

# **LATÉCOÈRE**

**LATECOERE**

**Public Limited Liability Company with a Board of Directors  
Registered Office: 135 rue de Périole – 31500 Toulouse  
572 050 169 Trade and Companies Register (R.C.S) of Toulouse**

## **INTERNAL RULES OF THE BOARD OF DIRECTORS**

Adopted by the Board of Directors on March 12, 2020

## **PREAMBLE**

The Board of Directors of LATECOERE (the “**Company**”) adopted by a decision of the Board of Directors dated March 12, 2020, the revised terms of these Internal Rules, the purpose of which is to define the rules and procedures for the operation of the Board and its Committees as from that date. This Internal Rules are supplemented by the Stock Market Ethics Charter (the “**Charter**”), which forms an integral part of these rules and was provided to each member of the Board of Directors.

Since May 2010, the Company refers to the MiddleNext corporate governance code published on December 2009, as revised on September 2016 (the “**MiddleNext Code**”).

## **ARTICLE 1**

### **PURPOSE OF THE INTERNAL RULES**

These internal rules aim to determine the rules and operating procedures of the Board of Directors, in addition to the provisions of the applicable laws and of the Company’s articles of association.

They also set the common rules applying to all the Committees set up within the Board of Directors, as well as the specific rules applying to the composition, operating procedures and responsibilities of the Strategic Committee, it being specified that the Audit and Risks Committee and the Appointment and Compensation Committee each have their own internal rules.

They also remind the duties of the members of the Board of Directors and of the Committees.

These internal rules are mandatory for all members of the Board of Directors and of its Committees. All the resulting duties apply to the permanent representative of a legal entity that is a member of the Board of Directors as well as to any individual who is a member of the Board of Directors. The provisions of these internal rules are also mandatory, to the extent applicable, for any person, other than a director, who will be attending the meetings of the Board of Directors and/or the meetings of one or several Committees.

## **ARTICLE 2**

### **COMPOSITION OF THE BOARD OF DIRECTORS**

The Board of Directors comprises at least three (3) members and a maximum of eighteen (18) members, subject to the exceptions provided for under the law, in particular in case of merger.

At least two (2) members must be independent, pursuant to the criteria set forth in the MiddleNext Code.

With respect to independence, it is up to the Board of Directors to scrutinize the status of each of its members, on a case by case basis, at the time of their first appointment and every year when preparing the report established under article L. 225-37 of the French Commercial Code, pursuant to the criteria specified in the MiddleNext Code and after consulting with the Appointment and Compensation Committee.

Pursuant to article 14.2 of the Company’s articles of association, the Board of Directors, once the conditions of article L.225-23 of the French Commercial Code are met, includes a member appointed among the employee shareholders (employees of the Company, a company or an economic interest group related to the Company pursuant to article L. 225-180 of the French Commercial Code) or, if applicable, among the employees members of the supervisory board of a corporate mutual fund of the Company.

Pursuant to article 14.3 of the Company's articles of association, the Board of Directors also comprises one or two member(s) appointed by the Works Council and representing the Group employees, pursuant to article L. 225-27-1 of the French Commercial Code.

The Board of Directors elects a Chairman and, if applicable, a Vice-Chairman, who organizes and leads the debates of the Board of Directors and monitors its proper functioning. It also appoints a Lead Director from among the independent directors on the proposal of the Appointments and Compensation Committee.

The Board shall determine the term of office of the Chairman, and where applicable the Vice-Chairman and Lead Director, without exceeding the term of their directorship.

The Chairman, Vice-Chairman and Lead Director may be re-elected.

### **ARTICLE 3**

#### **ROLE AND DUTIES OF THE BOARD OF DIRECTORS**

##### **General competence of the Board of Directors**

The Board of Directors is governed by the French Commercial Code and article 14 of the Company's articles of association. It decides on matters which fall within its competence pursuant to the law and the Company's articles of association.

The Board of Directors determines the strategic orientation of the Company and monitors their implementation. Subject to the powers specifically entrusted to the General Shareholders Meeting and within the limit of the Company's corporate purpose, it handles all matters involving the proper functioning of the Company and settles matters through its deliberations.

Outside the General Shareholders Meeting, the Board of Directors ensures exchanges with the significant shareholders who may wish to do so, regardless of their representation on the Board of Directors, in compliance with the principle of equality between shareholders and pursuant to applicable regulations governing inside information.

##### **Prevention of conflicts of interest**

###### *Internal procedure*

The internal procedure established by the Board of Directors, which is further described in article 5 of these internal rules, enables the disclosure and the management of conflicts of interest which may arise between the Company's corporate interest and one or several Board members.

