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# Internal Rules of the Board of Directors

Edition in force as of  
7 February 2017

VINCI's Board of Directors (referred to hereinafter as the "Board") adopted the AFEP-MEDEF Code for the purposes of preparing the report stipulated in Article L 225-37 of the Commercial Code<sup>1</sup>.

The Board adopted, during its meeting of 7 February 2017, the revised terms of the Internal Rules designed to define the rules and operating procedures of the Board and its Committees.

## 1 - THE BOARD OF DIRECTORS

The Board is a collegial body appointed by all of the shareholders in order to act in all circumstances in the Company's interests.

### 1.1 The powers of the Board

The Board performs the tasks assigned to it under the law and those specified by these Internal Rules or in application of the AFEP - MEDEF code, subject to the powers formally attributed to the meetings of shareholders and within the limit of the corporate purpose. It deals with all issues involving the Company's smooth running and settles, during its proceedings, any business in relation thereto.

#### 1.1.1 General tasks

The Board determines the guidelines for the Company's activities and sees to the implementation thereof. It examines the important operations under the conditions of article 1.1.2.

The Board appoints VINCI's executive officers<sup>2</sup> and the Vice-Chairman Senior Director and controls the execution of their missions. Each year, the Board decides on the list of Directors considered to be independent.

The Board decides on all items of remuneration and other benefits of the Company's officers, executive or not<sup>3</sup>.

The Board sees to the quality of the information provided to shareholders and to the financial markets in the context of the corporate and consolidated financial statements that it closes, of the annual report and of the documents submitted to it or when significant operations are conducted.

As part of its tasks, the Board receives the opinions of the Strategy and Investments Committee, the Audit Committee, the Appointments and Governance Committee and the Remunerations Committee, the operation of which is indicated in articles 5.2, 5.3, 5.4 and 5.5, respectively.

The Board performs the audits and verifications that it considers to be appropriate. It can, as part of its control mission, obtain communication of the documents that it considers to be useful for accomplishing its mission.

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<sup>1</sup> Decision of 13 November 2008

<sup>2</sup> Chairman and Chief Executive Officer, and Chief Operating Officer(s)

<sup>3</sup> Namely the executive officer directors and members of the Board.

### 1.1.2 Tasks in respect of operations

The Board has the following specific tasks:

- (a) Being required, in compliance with the law, to determine the Company's strategic guidelines, and more generally those of the Group, it examines them on a case-by-case basis in connection with operations involving a division, or globally during a strategic seminar for which it determines the frequency;
- (b) Prior to their implementation, it approves the strategic investment projects and all operations, in particular acquisitions or disposals, likely to have a significant repercussion on the Group's perimeter, activities, risk profile, results, balance sheet structure, as well as on its rating and the market valuation of VINCI.

This prior approval procedure concerns:

- (i) investment or disinvestment operations involving holdings or assets representing a Group exposure in terms of capital, debt or guarantees with a unit value exceeding 200 million euros and not already approved by the Board;
- (ii) the operations which it may be asked to handle at the request of the Strategy and Investment Committee (see paragraph 5.2);
- (iii) the operations which do not fall within the Group's announced strategy.

In case of emergency, when it is not possible to convene the Board to deliberate on an operation submitted to it for its prior approval pursuant to paragraph 5.2, the Chairman does his utmost to obtain the opinion of all Directors before making the decision. He informs the Vice-Chairman Senior Director accordingly.

The Chairman appreciates, on a case by case basis, the advisability of convening the Board to vote on an operation which is not among the cases mentioned above.

He ensures the application of the recommendation contained in article 5.3 of the AFEP-MEDEF Code regarding disposals involving at least half of the Company's assets.

## 1.2 Composition of the Board

The Board is composed of at least three members and no more than the maximum number of members authorised by legal and regulatory provisions<sup>4</sup>.

The Directors are appointed by the ordinary general meeting of the shareholders upon proposals of the Board, other than directors representing the employees whose appointment provisions are indicated in the articles of association.

