



# INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

Updated by the Board of Directors meeting  
held on February 21<sup>st</sup>, 2022

The members of the Board of Directors of the company Edenred (hereinafter the "**Company**" or "**Edenred**") wished to abide by the following operating rules, which constitute the internal regulations of the Board of Directors (hereinafter the "**Internal Regulations**").

These Internal Regulations are the governance charter of the Board of Directors and govern the relations between the Directors and the General Management of Edenred, in a spirit of cooperation aimed at ensuring smooth exchanges between the corporate bodies in the interest of the shareholders.

These Internal Regulations are part of the French market recommendations intended to guarantee the application of fundamental principles of corporate governance, as set forth in the AFEP-MEDEF Code of corporate governance for listed companies (hereinafter the "**AFEP-MEDEF Code**"), to which the Company voluntarily refers.

These Internal Regulations are for internal use, and do not supersede the Company's by-laws but aim to supplement them by specifying the main organizational and operational framework of the Board of Directors. They cannot be invoked by shareholders or third parties against the Directors, the Company, or any company controlled by the Company within the meaning of Article L.233.3 I. and II. of the French Commercial Code (hereinafter the "**Group**"). When appropriate, they apply to the Observers (*censeurs*) appointed by the Board of Directors, as set forth in Article 21 of the Company's by-laws.

The shareholders and the general public will be informed of their existence and main principles under the conditions listed below.

## **I. BOARD OF DIRECTORS**

### **I.1 Composition**

At least half of the members of the Board of Directors are independent based on the criteria set forth in the AFEP-MEDEF Code.

### **I.2 Meetings**

The Board of Directors will meet as often as required in the interest of the Company, upon receiving the notice to attend issued by its Chairman, and at least once every three months. It generally holds at least five meetings a year, including one to review the budget and one to conduct a strategic review of the Group's operations. The proposed dates of the meetings for each year are sent to the Directors no later than November 30<sup>th</sup> of the previous year. Meetings are called by mail, e-mail or fax, or even verbally. Notices may be issued by the Secretary of the Board.

The draft minutes of each meeting are sent to the Directors with the convening notice of the following meeting. They are approved at this meeting.

At least once a year, an item of the agenda of a meeting is devoted to assessing the Board of Directors' efficiency and effectiveness, to identify possible areas for improvement. In addition, the Board of Directors conducts a formal self-assessment at least once every three years.

Pursuant to Article 15 of the Company's by-laws, for the purpose of calculating the quorum and voting majority, Directors who take part in Board of Directors meetings by any method that allows them to be identified and to take an active part in the discussion are considered as being physically present, in accordance with the legal and regulatory provisions in force.

### **I.3 Information given to the Board of Directors**

The Directors are provided with all the documents and information necessary to the fulfillment of their duties.

In due course and before each meeting, Directors receive a meeting file containing background information on all agenda items requiring preliminary examination and special analysis, unless this is impossible for confidentiality or practical reasons.

The Board is kept regularly informed, and it periodically discusses the financial situation, cash-flow situation and commitments of the Company and the Group. It is also informed of the broad guidelines of the Group's policy in terms of human resources, compliance, organization, information systems and corporate social responsibility (CSR). The Board is also informed on a regular basis about the Company's financial communication strategy. Whenever necessary, commented presentations are given by the Group's main senior executives and additional documents are submitted.

Furthermore, the Directors are kept regularly informed, between meetings, of all significant events or transactions in the life of the Group. In particular, to this end, they receive copies of

all press releases issued by the Company and a periodic summary of financial analysts' research reports on the Group and, when necessary, the actual reports.

The Directors may ask the Chairman of the Board of Directors or the Chief Executive Officer for copies of any additional documents that they consider necessary to make an informed contribution to the Board of Directors decisions. The Chairman or the Chief Executive Officer may ask the Board of Directors for its opinion before providing the documents concerned.

The Directors may ask the Chairman of the Board of Directors or the Chief Executive Officer to arrange for them to meet with the Group's main senior executives, with or without the Chairman of the Board of Directors and the Chief Executive Officers (*dirigeants mandataires sociaux*) being present.

