

# KORIAN

**French *Société Anonyme* (SA) with a Board of Directors and a share capital of €409,927,815**

**Registered office: 21-25 rue Balzac, 75008 Paris**

**Registered in the Paris Trade and Companies Register (RCS Paris) under number 447 800 475**

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# ARTICLES OF ASSOCIATION

Articles of association updated on 6 June 2019.

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**HEADING 1**  
**GENERAL PROVISIONS**

**Article 1. FORM**

A company under French law, Korian was formed on 24 March 2003 in Besançon (France) as a Société Anonyme (limited company) with a Board of Directors. It is governed by current law and regulations in force and by these Articles of Association.

**Article 2. COMPANY NAME**

The company name is "KORIAN".

All deeds and documents originated by the Company and intended for third parties must include the company name, immediately preceded or followed by the words "Société Anonyme" or by the initials "S.A."

**Article 3. PURPOSE**

The purpose for which the Company is established is:

- all management, management consultancy and ownership activities relating to companies specialised in the healthcare and elderly care sector, specifically in nursing homes for dependent elderly people, post-acute and rehabilitation care facilities, psychiatric clinics, home care for dependent elderly persons and, more generally, dependency care and services for elderly people; and
- more generally, the acquisition of equity interests, by any means, in all existing or future companies, businesses or enterprises, and all financial, commercial, industrial, real and personal property transactions that may be directly or indirectly related to one of the purposes specified above or any similar or related purpose that may favour the development of the company's assets.

**Article 4. REGISTERED OFFICE**

The registered office is located 21-25 rue Balzac, 75008 Paris.

The registered office may be transferred anywhere in France by a decision of the Board of Directors, subject to ratification of such decision by the next Ordinary General Meeting.

**Article 5. TERM**

The Company is formed for ninety-nine (99) years as of 25 March 2003, the date of registration in the trade and companies register, unless it is wound up before the end of this period or unless this term is extended by a decision of an Extraordinary General Meeting.

## HEADING 2 CAPITAL AND SHARES

### Article 6. AMOUNT OF CAPITAL

The Company's share capital is set at four hundred and nine million, nine hundred and twenty-seven thousand, eight hundred and fifteen (409,927,815) euros.

It is divided into eighty-one million, nine hundred and eighty-five thousand, five hundred and sixty-three (81,985,563) fully paid-up shares, all of the same class, with a par value of five (5) euros each.

### Article 7. SHARES

Shares may be held in registered or bearer form at the discretion of the shareholder. Whether in registered or bearer form, shares shall be entered in an account under the conditions and in the manner prescribed by applicable legal and regulatory provisions.

However, any shareholder, whether an individual or a legal entity, that owns, directly or via entities it controls within the meaning of Article L. 233-3 of the French Commercial Code ("*Code de commerce*"), a percentage of the shares or voting rights of the Company at least equal to one twentieth (5%) of the share capital or voting rights (a "**Concerned Shareholder**") must register all shares held in its own name and ensure that the entities it controls within the meaning of Article L. 233-3 of the French Commercial Code also register all shares held in their own name.

Any Concerned Shareholder who fails to comply with this requirement may be penalised under the conditions laid down by the law and regulations.

The Company is authorised to invoke, at any time, the legal and regulatory provisions in force with respect to the identification of holders of securities that grant immediate or future voting rights at the Company's shareholders' meetings and to the communication of all information relating to those holders. Failure of the holders of the securities or their intermediaries to comply with their obligation to communicate the information mentioned above may, subject to any relevant legal and regulatory constraints, cause the suspension or withdrawal of the right to vote and any right to dividend payments related to the shares.

### Article 8. DISPOSAL OF SHARES

Shares shall be freely traded and transferred.

