to which those instruments are in turn connected.

More generally, they are prohibited from communicating any inside information to third parties, and from recommending to third parties that they buy or sell, or arrange for another person to buy or sell, the aforementioned financial instruments on the basis of inside information.

Inside information is understood to mean any specific information that has not been made public, that relates directly or indirectly to the company, its subsidiaries or one or more financial instruments issued by them, and which, if made public, would be likely to have a significant effect on the price of the financial instruments in question or the price of financial instruments connected to them.

Persons Concerned are bound by the obligation of confidentiality and the obligation to refrain from trading even where they hold inside information by chance and not as a result of their role as a director or non-voting director.

Directors and non-voting directors are reminded of the seriousness of the legal sanctions that may be imposed for failing to observe the aforementioned obligations:

- the AMF may impose an administrative fine of up to €100 million or, if a profit has been made from the offence and can be quantified, ten times the amount of that profit or, if the offender is a legal entity, a fine of up to 15% of the entity's annual consolidated sales;

- five years' imprisonment and a fine of €100 million, which may be increased to up to ten times the amount of any profit made from the offence and which may not be less than the amount of such profit, may be imposed on any member of the Board of Directors of an issuer who has inside information, or on any other person who knowingly has inside information, who:

  - uses such inside information to carry out, on his or her own account or for another person, directly or indirectly, one or more transactions or to alter or cancel one or more orders placed by that same person before he or she came to have the inside information, where such transactions, cancellations or orders relate to financial instruments issued by that issuer or to financial instruments to which such inside information relates;

  - recommends that one or more transactions be carried out involving the financial instruments to which the inside information relates or incites others to carry out such transactions based on that inside information;

  - divulges inside information to a third party other than in the ordinary course of his or her profession or duties.

10.2 <u>Obligation to refrain from trading (closed periods)</u>

Principle

Whatever the circumstances, all Persons Concerned must refrain from trading in the company's shares even if they are not in possession of inside information on that date:

- during the thirty calendar days preceding any publication of the full-year or half-year financial statements of Bouygues;
- during the fifteen calendar days preceding any publication of the quarterly financial statements of Bouygues;
- and on the day on which such information is made public.

This obligation to refrain from trading must also be observed throughout any period during which a Person Concerned is aware of inside information, and on the day on which such information is made public.

In addition, pursuant to Article L. 225-197-1 of the Commercial Code, performance shares may not be sold:

- in the three trading sessions following the date on which the consolidated financial statements are made public;
- during a period starting on the date on which Bouygues governance bodies became aware of information which if made public could have an impact on the price of Bouygues shares and ending on a date ten trading sessions after the date on which that information was made public.

Exceptions

Under EU Regulation No. 596/2014 of 16 April 2014 on market abuse, an issuer may allow a person discharging managerial responsibilities to trade on his or her own account or on the account of a third party during a closed period:

- 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, subject to express prior consent of the company in all cases;

Procedure: **The Person Concerned must submit a request for approval by e-mail to the Bouygues group Ethics Officer, Arnauld Van Eeckhout,** avet@bouygues.com The request must give a description of the exceptional circumstances requiring the immediate sale of the shares, and must demonstrate that the proposed sale is the only reasonable course of action to obtain the funds required. **Requests will be replied to by e-mail within three working days.**

- **or due to the characteristics of the trade involved for transactions made under, or related to, an employee share ownership or savings scheme, the completion of formalities or the exercise of rights attaching to the shares, or transactions where ownership of the relevant security does not change** (refer to Delegated Regulation (EU) No. 2016/522 of 17 December 2015)**.**

Consequently, the following types of transaction may now be regarded as authorised during closed periods:

- **regular fixed monthly payments made by a Person Concerned by way of subscription to the Bouygues group company savings scheme;**
- **subscription to a leveraged employee share ownership plan to which a Person Concerned already belonged before the start of the closed period;**
- **withdrawal from a leveraged employee share ownership plan on the expiry date stipulated in the plan rules;**
- **exercising the option to have a profit-sharing entitlement paid into the company savings scheme on the date specified by the employer.**

10.3 Consultation of the Ethics Officer

Any Person Concerned who wishes to carry out a transaction in the shares of Bouygues or of one of its listed subsidiaries may consult the Group Ethics Officer (Arnauld Van Eeckhout, avet@bouygues.com) to confirm that he/she would not be engaging in insider dealing.

This consultation is obligatory for Executive Officers and salaried directors.

In any event, the Group Ethics Officer's opinion is advisory only, and the decision as to whether or not to trade in the company's shares is the sole responsibility of the Person Concerned.

10.4 Ban on speculative transactions

Directors and non-voting directors undertake not to engage in speculative trading in the shares of Bouygues or of its listed subsidiaries through transactions such as short selling or buying on margin, rolling orders over using the deferred settlement service, day trading, and derivatives transactions.

10.5 Ban on hedging

Directors and non-voting directors formally undertake to refrain from entering into hedging transactions to cover their risk exposure in respect of options, shares issued on exercise of options or performance shares, at any time up to the end of the share lock-up period set by the Board of Directors.

10.6 Declaration of transactions in the company's shares

In accordance with Article 19 of EU Regulation No. 596/2014 of 16 April 2014 on market abuse and Article L. 621-18-2 of the Monetary and Financial Code, Persons Concerned must notify the AMF and Bouygues of transactions they carry out on their own account in Bouygues shares or debt securities, or in derivatives or financial instruments related thereto (for example stock options or units in the company savings scheme), including under share trading plans.

Persons closely associated with a Person Concerned shall be subject to the same declaration obligations in respect of transactions they carry out in the securities and instruments referred to above. This shall apply to the following persons:

Definition of "person closely associated":

This covers:

- the non-separated **spouse** or **civil partner** of the Person Concerned;
- **children** over whom the Person Concerned exercises parental authority, or who usually or alternately reside with the Person Concerned, or who are effectively and permanently dependent on the Person Concerned;
- any other **direct relative or relative by marriage who has shared the same household as the Person Concerned for at least one year** at the time of the transaction;
- any **legal person, trust or partnership** (such as a joint venture):
  - the managerial responsibilities of which are discharged by the Person Concerned or by a person closely associated with him or her (for example, a company of which the Person Concerned is an executive officer); or
  - which is directly or indirectly controlled by the Person Concerned or by a person closely associated with him or her (for example, a company in which the Person Concerned has a shareholding of more than 50%); or
  - which is set up for the benefit of the Person Concerned or of a person closely associated with him or her; or
  - the economic interests of which are substantially equivalent to those of the Person Concerned or of a person closely associated with him or her.

Directors are under a strict obligation to:

- inform in writing all persons closely associated with them of their obligation to declare transactions in Bouygues shares;
- provide Bouygues (avet@bouygues.com) with a list of all persons closely associated with them, and update that list as necessary.

Transactions covered by the obligation to declare

The obligation to declare applies to transactions carried out on their own account by the persons referred to above involving Bouygues shares or debt securities, or derivatives or other financial instruments related thereto.

Consequently, the following transactions must be declared:

- **Subscriptions, payments and redemption of credits in connection with the company savings scheme or employee share ownership plans** (adding any employer's contribution to the amount declared).
- **Exercise of stock options:** all exercises of stock options must be declared.
- **Sales of shares derived from exercise of stock options:** if stock options are exercised and the resulting shares are sold immediately, the exercise and the sale must be declared separately.
- **"Bed and breakfast" transactions** carried out at the end of the year must be declared. Only one declaration should be submitted, indicating on the form that it is a "bed and breakfast" transaction.
- **Forward purchases and sales of shares**: if persons discharging managerial responsibilities (or persons closely associated with them) buy or sell shares forward, they must notify the AMF of the transaction at the time the forward contract is entered into.
- **Conditional purchases and sales, in particular options bought or written:** a declaration is required when the option is bought (or written); if and when that option is exercised, a further declaration is required for the acquisition (or sale) of the underlying shares.
- **Pledging or lending of financial instruments.**
- **Transactions in shares issued by entities whose sole assets are shares of the company in which the person discharges managerial responsibilities (for example, units in funds dedicated solely to that company's employee share ownership plans):** that person must declare purchases and sales of shares in such entities.
- **Exercise of conversion/exchange options attached to bonds convertible or exchangeable for shares.**
- **Transactions carried out on behalf of a person discharging managerial responsibilities by an intermediary under a management agreement** (such as a share trading plan).
- **Separation of bare ownership and usufruct of shares:** persons discharging managerial responsibilities must declare the transaction if they are the seller or buyer of bare ownership of the share.
- **Payment of dividend in shares:** persons with managerial responsibilities who opt to receive their dividend in shares must declare the shares they receive at the time of receipt.

Transactions to which the obligation to declare does not apply

- **Transactions carried out by legal entities that are Board members, where they are acting for third parties** (for example, transactions carried out by a fund management company that is a Board member).
- **Awards of performance shares:** the award itself is not declared. If at the end of the lock-up period a person discharging managerial responsibilities sells the shares, the sale must be declared.
- **Awards of stock options.**
- **Separation of bare ownership and usufruct of shares:** persons discharging managerial responsibilities who acquire the usufruct of shares are not required to declare the transaction.
- **Reverse stock splits.**

- **A pledge (or similar granting of collateral)** involving financial instruments, provided and to the extent that such pledge or collateral is not intended to secure a specific credit facility.

Declaration threshold

Transactions do not need to be declared until they cumulatively exceed €20,000 per civil year. As soon as the cumulative amount of transactions in a civil year exceeds that threshold, any person subject to a declaration obligation must declare all of the transactions that had not previously been declared because the €20,000 threshold had not been reached.

Transactions carried out by legal entities within the group to which they belong are excluded.

Declaration procedure

Persons Concerned must notify the AMF directly of any of the transactions referred to above within a maximum of three working days after the date of the transaction via the ONDE secure extranet, using the template provided in the Annex to EU Regulation No. 523/2016 of 10 March 2016. A copy of the declaration must be sent to Bouygues within the same time limit to the e-mail address avet@bouygues.com.

Persons Concerned may ask the manager of their share account to file the required declarations.

Persons closely associated with Persons Concerned are also required to declare their transactions in Bouygues shares within the same time limits and in the same way.

Any transaction carried out by any of the Executive Officers must also be notified to the members of the Board within the same time limit.

ANNEX 2: Accounts Committee Rules of Procedure

1. The Accounts Committee, acting under the responsibility of the Board of Directors and in accordance with applicable French and European legislation and with the Afep-Medef Code appended to the Bouygues Rules of Procedure, is responsible for overseeing (i) matters related to the preparation and control of accounting, financial and extra-financial information, (ii) internal control and risk management systems, and (iii) matters related to the statutory auditors.

