

## TARKETT

*Société anonyme* with a Management Board and Supervisory Board with a share capital of  
€327,751,405

Registered office : 1, Terrasse Bellini – Tour Initiale – 92919 Paris La Défense (France)  
352 849 327 R.C.S., Nanterre

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### **INTERNAL REGULATIONS OF THE SUPERVISORY BOARD**

The members of the Supervisory Board of the company Tarkett (hereinafter “the Company”) have decided to adhere to the following operating rules, which shall constitute the Internal Regulations of the Supervisory Board.

These internal regulations are intended to specify the operating procedures of the Supervisory Board of the Company, as a complement to the legal and regulatory provisions and the articles of association of the Company.

They fall within the framework of the market recommendations, which aim to guarantee observance of the fundamental principles of corporate governance and notably those cited in the AFEP/MEDEF Consolidated Code. They may be amended at any time by simple decision of the Supervisory Board.

These internal regulations were approved by the Company’s Supervisory Board at its meeting of 17 September 2013, and entered into effect on this latter date following due completion on the admission of the Company’s shares to trading on Euronext Paris regulated market.

Various amendments (regarding name and Internal Regulations of the Committees of the Supervisory Board) were brought during the meeting of the Supervisory Board dated February 8, 2018.

#### **Article 1 – Composition of the Supervisory Board**

1.1 The Board shall ensure that the proportion of independent members is, as far as possible, at least one third of the Supervisory Board, and that the Audit, Risks and Compliance Committee and the Nominations, Compensation and Governance Committee each include at least two independent members, it being recalled that the qualification of independent member does not include a value judgement on the capacities and competence of Board members.

On the occasion of each renewal or appointment of a Board member and at least once a year before the publication of the Company’s annual report, the Board shall assess the independence of each of its members (or applicants). During this assessment, the Board, pursuant to the opinion of the Nominations, compensations and governance Committee, shall examine the qualification of each of its members (or applicants) on a case-by-case basis, in view of the criteria cited above, the particular circumstances and the situation of the interested party with regard to the Company. The conclusions of this examination shall be brought to the attention of the shareholders in the report relative to corporate governance and, as appropriate, to the general meeting on election of the members of the Supervisory Board.

The assessment of the independence of each member of the Supervisory Board shall notably take account of the following criteria:

- (i) he/she shall not be an employee or representative of the Company, employee or member of the administrative or supervisory board of any company which consolidates it, or of a company which it consolidates and shall not have been during the previous five years;
- (ii) he/she shall not be the representative of a company for which the Company directly or indirectly holds a mandate as member of the board of directors or supervisory board or in which an employee designated as such or representative of the Company (currently or who has been for less than five years) holds a mandate as member of the Supervisory Board;
- (iii) shall not be a client, supplier, investment banker or significant commercial banker or consultant of the Company, or of its Group or for which the Company or its Group represents a significant part of its activity (or be directly or indirectly linked to such a person);
- (iv) shall not have a close family tie to a representative of the Company;
- (v) shall not have been a Statutory Auditor of the Company during the last five years;
- (vi) shall not have been a member of the Supervisory Board of the Company for more than twelve years on the date to which its mandate in progress has been granted to it.

For the members of the Board holding ten per cent or more of the share capital or voting rights of the Company, or representing a legal person holding such a stake, the Board, on the report of the Nominations, compensations and governance Committee, shall pronounce on the qualification of independent party, notably taking into account the composition of the share capital of the Company and the existence of a potential conflict of interest.

The Board may decide that a Board member, while fulfilling the above criteria, shall not be qualified as an independent in view of its particular situation or that of the Company, in view of its shareholding structure or for any other reason. Conversely, the Board may consider that a member of the Board who does not fulfil the above criteria is nevertheless independent.

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

1.2 The duration of the duties of members of the Board shall be four years, ending at the end of the ordinary general meeting which has ruled on the accounts for the past financial year and held during the year in which mandate of the said member expires. Part of the members of the Supervisory Board shall be renewed each year, in order to ensure a staggered renewal of all of the Supervisory Board over a four-year period. For this purpose, the general meeting may provide, on designation of certain members of the Supervisory Board appointed prior to the date on which the shares of the Company are admitted to trading on a regulated market, that the duration of their mandate shall be less than four years, in order to permit a staggered renewal of the mandates of the members of the Supervisory Board.

In the event of vacancy due to death, age limit or resignation, the Board shall, as appropriate, make appointments in a provisional capacity under the conditions provided by law. The

member of the Board appointed as a replacement for another whose mandate has not expired shall only remain in office for the remaining period of the mandate of his/her predecessor.

1.3 The Board shall elect from among its members who are natural persons, a Chairman and a Deputy Chairman, for a duration which may not exceed that of their mandate as member of the Board.

In accordance with the legal provisions, the Chairman of the Supervisory Board's main task is to organize the Supervisory Board's works enabling it to exercise properly the control the Company's management. The Chairman of the Supervisory Board is the privileged interlocutor to respond to any requests for interviews from a shareholder or an investor addressed to the Supervisory Board.

The Vice- Chairman presides, in case of impediment of the president, the Supervisory Board's meeting.

1.4 The Board may decide to establish permanent or temporary internal committees, intended to facilitate the effective functioning of the Board and to contribute effectively to the preparation of its decisions.

These committees shall be assigned the task, at the Board's responsibility, of studying the issues which the Board or its Chairman submits for an opinion to their examination in order to prepare the work and decisions of the Board. The composition, attributions and procedures for functioning of these committees shall be stipulated by internal regulations specific to each committee, drawn up by the relevant committee and approved by the Board.

On the present date, the Board has decided to establish the following permanent Committees: (i) an Audit, Risks and Compliance Committee and (ii) a Nomination, Compensation and Governance Committee.

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

The acceptance and exercise of the mandate of member of the Board, of Chairman and/or of Deputy Chairman shall entail the commitment of satisfying the conditions and obligations required by law at all times, the articles of association of the Company and these internal regulations, notably regarding accumulations of mandates. Each member of the Board shall be subject to the following principles:

2.1 Before accepting his/her duties, each member of the Supervisory Board shall familiarise him/herself with the general or specific obligations incumbent on him/her. He/she shall notably take account of the applicable legal or regulatory texts, the articles of association of the Company and these internal regulations.