The Directors are bound by a general duty of discretion and confidentiality in the interest of the Company. As such, they undertake, under their responsibility, to maintain genuine professional secrecy on all confidential information to which they have access, on the decisions and operation of the Board of Directors, and, where applicable, of the Board committees of which they are a member, as well as on the content of the opinions or votes expressed at Board of Directors or committees meetings.

Any Director undertakes, if so requested by the Chairman of the Board of Directors, to return or destroy without delay any document in his/her/its possession containing confidential information.

## **I.4 Competence of the Board of Directors**

The Board of Directors determines the broad lines of the Company's business activities and ensures their implementation in line with its corporate interest and taking into consideration the social and environmental stakes of its activities. Subject to the powers that are expressly granted to the General Meetings of shareholders and within the limit of the corporate purpose, it takes charge of any question relating to the conduct of the Company's business and addresses by way of its decisions the matters that concern it.

### **▶ I.4.1 Competence falling within its legal and regulatory powers**

The Board of Directors deals with all matters falling within its legal and regulatory powers. In particular and without being limited to the following, the Board of Directors:

- convenes the Company's General Meeting of shareholders and set its agenda;
- approves the Group's annual budget, including the annual financing plan, and the multi-annual plan submitted by the Chief Executive Officer and any changes to this budget;
- draws up the individual and consolidated financial statements as well as the annual management report;
- reviews the half-year financial statements and approves the half-year business report in accordance with Article L. 451-1-2 of the French Monetary and Financial Code;
- ensures the accuracy of the information transmitted to the market and controls the communication and publication process;
- draws up the report on corporate governance;
- authorizes agreements mentioned in Articles L.225-38 *et seq.* of the French Commercial Code;

- selects the methods for exercising General Management in the Company, pursuant to Article 17 of the Company's by-laws;
- appoints or dismisses the Chairman of the Board of Directors and, if relevant, the Vice-Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officer(s);
- fixes the Chief Executive Officer's powers and, if relevant, in agreement with the latter, it fixes the powers of the Deputy Chief Executive Officer(s);
- appoints, if relevant, a Director on a provisional basis between General Meetings;
- examines the desirable balance of its composition and that of its committees, particularly in terms of diversity (e.g. representation of women and men, nationality, age, qualification and experience);
- draws up the diversity policy relating to the composition of the Board of Directors;
- ensures that all CSR information required pursuant to the legal and regulatory provisions in force is prepared;
- examines the succession plan for the Chairman of the Board of Directors and the Chief Executive Officers (*dirigeants mandataires sociaux*);
- determines the compensation of the Chairman of the Board of Directors, the Chief Executive Officer and, if relevant, the Deputy Chief Executive Officer(s) under the conditions provided for in the legal and regulatory provisions in force;
- determines the distribution among the Directors and, if relevant, the Observers (*censeurs*), of the annual fixed amount allocated by the General Meeting of shareholders to the Directors as compensation, under the conditions provided for in the legal and regulatory provisions in force;
- decides, if applicable, on the allocation of compensation to the Observers (*censeurs*);
- appoints the members of the committees created in accordance with the legal and regulatory provisions in force, the Company's by-laws and these Internal Regulations of the Board of Directors;
- decides, if relevant, on the issuance of non-equity debt securities as part of Article L. 228-40 of the French Commercial Code;
- authorizes the Company's Chief Executive Officer, who may delegate, to grant undertakings, avals and guarantees in accordance with Article L. 225-35 of the French Commercial Code;
- annually decides on the Company's policy in terms of professional and pay equality in accordance with Article L. 225-37-1 of the French Commercial Code.

Furthermore, the Board of Directors carries out audits and verifications as it deems appropriate.

In general, the Board of Directors:

- ensures that the shareholders are given the correct information, specifically by verifying the information communicated to it by the Company's executives; and
- ensures that the Company has identification, evaluation and follow-up procedures for its liabilities and risks, including off-balance sheet items, and appropriate internal control.