In particular, the Committee:

- Oversees the process for preparing financial information, and to this end:
  - reviews the parent company and consolidated financial statements at least two days before they are presented to the Board;
  - obtains assurance that the accounting policies used in drawing up those financial statements are relevant and consistent;
  - reviews any changes that have a material impact on the financial statements;
  - reviews the principal optional treatments applied at the accounting close, key estimates and judgments, and the main changes in the scope of consolidation;
  - makes any recommendations necessary to safeguard the integrity of financial information.
- Oversees the effectiveness of internal control and risk management systems, and of internal audit where necessary, as regards procedures for preparing and processing accounting, financial and extra-financial information, without undermining its independence, and to this end:
  - reviews internal control procedures relating to the preparation of the financial statements, in conjunction with internal departments and qualified advisors, and also reviews the key accounting, financial, social and environmental risks faced by the company, any changes in those risks, and the arrangements put in place to manage them;
  - performs an annual review of the key risks faced by the company, including social and environmental risks, any changes in those risks, and the arrangements put in place to manage them;
  - reviews key information system risks;
  - performs an annual review of the company's internal control self-assessment.
- Oversees matters related to the statutory auditors, and to this end:
  - organises the selection procedure as specified in the relevant laws and regulations with a view to the appointment of the statutory auditors by the Annual General Meeting;
  - makes recommendations to the Board of Directors on the statutory auditors proposed for appointment or reappointment at Annual General Meetings and oversees the execution by the statutory auditors of their engagement;
  - obtains assurance that the statutory auditors are in compliance with the independence criteria specified in the applicable laws and regulations; and to this end, examines the allocation of fees paid by the company itself and by Group companies between each statutory auditor (including members of their networks), including fees paid for services other than the statutory audit of the financial statements;
  - approves the provision of any services other than statutory audit that may be provided by the statutory auditors or by members of their networks, having first analysed the risks posed to the independence of the statutory auditors and the protective measures applied by them;

- reports to the Board of Directors on the outcomes of the statutory audit engagement, the way in which that engagement contributed to the integrity of financial information, and the role played by the Committee in that process.

- Reports on its work to the Board of Directors on a regular basis and makes recommendations to the Board of Directors on the matters listed above, both periodically at accounting closes and whenever warranted by a specific event.
- Informs the Board of Directors without delay of any difficulties that may be encountered.

2. The Accounts Committee shall have at least three members competent in finance or accounting. Neither corporate officers nor senior executives of the company may serve on this Committee. At least two thirds of its members, including the Committee Chairman, shall be independent directors within the meaning of the Afep-Medef Code. Directors representing employees and directors representing employee shareholders are not included when calculating the proportion of independent directors.
At the time of their appointment, Accounts Committee members shall be provided with information concerning the company's specific accounting, financial and operational characteristics.

3. Committee meetings shall be valid only if two or more of its members, including its Chairman, are in attendance.
Committee meetings shall be called by the Chairman of the Committee, or at the request of the Chairman of the Board of Directors.

At least two meetings shall be held each year to examine the first-half and full-year financial statements before they are submitted to the Board.

The Accounts Committee's Chairman shall draw up the agenda for its meetings.

4. In carrying out its duties, the Committee shall have access to all accounting and financial documents that it deems useful. It must also meet with the statutory auditors, and senior company executives responsible for finance, accounting, cash management and internal audit. If the Committee so requests, such meetings must be held without the company's senior management being present.

5. The person in charge of internal audit shall present to the Accounts Committee at least once a year the organisation of his or her department, the audit plan, and a summary of his or her reports and of how his or her recommendations are being followed up.

6. The Accounts Committee shall consider the draft Report of the Board of Directors on internal control and risk management procedures relating to the preparation and processing of accounting and financial information, and communicate any observations on the draft Report.

7. The statutory auditors shall present to the Accounts Committee a summary of their work and of optional accounting treatments used at the accounting close.

8. The Committee shall meet with the statutory auditors at least once a year with no company representative present to ensure that they were given full access to information and that they have all the resources they need to fulfil their duties.

9. During the examination of the financial statements, the statutory auditors shall submit to the Accounts Committee a memorandum pointing out the essential aspects of the scope of consolidation, the findings of the statutory audit (in particular, any audit adjustments and significant internal control weaknesses identified during their work), and the optional accounting treatments applied. The Chief Financial Officer shall provide the Committee with a memorandum describing the company's risk exposure and material off-balance sheet commitments.

10. The statutory auditors' main recommendations shall be incorporated in an action plan and a follow-up procedure that are presented to the Accounts Committee and to senior management at least once a year.

11. The Accounts Committee's discussions and the information provided to it are highly confidential and shall not be disclosed outside of the Board of Directors.

12. The Accounts Committee's opinions shall be approved by a simple majority of its members. In the event of a tie, the Chairman shall have the casting vote.

13. The Accounts Committee shall report on its work at the next subsequent Board meeting, indicating the specific actions it has taken, its conclusions, and any recommendations it may have. It shall inform the Board promptly of any difficulty encountered in performing its duties.

ANNEX 3: Selection and Remuneration Committee Rules of Procedure

1. In accordance with the recommendations of the Afep-Medef Code, the Selection and Remuneration Committee shall be responsible for:

As regards the composition, organisation and operation of the Board of Directors:

- periodically reviewing issues related to the composition, organisation and operation of the Board of Directors, especially in light of the composition of and changes in the company's share ownership structure, in order to make proposals to the Board;
- making proposals and giving an opinion to the Board of Directors on proposals to appoint, reappoint or remove from office a director, non-voting director or Executive Officer, whilst:
  - ensuring that the composition of the Board remains balanced, and that the diversity policy applicable to Board members is applied;
  - ensuring that the Board always has a sufficient proportion of independent directors;
  - paying particular attention to the mix of skills, experience and knowledge of the Group's businesses that each director needs in order to make an effective contribution to the Board's work;
- giving an opinion on whether or not each director qualifies as independent by reference to the Afep-Medef Code criteria;
- reviewing proposals to set up Board committees, and suggesting lists of their remits and members;
- giving an opinion on which governance model to adopt (in particular, whether to combine or separate the functions of Chairman and Chief Executive Officer);
- drawing up a succession plan for Executive Officers;
- reviewing the draft Report on corporate governance, and informing the Board of any observations about that report;
- participating in the evaluation of the Board of Directors referred to in Article 7 of the Board Rules of Procedure;

As regards remuneration:

- submitting proposals to the Board of Directors concerning the remuneration, and benefits of any kind, to be awarded to Executive Officers;
- proposing, and checking each year, the rules used to set the variable portion of the remuneration of Executive Officers, and ensuring that such rules are consistent with the assessment of their performance and with the company's medium-term strategy;
- proposing a general policy for awarding stock options or performance shares, it being stipulated that (i) no discount may be offered on options awarded to Group senior executives and in particular to Executive Officers and (ii) awards must be proportionate to the merits of each executive and fairly allocated between the beneficiaries;
- examining stock option plans or performance share plans awarded to Executive Officers and employees, and making recommendations to the Board on whether the option plans should involve new or existing shares;

- submitting proposals on remuneration and incentive arrangements for Executive Officers of the company and senior executives of the Group;
- where stock options or performance shares are awarded to the Chairman, the Chief Executive Officer or a Deputy Chief Executive Officer, making proposals on the number of shares resulting from the exercise of stock options or performance share grants that the beneficiary is required to retain in registered form until the end of his or her term of office;
- submitting each year to the Board of Directors drafts of the Reports on remuneration paid to corporate officers, on the executive remuneration policy, and on stock options and performance shares.

2. The Committee shall consist of three or four directors, one of whom must be a director representing employees. The Committee may not include Executive Officers or senior executives of the company; it must be mainly composed of independent directors. The Committee must be chaired by an independent director.

A director cannot be appointed to the Committee if an Executive Officer or salaried director of Bouygues is a member of an equivalent committee in a company in which that director also serves as an Executive Officer.

3. Committee meetings shall be valid only if two or more of its members, including its Chairman, are in attendance.

Committee meetings shall be called by the Chairman of the Committee, or at the request of the Chairman of the Board of Directors.

The Committee Chairman shall draw up the agenda.

4. The Committee shall involve the Chairman of the Board of Directors in its work relating to the composition of the Board of Directors. In the course of that work, the Committee may meet with any person whom it regards as a potential candidate to fill a vacancy. In the course of its work on remuneration, the Committee may meet with the Chairman of the Board of Directors or any other person designated by the Chairman.

5. The Committee's opinions shall be approved by a simple majority of its members. In the event of a tie, the Chairman shall have the casting vote.

6. No Executive Officer may be present when the report on the work of the Selection and Remuneration Committee is presented to the Board of Directors.

7. The Committee shall report on its work at the next subsequent meeting of the Board of Directors.

ANNEX 4: Ethics, CSR and Patronage Committee Rules of Procedure

1. The Ethics, CSR and Patronage Committee shall have the following remit:

- In the field of ethics, the Committee:
  - helps define rules of conduct and guiding principles to be followed by senior executives and other employees;
  - issues recommendations or opinions on initiatives aimed at promoting best practice in this area:
  - monitors compliance with those values and rules of conduct;
  - gives an opinion on the system put in place to prevent and detect corruption and influence peddling.

- In the field of CSR, the Committee:
  - examines at least once a year issues encountered by the Group in terms of environmental, corporate and social responsibility;
  - gives an opinion to the Board on the statement of extra-financial performance required pursuant to Article L. 225-102-1 of the Commercial Code;
  - gives an opinion on the vigilance plan required pursuant to Article L. 225-102-4 of the Commercial Code.

- In the field of patronage, the Committee:
  - sets rules or makes recommendations for Bouygues to follow;
  - gives an opinion to the Chairman of the Board on patronage initiatives proposed by Bouygues when they represent a significant financial commitment;
  - ensures that its recommendations are implemented and that these initiatives are properly carried out.

2. The Ethics, CSR and Patronage Committee must consist of at least two directors, and must be chaired by an independent director.

3. Committee meetings shall be valid only if two or more of its members, including its Chairman, are in attendance.
Committee meetings shall be called by the Chairman of the Committee, or at the request of the Chairman of the Board of Directors.

4. In the course of its work, the Committee may meet with the Chairman of the Board of Directors or any other person designated by him.

5. The Committee's opinions shall be approved by a simple majority of its members. In the event of a tie, the Chairman shall have the casting vote.

6. The Committee shall report on its work at the next subsequent meeting of the Board of Directors.

ANNEX 5: Afep-Medef Corporate Governance Code

Amended in
June 2018

Corporate Governance Code of Listed Corporations

afep

MEDEF

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PREAMBLE

Since the first report on the corporate governance of listed companies was published at the initiative of the business community in July 1995, Afep and Medef have developed a set of recommendations that enables these companies to improve their functioning and management in an atmosphere of enhanced transparency and thus respond to the expectations of investors and the public (Appendix 1).