###### *Annual review*

The Board of Directors shall perform on an annual basis the review of the known conflicts of interest, as part of its annual review of the related-party agreements set forth by article L. 225-40-1 of the French Commercial Code and/or of its annual self-assessment of its functioning and preparatory work, in order to evaluate measures to be taken.

### *Related party agreements*

The Board of Directors shall inquire an independent expertise regarding the related-party agreements referred to in article L. 225-38 of the French Commercial Code whenever considered appropriate, in particular regarding the context, the matters and the amounts at stake. The diligences performed for this purpose shall be mentioned in the report of the Board of Directors established under article L. 225-37 of the French Commercial Code.

### **Major Decisions subject to the prior approval of the Board of Directors**

Pursuant to article 14.6 of the Company's articles of association, the following decisions must be, in the context of the internal organization of the Company, approved by the Board of Directors by a majority of 8/11<sup>th</sup> of the members present, deemed to be present or represented, of which two (2) members must be independent members other than the Chairman, before such decision are implemented by the Company's CEO or, if applicable, the Deputy CEO (the "**Major Decisions**"):

- any merger or demerger, spin-off or transaction involving the Company or its subsidiaries or any other transaction having a similar result;
- the transfer, by the Company or its subsidiaries, of significant stakes or strategic assets;
- the acquisition, by the Company or its subsidiaries, of shareholdings or assets for a consideration exceeding fifty million euros (€50,000,000); and
- the incorporation of any significant joint venture, whether by the Company or its subsidiaries.

### **Others decisions subject to the prior approval of the Board of Directors**

In addition to the Major Decisions, the following decisions (notwithstanding any decision falling within the scope of the powers of the Board of Directors according to the Law) must be, in the context of the internal organization of the Company, approved by the Board of Directors by a simple majority of the members present, deemed to be present or represented, before such decisions are implemented by the Company's CEO, or, if applicable, the Deputy CEO:

- the acquisition, transfer or disposal (including by way of an option or a lease management, as the case may be) of (i) any asset, legal entity or business (fonds de commerce) for an individual amount in excess of ten million euros (€10,000,000) but equal to or less than fifty million euros (€50,000,000)<sup>2</sup> or (ii) any shareholding interest held in any other legal entity other than purely financial shareholding;
- the creation or termination of any line of business contributing to more than ten million euros (€10,000,000) to Latécoère Group (the "Group")'s yearly sales, or any material change or modification in the Group's main business and activities ;<sup>1</sup>
- any change to tax residency of any Group Company, other than within the country of residency of the Group company;
- any material changes brought to any Group Company's articles of association;
- any issuance, attribution or allotment by any Group Company of any securities of any kind (including, any shares or free shares, any options, warrants or other rights to purchase or subscribe, immediately or in the future, to any such shares or free shares, and any securities convertible into or exchangeable for or repayable into any such shares or free shares);<sup>2</sup>

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<sup>1</sup> If such a matter results directly from an operation that may otherwise have fallen under the decisions listed in the "Major Decisions", then such a matter shall be requalified as a "Major Decision".

- review and approval of Latécoère's consolidated financial statements for each fiscal year. Any modification of the accounting and tax methods and principles (save for regulatory or local statutory changes) of any Group Company;
- the delisting of the Company;
- the approval and amendment of the Group's annual budget including inter alia the investment budget and the business plan;
- the entering into new borrowings as well as any significant amendment or termination (including the full repayment) of the existing financings, excluding programmes previously approved by the Board or below a threshold of five million euros (€5,000,000) per facility;
- any action which requires the prior authorization of the lenders under the financings of the Group Companies or which constitutes a breach of such financings;
- any decision by any Group Company to grant a loan or credit other than by way of trade credit on normal commercial terms and other than in the ordinary course of business) for an amount in excess five million euros (€5,000,000) and other than loan or credit granted by one Group Company to another Group Company;
- any act by which a Group Company grants or waives a pledge, guarantee or any other security or form of guarantee in respect of an undertaking of its own or of any third party, other than in the ordinary course of business and unless, with respect to the granting of such security or form of guarantee, expressly permitted as at the date hereof under any existing loan and facility subscribed by the relevant Group Company;
- a proposal concerning any dividend and reserve distribution by the Company;
- any related-party agreement (whether or not contemplated in the budget) that is any agreement or arrangement between (i) any Group Company on the one hand and (ii) any shareholder, director and officer of any such Group Company (or any related person to such shareholder, director and officer) on the other hand (other than a Group Company);
- the appointment, renewal or dismissal of the statutory auditors;
- commitment for non-budgeted capex (including NRC) for an annual amount in excess of one million euros (€1,000,000)<sup>2</sup>;
- the initiation or settlement by a Group Company of any litigation, arbitral proceedings or legal claim of any kind with an amount at stake in excess of one million euros (€1,000,000) (except for commercial contractual claims which shall have to individually exceed three million euros (€3,000,000) (per counterparty));
- any dissolution, winding-up, liquidation or transformation into another legal corporation of any of the Company's subsidiaries (except in the event of intra-group transaction);
- any decision relating to the hiring or dismissal of, or to the material amendment of the employment agreement of, any Group Company's employee, director or officer with an annual total compensation above two hundred thousand euros (€200,000) (excluding variable remuneration) and to Group Company's employee, director or officer appointed as member of the executive committee;
- waiver or amendment of any non-compete or non-solicitation undertaking contained in the employment contract of the Company's Chief Executive Officer and the Company's Executive Committee members<sup>2</sup>;