In its proposals, the Board sees to it that its composition and that of the Committees to be created in its ranks are balanced, particularly in terms of the representation of women and men, nationalities, international experience or expertise, and adapted to the Company's needs, by taking the measures needed to ensure that its missions are accomplished with the necessary independence and objectivity.

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<sup>4</sup> Currently, this number is 18. It does not include directors representing the employees or the employee shareholders

In the event of a vacant seat, following the death or resignation of one or several directors, the Board may, between two ordinary general meetings of the shareholders, make provisional appointments. These appointments are subject to the ratification of the next ordinary general meeting of the shareholders. The director appointed by the Board to replace another director remains in office only for the time remaining on his predecessor's term. His/her appointment must be ratified by the ordinary general meeting of the shareholders following his co-optation.

Directors remain in office for four years, subject to the provisions governing the age limit.

A director's duties lapse following the ordinary general meeting of the shareholders which has voted on the accounts of the past year, held the year during which said director's term expires. Directors are re-eligible subject to the same reserves.

In accordance with VINCI's Articles of Association, a person cannot be appointed as a director or his term as a director cannot be renewed if he/she has reached the age of seventy-five (75) and the number of directors who have reached the age of seventy (70) on the closeout date of the financial year on the financial statements of which the meeting is ruling, shall not exceed one third of the sitting directors.

### 1.3 Chairman and Vice-Chairman Senior Director

The Board appoints amongst the Directors who are physical persons a Chairman and, when the functions of the Chairman of the Board and Chief Executive Officer are United, a Vice-Chairman who serves as the Senior Director.

## 2 - MANAGEMENT PROCEDURES

The Board determines the provisions for the performance of the general management.

In compliance with its decisions on 6 May 2010 and 15 April 2014, the functions of the Chairman of the Board and those of the Chief Executive Officer are united, and the Board appointed a Vice-Chairman Senior Director.

### 2.1 Prerogatives of the Chairman - CEO

The Chairman and Chief Executive Officer performs the duties of the Chairman of the Board and of the Chief Executive Officer.

#### 2.1.1 Prerogatives of the Chairman of the Board of Directors

In accordance with the law, the duty of the Chairman of the Board is to organise and conduct the Board's work.

He sees to the smooth running of the Company's governance. He makes certain that the Directors are able to fulfil their duties and that they are provided with sufficient information. He provides the Board, its Committees and the Vice-Chairman Senior Director with the information that they need to perform their duties.

He expresses himself alone on the Board's behalf, except in exceptional circumstances or in the case a specific mandate is granted to another director.

He reports to the meeting of shareholders which he chairs on the conditions of the preparation and organisation of the Board's work, as well as on the internal control procedures put into place by the Company. Generally speaking, he sees to the application of the rules of good governance.

### 2.1.2 Prerogatives of the Chief Executive Officer

The Chief Executive Officer is vested, in accordance with the law, with the broadest powers to act in all circumstances on the Company's behalf. He implements the decisions voted by the Board and has authority over the Group as a whole whose operational activities he directs.

He exercises these powers within the limit of the Company's object and subject to the powers expressly granted by law to meetings of shareholders and to the Board. He represents the Company in its relations with third parties.

### 2.2 Prerogatives of the Vice-Chairman Senior Director

The Vice-Chairman Senior Director assists the Chairman of the Board in his missions.

He ensures the smooth running of the Company's governance bodies and provides:

- his enlightenment to the Board regarding the operations on which the Board is called upon to vote,
- and to its members, at their request, assistance with the performance of their duties.

Once per year, he convenes the directors in the absence of the Company's executive officers, notably for the purposes of the Board's self-assessment and the assessment of the performance of the general management.

He is kept informed regularly by the Chief Executive Officer of the significant events and situations pertaining to the Group's life, in particular as regards the strategy, organisation and financial reporting, the major investment and disinvestment projects and the major financial operations, the movements of the Company's capital and the contacts with the main current or potential shareholders.