2.2 Each member of the Supervisory Board shall be obliged to notify the Board of any situation of conflict of interest, even potential, and shall refrain from participating in the debate and vote on the corresponding decision or declare the reason(s) why he/she has decided, as appropriate, not to refrain from participating in the vote on any decision of the Board for which he/she would be in such a situation. Notwithstanding the above, the members of the Supervisory Board may nevertheless participate in any decision forming the object of a decision of the general meeting of the Company, notably any decision regarding a merger, demerger or partial contribution of assets, as well as any reorganisation transaction to which the Company is a party.

2.3 Each member of the Supervisory Board shall demonstrate the following essential qualities:

- concern for the interests of the company;
- capacity for judgement, in particular of the situations, strategies and individuals, notably on the basis of his/her experience;
- proactive capacity, allowing him/her to identify the strategic risks and issues;
- honesty, presence, activity and involvement.

2.4 The acceptance of the position of member of the Supervisory Board shall entail the dedication to this function of the necessary time and attention. In particular, each member of the Supervisory Board shall undertake not to hold more than four (4) other mandates as member of a board of directors or supervisory board in listed companies external to the Group, including foreign ones and shall keep the Board informed of mandates exercised in such other companies, including his/her participation on the Board of these companies which do not belong to the same group, so that he/she is available.

2.5 Each member of the Supervisory Board shall be assiduous and shall participate, in the absence of a major obstacle, in every Board meeting, or as appropriate, those of the Committees to which he/she belongs.

2.6 Each member of the Supervisory Board shall have the obligation to inform him/herself so that he/she can intervene usefully on issues on the Board's agenda. He/she shall have the obligation to request useful information, within the appropriate deadlines, which he/she considers necessary for carrying out his/her mission.

2.7 Each member of the Supervisory Board shall be obliged, with regard to non-public information acquired while performing his/her duties, to genuine professional secrecy, which exceeds the simple obligation of discretion provided by the laws and regulations. It is nevertheless stipulated that the members of the Supervisory Board may notify this information to the members of the company which employs him/her or of the organisation of which they are members, provided that this communication (i) is necessary for performing their duties, (ii) that the person receiving this information is informed of its confidential character and of the applicable rules for use of insider information, (iii) does so in observance of the applicable regulations and (iv) that it doesn't harm the Company.

2.8 Each member of the Supervisory Board shall observe the applicable regulation on market abuse and insider information. He/she shall also declare to the Company, as soon as possible, any transaction executed on the Company's shares, pursuant to the applicable legal and regulatory provisions. These provisions shall form the object of an annual reminder to all Board members and of specific information in the event of significant changes.

2.9 Until he/she holds 1,000 shares, each member of the Supervisory Board shall use half of the amount of his/her attendance fees to acquire shares in the Company. On assuming their duties, the members of the Supervisory Board shall register the shares that they hold. The same shall apply for any subsequently acquired shares.

2.10 Each member of the Supervisory Board shall attend the general shareholders' meetings of the Company.

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

2.12 The Company shall subscribe to the benefit of the members of the Supervisory Board the appropriate insurance policies for liabilities aiming to ensure, within the legal and/or usual limits, against the financial consequences of the shares for civil liability, likely to be brought against them in view of their duties within the Board and its committees. These insurance policies shall provide for terms and conditions in line with market practices.

### **Article 3 – Missions of the Supervisory Board**

3.1 The Board shall exercise permanent control of the management of the Company through the Management Board, under the conditions provided by the law, the articles of association of the Company and the internal regulations of the Board and its Committees.

At any time during the year, it shall carry out the inspections and audits that it considers appropriate and may arrange to be notified the documents that it regards as useful for performing its mission.

In particular, after the end of each quarter, the Board shall inspect and audit the company and consolidated half-yearly and annual accounts prepared by the Management Board. The Board shall submit a report to each ordinary general meeting, containing its observations on the management report of the Management Board, as well as on the company and consolidated accounts of the past financial year.

It shall be regularly informed by the Management Board of the Group's management objectives and their execution (notably with regard to the annual budget and strategic plan) as well as policies on investment, control of risk exposure, management of human resources and their implementation within the Group; as necessary, it shall be contacted by the Management Board for any exceptional situation, and in particular with regard to the Important Decisions.

In this capacity, the Board shall notably ensure that every strategic transaction and every significant transaction falling outside the announced strategy of the Group shall form the object of sufficient information with a view to its prior approval by the Board.

The Board shall meet periodically and may invite the members of the Management Board to its meetings. One meeting shall be scheduled per year, during which, the performances of the Chairman of the Management Board, its members and, as appropriate, of the general director(s) shall be assessed. At this meeting, a reflection on the desirable evolution of the Company's management shall be held.

3.2 The Supervisory Board shall give the Management Board its prior approval for the following decisions (the “**Important Decisions**”) within the Company and/or its subsidiaries pursuant to article L.233-3 of the Commercial Code (together, the “**Tarkett Group**”):

- (a) the granting of sureties, endorsements and guarantees by any company of the Tarkett Group beyond a cumulative amount of €20 million per year; if the sureties, endorsements and guarantees were given for a total amount exceeding the limits set for the period under consideration, the overshoot shall not be enforceable against the third party who was not aware of the same;