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<sup>2</sup> not to be submitted to the prior approval of the Board of Directors as long as they have already been part of the approval of the Group's annual budget.

- authorization and modification of any (i) profit-sharing agreement or other similar material incentive scheme in favor of or (ii) any redundancy or early retirement program to the benefit of, the employees of the Group at the level of any Group Company, and any decision resulting in the Group's total payroll increasing by more than 4.5%, but save in case of decision arising in connection with applicable annual mandatory negotiations in the ordinary course of business;
- any communication or press release relating to a material event or that may impact the reputation of the major shareholder;
- the entering into, amendment, renewal or termination by any Group Company of any agreement (including commercial) generating an annual revenue of more than ten million euros (€10,000,000) or an annual charge greater than one million euros (€1,000,000);
- any decision by any Group Company to submit of non-binding letter of interest with respect to a merger and acquisition process and spending more than two hundred and fifty thousand euros (€250,000) on due diligence in connection with a possible investment in a legal entity or business;
- any decision affecting any Group Company's equity and/or quasi-equity;
- the selection of:
  - a) the Company's public relations and advertising agencies;
  - b) any investment banking institution; and
  - c) the principal banking institutions with which the Company maintains a deposit borrowing or other relationship
- any response to a call for tenders coming from clients:
  - for Aerostructure Industrial:
    - ✓ for which the annual turnover from the contract, once in operational stage, exceeds USD 10 million;
    - ✓ for which the turnover over the whole term of the contract exceeds USD 100 million; or
    - ✓ for which the related financing needs exceed USD 5 million over a given one-year period of the contract or USD 8 million over the whole term of the contract;
  - for Interconnexion Systems:
    - ✓ for which the annual turnover from the contract, once in operational stage, exceeds USD 5 million;
    - ✓ for which the turnover over the whole term of the contract exceeds USD 50 million; or
    - ✓ for which the related financing needs exceed USD 3 million over a given one-year period of the contract or USD 5 million over the whole term of the contract.
- any commitment to do any of the foregoing.

**ARTICLE 4**  
**METHOD FOR EXERCISING THE GENERAL MANAGEMENT - ROLE AND POWERS OF THE BOARD OF DIRECTORS' CHAIRMAN AND THE GENERAL MANAGEMENT'S MEMBERS – BOARD OF DIRECTORS' SECRETARY**

**Method for exercising the general management**

In compliance with legal and regulatory provisions, the general management (*direction générale*) of the Company is handled, under his/her responsibility, either by the Chairman of the Board of Directors who, in this case, shall bear the title of Chairman and Chief Executive Officer (*Président Directeur Général*) or by another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer (CEO) (*Directeur Général*).

The Board of Directors decides between the two methods for exercising the general management by the majority of directors present, deemed to be present or represented. This choice shall be valid until a decision to the contrary is made by the Board of Directors under the same conditions. Shareholders and third-parties are informed of this choice pursuant to applicable law and regulatory provisions.

When the Company's general management is handled by the Chairman of the Board of Directors, the provisions of the articles of association, these internal rules and laws relating to the CEO are applicable to him/her.

**The Chairman of the Board of Directors**

The Chairman of the Board of Directors organizes and leads the work of the Board of Directors and ensures the proper functioning of the Company's corporate bodies. He/she coordinates the Board of Directors' work with the Committees set up within such Board.

He/she ensures that the directors receive in due time and in a proper form the information necessary to the exercise of their duties. He/she can request any documents or information in order to enlighten the Board of Directors when preparing the meetings. He/she provides the Board, its Committees and the Lead Director with the information they need to carry out their duties.

The Chairman of the Board of Directors is the only person authorized to act and express himself/herself in the name of the Board of Directors except in exceptional circumstances or when another Director has been appointed.

He/she reports to the General Meeting of Shareholders over which he/she presides on the conditions for preparing and organizing the work of the Board and on the internal control procedures implemented by the Company. He/she ensures the proper application of governance rules.

He/she may interview the statutory auditors in order to prepare the work of the Board of Directors and the Audit and Risks Committee.

