

# 5 Corporate governance

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## 5.1. Administrative, management, and supervisory bodies

### 5.1.1. COMPOSITION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

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#### 5.1.1.1. Composition of the Board of Directors

The composition of the Board of Directors will be determined at a later date and will be submitted for the approval of the New Services Shareholders' Meeting, which will be held on June 29, 2010. The Board of Directors will be made up of 12 members including seven directors who are independent according to the December 2008 AFEP-MEDEF code of corporate governance for listed companies. The composition of the Board of Directors will be disclosed in a supplement to this prospectus (see Section 9.6 of this prospectus).

#### 5.1.1.2. Members of New Services Executive Committee

The New Services Executive Committee will include the following members:

**Jacques Stern**

Chief Executive Officer, New Services

**Jean-Louis Claveau**

Chief Operating Officer, Hispanic Latin America and North America

**Laurent Delmas**

Chief Operating Officer, France

**Philippe Dufour**

Vice President, Strategy and Development

**Arnaud Erulin**

Chief Operating Officer, Central Europe and Scandinavia

**Graziella Gavezotti**

Chief Operating Officer, Italy

**Loïc Jenouvrier**

Vice President, Finance, Information Systems and Legal Affairs.

**Philippe Maurette**

Vice President, Human Resources

**Oswaldo Melantonio Filho**

Chief Operating Officer, Brazil

**Laurent Pellet**

Chief Operating Officer, Southern Europe and South Africa

**Bernard Rongvaux**

Chief Operating Officer, Northern Europe, Africa and Middle East

**Eliane Rouyer-Chevalier**

Vice President, Corporate Communication, Investor Relations and Corporate Social Responsibility

## 5.1.2. OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

### 5.1.2.1. Operation and powers of the Board of Directors

#### Composition of the Board of Directors (Article 12 of the bylaws)

The Company will be managed by a Board of Directors that consists of at least three and at most eighteen members, subject to the exceptions provided for by law, particularly in the event of a merger.

No person over the age of 75 may be appointed as a director. If a director is over the age of 75, he or she shall be deemed to retire at the end of the first Shareholders' Meeting held after that date.

No more than one-third of the directors may be over the age of 70.

These rules also apply to the permanent representatives of any legal entity appointed as director.

If such proportion is exceeded as a result of a director reaching the age of 70, the oldest director shall be deemed to retire on this date.

Directors are appointed under legal conditions by the ordinary Shareholders' Meeting for four years. They can be re-appointed.

However, as an exception, the ordinary Shareholders' Meeting may nominate one or several directors for a term of less than four years in order to implement a staggered Board.

If one or more director positions become vacant, the Board of Directors may appoint directors to fill the vacant seats in accordance with applicable law. Such appointments will be subject to ratification by the ordinary Shareholders' Meeting in accordance with applicable law.

Any failure by the ordinary Shareholders' Meeting to ratify the appointment of a director shall not affect the validity of the decisions and actions of the Board during the intervening period.

Directors appointed by the Board to fill vacant seats shall remain in office until the expiration of their predecessor's term.

In the event that the Company's shares are admitted for trading on a regulated market, each director must hold 500 registered shares of the Company.

#### Powers of the Board of Directors (Article 13 of the bylaws)

The Board of Directors shall define the Company's strategy and oversee its implementation. It shall examine and make decisions on all matters concerning the Company's operation and management, consistent with the corporate purpose, except for those matters which by law are within the purview of the Shareholders' Meeting.

In addition to the decisions that are required by law to be submitted to the Board of Directors for consideration, the internal code of the Board of Directors identifies the decisions of the Chief Executive Officer or Deputy Chief Executive Officers that require authorization from the Board of Directors (see paragraph 5.1.2.2 of this prospectus).

The Board of Directors may decide to issue bonds in accordance with applicable law, and may delegate to one or several directors, the Chief Executive Officer or, with such Chief Executive Officer's agreement, to one or several corporate officers, for a period of one year, the necessary powers to conduct bond issuances and set the terms and conditions thereof.

The Board of Directors may entrust any permanent or temporary missions it sees fit to one or several of its members or to any persons chosen from outside the Board.

The Board of Directors may decide to establish committees responsible for examining and issuing recommendations on matters submitted to them by the Board or the Chairman. Any such committees shall report to the Board, which shall appoint their members and define their objectives. In this respect, the Company's Board of Directors meeting due to be held on June 29, 2010 will establish an Audit and Risks Committee, as well as a Commitments Committee and a Compensation and Appointments Committee (see paragraph 5.1.2.5 of this prospectus).

