

ELECTRO POWER SYSTEMS

Public limited liability company (Société anonyme) with share capital of 2.553.372 Euros

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INTERNAL RULES

OF THE BOARD OF DIRECTORS

TABLE OF CONTENTS

I. Organisation and functioning of the Board	2
ARTICLE 1 Appointment of Directors	2
ARTICLE 2 Independent directors	3
2.1 <i>Presence of independent directors</i>	3
2.2 <i>Definition and criteria of the independent director</i>	3
2.3 <i>Qualification procedure for independent directors</i>	3
ARTICLE 3 Meetings and deliberations of the Board	4
3.1 <i>Meetings of the Board of Directors</i>	4
3.2 <i>Proxy</i>	4
3.3 <i>Deliberations</i>	4
3.4 <i>Attendance register</i>	5
ARTICLE 4 Minutes	5
ARTICLE 5 Remuneration of members of the Board of Directors	5
5.1 <i>Total amount decided by the General Meeting</i>	5
5.2 <i>Distribution of attendance fees set by the Board of Directors</i>	5
II. Responsibilities and powers of the Board	6
ARTICLE 6 Duties and powers of the Board	6
6.1 <i>Duties and powers of the Board</i>	6
6.2 <i>Prior authorisation of the Board</i>	6
ARTICLE 7 Information and communications to the Board	7
ARTICLE 8 The Chairman of the Board	7
ARTICLE 9 The Vice-Chairman of the Board	8
ARTICLE 10 The General Management	8
10.1 <i>Managing Director</i>	8
10.2 <i>Deputy Managing Director</i>	10
III. Committees	10
ARTICLE 11 Technical committees - Common provisions	10
ARTICLE 12 Ad hoc committees	11

ARTICLE 13	Audit committee	11
ARTICLE 14	Nomination and Remuneration Committee	12
IV.	Code of ethics of members of the Board of Directors	14
ARTICLE 16	Principles	14
ARTICLE 17	Information of directors	15
ARTICLE 18	Defence of corporate interest - Absence of conflict of interest 15	
ARTICLE 19	Monitoring and evaluation of the functioning of the Board	15
ARTICLE 20	Presence of directors	15
ARTICLE 21	Transactions in company securities	15
ARTICLE 22	Non-disclosure	16
ARTICLE 23	Directors' statement regarding their personal situation	16

Preamble

The Board of Directors of the company Electro Power Systems (the "**Company**"), desirous to respect the principles of corporate governance emerging from applicable recommendations, unanimously adopted these internal rules in its meeting of 6 March 2015 and updated them on 20 September 2018.

These internal rules constitute an internal act adopted under the articles of association and supplement them. They aim to set out, within the framework of current legal, regulatory and statutory provisions, details of the composition, organisation and operation of the Board and committees created within it, as well as the rights and obligations of directors.

Each member of the Board of Directors is individually required to comply with these rules.

In these internal rules, the term "**Company**" refers to Electro Power Systems, the term "**Group**" refers to the Company and its consolidated subsidiaries and the expressions "**Board of Directors**" and "**General Meeting**" refer respectively to the Board of Directors of the Company and the General Meeting of the Company. Furthermore, the expression "**Managers**" refers to the Chairman, the Managing Director and the Assistant Managing Directors.

I. Organisation and functioning of the Board

ARTICLE 1 Appointment of Directors

Subject to the legal provisions applicable in case of merger with another public company, the Board of Directors of the Company consists of three (3) members and a maximum of eleven (11). Furthermore, in accordance with the corporate governance code for small and medium values as published in December 2009 by MiddleNext (the "**MiddleNext Code**"), the Board of Directors will seek to include within its numbers at least two independent members without an interest in the Company and the Group pursuant to article 2.2. of these internal rules. If the Board has more than eight (8) members, the Board will seek to count among its members at least three independent directors.

Throughout the life of the Company, the directors are appointed, renewed or revoked in accordance with current legislative and regulatory provisions and the articles of association.

The term of a Director shall be three (3) years. Exceptionally, the General Meeting may appoint certain directors for a term of less than three (3) years or, as appropriate, reduce the term of office of one or more directors to allow a staggered renewal of terms of offices of members of the Board of Directors.

Directors may be reappointed. They may be revoked at any time by the Ordinary General Meeting.