He/she is informed by the CEO, on a regular basis, of the significant events and facts relating to the Company, regarding *inter alia* the strategy, the organization, the financial situation, the major investment and divestment projects and the major financial transactions.

**The Chief Executive Officer**

The CEO exercises, under his/her own responsibility, the general management of the Company and represents the Company in its dealings with third parties.

He/she is entrusted with the widest possible powers to act in all circumstances on behalf of the Company, subject to the powers given by the law, the Company's articles of association and the present internal rules to the Board of Directors and to the General Shareholders Meeting.

At every meeting of the Board of Directors, the CEO reports the significant facts of the Company's and the Group's operations.

### **The non-cumulative holding of a corporate office and an employment contract**

The Company has decided not to authorize the combination of an employment contract and a corporate office as a Chairman of the Board of Directors or as a CEO. Consequently, the Chairman of the Board of Directors, whether or not he/she assumes the general management of the Company, as well as the CEO shall not combine an employment contract with the Company with their respective corporate office in the Company.

### **The Deputy CEO(s)**

Upon the proposal of the CEO, the Board of Directors can, under the conditions set out in article 15.3 of the Company's articles of association, appoint one (1) to five (5) individuals, who will be in charge of assisting the CEO, with the title of Deputy CEO (*Directeur Général Délégué*). With respect to third-parties, they will have the same powers as the CEO.

The Deputy CEOs can be dismissed at any time by the Board of Directors, upon proposal of the CEO.

If the CEO ceases to serve or declares to be unable to continue serving as CEO, the Deputy CEOs shall, unless otherwise decided by the Board of Directors, stay in office and keep their attributions, until the appointment of a new CEO. Upon his/her appointment, the new CEO may propose to the Board of Directors, for each Deputy CEO, (i) the renewal of his/her term of office, (ii) the appointment of a replacement Deputy CEO or (iii) the termination of his/her term of office without replacement.

### **Secretary of the Board of Directors**

Pursuant to article 14.4 of the Company's articles of association, the Board of Directors, upon proposal of its Chairman, appoints a secretary. The Secretary remains in office until his/her resignation, withdrawal or replacement by the Board of Directors for whatever reason.

The secretary of the Board of Directors assists the Chairman in the fulfilment of his/her duties, *i.e.* the organization of the Board of Directors' work.

Any members of the Board of Directors may consult the secretary of the Board of Directors and benefit from his/her assistance.

The secretary of the Board of Directors ensures the compliance with the procedures relating to the functioning of the Board of Directors and draws-up the minutes of its meetings.



## **Lead Director**

The Lead Director is entrusted with the following tasks, with the specific aim of improving relations with shareholders:

- He/she provides a point of contact for directors on governance issues. For this purpose, he has a dedicated e-mail address. He/she is also informed of comments and suggestions made by shareholders regarding corporate governance. He/she ensures that their questions are answered and makes himself/herself available to communicate with institutional shareholders and voting advisory agencies at the request of the Chairman, if necessary. He/she shall report on these contacts to the Board.
- He/she may be seized of any conflict of interest concerning a member of the Board and self-seize himself/herself if necessary. He/she shall assist in the management of such conflicts of interest in accordance with Article 5 of these Rules.

For the purpose of carrying out his/her duties, the Lead Director has the following powers:

- He/she may request the inclusion of any item on the agenda of a Board meeting;
- He/she may at any time ask the Chairman to convene the Board on a particular point, the Chairman being bound by this request;
- He/she participates in the meetings of the Appointments and Compensation Committee and can rely on this Committee for certain governance matters;
- He/she organizes once a year a meeting of the independent directors without the presence of any executive corporate officer. This meeting does not have the character of a Board meeting but is reported at a formal Board meeting. The purpose of this meeting is to give independent directors an opportunity to express their views on governance issues and on the assessment of the performance of the Executive Management on the proposal of the relevant committees.

For the performance of his/her duties, the Lead Director may at any time request the assistance of the Secretary of the Board.

He/she is present at general shareholders' meetings and may be invited by the Chairman of the Board to make a report on his/her action during these meetings.

## **ARTICLE 5 OBLIGATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS**

Each member of the Board of Directors shall have knowledge of the Company's articles of association, these internal rules and applicable legal and regulatory requirements applicable to limited liability companies with a Board of Directors and specifically legal and regulatory requirements applicable to company whose shares are admitted to trading on a regulatory market. Consequently, he/she is deemed to have full knowledge of the obligations listed below.

### **Obligation of loyalty**

The obligation of loyalty implies that the Board of Directors' members shall not act in their own interest against the Company's interest.

In a situation revealing or which may reveal a conflict of interest between the Company's interest and his/her personal interest, whether direct or indirect, the interested director shall inform the Lead Director, or, if the latter is himself/herself the interested director, the Chairman of the Board of Directors.