In order to perform his mission, the Vice-Chairman Senior Director has direct access to the members of the Group's Executive Committee, and can, in cooperation with the Chairman and Chief Executive Officer, organise all the meetings he deems are advisable or useful for performing his mission with these executives and the employees they have designated. He may hear the management staff in charge of internal audits, of risks of conformity control as well as the statutory auditors. He has access to the documents and to any information he considers necessary for performing his missions.

The Chairman and Chief Executive Officer facilitates the performance of this mission by giving the required instructions.

The Vice-Chairman Senior Director provides assistance in the management of any conflict of interest brought to his attention by the Company's executive officers or the Directors in compliance with paragraph 4.6.2.

The Vice-Chairman Senior Director is informed of the comments and suggestions provided by shareholders regarding governance and the remuneration of the Company's officers. He ensures that their questions are answered, and makes himself available to communicate with them at the Chairman's request, while keeping the Board of Directors informed of these contacts.

Furthermore, the Vice-Chairman Senior Director may be called upon to accomplish missions representing the Group in its high-level relations with investors, clients and the public authorities, and at shareholders meetings, both in France and abroad. These missions are performed in connection with a service provision agreement signed, as relevant, under the forms required by law. This agreement can only be modified or terminated by a decision by the Board.

He reports to the general meeting on the performance of his missions.

### 2.3 Duration of Terms

The Board determines the duration of the duties of the Chairman and Chief Executive Officer and the Vice-Chairman Senior Director, provided that such duration does not exceed the duration of their respective terms as directors. The Chairman and Chief Executive Officer and the Vice-Chairman Senior Director can be re-elected.

In accordance with the Articles of Association, the duties of the Chairman end automatically at the end of the ordinary general meeting of the shareholders voting on the accounts of the year during which he has reached the age of seventy-five (75) and those of the CEO expire at the end of the AGM of the ordinary general meeting of the shareholders voting on the accounts of the year during which he has reached the age of seventy (70).

In the event of the absence or impediment of the Chairman or Vice-Chairman Senior Director, the Board appoints, at each session, one of the members present to chair the meeting.

### 2.4 Secretary of the Board

The Board appoints a Secretary who may be selected outside the Board's ranks, and determines his term in office. The Secretary has the power to certify copies or extracts of the Minutes of Board meetings.

## 3 - FUNCTIONING OF THE BOARD

### 3.1 Board Meetings

The Chairman convenes and chairs Board meetings and conducts their proceedings.

The Board may also be convened at the request of the Vice-Chairman Senior Director.

Finally, it can also be convened at the request of one third of the Board's members if it has not met for over two months and, in this case, with a specific agenda.

Notices are sent out by letter, e-mail, fax or even verbally. The Secretary of the Board has the authority to transmit them.

The Chairman determines the agenda of meetings. He requests the prior opinion of the Vice-Chairman Senior Director, who can ask for any point to be added to the agenda.

At the request of one fourth of the Board members, the agenda may be modified or an item automatically entered.

The Board meets at least six times per year, in particular to examine and close the periodical accounts, to examine the budgets and discuss all items falling within its powers.

The duration of Board meetings must allow for an examination and in-depth discussion of the items falling within its prerogatives.

### 3.2 The Board's deliberations

The Board can vote valid decisions only if at least one half of the Directors are present or deemed to be present. The Board's members may be represented by another member of the Board, in accordance with legal and regulatory provisions, but each member can represent only one other Board member.

By decision of the Chairman, Board meetings may be held, for all or a portion of the Directors, in the form of an audio-conference or of a video-conference. The directors who take part in the Board meeting by videoconference or telecommunications, permitting them to be identified and guaranteeing their effective participation are considered, under the laws and regulations in force, as present for calculating the quorum and majority. If one of these procedures is utilized for certain meetings, the Chairman will indicate as much in the notice of the meeting, or even verbally. The directors concerned must contact the Secretary of the Board at least one business day prior to the date of the meeting so that the technical information can be exchanged and so that the tests can be performed prior to the meeting. The minutes will mention any technical incident involving the video or audio conference which may have repercussions on the Board's decisions.

