

## SMCP

Public limited company with a Board of directors (*Société anonyme à conseil d'administration*) with capital of 82,222,037.70 euros  
Registered office : 49 rue Etienne Marcel, 75001 Paris  
819 816 943 RCS Paris

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### INTERNAL RULES OF THE BOARD OF DIRECTORS

The members of the Board of Directors of SMCP (hereinafter the "Company") have decided to adhere to the following operating rules which constitute the internal rules of the Board of Directors.

These internal rules are intended to specify the operating conditions of the Company's Board of Directors, in addition to the legal and regulatory provisions and the Company's articles of association.

It is part of the market recommendations aimed at ensuring compliance with the fundamental principles of corporate governance, and in particular those referred to in the AFEP/MEDEF Consolidated Code. It may be modified at any time by simple deliberation of the Board of Directors.

These internal rules were approved by the Company's Board of Directors at its meeting of 23 October 2017 and modified at its meetings of November 20, 2018 and September 3 and 4, 2019.

#### Article 1 – Composition of the Board of Directors

1.1 The Board shall ensure the balance of its composition and that of the Committees it establishes from among its members, by taking appropriate measures to ensure that its missions and those of the Committees it establishes are carried out with the necessary independence and objectivity.

In accordance with the AFEP-MEDEF corporate governance code for listed companies, members of the Board of Directors are independent if they have no relationship of any nature whatsoever with the Company, its Group or its management that could compromise the exercising of their freedom of judgment.

The Board ensures that the proportion of independent members is, as far as possible, at least one third on the Board of Directors, at least two thirds on the Audit Committee and more than half on the Nominating and Compensation Committee.

At the time of each renewal or appointment of a member of the Board and at least once a year before the publication of the Company's annual report, the Board assesses the independence of each of its members (or candidates). During this evaluation, the Board, after consulting the Nominating and Compensation Committee, examines on a case-by-case basis the qualification of each of its members (or candidates) with regard to the criteria referred to below, the particular circumstances and the situation of the person concerned in relation to the Company. The conclusions of such review are reported to the shareholders in the annual report and, where applicable, to the general meeting at the time of election of the members of the Board of Directors.

The evaluation of the independence of each member of the Board of Directors takes into account the following criteria in particular:

- not being an employee or corporate executive officer of the Company, an employee, corporate executive officer or member of the board of directors or supervisory board of any company that consolidates it, or of a company that it consolidates, and not having been so during the last five years;
- not being a corporate executive officer of a company in which the Company directly or indirectly holds an office as a member of the Board of Directors or Supervisory Board or in which an employee appointed as such or a corporate executive officer of the Company (currently or having been for less than five years) holds an office as a member of the Board of Directors;

- not being a significant customer, supplier, corporate banker or investment banker of the Company or its Group or for which the Company or its Group represents a significant part of the business (or being directly or indirectly linked to such a person); the assessment of whether or not the relationship with the Company or the Group is significant is discussed by the Board and the criteria that led to this assessment are set out in the reference document.
- having no close family ties with a corporate officer of the Company;
- not having been an auditor of the Company during the last five years;
- not having been a member of the Board of Directors for more than twelve years.

For Board members holding ten percent or more of the share capital or voting rights of the Company, or representing a legal entity holding such a share, the Board, on the report of the Nominating and Compensation Committee, determines whether to qualify a member as independent, taking special account of the composition of the Company's share capital and the existence of a potential conflict of interest.

The Board may consider that a member of the Board, although meeting the above criteria, should not qualify as independent in view of his particular situation or that of the Company, having regard to his shareholding or for any other reason. Conversely, the Board may consider that a Board member who does not meet the above criteria is nevertheless independent.

Each qualified independent member shall inform the Chairman, as soon as he becomes aware of any change in his personal situation with regard to these same criteria.

1.2 The term of office of the members of the Board shall be four years.

In the event of a vacancy due to death, age limit or resignation, the Board may make temporary appointments under the conditions provided by law. A member of the Board appointed to replace another whose term of office has not expired shall remain in office only for the remainder of the term of his predecessor.

1.3 The Board elects a Chairman from among its members who are private individuals, for a term not exceeding his term of office as a Board member. He is responsible in particular for convening the Board and chairing its debates.

1.4 The Board may decide to set up permanent or temporary committees from among its members, intended to facilitate the proper functioning of the Board and to contribute effectively to the preparation of its decisions.