There may only be one director over the age of 70. If this limit is exceeded, in the absence of voluntary resignation of a director who is over 70, the oldest director shall be deemed to have resigned. However, in cases where the limit has been exceeded with a result of the decrease in the number of directors in office, this excess will be ineffective if, within three months, the necessary replacements for the number of directors in office who have exceeded the age limit have taken place.

The directors may be natural persons or legal entities. These must, upon appointment, designate a permanent representative who is subject to the same conditions and obligations and incurs the same liability as if he were a director in his own name and for the same duration as that of the legal entity that he represents.

If the legal entity revokes the mandate of its permanent representative, it is obliged to immediately notify the Company in writing of the revocation and the identity of its new permanent representative. The same applies in case of death, resignation or extended incapacity of the permanent representative.

The directors will be chosen for their competence, their diversity of experiences, their willingness to be involved in the definition and implementation of the strategy of the Company and its subsidiaries and thus the contribution that they can make to the work of the Board.

In case of vacancy by death or resignation of one or more directors, the Board of Directors may, between two general meetings, make appointments provisionally. These appointments are subject to ratification by the next General Meeting. A director appointed to replace another director shall remain in office for the unexpired term of his predecessor.

ARTICLE 2 Independent directors

2.1 Presence of independent directors

The Board ensures that the presence of at least two independent directors is respected within the Board of Directors. This number may be reduced to one member in the event that the Board of Directors consists of five members or less. It may be increased in boards with a large workforce.

2.2 Definition and criteria of the independent director

An independent director is one who has no relationship of any kind with the Company, management or the Group that could compromise the exercise of his freedom of judgement or be likely to place him in conflict of interest with management, the Company or the Group.

Thus, the independent director must not:

- be an employee or corporate officer of the Company or the Group, or a shareholder holding, directly or indirectly, more than 10% of the share capital or the voting rights in the last three (3) years;
- be a corporate officer of a company in which the Company directly or indirectly holds a directorship or in which an employee or corporate officer of the Company (current or within the last three (3) years) holds a directorship; and
- be a customer, supplier, investment banker or investment banker:
 - in a significant manner of the Company or the Group;
 - or for which the Company or its Group represents a significant part of its business.

The assessment of the significance or not of the relationship with the Company or the Group must be discussed by the Board. Furthermore, an independent director must not:

- have a close family tie with an officer of the Company or the Group or with a shareholder owning, directly or indirectly, more than 10% of the capital or of the voting rights of the Company; and
- have been a statutory auditor of the Company or a Company of the Group in the previous three (3) years.

Despite being a manager, the Chairman may be deemed independent if the Company can so warrant in light of the criteria set out above.

2.3 Qualification procedure for independent directors

The qualification of independent director is debated by the Nomination and Remuneration committee, which shall prepare a report on this matter for the Board of Directors. Each year, the Board of directors examines, in light of this report, before the publication of the annual report, the status of each director having regard to the independence criteria defined in article 2.2 of these internal rules.

The Board of Directors submits the findings of its examination to the shareholders in the annual report.

ARTICLE 3 Meetings and deliberations of the Board

3.1 Meetings of the Board of Directors

The Board is convened by the Chairman, by any means, even verbally, as often as the interests of the Company require and at least four times a year.

The Managing Director may also ask the Chairman to convene the Board of Directors to discuss a specific agenda.

When the Board has not met for more than two (2) months, at least one third of the members of the Board of Directors may ask the Chairman to convene it to discuss a specific agenda.

The Chairman is bound by the requests made to him in terms of the two preceding paragraphs.

In case of incapacity or failure by the Chairman to fulfil such requests, the Board may be convened by a director.

The agenda may only be set at the meeting.

Meetings are held at the registered office or any other place indicated in the notice of meeting in France or abroad.

3.2 Proxy

A director may authorise another director to represent him in a deliberation of the Board of Directors. The proxy may be given by any written means that unambiguously evidences the will of the principal. Each director may have only one proxy per meeting. The Board is the sole judge of the validity of the proxy.

The provisions of the preceding paragraph shall apply to the permanent representative of a legal entity.

3.3 Deliberations

The deliberations of the Board of Directors are only valid if at least half of its members are present. Resolutions are adopted by majority vote of the members present or represented, with each member having one vote. The Chairman of the Board of Directors leads the debates. Nevertheless, in the absence of the Chairman of the Board of Directors, the Vice-Chairman shall perform the functions and powers defined by law. In the event of a tie, the Chairman of the meeting does have a casting vote.