This set of recommendations, which constitutes the Afep-Medef Code, may be designated by listed corporations as their reference code pursuant to Articles L.225-37 and L.225-68 of the Commercial Code. The code, which has been adopted by almost all the companies listed on the SBF 120, provides a set of demanding and precise recommendations on corporate governance and, in particular, on the compensation of their executive and non-executive officers.

The revisions made to the code since 2013 have given rise to a broad public consultation of the various stakeholders and, in particular, the public authorities, shareholder associations, investors, proxy advisers, etc. A public consultation was launched on a dedicated website in May 2016 in order to prepare for the new revision of the code. A summary of the responses to this consultation has been made public.

Set up in 2013, the High Committee on corporate governance exercises its task of monitoring the application of the recommendations of the code with care and attention, and assists companies in their application through its application guide. This is regularly updated and helps companies to prepare their report on corporate governance[1], in particular with regard to the matter of the presentation of the compensation components of company officers submitted to a vote by shareholders.

Concerted professional regulation is a system that is carefully applied in practice and that has shown its value. The code plays a crucial role in the development of good governance practices. Through its revisions, its aim is to provide a frame of reference contributing to the improvement of the governance of listed companies and the dissemination of best practices.

These recommendations are intended for companies whose shares are admitted for trading on a regulated market. It is also both desirable and recommended that other companies apply these recommendations either in whole or in part and adapt them to their specific circumstances.

Finally, most of them have been written with reference to public limited companies (*sociétés anonymes*) with a Board of Directors. Public limited companies with a Management Board and a Supervisory Board, as well as partnerships limited by shares (*société en commandite par actions*) will therefore need to make the necessary adjustments.

[1] Article L.225-37 of the Commercial Code requires the Board of Directors to present the shareholders' meeting with a report on corporate governance appended to the management report that includes various information relating to executive compensation and the governance of the company. However, the corresponding information may be presented within a specific section of the management report.

In this code, **the executive officers** consist of the Chairman and Chief Executive Officer, the Chief Executive Officer, the Deputy Chief Executive Officer(s) of public limited companies with a Board of Directors, the Chairman and members of the Management Board of public limited companies with a Management Board and a Supervisory Board and the statutory managers of partnerships limited by shares.

The non-executive officers consist of the separate Chairman of the Board of Directors of public limited companies with a Board of Directors as well as the Chairman of the Supervisory Board of public limited companies with a Management Board and a Supervisory Board and of partnerships limited by shares.

The company officers consist of all the officers listed above.

A table of the company officers can be found in Appendix 2.

1 THE TASKS OF THE BOARD OF DIRECTORS

1.1 The Board of Directors performs the tasks conferred by the law and acts at all times in the corporate interest.

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.

1.2 The principal task of the Board of Directors is to define the strategic orientation. It examines and decides on important operations, possibly after review by an *ad hoc* committee, according to the terms laid down in 1.9.

1.3 In accordance with the law, the Board of Directors carries out the main tasks below: it appoints and dismisses the company officers, sets their compensation, selects the form of organisation and governance (separation of the offices of Chairman and Chief Executive Officer or combination of such offices), and monitors the management as well as the quality of the information provided to shareholders and to the markets.

1.4 It is informed about market developments, the competitive environment and the most important aspects facing the company, including in the area of social and environmental responsibility.

1.5 It regularly reviews, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly. To this end, the Board of Directors receives all of the information needed to carry out its task, notably from the executive officers.

1.6 If applicable, it ensures the implementation of a mechanism to prevent and detect corruption and influence peddling. It receives all of the information needed for this purpose.

1.7 It also ensures that the executive officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on the governing bodies.

1.8 The Board's activity is reported in the report on corporate governance.

1.9 The internal rules of the Board of Directors should specify:

- the cases where prior approval by the Board of Directors is required, which may differ according to which division of the company is concerned;
- the principle that any material transaction outside the scope of the firm's stated strategy is subject to prior approval by the Board of Directors;
- the rules according to which the Board of Directors is informed of the corporation's financial situation, cash position and commitments.

These rules relate not only to external acquisitions or disposals, but also to major investments in organic growth or significant internal restructuring operations. The Board of Directors should be informed in a timely fashion of the corporation's cash position in order, where applicable, to take decisions relating to its funding and indebtedness.

2 THE BOARD OF DIRECTORS: A COLLEGIAL BODY

2.1 Regardless of its membership or how it is organised, the board of directors is and must remain a collegial body mandated by all shareholders.

2.2 The wide diversity of listed corporations does not allow formal and identical forms of organisation and operation to be imposed for all Boards of Directors. The organisation of the Board's work, and likewise its membership, must be suited to the shareholder make-up, to the size and nature of each firm's business, and to the particular circumstances facing it. Each Board is the best judge of this, and its foremost responsibility is to adopt the mode of organisation and operation that enable it to carry out its tasks in the best possible manner. Its organisation and operation are described in the internal rules that it has drawn up, which are published in part or in full on the company's website or in the report on corporate governance.

2.3 Since the Board acts in the corporate interest, having large numbers of special interests represented within it should be avoided, except in cases provided for by law.

2.4 When a corporation is controlled by a majority shareholder (or a group of shareholders acting in concert), the latter assumes a specific responsibility with regard to the other shareholders, which is direct and separate from that of the Board of Directors. They take particular care to prevent conflicts of interest and to take account of all interests.

3 THE DIVERSITY OF FORMS OF ORGANISATION OF GOVERNANCE

3.1 French law allows all public limited companies to choose between a unitary formula (Board of Directors) and a two-tier formula (Supervisory Board and Management Board).

3.2 In addition, corporations with a Board of Directors can choose between separation of the offices of Chairman and Chief Executive Officer and the combination of such offices. The law does not favour either formula and allows the Board of Directors to choose between the two forms of exercise of executive management. It is up to the Board to decide and explain its decision. The Board may appoint a Lead Director from among the independent directors, particularly when it has been decided to combine such offices. In the event of the separation of the offices of Chairman and Chief Executive Officer, any tasks entrusted to the Chairman of the Board in addition to those conferred upon him or her by law must be described.

3.3 If the Board decides to confer upon a director, and in particular a Lead Director, special tasks that relate to governance or shareholder relations, these tasks and the resources and prerogatives available to him or her must be described in the internal rules.

3.4 French public limited companies are therefore able to choose between three forms of organisation of management and supervisory powers. The chosen formula and the reasons for this decision are communicated to shareholders and third parties.

4 THE BOARD AND COMMUNICATION WITH SHAREHOLDERS AND THE MARKETS

4.1 It is up to each Board of Directors to define the company's financial disclosure policy. Each corporation should have a very rigorous policy for communication with the market and analysts.

4.2 Any communications activities must allow everyone to access the same information at the same time.

4.3 The Board should ensure that the shareholders and investors receive relevant information that is balanced and keeps them fully cognisant of the strategy, the development model, the consideration of non-financial aspects that are of significance to the corporation as well as its long-term outlook.

4.4 Shareholder relations with the Board of Directors, particularly with regard to corporate governance aspects, may be entrusted to the Chairman of the Board of Directors or, if applicable, to the Lead Director. He or she shall report on this task to the Board of Directors.

4.5 Each listed corporation must have reliable procedures for identifying, monitoring and assessing its commitments and risks, and provide shareholders and investors with relevant information in this area.

4.6 To this end:

- the annual report should specify the internal procedures set up to identify and monitor off-balance-sheet commitments, as well as to evaluate the corporation's material risks;
- the ratings given to the firm by financial ratings agencies should be published along with any changes that have occurred during the financial year.

5 THE BOARD OF DIRECTORS AND THE SHAREHOLDERS' MEETING

5.1 The Board of Directors is mandated by all of the shareholders. It exercises the powers that have been assigned to it by law in the corporate interest. It is collectively accountable for the performance of its tasks before the shareholders' meeting, in relation to which, by law, it assumes its responsibilities.

5.2 The shareholders' meeting is a decision-making body for the areas stipulated by law as well as a vital forum in which the company can engage in a dialogue with its shareholders. It is not only the occasion when the managing bodies report on the corporation's activities and on the operation of the Board of Directors and its specialised committees, but also an opportunity for a dialogue with the shareholders.

The Board of Directors must respect the specific competence of the shareholders' meeting if the transaction that it is proposing is such as to modify, in fact or in law, the corporate purpose, which is the very basis of the contract founding the corporation.

5.3 If a disposal is contemplated, in one or more transactions, concerning at least half of the company's assets over the past two financial years, the Board of Directors and the executive management must assess the strategic merits of the transaction and ensure that the process takes place in accordance with the corporate interest, in particular by putting in place resources and procedures to identify and manage any conflicts of interest. To this end, they may seek external opinions, in particular concerning the merits of the transaction, its valuation and the contemplated arrangements. It is also recommended that the Board should set up an *ad hoc* committee, at least two-thirds of which is made up of independent directors, from which executive officers are excluded.

5.4 Before carrying out this disposal, the Board must present the shareholders' meeting with a report about the context and the progress of the transactions. This presentation shall be followed by an advisory vote by the shareholders subject to the same quorum and majority conditions as for ordinary shareholders' meetings. If the meeting issues a negative opinion, the Board shall meet as soon as possible and immediately publish on the company's website a notice detailing how it intends to proceed with the transaction.

6 MEMBERSHIP OF THE BOARD OF DIRECTORS: GUIDING PRINCIPLES

6.1 The quality of a Board of Directors can be seen in the balance of its membership as well as in the skills and ethics of its members.

All directors are expected to act in the corporate interest and to possess the following essential qualities:

- sound judgement, in particular, of situations, strategies and people, based primarily on his or her own experience;
- a capacity to anticipate that enables him or her to identify risks and strategic issues;
- integrity, regularity of attendance, active participation and involvement.

6.2 Each Board should consider what the desirable balance of its membership and that of the Board committees should be, particularly in terms of diversity (gender representation, nationalities, age, qualifications, professional experience, etc.). It should make public in the report on corporate governance a description of the diversity policy applied to members of the Board of Directors as well as a description of the objectives of this policy, its implementation measures and the results achieved in the past financial year.

7 REPRESENTATION OF EMPLOYEE SHAREHOLDERS AND EMPLOYEES

7.1 Within a group, the directors representing employees elected or appointed in accordance with the legal requirements sit on the Board of the company that declares that it refers to the provisions of this code in its report on corporate governance. When several group companies apply these provisions, the Boards shall determine the corporation(s) eligible for this recommendation.