Such committees are, under the responsibility of the Board, responsible for studying matters submitted for their consideration by the Board or its Chairman in preparation for the Board's work and decisions. The composition, powers and operating conditions of such committees shall be specified by rules of procedure specific to each committee, adopted by the committee concerned and approved by the Board.

To date, the Board has established the following standing committees: (i) an Audit Committee and (ii) a Nominating and Compensation Committee.

## **Article 2 –Obligations of the members of the Board of Directors**

Acceptance and exercise of the office of member of the Board or Chairman entails an undertaking to satisfy at all times the conditions and obligations required by law, the Company's Articles of Association and these internal rules, in particular with regard to the holding of multiple offices. Each Board member is subject to the following principles:

2.1 Before accepting his duties, each member of the Board of Directors must be aware of his general or specific obligations. In particular, he must acquaint himself with the applicable legal or regulatory texts, the Company's articles of association and these internal rules.

2.2 Each member of the Board of Directors must act in all circumstances in the Company's interests.

2.3 Each member of the Board of Directors has the obligation to inform the Board of any situation of conflict of interest, even potential, and must abstain from attending the discussion and voting on the corresponding resolution.

2.4 Each member of the Board of Directors must possess the following essential qualities:

- he must be mindful of the corporate interest;
- he must have good judgment, in particular of situations, strategies and people, based in particular on his experience;
- he must be able to anticipate and identify risks and strategic issues;
- he must be honest, present, active and involved.

2.5 Acceptance of the office of member of the Board of Directors implies devoting the necessary time and attention to this office. In particular, each member of the Board of Directors undertakes not to accept more than four (4) other terms of office as a member of the Board of Directors or of the Supervisory Board in listed companies outside the Group, including foreign companies, and must keep the Board informed of the terms of office held in other companies, including his participation on the board committees of these French or foreign companies.

2.6 Each member of the Board of Directors must attend and participate in all meetings of the Board, or if applicable, of the Committees to which he belongs, unless he is prevented from attending by a major impediment.

2.7 Each member of the Board of Directors has the obligation to be informed so as to be able to contribute in a useful manner to the matters on the Board's agenda. He has the duty to request, within the appropriate time limits, the useful information he considers necessary to accomplish his mission.

2.8 Each member of the Board of Directors is bound, with regard to non-public information acquired in the performance of his duties, by a genuine obligation of professional secrecy which goes beyond the simple obligation of discretion provided for by law.

2.9 Each member of the Board of Directors must comply with the applicable regulations regarding market abuse and privileged information. In addition, he must declare to the Company any transaction carried out on the Company's securities in accordance with applicable laws and regulations. These provisions are subject to an annual reminder to all Board members and to specific information in the event of significant changes.

2.10 Each member of the Board of Directors must own at least 100 shares throughout his term of office and in any event not later than twelve (12) months following his appointment. Loans by the Company to members of the Board of Directors for the purchase of shares are not permitted.

At the time of taking up their duties, the members of the Board of Directors must put the shares they hold in registered form. The same shall apply to any subsequent securities acquired.

2.11 Each member of the Board of Directors must attend the general meetings of shareholders of the Company.

2.12 The Board shall ensure that non-members of the Board who attend meetings or participate in the work of the Board or Committees are also bound by an obligation of confidentiality regarding the information to which they have access.

### **Article 3 – Missions and duties of the Board of Directors**

3.1 The Board assumes the tasks and exercises the powers conferred on it by law, the Company's Articles of Association and the Board's internal rules. The Board determines the direction of the Company's activities and ensures their implementation. Subject to the powers expressly granted to shareholders' meetings and within the limits of the corporate purpose, it deals with any question concerning the proper functioning of the Company and settles by its deliberations the matters that concern it. The Board of Directors carries out such checks and audits as it deems appropriate.