- (b) the transactions resulting in a significant change in the industrial activities (floor coverings and sporting services) carried out in a principal capacity by the Tarkett Group companies; as necessary, the conduct of new activities in an accessory capacity by the entities of the Tarkett Group shall only require the prior authorisation of the Supervisory Board if it constitutes an Important Decision;
- (c) the acquisition or assignment (and more generally, any transfer of ownership or investment) or allocation by way of a surety of an element of the Tarkett Group's assets within a project, any contribution of assets, notably a partial contribution of assets submitted to the general meeting pursuant to the so-called demerger procedure, any merger or reorganisation (whether with a third party or within the Tarkett Group), relating to a total amount exceeding fifty (50) million euros, or for a cumulative amount with the effect of overshooting the investment budget by more than 10% (whether globally, or by type of transaction);
- (d) the listing on the stock exchange of any company of the Tarkett Group (other than the Company);
- (e) the conclusion by a company of the Tarkett Group of any borrowing for a principal unit amount (i) exceeding one hundred (100) million euros or (ii) entailing an increase in the global amount of principal of outstanding borrowings of the Tarkett Group beyond the globally committed amount (in principal) of borrowings authorised by the Supervisory Board for the period in question and any significant modification to the procedures for these borrowings;
- (f) decisions relating to the modifications of the articles of association of the Company or entailing such modifications and the modifications of the articles of association of any company of the Tarkett Group (i) the value of the assets of which exceeds twenty (20) million euros or (ii) which has strategic assets for the Tarkett Group, insofar as these modifications affect the rights of the Tarkett Group company which controls the subsidiary;
- (g) the approval of these significant joint venture or cooperation agreements, i.e. those for which the assets contributed by any entity of the Tarkett Group (including in cash) exceed fifteen (15) million euros;
- (h) any significant change in the accounting principles applied by the Company for the preparation of its (annual or half-yearly) accounts, other than on account of the modification of the IAS/IFRS standards;
- (i) the adoption of the annual budget of the Tarkett Group and any significant change made to this budget;
- (j) the adoption of a medium- or long-term Strategic Plan and the annual update of this plan (with the annual budget);
- (k) any proposal of resolutions to the general meeting and exercise of delegations granted by the general meeting, regarding the issuance of shares or securities granting access, whether immediately or in the future, to the Company's share capital, as well as any issue of shares or securities granting access, whether immediately or in the future, to the share capital of a company of the Tarkett Group to the benefit of a third party to the Tarkett Group;
- (l) any acquisition or assignment (and more generally, any transfer of ownership) of derivative products, contracts relating to currencies, swaps, options or other financial instruments of speculative type, other than (i) for the hedging requirements of the

Tarkett Group or (ii) within the context of a share buyback programme of the Company;

- (m) the implementation of any insolvency procedure, dissolution, liquidation or dismantling, moratorium or suspension (or any similar procedure in each applicable jurisdiction) of a company of the Tarkett Group (i) with more than 75 employees or (ii) having assets strategic for the Tarkett Group;
- (n) any loan granted to a third party by the Tarkett Group, with the exception of advances to clients, employees and any loan concluded during the normal course of business;
- (o) (i) any recruitment or suspension (or dismissal) of the principal executives of the Tarkett Group, defined as the members of the Management Board of the Company, including the Chairman of the Management Board, as well as the directors of the Group reporting directly to the Chairman of the Management Board (the “**Senior Executives of the Group**”) and (ii) any significant modification to their remuneration (including pension plans or special departure conditions);
- (p) the implementation of or any amendment to the profit sharing plan of the executive team (including any profit-sharing in the form of shares or cash);
- (q) the creation or amendment of stock option plans or plans for the attribution of bonus shares of the Company or of any company of the Tarkett Group (or any other instrument falling within a similar logic) to the benefit of the directors and/or employees of the Group or of certain categories of them;
- (r) the conclusion or significant modification of any collective agreement, pension plan or of any dismissal plan concerning more than 75 individuals;
- (s) the initiative, halting or settlement of any dispute (including a fiscal dispute) or the waiver of any claim, in each of these cases, for an amount exceeding five (5) million euros;
- (t) the appointment, renewal or dismissal of the statutory auditors;
- (u) any subsidy, sponsorship operation and more generally, any form of donation exceeding one hundred thousand (100,000) euros.

The thresholds cited above may be amended by the internal regulations of the Supervisory Board in order to take account of the evolution of the activity and of the development of the Tarkett Group.

3.3 The Supervisory Board regularly assesses the compliance to applicable regulations, the monitoring of risks and the status of the governance.

The Supervisory Board approves the drafts of press release related to financial results, as well as, as the case may be, any event which is an Important Decision (as defined above).

#### **Article 4 – Notification of the Supervisory Board**

4.1 Each member of the Board may benefit, on appointment, from supplementary training on the specific characteristics and the social and environmental responsibility matters of the Company and of the companies which it controls, their businesses and sector of activity.

4.2 The Chairman, or as appropriate, the Deputy Chairman, shall provide the members of the Board, providing sufficient notice, with the information or the documents in its possession allowing them to carry out their mission effectively. Every member of the Board who has not been permitted to decide on an informed basis shall have the duty of notifying this to the Board and of demanding the information indispensable for exercising its mission.

4.3 The Board may hear the members of the Management Board, who may be called on to attend Board meetings, with the exception of the meetings or decisions of the Board devoted to (i) the presentation of the works of the Nominations, compensations and governance Committee on the remuneration of the Senior Executives of the Group and to the setting by the Board of this remuneration, (ii) the assessment of the performance of the Chairman of the Management Board, of the members of the Management Board and, as appropriate, of the general director(s).

4.4 The Board shall be regularly informed by the Management Board of the development of the activity and financial results, of the treasury situation and of the commitments of the Company and of the Group, pursuant to the legal and statutory provisions, to these internal regulations and to those of the Board Committees.

The Management Board shall notably notify the following items of information to it:

- (a) in general, the Management Board shall notify to the Supervisory Board any document or information relating to the Company or to the Group, the establishment by the Management Board or the publication of which is necessary by virtue of the applicable regulations or correct notification of the market, as soon as they are established and before their publication;
- (b) at least once a quarter and in any event, whenever the Board so requests or considers it appropriate, the Management Board shall submit a report to it on the progress of the business of the Company and Group;
- (c) within two months of the end of each half-yearly period, the Management Board shall submit to the Audit, risks and compliance Committee and then to the Supervisory Board, for the purposes of the verification and control works, the company and consolidated accounts of the Company, as well as the associated management report and within 45 days of the end of each quarter, a report on the Group's quarterly financial statements;
- (d) the Management Board shall notify the Audit, risks and compliance Committee, then the Board, of the projected management documents and the report analysing these documents, cited in articles L.232-2 and L.232-3 of the Commercial Code, within eight days of their establishment;
- (e) the Management Board shall present to the Board, in order to secure its approval, the annual budget and medium- or long-term strategic and financial plan of the Company and of the Group; the Supervisory Board may request monthly notification by the Management Board of their monitoring statement;
- (f) the Management Board shall inform the Audit, risks and compliance Committee of any significant amendment foreseen in the chain of control of the Holdings or in the rates of form of exercise of control of the subsidiaries and/or consolidated entities of the Company;
- (g) pursuant to the internal regulations of the Audit, risks and compliance Committee and at least once a year, the Management Board shall submit to the Audit, risks and compliance Committee its policy of control and monitoring of the risks of any nature to which the Company and Group are exposed, as well as the programmes



and resources implemented, with the monitoring statement of the effectiveness of the internal control, of internal audit and risk management systems of the Group;

