

**REXEL**  
**Company with limited liability (*société anonyme*)**  
**with a Management Board and Supervisory Board**  
**and with share capital of 1,363,789,120 euros**  
**Registered office: 13, boulevard du Fort de Vaux**  
**75017 Paris**  
**479 973 513 R.C.S. Paris**

**INTERNAL REGULATIONS OF THE**  
**SUPERVISORY BOARD OF REXEL**

**22 May 2013**

## Introduction

These internal regulations (the “**Regulations**”) constitute the corporate governance charter of Rexel’s Supervisory Board and govern the relationship between the members of the Supervisory Board and the members of Rexel’s Management Board, in a spirit of co-operation with the principal objective of facilitating the exchange between the company’s management bodies in the interest of its shareholders.

The purpose of the Regulations is to contribute to the quality of work produced by the members of the Supervisory Board by favoring the application of corporate governance principles and best practices as required by considerations of ethics and efficiency.

For the purposes of these Regulations:

The “**Group**” means Rexel and any company under its control as set forth in clause L.233-3 I and II of the French Commercial Code (*Code de commerce*).

The “**Company**” means Rexel, a company with limited liability with a Management Board and Supervisory Board, with its registered office at 189-193, boulevard Malesherbes, 75017 Paris.

“**Independent Member**” means a member of the Company’s Supervisory Board expressly appointed as an independent member of such board, in accordance with the terms of section II of the Regulations (and excluding any other members of the Supervisory Board who may meet the eligibility criteria for an Independent Member, but have not been appointed as such).

*The internal regulations are for internal use only. They are not intended to replace the Company’s by-laws but rather to implement them. Its provisions therefore cannot be enforced against the Company by third parties. A summary of the Regulations appears in the Company’s annual report.*

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## I. SUPERVISORY BOARD

### 1.1 Competence

Throughout the year, the Supervisory Board implements the monitoring and verifications it deems necessary. It may require that any documents that it considers useful in the discharge of its mandate to be provided.

The Supervisory Board possesses the following powers:

- (i) Powers relating to audits:
  - examination of the Company’s financial and cash situation, and of the obligations of Company and its subsidiaries;
  - examination of the verification procedure for the financial statements and information provided to the Company’s shareholders and the market;
  - authorization of regulated agreements.
- (ii) Powers relating to appointments and compensation:
  - appointment and removal of members of the Management Board (including the chairman of the Management Board), determination of the number of members in accordance with the limits set forth in the Company’s by-laws and determination of their level of compensation;

- choice of and removal of the chairman of the Management Board, including in his capacity as member of the Management Board;
- cooptation of members of the Supervisory Board;
- allocation of attendance fees.

(iii) Preparation of reports for the general meetings of the Company's Shareholders:

Each year, the Supervisory Board must present to the ordinary general meeting of the shareholders a report containing its observations on the Management Board's report as well as on the financial statements for the fiscal year.

The chairman of the Supervisory Board must attach to this report another report which details the manner in which the Supervisory Board's work was carried out, as well as the internal control procedures established by the Company.

The Supervisory Board issues proposals relating to the renewal of membership to the Supervisory Board.

(iv) Powers relating to prior authorization of certain decisions of the Management Board:

The Supervisory Board confers on the Management Board authorizations as required by law or the Company's by-laws.

– It is noted that, in accordance with the Company's by-laws, the following decisions require the prior authorization of the Supervisory Board:

- adoption of the annual budget,
- adoption of the strategic plan,
- appointment, revocation of appointment or dismissal of members of the Executive Committee and the determination of their compensation (including benefits in kind and special retirement arrangements);
- proposed resolutions to be submitted to the general meeting of shareholders pertaining to any distribution (including dividends or reserves) to the shareholders,
- proposed resolutions to be submitted to the general meeting of shareholders pertaining to replacement of the statutory auditors,
- adoption of significant changes in accounting methods,
- acceptance of and resignation from any office as a member of a board of directors or equivalent body by the Company and appointment and revocation of the appointment of the Company permanent representatives to such boards of directors or equivalent body,
- proposed resolutions to be submitted to the general meeting of shareholders and use of authorizations or powers granted by the general meeting pertaining to the issuance of shares or securities granting immediate or future access to the share capital of the Company, of a company that directly or indirectly owns more than half of the Company's share capital or of a company in which the Company directly or indirectly owns more than half of the share capital, or securities granting rights to the award of debt securities,