In addition, the Lead Director may at any time take up any current or potential conflict of interest of which he/she becomes aware and conduct investigations to identify, prevent or manage them.

The conflict of interest shall be managed under the supervision of the Lead Director, or if applicable, the Chairman of the Board of Directors. The other members of the Board of Directors shall be informed of such conflict of interest and its management during the Board of Directors' next meeting.

The Lead Director or, if applicable, the Chairman of the Board of Directors, may decide to submit the proposed management of such conflict of interest for deliberation by the Board of Directors, provided that the interested director may not take part in the vote.

Depending on the situation, the interested director shall refrain from participating in any debates and from taking part in the vote of the corresponding decision, shall not attend the Board of Directors' meetings during the period in which he/she is in a situation of a conflict of interest or, in the event of a severe conflict of interest, shall resign of his/her position as a director.

This internal procedure shall apply to conflicts of interest notwithstanding the prior approval procedure for related-party agreements, if also applicable, provided for by articles L. 225-38 *et seq.* of the French Commercial Code.

### **Non-compete obligation**

Throughout their mandate, Board of Directors' members are prohibited from exercising any activities or duties in a company which competes with the Company or one of the companies of the Group without the prior approval of the Chairman of the Board of Directors or, if the latter is concerned by the non-compete situation, the prior approval of the Chairman of the Appointment and Compensation Committee.

### **Disclosure obligation**

In order to prevent any risks of conflict of interests and allow the Board of Directors to deliver quality information to the shareholders and the market, each Board of Directors' members shall declare to the Lead Director and more broadly to the Board of Directors, within the month of the closing of the financial year:

- (i) when paid, due or borne by a company controlled by the Company:
  - any compensation and benefit of any kind, including in the form of an allocation of equity or debt securities, securities giving access to capital or options, either fully paid or to be paid in respect of the latest closed financial year, and as the case may be, by characterizing the fixed, variable and exceptional components as well as the criteria in application of which they were calculated or the circumstances under which they were determined;
  - any benefit of any nature corresponding to remuneration, compensation (*indemnités*) or benefits due or likely to be due as a result of taking up, resigning or changing duties or subsequent to holding them, regardless of whether these benefits are linked to an employment contract or not;
  - any supplementary retirement benefit;
- (ii) other terms of office and positions exercised in any company throughout the financial year;

- (iii) in the past five (5) years, any past functions exercised outside the Group controlled by the Company, any conviction for fraud, any other public accusation and/or penalty and specifically being barred from acting as a member of a governing body, management or supervisory body of a listed company.

### **Non-disclosure obligation**

In a general way and regarding the information outside of the public domain acquired within the scope of his/her/its functions, any Board of Directors' member shall consider that he/she is bound by a strict confidentiality obligation regarding the contents of the discussions and deliberations of the Board of Directors and specialized Committees, as well as information and documents which may be submitted during such meetings or which may be communicated.

This non-disclosure obligation does not prohibit the permanent representative of a director who is a legal person to release information to the corporate bodies of such legal person, it being specified that the concerned legal person must take all the necessary measures to ensure a strict confidentiality from the person receiving such information.

The Board of Directors' members may however disclose confidential information obtained in the context of their functions if such disclosure is required pursuant to legal and regulatory provisions, by judiciary authorities, administrative authorities or a trading authority and subject to limiting the disclosure of information to what is strictly necessary to fulfil such obligation.

### **Obligation regarding the holding of securities issued by the Company**

Members of the Board of Directors are not required to own Company's shares during their term of office. Each Board of Directors' member commits to record the Company's shares that he/she holds, or may hold, in registered form.

In the event a Board of Directors' member benefits from options to subscribe for shares or to purchase shares, such as when he/she is allocated free shares, he/she commits to comply with the exercise periods and procedures set out by the Board of Directors in the context of the relevant allocation, the holding duties attached to said securities and, as the case may be, applicable black-out periods, and to refrain from implementing risk hedging transactions.

### **Obligations set out in the Stock Market Ethics Charter**

As a member of the Company's Board of Directors, which is a company whose shares are admitted to trading on a regulatory market, each director is subject to the prevailing laws and regulations regarding the holding of inside information, the prevention of market offences and the transactions involving the Company's securities.

Specific obligations to which members of the Board of Director are subject pursuant to these prevailing laws and regulations, as well as the administrative or criminal sanctions that may be imposed for any failure to comply with those obligations, are summarized in the Charter which was provided to each member and forms an integral part of these internal rules.

### **Obligation of diligence**

Each member of the Board of Directors must devote the necessary time and attention to his/her/its functions.