- (h) pursuant to the internal regulations of the Nominations, compensations and governance Committee and at least once a year, the Management Board shall notify the Nominations, compensations and governance Committee for the purposes of reporting to the Supervisory Board, and as appropriate, for the purposes of prior authorisation by the Board, all of the elements of remuneration and benefits, both fixed and variable, including deferred and conditional elements, of the remuneration of the Group's Senior Executives, as well as the corresponding policies; under the same conditions, the Management Board shall ensure the regular notification of the Nominations, compensations and governance Committee on the succession plan for the principal directors of the Group;
- (i) the Management Board shall provide the Board with all other information and documents that it considers useful for performing the Board's mission; in particular, the Management Board shall notify to the Board, at any time and immediately, all information relating to the Company or the Group, if its importance or urgency so requires.

4.5 Each member of the Board shall have the opportunity to meet the principal directors of the Group, in the absence of the members of the Management Board but subject to having previously informed one of these latter parties. These meetings shall have a purely informative character and shall not call into question the hierarchical relations of authority to which the interviewed directors may be subject.

4.6 The Supervisory Board shall benefit from the works and recommendations of the company SID by way of the assistance agreement for determining strategy. In this capacity, SID shall assist the Supervisory Board with defining the strategic orientations and notably for the Important Decisions and the review of the strategic plan, which shall be subject to the approval of the Supervisory Board by way of the Important Decisions and on which the Board may make recommendations.

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

5.1 The Board meeting shall be called by its Chairman or, in the event of impediment, by its Deputy Chairman, by any means and even verbally. At the same time, the Chairman shall call the Board when at least one member of the Management Board or at least one third of the members of the Board submits a grounded written request in this sense, within fifteen days of receipt of the request. If this demand remains without a response, its authors may themselves make the calling, indicating the agenda for the session.

5.2 The Board shall meet at least once a quarter, notably in order to examine the quarterly report which the Management Board shall present to it on recommendation, pursuant to the requirements of the Audit, risks and compliance Committee and in order to verify and monitor the documents and information cited in article 4 above, and at any other time, as a function of the Company's interest. The frequency and duration of the sessions shall be such as to permit an examination and in-depth discussion of the issues falling within the Board's remit, and therefore it should met as often as needed in the sole presence of its members.

5.3 The meetings of the Board shall be chaired by the Chairman or, in the event of his absence, by the Deputy Chairman; in the event of absence of the Chairman and of the Deputy Chairman, they shall be chaired by a member of the Board appointed by the Board.

5.4 Members participating in meetings of the Board via videoconference or telecommunications resources permitting their identification and guaranteeing their effective participation, under the conditions provided by the applicable legal and regulatory provisions shall be regarded as present at Board meetings.

5.5 The Board shall appoint a secretary, who may be chosen from outside the Board members.

5.6 Each meeting of the Supervisory Board and Committees implemented by this latter party shall be of sufficient duration to debate the agenda usefully and in depth.

5.7 The Statutory Auditors shall be heard at the sessions to examine the accounts.

5.8 The meetings of the Board shall give rise to the maintaining of an attendance register and to the drafting of minutes, under the legal and regulatory conditions and notably of the nature of the information provided to the members of the Supervisory Board, with a detailed summary of the discussions including the questions submitted, the proposals and opinions issued, as well as the position taken by each member on each point of the agenda. The minutes shall be prepared within the fifteen (15) days following the Board meeting and shall be signed by the Chairman of the session and a member of the Supervisory Board and transcribed in a special register maintained at the headquarters of the Company, or in the event of impediment of the Chairman of the Supervisory Board, by at least two members. Minutes of each meeting are approved by the following meeting of the Supervisory Board.

#### **Article 6 – Use of the videoconference or telecommunications resources for the meetings and decisions of the Supervisory Board**

6.1 In observance of the applicable legal and regulatory provisions, the use of videoconference or telecommunications resources shall be authorised for any meeting of the Supervisory Board: the resources used shall permit, in real and continuous time, the transfer of the floor and as appropriate, of the animated image of the members who shall be visible by all. These resources shall also permit the identification of each of the members and shall guarantee their effective participation in the meetings.

6.2 The members of the Supervisory Board participating in the Board meeting by videoconference or telecommunications resources shall be regarded as present for the calculation of the quorum and majority.

6.3 The attendance register shall mention the name of the members participating in the meeting of the Supervisory Board by such means.

6.4 The minutes of the session shall indicate the name the members of the Supervisory Board thus regarded as present. It shall also highlight any occurrence of a technical incident, if it has disrupted the progress of the session.

6.5 Pursuant to article L. 225-82 of the Commercial Code, the participation in the meetings of the Supervisory Board by videoconference or telecommunications resources shall be excluded for the adoption of decisions relating to the following points:

- the drawing up of the annual accounts;
- the drawing up of the consolidated accounts;
- the examination of the Company and Group management report.

6.6 In the event of a tied vote, only that of the Chairman of the Supervisory Board shall be decisive, with the chairman of the session not having a deciding vote if he is not the Chairman.

#### **Article 7 – Remuneration of the members of the Supervisory Board and of the Committees**

All the provisions of this article are applicable to all the members of the Supervisory Board, except of the member(s) representing the employees designated in accordance with the Article 17 of the Company's articles of association, which do not receive attendance fees. However, the costs incurred for their function of member representing employees will be reimbursed upon presentation of proof.