#### Quorum and majority (Article 15 of the bylaws)

The Board of Directors may validly deliberate only if at least half of its members are present.

The Board may decide that directors who participate in meetings by videoconference or any other appropriate telecommunications media in accordance with applicable laws and regulations shall be deemed to be physically present for purposes of calculating quorum and voting majority.

Any director may give a written proxy form to another director to represent him or her in a Board meeting; each director may only have one proxy form per session.

Decisions are made based on a majority vote of the members present or represented.

In the event of an even vote, the vote of the Chairman of the meeting will prevail.

### **Deliberations of the Board of Directors (Article 15 of the bylaws)**

The Board of Directors shall meet as often as is required to serve Company's interests. Meetings shall be convened by the Chairman.

Meetings will be held either at the Company's head office or any other place specified in the meeting notice.

Meetings may be convened by any appropriate method, including orally, by the Chairman or by the Secretary of the Board at the Chairman's request.

Meetings may also be held at the request of at least one-third of the directors or of the Chief Executive Officer, to discuss a specific matter.

If the Chairman is prevented from convening a meeting, it may be convened by a director designated as acting Chairman, by the Vice-Chairman or Chairmen or by the Chief Executive Officer if he or she is a member of the Board.

Board meetings shall be chaired by the Chairman of the Board or, in his or her absence, the Vice-Chairman or Chairmen, or any other director designated by the Board.

On the initiative of the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers, members of management, the Statutory Auditors or any other persons with specific knowledge or experience concerning the matters to be discussed, may be invited to attend a Board meeting.

Directors as well as any person requested to attend the Board meeting must keep confidential any information given in the course of the discussion. They are also subject to a general obligation of discretion.

### **5.1.2.2. Board of Directors' internal code**

It is expected that at its meeting of June 29, 2010, the Company's Board of Directors will adopt an internal code to define the terms and conditions of its operation, in addition to the Company's legal and regulatory provisions and bylaws. This internal code will define the organization and operation, powers and duties of the Board of Directors and the committees that have been established by it (see paragraph 5.1.2.5 "Board of Directors' committees" for a description of the different committees that will be set up).

### **Independent directors (Article 1 of the internal code of the Board of Directors)**

At least half of the directors on the Board of Directors must be independent within the meaning of the criteria set forth in the AFEP/MEDEF Corporate Governance Code for listed companies as amended in December 2008.

Every year, the Board of Directors shall determine which of the directors are independent according to the above-mentioned criteria. The conclusions of this assessment shall be disclosed to the shareholders and to the public in the Annual Report.

### **Meetings of the Board of Directors (Article 2 of the internal code of the Board of Directors)**

As a rule, the Board of Directors shall hold at least five meetings per year, of which one shall be devoted to reviewing the budget and one of which shall be devoted to a strategic review of the Group's operations. The proposed dates of each year's meetings shall be sent to the directors no later than November 30 of the previous year. Notices of Meeting shall be sent by mail, e-mail or fax or given verbally by the Board's Secretary.

A part of at least one meeting each year shall be devoted to assessing the Board's efficiency and effectiveness in order to identify possible areas for improvement. In addition, the Board of Directors shall conduct a formal self-assessment at least every three years.

For the purpose of calculating quorum and majority, directors who participate in meetings by any means allowing them to be identified and enabling them to participate pursuant to current statutes and regulations shall be deemed to be in attendance.

### **Information of the Board of Directors (Article 3 of the internal code of the Board of Directors)**

The directors shall be provided with all the information necessary for them to carry out their duties.

Except when compliance with confidentiality or physical obstacles make it impossible, a file pertaining to the items on the agenda that require prior consideration shall be sent to the directors in a timely manner prior to the meetings.

In addition, the directors shall be kept periodically informed between meetings of all events or transactions that are significant for the Group. To this end, they shall be provided with all the press releases issued by the Company and a periodic summary of financial analysts' research reports on the Group and, when necessary, the actual reports.

At least once a year, the Board shall be informed of the Group's strategy and main policies in the areas of human resources, organization and information systems and shall discuss them periodically. The Board of Directors is also regularly informed of the financial communication strategy adopted by the Company.

The directors shall be entitled to require the provision of any document necessary for the proceedings of the Board that has not been submitted to them. Any such requests shall be sent to the Chairman and Chief Executive Officer who may submit it to the Board for a decision.