Therefore, he/she undertakes to be diligent and to:

- do his/her/its best efforts to attend in person or, when necessary by means of videoconference or telecommunication, to all the meetings of the Board of Directors and/or of the Committee of which he/she is a member, it being specified that in case of impediment the member shall (i) inform the Chairman of the Board of Directors of such impediment and (ii) make sure to be represented by another member of the Board of Directors to the relevant meeting; and
- attend to all General Shareholders Meetings.

In the event a Board of Directors' member is an executive corporate officer of the Company, he/she shall not accept more than two (2) terms of office as a director in listed companies, including foreign companies, outside of the Group.

### **Obligation and right to information**

In order to efficiently participate to the work and deliberations of the Board of Directors, each member of the Board of Directors shall ensure that he/she is provided, giving sufficient notice, with information that he/she deems useful regarding the topics that will be discussed during the meetings as set out in the Board of Directors' agenda.

Requests shall be made to the Chairman of the Board of Directors, who must ensure they are satisfied with the assistance of the secretary of the Board of Directors.

Each member of the Board of Directors may benefit from the training program, if he/she deems necessary for the exercise of his/her/its office, on the specificity of the Company, its business and areas of activities.

Outside the meetings of the Board of Directors, members of the Board of Directors are informed of any event significantly affecting the Group's operations in sufficient periods of time.

The Chairman of the Board of Directors or the Board of Directors upon the request of at least one third of its members can interview the CEO (to the extent that the latter is not also a member of the Board of Directors) or/and, if applicable the Deputy CEO(s), each time they deem it necessary.

## **ARTICLE 6 MEETINGS OF THE BOARD OF DIRECTORS**

### **Frequency**

The Board of Directors meets as frequently as the Company's interests require it and at least once every quarter, it being specified that the duration of the Board of Directors' meetings shall enable an in-depth review of the subjects discussed in the context of the agenda.

The number of the Board of Directors' meetings and of meetings of its Committees held during the financial year must be stated in the report established by the Board of Directors pursuant to article L. 225-37 of the French Commercial Code, which must also give to the shareholders any useful information on the attendance of the Board of Directors' members to such meetings.

### **Notice and right to prior information**

The Board of Directors must be convened in writing by the Chairman of the Board of Directors at least five (5) business days before the meeting. In case of emergency, the convening notice may be delivered without any notice period.

The Board may meet at any time at the request of the Lead Director on a specific agenda. The Chairman of the Board is bound by this request.

The Board of Directors can also be convened upon written notice of the CEO or of at least three (3) members of the Board of Directors, with an agenda and in a location specified in the convening notice, at least five (5) business days before the meeting.

Except in case of emergency, the members of the Board of Directors receive with the convening notice the agenda of the meeting and the documents necessary for their review and analysis and allowing them to take an enlightened decision on the agenda. Each Board of Directors' member can request any document that he/she considers in accordance with the provisions set out in article 5 of the present internal rules.

### **Agenda**

The Board of Directors is convened upon a determined agenda.

Each member of the Board of Directors has the freedom and the responsibility to request from the Chairman of the Board of Directors to include specific matters on the draft agenda if he/she deems that they fall within the field of competence of the Board of Directors.

### **Location of the meetings**

The Board of Directors' meetings shall be held at any places specified in the convening notice.

### **Use of means of videoconference or telecommunication**

The physical attendance of the Board of Directors' members is preferred during the meetings of the Board of Directors.

Nevertheless, the members of the Board of Directors can attend meetings of the Board of Directors through means of videoconference and telecommunication in accordance with the conditions prescribed by law.

This method of participation is not applicable for decisions which relate to:

- the approval of the annual company and consolidated accounts;
- the drawing-up of the company and consolidated management report.

The means of videoconference and telecommunication used should allow the identification of participants and ensure their effective participation at the Board of Directors' meeting.

Members of the Board of Directors attending the meeting through means of videoconference or telecommunication are deemed to be present, for purposes of calculating quorum and majority, with the exception of the above-mentioned decisions for which means of videoconference or telecommunication are not applicable.

The secretary of the Board of Directors signs the attendance sheet for all members of the Board of Directors attending the meeting by means of videoconference or telecommunication who are not able to sign this attendance sheet (for themselves and those persons they represent). These persons sign a separate sheet which will be communicated to the secretary of the Board of Directors and which shall then be attached to the attendance sheet.

The minutes of the meeting mention the participation of the members of the Board of Directors through means of videoconference or telecommunication. The minutes must also state if a technical incident occurred when this incident disrupted or interrupted the meeting. In case of occurrence of such an incident event, a new vote will be made concerning the points dealt with after the disruption or interruption of the transmission.

### **Participation of non-members to the Board of Directors' meetings**

Depending on items listed in the agenda, the Chairman of the Board of Directors may decide, notably upon proposal of a member of the Board of Directors, to invite to a meeting of the Board of Directors any person who is not a member thereof and whose attendance is considered useful or necessary to make a presentation or to enlighten preparatory discussions taking place ahead of the deliberations of the Board of Directors. Unless otherwise decided by the Board of Directors at its meeting, any invited person who is not a member of the Board shall only be present for the duration of his or her intervention with the Board; at the end of this intervention, he or she must leave the meeting.