Any individual or legal entity acting alone or in concert with others, who acquires or relinquishes, directly or indirectly, at least two-hundredths (0.5%) of the share capital or voting rights of the Company, or a multiple of this percentage, is required to notify the Company by registered letter with acknowledgement of receipt, addressed to the Company's head office, within four (4) trading days of each threshold being crossed, and to state the number of shares and voting rights held (alone, directly or indirectly, or in concert with others), together with (a) the number of shares held giving future access to share capital and the number of voting rights attached to them, (b) the shares and voting rights already issued that this person may acquire, pursuant to an agreement or a financial instrument and (c) all information set forth in Article L.

233-7 of the French Commercial Code. Investment fund management companies are required to provide this information for all shares in the Company held by the funds they manage.

If they are not regularly disclosed in accordance with the conditions set forth above, any shares in excess of the fraction that should have been disclosed are, within the conditions and limits laid down by law, deprived of voting rights in all shareholders' meetings for a period of two (2) years following the date on which proper disclosure is made.

This penalty will only be applied at the request of one or more shareholders holding at least two-hundredths (0.5%) of the Company's share capital or voting rights, such request being included in the minutes of the Ordinary General Meeting.

#### **Article 9. RIGHTS ATTACHED TO SHARES**

Each share confers the right to ownership of the Company's assets, to a share of the profits and to the liquidation surplus due to the shareholders in proportion to the number of existing shares.

All shares comprising or that may comprise the share capital will always be treated equally as regards tax liabilities. Consequently, all taxes and duties that may, for any reason, as a result of repayment of the principal amount of these shares, become payable for certain shares only, either during the Company's existence or on its liquidation, will be divided among all of the shares comprising the capital at the time of these repayments, so that all current and future shares confer on their owners, while taking into account, where necessary, the nominal amount rather than the written-down amount of the shares and the rights of the shares of various categories, the same effective benefits and the entitlement to receive the same net amount.

Voting rights attached to capital shares are proportional to the percentage of the share capital that they represent, with the same par value. Each share entitles the holder to one (1) vote, it being specified that this ratio of one (1) vote per share will prevail notwithstanding any non-imperative legislative or regulatory change to the contrary (such as the automatic conferring of double voting rights in certain situations). No double voting rights are granted as per the last paragraph of Article L. 225-123 of the French Commercial Code.

The subscription right attached to shares belongs to the bare owner, unless otherwise agreed by the parties.

Ownership of a share automatically assumes acceptance of the Company's Articles of Association and the decisions of its Ordinary General Meetings and the Board of Directors acting as delegated by the Ordinary General Meeting.

Whenever it is necessary to possess several shares in order to exercise a right, single shares or shares held in a number below the requisite number of shares do not entitle their holders to any right against the Company, it being up to the shareholder in such a case to personally seek to group together the requisite number of shares.

#### **Article 10. PAYING UP OF SHARES**

Amounts remaining due on shares to be paid up in cash are called up by the Board of Directors.

The part of the share capital called up and the date on which the sums must be paid are notified either by publication in a newspaper authorised to publish legal notices, at least fifteen (15) full days in advance, in the “department” (French administrative region) of the Company’s head office, or by registered letter sent to all shareholders, within the same time frame.

Any shareholder who does not make payment on the shares they hold by the due date shall be liable *ipso jure*, without prior notice, to pay the Company late penalty interest, calculated day-by-day as of the due date at the official rate of interest plus three percentage points, without prejudice to the enforcement measures provided by law and any damages that may be due to the Company.

### **HEADING 3 GOVERNING BODIES**

#### **Article 11. BOARD OF DIRECTORS**

The Company is governed by a Board of Directors comprised of a minimum of three (3) members and a maximum of eighteen (18), subject to the exceptions provided for by law in the event of a merger.

##### **11.1 Appointment - Dismissal - Resignation of members of the Board of Directors**

###### **11.1.1 Appointment**

The members of the Board of Directors, who are individuals or legal entities, are elected by the Ordinary General Meeting from among its members or from outside. In the event of a merger or division, they may be appointed by an Extraordinary General Meeting.

Appointment to the position of member of the Board of Directors is subject to conditions laid down by law relating to the holding of multiple directorships. An individual may not be appointed as a director if he or she is subject to restrictions resulting from incompatibilities, disqualification or prohibitions provided for by the law or regulations in force. Any director who infringes the above limitations must, within three (3) months following his or her appointment, resign from his or her other directorship or directorships. Failing this, at the expiry of this period, the individual shall be considered automatically to have resigned from his or her new directorship.