7.2 In the same way as the other directors, directors representing employee shareholders[2] and directors representing employees[3] are entitled to vote at meetings of the Board of Directors[4], which is a collegial body that has the obligation of acting under all circumstances in the corporate interest. Like all other directors, they may be selected by the Board to participate in committees.

7.3 Without prejudice to the legal provisions specific to them, directors representing employee shareholders and directors representing employees have the same rights, are subject to the same obligations, in particular in relation to confidentiality, and take on the same responsibilities as the other members of the Board.

8 INDEPENDENT DIRECTORS

8.1 The quality of the Board of Directors cannot be defined simply by reference to a percentage of independent directors, as the directors are above all required to be honest, competent, active, regularly attending and engaged. It is nevertheless important for the Board of Directors to include a significant proportion of independent directors, not only in order to satisfy the expectations of the market but also in order to improve the quality of proceedings.

8.2 A director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or its management that may interfere with his or her freedom of judgement. Accordingly, an independent director is understood to be any non-executive director of the corporation or the group who has no particular bonds of interest (significant shareholder, employee, etc.) with them.

8.3 The independent directors should account for half the members of the Board in widely held corporations without controlling shareholders. In controlled companies[5], independent directors should account for at least a third of Board members. Directors representing the employee shareholders and directors representing employees are not taken into account when determining these percentages.

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[2] Article L.225-23 of the Commercial Code.

[3] Articles L.225-27 and L.225-27-1 of the Commercial Code.

[4] Companies with more than fifty employees are required to have at least one representative of the works committee sitting on the Board of Directors in an advisory capacity according to the conditions laid down by the law.

[5] Within the meaning of Article L.233-3 of the Commercial Code.

8.4 Qualification as an independent director should be discussed by the nominations committee in the light of the criteria set out in § 8.5 and decided on by the Board:

- on the occasion of the appointment of a director;
- and annually for all directors.

The shareholders must be made aware of the conclusions of this review.

The Board of Directors may consider that, although a director meets the criteria set out in § 8.5, he or she cannot be held to be independent owing to the specific circumstances of the person or the company, due to its shareholding structure or for any other reason. Conversely, the Board may consider that a director who does not meet these criteria is nevertheless independent.

8.5 The criteria to be reviewed by the committee and the Board in order for a director to qualify as independent and to prevent risks of conflicts of interest between the director and the management, the corporation, or its group, are as follows:

8.5.1 not to be and not to have been within the previous five years:

- an employee or executive officer of the corporation;
- an employee, executive officer or director of a company consolidated within the corporation;
- an employee, executive officer or director of the company's parent company or a company consolidated within this parent company;

8.5.2 not to be an executive officer of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the corporation (currently in office or having held such office within the last five years) holds a directorship[6];

8.5.3 not to be a customer, supplier, commercial banker, investment banker or consultant[7]:

- that is significant to the corporation or its group;
- or for which the corporation or its group represents a significant portion of its activities.

The evaluation of the significance or otherwise of the relationship with the company or its group must be debated by the Board, and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the report on corporate governance;

8.5.4 not to be related by close family ties to a company officer;

[6] Thus, Mr X, executive officer of company A, may not be considered as an independent director of company B if:
- company B holds a directorship in company A either directly or through a subsidiary (indirectly);
- or if company B appoints an employee as a director of company A;
- or if an executive officer of company B (current or within the past five years) holds a directorship in company A.

[7] Or be linked directly or indirectly to these persons.

8.5.5 not to have been an auditor of the corporation within the previous five years;

8.5.6 not to have been a director of the corporation for more than twelve years. Loss of the status of independent director occurs on the date when this twelve years is reached.

8.6 A non-executive officer cannot be considered independent if he or she receives variable compensation in cash or in the form of shares or any compensation linked to the performance of the corporation or the group.

8.7 Directors representing major shareholders of the corporation or its parent company may be considered independent, provided these shareholders do not take part in the control of the corporation. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the nominations committee, should systematically review the qualification of a director as independent in the light of the make-up of the corporation's capital and the existence of a potential conflict of interest.

9 EVALUATION OF THE BOARD OF DIRECTORS:

9.1 The Board of Directors should evaluate its ability to meet the expectations of the shareholders that have mandated it to direct the corporation, by periodically reviewing its membership, organisation and operation (this involves a corresponding review of the Board committees).

Each Board should review the desirable balance of its membership and that of the Board committees and periodically consider the adequacy of its organisation and operation for the performance of its tasks.

9.2 The evaluation has three objectives:

- to assess the way in which the Board operates;
- to check that the important issues are suitably prepared and discussed;
- to measure the actual contribution of each director to the Board’s work.

9.3 The evaluation should be performed in the following manner:

- Once a year, the Board should debate its operation;
- There should be a formal evaluation at least once every three years. This can be undertaken under the leadership of the appointments or nominations committee or of an independent director assisted by an external consultant.
- the shareholders should be informed each year in the report on corporate governance of the evaluations carried out and, if applicable, of any steps taken as a result.

10 MEETINGS OF THE BOARD AND OF THE COMMITTEES

10.1 The number of meetings of the Board of Directors and of the Board committees held during the past financial year should be mentioned in the report on corporate governance, which must also provide the shareholders with any relevant information relating to the directors' individual attendance at such meetings.

10.2 The frequency and duration of meetings of the Board of Directors should be such that they allow in-depth review and discussion of the matters that come under the competence of the Board. The same applies to meetings of the Board committees (audit, compensation, appointments, nominations committee, etc.).

10.3 It is recommended that at least one meeting not attended by the executive officers should be organised each year.

10.4 Proceedings should be unambiguous. The minutes of the meeting should summarise the discussions and the matters raised, and indicate the decisions made and any reservations expressed. In this way, they make it possible to maintain a record of what the Board has done in order to carry out its duties.

11 DIRECTORS' ACCESS TO INFORMATION

11.1 The manner in which the right to disclosure provided for by law is exercised and the related duties of confidentiality should be set out in the internal rules of the Board of Directors.

11.2 Corporations must also provide their directors with appropriate information between meetings of the Board throughout the life of the corporation, if the importance or urgency of the information so requires. Ongoing disclosure should also include any relevant information, including criticism, relating to the corporation, such as articles in the press and financial analysts' reports.

11.3 Conversely, the directors are required to request the appropriate information that they consider necessary in order to perform their duties. Accordingly, if a director considers that he or she has not been suitably informed for participation in the proceedings, he or she is obliged to inform the Board of this in order to obtain the information necessary to perform his or her duties.

11.4 Directors must have the opportunity to meet with the corporation's principal executive managers, including in the absence of the company officers. In the latter case, these should be given prior notice.

12 DIRECTORS' TRAINING

12.1 One of the major conditions for appointing a director is his or her abilities, but it cannot be expected *a priori* that every director has specific knowledge of the corporation's organisation and its activities. Each director should accordingly be provided, if he or she considers it to be necessary, with supplementary training relating to the corporation's specific features, its businesses, its business sector and its social and environmental responsibility aspects.

12.2 The members of the audit committee should be provided, at the time of their appointment, with information relating to the corporation's specific accounting, financial and operational features.

12.3 Directors representing employees[8] or representing employee shareholders should be provided with suitable training enabling them to perform their duties

13 DURATION OF DIRECTORS' TERMS OF OFFICE

13.1 The duration of directors' terms of office, laid down by the by-laws[9], should not exceed four years, so that the shareholders can express their wishes regarding their term of office with sufficient frequency.

13.2 Terms of office should be staggered so as to avoid replacement of the entire body and to favour a smooth replacement of directors.

13.3 The report on corporate governance should detail the start and end dates of each director's term of office to make the existing staggering clear. For each director, it should also indicate, in addition to the list of offices and positions held in other corporations, the director's nationality, age and principal position, and provide a list of names of the members of each Board committee.

13.4 When the shareholders' meeting is asked to appoint or reappoint a director, the booklet or the notice calling the shareholders' meeting should, in addition to the items required by statute, contain biographical information outlining his or her *curriculum vitae* as well as the reasons for proposing his or her appointment to the shareholders' meeting.

[8] Article L.225-30-2 of the Commercial Code.

[9] Under French law, the duration of directors' terms of office is laid down by the by-laws, and may not exceed six years.

14 BOARD COMMITTEES: GENERAL PRINCIPLES

The general principles apply to all the committees set up by the Board.

The number and structure of the committees are determined by each Board. However, in addition to the tasks assigned to the audit committee by law[10], it is recommended that the compensation and the appointments of directors and company officers should be the subject of preparatory work by a specialised committee of the Board of Directors.

14.1 Membership of the committees

The proportion of independent directors that the code recommends for inclusion in the committees is set out below.

The directors representing employee shareholders and directors representing employees are not taken into account when calculating the percentages of independent directors on the Board committees.

The existence of cross-directorships in the committees[11] should be avoided.

14.2 Appointment of the committees

When the Board has appointed specialised committees, the creation of such committees shall in no event remove matters from the purview of the Board itself, which has sole statutory decision-making authority, nor may it lead to division within the Board, which is and should remain accountable for the discharge of its duties. The committees do not act in the place of the Board, but rather as an extension of the Board in order to facilitate its work.

For this reason in particular, it is necessary to emphasise the importance of the quality of the activity reports drawn up by the Board committees and of the rules which must keep the latter fully informed in order to facilitate its deliberations as well as of including a description of the committees' activities in the past financial year in the report on corporate governance.

14.3 Methods of operation of the committees

When exercising their duties, Board committees may contact the principal managers of the corporation after informing the company officers and subject to reporting back to the Board on such contacts.

The Board committees may request external technical studies relating to matters within their competence, at the corporation's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board thereon. If committees have recourse to services provided by external consultants (e.g. a compensation consultant in order to obtain information on

[10] Article L.823-19 of the Commercial Code.

[11] The terms cross-directorships or reciprocal directorships are used to refer to a situation in which a company officer of company A sits on a Board committee of company B and, conversely, a company officer of company B sits on the corresponding Board committee of company A.

compensation systems and levels applicable in the main markets), the committees must ensure that the consultant concerned is objective.

Each committee must have internal rules setting out its duties and mode of operation. The committees' internal rules, which must be approved by the Board, may be integrated into the internal rules of the Board or be set out in separate provisions.

The committees' secretariat tasks shall be undertaken by the persons nominated by the chairman of the committee or in agreement with him or her.

15 THE AUDIT COMMITTEE[12]

Each Board should appoint an audit committee, the duties of which are inseparable from those of the Board of Directors, which is legally bound to approve the annual corporate financial statements and to prepare the annual consolidated accounts. Approving the accounts is the main occasion on which the Board assumes two of its essential duties: the review of the management and the verification of the reliability and clarity of the information to be provided to the shareholders and the market.