3.2 The following decisions shall be subject to prior authorisation by the Board of Directors, acting by a simple majority of its members present or represented:

- (i) approval and amendment of the annual budget;
- (ii) the approval and significant modification of the annual business plan over three years;
- (iii) any issue of shares, instruments or securities giving immediate or future access to the Company's capital;
- (iv) the subscription of any debt of a cumulative amount of more than €10,000,000 per year exceeding the annual budget, as well as any modification of the terms and conditions of this debt, including the modification of the financing documentation concluded as part of the IPO;
- (v) any decision that may lead to an event of default or an acceleration event under the terms of the financing documentation;
- (vi) any over-expenditure on capital expenditures (capex) in excess of 10% of the annual budget;
- (vii) the conclusion, termination or material amendment of any agreement whose annual amount exceeds EUR 4,000,000, other than agreements covered by (v) and (ix);
- (viii) any expenditure not included in the annual budget of an individual amount of more than €2,000,000;
- (ix) the creation, acquisition, disposal, termination or creation of any security interest in any business, subsidiary or assets for an amount in excess of €2,000,000 or contributing more than €7,000,000 to the Group's annual turnover or profit or involving annual investments of more than €3,000,000 (unless such transactions have been approved as part of the budget);
- (x) the recruitment, redundancy, dismissal or modification of the functions or compensation of any employee or corporate officer of the Group whose total gross annual compensation (including the fixed and variable portions) exceeds €250,000;
- (xi) the conclusion with a third party of any contract relating to an industrial or commercial joint venture or merger agreements that might have a significant impact on the Group;
- (xii) any changes in accounting methods or rules currently used by Group companies for the preparation of their interim and consolidated financial statements;
- (xiii) the review and approval of the annual and consolidated financial statements of any subsidiary of the Group whose annual turnover exceeds €25,000,000;
- (xiv) the opening of a store, subsidiary, or new business in a new country;
- (xv) the appointment or renewal of the statutory auditors;
- (xvi) any significant transformation or restructuring of a Group entity;
- (xvii) the marketing of any new category of products;
- (xviii) any transaction directly or indirectly affecting the share capital or shareholders' equity (including any merger, spin-off or partial contribution of assets or distribution of dividends);
- (xix) a modification of more than 3% per year in relation to the Group's annual payroll budget;
- (xx) the conclusion, termination or amendment of any contract with the founders or principal officers of the Group (including their employment or service contracts);
- (xxi) the settlement of a dispute in an amount exceeding €2,000,000.

3.3 The following decisions are subject to prior notification of the Board of Directors:

(i) the subscription of any debt of a cumulative annual amount representing between €3,000,000 and €10,000,000 in excess of the annual budget, as well as any modification of the terms and conditions of such debt, including the modification of the financing documentation, concluded in connection with the IPO;

(ii) the conclusion, performance or material modification of any agreement for an annual amount of between €1,000,000 and €4,000,000, other than agreements covered by points (v) and (ix) of paragraph 3.2. above;

(iii) any expenditure not included in the annual budget of an individual amount representing between €800,000 and €2,000,000;

(iv) the creation, acquisition, sale, implementation or constitution of any security relating to any activity, subsidiary or assets for an amount representing between €1,000,000 and €2,000,000 or contributing between €3,500,000 and €7,000,000 to the Group's turnover or annual profit or involving annual investments representing between €1,500,000 and €3,000,000 (unless such operations have been approved within the framework of the budget);

(v) the review and approval of the annual and consolidated financial statements of any subsidiary of the Group whose revenues represent between €10,000,000 and €25,000,000;

(vi) the settlement of a dispute amounting to between €500,000 and €2,000,000.

#### **Article 4 – Information of the Board of Directors**

4.1 The Board and its Committees are composed of senior individuals, competent and experienced in the affairs of international companies, each with the time and willingness to participate in a useful manner and with a high sense of the primacy of the corporate interest, in the development of the activities and performance of the Company and its Group.

Each member of the Board may benefit, upon appointment, from additional training on the specific features of the Company and the companies it controls, their businesses and their sector of activity.

4.2 The Chairman shall provide the members of the Board, within a sufficient period and except in an emergency, with the information or documents in his possession enabling them to carry out their duties effectively. Any member of the Board who has not been given the opportunity to deliberate in full knowledge of the facts has the duty to inform the Board and to demand the information essential to the performance of his duties.

4.3 The Board may hear the principal officers of the Company, who may be called upon to attend Board meetings, with the exception of meetings or deliberations of the Board devoted to the presentation of the work of the Nominating and Compensation Committee on their compensation and the determination of such compensation by the Board.

The Board and the Committees may also hear experts in their respective fields of competence.