At least two-thirds of the members of the Board of Directors must be aged under seventy (70).

Where this proportion is not reached, the situation must be resolved at the end of the next Ordinary General Meeting at the latest. The solution would either involve voluntary resignations and, where necessary, the co-opting of new directors, or, failing this, compulsory retirement taking effect at the end of the next Ordinary General Meeting, which proceeds with

the required new appointment(s). Compulsory retirement applies to the oldest director or directors on the day the age limit is exceeded.

When a legal entity is appointed as a member of the Board of Directors, it is required to nominate a permanent representative, who is subject to the same conditions and obligations and incurs the same civil and criminal liability as a member of the Board of Directors in a personal capacity, without prejudice to the joint and several liability of the legal entity that he or she represents. Permanent representatives are subject to the same age conditions as individual members of the Board of Directors.

When the legal entity dismisses its representative, it is required to appoint a substitute concomitantly. The mandate of the permanent representative designated by a legal entity appointed to the Board of Directors is conferred upon the individual for the duration of the mandate of the legal entity. If the legal entity dismisses its permanent representative, it is required to notify the Company of this dismissal without delay, by registered letter, and to give the name of its new permanent representative. The same applies in the event of the permanent representative's death or resignation.

The appointment and termination of the mandate of the permanent representative is governed by the same disclosure formalities as if he or she were a member of the Board of Directors in a personal capacity.

#### **11.1.2 *Term of office - Reappointment***

Directors are appointed by the Ordinary General Meeting for a term of three (3) years, after which they are renewed in thirds. Exceptionally, in order to allow a staggered renewal of the directors' mandate, the Ordinary General Meeting may appoint one or more directors for a term of one (1) or two (2) years.

The term of office of a director expires at the end of the Ordinary General Meeting convened to approve the financial statements for the past year, held during the year in which the mandate expires.

Upon the expiry of their mandate, directors may be re-elected.

#### **11.1.3 *Resignation - Vacancy***

If a member of the Board of Directors resigns or dies when in office, he or she may be replaced by co-option, provided that the number of members of the Board of Directors remaining in office does not fall below the legal minimum.

When, owing to the same events, the number of directors falls below the statutory number without falling below the legal minimum, the Board of Directors is required to make the necessary temporary appointments to restore its full complement within three (3) months following the day on which the vacancy arose.

The appointments made by the Board of Directors pursuant to these provisions are subject to ratification by the next Ordinary General Meeting. Failing ratification, the decisions made and acts carried out previously by the Board of Directors nevertheless remain valid.

A director appointed to replace another only holds the position during the length of time remaining to serve out the term of his or her predecessor.

Where the Board of Directors neglects to make the required appointments, or if the Ordinary General Meeting is not convened, any interested party may petition the court for the appointment of an authorised representative responsible for convening an Ordinary General Meeting in order to make new appointments or ratify the appointments in question. This authorised representative is appointed by the President of the "Tribunal de Commerce" (commercial court) ruling by request.

If the number of directors falls below the legal minimum, the remaining directors must immediately convene an Ordinary General Meeting with a view to restoring the full complement of the Board of Directors.

#### **11.1.4 Dismissal**

The members of the Board of Directors may be dismissed by the Ordinary General Meeting at any time.

#### **11.1.5 Observers**

The Board of Directors may be assisted in its work by between one (1) and three (3) observers appointed by the Ordinary General Meeting for a period of two (2) years.

These observers may be selected from among individuals or legal entities who are shareholders, or from outside. Observers attend meetings of the Board of Directors without voting rights and provide general advice to the directors, who are not required to follow their opinions or recommendations. They are bound by the same confidentiality obligations as directors and may be dismissed at any time by the Ordinary General Meeting.