## **1.4.2 Transactions subject to the prior authorization of the Board of Directors within the framework of the Company's and Group's internal organization**

In addition, the Board of Directors:

- a)** reviews and approves the Group's overall strategy, at least once a year, in accordance with Article I.2 of these Internal Regulations;
- b)** systematically gives prior authorizations for each of the following decisions or transactions:
  - any and all (immediate or deferred) financial commitments, made by the Company or by one of the Group companies, representing more than EUR 50,000,000 per transaction. "Financial commitments" are defined as:

- any and all acquisitions or disposals of business lines or assets or majority or minority interests in other companies not controlled by the Company within the meaning of Article L. 233-3 I. and II. of the French Commercial Code. The amount of the commitment is considered as being equal to the entity's enterprise value;
- any and all direct investments (e.g. creation of an activity, business line, subsidiary or expenditure on technological developments);
- rental and lease commitments, the amount for determining the commitment corresponds to the market value of the leased asset;
- any and all loans, or shareholder loans to entities not controlled by the Company as defined in Article L. 233-3 I. and II. of the French Commercial Code;
- any and all bilateral or syndicated bank credit facilities;

However, credit facilities for amounts less than or equal to EUR 250,000,000 per year do not require authorization, provided that such a financial commitment is consistent with, and undertaken in accordance with, the Group's annual financial policy previously approved by the Board of Directors. In such a case, the Board of Directors is subsequently informed by the Chief Executive Officer of the commitments underwritten;

Similarly, the Board's prior authorization is not required for credit facilities granted for a period of less than one year, regardless of the amount borrowed.

- any and all transactions, regardless of the amount, likely to affect the Group's strategy or resulting in a material change in the Group's business scope (specially the entry in a new business or withdrawal from an existing business) or outside the scope of the Company's declared strategy.

The material nature of the transactions concerned is assessed by the Chief Executive Officer or any other person duly appointed to implement said transactions.

- c)** determines, each year, the total amount up to which the Chairman is authorized to issue undertakings, avals and guarantees on behalf of the Company, which may not exceed EUR 250,000,000 per year, the Chief Executive Officer being required to report to the Board of Directors each year on the amount and nature of undertakings, avals and guarantees

issued under the authorizations granted by the Board of Directors. These items must be listed in the appendix to the minutes of the Board of Directors' decision.

However, the Board of Directors may authorize its Chief Executive Officer to grant:

- overall and without limit on the amount, undertakings, avals and guarantees to guarantee the commitments made by controlled companies within the meaning of II. of Article L. 233-16 of the French Commercial Code, provided that the latter reports thereon to the Board of Directors at least once a year; and/or
- without limit of amount, undertakings, avals and guarantees with regard to tax and customs administrations,

under the conditions provided for in the legal and regulatory provisions in force.

## **I.5 Chairman of the Board of Directors**

The Chairman chairs the Board of Directors and oversees the proper functioning of the Company's bodies, in particular with regard to the committees created within the Board of Directors which he/she may attend without voting rights. He/she may submit questions for the consideration of these committees for opinion.

He/she has the material resources necessary for the accomplishment of his/her missions.

## **I.6 Vice-Chairmanship of the Board of Directors and Lead Independent Director**

The Board of Directors may appoint one or two Vice-Chairmen among its members pursuant to Article 14 of the Company's by-laws, for the duration of their Director's term of office.

The Vice-Chairman may also perform the duties of Lead Independent Director. The Vice-Chairman/Lead Independent Director must be an independent member with respect to the criteria published by the Company.

The appointment of a Vice-Chairman is mandatory if the duties of Chairman of the Board of Directors and Chief Executive Officer are performed by the same person; in this case, the Vice-Chairman shall also perform the duties of Lead Independent Director.

In addition to the role conferred upon him/her by the Company's by-laws, the Vice-Chairman, when he/she is the Lead Independent Director, is the preferred point of contact for the other independent Directors. When he/she deems it appropriate and at least once a year, he/she shall convene, at the Company's expense, a meeting reserved exclusively for independent Directors, during which such Directors may discuss matters that they wish to discuss outside a plenary Board of Directors meeting. He/she sets the agenda of these meetings and chairs them. During these meetings, each independent Director may ask any question that is not on the agenda. Following these meetings, the Lead Independent Director may take the initiative to meet the Chairman of the Board of Directors or the Chief Executive Officer to communicate all or some of the comments or wishes expressed by the independent Directors. If required, he/she may also decide to comment on the work of independent Directors at the plenary Board of Directors meetings.