A register of attendance is kept in the registered offices, which is signed by the members of the Board taking part in the meeting, in their own name or as representative of other Board members.

Decisions are made at a majority vote of the members present or represented. In the event of a tie, the Chairman's vote is the casting vote.

When the Board votes on a topic concerning a director directly or indirectly, the director concerned is asked to leave the Board meeting for the time required for the voting, as the case may be.

After each meeting, minutes are prepared and submitted for the Board's approval.

### 3.3 Information provided to the Board and to each Director

The Directors are entitled to receive all of the information necessary for performing their functions and they may request prior to any meeting, communication of all of the documents that they deem useful.

They are informed of the Company's financial situation, cash position and commitments, as well as of the changes within the markets, the competitive environment and the main stakes, including in the domain of social and environmental responsibility.

It is up to the Chairman, assisted by the Secretary of the Board, to communicate the appropriate information to the Board members, in light of the circumstances and depending on the planned items on the agenda. Board meetings are preceded by the provision, in due time of a file covering all the points on the agenda which require a particular analysis and prior thought.

Files relating to meetings of the Board and its committees are also made available to the members in electronic format, via a dedicated Internet site.

The directors receive the press releases concerning acquisition or sale operations, before they are communicated to the press, unless there is a warranted urgency. They are also recipients of all other press releases.

The requests for information concerning specific topics are sent to the Chairman and Secretary of the Board, the latter of whom is responsible for responding thereto as rapidly as possible. The Vice-Chairman Senior Director is kept informed of such requests. When such a request cannot be satisfied, it is up to the Board, on the basis of the report of the Vice-Chairman Senior Director to appreciate the usefulness of the documents requested.

In order to complete their information and with a view to performing their mission, the Directors may meet, if necessary, with the Company's main executives, and this can be without the presence of the Company's executive officers, if the Chief Executive Officer has been informed beforehand. The Directors inform the Vice-Chairman Senior Director accordingly.

### 3.4 Evaluation of the Board

Each year, the Board devotes one item on the agenda to a debate on its functioning, in order to improve its efficiency.

Furthermore, a formal evaluation of the Board is performed every three years, possibly under the conduct of the Vice-Chairman Senior Director or a Director, as the case may be with the help of an outside consultant.

The purpose of this evaluation is to verify the respect of the principles governing the functioning of the Board, described in detail in these regulations, to meet the evaluation objective set down in the AFEP-MEDEF Code as well as to permit the identification of the proposals apt to improve the functioning and efficiency of the Board.

The results of this evaluation as well as the follow-up possibly given thereto are presented in the Company's annual report.



## 4 - RULES GOVERNING THE DIRECTORS

### 4.1 General Obligations

Each director, at the time of his appointment, must examine the Company's Articles of Association and internal regulations in force, as well as the regulations which apply to the director's duty in a company whose shares are listed on a regulated stock exchange. He/she receives additional training on the specific characteristics of the company, its business and activity sector, if he/she considers it necessary.

Directors representing the employees or employee shareholders receive training suited to the performance of their task.

Each Director must act in all circumstances in the Company's interests. He/she must devote the necessary time and attention to his/her duties.

He/she undertakes to attend all Board meetings according to a pre-determined calendar which is communicated to him/her and to be available for those which are of an exceptional nature. He/she undertakes, as the case may be, to attend all the meetings of the committees on which he/she sits. When a Director has been absent at over one third of the meetings held over the course of a given year, he/she undertakes to place his seat at the Board's disposal.

Each Director must perform his/her duties in the respect of the legal provisions which apply to the accumulation of mandates. In the event that a Director proposes to accept one mandate in addition to those already vested in him/her (with the exception of the mandates exercised in unlisted controlled companies), he/she shall inform the Chairman of the Appointments and Governance committee accordingly, and determine with him whether this new office leaves him/her sufficiently available for VINCI.