The directors shall have the right to meet with the Group's main executives, including without the presence of the executive directors. To do so, they must first file a request with the Chairman and Chief Executive Officer.

### **Limitations to the powers of the executive management (Article 4 of the internal code of the Board of Directors)**

With the exception of the prior authorizations expressly required by law, particularly in Articles L. 225-35 and L. 225-38 of the French Commercial Code, the Board of Directors is expected to make the following decisions subject to its prior authorization:

- ▶ the approval of the annual budget;
- ▶ any financial commitment (i.e., the acquisition or sale of assets or shareholdings in companies, any direct property investment, any rental investment, any loan, any current account advance and any capital increase in companies in which there is no majority shareholding) of over €50 million. The Chairman and Chief Executive Officer may enter into, without the prior authorization of the Board of Directors, any bank loan for an amount equal to or less than €250 million as part of the Group's financing policy as approved by the Board of Directors;
- ▶ any operation affecting the Group's strategy or scope of business;
- ▶ any share buyback in an amount over €1 billion per year; and
- ▶ bond issuances pursuant to Article L. 228-40 of the French Commercial Code in an amount over €1 billion.

### **Vice-Chairman of the Board of Directors (Article 5 of the internal code of the Board of Directors)**

Article 14 of the bylaws states that the Board of Directors may appoint, from among its members, one or two Vice-Chairmen who may preside over the meetings of the Board of Directors in the absence of the Chairman.

Article 5 of the Board of Directors' internal code is expected to provide that one or two Vice-Chairmen must be appointed from among its independent directors for his or her term of office as a Director.

In addition to the responsibilities provided in the Company's bylaws, the Vice-Chairman shall act as the key contact for the other independent directors. When he deems appropriate and at least once a year, he or she shall convene and chair a meeting reserved exclusively for independent directors during which such directors may discuss matters that they prefer to bring up outside of a full Board Meeting.

The Vice-Chairman shall ensure that requests from shareholders not represented on the Board are answered, and shall make him or herself available to hear their comments and suggestions and, where necessary, answer their questions, after having consulted the Chief Executive Officer. The Vice-Chairman shall inform the Board of Directors about such contact with the shareholders.

## **5.1.2.3. Chairmanship of the Board of Directors**

### **Appointing the Chairman of the Board of Directors (Article 14 of the bylaws)**

The Board of Directors elects a Chairman from among its members, a natural person who is appointed for the duration of their term as director. The Chairman can be reappointed.

Members over 70 years of age cannot be appointed as Chairman of the Board of Directors. If the Chairman turns 70 during his or her term, he or she shall be deemed to retire at the end of the first Shareholders' Meeting held after that date.

### **Tasks of the Chairman of the Board of Directors (Article 14 of the bylaws)**

The Chairman shall have the powers and responsibilities vested in him or her under the law and the Company's bylaws.

He or she shall preside over, organize and lead meetings of the Board and shall report to the Shareholders' Meeting regarding the Board's activities.

The Chairman shall oversee the efficient and effective operation of the Company's corporate governance structures and shall ensure that the directors are able to carry out their duties.

The Chairman shall preside over Shareholders' Meetings and prepare the reports required by law. He or she may also act as Chief Executive Officer of the Company if the Board decides to combine these two functions at the time of the Chairman's appointment or subsequent thereto. In this case, the provisions of the Company's bylaws concerning the Chief Executive Officer shall apply to the Chairman.

## **5.1.2.4. Executive management**

### **Terms and conditions of the executive management's operation (Article 17 of the bylaws)**

Under applicable law, the Company may be managed on a day-to-day basis either by the Chairman of the Board of Directors or another person appointed by the Board who shall have the title of Chief Executive Officer.

The Board of Directors shall decide by a majority vote of the directors present or represented by proxy whether to combine or separate the positions of Chairman and Chief Executive Officer.

The organization selected may be maintained until the Board decides otherwise, pursuant to the same majority.

If the Board decides to combine the positions of Chairman and Chief Executive Officer, all of the following provisions concerning the Chief Executive Officer shall apply to the Chairman.

### **Appointing the Chief Executive Officer (Article 18 of the bylaws)**

If the Board decides to separate the positions of Chairman and Chief Executive Officer, it shall appoint a Chief Executive Officer who may or may not be a director, set his or her term of office (provided that if the Chief Executive Officer is a member of the Board said term may not exceed his or her term as director), set the amount of his or her compensation and, if appropriate, impose certain restrictions on his or her powers.