The Vice-Chairman/Lead Independent Director ensures that requests from shareholders not represented on the Board of Directors are answered and makes himself/herself available to hear their comments and suggestions and, where possible, personally answers their questions after consulting the Chairman of the Board of Directors. For this purpose, he/she is provided with a specific email address. He/she keeps the Board of Directors informed of such contacts with shareholders.

The Vice-Chairman/Lead Independent Director must also supervise the formal assessments of the operation and work of the Board of Directors and validate the related report. He/she may approach the Chairman of the Board of Directors to set the agenda for Board of Directors meetings. He/she approves the annual plan on strategic issues intended to be placed on the agenda of Board of Directors meetings after such a plan has been submitted to him/her by the Chairman of the Board of Directors. Finally, he/she is responsible for dealing with all cases of conflicts of interests that may arise within the Board of Directors.

## **I.7 Ethics and availability**

The Board of Directors, a collegiate body, must under all circumstances act in the corporate interest of the Company. The Directors shall maintain in all circumstances their independence of analysis, judgment, decision and action, and undertake not to seek or accept any advantage that could compromise their independence.

The Directors shall devote sufficient time to the performance of their duties and the necessary attention, in particular by attending meetings of the committees to which they are a member, meetings of the Board of Directors and General Meetings of shareholders. The Directors promptly inform the Chairman of any change in the number of terms of office they hold, including their membership in a Board committee.

The Directors undertake to resign from their term of office when they no longer feel able to perform their function on the Board of Directors and the committees of which they are members.

The Directors are required to comply with the provisions of the regulations on market abuse (Regulation (EU) No. 596/2014 of April 16, 2014 and its delegated and implementing regulations supplementing it and defining the technical standards, as well as the provisions of the French Monetary and Financial Code and the French Financial Markets Authority's (*Autorité des Marchés Financiers*) General Regulations, position-recommendation and instruction relating thereto.

The Directors shall perform their duties with loyalty and professionalism under the terms and conditions defined by the Directors' Charter established by the Board of Directors and which specifies, in accordance with the legal and regulatory provisions and the Company's by-laws, the ethical principles that are applicable to them.

## **I.8 Conflict of interests**

Any Director being, even potentially, directly or through an intermediary, in a situation of conflict of interests with regard to the corporate interest, due to the functions he/she/it exercises and/or interests he/she/it holds, informs the President. He/she/it abstains from

participating in debates and decision-making on the subjects concerned, and may therefore be required to leave, during the debates, and where appropriate the vote, the meeting of the Board of Directors.

## **I.9 Directors' compensation**

The General Meeting of shareholders determines the annual fixed amount allocated to the Directors as compensation, the distribution of which among the Directors, and where applicable the Observers (*censeurs*), is determined by the Board of Directors under the conditions provided for in the legal and regulatory provisions in force.

On the recommendation of the Compensation, Appointments and CSR Committee, the Board of Directors allocates this annual fixed amount, based in particular on each Director's attendance rate at Board of Directors meetings and, where applicable, meetings of any committee of which he/she/it is a member. The method of allocation of this compensation must have a predominant variable portion.

Allocation is based on the following principles:

- the duties of member of the Board of Directors will be compensated with a fixed portion of a flat amount, and a variable portion based on attendance at Board of Directors meetings during the previous financial year, this variable portion being greater than the fixed portion;
- the duties of Vice-Chairman of the Board of Directors will be compensated with an additional fixed portion of a flat amount;
- the duties of committee member will be compensated with a variable portion based on attendance at committee meetings during the previous financial year, this variable portion for members of the Audit and Risks Committee being greater than the one for members of other committees;
- the duties of committee Chairman will be compensated with a fixed portion of a flat amount defined for each committee, this fixed portion for the chairmanship of the Audit and Risks Committee being greater than the one for the chairmanship of other committees;
- Directors who hold the position of Chairman of the Board of Directors, Chairman and Chief Executive Officer, Chief Executive Officer or Deputy Chief Executive Officer of the Company will not receive Directors' compensation.