7.1 At the recommendation of the Nominations, compensations and governance Committee, the Supervisory Board:

- shall allocate freely among its members the attendance fees allocated to the Board by the general meeting of the shareholders. A quota set by the Board and deducted from the amount of the attendance fees allocated to the Board shall be paid to the members of the Committees, notably as a function of the presence of these parties at the meetings of the said Committees;
- shall determine the amount of the remuneration of the Chairman and of the Deputy Chairman;
- may also allocate exceptional remuneration to certain of its members for the missions or mandates which are entrusted to them.

7.2 The amounts allocated as a fixed part shall be paid *pro rata temporis* when the mandates begin or end during a financial year.

7.3 The attendance fees shall be paid annually, in arrears.

7.4 The rules for allocation of the attendance fees and the individual amounts of the payments made in this capacity to the members shall be set forth in the annual report, it being understood that the global amount paid to the members of the Supervisory Board, including by way of their missions within the Committees, albeit excluding the justified reimbursement of costs, may not exceed the amount authorised by the General Meeting of shareholders.

#### **Article 8 – Assessment of the functioning of the Supervisory Board**

8.1 The Supervisory Board shall assess its capacity to meet the expectations of shareholders by periodically analysing its composition, its organisation and its functioning. For this purpose, once a year, the Board shall, on recommendation of the Nominations, compensations and governance Committee, devote a point of its agenda to the assessment of its operating procedures, to the verification that the significant questions are appropriately prepared and debated within the Board, as well as to the measurement of the effective contribution of each member to the works of the Board in view of its competence and involvement. It shall notably examine the following points:

- the adjustment, to the exercise of its missions, of the frequency and duration of its meetings, as well as of the information available to it and each of its members for a useful discussion;
- the capacity of the preparatory works of the Committees and their composition, which shall be of a nature to guarantee the objective nature of the investigation of the issues which they examine;
- the opportunity to reserve certain categories of decisions to the Supervisory Board;
- at the proposal of the Nominations, compensations and governance Committee, the independence of the members of the Supervisory Board;
- any defaults by the members of the Supervisory Board on their obligations.

This assessment shall be conducted on the basis of replies to an individual and anonymous questionnaire, addressed once a year to each of the Board members.

8.2 A formalised assessment shall be made at least every three years, possibly under the direction of an independent member of the Supervisory Board, and as appropriate, with the aid of an external consultant.

8.3 The Board shall evaluate the same conditions and with the same frequency, the operating procedures of its permanent internal Committees.

8.4 The annual report shall inform the shareholders of the assessments made and of their follow-ups.

The annual report shall also include an account of the activity of the Supervisory Board and of the Committees during the past financial year and shall provide information on the effective participation of the members in these meetings.

#### **Article 9 – Establishment of the Internal Regulations of the Committees**

At its session of 17 September 2013, the Supervisory Board decided to create two Committees, the Audit, risks and compliance Committee (then called “Audit Committee”) and the Nominations, compensations and governance Committee (then called “Nominations and compensations Committee”), for which it set certain organisational and operating procedures.

The internal regulations of each of the Board Committees of the Board appears as an annex to this document.

#### **Article 10 – Panel of Observers**

The observers shall comply with the provisions of the internal regulations applicable to the members of the Supervisory Board.

The Supervisory Board may, on recommendation of the Nominations, compensations and governance Committee, authorise the reimbursement of the expenses incurred by the observers in the interests of the Company.

## ANNEX 1

### **INTERNAL REGULATIONS OF THE AUDIT, RISKS AND COMPLIANCE COMMITTEE**

The Audit, risks and compliance Committee is responsible for the monitoring of issues relating to the devising and monitoring of financial and accounting information, and of non-financial regulated informations, jointly with the Nominations, compensations and governance Committee for the topics falling within its scope.

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

The mission of the Audit, risks and compliance Committee is to analyse and prepare some decisions of the Supervisory Board, and to submit it its opinions, proposals or suggestions.

Within this context, the Audit, risks and compliance Committee shall notably conduct the following principal missions:

- (i) *Monitoring of the process for elaborating the financial and extra-financial information.*

The Audit, risks and compliance Committee shall examine, prior to their presentation to the Supervisory Board, the annual or half-yearly company and consolidated accounts and ensure the relevance and permanence of the accounting methods used for establishing these accounts. The Committee shall, if necessary, investigate significant transactions during which a conflict of interests may arise.

The Audit, risks and compliance Committee shall notably examine the provisions and their adjustments and any situation which may generate a significant risk for the Group, as well as any financial and extra-financial information or any quarterly, half-yearly or annual report on the evolution of the company's business, or established on the occasion of a specific transaction (contribution, merger, market transaction, etc.).

This examination shall take place, where possible, two (2) days before the examination made by the Board.

The examination of the accounts shall be accompanied by a presentation of the Statutory Auditors, indicating the essential points of the results and accounting options considered, as well as of a presentation by the Management Board describing the exposure to the significant off-balance sheet risks and commitments of the company.

- (ii) *Monitoring of the effectiveness of internal control, internal auditing and risk management systems. Monitoring of the financial and accounting information, and non-financial regulated information.*

The Audit, risks and compliance Committee shall ensure the relevance, reliability and implementation of the procedures for internal control, identification, hedging and management of the Company's risks relating to its activities, as well as the relevance of information made public, wether of accounting , financial or non-financial regulated nature .

The Committee shall also examine the significant off-balance sheet risks and commitments of the Company and of its subsidiaries, including social and environmental responsibility risks. The Committee shall notably hear the managers the internal audit and examine the mapping of the business risks in regular fashion. The Committee shall furthermore give its opinion on the organisation of the service and be informed of its work programme. It shall be the recipient of the internal audit reports or of a periodic summary of these reports.

The Committee reviews the draft of Registration Document, except chapters related to corporate governance, executive's compensation and social and environmental responsibility, which are reviewed by the Nominations, compensations and governance Committee. It is informed, as the case may be, of the opinion on this document of the concerned government agencies (AMF and *Haut Comité de Gouvernement d'Entreprise*), as well as of the drafts of reports on half-year results, and other documents related to financial information.