- proposed resolutions to be submitted to the general meeting of shareholders pertaining to any share buyback program,
- acquisition and disposal of any business segments, equity interests in any company, any assets and undertaking any investment, in each case, with an enterprise value exceeding a threshold determined by the Supervisory Board,
- the creation of any business division or subsidiary, the realization of investments in any business division or on the acquisition of any equity interest in a country in which the Company does not operate,
- borrowing (including by issuing bonds) or assumption of liabilities, in each case, in an amount exceeding a threshold determined by the Supervisory Board,
- awarding options to subscribe for or to purchase shares, awarding free shares or other plans for the employees of the Company or its subsidiaries involving equity securities of the Company,
- entering into merger, spin-off or asset transfer agreements,
- admission to trading of negotiable securities issued by the Company on an organized exchange,
- any transaction entailing a significant change in the scope of the business activities of the Company and its subsidiaries,
- any transaction or settlement in connection with any litigation in an amount exceeding a threshold determined by the Supervisory Board.

These prior authorizations shall be repeated in the internal regulations of the Company's Management Board, which cannot be modified without the prior agreement of the Supervisory Board.

### **1.2 Prior consultation with the committees**

Insofar as possible and depending on the circumstances, any deliberation of the Supervisory Board on a matter falling within the scope of a committee shall be preceded by referring such matter to the relevant committee and may be made only after the relevant committee has submitted its recommendations or proposals.

In accordance with the article R.225-56 of the French Commercial Code (*Code de commerce*), the purpose of such consultation of the committees shall not, however, be to delegate thereto the powers that are assigned to the Supervisory Board by law or by the Company's by-laws, nor to reduce or limit the powers of the Management Board.

In the interests of good corporate governance, the chairman of the Supervisory Board shall transmit to the chairman of the relevant committee, within a reasonable period of time under the circumstances, all information and documents necessary for the committee to carry out its mission and formulate its opinions, recommendations and proposals on the matters proposed by the Supervisory Board for deliberation.

### **1.3 Meetings**

The Supervisory Board meets as often as required to serve the interests of the Company and at least once every quarter at meetings called by its chairman or vice-chairman.

Except with the written consent of all its members, the Supervisory Board must be convened in writing, in any form, including by fax or by e-mail, at least three days before the meeting date. The

agenda of the meeting and all documents prepared for submission to the Supervisory Board shall be attached to the meeting notice. However, when all Supervisory Board members are present or represented (including participation or representation during telephone or video conferences) at a meeting, the meeting may be held without prior notice and without complying with the three-day notice rule.

Meetings are held at the registered office of the Company or at any other place specified in the meeting notice.

However, the chairman of the Supervisory Board is required to call a meeting of the Supervisory Board to be held no later than 15 days after the date of receipt of a detailed request from at least one member of the Management Board or at least two Supervisory Board members. If such request is not followed by action, the initiators of such request may call the meeting on their own and set the agenda of the meeting. Other than in this case, the agenda is set by the Chairman and must, in any event, be mentioned in the meeting notice.

The chairman of the Supervisory Board may invite some or all members of the Management Board to attend Supervisory Board meetings, without the right to vote.

The Supervisory Board is duly convened only if a quorum consisting of at least one half of its members is present.

The chairman of the meeting has the deciding vote in case of a tie, provided that the Supervisory Board is composed of an even number of members effectively in office and only at meetings chaired by the chairman of the Supervisory Board.

An attendance register is maintained and signed by the Supervisory Board members who attended the Supervisory Board meeting; it must show the name of any members who attended the meeting by videoconference or other form of telecommunication.

The deliberations of the Supervisory Board are recorded in minutes, which are drawn up in accordance with applicable law. They are signed by the chairman of the meeting and at least one Supervisory Board member or, in the event that the chairman is unable to sign, by two Supervisory Board members.

Copies or excerpts of these minutes are certified by the chairman of the Supervisory Board, the vice-chairman of the Supervisory Board, a member of the Management Board or a duly authorized representative.

#### **1.4 Meetings held by videoconference or other form of telecommunication**

Supervisory Board members who attend Supervisory Board meetings by videoconference or other form of telecommunication in accordance with the following conditions shall be deemed present for purposes of quorum and majority requirements:

- The means of videoconference or telecommunication may be used for any meeting of the Supervisory Board.
- Such means of videoconference or telecommunication must ensure effective participation to the deliberations of the Supervisory Board, which must take place normally and without interruption.
- Each participant must be able to participate and hear what is said at the meeting.