It is recalled that according to the Code AFEP-MEDF, a Director must not hold more than four other mandates in listed companies outside of the Group, including foreign. He/she undertakes not to hold a company mandate in a company which competes with VINCI. He/she must inform the Board of any appointment in other companies, including appointments as a member of the Committee of the Board in those French or non-French companies.

The directors attend VINCI shareholders meetings.

### 4.2 Duty of reserve and obligation of confidentiality

Each director must personally protect the confidentiality of the non-public information communicated to him concerning the Company in the framework of his duties including the password which will enable him/her to access the Board's dedicated website. In case of loss or accidental disclosure of this password, he shall promptly notify the Secretary in order to take appropriate measures to ensure the confidentiality of information contained on the site.

The members of the Board are bound by the secrecy of proceedings. The Board may express itself in a collegial manner outside the Company, in particular in the form of press releases designed to inform the markets.

Other than the Chairman, directors expressly pledge to refrain from expressing themselves individually except during the Board's internal deliberations or at the Chairman's invitation or with his approval, in particular during shareholders or bond-holders meetings.

Failure to comply with these rules entails automatic resignation.

#### 4.3 Duty of expression

Each director undertakes to clearly express his possible opposition to any draft decision which he considers would be contrary to the interests of the Company.

#### 4.4 Obligation to own shares of the Company

Each director must own, throughout the term of his mandate, the minimum number of shares required under the Articles of Association<sup>5</sup>, which obligation does not apply to the directors representing the employees or the employee shareholders (the latter must own units in the Castor employees' fund).

All the shares owned by a director must be registered in a pure nominative or administrated form.

#### 4.5 Operations involving Company securities

##### 4.5.1 Obligation to abstain

In accordance with the prevailing regulation relating to market abuse, Directors must refrain from utilizing any privileged information they possess by acquiring or selling or attempting to acquire or to sell, for their own account or that of others, either directly or indirectly, the financial instruments to which this information or the financial instruments to which these instruments are linked, pertain.

Each Director must also abstain from:

- 1° Communicating this information to another person outside the normal framework of his work, his profession or his duties, or for purposes other than those for which it had been communicated to him;
- 2° Recommend the acquisition or sale, or see to the acquisition or sale by another person, on the basis of privileged information, the financial instruments to which this information pertains, or the financial instruments to which these instruments are lined.

The detailed rules concerning market abuse as well as the anticipated forbearance calendar are communicated by the Company to the directors.

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<sup>5</sup> This number is currently 1000 shares

#### 4.5.2 Declaration of the transactions involving the Company's securities

Each director must declare to the AMF, with a copy to the Company, all transactions<sup>6</sup> he/she carries out directly or through a close intermediary, involving the Company's securities or derivatives, including the exercise of subscription or stock options.

It is recalled that the declaration must be made in accordance with the applicable law within a period of 3 business days following the transaction. To this effect, the director concerned shall:

- file his/her declaration on the AMF dedicated website called "ONDE" at the following address: <https://onde.amf-france.org>.
- send a copy of such declaration to the Secretary of the VINCI Board.

#### 4.6 Independence of the directors and conflicts of interest

##### 4.6.1 Independence

Each director undertakes in all circumstances to maintain the independence of his analysis, judgment, decision-making and action and to reject all direct or indirect pressure liable to be exerted upon him possibly by other directors, particular groups of shareholders, creditors, suppliers and in general all third parties.

He undertakes to refrain from seeking or accepting from the Company or companies directly or indirectly linked to the Company, benefits liable to be considered as compromising his independence.

Each year, it is up to the Board, upon a proposal by the Appointments and Governance committee, to examine the situation of each of these members from the standpoint of his independence.

For the purposes of this analysis, each Director shall provide the Company with the information in his/her possession that will allow the Appointments and Governance committee to assess the nature of the business links directly or indirectly existing between this Director and the Group.

When called upon to vote on the appointment of any new director, the shareholders meeting is informed of his situation in view of the independence criteria indicated in the AFEP-MEDEF Code.