15.1 Membership

The audit committee members should be competent in finance or accounting.

The proportion of independent directors on the audit committee should be at least equal to two-thirds, and the committee should not include any executive officer.

The appointment or reappointment of the chairman of the audit committee is proposed by the nominations committee and should be the subject of a specific review by the Board.

15.2 Duties

In addition to the duties conferred on it by law, the audit committee must, when preparing the financial information, make sure that the accounting methods employed are relevant and applied consistently, in particular when dealing with major transactions. It is also desirable that when reviewing the accounts, the committee focus on major transactions which could have given rise to conflicts of interest.

In the framework of monitoring the effectiveness of the internal control and risk management systems and, where applicable, of the internal audit of the procedures relating to the preparation and processing of financial and extra-financial accounting information, the committee[13] should hear the persons responsible for the internal audit and risk control and issue an opinion on the organisation of their services. It should be informed of the internal audit schedule and receive internal audit reports or a periodical summary of these reports.

[12] This committee may have various names, depending on the company. For convenience, the name "audit committee" will be used. The tasks assigned to the audit committee can be divided in two, for example between an audit committee and a risk committee.

[13] Another specialised committee of the Board of Directors may perform this task.

The committee reviews the major risks and off-balance-sheet commitments, assesses the significance of any deficiencies or weaknesses of which it has been notified and informs the Board if necessary.

The review of the accounts must be accompanied by a management presentation describing the company's exposure to risks, including those of a social and environmental nature, and significant off-balance-sheet commitments as well as the accounting options chosen.

Finally, it should review the scope of consolidation and, if necessary, the reasons why any companies should not be included in it.

15.3 Operating methods

Sufficient time must be available for the provision of the accounts and their review.

The committee hears the statutory auditors, in particular on the occasion of meetings held to review the process used for preparing the financial information and reviewing the accounts, in order to report on the conduct of their task and the conclusions of their work.

This enables the committee to be informed of the main areas of risk or uncertainty relating to the accounts as identified by the statutory auditors, their approach to the audit and any difficulties that might have arisen during the conduct of the task.

It also hears the directors responsible for financial affairs, accounting, cash flow and internal audits. Should the committee so wish, it must be possible to hold these sessions in the absence of the company's executive management.

16 THE NOMINATIONS COMMITTEE

The nominations committee plays an essential role in shaping the future of the company, as it is responsible for preparing the future membership of the leadership bodies. Accordingly, each Board should appoint, from its members, a committee for the nomination of directors and company officers which may or may not be separate from the compensation committee.

16.1 Membership

It must not include any executive officer and must mostly consist of independent directors.

16.2 Duties

16.2.1 In the case of the selection of new directors

This committee is responsible for submitting proposals to the Board after reviewing in detail all of the factors to be taken into account in its proceedings, in particular with regard to the make-up and changes in the corporation's shareholding structure, in order to arrive at a desirable balance in the

membership of the Board: gender representation, nationality, international experience, expertise, etc. In particular, it should organise a procedure for the nomination of future independent directors and perform its own review of potential candidates before the latter are approached in any way.

16.2.2 In the case of succession planning for company officers

The nominations committee (or an *ad hoc* committee) should design a plan for replacement of company officers. This is one of the committee's most important tasks, even though it can, if necessary, be entrusted by the Board to an *ad hoc* committee. The Chairman may or may not contribute to the committee's work during the conduct of this task.

16.3 Operating methods

The Chief Executive Officer[14] contributes to the work of the nominations committee. If the functions of Chairman and Chief Executive Officer are separated, the non-executive Chairman can be a member of this committee.

17 THE COMPENSATION COMMITTEE[15]

17.1 Membership

It must not include any executive officer and must mostly consist of independent directors. It is recommended that the chairman of the committee should be independent and that one of its members should be an employee director.

17.2 Duties

The compensation committee is responsible for reviewing and proposing to the Board all of the elements determining the compensation and entitlements accruing to the company officers. The Board of Directors in its entirety is responsible for making the corresponding decisions. It also issues recommendations concerning the global amount of and methods used for the distribution of the fees awarded to directors.

Furthermore, the committee must be informed of the compensation policy applicable to the principal managers who are not company officers. To this end, the compensation committee involves the executive officers in its work.

17.3 Operating methods

When the report on the work of the compensation committee is presented, the Board should deliberate on issues relating to the compensation of the company officers in the absence of the latter.

[14] This recommendation applies to the Chairman and Chief Executive Officer or Chief Executive Officer in companies with a Board of Directors, to the Chairman of the Management Board, to the sole Managing Director in companies with a Management Board and a Supervisory Board and to statutory managers in partnerships limited by shares.

[15] This committee may have various names, depending on the company. For convenience, we propose to use the term "compensation committee".

18 NUMBER OF DIRECTORSHIPS OF COMPANY OFFICERS AND DIRECTORS

18.1 Directors should devote the necessary time and attention to their duties.

18.2 An executive officer should not hold more than two other directorships in listed corporations, including foreign corporations, outside of his or her group[16]. He or she must also seek the opinion of the Board before accepting a new directorship in a listed corporation.

18.3 With regard to non-executive officers, the Board may draw up specific recommendations on this issue, taking into account the individual's particular situation and the specific tasks conferred on him or her.

18.4 A director should not hold more than four other directorships in listed corporations, including foreign corporations, outside of the group. This recommendation will apply at the time of appointment or for the next renewal of the director's term of office.

18.5 The director should keep the Board informed of directorships held in other companies, including his or her participation on Board committees of these companies, both in France and abroad.

19 ETHICAL RULES FOR DIRECTORS

Any director[17] of a listed corporation should consider himself or herself as being bound by the following obligations:

– Before accepting office, the director should ensure that he or she is familiar with the general or specific obligations connected with that office. In particular, he or she should familiarise himself or herself with the relevant laws and regulations, by-laws, these recommendations as supplemented by the Board as well as internal rules adopted by the Board;

– In the absence of legal provisions to the contrary, the director should personally be a shareholder and, by virtue of the provisions in the by-laws or the internal rules, hold a minimum number of shares that is significant in relation to the directors' fees awarded. If he or she does not hold these shares when assuming office, he or she should use his or her directors' fees to acquire them. The director will notify the corporation of this information, which will publish it in its report on corporate governance;

– The director is mandated by all the shareholders and should act in all circumstances in the best interests of the corporation;

– The director is bound to report to the Board any conflict of interest, whether actual or potential, and abstain from attending the debate and taking part in voting on the related resolution;

[16] The above limit does not apply to directorships held by an executive officer in subsidiaries and holdings, held alone or together with others, of companies whose main activity is to acquire and manage such holdings.

[17] The obligations are naturally applicable both to permanent representatives of legal entities holding directorships and to individual directors.

- The director should be regular in his or her attendance and take part in all meetings of the Board and of any committees of which he or she is a member. He or she must also be present at the shareholders' meeting;

- The director has a duty to remain informed. To this end, he or she should request from the Chairman in due time all the information required to effectively contribute to the items on the agenda of Board meetings;

- With regard to any non-public information obtained in the discharge of his or her duties, the director should consider that he or she is bound by a strict duty of confidentiality that goes beyond the mere duty of discretion provided for by law;

- The director will comply with the applicable legal and regulatory provisions relating to the declaration of transactions and the requirement to abstain from dealing in the securities of the corporation.

Each Board is responsible for supplementing, if appropriate, this list of basic obligations placed on directors with specific provisions that it deems necessary for its operation. To this end, it is desirable that the internal rules set out the rules for preventing and managing conflicts of interest.

20 DIRECTORS' COMPENSATION

20.1 It should be recalled that the method of allocation of this compensation, the total amount of which is determined by the shareholders' meeting, is set by the Board of Directors. It should take account, in such ways as it shall determine, of the directors' actual attendance at meetings of the Board and committees, and the amount shall therefore consist primarily of a variable portion.

20.2 Directors' participation in specialised committees may give rise to the award of additional directors' fees. Similarly, the exercise of special tasks, such as those of Vice President or Lead Director, may give rise to additional fees or payment of extraordinary compensation subject to the application of the procedure for related parties agreements.

20.3 The amount of directors’ fees should reflect the level of responsibility assumed by the directors and the time that they need to devote to their duties. Each Board must review the adequacy of the level of directors’ fees with regard to the duties and responsibilities placed on the directors.

20.4 The rules for allocation of the directors’ fees and the individual amounts of payments made in this regard to the directors should be set out in the report on corporate governance.

21 TERMINATION OF EMPLOYMENT CONTRACT IN THE EVENT OF BECOMING A COMPANY OFFICER

21.1 When an employee becomes a company officer, it is recommended to terminate his or her employment contract with the company or with a group company, whether through contractual termination or resignation[18].

21.2 This recommendation applies to the Chairman and Chief Executive Officer or Chief Executive Officer in corporations with Boards of Directors, to the Chairman of the Management Board, to the sole Managing Director in companies with a Management Board and a Supervisory Board and to the statutory managers of partnerships limited by shares.

21.3 It does not apply to employees of a group of companies who are company officers of a subsidiary of the group, whether listed or not.

22 REQUIREMENT FOR COMPANY OFFICERS TO HOLD SHARES

The Board of Directors defines a minimum number of registered shares that the company officers must retain through to the end of their term of office. This decision is reviewed at least on each extension of their term of office.

The Board may base its decisions on various references, for example:

- the annual compensation;
- a defined number of shares;
- a percentage of the capital gain net of taxes and social security contributions and of expenses related to the transaction, in the case of exercised options or performance shares;
- a combination of these references.

Until this objective regarding the holding of shares has been achieved, the company officers will devote a proportion of exercised options or awarded performance shares to this end as determined by the Board. This information must be presented in the corporation's report on corporate governance.

23 CONCLUSION OF A NON-COMPETITION AGREEMENT WITH A COMPANY OFFICER

23.1 The purpose of concluding a non-competition agreement is to restrict the freedom of a company officer to hold a position with a competitor. It is an instrument designed to protect the company and justifies financial compensation for the aforementioned company officer.

[18] Where the employment contract continues, it will be suspended as provided for under applicable legislation.

23.2 In accordance with the procedure governing related parties agreements, the Board must authorise the conclusion of the non-competition agreement, the length of the requirement for non-competition and the amount of benefits, taking into account the actual and effective scope of the non-competition requirement. The decision of the Board must be made public.

23.3 When the agreement is concluded, the Board must incorporate a provision that authorises it to waive the application of this agreement when the officer leaves.

23.4 The Board must also make provision for no non-competition benefit to be paid once the officer claims his or her pension rights. In any event, no benefit can be paid over the age of 65.

23.5 There must be no possibility of concluding a non-competition agreement at the time when the company officer leaves in cases where no such clause had previously been stipulated.