Furthermore, directors representing the interests of a major shareholder shall have the right to invite to the Board of Directors, as an observer, one person outside the Group, who is not a member of the Board of Directors and who is an employee or representative, as applicable, of the said major shareholder.

Each observer must commit in writing *vis-à-vis* the Company to comply with the same confidentiality obligations as those applying to members of the Board of Directors under French law, the Company's articles of association and the present internal rules of the Board of Directors.

### **Minutes of meetings**

Minutes of the Board of Directors are drafted in relation to each meeting of the Board of Directors pursuant to applicable legal and regulatory requirements.

The draft minutes of the previous meeting of the Board of Directors are sent or delivered to each member of the Board of Directors at the latest at the same time as the convening notice to the next meeting if the approval of such minutes is included on the agenda for the next meeting.

An attendance sheet is signed by the members of the Board of Directors attending the meeting and which mentions, if applicable, the names of members attending the meeting through means of videoconference or telecommunication and powers of attorney which have been granted by one or several absent members.

Copies or extracts of these minutes are certified by the authorized persons pursuant to the law.

### **Working language**

French and English are the working languages of the Board of Directors. Each member of the Board of Directors is free to express himself/herself in English or French.

Notices of meetings of the Board of Directors are written in French and English.

Working papers for the Board of Directors are written in English, or in French in particular cases.

During meetings of the Board of Directors the Chairman (i) provides, if applicable, a translator to members of the Board of Directors requesting so and (ii) ensures that discussions are translated into English.

The minutes of each meeting of the Board of Directors are established in French and English. They are approved in both versions. However, only the French version of the minutes of meetings of the Boards of directors is transcribed into the register of minutes.

### **Appraisal**

Once a year, the Chairman of the Board of Directors invites the directors to give their opinion on the modus operandi of the Board of Directors and specialized Committees and on the preparation of their work. This discussion is recorded in the minutes of the relevant meeting.

This appraisal will allow the members to ensure that the major questions are prepared and discussed and to assess the contribution of each member to the work of the Board of Directors with respect to its expertise and implication.

## **ARTICLE 7 COMMITTEES**

Pursuant to article 14.7 of the Company's articles of association, the Board of Directors can set up one or more specialized Committees, for which it determines the composition and responsibilities.

The Board of Directors has, during its meeting held on 22 September 2015, created the following Committees, as follow:

- the Audit and Risks Committee (*Comité d'Audit et des Risques*);
- the Appointments and Compensation Committee (*Comité des Nominations et des Rémunérations*); and
- the Strategic Committee (*Comité Stratégique*).

The common rules applying to all the Committees of the Board of Directors are set out hereinafter, as well as the specific rules applying to the composition, operating procedures and responsibilities of the Strategic Committee.

The specific rules applying to the composition, operating procedures and responsibilities of the Appointment and Compensation Committee are set out in the internal rules adopted on 2 March 2016 and the specific rules applying to the Audit and Risks Committee are set out in the internal rules adopted on 20 January 2017, as amended from time to time by a decision of the Board of Directors, as the case may be.

Each Committee has a role in studying, analyzing and preparing certain deliberations of the Board of Directors falling are within its scope of competence. Each Committee has an advisory power and is subject to the authority and responsibility of the Board of Directors to which each Committee shall report.

### **Common rules to all Committees**

The Committees are composed of members of the Board of Directors appointed by it for a term that cannot exceed the duration of their directors' term of office. The Board of Directors may dismiss a Committee member at any time, without justification.

A given person can be a member of more than one Committee.

The Board of Directors appoints in each Committee a chairman for a maximum duration corresponding to the duration of his term of office as member of the aforesaid Committee.

Each Committee meets upon convening notice by the chairman. The meeting takes place at the registered office or any place decided by the chairman.

The convening notice shall be made by any means and must indicate the agenda. Except in case of emergency or exceptional circumstances, the documents corresponding to the items listed in the agenda are sent to the Committee members at least five (5) business days before the date of the meeting.

Notices of meetings of the Committees as well as working papers are drafted in French or in English, depending on the persons attending the relevant meeting.

The chairman of each Committee sets the agenda of each meeting and leads the debates. In the absence of the chairman, the other Committee members appoint a meeting chairman.

The decisions of the Committee shall only be valid if at least one-half of the members are present, by one of the means allowed by the law and regulatory requirements, by the articles of association or by the present internal rules for the participation to meetings of the Board of Directors. Decisions are taken by the majority of the members present or represented, in the event of a tie, the Chairman shall have the casting vote.