(iii) *Monitoring of the legal control of the company and consolidated accounts by the Statutory Auditors of the Company.*

The Audit, risks and compliance Committee shall inform itself and carry out a monitoring with the Statutory Auditors of the Company (including in the absence of the members of the Management Board), notably of their general work programme, of any difficulties encountered in conducting their mission, of the modifications to the Company accounts or to the other accounting documents which appear necessary to them, of the accounting irregularities, anomalies or inaccuracies which they have highlighted, of the significant uncertainties and risks relating to the elaboration and processing of the accounting and financial information and of the significant weaknesses in the internal control that they have discovered.

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

The Committee shall pilot the procedure for the selection and renewal of the Statutory Auditors, and submit to the Supervisory Board the result of this selection. On expiry of the mandates of the Statutory Auditors, the selection or renewal of the Statutory Auditors may be proceeded, at the proposal of the Committee and at the decision of the Board, by a call for tenders supervised by the Audit, risks and compliance Committee, which shall ensure the selection of the "best offer" and not "of the lowest bidder".

In order to permit the Committee to monitor, throughout the mandate of the Statutory Auditors, the rules of independence and objectivity of these latter parties, the Audit, risks and compliance Committee shall notably ensure the notification to it each year of:

- the declaration of independence of the Statutory Auditors;
- the amount of the fees paid to the network of Statutory Auditors by the companies controlled by the Company and the entity which controls it by way of the services not directly linked to the mission of the Statutory Auditors; and
- information on the services executed by way of the due diligence directly linked to the mission of the Statutory Auditors.

The Committee shall furthermore examine with the Statutory Auditors the risks weighing on their independence and the safeguard measures taken to attenuate these risks. It shall notably ensure that the amount of the fees paid by the Company and the Group, or the part that they represent of the revenues of the firms and networks, are not of a nature to compromise the independence of the Statutory Auditors.

It is hereby specified that the statutory auditors and their networks may execute missions, on behalf of the Company or of its subsidiaries, in addition to the legal audit, within the context and limits of the provisions of the Charter “Provision of services which may be entrusted to the statutory auditors and to their networks - Rules of approval of the Audit, risks and compliance Committee and applicable procedure” adopted at the meeting of the Supervisory Board of February 8 2018, upon proposal of the Audit, risks and compliance Committee.

(v) *Monitoring of the financial and tax policy, and of the proposal of dividend payment, as well as the amounts of the financial resolutions proposed to the shareholders’ meetings.*

(vi) *Risks management.*

In order to ensure the best management of the current and future risks to which the Company and its subsidiaries are exposed, the Committee shall:

- regularly receive from the Management Board and the company management an information regarding organisation and functioning of the risk management and internal control tools,
- regularly review the map of risks identified by the Management Board and the company management, the outcome of the functioning of the risk management and internal control tools, and the relevance of the process of risks follow-up, and ensure that appropriate action plans have been adopted in order to mitigate the spotted failures or weakness,
- be informed of the outcome of the assessment from various group entities with regard to internal control,
- examine the optimisation of the risk coverage,
- be informed of the main failures or weaknesses spotted, and of the action plans decided by the Management Board and the company management,
- receive the internal audit reports or a regular summary of these reports.

(vii) *Compliance*

The Committee shall examine and follow-up the tools and process in force to ensure a due broadcast and enforcement of the policy and the good practices rules, notably regarding ethics, competition, fraud and corruption, and more generally related to compliance with applicable regulations, It will act jointly with the Nominations, compensations and governance Committee regarding the ethics policy.

The Committee shall report regularly to the Supervisory Board on the performance of its missions and shall inform it immediately of any difficulty encountered.

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

The Audit, risks and compliance Committee shall consist of at least two members and at most four, with at least two members being designated from among the independent members of the Supervisory Board. The composition of the Audit, risks and compliance Committee may be modified by the Supervisory Board, acting at the request of its Chairman, and in any case, could be reviewed in the event of a change in the general composition of the Supervisory Board.

In particular, pursuant to the applicable legal provisions, the members of the Committee shall have particular skills for financial and/or accounting issues.

All of the members of the Audit, risks and compliance Committee shall benefit on appointment from information on the specific accounting, financial and transactional characteristics of the Company.

The duration of the mandate of the members of the Audit, risks and compliance Committee shall coincide with that of their mandate as member of the Supervisory Board. It may form the object of a renewal at the same time as this latter entity.

The chairman of the Audit, risks and compliance Committee shall be designated by the Supervisory Board at the proposal of the Nominations, compensations and governance Committee from among the independent members.

The works secretariat of the Committee shall be operated by any person designated by the Chairman of the Committee or in accordance with it.

## **Article 3 – Committee Meetings**

The Audit, risks and compliance Committee may validly deliberate, either during meetings, by telephone or by videoconference, under the same conditions as the Board, on calling by its Chairman or the secretary of the Committee, on condition that at least half of the members participate in its works.

The notices of calling shall contain an agenda and may be forwarded verbally or by any other means.

The Audit, risks and compliance Committee makes its recommendations indicating to the Supervisory Board the number of favourable opinions received.

The Audit, risks and compliance Committee shall meet as often as is necessary and in any event, at least twice a year on to the occasion of preparing the annual and half-yearly financial statements.

The meetings shall be held before the meeting of the Supervisory Board and as far as possible, at least two days before this meeting when the agenda of the Audit, risks and compliance Committee relates to the examination of the half-yearly and annual accounts prior to their examination by the Supervisory Board.



#### **Article 4 – Remuneration of Committee members**

The remuneration of the Committee members shall be set by the Supervisory Board at the proposal of the Nominations, compensations and governance Committee.

The costs incurred by the members of the Audit, risks and compliance Committee for the holding of its meetings (travel, hotels, etc.) shall be reimbursed by the Company on presentation of documentary evidence.

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

The Committee shall have all of the means which it judges necessary for the successful conclusion of its mission.

Within the strict context of executing its missions, the Committee may make contact with the Senior Executives of the Group after having informed the Chairman of the Management Board and with the obligation to report to the Supervisory Board and to the Management Board. The Committee may also request external technical studies on issues falling within its remit, at the Company's expense and within the limits of an annual budget which may be decided by the Supervisory Board, after having informed the Chairman of the Management Board or the Management Board itself of the same and with the responsibility of reporting to the Supervisory Board and to the Management Board.