4.4 The Board will be regularly informed of the Company's and the Group's financial and cash position and commitments. The Chairman and Chief Executive Officer or, in the event of separation, the Chairman and the Chief Executive Officer, communicate to the directors on a permanent basis any information concerning the Company of which they are aware and of which they consider the communication useful or relevant.

4.5 Each member of the Board has the right to meet the Company's chief executives, including in the absence of the executive directors, but subject to having previously informed them.

#### **Article 5 – Meetings of the Board of Directors**

5.1 The Board shall be convened by its Chairman or one of its members designated by the Chairman by any written means. Notice of meetings may be sent by the Secretary of the Board. The convening party shall set the agenda for the meeting.

5.2 The Board shall appoint a Secretary who may be chosen from outside its membership.

5.3 The Board shall meet at least four (4) times per year and, at any other time, as often as the Company's interest requires. The frequency and duration of meetings shall be such as to permit in-depth examination and discussion of the matters falling within the competence of the Board.

5.4 Board meetings shall be chaired by the Chairman; in the absence of the Chairman, they shall be chaired by the Vice-Chairman and in the absence of the Chairman and the Vice-Chairman, they shall be chaired by a member of the Board appointed by the Board.

5.5 The Board may only deliberate validly if at least half of its members are present. For the purposes of calculating the quorum and majority, members participating in meetings by videoconferencing or telecommunications means enabling their identification and guaranteeing their effective participation shall be deemed to be present, under the conditions laid down by the applicable legal and regulatory provisions.

5.6 Each meeting of the Board of Directors and the Committees established by it must be of sufficient duration to discuss the agenda in a useful and thorough manner. Decisions are taken by a majority of the members present or represented. In the event of a tie, the chairman of the meeting shall have the casting vote.

5.7 Board meetings give rise to the keeping of an attendance register and the drafting of minutes, under the legal and regulatory conditions. The minutes of Board meetings shall be drawn up in English and French when necessary, particularly for legal formalities. The attendance register shall mention the participation of members by videoconference or other means of telecommunication. The Secretary of the Board is empowered to issue and certify copies or extracts of minutes of Board meetings.

#### **Article 6 - Compensation of members of the Board of Directors and Committees**

On the recommendation of the Nominating and Compensation Committee, the Board of Directors:

- freely distributes among its members the attendance fees allocated to the Board by the general meeting of shareholders, taking into account the actual attendance by the directors on the Board and in the Committees. A quota determined by the Board and deducted from the amount of attendance fees allocated to the Board is paid to Committee members, also taking into account their actual attendance at the said Committee meetings;
- determines the amount of the Chairman's compensation;
- may also allocate to some of its members exceptional compensation for assignments or mandates entrusted to them.

The Board examines the relevance of the level of directors' fees with respect to the duties and responsibilities incumbent upon each of the directors.

#### **Article 7 - Evaluation of the functions of the Board of Directors**

7.1 The Board of Directors must review its ability to meet shareholder expectations by periodically reviewing its composition, organisation and operation. To this end, once a year, the Board must, on the report of the Nominating and Compensation Committee, devote an item on its agenda to assessing its operating conditions, verifying that important issues are properly prepared and discussed within the Board, and measuring the actual contribution of each member to the work of the Board in terms of their competence and involvement in the deliberations.

This evaluation is carried out on the basis of replies to an individual and anonymous questionnaire sent to each member of the Board once a year.

7.2 A formal evaluation is carried out at least every three years, possibly under the direction of an independent member of the Board of Directors and, if necessary, with the assistance of an external consultant.

7.3 The non-executive directors meet periodically, and at least once a year, in the absence of the executive or internal directors, in order in particular to assess the functions of the Chairman and CEO (or, in the event of separation, of the Chairman and the CEO) and, as the case may be, of the Deputy CEO or CEOs and to reflect on the future of management.

7.4 The Board shall evaluate, under the same conditions and at the same frequency, the operating conditions of the Standing Committees established within it.

7.5 The annual report shall inform the shareholders of the evaluations performed and the action taken.

#### **Article 8 - Establishment of the Committees' internal rules - Common provisions**

8.1 Any decision of the Board of Directors falling within the competence of one of its Committees must be examined by the latter before being submitted to the Board of Directors. Any Committee may make non-binding written or oral recommendations to the Board of Directors. As part of their mission, Committees may hear the managers of any Group company.