- Members of the Supervisory Board who participate in a meeting of the Supervisory Board by videoconference or other means of telecommunication must inform other attendees of the potential presence of any other person who might hear or see the deliberations.
- Where applicable, attendance of members to each meeting of the Supervisory Board by videoconference or other means of telecommunication is recorded in the attendance register.
- Members of the Supervisory Board who attended meetings of the Supervisory Board by videoconference or other means of telecommunication must sign the attendance register.
- The minutes of each meeting of the Supervisory Board must include the names of those members having attended by videoconference or other means of telecommunication and, as the case may be, details of any technical disruption which may have occurred during the meeting.

### **1.5 Majority rules**

In accordance with the Company's by-laws, decisions are approved by a majority of votes of the members present or represented; each Supervisory Board member has one vote and may not represent more than one of his colleagues. In the event of a tie, the Chairman of the meeting shall cast the tie-breaking vote, if and only if the Supervisory Board consists of an even number of Supervisory Board members and only at meetings chaired by the Chairman of the Supervisory Board.

### **1.6 Members of the Supervisory Board**

The Supervisory Board is composed of five (5) to fifteen (15) members, subject to exemptions provided for by law in the case of a merger.

During the Company's lifetime, Supervisory Board members are appointed or reappointed by the ordinary general meeting of shareholders.

They are appointed for a term of four years. As an exception to the foregoing, the duties of the members of the Supervisory Board currently in office whose term was set at 5 years shall continue until their initial expiry date.

The term of office of a Supervisory Board member expires at the end of the ordinary shareholders' meeting convened to approve the financial statements for the previous financial year and held during the year in which the term of office of such member expires.

The Supervisory Board shall be renewed in quarters, rounded to the higher whole number every year so that it is fully renewed every four years. The order of early termination of the terms of office shall be determined by the unanimous decision of the members of the Supervisory Board present or represented or, if unanimity is unable to be reached, by drawing lots. The term of office of the persons so designated will expire on the date determined by the unanimous decision of the Supervisory Board or determined by the Chairman before the draw. The renewal of Supervisory Board members shall then be carried out in the order of length of service.

Supervisory Board members may be re-elected.

They may be dismissed at any time by the ordinary shareholders' meeting.

No individual exceeding the age of 70 may be appointed as member of the Supervisory Board if such appointment raises the number of Supervisory Board members who are over this age to more than one-third.

Supervisory Board members may be individuals or legal entities. Any legal entities must, at the time of their appointment, designate a permanent representative who is subject to the same conditions and obligations and who incurs the same liability as if he were a Supervisory Board member in his own name, without prejudice to the joint and several liability of the legal entity he represents. This office of permanent representative is concurrent with the term of office of the legal entity that he represents. It must be renewed each time the term of office of the legal entity comes up for renewal.

Should the legal entity revoke the appointment of its permanent representative, it must notify the Company thereof without delay by registered mail and identify its new permanent representative. The same shall apply in the event of the death, resignation or long-term disability of the permanent representative.

Should one or more seats on the Supervisory Board become vacant between two general meetings of shareholders as a result of the death or resignation of members, the Supervisory Board may appoint one or more persons to serve as interim members.

Any co-opted Supervisory Board members appointed by the Supervisory Board are subject to ratification by the shareholders at the next ordinary general meeting.

If the appointment of members is not ratified, the resolutions adopted and actions carried out previously shall be nonetheless valid.

Should the number of Supervisory Board members fall to less than three, the Management Board shall immediately call an ordinary general meeting of shareholders to bring the number of Supervisory Board members up to the required minimum.

A Supervisory Board member who is appointed to replace another Board member shall remain in office only for the remainder of his predecessor's term.

No person may be appointed as member of the Supervisory Board unless he complies with the rules on holding multiple offices, conflicts of interests or disqualification or prohibitions as provided by applicable law and regulations.

The number of Supervisory Board members who have an employment agreement with the Company may not exceed one third of the Supervisory Board members in office.

## **1.7 Ethics**

**1.7.1** The Supervisory Board, a collegiate body, is required to act in the Company's best interests under all circumstances.