Directors are allowed to participate in the proceedings by videoconference or telecommunications; videoconferencing or telecommunications shall comply with the technical characteristics which ensure the identification of the Directors concerned and their effective participation in the meeting of the Board whose deliberations must be continuously transmitted, as well as the confidentiality of the deliberations.

The directors attending meetings of the Board of Directors by videoconference or telecommunication are deemed present for the determination of the quorum and majority except with regard to the closing of the accounts of the Company and consolidated, interim and annual accounts and the reports pertaining thereto.

The Board may also authorise, without voting, non-members of the Board to attend its meetings.

The frequency and duration of sessions must be such that they facilitate the review and in-depth discussions of the matters which fall under the jurisdiction of the Board.

3.4 *Attendance register*

An attendance register is kept and signed by the Board members attending the meeting.

ARTICLE 4 **Minutes**

The deliberations of the Board are recorded in the minutes signed by the chairman and at least one director. In the absence of the chairman, it is signed by at least two directors. The minutes are approved at the next meeting; for this purpose, a draft is first sent to each director.

The minutes shall mention any videoconference or telecommunication means used and the name of each director who attended the Board of Directors by these means. As such, it refers to any technical incidents during the session.

Copies or extracts of the minutes are validly certified by the Chairman, the Managing Director, a Deputy Managing Director, director temporarily serving as Chairman, or a proxy authorised to this end.

ARTICLE 5 **Remuneration of members of the Board of Directors**

5.1 *Total amount decided by the General Meeting*

Members of the Board of Directors may receive, as attendance fees, annual remuneration, whose total amount is determined by the General Meeting and maintained until a new decision at another meeting.

5.2 *Distribution of attendance fees set by the Board of Directors*

The amount of attendance fees thus allocated by the General Meeting is distributed by the Board of Directors at the proposal or opinion of the Nomination and Remuneration Committee, as follows:

- a fixed portion allocated to each director;
- a variable amount determined based on actual attendance at meetings of the Board of Directors; and
- a portion is assigned by the Board to the various committees provided for in Articles 11 et seq of these internal rules and distributed among their members in proportion to the number of Committee meetings which members attend.

Any member of the Board of Directors may also receive attendance fees in a lump sum in consideration of his specific experience or particular tasks entrusted to him.

The Board of Directors shall, where applicable, fix the remuneration of the Chairman and Vice-Chairman of the Board of Directors.

The performance of specific missions may, pursuant to Article L. 225-46 of the Commercial Code, give rise to the allocation of an additional amount of attendance fees or the payment of special compensation.

II. Responsibilities and powers of the Board

ARTICLE 6 Duties and powers of the Board

6.1 Duties and powers of the Board

Pursuant to Article L. 225-35 of the French Commercial Code:

"The Board of Directors determines the guidelines of the Company's business and ensures their implementation. Subject to the powers expressly granted to the shareholders' meetings and within the limit of the corporate purpose, it considers all matters concerning the smooth running of the company and, through its decisions matters that concern it."

The Board also sets the conditions for the general management of the Company, assumed either by the Chairman or by an individual, a director or not, appointed by the Board of Directors with the title of Managing Director (the "**Managing Director**").

The Board shall exercise the powers provided for by law and the articles of association. To this end, it shall have a right to information and communication and has the right to be assisted by specialised technical committees.

The Board shall review and approve the individual and consolidated annual and interim financial statements, as well as report on the activity and results of the Company and its subsidiaries; it decides on budgets and forecasts.

It convenes General Meetings and may, upon delegation, issue securities.

The Board shall outline, in a report attached to the annual management report, its composition and the implementation of the principle of balanced representation of women and men within it, the conditions for the preparation and organisation of the its work. This report also indicates any limitations that the Board of Directors places on the powers of the Managing Director.

The internal control and risk management procedures implemented by the Company shall be included in the Management Report.

6.2 Prior authorisation of the Board

In addition to the prior authorisations expressly provided by law regarding endorsements and guarantees on behalf of the Company and the agreements referred to in Article L. 225-38 of the Commercial Code, the Board of Directors decided, in the form of internal measures, to require its prior approval for certain management operations conducted by the Company in consideration of their nature or when they exceed a certain amount, as specified in Article 10 below.