8.2 The Committees shall meet as often as necessary, and at least once (1) a year. A Committee is convened by any of its members or by the Chairman.

8.3 A Committee is validly constituted if at least half of its members are present or represented. It deliberates by a simple majority of the members present or represented, it being specified that any member of a Committee may be represented by another member of such Committee.

8.4 Minutes of each meeting of a Committee shall be taken by a secretary appointed by the Chairman of the Committee. The Secretary of the Board may be appointed secretary of each Committee.

The internal rules of each of the Board Committees are appended to this document.

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## ANNEX 1 INTERNAL RULES OF THE AUDIT COMMITTEE

The Audit Committee is responsible for monitoring matters relating to the preparation and audit of accounting and financial information.

### **Article 1 - Missions of the Committee**

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

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

- (i) Monitoring the financial reporting process. The Audit Committee must examine, prior to their presentation to the Board of Directors, the annual or half-yearly and, where applicable, quarterly corporate and consolidated financial statements and ensure the relevance and consistency of the accounting methods used to prepare such financial statements. The Committee will review, as appropriate, material transactions where a conflict of interest may have occurred.

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

This review must take place at least two (2) days prior to the Board's review.

The examination of the financial statements must be accompanied by a presentation by the Statutory Auditors indicating the essential points, not only relating to the results of the legal audit, particularly audit adjustments and significant weaknesses in internal auditing identified during the work, but also to the accounting options selected, as well as a presentation by the Chief Financial Officer describing the Company's exposure to risks and significant off-balance sheet commitments.

- (ii) Monitoring the effectiveness of internal control, internal audit and risk management systems relating to financial and accounting information.

The Audit Committee must ensure the relevance, reliability and implementation of the Company's internal control, identification, hedging and risk management procedures relating to its activities and accounting and financial information.

The Committee must also examine the significant risks and off-balance sheet commitments of the Company and its subsidiaries. In particular, the Committee must hear the heads of internal audit and regularly review the mapping of business risks. The Committee must also give its opinion on the organisation of the internal audit service and be informed of its work programme. It must receive internal audit reports or a periodic summary of such reports.

The detailed review of risk mapping is carried out at dedicated Committee meetings. The Committee examines significant risks and off-balance sheet commitments, specifies the extent of any malfunctions or weaknesses communicated to it and informs the Board, as the case may be.

The Committee ensures the existence, effectiveness, deployment and implementation of corrective actions in the event of weaknesses or material anomalies identified in the internal control and risk management systems.



- (iii) Monitoring of the statutory audit of the parent company and consolidated financial statements by the Company's Statutory Auditors.

The Committee must inform itself and follow up with the Company's Statutory Auditors (including in the absence of management), in particular about their general work program, any difficulties they may have encountered in the performance of their duties, any changes they feel should be made to the Company's financial statements or other accounting documents, any accounting irregularities, anomalies or inaccuracies they may have identified, any significant uncertainties and risks relating to the preparation and processing of accounting and financial information, and any significant weaknesses in internal control they may have discovered.

The Committee must regularly hear the Statutory Auditors, including without management present. In particular, the Audit Committee must hear the Statutory Auditors during the meetings of the Committee dealing with the review of the financial information preparation process and the review of the accounts, so that they can report on the performance of their mission and the conclusions of their work.

- (iv) Monitoring the independence of the Statutory Auditors.

The Committee must oversee the selection and renewal procedure for the Statutory Auditors and submit the result of this selection to the Board of Directors. When the terms of office of the Statutory Auditors expire, the selection or renewal of the Statutory Auditors may be preceded, on the proposal of the Committee and the decision of the Board, by a call for tenders supervised by the Committee, which validates the specifications and the choice of the firms consulted, ensuring the selection of the "best bidder" and not the "lowest bidder".

In order to enable the Committee to monitor, throughout the term of office of the Statutory Auditors, the rules of independence and objectivity of the latter, the Audit Committee must in particular be informed each year of::

- the Statutory Auditors' declaration of independence;
- the amount of fees paid to the Statutory Auditors' network by companies controlled by the Company or the entity that controls it for services that are not directly related to the Statutory Auditors' mission; and
- information on the services performed in connection with due diligence directly related to the Statutory Auditors' assignment.