23.6 The benefit paid in respect of the non-competition agreement must not exceed the ceiling of two years of (annual fixed + variable) compensation. When a termination benefit is also paid, the aggregate of these two benefits must not exceed this ceiling (see above). The non-competition benefit must be paid in instalments during its term.

24 COMPENSATION OF COMPANY OFFICERS

24.1 Principles for the determination of the compensation of executive officers and the role of the Board of Directors

24.1.1 Role of the Board of Directors

The Board must debate the performances of the executive officers in the absence of the interested parties.

The Board of Directors which appoints the executive officers is responsible for determining their compensation on the basis of proposals made by the compensation committee. The Board provides reasons for its decisions in such matters.

The compensation of these directors must be competitive, adapted to the company's strategy and context and must aim, in particular, to improve its performance and competitiveness over the medium and long term, notably by incorporating one or more criteria related to social and environmental responsibility.

The compensation must make it possible to attract, retain and motivate high-quality directors.

24.1.2 Principles for the determination of compensation

In order to determine the compensation of executive officers, the Boards and committees must take into account and rigorously apply the following principles:

- **comprehensiveness**: the determination of the compensation must be comprehensive. All the components of the compensation must be taken into account when determining the overall compensation level;

- **balance between the compensation components**: each component of the compensation must be clearly substantiated and correspond to the corporate interest;

- **comparability**: this compensation must be assessed within the context of a business sector and the reference market. If the market is taken as a reference, it cannot be the only one since the compensation of a company officer depends on the responsibilities assumed, the results achieved and the work performed. It may also depend on the nature of the tasks entrusted to him or her or on the specific situations (for example, turning around a company in difficulty);

- **consistency**: the company officer's compensation must be determined in a manner consistent with that of the other officers and employees of the company;

- **understandability of the rules**: the rules should be simple, stable and transparent. The performance criteria used must correspond to the company's objectives, and be demanding, explicit, and, to the greatest extent possible, long-lasting;

- **proportionality**: the determination of the compensation components must be well balanced and simultaneously take account of the corporate interest, market practices, the performance of the officers, and the company's other stakeholders.

These principles apply to all compensation components, including long-term and extraordinary compensation.

24.1.3 Application of the principles to partnerships limited by shares

It is desirable that partnerships limited by shares apply the same compensation rules as those that are applicable to public limited companies, with the sole exclusion of differences justified by the specific characteristics of this corporate form and, more specifically, those associated with the status of manager of a partnership limited by shares.

24.2 Principles for the determination of the compensation of non-executive officers

In the same way as for executive officers, the Board of Directors, which appoints non-executive officers, is responsible for determining their compensation on the basis of proposals made by the compensation committee. The Board provides reasons for its decisions in such matters.

It is not desirable to award variable compensation, stock options or performance shares. If, despite this, such awards are granted, then the Board must justify the reasons for this and the director cannot be considered to be independent *(see above)*.

24.3 Components of the compensation of executive officers

24.3.1 Fixed compensation of executive officers

In principle, fixed compensation may only be reviewed at relatively long intervals.

If, however, the company opts for an annual increase in the fixed compensation, this increase must be modest and must respect the principle of consistency set out in § 24.1.2.

In the event of any significant increase in compensation, the reasons for this increase must be clearly indicated.

24.3.2 Annual variable compensation of executive officers

The Board may decide to award annual variable compensation, the payment of which may be deferred if appropriate.

The rules for fixing this compensation must be consistent with the annual review of the performances of the executive officers and the corporate strategy. They depend on the director's performance and the progress made by the company.

The terms of the annual variable compensation must be understandable to shareholders, and clear and comprehensive information must be provided each year in the report on corporate governance.

The Board defines the criteria that make it possible to determine the annual variable compensation as well as the objectives to be achieved. These must be precise and, of course, predetermined.

These criteria must be reviewed regularly, while avoiding overly frequent revisions.

The **quantifiable** criteria are not necessarily financial and must be simple, relevant and suited to the corporate strategy. They must account for the largest share of this compensation.

If used, the stock exchange price must not constitute the only quantifiable criterion and may be assessed on a relative basis (comparison with similar companies or indexes).

The **qualitative** criteria must be defined precisely. When qualitative criteria are used within the annual variable compensation, a limit must be set for the qualitative part.

The maximum amount of annual variable compensation must be defined as a percentage of the fixed compensation and must be of a magnitude that is proportionate to this fixed part.

Except in justified cases, the award of annual variable compensation may not be restricted solely to executive officers.

24.3.3 Long-term compensation of executive officers

- **General principles**

  The aim of the long-term compensation mechanisms is not only to encourage directors to adopt a long-term approach but also to secure their loyalty and harmonise their own interests with the corporate interest and the interests of the shareholders.

  These mechanisms may consist of the award of instruments such as stock options or performance shares or may take the form of the award of securities or cash payments within the framework of multi-annual variable compensation plans.

  Such plans are not restricted solely to executive officers, and all or a part of the company's employees may benefit from them.

  They must be simple and comprehensible, both for the interested parties themselves and for the shareholders.

  When awarding them, the Board may include a provision authorising it to rule on the maintenance or otherwise of long-term compensation plans not yet acquired, options not yet exercised or shares not yet vested at the time of departure of the beneficiary.

  These plans, the award of which must be proportionate to the annual fixed and variable compensation components, must provide for demanding performance conditions to be fulfilled over a period of several consecutive years. These conditions may be performance conditions that are internal to the company or relative conditions, that is to say linked to the performances of other corporations, a reference sector, etc. If chosen as a criterion, the stock exchange price may be assessed on a relative basis (comparison with similar companies or indexes). Whenever possible and relevant, these internal and relative performance conditions should be combined.

Only under exceptional circumstances (substantial change to scope, unexpected change in the competitive context, loss of relevance of a reference index or a comparison group, etc.) is it permissible to modify the performance conditions during the period in question. In this case, these changes are made public following the Board meeting at which they were decided on. In the event of a change to the performance conditions, the alignment of the interests of the shareholders with those of the beneficiaries must be maintained.

In the event of the departure of a director, please refer to § 24.5.1.

- **Provisions specific to stock options and performance shares**

The award of stock options and/or performance shares must correspond to a policy of involvement in the capital, i.e. a policy that aligns the interests of beneficiaries with those of the shareholders along with the associated uncertainty.

The Board must ensure that awards are made at the same calendar periods, e.g. after the publication of the financial statements for the previous financial year, and should preferably do so each year.

It is necessary to specify periods preceding the publication of the annual and interim financial statements during which the exercise of the stock options is not possible. The Board of Directors or Supervisory Board must specify these periods and, where applicable, specify the procedure to be followed by the beneficiaries prior to any exercise of the stock options in order to ensure that they do not hold any information likely to prevent them from exercising these options.

With regard to executive officers, it is necessary:

- to ensure that the stock options and performance shares valued in accordance with the method chosen for the consolidated financial statements represent a proportionate percentage of the aggregate of all compensation, options and shares awarded to them. The Board must specify the percentage of the compensation not to be exceeded by such awards;

- to avoid awards from being overly concentrated on them. According to the situation of each company (size, industry, broad or narrow scope of the award, number of officers, etc.), the Board must define the maximum percentage of options and performance shares that may be awarded to company officers, as compared with the aggregate award approved by the shareholders. The resolution authorising the award plan submitted to a vote at the shareholders' meeting must mention this maximum percentage in the form of an award sub-ceiling for company officers;

- to remain consistent with the corporation's prior practices for the valuation of the awarded options and performance shares.

No discount should be applied upon the award of stock options to company officers.

Company officers who are beneficiaries of stock options and/or performance shares must make a formal commitment not to engage in any hedging transactions in respect of their own risks with regard to options, shares resulting from the exercise of options or performance shares, and to respect this commitment until the end of the share retention period determined by the Board of Directors.

24.3.4 Extraordinary compensation of executive officers

Only highly specific circumstances may warrant the award of extraordinary compensation (for example, due to their importance for the corporation, the involvement they demand and the difficulties they present).

Justified reasons for the payment of this compensation must be given, and the realisation of the event that gave rise to the payment must be explained.

24.4 Taking up of positions by executive officers

Benefits for taking up a position may only be granted to a new executive officer who has come from a company outside the group.

The payment of this benefit, which may take a number of different forms, is intended to compensate the director for the loss of the entitlements from which he or she previously benefited. It must be explicitly indicated and the amount must be made public at the time it is determined, including in the event of periodic or deferred payment.

24.5 Departure of company officers [19]

24.5.1 General provisions

It is not acceptable that directors whose company has failed or who have personally failed may receive benefits upon departure.

The law gives a major role to shareholders by making these predefined benefits, paid on termination of office as a company officer, subject to the procedure for related parties agreements. It demands total transparency and makes termination payments conditional upon performance conditions.

The performance conditions set out by the Board for these benefits must be assessed over at least two financial years. They must be demanding and may not allow for the indemnification of a director, unless his or her departure is imposed, regardless of the form of this departure.

[19] This provision is governed by Articles L.225-42-1 and L.225-90-1 of the Commercial Code.

The payment of any termination benefits to a company officer must be excluded if he or she elects to leave the company in order to hold another position or is assigned to another position within the same group or is entitled to benefit from his or her pension rights.

The termination payment must not exceed, where applicable, two years of (annual fixed and variable) compensation.

If a non-competition clause has also been stipulated, the Board decides on whether or not to apply this clause at the time of the director's departure, in particular in cases when the director leaves the company in order to claim entitlement or after claiming entitlement to his or her pension rights. Under no circumstances may the aggregate amount of these two benefits exceed this ceiling (*see above*).

This two-year ceiling also covers, where applicable, any benefits relating to termination of the employment contract.

Any artificial increase in compensation during the period preceding the departure should be prohibited.

A company officer cannot be awarded stock options or performance shares at the time of his or her departure.

In the event that a company officer leaves before the completion of the term envisaged for the assessment of the performance criteria for the long-term compensation mechanisms, continued entitlement to all or part of the long-term compensation benefit and its payment must be evaluated by the Board and the reasons for its decision must be indicated.

24.5.2 Rules governing information

In addition to the requirements imposed by law, when a company officer leaves the company, the financial conditions relating to his or her departure must be set out in detail. The information that is to be published comprises:

— the fixed compensation paid in respect of the current financial year;

— the way in which the annual variable compensation will be calculated for the current year;

— if applicable, any extraordinary compensation;

— how the following will be dealt with:

  - ongoing multi-annual or deferred variable compensation plans*;*

  - stock options that have not yet been exercised and performance shares not yet vested;

— the payment of any termination or non-competition benefits;

— benefits from any supplementary pension schemes.