Thus, the Board of Directors must authorise all operations liable to affect the strategy of the Company and the Group's financial position or scope of business, in particular the conclusion or termination of all agreements likely to significantly affect the future of the Company and the Group.

ARTICLE 7 Information and communications to the Board

At any time of the year, the Board carries out the checks and controls it deems appropriate. The Chairman or the Managing Director is required to provide each director with all documents and information necessary for the performance of his mission at the time when the meeting is convened.

Each director may supplement the information at his own initiative, the Chairman, the CEO and Deputy CEOs being permanently available to the Board to provide explanations and relevant information in a timely manner. Any request for additional information made by a director, and the Company's response, will be communicated to all other directors to preserve equality of information.

The members of the Board are informed, if necessary, prior to the meeting of the Board of Directors and within a reasonable time frame, to the extent that confidentiality is not breached, of elements needed for the examination of the items that are to be discussed by the Board.

Likewise, the Chairman of each Committee shall provide, prior to the meeting of the Board of Directors and to its Chairman, any reports prepared by the committees he chairs, as part of their mission.

The Managing Director shall provide the Board of directors with the following information at least quarterly:

- a statement of the business of the Company and its main subsidiaries, including turnover and the performance of results;
- supervision of investments and divestments;
- the debt table and the statement of credit lines available to the Company and its subsidiaries;
- a list of the agreements referred to in Article L. 225-38 of the Commercial Code concluded during the previous quarter; and
- the table showing the staff of the Company and its main subsidiaries.

The Board of Directors reviews, once every six months, the status of contingent liabilities assumed by the Group.

More generally, the CEO must provide the directors with any significant information about the Company.

ARTICLE 8 The Chairman of the Board

The Board of Directors shall elect from among its individual members, a chairman (the "**Chairman**"), appointed for a period not exceeding the remaining term of his directorship and without limitation.

In case of temporary incapacity or death of the Chairman, the Board may delegate the Vice-Chairman, as defined in Article 9 of these rules, or, in the absence of the Vice-Chairman, a director serving as Chairman. In case of temporary incapacity, this delegation is granted for a limited period. It is renewable. In case of death, it is valid until the election of the new president.

The age limit of the Chairman is 70 years. His duties end at the latest at the end of the first session of the Board of Directors held after he has reached the age of 70.

The Chairman (i) organises and directs its work, (ii) ensures the proper functioning of the bodies of the Company and (iii) ensures in particular that the directors are able to fulfil their mission.

The Board sets the remuneration of the Chairman.

ARTICLE 9 The Vice-Chairman of the Board

The Board of Directors may appoint a Vice-Chairman (the "**Vice-Chairman**"), a natural person or legal entity. He is appointed for a term which may not exceed his term as director and may be re-elected. He may be revoked at any time by the Board of Directors.

The Vice-Chairman will replace the Chairman in case of temporary incapacity or death. In the event of incapacity, this replacement is valid for the duration of the incapacity; in the event of death, it is valid until the election of the new chairman.

The Vice-Chairman has, like the Chairman, the following powers:

- the Vice-Chairman is informed of major events in the life of the Group within the framework of regular contacts with the Managing Director;
- the Vice-Chairman may, to supplement his information, meet with key leaders of the Group and conduct site visits; and
- the Vice-Chairman meets the shareholders who so request, and passes on their concerns in matters of governance to the Board of Directors.

ARTICLE 10 The General Management

10.1 Managing Director

The general management of the Company is performed either by the Chairman, who then takes the title of CEO, or by another individual appointed by the Board from among its members or outside them and bearing the title of Managing Director ("**Managing Director**").

The Board of Directors chooses between these two methods of general management at any time and at least upon expiry of the term of office the Managing Director or Chairman when he is also responsible for the general management of the Company.

The duration of the functions of the Managing Director is freely fixed by the Board of Directors without being able to exceed, as applicable, that of his term of office as director. A Managing Director who reaches the age limit - set at 70, will remain in office until the expiry of his current term of office.

He may be removed at any time by the Board of Directors. If the dismissal is decided without just cause, it may give rise to compensation, except in the case where the Managing Director assumes the duties of Chairman.

The Board of Directors determines the compensation of the CEO.