Candidates for appointment as Chief Executive Officer may not be over 65 years of age. A Chief Executive Officer who reaches the age of 65 during the course of his or her term of office shall be deemed to retire at the end of the first ordinary Shareholders' Meeting held after he or she reaches this age.

### **Powers of the Chief Executive Officer (Article 18 of the bylaws)**

The Chief Executive Officer shall have the broadest powers to act in all circumstances in the Company's name, within the limits of the corporate purpose and subject to those powers that are specifically vested in the Shareholders' Meeting and the Board of Directors under applicable law.

The Chief Executive Officer shall represent the Company in its dealings with third parties.

Any actions of the Chief Executive Officer involving third parties that fall outside the scope of the corporate purpose shall nevertheless be binding on the Company, unless it can be proven that, under the circumstances, the third party knew or should have known of this breach. Publication of these bylaws does not constitute adequate proof thereof.

The Board of Directors may authorize the Chief Executive Officer to issue guarantees and post collateral in the Company's name, up to a monetary limit to be decided by the Board. Any such authorization may not be given for a period in excess of one year, regardless of the term of the guaranteed commitment.

The Chief Executive Officer and the Deputy Chief Executive Officers may delegate their authority to any representatives of their choice, with or without the power of substitution, subject to the restrictions provided for under applicable law.

### **Chief Operating Officers (Article 19 of the bylaws)**

Upon the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more Deputy Chief Executive Officers, who shall be individual(s), to assist the Chief Executive Officer.

The maximum number of Deputy Chief Executive Officers is five.

Persons of over 65 years of age may not be appointed as Deputy Chief Executive Officers. If a Deputy Chief Executive Officer turns 66 during his or her term of office, he or she shall be deemed to retire at the end of the first Shareholders' Meeting held after that date.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers granted to the Deputy Chief Executive Officers.

With regard to third parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

If the Chief Executive Officer leaves the position or is unable to fulfill his or her duties, the Deputy Chief Executive Officers retain their positions and powers until a new Chief Executive Officer is appointed unless a decision to the contrary is made by the Board of Directors.

### 5.1.2.5. Board Committees

The Board of Directors may decide to create committees to provide opinions on matters submitted to them by the Board or its Chairman. The Board of Directors sets the composition and the powers of the committees that operate under its responsibility. The meeting of the Board of Directors that will be held on June 29, 2010 will establish an Audit and Risks Committee, a Commitments Committee and a Compensation and Appointments Committee. The rules governing their functioning will be set forth in the internal code of the Company's Board of Directors, which will be adopted at such meeting of the Board of Directors.

#### (a) The Audit and Risks Committee

##### *Composition*

The Audit and Risks Committee shall consist of three to five members, at least one of whom must possess financial or accounting expertise, and at least two-thirds of whom must be directors qualified as independent by the Board of Directors.

It shall be chaired by an independent director.

##### *Duties*

The Audit and Risks Committee shall be responsible for ensuring that the accounting policies applied in the preparation of the financial statements of the Company and the Group are appropriate and applied consistently from one period to the next. Its terms of reference also include checking that internal reporting and control procedures provide adequate assurance concerning the reliability and completeness of financial information and the control of Group risk exposure. To this end, it carries out the following tasks:

- ▶ reviewing the interim and annual consolidated financial statements and the financial statements of the Company prior to their examination by the Board of Directors. This includes reviewing draft results press releases and announcements to be issued by the Company;
- ▶ reviewing the scope of consolidation and the reasons for excluding any entities;
- ▶ examining exposure to risk and the efficiency of the Company's risk management system as well as significant off-balance sheet commitments, and receiving a detailed note from the Financial Director on these matters;
- ▶ ensuring the Group's internal control system is effective by reviewing the methods used to identify risks and the organizational principles and procedures of the Internal Audit Department. It is also informed of the work program and receives periodic reports on the tasks carried out by the Internal Audit Department;
- ▶ reviewing the Statutory Auditors' audit plan and the results of their audits. It receives a copy of the Statutory Auditors' post-audit letter setting out the main issues identified during their audit and describing the main accounting options selected;
- ▶ when the Statutory Auditors' appointment is due to expire, overseeing the Auditor selection process and reviewing the proposals submitted by various candidates, expressing an opinion on the proposed fee budgets for statutory audit work and making recommendations to the Board of Directors on the choice of candidate;
- ▶ validating the categories of additional audit-related work that the Statutory Auditors and the members of their networks may be asked to perform in accordance with applicable laws and regulations;
- ▶ at the end of each year, being informed of the fees paid by Group companies to the Statutory Auditors and the members of their networks during the year, including a detailed breakdown by type of engagement, and reporting to the Board of Directors on these fees, as well as on its assessment of the Statutory Auditors' level of independence.