24.6 Supplementary pension schemes of company officers

24.6.1 General principles

The supplementary pension schemes make it possible to supplement the pensions paid by the basic and complementary schemes.

Irrespective of its nature, the award of a supplementary pension scheme to a company officer must comply with the principles used to determine compensation as set out in § 24.1.2. Except where its purpose is to offset the loss of potential entitlements in respect of which the benefit has already been subject to performance conditions, the award of entitlements or compensation intended to constitute a supplementary pension scheme is subject to such conditions. This recommendation applies to the schemes set up as from the publication of the revised code in June 2018. It does not apply to the schemes pursuant to the sixth paragraph of Article L.225-42-1 of the Commercial Code.

24.6.2 Supplementary pension schemes with defined benefits governed by Article L.137-11 of the Social Security Code

Supplementary pension schemes with defined benefits for senior executives and company officers must be subject to conditions intended to prevent abuse.

These supplementary pension schemes must be subject to the condition that the beneficiary be a director or employee of the company when claiming his or her pension rights under the applicable rules.

In order to prevent any abuse, and in addition to the legal provisions[20], it is necessary to impose the following rules (without prejudice to schemes closed to new beneficiaries, which may not be altered):

— the group of potential beneficiaries must be considerably larger than the company officers alone;

— the beneficiaries must meet reasonable requirements of seniority within the company, equal to at least two years, as determined by the Board of Directors, before they benefit from payments from a pension plan with defined benefits;

— the performance conditions permitting the annual definition of the acquisition of conditional rights, applicable in accordance with current legislation, must be demanding;

— the benchmark period taken into account for the calculation of the benefits must cover several years, and any artificial increase in compensation aimed solely at increasing pension benefits over the same period must be excluded;

[20] Article L.225-42-1 of the Commercial Code.

- systems that confer an entitlement, either immediately or after a small number of years, to a high percentage of the total end-of-career compensation must therefore be excluded;
- the maximum percentage of the reference income which the supplementary pension scheme would confer must not be greater than 45% of the reference income (annual fixed and variable compensation due in respect of the reference period).

25 INFORMATION ON COMPANY OFFICERS' COMPENSATION AND THE POLICY FOR AWARDING STOCK OPTIONS AND PERFORMANCE SHARES

The law imposes on companies the obligation to disclose in their report on corporate governance or, if applicable, in a specific section of their management report the aggregate compensation and entitlements of all types paid during the financial year to each company officer, as well as the amount of the compensation and entitlements of any type that each of these officers has received during the financial year from group companies. Comprehensive information must be provided to shareholders so that they can have a clear view, not only of the individual compensation paid to company officers, but also of the policy applied in order to determine the compensation.

25.1 Ongoing information

All of the company officers' compensation components, whether potential or vested, must be publicly disclosed, immediately after the meeting of the Board approving them.

25.2 Annual information

The report on corporate governance must include a chapter, prepared with the support of the compensation committee, devoted to informing shareholders of the compensation received by company officers.

This chapter must contain a detailed presentation of the policy used to determine the compensation of the company officers, in particular:

- the rules governing the award of the annual variable part. Without jeopardising the confidentiality that may be linked to certain elements in the determination of the variable part of the compensation, this presentation must indicate the breakdown of the qualitative or quantifiable criteria on the basis of which this variable part is determined, their relative importance, how these criteria have been applied during the financial year and whether the individual targets have been attained. It must also, where necessary, specify whether the payment of this variable part is partly deferred and indicate the conditions and methods of this deferred payment.
- the rules governing the award of multi-annual variable compensation. Without jeopardising the confidentiality that may be justified for certain elements in the determination of this multi-annual variable compensation, it must indicate the qualitative or quantifiable criteria on the basis of which this compensation is determined and their respective importance and, when the multi-annual variable part is paid, how these criteria have been applied;

- a description of the policy for awarding stock options to company officers. In particular, it is necessary to specify the nature of the options (purchase or subscription options), the frequency of the plans and the conditions decided on by the Board for the exercise of the options. A summary table showing all the data relating to current option plans, as set out in the report on corporate governance;

- a description of the policy for awarding shares to company officers, the conditions and, if applicable, the criteria defined by the Board of Directors. In the same way as for stock options, a summary table must show all these data and, in particular, the number of performance shares awarded to each company officer;

- the valuation of stock options and performance shares awarded to company officers, if applicable, at the time of the award and in accordance with the method used for the consolidated financial statements, and the fraction (of the capital) awarded to each of them must also be indicated.

This chapter must also contain:

- a detailed presentation of each company officer's individual compensation, compared with that of the preceding financial year, and broken down between fixed components and variable components. Although the Commercial Code does not impose any such obligation, it appears that the information most relevant for shareholders consists of connecting the variable component to the financial year in respect of which it is calculated, even if it is only paid during subsequent financial years. It is therefore recommended to disclose on a priority basis the compensation due in respect of the financial year and to show in a summary table the amounts due and paid for the current and the preceding financial years;

- the aggregate and individual amount of directors' fees paid to directors and the rules for allocating these, as well as the rules governing the payment of the directors' fees awarded, where applicable, to the general management team in respect of corporate offices held in group companies;

- information on the pension system. Given their wide variety, it is necessary to indicate whether company officers benefit from the same pension scheme as the group's senior executives or whether they benefit from a specific pension scheme, and to describe the main features of these schemes and in particular their calculation methods.

It is recommended that this should follow the standard presentation (shown in Appendix 3) for all the compensation components received by the directors.

26 CONSULTATION OF SHAREHOLDERS ON THE COMPENSATION OF INDIVIDUAL COMPANY OFFICERS[21]

26.1 The Board must present the compensation of company officers at the annual ordinary shareholder's meeting. This presentation covers the compensation components due or awarded in respect of the closed financial year to each company officer:

- the fixed part;
- the annual variable part together with the performance criteria that contribute to the determination of this amount;
- extraordinary compensation;
- stock options, performance shares and multi-annual variable compensation plans together with the performance criteria used to determine these compensation components;
- benefits linked to taking up or terminating office;
- the supplementary pension scheme;
- any other entitlements.

26.2 It is essential that this presentation is followed by a vote by shareholders. It is recommended to present the following to be voted on by the shareholders:

- one resolution for the Chief Executive Officer or the Chairman of the Management Board;
- one resolution for the Chairman of the Board of Directors or the Chairman of the Supervisory Committee;
- one resolution for the Deputy Chief Executive Officer(s) or the other members of the Management Board.

If the ordinary shareholders' meeting issues a negative opinion, the Board must meet within a reasonable period after the shareholders' meeting and examine the reasons for this vote and the expectations expressed by the shareholders.

Following this consultation and on the recommendations of the compensation committee, the Board will rule on the modifications to be made to the compensation due or awarded in respect of the closed financial year or the future compensation policy. It must then immediately publish information on the company's website indicating how it has responded to the vote at the shareholders' meeting and report on this at the next shareholders' meeting.

[21] This paragraph applies to companies not affected by the provisions of Articles L.225-37-2, L.225-82-2 and L.225-100 of the Commercial Code. The commitments made to company officers that correspond to compensation components, benefits or entitlements due, or likely to be due as a result of termination or change of office or retrospectively due to these, are subject to the procedure for related parties agreements.

27 IMPLEMENTATION OF THE RECOMMENDATIONS

27.1 Implementation by companies of the "comply or explain" rule

Listed corporations referring to this Corporate Governance Code should report in detail, in their report on corporate governance, on the implementation of these recommendations and, if applicable, provide an explanation when they deviate, if applicable, from any of them.

The explanation to be provided when a recommendation has not been applied must be comprehensible, relevant and detailed. It must be substantiated and adapted to the company's particular situation and must convincingly indicate why this specific aspect justifies an exemption. It must state the alternative measures that have been taken, if applicable, and must describe the actions that allow the company to comply with the aims of the relevant provision of the code.

If a company intends to implement a recommendation in the future from which it has provisionally deviated, it must state when this temporary situation will come to an end. Companies must indicate in a specific section or table the recommendations that they have not implemented and the respective explanations.

27.2 The High Committee on corporate governance

In order to ensure the effective implementation of the fundamental corporate governance rule, "comply or explain", Afep and Medef formed a High Committee on corporate governance in October 2013. It is responsible for monitoring the implementation of the Corporate Governance Code for the listed corporations that refer to it and ensures the actual implementation of the fundamental corporate governance rule, which is the "comply or explain" principle.

It consists of five experts who either hold or have held directorships in companies that refer to this code, and four qualified individuals who represent the investors and/or have been chosen for their legal or ethical expertise. The Chairman is appointed from among the five individuals who hold or have held directorships.

These individuals are appointed for a period of three years, which may be renewed once by Afep and Medef, on a staggered basis. The members of the High Committee must declare their directorships in listed companies and their participation in professional associations.

It is responsible for:

— monitoring the application of the principles contained in this code. To this end, it may firstly receive questions from Boards on any provision or interpretation connected with the code (for example, qualification as an independent director) and, secondly, it may decide to investigate at its own initiative if it establishes that a company has failed to implement one of the code's recommendations without sufficient explanations and refer the matter to the Board of the company in question. In the event of investigation, the company must reply to the High Committee's letter within a maximum period of two months. If it does not respond within this period, it runs the risk of the investigation being made public.

  If a company decides not to follow the High Committee's recommendations, it must indicate the latter's opinion in its report on corporate governance, together with the reasons why it decided not to comply with these recommendations;

— proposing to Afep and Medef updates to the code in the light of changing practices and recommendations that it may have made to companies in the course of its task of monitoring the implementation of the code.

The High Committee publishes an annual activity report.

28 REVISION OF THE CODE

The code is revised at the initiative of Afep and Medef, which regularly review the appropriateness of updating the code, notably in line with proposals from market participants.

The proposed revisions are submitted for public consultation.

APPENDICES

APPENDIX 1

STAGES IN THE DEVELOPMENT OF THE AFEP-MEDEF CODE

- **July 1995**: the Viénot I report focused primarily on the membership and tasks of the Board of Directors.

- **July 1999**: for the first time, the Viénot II report addressed the question of compensation by recommending bringing together the information on this compensation in an *ad hoc* chapter and further introduced the "comply or explain" principle.

- **September 2002**: the main features of the Bouton report were to strengthen the tasks of the audit committee and to define "independent director".

- **October 2003**: these reports were consolidated to form the "corporate governance code of listed corporations".

- **January 2007** and **October 2008**: the recommendations of the code were extended to comprise the compensation of the company officers.

- **April 2010**: recommendations were added to the code relating to the presence of women on Boards. The final aim was that all Boards should achieve and then maintain a percentage of at least 40% women as of the shareholders' meeting of 2016 or the admission of the company's shares for trading on a regulated market.