In consideration for services rendered, the observer(s) may receive compensation, in accordance with the conditions decided by the Board of Directors, deducted from the amount of attendance fees granted to the Board members by a general meeting.

### **11.2 Organisation and discussions of the Board of Directors**

#### **11.2.1 Chairman - Vice-Chairman**

The Board of Directors elects a Chairman from among its members, who must be an individual aged under seventy-five (75).

The term of office of the Chairman is three (3) years but may not, in any event, exceed the term of his or her mandate as a director. The Chairman may be re-elected.

The Chairman of the Board of Directors organises and directs the business of the Board, reports thereon to Ordinary General Meetings and implements its decisions. He or she must ensure that the Company's bodies run smoothly and make sure that its directors are capable of performing their duties.

The Board of Directors determines the compensation paid to the Chairman.



The Chairman may be dismissed by the Board of Directors at any time. The dismissed Chairman retains his or her position as director.

The Board of Directors also elects a Vice-Chairman from among its members, who must be an individual aged under seventy-five (75). The mandate of the Vice-Chairman is three (3) years but may not, in any event, exceed the term of his or her appointment as a director. The Vice-Chairman may be re-elected. The Vice-Chairman may be dismissed by the Board of Directors at any time. The dismissed Vice-Chairman retains his or her position as director.

The Vice-Chairman's responsibility is also to chair meetings of the Board of Directors and to organise and direct its business in the absence or incapacity of the Chairman.

#### **11.2.2 Secretary**

The Board of Directors selects a secretary, from among its members or from outside, who is responsible for keeping the records and documents of the Board of Directors materially up-to-date or ensuring that this task is performed by others.

#### **11.2.3 Meetings of the Board of Directors**

The Chairman or the Vice-Chairman may convene the Board of Directors as often as necessary and at least once per quarter. The agenda is set by the party convening the meeting, it being understood that the Chairman or the Vice-Chairman may, if necessary, add to the agenda any item he or she deems necessary.

The meetings of the Board of Directors are held either at the company's head office or in any other location specified by the Chairman or the Vice-Chairman.

The notice informing the members of the Board of Directors of the meeting may be sent by any means, including letter, fax or e-mail, five (5) business days in advance, or sooner if the meeting is deemed urgent. Regular meetings to be held on specific dates are set at the start of each year according to a schedule drawn up by the Board of Directors and included in the minutes of the meeting held for this purpose. This schedule removes the need for any notice of meeting to be given, provided that none of the date, time or location stated for a meeting are changed.

Directors representing at least one third (1/3) of the members of the Board may request the Chairman or Vice-Chairman to convene a meeting of the Board of Directors with regard to a specific agenda.

The Chief Executive Officer may also ask the Chairman or Vice-Chairman to convene a meeting of the Board of Directors with regard to a specific agenda.

Meetings of the Board of Directors may be held using videoconference facilities, in accordance with the terms and conditions provided for by the law, regulations and the rules of procedure of the Board of Directors. Meetings may also use telecommunication facilities to identify directors and allow them to take part, in accordance with the terms and conditions provided for by the law, regulations and the rules of procedure of the Board of Directors.

#### **11.2.4 Quorum - Majority**

The Board of Directors may only validly deliberate if at least half of its members are present. Decisions are made by a majority vote of the members present or represented, with each director having one vote. In the event of a tied vote, the Chairman does not have a casting vote.

The participation of directors via videoconference or telecommunication is taken into consideration when calculating the quorum and the majority, with the exception of participation relative to the decisions, for which the French Commercial Code does not allow this procedure.

#### **11.2.5 Representation - Chairman - Meeting secretary**

All members of the Board of Directors may give, by letter, telegram, mandate, e-mail or any other written document, to any other member of the Board of Directors, the authority to represent them at a Board of Directors' meeting.

Each member of the Board of Directors may receive only one proxy card per meeting, received pursuant to the previous paragraph. These provisions apply to the permanent representative of any legal entity that is a member of the Board of Directors.

Meetings are opened and chaired by the Chairman of the Board of Directors, or the Vice-Chairman in the absence or incapacity of the Chairman.