##### *Organization of work*

The Audit and Risks Committee holds at least three meetings per year. One meeting – attended by the head of Internal Audit – is devoted to reviewing the effectiveness of the Company's internal control systems.

The Audit and Risks Committee may make enquiries of the Statutory Auditors without the executive directors and/or the Chief Financial Officer being present, after first notifying the Chairman and Chief Executive Officer.

Meeting convocations shall be issued by the Committee Chairman and shall include the meeting agenda.

Meetings to review the interim and annual financial statements shall be held at least three days prior to the Board meeting convened to approve the financial statements.

The members of the Audit and Risks Committee must receive all necessary documents on a timely basis. When members are first appointed to the Committee, they shall be given detailed information about accounting, financial and operational issues that are specific to the Group. The Chairman and Chief Executive Officer, the Chief Financial Officer and the Statutory Auditors shall attend Audit Committee meetings, as permanent guests.

## **(b) The Commitments Committee**

### ***Composition***

The Commitments Committee shall be comprised of no more than five members.

### ***Duties***

The Commitments Committee is responsible for preparing Board meetings and making recommendations to the Board on the following matters:

- ▶ any and all transactions that may affect the Group's strategy or lead to a material change in the Group's scope of operations (mainly entry into a new business or withdrawal from an existing business) regardless of the amount of the transaction;
- ▶ any mergers, spinoffs or asset transfers;
- ▶ any amendments to the Company's corporate purpose;
- ▶ any and all immediate or deferred financial commitments representing more than €100 million per transaction. "Financial commitments" are defined as:
  - acquisitions or disposals of assets (even minority stakes) in other companies, the amount of the commitment being determined by reference to the entity's enterprise value,
  - direct investments in property, (creation of a business/technological development investments),
  - rental investments, (the amount of the commitment corresponding to the market value of the leased asset),
  - any loans, current account advances and capital increases for entities that are not majority-held by the Company or one of its subsidiaries (in share capital and voting rights); and
  - any bilateral or syndicated loan in an amount over €250 million.

### ***Organization of work***

Commitments Committee meetings may be called at any time by its Chairman or by the Chief Executive Officer in writing or verbally.

The recommendations made by the Commitments Committee must be subject to deliberation by the Board of Directors before the relevant commitments may be implemented by the Group.

## **(c) The Compensation and Appointments Committee**

### ***Composition***

The Compensations and Appointments Committee shall be comprised of three to five members, the majority of which must be directors qualified as independent by the Board of Directors.

It shall be chaired by an independent director.

### ***Duties***

The Compensation and Appointments Committee's role is to prepare the Board of Directors' decisions pertaining to the compensation of executive directors and the policy for granting options to purchase new or existing shares of the Company (also, if applicable, the performance-based share distribution policy) and prepare changes in the composition of the Company's management bodies.

To this end, it carries out the following tasks:

- ▶ in respect of appointments, the Committee:
  - prepares recommendations, in liaison with the Chairman and Chief Executive Officer, regarding the succession of the executive directors and the selection of new directors. In selecting possible directors, the Compensation and Appointments Committee shall consider the desirable balance in the Board's composition, ensure that each candidate has the required capabilities and availability and ensure that the directors have a wide array of experiences and skills necessary to enable the Board of Directors to carry out its duties effectively with the required objectivity and independence vis-à-vis both senior management and a given shareholder or Group of shareholders; and
  - shall be informed of the succession plan concerning members of the Group's Executive Committee;
- ▶ in respect of compensation, the Committee:
  - studies and prepares recommendations regarding both the salary and variable portions of the executive directors' short-term compensation, the granting of medium and long-term incentives such as the distribution of performance-based shares and stock options, and all the provisions regarding their retirement plans and all other in-kind benefits,
  - defines and implements the rules for setting the variable portion of the executive directors' compensation while ensuring that said rules are consistent with the annual appraisal of executive directors' performance and with the Group's medium-term strategy,
  - gives the Board of Directors an opinion on the general stock option allocation and/or share purchase policies and performance-based shares policy and on any plans proposed by the Chairman and Chief Executive Officer. It is informed of and gives an opinion on the compensation policy for members of the Group's executive committee and reviews the consistency of this policy,
  - issues a recommendation to the Board on the overall amount of directors' fees, which is submitted to shareholders for approval. It proposes to the Board the distribution of said directors' fees and the individual amounts of the payments to be made as fees to the directors based on their attendance at Board and Committee meetings,
  - reviews the policy and the projects proposed by the Chief Executive Officer regarding employee share issuances,
  - reviews the insurance coverage taken out by the Company regarding the civil liability of executive directors; and
  - approves the information provided to shareholders in the Annual Report regarding (i) executive director compensation; (ii) the principles and procedures used to set such compensation; and (iii) the granting of stock options to executive directors and the exercise of such options.