Under Article L. 225-56 of the Commercial Code, the Managing Director has the broadest powers to act in all circumstances on behalf of the Company. He exercises these powers within the limits of the corporate purpose and subject to those expressly granted by law to the shareholders and the Board of Directors. However, as a matter of internal policy, the Board of Directors gives its prior approval to the following strategic decisions which cannot be implemented by the Managing

Director or Assistant Managing Directors without the prior express approval of the Board of Directors given by simple majority:

- any acquisition or disposal of assets, activity or any transaction with entities of any kind, not budgeted for in the annual budget and whose value is for a higher amount (on an individual or cumulative basis with other transactions performed within the twelve months) at €500,000;
- any acquisition of interest in a third party;
- any conclusion, amendment or termination of contracts relating to intellectual property rights (including any rights to drawings, models, inventions, designs, drafts and know-how, whether patentable or not) of the Group, including licensing contracts, concluded outside the ordinary course of business;
- any conclusion, amendment or termination of contracts that exceeds an annual amount of €500,000 and whose term is more than twelve months;
- any loan from the Company to third parties and any conclusion, amendment, waiver, extension or renewal of loans, not budgeted for in the annual budget that exceeds €1,000,000;
- in addition to the provisions of Article L. 225-35 paragraph 4 of the Commercial Code on endorsements and guarantees, the granting of any real or personal security, under French or foreign law, and any modification or extension such a security for an amount or value that exceeds €1,000,000;
- approving the annual budget, the business plan and their amendments and adjustments; and
- the bringing by the Company of any legal or regulatory proceedings, the settlement or compromise of any claim against the Company, when the amount claimed exceeds €500,000.

The Managing Director represents the Company in its relations with third parties. The Company is bound even by acts of the Managing Director that are not within the corporate purpose, unless it can prove that the third party knew that the act exceeded this purpose or could not have been unaware of it given the circumstances, the mere publication of the articles of association not constituting such evidence.

Decisions of the Board of Directors limiting the powers of the Managing Director are not binding on third parties. For internal order, certain strategic decisions cannot be implemented by the Managing Director without the express prior approval of the Board of Directors given by a simple majority.

The Managing Director may, within the limits set by law, delegate the powers he deems suitable for one or more specific purposes, to all representatives, even outside the Company, individually or gathered in a committee or commission, with or without right of substitution, subject to the limitations prescribed by law. These powers may be permanent or temporary, and may or not be substituted. The delegations thus granted remain in effect despite the expiry of the functions of the party who conferred them. He shall regularly inform the Board of Directors of the implementation of the authorisations granted.

In case of temporary incapacity of the Managing Director, the Board shall, on a provisional basis, proceed with the appointment of a Managing Director whose duties shall end on the date the Managing Director is again able to perform his functions.

10.2 Deputy Managing Director

At the proposal of the Managing Director, the Board of Directors may appoint one or several natural persons entrusted with assisting the Managing Director and holding the title of Assistant Managing Director (the "**Assistant Managing Director**"). He is chosen from among the directors or outside them.

The maximum number of Assistant Managing Directors is set at five.

The age limit of the Assistant Managing Directors is 70 years. The functions of the Assistant Managing Director end at the latest at the end of the first session of the Board of Directors held after he has reached the age of 70.

The Board of Directors determines the remuneration of the Assistant Managing Director.

The duration of the Assistant Managing Directors' term of office is determined upon their appointment, but that period may not exceed, where applicable, that of their directorships.

In agreement with the Managing Director, the Board of Directors determines the scope and duration of the powers granted to the Assistant Managing Directors. The latter have the same powers as the Managing Director in respect of third parties.

In the event of resignation of the Managing Director, the Assistant Managing Director, unless a decision is taken to the contrary by the Board of Directors, shall remain in position and continue to perform his responsibilities until the appointment of the new Managing Director.

Assistant Managing Directors may be dismissed at any time by the Board of Directors at the behest of the Managing Director. If the dismissal is decided without just cause, it may give rise to compensation, except in the case where he also assumes the duties of Chairman.

The Chairman, if he assumes the duties of Managing Director, the Managing Director or each of the Assistant Managing Directors are authorised to grant sub-delegations or substitute powers of attorney for one or several specific operations or categories of operations.

III. Committees

ARTICLE 11 Technical committees - Common provisions

The Board of Directors may set up one or several specialist committees (the "**Specialised Committees**"), the composition and the powers of which it will establish, and which will operate under its responsibility. These powers may not be intended to delegate to a specialised committee the powers that are attributed by law or the articles of association to the Board of Directors. Each Specialised Committee reports on its work to the Board.