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

The statutory audit assignment must be exclusive of any other diligence not related to this assignment with regard to the code of ethics of the profession of statutory auditor and professional standards. The selected Statutory Auditors must relinquish for themselves and the network to which they belong any advisory activity (legal, tax, IT, etc.) carried out directly or indirectly for the Company. With regard to companies controlled by the Company or the company that controls it, the Statutory Auditors must refer more specifically to the Code of Ethics of the Statutory Auditors profession. However, after prior approval by the Audit Committee, work ancillary to or directly complementary to the audit of the accounts may be carried out, such as acquisition or post-acquisition audits, but excluding evaluation and advisory work.

The Committee shall report regularly to the Board of Directors on the performance of its duties and immediately inform it of any difficulties encountered.

## **Article 2 - Composition of the Committee**

The Audit Committee is composed of three (3) members, two (2) of whom are appointed from among the independent members of the Board of Directors, on the proposal of the Nominating and Compensation Committee. The composition of the Audit Committee may be amended by the Board of directors and, in any event, must be amended in the event of a change in the general composition of the Board of Directors.

In particular, in accordance with applicable legal provisions, Committee members must have specific financial and/or accounting skills.

All members of the Audit Committee must be provided, at the time of their appointment, with detailed information on the Company's accounting, financial and operational aspects.

The term of office of the members of the Audit Committee coincides with their term of office as members of the Board of Directors. It may be renewed at the same time as the latter.

The Chairman of the Audit Committee is appointed, after special examination, by the Board of Directors, on the proposal of the Nominating and Compensation Committee, from among the independent members. The Audit Committee may not include any executive director.

The secretariat for the work of the Committee may be provided by any person appointed by or in agreement with the Chairman of the Committee.

## **Article 3 – Committee meetings**

The Audit Committee may validly deliberate either at a meeting or by telephone or videoconference when convened by its Chairman or the Secretary of the Committee, provided that at least half of the members participate in its work.

Notices of meetings must include an agenda and may be sent orally or by any other means.

The Audit Committee adopts its decisions by a majority of the members attending the meeting, each member having one vote.

The Audit Committee meets as often as necessary and, in any event, at least twice a year during the preparation of the annual and half-yearly and, where applicable, quarterly financial statements.

Meetings are held before the Board of Directors' meeting and, if possible, at least two days before the meeting when the Audit Committee's agenda includes the review of the interim and annual financial statements prior to their examination by the Board of Directors.

## **Article 4 – Compensation of members of the Committee**

The compensation of the members of the Committee is set by the Board of Directors on the proposal of the Nominating and Compensation Committee.

The expenses incurred by the members of the Audit Committee for the holding of its meetings (travel, hotels, etc.) will be reimbursed by the Company upon presentation of documentary evidence.

## **Article 5 - Work of the Committee**

The Committee shall have all the resources it deems necessary to carry out its mission.

In the strict scope of exercising its duties, the Committee may contact the Company's senior executives after informing the Chairman of the Board of Directors and reporting thereon to the Board of Directors. The Committee may also request external technical studies on matters within its competence, at the Company's expense and within the limits of an annual budget that may be decided by the Board of Directors, after having informed the Chairman of the Board of Directors or the Board of Directors itself

and subject to reporting to the Board of Directors. In such cases, the Committee shall ensure the objectivity of the relevant advice.

The Committee may thus hear the Company's Statutory Auditors and Group companies, the Finance, Accounting and Treasury Directors and the Head of Internal Audit. These hearings may be held, if the Committee so wishes, in the absence of members of the Executive Board. In addition, it may ask the senior executives to provide it with any information.

The Committee receives significant documents falling within its remit (financial analyst ratings, rating agency ratings, summaries of audit assignments, etc.). It may request additional studies if it so wishes.

The Committee may call upon outside experts as necessary, while ensuring their competence and independence.

The Committee may formulate any opinions or recommendations to the Board of Directors in the areas corresponding to the tasks described above.

The Committee Secretary prepares minutes of each meeting of the Audit Committee in English, which are sent to the members of the Audit Committee and other members of the Board of Directors.

Members of the Committee and participants in meetings are bound by professional secrecy.

#### **Article 6 – Miscellaneous**

Under no circumstances may the Committee replace the Board of Directors. In the event that there is any contradiction between these terms and conditions on the one hand, and the internal rules of the Board of Directors, the Company's Articles of Association or the law, on the other hand, the latter shall prevail.