### **Organization of work**

The Compensation and Appointments Committee meets at least three times per year. Notices of meeting are issued by the Committee Chairman and include the meeting agenda.

### **5.1.2.6. Board of Directors' code of conduct**

To comply with the best practices of corporate governance, the Company's Board of Directors will adopt a Director's Charter that will apply to every director, irrespective of whether he or she meets the independence criteria set out in the AFEP/MEDEF code of December 2008.

#### **Duty of due care**

Directors shall perform their duties in a manner that they consider to be in the best interest of the Company. They shall continuously strive to improve their knowledge of the Group and its business divisions, and shall agree to be bound by a vigilance and reporting duty. They shall devote the appropriate amount of time and attention to their mandate, in particular by attending the meetings of the Committees to which they belong, the meetings of the Board of Directors, and the Shareholders' Meetings.

In addition to complying with the laws and regulations that apply to the holding of multiple directorships, each director is responsible for determining whether his or her duties as a director of the Company are compatible with the directorships or positions that he or she holds in other companies, particularly in light of the amount of work required. Each director shall periodically inform the Company of the directorships that he or she holds in any other company in order to allow the Company to comply with its statutory disclosure obligations in this regard.

## Duty of information

Directors have the duty to request the information that they deem necessary to perform their duties from the Company's management via the Chief Executive Officer or, if applicable, the Board Secretary. They shall have the right to meet with the Company's principal executives, whether or not in the presence of the Chief Executive Officer, after having requested such a meeting of the Chief Executive Officer.

When a new director is appointed, the Board Secretary shall provide him or her with an information package containing the Company's bylaws, the Directors' internal code, the Directors' Code of Conduct, and the main legal statutes defining the liability of directors.

Directors may consult the Board Secretary at any time regarding the application of these statutes and regulations and the rights and obligations incumbent upon him or her.

## Independence of directors and conflicts of interest

Directors shall strive to remain independent at all times with respect to their analysis, judgment, decisions and actions.

Directors agree not to seek out or accept any benefit that may compromise their independence.

Any director who is – even potentially – in a position that is in direct or indirect conflict with the interests of the company as a result of the positions that he/she holds, and/or any other interests in his/her possession, shall inform the Chairman and Chief Executive Officer or any individual designated by the Chairman and Chief Executive Officer. He/she shall not participate in the deliberations and if applicable, the vote, concerning these matters and may be asked to leave the Board meeting when such matters are under deliberation.

Upon his or her appointment, and every year thereafter by January 31 at the latest, each director must prepare a sworn statement disclosing any existing relationships between him or her and the Group's companies, managers, suppliers, customers, partners or competitors. This statement must be sent to the Chief Executive Officer with a copy to the Secretary of the Board of Directors.

## Duty of discretion and confidentiality

Directors shall be bound by a general duty of discretion and confidentiality in the interest of the Company. To that end, they agree to be responsible for maintaining the professional secrecy of all the confidential information to which they have access, the resolutions and the operation of the Board of Directors and of any Committees to which they may belong, as well as the content of the opinions issued or votes cast during Board or Committee meetings.

In addition, the directors, other than the Chief Executive Officer or Deputy Chief Executive Officer who, in these capacities, are required to speak on behalf of the Company, must liaise with the Chief Executive Officer prior to engaging in any personal communications with the media on matters concerning or which are likely to affect the Group, the Company or its governing bodies.

## Trading in Company securities by the directors

Directors have access to insider information. Such information, if made public, could impact the price of the Company's shares or any other securities issued by the Company. Pursuant to the applicable statutes and regulations, the directors must:

- ▶ refrain from using insider information to trade such securities either directly or via an intermediary;
- ▶ not knowingly allow a third party to carry out such trading;
- ▶ not disclose such information to third parties even unintentionally.