**1.7.2** Supervisory Board members carry out their duties with loyalty and professionalism.

**Loyalty and good faith:** Supervisory Board members shall not take any initiative that would be contrary to the interests of the Company and shall act in good faith under all circumstances.

In addition to the confidentiality undertaking provided by article L. 225-37 of the French Commercial Code (*Code de commerce*), each Supervisory Board member shall consider himself to be bound by the rules of professional secrecy with respect to any information obtained in the performance of his duties and that has not been made public. Each member personally undertakes to keep completely confidential the information he receives, the discussions in which he participates and the decisions adopted.

### **Professional approach and involvement:**

Supervisory Board members:

- (i) undertake to dedicate the necessary time and attention to carrying out their duties;
- (ii) shall be diligent and attend all meetings of the Supervisory Board and of the committees to which they belong whenever possible;
- (iii) shall inform themselves of the business and special characteristics of the Company's businesses, its challenges and its values;
- (iv) shall strive to keep up-to-date the knowledge they need to effectively carry out their duties;
- (v) shall request and undertake the necessary procedures to obtain the information they consider to be essential to deliberate as a member of the Supervisory Board with full knowledge of the matters addressed;
- (vi) shall comply with all provisions of code of conduct regarding trading in the Company's securities on the stock exchange as drawn up by the Management Board and approved by the Supervisory Board.

### **Independence and conflicts of interest**

In accordance with the IFA (French Directors Institute, or *Institut Français des Administrateurs*) Code of Conduct:

- (i) Supervisory Board members shall, under all circumstances, strive to maintain independence in their judgment, decision-making and actions. They shall not be influenced by any factor that is not in keeping with the corporate interests that they are responsible for defending.
- (ii) They undertake to avoid any conflict that may exist between their moral and material interests and those of the Company. They shall notify the Supervisory Board of any conflict of interests in which they may be involved. In such cases, they shall abstain from taking part in the discussions and in any decisions on the relevant matters.

### **1.8 Compensation**

The ordinary general meeting may allocate attendance fees to Supervisory Board members; the amount of such fees is included in the operating expenses of the Company and is maintained until the general meeting decides otherwise.

The Supervisory Board divides such fees among its members as it sees fit.

The compensation of the chairman and vice-chairman of the Supervisory Board is determined by the Supervisory Board. Such compensation may be both fixed and proportional.

The Supervisory Board may allot exceptional compensation for special missions or duties assigned to Supervisory Board members. Any such compensation is recorded in operating expenses and is subject to approval by the ordinary general shareholders' meeting.

The Supervisory Board may authorize reimbursement of travel and other expenses incurred by its members in the interest of the Company.

No compensation other than as described herein, whether permanent or temporary, may be paid to Supervisory Board members, other than pursuant to an employment agreement with the Company under the conditions allowed by applicable law and regulations.

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## II. INDEPENDENT MEMBERS OF THE SUPERVISORY BOARD

In accordance with the corporate governance principles and practices set out in the Regulations, the Supervisory Board and each of the committees comprise Independent Members who are elected or co-opted as such.

### 2.1 Definition of independence and related criteria

An Independent Member may not:

- (a) be an employee or corporate officer of the Company or of the Group, an employee or director of a shareholder that controls the Company (acting alone or in concert with others, within the meaning of the law) or a company consolidated thereby, and must not have held such a position within the five previous years;
- (b) be a corporate officer of a company in which the Company directly or indirectly holds an office as a director or in which an employee designated as such or a corporate officer of the Company (either currently or within the last five years) holds the office of director;
- (c) be a customer (or have direct or indirect ties to a customer), supplier, corporate banker or investment banker:
  - of significance to the Company or the Group, or
  - for whom the Company or the Group represents a significant portion of its business;
- (d) have any family ties with any corporate officer of the Company or the Group;
- (e) have been an auditor of the Company or of any Group company within the last five years;
- (f) have served as a corporate officer of the Company for more than 12 years;
- (g) receive or have received material additional compensation from the Company or the Group, other than attendance fees, including participation in any stock option plan or any other type of performance-related compensation.