## ANNEX 2

### INTERNAL RULES OF THE NOMINATING AND COMPENSATION COMMITTEE

The Nominating and Compensation Committee plays an essential role in the composition and compensation of Executive Management and the Board of Directors.

#### **Article 1 - Missions of the Committee**

The Nominating and Compensation Committee is a specialised committee of the Board of Directors whose main tasks are to assist the Board in (i) the composition of the management bodies of the Company and its Group and (ii) the determination and regular assessment of all compensation and benefits of the Company's executive officers, including any deferred benefits and/or voluntary or involuntary termination benefits of the Group.

#### *Missions relating the appointments*

In this respect, it performs the following tasks in particular:

*Proposals for the appointment of members of the Board of Directors, General Management and Board Committees.*

The Nominating and Compensation Committee is responsible in particular for making proposals to the Board of Directors with a view to the appointment of the members of the Board of Directors (by the General Meeting or by co-option) and the members of the General Management, as well as the members and the Chairman of the Committees of the Board of Directors.

To this end, it shall submit reasoned proposals to the Board of Directors. These are guided by the interests of the shareholders and the Company. In general, the Committee must strive to reflect a diversity of experience and viewpoints, while ensuring a high level of competence, internal and external credibility and stability of the Company's corporate bodies. In addition, it draws up and updates a succession plan for the members of the Board of Directors, as well as for the Company's and the Group's principal managers, in order to be in a position to rapidly propose succession solutions to the Board of Directors, particularly in the event of unforeseeable vacancies.

With regard specifically to the appointment of the members of the Board of Directors, the Committee particularly takes into account the following criteria: (i) the desirable balance of the composition of the Board of Directors in view of the composition and evolution of the Company's shareholding, (ii) the desirable number of independent members, (iii) the proportion of men and women required by current regulations, (iv) the appropriateness of reappointment and (v) the integrity, competence, experience and independence of each candidate. The Nominating and Compensation Committee must also organise a procedure to select future independent members and carry out its own research on potential candidates before approaching them.

When making its recommendations, the Nominating and Compensation Committee must aim to ensure that the independent members of the Board of Directors and the Committees comprise at least the number of independent members required by the governance principles to which the Company refers.

#### *Annual review of the independence of the members of the Board of Directors*

Each year, before publication of the Company's annual report, the Nominating and Compensation Committee examines the situation of each member of the Board of Directors with regard to the independence criteria adopted by the Company, and submits its opinions to the Board with a view to the latter examining the situation of each interested party with regard to such criteria.

### ***Missions relating to compensation***

In this respect, it performs the following tasks in particular:

#### *Review and proposal to the Board of Directors concerning all elements and conditions of compensation of the Group's main executives*

The Committee draws up proposals that include fixed and variable compensation, but also, as the case may be, stock options, performance share grants, pension and provident schemes, termination benefits, benefits in kind or specific benefits and any other direct or indirect (including long-term) compensation that may constitute the compensation of members of the Executive Board.

The Committee is informed of the same elements of the compensation of the Group's principal senior executives and of the policies implemented in this respect within the Group.

In preparing its proposals and work, the Committee takes into account corporate governance practices to which the Company adheres, and in particular the following principles:

- (i) The total compensation of the members of the Executive Board submitted to the Board of Directors for approval takes into account the general interest of the company, market practices and the performance of the members of the Executive Board.
- (ii) Each element of the compensation of the members of the General Management is clearly motivated and corresponds to the general interest of the company. The appropriateness of the proposed compensation must be assessed within the Company's business environment and by reference to French and international market practices.
- (iii) The compensation of the members of Executive Board must be determined fairly and consistently with that of the Group's other senior executives, taking into account in particular their respective responsibilities, skills and personal contribution to the Group's performance and development.
- (iv) The Committee proposes criteria for defining the variable portion of the compensation of members of the Executive Board, which must be consistent with the annual assessment of the performance of the members of the Executive Board and with the Group's strategy. The performance criteria used to determine the variable portion of the compensation of the members of Executive Board, whether in the form of bonuses or the granting of stock options or performance shares, must be simple to establish and explain, satisfactorily reflect the Group's performance and economic development objective at least in the medium term, allow for transparency with regard to shareholders in the annual report and at general meetings and correspond to the Company's objectives and normal practices with regard to the compensation of its executives.
- (v) The Committee monitors developments in the fixed and variable portions of the compensation of members of the Executive Board over several years in the light of the Group's performance.
- (vi) Where appropriate, and especially in the case of stock options or performance shares, the Committee ensures that these are motivated by the objective of strengthening convergence over time of the interests of the beneficiaries and the Company. All members of the

Executive Board must undertake not to hedge their risk under such options or performance shares.