In the absence or incapacity of the Chairman and the Vice-Chairman, the Board of Directors designates the member among those present who shall chair the meeting. In the absence of the permanent secretary, the Board of Directors may appoint, at each meeting, any individual to perform this role.

#### **11.2.6 Attendance register - Meeting minutes**

An attendance register is kept, signed by the members of the Board of Directors in attendance and specifying the names of the directors present, represented or deemed to be present (i.e. who took part in the meeting via videoconference or telecommunication).

The minutes are compiled and kept under the conditions set out by existing regulations. Copies and excerpts from the meeting minutes are legally certified when signed by the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers or a duly authorised representative.

When the Company is being liquidated, these copies and excerpts are legally certified when signed by a single liquidator.

### **11.3 Powers of the Board of Directors**

In relation to its general powers, the Board of Directors determines the Company's business strategy and monitors its implementation. Within the scope of the Company's corporate purpose and subject to the authority expressly granted by law to shareholders' meetings, the Board of Directors examines any and all issues relating to the efficient running of the Company and addresses any matters concerning it.

Thus, in addition to the powers defined by law, the Board of Directors makes decisions concerning:

- (i) the approval of the Company's strategic business plan and subsequent amendments;
- (ii) the approval of the annual budget;
- (iii) the disposal of properties with a value exceeding fifteen (15) million euros;
- (iv) the full or partial sale of equity interests with a value exceeding fifteen (15) million euros;
- (v) the raising of loans with a value exceeding fifty (50) million euros;
- (vi) the acquisition of assets (such as companies or equity investments), with an enterprise value exceeding fifteen (15) million euros.

The Board of Directors performs the checks and verifications it deems necessary.

The registered office may be transferred anywhere in France by a decision of the Board of Directors, subject to ratification of such decision by the next Ordinary General Meeting.

The Board of Directors draws up rules of procedure which will resolve, in addition to the present Articles of Association, issues relating to its meetings and deliberations and any internal limitations on the power of the Chief Executive Officer and Deputy Chief Executive Officers.

Each director receives all useful information pertaining to the decisions to be made in a timely manner. In addition, each director is entitled to request all information necessary to be fully informed of the Company's business operations.

#### **11.4 Employee representation on the Board of Directors**

Pursuant to Articles L. 225-27-1 et seq. of the French Commercial Code, the Board of Directors includes one or two directors representing employees:

- where the appointment of only one director is required, the appointment is made by the trade union that obtained the highest number of votes in the first round of the union representation elections, referred to in Articles L. 2122-1 and L. 2122-4 of the French Employment Code (*Code du travail*), held in the Company and its direct or indirect subsidiaries whose head offices are registered in France;
- where the appointment of two directors is required, (i) the first director is appointed by the trade union that obtained the highest number of votes in the first round of the union representation elections, referred to in Articles L. 2122-1 and L. 2122-4 of the French Employment Code (*Code du travail*), held in the Company and its direct or indirect subsidiaries whose head offices are registered in France, and (ii) the second director is appointed by the European Works Council.

The term of office of the director(s) representing employees is three (3) years. The reappointment of the director(s) representing employees at the end of their term is subject to the continued fulfilment of the conditions set out in Article L. 225-27-1 of the French Commercial Code.

Within six (6) months following the amendment of the Articles of Association or the expiry of the term of office of the director(s) representing employees, the trade union concerned or the European Works Council, as the case may be, will be invited by letter delivered personally against a receipt or by registered letter with acknowledgement of receipt to appoint a director representing employees who fulfils the conditions required by law, and, in particular, the conditions specified in paragraph 1 of Article L. 225-28, as well as in Article L. 225-30 of the French Commercial Code.

Within fifteen (15) days, the trade union or the European Works Council, as the case may be, must provide the name and position of the director appointed to represent employees to the Chairman of the Board of Directors by recorded delivery letter.

The term of office of a director appointed in accordance with Article L. 225-27-1 of the French Commercial Code expires at the end of the Ordinary General Meeting convened to approve the financial statements for the past year, held during the year in which the mandate expires.