Supervisory Board members who represent significant direct or indirect shareholders of the Company may be deemed to be independent if such shareholders do not control the Company within the meaning of article L. 233-3 of the French Commercial Code (*Code de commerce*). However, when a member of the Supervisory Board represents a shareholder of the Company that directly or indirectly owns more than 10% of the Company's share capital or voting rights, the Supervisory Board, acting on a report of the appointments committee, shall systematically review the qualification of independence by taking into account the share ownership of the Company and the existence of a potential conflict of interest.

The Supervisory Board may find that, while one of its members fulfills the aforesaid criteria, he may not be designated as Independent Member as a result of his individual situation or the situation of the Company in light of its shareholder base, or for any other reason.

### 2.2 Qualification procedure for Independent Members

The appointments committee reviews the designation of Independent Members each year and draws up a report to the Supervisory Board on the matter. Each year, in light of this report, the Supervisory Board reviews the situation of each Supervisory Board member with respect to independence criteria.

The Supervisory Board submits the findings of its review to the shareholders in the annual report.

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### **III. OBSERVERS (*CENSEURS*)**

The Supervisory Board may appoint one or more observers (*censeurs*), who may be but are not required to be shareholders, and who shall be asked to attend Supervisory Board meetings, exclusively for purposes of information.

Observers serve in an advisory capacity and do not have the right to vote.

Barring a decision to the contrary by the Supervisory Board, observers do not receive compensation.

Barring a decision to the contrary by the Supervisory Board, observers shall have access to the same information as Supervisory Board members.

Observers are bound by all confidentiality and discretion requirements applicable to Supervisory Board members set forth in 1.7.2 above, as well as those arising from articles L. 225-86 et seq. of the French Commercial Code (*Code de commerce*).

Observers shall abstain from all actions in connection with the management, supervisory or control powers falling within the exclusive scope of the legal bodies and shall not substitute themselves for such bodies.

Prior to taking office, each observer shall sign a copy of the Regulations, thereby indicating that he agrees to be bound thereby.

### **IV. COMMITTEES**

#### **4.1 Rules applicable to all committees**

##### **4.1.1 Composition**

Committee members are selected by the Supervisory Board from its membership on the recommendation of the appointments committee. Their appointment may be revoked by the Supervisory Board upon the advisory opinion of the appointments committee.

The term of office of committee members is concurrent with their term of office as Supervisory Board member. It may be renewed at the same time as their term of office as Supervisory Board member.

Each committee appoints its own chairman who is in charge of organizing its work on the recommendation of the appointments committee. The chairman of the appointments committee is appointed by members of the said committee from among its members

##### **4.1.2 Access to information, interviews and support**

After notifying the chairman of the Supervisory Board (and the chairman of the Management Board in the cases set forth in (i) and (ii) below) and subject to reporting thereon to the Supervisory Board, each committee shall have the right, in carrying out its responsibilities:

- (i) to receive from the Company any document that it may deem useful in carrying out its duties;
- (ii) to interview all or some of the Management Board members or any other person that the committee may deem useful to interview; and

- (iii) to be assisted by any third party of its choosing (expert, adviser, attorney or auditor) during meetings.

The committees may also invite Management Board members to attend their meetings.

Furthermore, the appointments committee shall consult the chairman of the Management Board on any proposed appointment, dismissal or renewal of the term of office of a member of the Management Board (unless the decision concerns the Chairman of the Management Board) or appointment, dismissal or renewal of the term of office of a Member of the Management Board as chief executive officer.

#### **4.1.3 Operations**

- (i) **Majority rules**

In order to be duly convened, at least half of the members of the committee must be present at the meeting. A committee member may not be represented by proxy.

Committees adopt recommendations or proposals by a simple majority of the members.

In case of a tie, the Chairman of a committee does not cast the tie-breaking vote.

- (ii) **Meeting - Referral**

The frequency and duration of a committee's meetings must be such that they allow for in-depth review and discussion of the matters falling within the scope of that committee.

Whenever a matter must be referred to a committee under clause 1.2 of the Regulations, that committee shall meet as soon as required by the urgency of the matter, as indicated by the Supervisory Board when the matter is referred

- (iii) **Minutes**

Minutes of committee meetings shall be drawn up. They shall be transmitted to members of that committee and to other members of the Supervisory Board. The chairman of the committee or a member appointed for this purpose shall report to the Supervisory Board on the committee's work

- (iv) **Reimbursement of expenses**

Committee members may request reimbursement for reasonable expenses.

- (v) **Rules**

Committee rules may be drawn up by the committee's members and, if so, shall be submitted to the Supervisory Board for approval.