- (vii) The same methodology applies to the assessment of the compensation and benefits of the Company's principal executives who are not corporate officers of the Company and, more generally, to the policies implemented in this respect.
- (viii) In all the above matters, the Committee may, on its own initiative or at the request of the Board of Directors or Executive Management, formulate any proposal or recommendation.

#### *Review and proposal to the Board of Directors concerning the method of allocation of directors' fees*

The Committee proposes to the Board of Directors a distribution of directors' fees and the individual amounts to be paid in this respect to the members of the Board of Directors, taking into account in particular their actual attendance of the Board and its Committees, the responsibilities they incur and the time they have to devote to their duties.

The Committee also formulates a proposal on the compensation allocated to the Chairman of the Company's Board of Directors.

#### *Exceptional missions*

The Committee is consulted for recommendation to the Board of Directors on any exceptional compensation relating to exceptional missions that may be entrusted by the Board of Directors to specific members.

### **Article 2 - Composition of the Committee**

The Nominating and Compensation Committee is composed of four (4) members, two (2) of whom are independent members of the Board of Directors. They are appointed by the Board from among its members and in consideration of their independence and their competence in the selection or compensation of executive directors of listed companies. The Nominating and Compensation Committee may not include any corporate executive officer.

The composition of the Committee may be modified by the Board of Directors and, in any event, must be modified in the event of a change in the general composition of the Board of Directors.

The term of office of the members of the Nominating and Compensation Committee coincides with their term of office as members of the Board. It may be renewed at the same time as the latter.

The Board of Directors appoints the Chairman of the Nominating and Compensation Committee is appointed from among the independent members.

The secretariat for the work of the Committee may be provided by any person appointed by or in agreement with the Chairman of the Committee.

### **Article 3 - Committee meetings**

The Nominating and Compensation Committee may validly deliberate either at a meeting or by telephone or videoconference when convened by its Chairman or the Secretary of the Committee, provided that at least half of the members participate in its work. The notices of meeting must include an agenda and may be transmitted orally or by any other means.

The Nominating and Compensation Committee takes its decisions by a majority of the members attending the meeting, each member having one vote.

The Nominating and Compensation Committee meets as often as necessary and, in any event, at least once a year, prior to the meeting of the Board of Directors deciding on the situation of the members of the Board of Directors with regard to the independence criteria adopted by the Company and, in any

event, prior to any meeting of the Board of Directors deciding on the determination of the compensation of the members of Executive Board or on the allocation of directors' fees.

#### **Article 4 - Compensation of members of the Committee**

The compensation of the members of the Committee is set by the Board of Directors on the proposal of the Nominating and Compensation Committee.

The Company shall reimburse expenses incurred by members of the Nominating and Compensation Committee for the holding of its meetings (travel, hotels, etc.) upon presentation of documentary evidence.

#### **Article 5 – Work of the Committee**

In the strict scope of its responsibilities, the Committee may contact the Company's senior executives after informing the Chairman of the Board of Directors and reporting thereon to the Board of Directors. The Committee may also request external technical studies on matters within its competence, at the Company's expense and within the limits of an annual budget that may be decided by the Board of Directors, after having informed the Chairman of the Board of Directors or the Board of Directors itself and subject to reporting to the Board of Directors thereof. In such cases, the Committee shall ensure the objectivity of the relevant advice.

The Committee may formulate any opinions or recommendations to the Board of Directors in the areas corresponding to the tasks described above.

The Committee Secretary prepares minutes of each meeting of the Audit Committee in English, which are sent to the members of the Audit Committee and the other members of the Board of Directors.

Members of the Committee and participants in meetings are bound by professional secrecy.

#### **Article 6 – Miscellaneous**

Under no circumstances may the Committee replace the Board of Directors. In the event that there is any contradiction between these terms and conditions on the one hand, and the internal rules of the Board of Directors, the Company's Articles of Association or the law, on the other hand, the latter shall prevail.