Each Specialised Committee has a minimum of two (2) members. The members of the Specialised Committees are appointed from among the members of the Board of Directors, and at least one member shall be an independent director. Members are appointed in a personal capacity and cannot be represented.

The term of office of members of the Specialised Committees coincides with that of their terms as members of the Board. It can be renewed at the same time as the latter.

The Board of Directors appoints within each Specialised Committee a chairman for a maximum period corresponding to that of the term of office of the member of the Specialised Committee to whom he has been posted.

Specialised Committees meet as necessary and, in any event, at least four times a year.

Each Specialised Committee may decide to invite, as necessary, any person of its choice to its meetings.

The Specialised Committees can validly deliberate during the meeting, either by telephone or videoconference, under the same conditions as the Board of Directors, provided that at least half of the members participate in its work.

Notices of meeting must include an agenda and can be transmitted orally or by any other means.

Specialised Committees make their decisions by a majority of members voting and participating in the meeting, each member being the holder of one vote.

The minutes of each meeting of a Specialised Committee are prepared, subject to a specific provision, under the authority of the Chairman of the Specialised Committee and forwarded to the members of the Specialised Committee. The Chairman of the Specialised Committee reports to the Board of Directors on the work of the Specialised Committee.

The activity carried out by each of the Specialised Committees is presented in the Company's annual report.

In its area of expertise, each Specialised Committee issues proposals, recommendations and advice as appropriate. To this end, it may make or commission any studies that may clarify resolutions adopted by the Board of Directors.

The members of the Specialised Committees receive additional fees awarded by the Board of Directors on the recommendation of the Nomination and Remuneration Committee.

Subject to the occasional creation of ad hoc committees in accordance with Article 12 below, the Board of Directors appointed, at its meeting of 6 March 2015, the Audit Committee and the Nomination and Remuneration Committee.

ARTICLE 12 Ad hoc committees

In addition to its permanent members, the Board of Directors may at any time set up one or several *ad hoc* committees, temporary or otherwise, entrusted particularly with conflicts of interests, for which it must determine the composition and operating conditions.

ARTICLE 13 Audit committee

The audit committee (the "**Audit Committee**") assists the Board of Directors in its tasks of supervising and preparing the annual corporate and consolidated accounts and information provided to shareholders. It is also responsible for monitoring issues relating to the preparation and control of accounting and financial information of the statutory audit.

The Audit Committee meets as necessary and in any event at least twice a year during the preparation of the Company's annual and interim financial statements. Insofar as possible, these

meetings are held before the meetings of the Board of Directors called to approve the accounts and, if possible, at least two days before the meeting of the Board of Directors.

In accordance with applicable law, the Audit Committee members should have skills in finance and / or accounting necessary for the performance of their duties and at least one of them must have specific expertise in financial or accounting matters.

The Audit Committee mainly performs the following tasks:

- (a) Monitoring the process for preparing financial information;
- (b) Monitoring the effectiveness of internal control, internal audits and risk management systems related to financial and accounting information;
- (c) Monitoring of the statutory audit of the statutory and consolidated accounts by the statutory auditors of the Company;
- (d) Monitoring the independence of the auditors.

The Audit Committee shall also review the Corporate Governance report , as required by law.

To accomplish its mission, the Audit Committee, if it so wishes, shall interview the auditors in the absence of corporate officers, non-member directors of the Audit Committee and members of the finance department. The Audit Committee may invite the auditors to its meetings.

It may also hear the employees of the Group responsible for preparing the financial statements and internal control, particularly the financial and accounting manager in the absence of corporate officers.

The Audit Committee must consult outside experts as needed.

For all these missions, the Audit Committee must regularly report its findings, recommendations, proposals and opinions to the Board, whose role is to adopt decisions.

If, in the course of its work, the Audit Committee detects a significant risk that in its view is not being adequately handled, it shall immediately alert the Board of Directors.

ARTICLE 14 Nomination and Remuneration Committee

The Nomination and Remunerations Committee (the "**Nomination and Remuneration Committee**") meets whenever necessary and, in any event, at least twice a year. Insofar as possible, these meetings are held before the meetings of the Board of Directors called to set the remuneration of managers and allocate attendance fees.