The mandate of a director representing employees, appointed in accordance with Article L. 225-27-1 of the French Commercial Code will cease if their employment contract is terminated.

Directors appointed pursuant to Article L. 225-27-1 of the French Commercial Code may be dismissed for misconduct in the performance of their office, according to the conditions of Article L. 225-32 of the French Commercial Code.

In the event of a vacancy of an office of director appointed to represent employees due to death, resignation, dismissal or termination of their employment contract for any other reason whatsoever, the vacancy is filled according to the same conditions. The term of office of the director appointed in this way expires on the expiration date of the term of office of the other directors appointed in accordance with Article L. 225-27-1 of the French Commercial Code.

In addition to the provisions of the second paragraph of Article L. 225-29 of the French Commercial Code, it is specified, as necessary, that the absence of the appointment of one or more directors representing employees in accordance with the law and these Articles of Association does not affect the validity of the meetings and deliberations of the Board of Directors.

## **Article 12. GENERAL MANAGEMENT**

### **12.1 Selection of procedures for exercising executive management**

The executive management of the Company is the responsibility of either the Chairman of the Board of Directors or another individual who may or may not be a director. This individual is appointed by the Board of Directors and bears the title of Chief Executive Officer.

The procedures for exercising the executive management of the Company are chosen by the Board of Directors at its meeting held to appoint the Chairman. This decision is made by a majority vote of the directors present, represented or deemed to be present. The shareholders and third parties are notified in accordance with regulatory requirements.

Where the executive management of the Company is ensured by the Chairman of the Board of Directors, the provisions of these Articles of Association relating to the Chief Executive Officer apply to him or her.

#### **12.2 Appointment - Dismissal - Resignation of the Chief Executive Officer**

No person may hold the office of Chief Executive Officer - or remain in the position - if he or she has, through any form of criminal penalty, been banned from directing, managing or controlling a commercial or industrial undertaking or commercial company, in any capacity.

The Chief Executive Officer is appointed by the Board of Directors, which sets his or her compensation, term of office and, where applicable, the internal limitations on his or her powers other than those laid down by the present Articles of Association. The Chief Executive Officer must be no older than sixty-five (65). The Chief Executive Officer is considered to have automatically resigned after the first meeting of the Board of Directors following his or her 65th birthday. The Chief Executive Officer may be re-elected.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. Should the dismissal be decided upon without sufficient grounds, it may give rise to damages being paid, except where the Chief Executive Officer combines his or her positions with those of Chairman of the Board of Directors.

#### **12.3 Powers of the Chief Executive Officer**

Subject to the powers expressly granted by law to shareholders' meetings, and the legal and statutory powers granted to the Board of Directors on decisions pertaining to the Company and the companies it controls within the meaning of Article L. 233-3 of the French Commercial Code, and within the limit of the Company's corporate purpose, the Chief Executive Officer is vested with the broadest powers to act on behalf of the Company in all circumstances.

The Chief Executive Officer is responsible for the general management of the Company and for representing it in relations with third parties. The Company is bound by any actions of the Chief Executive Officer that do not fall within the corporate purpose, unless it proves that the third party was aware that the action exceeded the corporate purpose or could not have been unaware of it in view of the circumstances; disclosure of the Articles of Association is not in itself sufficient proof thereof.

Any limitations on the powers of the Chief Executive Officer are not binding on third parties.

#### **12.4 Deputy Chief Executive Officers**

No person may hold the office of Deputy Chief Executive Officer - or remain in the position - if he or she has, through any form of criminal penalty, been banned from directing, managing or controlling a commercial or industrial undertaking or commercial company, in any capacity.

At the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer and holding the title of Deputy Chief Executive Officer. They may not exceed five (5) in number.

Deputy Chief Executive Officers are appointed by the Board of Directors, who sets their compensation, terms of office and, where applicable, the internal limitations on their powers

other than those already stipulated by the present Articles of Association. The term of office of a Deputy Chief Executive Officer may not, however, exceed that of the Chief Executive Officer. Deputy Chief executive Officers may be re-elected.