- **June 2013**: the recommendations of the code were extended to include the shareholders' vote on compensation, or "*say on pay*", the strengthening of the "comply or explain" rule and the establishment of the High Committee on corporate governance.

- **November 2015**: the recommendations of the code were extended to include the disposal of significant assets, in the light of the recommendations made by AMF, and consistency with the new statutory provisions governing supplementary pensions was established.

- **November 2016**: the recommendations of the code were specified in further detail and extended, in particular in the fields of independence, CSR and the compensation of company officers, by creating specific paragraphs on compensation applicable to non-executive officers, long-term compensation and extraordinary compensation and by ensuring the transparency of the elements relating to the departure of directors**.**

APPENDIX 2

COMPANY OFFICERS IN PUBLIC LIMITED COMPANIES AND PARTNERSHIPS LIMITED BY SHARES

		Public limited companies with a Board of Directors	**Public limited companies with a Management Board / Supervisory Board**	**Partnerships limited by shares**
Executive officers	Executive officers	• Chairman and Chief Executive Officer (combination of offices) • Chief Executive Officer • Deputy Chief Executive Officer(s)	• Chairman of the Management Board • Members of the Management Board	Manager(s)
Non-executive officers	Non-executive officers	Chairman of the Board of Directors (separation of the offices of Chairman and Chief Executive Officer)	Chairman of the Supervisory Board	Chairman of the Supervisory Board
	Directors / members of the Supervisory Board	Directors	Members of the Supervisory Board	Members of the Supervisory Board

APPENDIX 3

OVERVIEW OF THE BOARD OF DIRECTORS

	PERSONAL INFORMATION				EXPE-RIENCE	POSITION ON THE BOARD				PARTI-CIPATION IN BOARD COM-MITTEES
	Age	Gender	Nationality	Number of shares	Number of directorships in listed corporations	Independence	Initial date of appointment	Term of office expires	Length of service on the Board	
Company officer/ Director										
Directors										
Director(s) representing employee shareholders										
Director(s) representing employees										

Profile, experience and expertise of directors

Name:

- ***Age and nationality***
- ***First appointment***
- ***Term of office expires***
- ***Shares held***
- **Participation in Board committees**
- **Summary of the main areas of expertise and experience (*or referral to the biography if applicable)***
- **Main activities carried out outside of the company**
- **Current directorships**
  - Directorships and positions in group companies
  - Directorships and positions in companies outside of the group: (*French listed corporations, French unlisted corporations, foreign listed corporations, foreign unlisted corporations)*
- **Directorships that have expired within the past five years**

Changes that have occurred within the membership of the Board of Directors and committees during the financial year

Situation as at...

	Departure	Appointment	Reappointment
Board of Directors	*(name)* *dd/mm/yy*		
Audit committee			
Compensation committee			
Nominations committee			
Other			

Independence of directors

The following table shows the status of each director
with regard to the criteria for independence set out in § 8 of the code

Criterion 1: *Employee company officer within the previous 5 years* Not to be and not to have been within the previous five years: • an employee or executive officer of the company; • an employee, executive officer or director of a company consolidated within the corporation; • an employee, executive officer or director of the company's parent company or a company consolidated within this parent company.
Criterion 2: *Cross-directorships* Not to be an executive officer of a company in which the Corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the Corporation (currently in office or having held such office within the last five years) holds a directorship.
Criterion 3: *Significant business relationships* Not to be a customer, supplier, commercial banker, investment banker or consultant: • that is significant to the corporation or its group; • or for which the corporation or its group represents a significant portion of its activity. The evaluation of the significance or otherwise of the relationship with the company or its group must be debated by the Board and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the annual report.
Criterion 4: *Family ties* Not to be related by close family ties to a company officer.
Criterion 5: *Auditor* Not to have been an auditor of the corporation within the previous 5 years.
Criterion 6: *Period of office exceeding 12 years* Not to have been a director of the Corporation for more than 12 years. Loss of the status of independent director occurs on the date of the 12th anniversary.
Criterion 7: *Status of non-executive officer* A non-executive officer cannot be considered independent if he or she receives variable compensation in cash or in the form of securities or any compensation linked to the performance of the corporation or group.
Criterion 8: *Status of the major shareholder* Directors representing major shareholders of the corporation or its parent company may be considered independent, provided these shareholders do not take part in the control of the corporation. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the nominations committee, should systematically review the qualification as independent in the light of the make-up of the corporation's capital and the existence of a potential conflict of interest.

Criteria (1)	Dir	Dir	Dir	Dir	Dir	Dir	Dir	Dir
Criterion 1: *Employee corporate officer within the past 5 years*								
Criterion 2: *Cross-directorships*								
Criterion 3: *Significant business relationships*								
Criterion 4: *Family ties*								
Criterion 5: *Auditor*								
Criterion 6: *Period of office exceeding 12 years*								
Criterion 7: *Status of non-executive officer*								
Criterion 8: *Status of the major shareholder*								

(1) In this table, ✔ signifies that a criterion for independence is satisfied and ✘ signifies that a criterion for independence is not satisfied

Regular attendance of members of the Board of Directors

	Regular attendance on the Board of Directors	Regular attendance on the Audit Committee	Regular attendance on the Compensation Committee	Regular attendance on the Nominations Committee	Other
First name and surname (position)					

n/a: non applicable

APPENDIX 4

STANDARD PRESENTATION OF THE COMPENSATION OF COMPANY OFFICERS OF COMPANIES WHOSE SECURITIES ARE ADMITTED TO TRADING ON A REGULATED MARKET

In order to improve the clarity and comparability of information about company officers' compensation, Afep and Medef recommend that companies whose securities are admitted for trading on a regulated market should adopt the following presentation in the form of tables.

These ten tables must be grouped in a specific chapter of the report on corporate governance devoted to company officers' compensation. These tables supplement, but do not replace, the information that must be otherwise disclosed by the said companies, for instance as regards the compensation policy, the criteria for the determination of the variable fraction of compensation, or the full details of past stock option plans.

Furthermore, these tables must be supplemented by such information as might be needed to make them understandable and by data that cannot be detailed in tables, such as the details of collective benefit schemes and pension schemes entailing a risk factor.

Table 1

Table summarising the compensation, options and shares awarded to each executive officer		
	Financial year N-1	**Financial year N**
Company officer's name and position		
Compensation due in respect of the financial year (*detailed in table 2*)		
Valuation of the stock options awarded during the financial year (*detailed in table 4*)		
Valuation of the performance shares awarded during the financial year (*detailed in table 6*)		
Valuation of the other long-term compensation plans		
TOTAL		

Table 2

Table summarising the compensation of each executive officer				
Company officer's name and position	**Financial year N-1**		**Financial year N**	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation				
Annual variable compensation				
Extraordinary compensation				
Directors' fees				
Fringe benefits[22]				
TOTAL				

Table 3

Table on the directors' fees and other compensation received by non-executive directors		
Non-executive directors	**Amounts paid in N-1**	**Amounts paid in N**
Name		
Directors' fees		
Other compensation		
Name		
Directors' fees		
Other compensation		
TOTAL		

[22] These fringe benefits must be described: car, accommodation, etc.

Table 4

Subscription or purchase options awarded during the financial year to each executive officer by the issuer* and *by any group company						
(list of names)	No. and date of the plan	Nature of the options (purchase or subscription)	Valuation of the options according to the method used for consolidated financial statements	Number of options awarded during the financial year	Exercise price	Exercise period

Table 5

Subscription or purchase options exercised during the financial year by each executive officer			
(list of names)	No. and date of the plan	Number of options exercised during the financial year	Exercise price

Table 6

Performance shares awarded during the financial year to each executive officer by the issuer and by any group company						
(list of names)	No. and date of the plan	Number of shares awarded during the financial year	Valuation of the shares according to the method used for consolidated financial statements	Acquisition date	Availability date	Performance conditions

Table 7

Performance shares that have become available during the financial year for each executive officer		
(list of names)	No. and date of the plan	Number of shares that have become available during the financial year

Table 8

PAST AWARDS OF SUBSCRIPTION OR PURCHASE OPTIONS (1)				
INFORMATION ABOUT THE SUBSCRIPTION OR PURCHASE OPTIONS (1)				
	Plan no. 1	**Plan no. 2**	**Plan no. 3**	**Etc.**
Date of meeting				
Date of Board of Directors or Management Board meeting, as applicable				
Total number of shares (2) available for subscription or purchase, of which the number available for subscription or purchase by:				
The company officers (3)				
Director 1				
Director 2				
Director 3				
Starting date for the exercise of options				
Expiry date				
Subscription or purchase price (4)				
Methods of exercise (when the plan comprises several tranches)				
Number of shares subscribed on […] (most recent date)				
Cumulative number of subscription or purchase options cancelled or lapsed				
Subscription or purchase options remaining at the end of the financial year				

(1) Also includes other financial instruments giving access to capital (BSA, BSRA, BSPCE, etc.). The same information is given for other optional instruments, awarded as a result of operations reserved for company officers.

(2) State when the parity is not from a derivative in respect of a share by adding a comment. Similarly, if an adjustment has been made to the parity or to the capital, the table must be presented following adjustment.

(3) List of names of company officers (executive and non-executive officers).

(4) State the methods used to determine the subscription or purchase price.

Table 9

PAST AWARDS OF PERFORMANCE SHARES				
INFORMATION ABOUT PERFORMANCE SHARES				
	Plan no. 1	**Plan no. 2**	**Plan no. 3**	**Etc.**
Date of meeting				
Date of Board of Directors or Management Board meeting, as applicable				
Total number of shares awarded, of which the number awarded to:				
The company officers (1)				
Director 1				
Director 2				
Director 3				
Date of acquisition of shares				
Date of the end of the retaining period				
Performance conditions				
Number of shares acquired on […] (most recent date)				
Cumulative number of shares cancelled or lapsed				
Performance shares remaining at the end of the financial year				

(1) List of names of the executive and non-executive officers.

Table 10

TABLE SUMMARISING THE MULTI-ANNUAL VARIABLE COMPENSATION PAID TO EACH EXECUTIVE OFFICER[23]			
Company officer's name and position	**Financial year [24]**	**Financial year**	**Financial year**

Table 11

Executive officers	**Employment contract**		**Supplementary pension scheme**		**Benefits or entitlements due or likely to become due as a result of termination or change of position**		**Benefits relating to a non-competition clause**	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Name Position Term start date Term end date								
Name Position Term start date Term end date								

[23] It is not possible to provide a single, all-embracing model, and this table must therefore be adapted in the light of the specific nature of the plans and must provide a clear description of the mechanisms involved.

[24] The table must indicate the financial years concerned in the duration of the plan.