Directors' compensation is paid within 3 months of the financial year-end.

## **I.10 Secretary of the Board of Directors**

In accordance with the Company's by-laws, the Board of Directors appoints a Secretary, who can be chosen from outside its members.

The Board of Directors Secretary calls members to meetings of the Board of Directors on behalf of the Chairman of the Board of Directors and draws up the minutes of Board of Directors meetings, which are then submitted to the Board of Directors for approval.

He/she sends the meeting files to the Directors on behalf of the Chairman of the Board of Directors or Chief Executive Officer in compliance with the procedures described in Article I.3



of these Internal Regulations, and generally responds to requests from Directors for information about their rights and obligations, the Board of Directors' practices or the life of the Company.

His/her duties also include obtaining up-to-date copies of the documents disclosing Directors' potential conflicts of interests as described in the Directors' Charter.

Lastly, the Board of Directors Secretary attends the meetings of the Board committees as needed, at the request of the Chairman of the Board of Directors or the Chief Executive Officer or with the agreement of the committees Chairmen, and may also be given the task of sending meeting files to the members of the committees.

### **I.11 Directors training**

The Company devotes the human and financial resources necessary to the training of the Directors and, in particular, the Directors representing employees.

Each Director may benefit, upon his/her/its appointment or throughout his/her/its term of office, from any training that he/she/it deems necessary for the performance of his/her/its term of office.

### **I.12 Shares held in a personal capacity**

In accordance with Article 12 of the Company's by-laws, each Director appointed by the General Meeting must hold at least 500 registered shares of the Company within 6 months.

Permanent representatives of legal entities appointed as Directors are subject to the same obligation.

## **II. INDEPENDENT DIRECTORS**

Pursuant to the principles and good practices of corporate governance mentioned in the Internal Regulations, the Board of Directors and each committee include independent Directors appointed or co-opted as such.

### **II.1 Independence definition and criteria**

Independence definition and criteria are set with reference to the AFEP-MEDEF Code.

The Board of Directors may consider that a Director, even though fulfilling the criteria stated above, should not be regarded as an independent Director, as a result of his/her/its particular situation or that of the Company, in light of its ownership structure or for any other reason. Conversely, the Board of Directors may deem that a Director who does not meet the criteria stated above is nonetheless independent.

### **II.2 Qualification procedure of independent Directors**

The qualification of independent Directors is discussed each year by the Compensation, Appointments and CSR Committee, which draws up a report for the Board of Directors on this

subject. Every year, in view of this report, the Board of Directors assesses each Director's independence with regard to these criteria.

The Board of Directors must inform shareholders of the conclusions of this review in the corporate governance report. In its analysis, it must specifically mention that it considered the question of material business relations that the members of the Board of Directors may have with the Company and the criteria adopted to reach these conclusions.

### **III. COMMITTEES OF THE BOARD OF DIRECTORS**

#### **III.1 Rules common to all the committees**

Board discussions and decisions for specific issues are prepared, in certain areas, by specialized Board committees composed of Directors appointed by the Board for the duration of their term of office as Director. These committees examine matters falling within their terms of reference, or where applicable, any matters referred to them by the Chairman of the Board of Directors, and report regularly to the Board of Directors on their work and inform the Board of Directors of their observations, opinions, proposals or recommendations.

To assist them in their work, the Board committees may commission technical reports from the Company's senior executives or external consultants (at the Company's expense). In both cases, the Chairman of the Board of Directors or the Board of Directors must be informed beforehand. The committees shall be responsible for reporting to the Board of Directors. The committees may also arrange meetings with the Company's senior executives responsible for the areas under review, with or without the Chairman of the Board of Directors and the Chief Executive Officers (*dirigeants mandataires sociaux*) being present, subject to prior notification to the Chairman of the Board of Directors or the Chief Executive Officer.

There are three standing committees of the Board:

- the Audit and Risks Committee;
- the Commitments Committee; and
- the Compensation, Appointments and CSR Committee.

The Board of Directors may also create one or more ad hoc committees.