In addition, without prejudice to the statutes and regulations that apply to insider trading, periods known as "blackout periods" are identified each year. During such periods, directors must not trade the Company's shares or any other securities issued by the Company (including the exercise of stock options), either directly or via an intermediary, even via the trading of derivatives. These periods shall cover (i) 30 calendar days prior to the date of publication of the annual and interim consolidated financial statements, as well as the date of these publications and the following day, and (ii) 15 calendar days prior to the date of the publication of quarterly revenue figures, as well as the date of these publications and the following day.

The exact dates of the "blackout periods" shall be disclosed each year to the directors by the Board Secretary. If specific "blackout periods" are set up in connection with financial or strategic transactions, the directors shall be informed immediately thereof by the Board Secretary.

Directors may not hedge the risks of losses on the Company shares or stock options they own.

Each director shall be responsible for reporting to the French securities regulator (*Autorité des Marchés Financiers*) and the Company (through of the Board Secretary) any trading involving the Company's shares or any other securities issued by the Company and carried out by him or her or individuals that are closely related to him or her, pursuant to applicable statutes and regulations.

Directors may consult the Board Secretary at any time regarding the scope of the "negative windows" system and the conditions of its application to any specific case.

## 5.2. Shareholders' Meetings

### 5.2.1. NOTICE OF SHAREHOLDERS' MEETINGS (ARTICLE 23 OF THE BYLAWS)

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Shareholders' Meetings shall be convened as provided for by law.

Pursuant to applicable laws and regulations, all shareholders may participate in Meetings in person or by proxy, provided that they submit evidence of ownership of their shares. Share ownership is evidenced by an entry in the Company's share register in the name of the shareholder, or if the Company's shares are admitted for trading on a regulated market, of the intermediary acting on his/her behalf in accordance with the seventh paragraph of Article L. 228-1 of the French Commercial Code on the third business day prior to the date of the meeting at 0:00 (Paris time), or if the Company's shares are admitted for trading on a regulated market, in the register of bearer shares held by one of the accredited intermediaries mentioned in paragraphs 2 to 7 of Article L. 542-1 of the French Monetary and Financial Code.

In the case of bearer shares, the accredited intermediary shall provide a certificate attesting to the shareholders' ownership of the shares, in accordance with applicable laws and regulations.

The meetings shall take place at the Company's registered office or at any other venue specified in the notice of meeting.

### 5.2.2. ORGANIZATION OF SHAREHOLDERS' MEETINGS (ARTICLE 24 OF THE BYLAWS)

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All shareholders have the right to attend or be represented at Shareholders' Meetings, as provided by law.

They may vote by proxy in accordance with Article L. 225-107 of the Commercial Code. The proxy and postal voting form may be sent to the Company or to the Company's registrar in paper form or, by decision of the Board of Directors published in the notice of meeting, by electronic mail in accordance with applicable laws and regulations.

In addition, if the Board of Directors so decides when the Meeting is called, shareholders may take part in the Meeting via videoconference or any other form of telecommunication means that enables them to be identified, as provided for in the applicable laws and regulations. Such shareholders will be deemed to be physically present for purposes of calculating the quorum and voting majority.

To cast a vote or execute a proxy by electronic means, shareholders or their duly authorized representative or attorney must either:

- ▶ provide a secure electronic signature fulfilling the requirements of applicable laws and regulations;
- ▶ enter a unique username and password on the Company's website, if such a website exists, in accordance with applicable laws and regulations. This type of electronic signature shall be considered a reliable mechanism for identifying shareholders and their votes, in compliance with the first sentence of the second paragraph of Article 1316-4 of the French Civil Code.

Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by a director designated by the Board. Otherwise, the meeting elects its own Chairman.

The function of Scrutineer (*censeur*) of the Meeting is fulfilled by the two shareholders present at the Meeting who represent the largest number of voting rights directly or as representatives and who accept such function. The Bureau thus formed appoints a Secretary, who may or may not be a shareholder.

An attendance register is kept, as required by law.

Copies or excerpts of the Meeting minutes shall be certified by the Chairman of the Board of Directors, the Chairman of the meeting, or the meeting Secretary.

Ordinary and Extraordinary Shareholders Meetings fulfilling the relevant quorum and majority voting requirements exercise the powers vested in them by law.

## 5.3. Interests and compensation

### 5.3.1. COMPENSATION OF MANAGEMENT AND CORPORATE OFFICERS

No compensation was paid to the members of the Company's Board of Directors in connection with the fiscal year ended December 31, 2009.