In case of impediment, a member of the Committee can be represented at the meeting of the aforesaid Committee to which he/she cannot attend by another member of that Committee.

The chairman can invite to assist to one meeting of the Committee (i) one or more members of the Company's management, including members of the Executive Committee, and (ii) any person, who is not a member of the said Committee, whose presence is required or useful for the discussion of items listed on the agenda of this Committee's meeting. Only the members of the Committee can take part in the deliberations.

The Committees can request external technical studies at the Company's expense on matters falling within their fields of competence and likely to clarify the Board of Directors' deliberations subject to the prior consent of the Chairman of the Board of Directors and with a duty to report to the Board of Directors.

A written record of each meeting is kept, drafted in French or in English depending on the persons who attended the relevant meeting, under the responsibility of the Chairman of the Committee (or the session chairman). An executed copy of each written record shall be provided to the members of the relevant Committee and to the Board of Directors.

### **The Strategic Committee**

- **Composition**

The Strategic Committee is composed of at least three directors.

- **Responsibilities**

The role of the Strategic Committee is to advise the Board of Directors on the major strategic orientations of the Group in industrial, commercial and economic matters and on the development policy proposed by the CEO (strategic agreements, partnerships, external growth).



- **Specific conditions of operation**

The members of the general management attend the meetings of the Strategic Committee. The Strategic Committee can invite outside persons to the Committee meetings or interview them during such meetings, considering the agenda and the topics to be discussed. Such persons can be members of the Group or not. Their participation must be justified regarding their skills, function or knowledge, necessary to the debates of the Strategic Committee.

## **ARTICLE 8 COMPENSATION**

### **Executive compensation**

The Board of Directors shall determine the amount and the terms of the compensation of the Chairman of the Board of Directors, the CEO and, as the case may be, the deputy CEO(s) as well as the resulting information, in accordance with applicable legislative and regulatory requirements. It shall take into account the criteria set out by the MiddleNext Code, after consulting the Appointment and Compensation Committee.

### **Directors' compensation**

A fixed annual amount remunerating their activity can be allocated to the directors by the General Shareholders Meeting of the Company pursuant to the applicable legal and regulatory rules and the Company's articles of association. The Combined Shareholders Meeting held on 29 June 2015 set this fixed annual amount at a maximum of € 480,000.

The Board of Directors may set a minimum compensation to be allocated to its members. The distribution of the fixed annual amount decided by the General Shareholders Meeting between the members of the Board of Directors is freely decided by the Board of Directors, it being specified that the maximum amount of attendance fees to be allocated to each member is € 50,000 per year, excluding the specific compensation allocated to each chairman of the Committees and to the Lead Director.

By way of exception, no compensation may be allocated to (i) members of the Board of Directors who are employees or corporate officers of a shareholder of the Company or of any legal entity directly or indirectly related to a shareholder of the Company, (ii) the member representing the employee shareholders, (iii) the CEO and (iv) the Chairman of the Board of Directors, provided that the CEO and the Chairman of the Board of Directors shall each receive a specific compensation fixed by the Board of Directors for performing their respective mandate as executive corporate officers.

The distribution of the directors' compensation decided by the Board of Directors shall take into account, *inter alia*, the attendance of each member the Board of Directors and the time that he/she devotes to his/her functions, including his/her potential attendance to the Committees.

The members of the Committees, except for the chairman of each Committee and the persons referred to above to whom no compensation may be allocated, are eligible to a specific complementary compensation for performing such functions. The chairman of each Committee, unless this position is held by the chairman of the board of directors, shall receive an annual compensation amounting to € 10,000.

The Lead Director receives, in respect of his/her duties, a specific annual sum, the amount of which is proposed by the Nomination and Remuneration Committee and approved by the Board of Directors, as additional compensation.

Besides, certain Board members may be entrusted from time to time with specific assignments by the Board of Directors for which they shall be compensated on a case-by-case basis.

Finally, each member of the Board of Directors has a right to the reimbursement, upon the presentation of supporting documents, of travel cost engaged during his duties.

**ARTICLE 9**  
**AMENDMENT AND PUBLICATION OF THE INTERNAL RULES**

These internal rules can be amended by a resolution of the Board of Directors adopted by a majority of its members present or represented at the relevant meeting of the Board of Directors, it being specified that the provisions of these internal rules which repeat provisions of the Company's articles of association can only be amended if the Company's articles of association have been previously amended by an extraordinary General Shareholders Meeting.

Any new member of the Board of Directors shall be deemed, at the time of his/her entering into office, to adhere to these internal rules and comply all of their provisions, including the provisions of the Stock Market Ethics Charter and, if applicable, the provisions of the specific internal rules of each Committee that he/she is or will be a member of.

These internal rules are made public.

The Board of Directors