The Nomination and Remunerations Committee performs the following tasks summarised below:

- (a) Review and proposals to the Board concerning candidates for director, Managing Director, Assistant Managing Director, Chairman, members and Chairman of the Audit Committee.

It must assess the skills, knowledge and experience required, describe the assignments and assess the time to be dedicated to performance of the function, taking into account the interests of shareholders.

It also prepares and updates a succession plan for members of the Board of Directors, the Managing Director and the main Managers of the Group so that it can be in a position to rapidly suggest succession solutions to the Board of directors in the event of an unforeseen vacancy.

With regard specifically to the appointment of members of the Board of Directors, the Nomination and Remuneration Committee takes into account the following criteria: (i) the desired balance of the composition of the Board in light of the composition and evolution of the Company's shareholding, (ii) the desirable number of independent directors, (iii) the proportion of men and women required by current regulations, (iv) the opportunity to renew terms of offices and (v) the integrity, competence, experience and independence of each candidate. The Nomination and Remuneration Committee shall also organise a procedure for selecting future independent directors and carry out its own studies on potential candidates before any approach is made to the latter.

In making its recommendations, the Nomination and Remuneration Committee must aim for the number of independent directors of the Board and Specialised Committees to consist of the minimum number of independent directors required by the MiddleNext Code

- (b) Annual assessment, case by case, of the situation of each director with regard to the independence criteria set out in Article 2 of these rules and submission of its opinion to the Board of Directors.
- (c) Review and proposals to the Board regarding the remuneration of directors, the Managing Director and the Assistant Managing Directors of the Group

The Nomination and Remuneration Committee makes recommendations on executive remuneration. The recommendations on remuneration include fixed and variable remuneration, but also, where appropriate, stock subscription or purchase options, awarding of performance based shares, retirement, pension and providence plans, severance pay, benefits in kind or special benefits and any other element of direct or indirect compensation (including long-term) that may constitute remuneration of Executives.

The Nomination and Remuneration Committee is informed of the same elements of the remuneration of key management personnel of the Group and of the policies implemented in this respect within the Group.

In making its recommendations, the Nomination and Remuneration Committee should consider the principles of governance of the MiddleNext Code.

- (d) Review of the level of attendance fees and their distribution system between the members of the Board of Directors, and the conditions for reimbursement of any costs incurred by these members.
- (e) Ensuring compliance with the Company's obligations concerning transparency of remuneration.

As such, it prepares an annual remuneration report for the attention of the Board, and reviews the draft annual report of the Company on executive remuneration.

For all these missions, the Nomination and Remuneration Committee must regularly report its findings, recommendations, proposals and opinions to the Board, whose role is to adopt decisions.

ARTICLE 15 Observers

According to Article 20 of the articles of association, the Ordinary General Meeting may, at its discretion, appoint one or more observers, selected or not from among corporate shareholders or individuals, whether shareholders or not. The term of office of observers, always renewable, lasts one year. The duties of an observer expire at the end of the meeting of the Ordinary General Meeting to approve the accounts for the previous financial year held in the year in which his term expires.

Observers who are legal entities are represented by their legal representatives or by any natural person duly authorised to do so.

If a position of observer becomes vacant in the interval between meetings, the Board may temporarily fill the vacancy. This is subject to ratification at the next Annual General Meeting. The Observer appointed to replace another whose term has not expired, remains in office for the remaining term of office of his predecessor.

Observers may be removed at any time by the Ordinary General Meeting.

Observers are invited to meetings of the Board and have access to the same information provided to the directors.

They take part in the deliberations of the Board in an advisory capacity. They can make any observations as they deem necessary on this occasion. Observers are available to the Board and its Chairman to provide their opinion on issues of all kinds brought before them, including technical, commercial, administrative and financial matters. Their interventions are limited to a purely advisory role.

They can be part of the committees established by the Board of Directors but cannot replace the directors and can only give opinions.

The terms and conditions of the remuneration of observers shall be adopted by the Board of Directors, which may allocate a portion of the attendance fees that the Ordinary General Meeting has allocated to its members.

IV. Code of ethics of members of the Board of Directors

ARTICLE 16 Principles

All directors must be able to exercise their duties in accordance with the rules of independence, ethics and integrity set forth under the Group Ethics Charter.