- (vi) **Improvement of committee operations**

The members of the committees shall make all recommendations that they deem likely to improve the operations of their committee.

#### **4.2 Audit Committee**

##### **4.2.1 Composition**

The audit committee is composed of a maximum of five members, at least two of whom must be Independent Members. At least one of the Independent Member is appointed on the basis of specific skills in the financial or accounting fields.

The Chairman of the Supervisory Board shall not be a member of the audit committee.

Audit committee members shall be selected for their expertise in accounting and finance.

#### **4.2.2 Powers**

The audit committee is in charge of any matters relating to the preparation and control of accounting and financial information. It assists the Supervisory Board in ascertaining the accuracy and faithfulness of the parent company and consolidated financial statements of the Company and the quality of the information provided. Its mission, as assigned by the Supervisory Board when preparing the parent company and consolidated financial statements, which are drawn up annually, half-yearly and quarterly in accordance with applicable regulations, and when preparing any deliberations with respect to the financial statements of the Company, is to make recommendations and submit proposals to the Supervisory Board in all areas listed below:

- Review and audit of the accounting and financial information:
  - Knowledge of the scope of consolidation, accounting methods and audit procedures;
  - Review of the quarterly, half-yearly and annual financial statements, and in particular analysis of provisions, and of material risks and off-balance sheet commitments;
  - Knowledge of accounting positions taken in recognizing material transactions;
  - Submission of recommendations to the Supervisory Board on proposed adoptions of material changes to accounting methods;
  - Review of the Group's financial position;
  - Monitoring the review by the statutory auditors of the quarterly, half year and annual company and consolidated financial statements;
  - Review of the procedures for preparing information provided to shareholders and to the market and review of the Group press releases relating to accounting and financial information.
- Oversight of the statutory auditors and monitoring of the independence of the statutory auditors:
  - Steering of the selection procedure applicable to the statutory auditors.
  - Submission of recommendations to the Supervisory Board on the Management Board's proposals to the general meeting of shareholders with respect to appointing, replacing and reappointing the statutory auditors.
  - Knowledge of the amount of fees paid to the statutory auditors and recommendation thereon to the Management Board.
  - Ascertaining that the statutory auditors comply with the rules governing their independence.

- Oversight of internal audit procedures and monitoring the efficiency of internal and risk management procedures:
  - Submission of recommendations on the mission and organization of the Group's internal audit department and its action plan.
  - Review of the main conclusions made by the internal audit department within its work, followed by a report to the Supervisory Board.
  - Review of the contribution of the internal audit department within the evaluation of the risk management process and of the internal control.
  - Review of the organization and of the implementation of the internal control guidelines within the Group and review of the process for identifying and monitoring risks.

#### **4.2.3 Operations**

The audit committee meets at least four times per year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within the audit committee's responsibilities scope are to be addressed. The frequency and duration of audit committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the Committee's scope.

### **4.3 Nomination Committee**

#### **4.3.1 Composition**

The appointments committee is composed of a maximum of five members, at least two of whom must be Independent Members.

#### **4.3.2 Powers**

- Issue recommendations on the appropriateness of appointments, revocations of appointments, dismissals and renewals of appointments of members and the Chairman of the Supervisory Board, members and the chairman of the audit, strategic and compensation committees, members and the chairman of the Management Board and members of the Executive Committee, and to issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementarity with other Supervisory Board, Management Board or Executive Committee members.
- Propose the qualification of relevant members as Independent Members of the Supervisory Board.
- Verify compliance with independence criteria and issue opinions thereon, as required, and advise the chairman of the Supervisory Board on the number of independent members.
- Be in a position at any time to formulate a proposal on a potential successor to the chairman of the Management Board or of the Supervisory Board.
- Issue a recommendation, upon the Management Board's proposal, on the acceptance and resignation by the Company from any office as member of the board of directors or any equivalent body and on the appointment and dismissal of permanent representatives of the Company on the said board of directors or equivalent bodies.

#### **4.3.3 Operations**

The appointments committee meets at least once each year and, in any case, prior to those Supervisory Board or Management Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of appointments committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the committee's scope.

#### **4.4 Compensation Committee**

##### **4.4.1 Composition**

The compensation committee is composed of a maximum of six members, at least three of whom must be Independent Members.