##### 4.6.2 Conflicts of interest

It is each director's duty to inform the Board of any situation presenting a conflict of interests, even a potential or future one, in which he/she or may find himself.

He/she shall inform the Vice-Chairman Senior Director without delay about any situation which may be created or may be perceived as creating a situation of conflict of interest as soon as he/she becomes aware of it in order to define and implement the ways and means to prevent such conflict.

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<sup>6</sup> The obligation to declare to the AMF applies when the amount of the transactions (acquisitions and/or disposals) exceeds €20,000 per year. In case of transactions below this amount, Directors must nevertheless so inform the Company, which must indicate this in the annual report.

These ways and means may include refraining from participating in any meeting or part of meeting of the Board or any committee during which a sensitive subject is dealt with.

He/she refrains from participating in the vote on any deliberation within the Board in the event of a conflict of interest.

The Vice-Chairman Senior Director may elect to deal with any actual or potential conflict of interest which may come to his knowledge and conduct investigations that will enable to identify, prevent or manage them.

## 5 - BOARD COMMITTEES

### 5.1.1 Committees

The Board's permanent committees are the following:

- Strategy and Investments committee
- Audit committee
- Appointments and Governance committee
- Remunerations committee

The Board may decide to create in its ranks all other specialized, permanent or temporary committees or commissions.

### 5.1.2 Rules common to all committees

The Board determines the composition, prerogatives and as the case may be, the remuneration of the members of these committees. The Board may decide at any time to modify the composition of the committees.

The Board appoints a committee chairman selected among the committee's members.

The mission of each committee is to study, analyse and prepare certain Board proceedings falling within its prerogatives and to study the topics and/or projects which the Board or its Chairman submit to it. It has no discretionary power. It issues, in its domain of expertise, proposals, recommendations and opinions depending on the case. It has an advisory capacity and acts under the authority of the Board of which it is an emanation and to which it reports.

Each Committee can draft its own policies as a supplement to these internal rules. The Board Secretary must be so informed.

Each Committee meets upon notice from its chairman and defines the frequency of its meetings. They are held in the Company's registered offices or in any other place decided by the Committee's Chairman. Each Committee's chairman prepares the agenda of the meetings which he communicates to the Company's Chairman and Vice-Chairman Senior Director for the sake of information.

In order to vote valid decisions, at least one half of the Committee's members must be present. Committee members may not be represented.

Minutes of each meeting are drafted, and communicated to the members of the Committee at issue and to the other directors.

Each Chairman of the Committee or one of its members reports on the work of the Committee to the upcoming Board Meeting.

Each committee may decide to invite any Group director of its choice to its meetings, when needed, after having so informed the Company's executive officers.

The members of the Committees as well as any outside persons who may attend a meeting are bound by an obligation of confidentiality, as concerns all persons foreign to the Board, regarding the information communicated to the Committee on which they are sitting.

Each Committee can call for external technical studies on subjects within its sphere, at the Company's expense and after having so informed the Chairman and Chief Executive Officer.

## 5.2 Strategy and Investments committee

### 5.2.1 Composition

The Strategy and Investments committee is composed of at least three Directors appointed by the Board.

It is chaired by the Vice-Chairman Senior Director.

Each Director will receive a copy of the file sent to the members of the Committee for the purposes of the meetings and may if, he/she deems fit, participate in any meeting of the committee, with the right to vote.

VINCI's Chief Executive Officer and the Chief Financial Officer attend meetings of the Strategy and Investments committee. The secretariat is handled by the Secretary of the Board or by any person designated by the committee.

### 5.2.2 Prerogatives

The Strategy and Investments committee assists the Board in elaborating the Group's strategy. It examines, prior to their presentation to the Board, the strategic investment projects and any operation, in particular acquisitions or disposals, liable to have significant repercussions on VINCI's perimeter, activates, risk profile, results, the structure of the Group's balance sheet, and on VINCI's stock market valuation. Its mission among other things is:

- to prepare the proceedings of the Board as concerns the Group's strategy, mentioned in paragraph 1.1.2;
- to formulate an opinion for the management on the projects involving the acquisition or sale of holdings for a value exceeding 50 million euros, and not falling into the framework of paragraph 1.1.2;
- to give its opinion to the management regarding the plans to make significant changes in the Group's legal or operational structures;

- to examine for an opinion the document which must be forwarded to the works council regarding strategic objectives of the company and their consequences.