A Deputy Chief Executive Officer must be no older than sixty-five (65). A Deputy Chief Executive Officer is considered to have automatically resigned after the first meeting of the Board of Directors following his or her 65th birthday.

In the absence or incapacity of the Chief Executive Officer, the Deputy Chief Executive Officer(s), unless decided otherwise by the Board of Directors, retain their duties and remits until the appointment of a new Chief Executive Officer.

Deputy Chief Executive Officers may, at the proposal of the Chief Executive Officer, be dismissed at any time by the Board of Directors. Should the dismissal be decided upon without sufficient grounds, it may give rise to damages and interest being paid.

Each Deputy Chief Executive Officer is vested, in relation to third parties, with the same powers as the Chief Executive Officer and is responsible for the general management of the Company and for representing it in relations with third parties.

The Company is bound even by actions of a Deputy Chief Executive Officer that do not fall within the corporate purpose, unless it proves that the third party was aware that the action exceeded the corporate purpose or could not have been unaware of it in view of the circumstances; disclosure of the Articles of Association is not in itself sufficient proof thereof.

Any limitations on the powers of the Deputy Chief Executive Officer are not binding on third parties.

**Article 13. COMPENSATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS AND GENERAL MANAGEMENT**

The Ordinary General Meeting may allocate to directors, in compensation for their activity, an annual fixed sum that the meeting determines by way of directors' fees, without being bound by previous decisions. This sum is recognised in the accounts under operating expenses.

The Board of Directors freely distributes among its members the total amounts allocated to them in the form of directors' fees. It may also allocate a greater amount to members of the Board of Directors who serve on committees than that allocated to the other directors. The Board of Directors may also allocate exceptional compensation for specific tasks or mandates assigned to its members; this compensation, which is also recognised under operating expenses, is subject to the special procedure applying to regulated agreements.

The number of members of the Board of Directors bound to the Company by an employment contract may not exceed one-third of its members in office. However, employee-elected directors are not counted when determining this number.

The compensation paid to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer(s) is set by the Board of Directors under the terms and conditions stipulated in the present Articles of Association; it may be fixed or variable according to the rules set by the Board of Directors, or both fixed and variable.

Commitments may be undertaken in favour of the Chairman, the Chief Executive Officer or the Deputy Chief Executive Officers, with respect to compensation, indemnities or benefits payable or likely to be payable in connection with or following the termination or change of their duties. In this case, these commitments are subject to the approval procedure for regulated agreements.

#### **Article 14. STATUTORY AUDITORS**

The Company is audited by one or more Statutory Auditors, appointed and carrying out their duties under the conditions provided for by law.

#### **Article 15. ORDINARY GENERAL MEETINGS**

##### **15.1 Notice of meeting - Board - Meeting**

Ordinary General Meetings are called and held under the conditions provided for by law.

Meetings are held at the head office or any other location specified in the notice of meeting.

All shareholders are entitled to attend Ordinary General Meetings and to take part in deliberations, personally or by authorised representative under the applicable legal and regulatory conditions, upon simple proof, under the applicable legal and regulatory conditions, of identity and of the registration of shares in the name of the shareholder or that of an intermediary registered on its behalf.

Any shareholder may also, if the Board of Directors allows when convening an Ordinary General Meeting, take part in the meeting via videoconference and vote by any means of telecommunication or remote transmission, including the Internet, in accordance with the conditions provided for by the regulations applicable at the time such methods are used. This decision shall be indicated in the notice of meeting.