The chairman and vice-chairman of the Supervisory Board may serve on the compensation committee but may not participate in committee work concerning their own compensation.

##### **4.4.2 Powers**

The responsibilities of the compensation committee are the following:

- To make all recommendations to the Supervisory Board on the compensation of Management Board and Executive Committee members, on the rules for determining the variable components and any supplemental components such as pension schemes and benefits in kind
- To be informed of planned compensation in the event of the breach of an employment agreement of a Management Board or Executive Committee member and to render an opinion in this respect to the chairman of the Supervisory Board.
- To render an opinion on the stock option and bonus share award policy, for all categories of beneficiaries, and more particularly for the Company's Management Board and Executive Committee members; to make recommendations on the frequency of such awards and the terms and conditions of award.

##### **4.4.3 Operations**

The compensation committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of compensation committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the committee's scope.

#### **4.5 Strategic Committee**

##### **4.5.1 Composition**

The strategic committee is composed of a maximum of five members, at least two of whom must be independent.

#### 4.5.2 Powers

The strategic committee's responsibilities are:

- Review and issue recommendations to the Supervisory Board on projects for the strategic plans and annual budgets of the Company drawn up by the Management Board. In this respect, the Committee may interview Management Board members on the assumptions applied in drawing up the said plans;
- Review and issue recommendations to the Supervisory Board on planned acquisitions or disposals of business divisions or assets, and on investments, whenever the enterprise value exceeds the threshold above which such transactions are subject to prior approval by the Supervisory Board;
- Review and issue recommendations to the Supervisory Board on the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which the Company does not operate;
- Review and issue recommendations to the Supervisory Board on any borrowing or assumption of liabilities by the Company in an amount exceeding the threshold above which such transactions are subject to prior approval by the Supervisory Board;
- Review and issue recommendations to the Supervisory Board on all proposed mergers, spin-offs or asset transfers in connection with the Company;
- Review and issue recommendations to the Supervisory Board on any proposal for the admission to trading on an organized exchange of negotiable securities issued by the Company or any of its subsidiaries;
- Review and issue recommendations to the Supervisory Board on any transaction entailing a significant alteration in the scope of the business activities of the Company and its subsidiaries;
- Review the Group's financial position, in conjunction with the audit committee.

#### 4.5.3 Operations

The strategic committee meets at least once each year and whenever it deems it necessary. It meets prior to those Supervisory Board meetings during which matters falling within its scope are to be reviewed. The frequency and duration of strategic committee meetings must be such that they allow for in-depth review and discussion of the matters falling within the committee's scope.

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#### V. EVALUATION OF THE SUPERVISORY BOARD

The Supervisory Board shall assess periodically and at least on a yearly basis, its performance, covering the following aspects of its duties and commitment:

- Frequency of Supervisory Board meetings and members' attendance.
- Scope of the Supervisory Board members' duties and their contribution to the work of the Supervisory Board.
- Contribution of the Supervisory Board to the development of the Company.
- Efficiency of the committees established by the Supervisory Board.

- Involvement of the Supervisory Board in decisions relating to operational or financial investment or divestiture projects.

The assessment of the performance of the Supervisory Board is carried out by the active observer(s) (censeur(s)) or by an Independent Member. It may take the form of anonymous question forms sent to each member of the Supervisory Board. Once a year, the members of the Supervisory Board may debate the results of this assessment of the Supervisory Board, during a meeting of the Supervisory Board and, under the supervision of an observer, or an Independent Member. Upon this assessment, the various aspects of the duties and commitment of the Supervisory Board and of its members are reviewed and where appropriate, recommendations for a better operation are drawn up.

In addition, at least every three years, an assessment of the performance of the Supervisory Board must be carried out with the assistance of an external consultant, and may be supervised by an Independent Member.

A summary on the evaluation and on any recommendations resulting from it shall appear in the Company's annual report.

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## **VI. MISCELLANEOUS**

### **6.1 Amendments to the Regulations**

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

### **6.2 Notification of the Regulations**

The principal elements of the Regulations shall be brought to the attention of the market, initially through the Company's *Document de Base*, and then on an annual basis through the Company's *Document de Référence*, and also generally, in accordance with applicable legal or regulatory requirements

### **6.3 Disputes**

In the event of any inconsistency between the Regulations and the Company's by-laws, the provisions in the Company's by-laws shall prevail.

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