The Committee may thus hear the Statutory Auditors of the Company and Group Companies, the financial, accounting and treasury directors, as well as the internal audit manager. These hearings may be held, if the Committee so wishes, in the absence of the members of the Management Board. It may also ask the Management Board to provide it with any information.

The Committee shall receive notification of the significant documents falling within its remit (notes by financial analysts, notes by rating agencies, summaries of audit missions, etc.). It may request supplementary studies, if it so desires.

The examination by the Committee of the annual or half-yearly accounts shall be accompanied by a presentation by the statutory auditors underlining the essential points of the results, of the adopted accounting options and of a presentation by the finance director, describing the significant risk exposures and off-balance sheet commitment of the company.

The detailed examination of the risk mappings shall be carried out at meetings of the Committee dedicated to this purpose.

The Committee may formulate all opinions or recommendations to the Supervisory Board in the fields corresponding to the missions described above.

The secretary of the Committee, who may be an external individual, shall draw up minutes of each session of the Audit, risks and compliance Committee, which shall be notified to the members of the same and to the other members of the Supervisory Board.

#### **Article 6 – Miscellaneous**

The Committee may in no case replace the Supervisory Board. In the event that there is any contradiction between this instrument, on the one hand, and the internal regulations of the Supervisory Board, the articles of association of the Company or the law, on the other, the latter shall prevail.

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## ANNEX 2

### **INTERNAL REGULATIONS OF THE NOMINATIONS, COMPENSATIONS AND GOVERNANCE COMMITTEE**

The Nominations, compensations and governance Committee plays an essential role in the composition and remuneration of the Management Board and the Supervisory Board.

Its purpose is to contribute to the quality of the Supervisory Board's and its committees functioning, by supporting the application of principles and good practices of corporate governance, with concern to ethics and efficiency.

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

The Nominations, compensations and governance Committee is a specialised committee of the Supervisory Board, the principal mission of which is to assist the latter in appointing and controlling the due functioning of the management bodies within the Company and its Group, and ensuring the determination and regular assessment of all of the remuneration and benefits of the Senior Executives of the Group, with this including all deferred benefits and/or voluntary or forced departure indemnities of the Group.

Within this context, it shall notably carry out the following missions:

- *Proposals to appoint the independent members of the Supervisory Board, the Management Board and the Board Committees and to analyse the applications of non-independent members of the Supervisory Board*

The Nominations, compensations and governance Committee shall have the notable mission of submitting proposals to the Supervisory Board with a view to the appointment of the independent members of the Supervisory Board (by the general meeting or by co-opting) and of the members of the Management Board, as well as of the members and Chairman of each of the other committees of the Supervisory Board.

For this purpose, it shall submit grounded proposals to the Supervisory Board. These are guided by the interest of the shareholders and of the Company. In general, the Committee shall make efforts to reflect a diversity of experiences and viewpoints, while ensuring a high level of competence, internal and external credibility and stability of the social bodies of the Company. Moreover, it establishes and maintains up-to-date a confidential succession plan for the members of the Management Board, as well as of the principle directors of the Group in order to be in situation to propose succession solutions rapidly to the Supervisory Board in the event of an unforeseeable vacancy.

With regard, in particular, to the appointment of the independent members of the Supervisory Board, the Committee shall notably take account of the following criteria: (i) the desirable equilibrium of the composition of the Supervisory Board in view of the composition and evolution of the shareholders of the Company, (ii) the proportion of men and women required by the current regulations, (iii) the opportunity for renewal of the mandates and (iv) the integrity, age, nationality, skills, competence, professional experience and independence of each candidate. The Nominations, compensations and governance Committee shall also organise a procedure intended to qualify future

independent members and to conduct its own studies on potential applicants before any initiative has been made with regard to these latter parties.

When it issues its recommendations, the Nominations, compensations and governance Committee shall ensure that the independent members of the Supervisory Board and of the specialist Committees of the Board, notably including the Audit, risks and compliance Committee and the Nominations, compensations and governance Committee, include as a minimum the number of independent members required by the governance principles to which the Company refers.

Furthermore, the Nominations, compensations and governance Committee shall be informed and shall undertake the analysis of the applications of the non-independent members of the Supervisory Board.

- *Governance : control of the due functioning of the management bodies of the Company and its group, and support of the application of principles and good practices of corporate governance*

The Committee shall be responsible for matters related composition and functioning of the Supervisory Board and its Committees.

More generally, the Committee shall assess the structure of the Company governance, and also, in this context, the ways the Company management is enforced; it can issue, if need be, recommendations. It should also issue any necessary opinion regarding the functioning of the Committees of the Board.

The Committee is responsible for monitoring the evolution of the rules of corporate governance, notably in the frame of the Afep-Medef code, to which the Company refers to, and to inform the Supervisory Board of its conclusions, to propose, if need be, an update of governance rules, to follow the rules defined by the Board and to check the information given to shareholders regarding any breach with the provisions of the Afep-Medef code.

The Committee reviews the information included in the Registration document related to governance, executives' compensation and social and environmental responsibility, as well as the drafts of resolutions submitted to the shareholders' meeting related to governance and executives' compensation.

The Committee is in charge of the matters related to conflicts of interest as well as ethics.

Besides, it should review the global amount of directors' fees, as well as its allotment between said directors (i.e. the members of the Supervisory board).

Lastly, it manages the evaluation of the corporate governance, through:

- the annual assessment of the Board and its committees' work ;
- the annual assessment of the independence of the Supervisory Board members, with regards to the criteria chosen by the Company, at the end of which it gives it feedback to the Board in order to allow the latter to examine the situation of any concerned member by applying the above mentioned criteria.

- *Examination and proposal to the Supervisory Board concerning all of the elements and conditions of remuneration of the Group's Senior Executives*

The Committee shall establish proposals including the fixed and variable remuneration, but also, as appropriate, the options for subscription or purchase of shares, the attribution of performance shares, the retirement and pension regimes, the departure indemnities, the benefits in kind or particular benefits and any other possible direct or indirect element of remuneration (including in the long term) which may constitute the remuneration of the Group's Senior Executives.