In accordance with corporate governance principles, each director performs his duties in good faith, in the manner he considers best to promote the Company and with the care expected of an ordinarily prudent person performing such duties.

Each director undertakes under all circumstances to maintain his freedom of analysis, judgement, decision and action and reject any pressure, direct or indirect, that may be exerted on him.

ARTICLE 17 Information of directors

Before accepting an assignment, all directors should be aware of the laws and regulations related to their function, and in particular those relating to the legal rules of overlapping terms of office and requirements specific to the Company resulting from the articles of association and these internal rules. Each director shall sign the internal rules of the Board.

Any director may, at any time, consult the Chairman or the Vice Chairman on the scope of these texts and on the rights and obligations linked to his function.

ARTICLE 18 Defence of corporate interest - Absence of conflict of interest

Each director must act at all times in the corporate interests of the Company.

Each director undertakes to ensure that the Company's decisions do not favour one category of shareholders over another.

All directors shall inform the Board of any conflict of interest, real or potential, in which they could directly or indirectly be involved. They must abstain from participating in discussions and decision-making on the subjects concerned.

ARTICLE 19 Monitoring and evaluation of the functioning of the Board

Directors should pay attention to the distribution and performance of the respective powers and responsibilities of the Corporate bodies.

Directors must ensure that no person can exercise uncontrolled discretionary power over the Company; they must ensure the proper functioning of the Specialised Committees created by the Board of Directors.

The Board of Directors organises an annual discussion of its performance, mentioned in the minutes of the meeting. The Board also conducts a regular assessment of its own operation, which at the Chairman's initiative is entrusted to the Nomination and Remunerations Committee.

ARTICLE 20 Presence of directors

Each director should devote the necessary time and attention to his duties. He shall be diligent and attend all meetings of the Board, General Meetings and meetings of the Specialised Committees to which he belongs.

ARTICLE 21 Transactions in company securities

Pursuant to Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-22A et seq of the General Regulation of the French "Autorité des Marchés Financiers" (Financial Markets Authority, the "**AMF**"), each director, a legal entity or natural person, is required to declare to the Company, upon their completion, all acquisitions, sales, subscriptions or exchanges of securities of the Company (including financial futures and purchases or subscriptions by exercising stock options, even followed by a sale of shares) when they exceed an aggregate amount per calendar year of € 20,000.

This also applies to persons who have "close personal ties" with Board members, defined as follows: the spouse or equivalent, dependent children and any legal entity, fiduciary trust or other

trust or *partnership*, whose managerial responsibilities and / or direct or indirect control, are exercised by the Board of Directors or persons closely related to them.

The Company for its part, within a period of five (5) trading days following receipt of the information, shall forward it to the AMF and make it public via a statement posted on the websites of the AMF and the Company. These statements are summarised in the management report presented at the Company's Annual General Meeting.

All shares of the Company held by a Director must be registered in the named account. In addition, each director must inform the Company of the number of Company shares held at December 31 of each year and of any financial transaction.

ARTICLE 22 Non-disclosure

Directors, and anyone attending meetings of the Board are subject to a general duty of confidentiality regarding the deliberations of the Board of Directors and its Specialised Committees.

Private information communicated to a member of the Board of Directors as part of his functions are given to him *intuitu personae*. He must personally protect its confidentiality and must under no circumstances disclose it. This obligation is also binding on representatives of a legal entity which is a director, as well as observers.

ARTICLE 23 Directors' statement regarding their personal situation

Each director must periodically notify the Company of changes in personal circumstances, including any changes or the occurrence of any of the following items regarding:

- existence and nature of family ties between the directors and executives;
- the name of all Companies in which a director is or has been a member of an administrative, management or supervisory body, or partner shareholder, at any time over the last five years.

- any conviction for fraud declared in the last five years at least;
- any bankruptcy, receivership or liquidation during the last five years at least;
- any indictment and / or official public sanction by any statutory or regulatory authority;
- any prohibition by a court (a) to act in the capacity of a member of an administrative, management or supervisory body of an issuer, or (b) to intervene in the management or running of the business of an issuer over the last five years at least.

It should be recalled that the Company is required, when preparing its reference document and, as applicable, during a financial operation requiring the approval of the Financial Markets Authority, to make a declaration concerning the information above. It is therefore the responsibility of the directors to inform the Company of any information which may be relevant for the purposes of said declaration.