In furtherance of good governance policies, the compensation of Mr Jacques Stern in his capacity as Chief Executive Officer of the Company and the compensation of the corporate officers will be set by the Board of Directors appointed by the General Meeting of Shareholders of June 29, 2010 which will include seven independent directors within the meaning of the 2008 AFEP-MEDEF code of corporate governance for listed companies.

For the 2010 fiscal year, other than the payment of the compensation owed to him by Accor up to the date of the Transaction, the compensation of Mr Jacques Stern who will be appointed Chairman and Chief Executive Officer after the Transaction is complete, will be as determined by the Board of Directors.

This compensation should include a fixed component and a variable component based on the attainment of specific Company financial performance objectives which will be determined by the Board of Directors on June 29, 2010.

The table below is a summary of the compensation, options and performance shares accounted for by Accor SA purposes of Mr Jacques Stern's compensation in his capacity as Deputy Chief Executive Officer of Accor<sup>(29)</sup> for 2008 and 2009:

	2008	2009
Annual compensation	N/A	1,206,697
Of which		
Fixed compensation	N/A	580,303
Variable compensation	N/A	400,000
Bonuses	N/A	200,000
Attendance fees	N/A	19,218
Benefits in kind	N/A	7,176
Value of options granted during the fiscal year	N/A	144,500
Value of performance-related shares granted during the fiscal year	N/A	151,625
<b>TOTAL</b>	<b>N/A</b>	<b>1,502,822</b>

The compensation terms that will apply to the members of the Company's Board of Directors for the 2010 fiscal year will be described in the 2010 reference document that will be filed by the Company with the *Autorité des Marchés Financiers*, and in the Board of Director's report to the Company's Shareholders' Meeting, in accordance with the provisions of Articles L. 225-102 and L. 225-102-1 of the French Commercial Code.

(29) Deputy Chief Executive Officer as of March 12, 2009.

### 5.3.2. INTERESTS OF MANAGEMENT AND EMPLOYEES IN THE SHARE CAPITAL OF NEW SERVICES

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As of the date hereof, the Company has not implemented any stock option plan or other incentive scheme for its managers and employees. In furtherance of good governance policies, an incentive plan consistent with its new principal financial indicators will be voted on during the Combined General Shareholders' Meeting scheduled to take place on June 29, 2010 and will be implemented by the Board of Directors appointed by this General Meeting, which will include seven independent directors within the meaning of the 2008 AFEP-MEDEF code of corporate governance for listed companies.

## 5.4. Internal control policy

The Company expects to adopt an internal control policy substantially similar to the one that Accor currently maintains (see Section 4 "Internal control procedures" in the Accor 2009 Registration Document).

Like the Accor Group, New Services has adopted the definition of internal control proposed by the *Committee of Sponsoring Organizations of the Treadway Commission* (COSO), the one most commonly used on an international level, i.e., internal control as a process implemented by the Board of Directors, the managers and the employees of an organization, intended to provide reasonable assurance that the following goals will be achieved:

- ▶ effectiveness and efficiency of operations;
- ▶ the reliability of financial reporting; and
- ▶ compliance with applicable laws and regulations.

This definition is consistent with the one adopted by the Group established pursuant to AMF guidance which specifies that internal control is a company obligation, defined and implemented under its responsibility, which is intended to ensure:

- ▶ compliance with laws and regulations;
- ▶ the application of the instructions and guidelines established by the general management;
- ▶ the proper operation of the company's internal processes, in particular those relating to the protection of its assets;
- ▶ the reliability of financial reporting,

and in general, contributes to the oversight of its business, the efficiency of its operations, and the efficient use of its resources.

The Company has already formed an internal audit team comprised of several internal auditors working under the leadership of an internal audit director, who was a member of the Accor Group's internal audit team and which will be operational on the date of admission of the Company shares for trading on Euronext Paris.

## 5.5. Corporate governance

In furtherance of good governance policies, the rules of governance that are intended to be applied to the Company's operations as of the admission of its shares for trading on Euronext Paris will be established by the Board of Directors by the combined general Shareholders' Meeting on June 29, 2010, which will include seven independent directors within the meaning of the AFEP-MEDEF code of corporate governance for listed companies published in December 2008.

The Board of Directors' meeting that will take place following the Shareholders' Meeting on June 29, 2010 will vote on the applicability of the AFEP-MEDEF code of corporate governance for listed companies published in December 2008.

In addition to the press releases that will be published, more detailed information concerning the Company's corporate governance will be published in its half-year financial report.