Shareholders may vote by post in accordance with applicable legal and regulatory provisions. Any shareholder may submit, in paper format or, upon the decision of the Board of Directors, by electronic means, proxy voting and postal vote forms before all Ordinary General Meetings. Shareholders who, within the required time limit, use the electronic voting form provided on the website set up by the organiser of the meeting are deemed equivalent to shareholders who are present or represented at the meeting. Shareholders may complete and sign the electronic voting form directly on the website, using any method approved by the Board of Directors and that complies with the conditions set out in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code and Articles R. 225-77 and R. 225-79 of the French Commercial Code and, more generally, by the applicable legal and regulatory provisions, such as a user name and password. The proxy or vote thus cast before the meeting via electronic means and its acknowledgement of receipt will be deemed irrevocable, legally-binding written documents, it being specified that in the event that shares are disposed of before the second (2<sup>nd</sup>) business day preceding the meeting at midnight Paris time, the Company will invalidate or modify, where appropriate, the proxy or vote submitted before this date and time.

Meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the Vice-Chairman or, in his or her absence, by a member of the Board of Directors specially appointed for this purpose by the Board. Failing this, the meeting elects a Chairman itself.

The duties of tellers are fulfilled by the two members of the meeting with the highest number of votes and who accept said duties.

The board appoints the secretary, who may be chosen from outside the shareholders.

An attendance sheet is kept under the conditions provided for by the law and regulations. Copies and excerpts from the meeting minutes are legally certified when signed by the Chairman of the Board of Directors or the meeting Secretary.

## **15.2 Quorum - Majority**

Ordinary and Extraordinary General Meetings voting on resolutions under conditions of a quorum and majority specified by the rules governing the proceedings of ordinary and extraordinary meetings, exercise the powers granted to them by law.

For the purposes of calculating the quorum and majority, shareholders taking part in the said meetings via videoconference or telecommunication links enabling them to be identified in accordance with the requirements of applicable law and regulations are deemed present or represented.

Each shareholder has the right to vote the number of shares owned by them.

## **HEADING 4**

### **INDIVIDUAL FINANCIAL STATEMENTS AND APPROPRIATION OF EARNINGS**

#### **Article 16. YEAR-END CLOSING**

The financial year runs for twelve (12) months commencing on 1 January and ending on 31 December of each year.

#### **Article 17. APPROPRIATION OF EARNINGS**

The Ordinary General Meeting has full discretion to decide on the appropriation of distributable earnings in accordance with the legal definition, after deduction of the amount set aside for the legal reserve, which must be at least equal to the minimum amount required by law.

It may, on the proposal of the Board of Directors, allocate it in whole or in part to all general or special reserve funds, carry it forward or distribute it to shareholders in the form of dividends.

Moreover, the Ordinary General Meeting may decide to distribute amounts drawn from the reserve at its disposal, to the extent permitted by current law and regulations. In this case, the decision expressly indicates the reserve accounts from which the funds are to be deducted.

#### **Article 18. PAYMENT OF DIVIDENDS**

The terms and conditions for the payment of the dividends voted by the Ordinary General Meeting are determined by the Meeting, or failing this by the Board of Directors, in compliance



with the law. However, dividends must be paid within nine (9) months after the year-end date. This deadline may be extended by a court ruling.

The Ordinary General Meeting may offer shareholders the choice between cash payment or share-based payment of all or part of the interim dividends or dividends, in compliance with applicable law and regulations.

The Ordinary General Meeting may also decide to distribute earnings, reserves or premiums in the form of assets in kind, notably financial securities, included on the Company's balance sheet.

## **HEADING 5**

### **WINDING UP - LIQUIDATION**

#### **Article 19. WINDING UP - LIQUIDATION**

On the expiration of the Company's term or if it is wound up in advance of this date, the Ordinary General Meeting establishes the methods for liquidating the company, appoints one or more liquidators, and determines the powers they shall have to perform their duties in accordance with the law. The Company's legal personality continues for the purposes of liquidation until the process is complete.

## **HEADING 6**

### **DISPUTES**

#### **Article 20. JURISDICTION**

Any disputes that may arise during the course of the Company's life or its liquidation, either between the shareholders or between the Company and the shareholders concerning the interpretation or implementation of these Articles of Association, or regarding the Company's business in general shall be submitted to the competent courts in the location of the Company's head office.

For this purpose, in the event of disputes arising, the shareholders elect address for service within the jurisdiction of the competent court, and all official notices and writs of summons shall be delivered to this address.