The committee is informed as often as necessary by the Management of the stage of progress of the multi-annual contract projects involving, for the part incumbent upon the VINCI Group, a total investment (equity capital and debts) of over 100 million euros.

### 5.2.3 Operating procedures

The Strategy and Investments Committee convenes whenever useful upon notice from its chairman, in particular in the case of a project or event which is important for the Company or the Group.

In accomplishing its mission, the Committee may hear the executives and management concerned by the topic being examined.

The Chairman of the Committee, or a member of the Committee appointed for this purpose, reports to the Board on the Committee's work, conclusions and proposals. The Committee enlightens the Board with its opinions and shares all observations and recommendations which are useful for the Board's proceedings.

## 5.3 Audit committee

### 5.3.1 Composition

The Audit Committee is composed of at least three Directors selected by the Board having accountancy or financial skills, to the exclusion of those occupying management positions within the Group, as relevant.

The Chief Financial Officer attends the meetings of the Audit Committee and handles its secretariat.

### 5.3.2 Prerogatives

The Audit Committee performs the tasks assigned by the law. It monitors, under the responsibility of the Board, any matters relating to the preparation and verification of the accounting and financial information. It has the following tasks:

- (a) It monitors the process for elaborating the financial information. It examines the Group's annual and bi-annual company and consolidated accounts before they are submitted to the Board. It ensures the quality of the information provided to the shareholders.
- (b) It sees to the relevance and permanence of the accounting methods and principles, it aims at preventing any possible failure to comply with these rules. It examines the perimeter of consolidated companies and, if relevant, the reasons for which companies are not included. It looks into the significant operations during which a conflict of interest could have occurred. It provides recommendations for ensuring integrity.
- (c) It monitors the efficiency of the internal audit and risk management systems:
  - it ensures that such systems are in place and deployed and that corrective measures are taken in case of weaknesses or significant problems. To such end:

- it hears the persons in charge of internal audits and risk management and gives an opinion on the organisation of the corresponding departments;
  - it must be kept informed of the internal audit programme and of the internal audit reports or a summary of those reports
- it reviews regularly the Group's financial situation and principal financial risks, examines risks and significant commitments off the balance sheet and evaluates the importance of possible faults or weaknesses of which it is informed and keeps the Board informed if necessary;
- (d) It provides a recommendation on the appointment of the statutory auditors proposed by the general meeting or at the time of their re-election, as well as with regard to their remuneration;
  - (e) It monitors the performance of their mission by the statutory auditors. It examines with the statutory auditors their intervention plans, their conclusions and recommendations, as well as the follow-up given thereto;
  - (f) It ensures that the statutory auditors comply with the independence conditions set down by law;
  - (g) It approves the delivery of the services mentioned in article L 822-11-2 of the Commercial Code;
  - (h) It examines the group's policy in the field of insurance;
  - (i) It puts into place procedures in the field of ethics and competition and sees to the existence of a system for controlling the application thereof;
  - (j) It issues an opinion on the fulfilment of any agreement signed, if relevant, between the Company and a Company officer, executive or not.

### 5.3.3 Operating procedures

The Audit Committee convenes at least twice per year prior to the Board meetings scheduled to close the Company's accounts and the annual consolidated accounts, and whenever it considers it is useful, in particular in the case of a major event for the Company or the Group.

To perform its mission, the Audit Committee may hear, without the presence of the Company's officers, the statutory auditors, the executives and managers responsible for preparing the accounts and performing internal audits.

The Chairman of the Audit Committee or, in his absence, a member of the Committee designated for this purpose, reports regularly to the Board on its work, conclusions and proposals, and informs it immediately of any difficulty encountered. The Committee enlightens the Board with its opinions and shares all observations and recommendations which are useful for the Board's proceedings.