Each committee is chaired by one of its members, appointed by the Board of Directors, on a proposal by the Compensation, Appointments and CSR Committee.

The committees may invite the Chief Executive Officer to attend their meetings, apart from the part of the meetings of the Compensation, Appointments and CSR Committee during which agenda items concerning him personally are discussed.

The Chairman of each committee appoints a person (who may not be a committee member or a Director) to act as Secretary, after consulting the Board of Directors.

The Chairman of each committee reports to the Board of Directors on the work of the Committee. A written report on the work of the committees is regularly circulated to the Board of Directors.

Each Committee gives an opinion to the Board of Directors on the part of the Universal Registration Document dealing with matters falling within its scope of activity and intended for inclusion in the Universal Registration Document.

Each committee, through its Chairman, may ask to be consulted on any matters falling within its terms of reference that have not been referred to it.

Each committee is required to periodically review its rules of procedure and propose, if relevant, to the Board any changes that may seem necessary or likely to improve its operating procedures.

The Board committees do not have decision-making powers and cannot in any case stand in for the Board of Directors, which alone has the legal decision-making power.

## **III.2 Audit and Risks Committee**

### **III.2.1 Duties**

The Audit and Risks Committee is responsible for ensuring that the accounting methods applied for 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 monitoring the process of drawing up the financial information and checking that internal procedures for collecting and verifying information provide adequate assurance concerning the reliability and completeness of financial information as well as the control of Group's risk exposure. It helps the Board of Directors to ensure the financial statements of the Company and the Group are true and fair and whether the reported information is accurate.

For this purpose, it submits recommendations or proposals to the Board of Directors on all matters described below and specifically carries out the following tasks:

- it reviews the half-year and annual consolidated financial statements and the annual financial statements of the Company, prior to their examination by the Board of Directors. In this regard, it monitors the processes used to prepare these financial statements and evaluates the validity of the methods selected to treat material transactions;
- it reviews the procedures used to prepare disclosures to shareholders and to the market and draft press releases and opinions on accounting and financial matters meant to be published by the Company;
- it reviews the Group's scope of consolidation, and, where applicable, the reasons for excluding any entities;
- it reviews the Group's risk management policy and the efficiency of the risk management systems;
- it assesses the Group's risk exposure and the effectiveness of the risk management system as well as material off-balance sheet commitments, and receives a copy of the Chief Financial Officer's detailed report on these matters;
- it obtains assurance concerning the effectiveness of the Group's system of internal control and, to this end, reviews 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 a periodic summary of the internal audits carried by the internal audit department;
- it reviews the Statutory Auditors' audit plan and the results of their audits. It receives a copy of the Statutory Auditors' memo setting out the main issues identified during their audit and describing the main accounting options selected;

- it conducts the procedure for selecting the Statutory Auditors and issues a recommendation to the Board of Directors, established in accordance with the conditions provided for in the legal and regulatory provisions in force, concerning their appointment or reappointment as well as their compensation;
- it ensures compliance with the rules aimed at the independence of the Statutory Auditors;
- it approves, in accordance with the conditions provided for in the legal and regulatory provisions in force, the provision of services other than the certification of financial statements after having analyzed the risks to the Statutory Auditor's independence and the safeguard measures applied by the latter;
- it is informed, at the end of each financial year, of the amount, and the detailed breakdown by category of assignments, of the fees paid by the Group companies to the Statutory Auditors and their networks during the financial year, and reports to the Board of Directors on these fees.

### III.2.2 Composition

The Audit and Risks Committee is composed of three to five members, including at least one member with specific skills in finance, accounting or statutory audit and at least two-thirds of Directors qualified as independent by the Board of Directors.

The committee is chaired by an independent Director. The appointment or reappointment of the Chairman of the Audit and Risks Committee proposed by the Compensation, Appointments and CSR Committee is subject to special review by the Board of Directors.

### III.2.3 Operating procedures

The Audit and Risks Committee meets at least three times a year and meets whenever it deems it necessary to do so, and prior to the meetings of the Board of Directors which are supposed to review matters relating to its duties. One meeting - attended by the Head of Internal Audit - is devoted to reviewing the effectiveness of the internal control system.