Within the context of the elaboration of its proposals and works, the Committee shall take account of market practices on corporate governance to which the Company adheres and notably of the following principles:

- (a) The amount of the global remuneration of the Group's Senior Executives, submitted to the vote of the Supervisory Board, shall take account of the general interests of the company, of market practices and of the performance of the Group's Senior Executives.
- (b) Each of the elements of remuneration of the Senior Executives of the Group is clearly grounded and shall correspond to the general interest of the company. The appropriate character of the proposed shall be assessed in the environment of the Company's business and with reference to practices in the French market and to international practices.
- (c) The remuneration of each Senior Executive of the Group shall be determined fairly and consistently with that of the other senior executives of the Group, notably considering their responsibilities, skills and respective personal contribution to the performance and development of the Group.
- (d) The Committee proposes criteria for the definition of the variable part of the remuneration of each Senior Executive of the Group, which shall be consistent with the assessment made annually of the performances of the other senior executives of the Group and with the Group's strategy. The performance criteria used to determine the variable part of the remuneration of the Group's Senior Executives, whether this is remuneration by bonus or attribution of subscription or purchase options or performance shares, shall be simple to establish and explain, shall translate the Group's performance and economic development objective, at least in the medium term, in a satisfactory manner, shall provide transparency with regard to shareholders in the annual report and at general meetings and shall correspond to the company's objectives, as well as to the Company's normal practices for the remuneration of its directors.
- (e) The Committee shall follow the evolution of the fixed and variable components of the remuneration of the Group's Senior Executives over several years with regard to the Group's performances.
- (f) If necessary, specifically with regard to the attributions of options for the subscription or purchase of shares or performance shares, the Committee shall ensure that these shall be grounded by an objective of strengthening long-term convergence of the interests of beneficiaries and of the Company. Any Senior

Executive of the Group shall make the commitment not to undertake hedging transactions for its risk by way of the said options or performance shares.

(g) In all of the above issues, the Committee may formulate any proposal or recommendation, as an initiative or at the request of the Supervisory Board or the Management Board.

- *Examination and proposal to the Supervisory Board concerning the method for allocation of attendance fees*

The Committee shall propose to the Supervisory Board an allocation of the attendance fees and individual amounts of payments to be made in this capacity to the members of the Supervisory Board, notably taking account of their assiduousness on the Board and within its component Committees, of the liabilities that they incur and of the time that they shall devote to their duties.

The Committee shall also formulate a proposal for the remuneration allocated to the Chairman and to the Deputy Chairman of the Supervisory Board of the Company.

The Committee may also propose to the Supervisory Board the reimbursement of the expenses incurred by observers in the interest of the Company.

- *Other exceptional missions*

The Committee reviews the various aspects of the social and environmental responsibility policy of the Group.

The Committee shall prepare the decisions of the Board regarding the main orientations of the Human Resources policy, as well as the follow-up of the risks related to Human Resources.

The Committee shall be consulted for a recommendation to the Supervisory Board on all exceptional remuneration relating to exceptional missions which may be entrusted by the Supervisory Board, as appropriate, to certain of its members.

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

The Nominations, compensations and governance Committee shall consist of at least two and at most four members, with at least two members being independent members of the Supervisory Board. They shall be appointed by this latter body from among its members and notably in consideration of their independence and competence for the selection remuneration of the directors who are representatives of listed companies.

The composition of the Committee may be amended by the Supervisory Board acting at the request of its Chairman, and could in any case be reviewed in the event of a change in the general composition of the Supervisory Board.

The duration of the mandate of the members of the Nominations, compensations and governance Committee shall coincide with that of their mandate as Board member. It may form the object of a renewal at the same time as this latter mandate.

The Chairman of the Nominations, compensations and governance Committee shall be appointed from among the independent members by the Supervisory Board at the proposal of the Chairman of the Board.

The works secretariat of the Committee shall be carried out by any person designated by the Chairman of the Committee or in agreement with the latter party

### **Article 3 – Committee Meetings**

The Nominations, compensations and governance Committee may validly deliberate either at meetings, or by telephone or videoconference, under the same conditions as the Board, on calling by its Chairman or by the secretary of the Committee, on condition that at least half of the members participate in its works. The notices of calling shall include an agenda and may be forwarded verbally or by any other means.

The Nominations, compensations and governance Committee shall make its recommendations by indicating to the Supervisory Board the number of favourable opinions received.

The Nominations, compensations and governance Committee shall meet as often as is necessary and in any event, at least once a year, prior to the meeting of the Supervisory Board pronouncing on the situation of the members of the Supervisory Board in view of the independence criteria adopted by the Company and in any event, prior to any meeting of the Supervisory Board pronouncing on the setting of the remuneration of the members of the Management Board or on the allocation of the attendance fees.

### **Article 4 – Remuneration of Committee members**

The remuneration of the Committee members shall be set by the Supervisory Board at the proposal of the Nominations, compensations and governance Committee.

The expenses incurred by the members of the Nominations, compensations and governance Committee for holding its meetings (travel, hotels, etc.) shall be reimbursed by the Company on presentation of documentary evidence.

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

The secretary of the Committee shall draw up minutes of each session of the Nominations, compensations and governance Committee, which shall be notified to its members and to the other members of the Supervisory Board.

Within the strict context of conducting its missions, the Committee may make contact with the members of the Management Board and the principal senior executives of the Company after having informed the Chairman of the Management Board of the same and with the obligation to report on the same to the Supervisory Board and to the Management Board. The Committee may also request external technical studies on issues falling within its remit, at the Company's expense and within the limit of an annual budget which may be decided by the Supervisory Board, after having informed the Chairman of the Management Board or the Management Board itself and with the obligation of reporting on the same to the Supervisory Board and to the Management Board.

The Committee may formulate any opinions or recommendations to the Supervisory Board in the fields corresponding to the missions described above.

The secretary of the Committee, who may be an external person, shall draw up minutes of each session of the Committee, which shall be notified to the members of the same and to the other members of the Supervisory Board.

The members of the Committee and the participants to the meetings shall be bound by professional secrecy.

#### **Article 6 – Miscellaneous**

The Committee may in no case replace the Supervisory Board. In the event that there is any contradiction between this instrument, on the one hand, and the internal regulations of the Supervisory Board, the articles of association of the Company or the law, on the other, the latter shall prevail.

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