The Committee members receive, upon appointment, if necessary specific training in respect of the specific accountancy, financial or business issues of the Group.

## 5.4 Appointments and Governance Committee

### 5.4.1 Composition

The Appointments and Governance Committee is composed of at least three directors appointed by the Board. It is chaired by the Vice-Chairman Senior Director.

The Chief Executive Officer attends the meetings of the Appointments and Governance committee except when it deals with point (b) of paragraph 5.4.2 below.

The secretariat is handled by one of the Committee's members or by the Secretary of the Board depending on the case.

### 5.4.2 Prerogatives

The Appointments and Governance Committee:

- (a) sees to the respect of the rules of governance;
- (b) prepares the Board's proceedings as regards the evaluation of the company's officers;
- (c) examines, in an advisory capacity, the Management's proposals concerning the appointment and dismissal of the Group's main executives (branch managers, functional managers);
- (d) is informed of the policy elaborated by the Management in the field of the management of the Group's executives and, in this capacity, examines the procedures concerning succession plans;
- (e) formulates proposals concerning the selection of the members of the Board;
- (f) examines all Board member candidates and expresses an opinion and/or recommendation concerning them to the Board;
- (g) provides an opinion on the composition of the Committees and proposals on the appointment or re-appointment of the Audit Committee Chairman;
- (g) debates annually on the qualification of an independent Board member;
- (h) prepares in due time recommendations and opinions concerning the appointment or succession of company's executive officers. The Committee reports to the Board on its work on this issue.

### 5.4.3 Operating procedures

The Appointments and Governance Committee convenes at least twice per year, once before the Board meeting which convenes the annual meeting of the shareholders, and which prepares the agenda of this meeting. It examines the draft resolutions concerning the appointment of Directors. It convenes each time it is useful, upon notice from its Chairman.



The Chairman of the Appointments and Governance Committee or a member of the Committee designated for this purpose, reports to the Board on its work, conclusions and proposals. The committee enlightens the Board with its opinions and shares all observations and recommendations which are useful for the Board's proceedings.

## 5.5 Remunerations Committee

### 5.5.1 Composition

The Remunerations committee is composed of a minimum of three directors designated by the Board. The Chief Executive Officer attends the Committee's meetings for issues other than those pertaining to his remuneration.

The secretariat is handled by one of the Committee's members or by the Secretary of the Board depending on the case.

### 5.5.2 Prerogatives

The Remunerations Committee proposes to the Board the conditions governing the remuneration of the company representatives. Its mission is to:

- (a) make recommendations to the Board concerning the remuneration, retirement and provident scheme, the benefits in kind and various pecuniary rights, including as the case may be, the allocation of free Company shares and stock options concerning the officers of the Company, as well, as the case may be, as possible members of the Board who are on the company's payroll;
- (b) propose to the Board draft resolutions that will be subject to the vote of shareholders at the Ordinary general meeting of shareholders with respect to the remuneration of the company's executive officers;
- (c) propose to the Board the determination of a global budget for the allocation of free shares and/or stock options to buy company shares as well as the general and particular conditions which apply to these allocations.
- (d) express an opinion on the management's proposals concerning the number of allottees,
- (e) propose to the Board a global amount in directors' fees as well as the manner of distributing them.

The Remunerations Committee is informed of the remuneration policy of the company's main non-executive officers.

### 5.5.3 Operating procedures

The Remunerations Committee convenes at least once per year, before the Board meeting which convenes the annual shareholders meeting and which determines the agenda of this meeting. It examines the draft resolutions pertaining to issues falling within its domain of expertise. It convenes when needed upon notice from its Chairman, either at its own initiative or at the request of the Chairman of the Board.

The Chairman of the Remunerations Committee, or a member of the Committee appointed for this purpose, reports to the Board on its work, conclusions and proposals. The committee enlightens the Board with its opinions and shares all observations and recommendations which are useful for the Board's proceedings.

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