In accordance with its duties, the Audit and Risks Committee may make enquires of corporate officers (*mandataires sociaux*), and also the Head of Internal Audit, the Statutory Auditors and Group's senior executives (in particular responsible for drawing up the financial statements of the Company and the Group, risk management, internal control, legal matters, fiscal matters, cash-flow and financing), outside the presence of the Chairman of the Board of Directors and the Chief Executive Officers (*dirigeants mandataires sociaux*) after first notifying the Chairman of the Board of Directors or the Chief Executive Officer.

Convening notices shall be issued by the committee Chairman and include the meeting agenda.

Meetings to review the half-year and annual financial statements shall be held at least three days before the meeting of the Board of Directors. The members of the Audit and Risks Committee receive all necessary documents on a timely basis. When members are first appointed to the committee, they are given detailed information about accounting, financial and operational issues that are specific to the Group.

The Chairman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the Statutory Auditors may attend meetings of the Audit and Risks Committee as guests.

### **III.3 Commitments Committee**

#### **III.3.1 Duties**

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

- any and all transactions, regardless of the amount, likely to affect the Group's strategy or resulting in a material change in the Group's business scope (specially the entry in a new business or withdrawal from an existing business);
- any mergers, demergers or significant asset transfers of the Company;
- any change in the Company's corporate purpose;
- any and all (immediate or deferred) financial commitments, made by the Company or by one of the Group companies, representing more than EUR 50,000,000 per transaction. "Financial commitments" are defined as:
  - any and all acquisitions or disposals of business lines or assets or majority or minority interests in other companies not controlled by the Company within the meaning of Article L. 233-3 I. and II. of the French Commercial Code. The amount of the commitment is considered as being equal to the entity's enterprise value;
  - any and all direct investments (e.g. creation of an activity, business line, subsidiary or expenditure on technological developments);
  - rental and lease commitments, the amount for determining the commitment corresponds to the market value of the leased asset;
  - any and all loans, or shareholder loans to entities not controlled by the Company as defined in Article L. 233-3 I. and II. of the French Commercial Code;
  - any and all bilateral or syndicated bank credit facilities that are not consistent with or are not undertaken in accordance with the Group's annual financing policy as previously approved by the Board of Directors.

In all cases, the committee gives an opinion on the taking of bilateral or syndicated bank credit facilities for an amount of over EUR 250,000,000 per year, it being specified that credit facilities for a duration of less than one year, irrespective of the amount, do not have to be submitted to the Commitments Committee.

#### **III.3.2 Composition**

The Commitments Committee is composed of a maximum of five members.

#### **III.3.3 Operating procedures**

The meetings of the Commitments Committee may be called by its Chairman at any time, in writing or verbally. Convening notices are issued together with the meeting agenda.

The Commitments Committee meets whenever it deems it necessary to do so, and prior to meetings of the Board of Directors scheduled to discuss matters relating to its duties.

## III.4 Compensation, Appointments and CSR Committee

### III.4.1 Duties

The Compensation, Appointments and CSR Committee prepares the Board of Directors' decisions concerning the Directors' compensation, the Chairman of the Board of Directors and the Chief Executive Officers' (*dirigeants mandataires sociaux*) compensation and benefits, the policy of allocation of stock options or performance shares, changes in the composition of the Company's management bodies, and CSR issues. For this purpose, it makes recommendations or proposals to the Board of Directors on all matters described below and specifically carries out the following tasks:

- Regarding appointments:
  - it issues recommendations, along with the Chief Executive Officer, on appointments, dismissals and reappointments of the Directors, the Chairman of the Board of Directors and the Vice-Chairman and organizes the selection of new Directors while taking into account the need for balance in the Board of Directors' membership and ensures that each candidate not only has the required capabilities but is also in a position to devote sufficient time to the Board of Directors' business. The objective is for Directors to have the range of experience 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 the Executive Management and any shareholder or group of shareholders;
  - it gives its opinion on the appointment or reappointment of members of the Audit and Risks Committee, the Chairman of the Audit and Risks Committee, and members of other committees;
  - it draws up a succession plan for the Chairman of the Board of Directors and the Chief Executive Officers (*dirigeants mandataires sociaux*) in order to be able to submit to the Board of Directors solutions for replacement in the event of an unforeseen vacancy;
  - it suggests the qualification of independent Directors for the concerned Directors, checks for compliance with the independence criteria provided in the AFEP-MEDEF Code, proposes criteria to be defined by the Board of Directors, and advises the Chairman of the Board of Directors on the number of independent Directors;
  - it is informed of the succession plan concerning members of the Group's Executive Committee.
- Concerning compensation and benefits:
  - it examines and make proposals regarding the various components of the compensation of the Chairman of the Board of Directors and the Chief Executive Officers (*dirigeants mandataires sociaux*) including the fixed and variable parts of the compensation, the allocation of incentives instruments such as performance shares or stock options, as well as any provision relating to pension plans and all other benefits of any kind;
  - it proposes and supervises the implementation of rules for setting the variable part of the Chief Executive Officers' compensation, while ensuring that the rules are consistent

with the annual appraisal of the Chief Executive Officers' performances and the Group's medium-term strategy;

- it gives its opinion to the Board of Directors on the general policy for the allocation of stock options and performance shares;
- it is informed and gives its opinion on the compensation policy for members of the Group's Executive Committee;
- it issues a recommendation to the Board of Directors on the annual fixed amount allocated to the Directors as compensation which is submitted to the General Meeting of shareholders. It proposes to the Board of Directors the rules for allocating this annual fixed amount and the individual amounts of payments to be made in this regard to the Directors, based on their attendance at Board of Directors and committee meetings in accordance with Article I.9 of these Internal Regulations;
- it reviews the policy and drafts proposed by the Chief Executive Officer regarding increase of share capital reserved for employees;
- it reviews the liability insurance cover taken by the Company on behalf of the corporate officers (*mandataires sociaux*);
- it gives its opinion on the information provided to shareholders in the corporate governance report regarding the corporate officers' compensation (*mandataires sociaux*).

- Regarding CSR:

- it examines and gives its opinion on the Group's CSR strategy, commitments and priorities;
- it ensures that CSR matters are taken into account in the Group's strategy and its implementation;
- it monitors deployment of the Group's CSR initiatives;
- it reviews CSR risks with the Audit and Risks Committee;
- it reviews reporting, assessment and control systems to enable the Group to produce reliable non-financial information;
- it examines the broad lines of CSR communication aimed at shareholders and other stakeholders;
- it examines the Company's draft reports on CSR matters, in particular the Non-Financial Performance Statement, and, more generally, ensures that all CSR information required pursuant to the legal and regulatory provisions in force is prepared.

### III.4.2 Composition

The Compensation, Appointments and CSR Committee is composed of three to five members, a majority of whom must be independent Directors as considered by the Board of Directors.

The committee is chaired by an independent Director.

The Compensation, Appointments and CSR Committee must not include the Chairman of the Board of Directors or the Chief Executive Officers (*dirigeants mandataires sociaux*).

### ▶ III.4.3 Operating procedures

However, the Chief Executive Officer is associated with the work of the committee when reviewing the selection of new Directors or the succession plan for the Chairman of the Board of Directors and the Chief Executive Officers (*dirigeants mandataires sociaux*). Similarly, the committee invites the Chief Executive Officers when reviewing the compensation policy for members of the Group's Executive Committee.

The Compensation, Appointments and CSR Committee meets at least twice a year and whenever it deems it necessary to do so, and prior to meetings of the Board of Directors scheduled to discuss matters relating to its duties.

Convening notices are issued by the Chairman of the committee and include the meeting agenda.

## IV. MISCELLANEOUS

### IV.1 Amendment to the Internal Regulations

Any amendment to the Internal Regulations requires a simple majority of the members of the Board of Directors.

### IV.2 Notification of the Internal Regulations

The main features of the Internal Regulations shall be communicated to the market as part of the Company's Universal Registration Document and more generally in compliance with the legal and regulatory provisions in force.

### IV.3 Conflicts

In the event of contradiction between the Internal Regulations and the Company's by-laws, the Company's by-laws shall prevail.

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