

KORIAN

French Société Anonyme with a Board of Directors

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INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

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Titre 1

BOARD OF DIRECTORS

Korian (the “**Company**” and, together with the companies it controls within the meaning of Article L233-3 of the French Commercial Code, the “**Group**”) refers to the principles of the AFEP and MEDEF Code of Corporate Governance Code for listed companies (the “**AFEP-MEDEF Code**”).

These internal regulations (the “**Regulations**”), established in accordance with Article 11.3 of the Company's Articles of Association, aim to set out and specify, in addition to the statutory provisions as well as all legal and regulatory provisions in force, the organisational and operating procedures of the Board of Directors (the “**Board**”) of the Company. They also set out the rights and obligations of all members of the Board.

The Regulations may be modified by deliberation of the Board, with a majority of the votes of directors present or represented and in accordance with the statutory provisions.

Article 1.1 MEETINGS

The Board meets as often as necessary, and at least once per quarter. Meetings are convened by the Chairman of the Board or, if one has been appointed, by the Vice-Chairman of the Board. The notices of meetings may be given by any means, including by ordinary post, fax or e-mail sent five (5) business days in advance. Meetings may be convened orally in the event of an emergency.

Regular meetings to be held on specific dates shall be set at the start of each year according to a schedule drawn up by the Board of Directors and recorded in the minutes of the meeting held for this purpose. This schedule precludes the need for any notice of meeting to be given, provided the date, time or location decided for a meeting are not changed.

The agenda for Board meetings shall be set by the person who convenes the meeting. However, the Chairman of the Board or, if one has been appointed, the Vice-Chairman of the Board may add any item to the agenda they deem necessary. Meetings of the Board are held either at the registered office or at another location specified in the invitation. The Chief Executive Officer or directors representing at least one third (1/3) of the members of the Board may require that the Chairman or, if one has been appointed, the Vice-Chairman convene a meeting of the Board with a predetermined agenda.

Where a director cannot attend a meeting, a letter, cable, postal invitation, mandate, email or any other written document may be sent to assign another director to represent them, however each director may only receive a single mandate. A director participating in the meeting by videoconference may represent another director provided that the Chairman of the Board receives, by the day of the meeting, the written assent of the director so represented.

The Chairman of the Board, or in his/her absence, the Vice-Chairman of the Board, if one has been appointed, directs the discussions and organises the vote on decisions submitted to the Board. Where the Chairman or Vice-Chairman of the Board cannot attend a meeting or is absent, the Board shall designate, for the duration of the meeting in question, one of its members present to assume the tasks of the Chair of the meeting.

Unless otherwise provided, company officers may attend meetings of the Board of Directors. In addition, the Board may invite other non-members of the Board to observe meetings (in a non-voting capacity), including by videoconference or other means of telecommunications (and, in particular, the Company's Statutory Auditors). All persons who observe Board meetings (including the member(s) of the Social and Economic Council (Comité Social et Economique) are subject to the same duties governing confidentiality and abstention as the directors, as set out in **Article 1.8.4**.

The Board shall select a secretary, who may be but is not required to be a Board member, to perform secretarial duties for the Board and its Committees.

If the permanent secretary is absent, the Board may designate, for each meeting, any person to carry out this task.

Article 1.2 VIDEOCONFERENCE – MEANS OF TELECOMMUNICATION

With the exception of meetings held for decisions for which the French Commercial Code does not authorise the use of these procedures, the meetings of the Board may be held by videoconference and/or other means of telecommunication which allows directors to be identified and which guarantees their effective participation in the meeting. These means of communication must as a minimum transmit the voices of participants and be technically capable of broadcasting the deliberations in real time and without any interruption.

As a rule, physical attendance at Board meetings is required. However, exceptionally, before each Board meeting, the Chairman of the Board or, if one has been appointed, the Vice-Chairman of the Board may authorise a director to participate in the meeting by videoconference and/or other means of telecommunications. However, except in case of force majeure events or of a scheduling conflict reported when the annual schedule is set, these procedures do not apply to the regular meetings included in the annual schedule approved by the Board of Directors.

A director who participates by videoconference and/or other means of telecommunications shall ensure that the confidentiality of the discussions is preserved.

The participation of Board members by videoconference and/or other means of telecommunication is taken into account in calculating the quorum and majority (with the exception of attendance at meetings to vote on the decisions specified in the first paragraph of this **Article 1.2**).

Should the videoconference or telecommunications system fail to operate correctly, as duly noted by the Chair of the meeting, the Board may validly deliberate and/or continue with the directors physically present, provided that the requirements for quorum are satisfied. The occurrence of any technical incident affecting the meeting shall be mentioned in the minutes.

A director who participates in a meeting by videoconference and/or other means telecommunications and who may no longer be deemed present due to a malfunction may appoint a director physically present to represent him/her, provided he/she informs the Chairman of the Board of this appointment using any of the means prescribed by **Article 1.1** above. Directors may also submit to the Chairman an advance mandate for representation, stipulating that it will become effective in the event of the dysfunction of the videoconference or telecommunications system which no longer allows the director to be deemed present.

This stipulation does not authorise the directors present at a meeting to represent more than one other director, and a director may not then further delegate a mandate entrusted to him or her, which could not be exercised.

Article 1.3 DECISIONS

The Board may only approve decisions if at least half of its members are present or deemed to be present. Decisions are adopted by a majority vote of the members present (or deemed present) and/or represented, with each director having one vote. In the event of a tied vote, the Chairman does not have a casting vote.

An attendance sheet shall be kept, which shall be signed by the Board members who attend the meeting and which shall state the names of the directors present, represented or deemed present and mention the attendance of any other person present at all or part of the meeting.

Minutes shall be drafted for each meeting and indicate the names of directors present (or deemed present), represented, excused or absent. The minutes of each meeting shall be prepared by the designated Secretary of the Board. The minutes shall record the duty of secrecy binding on all persons present at the meeting.

The minutes shall bear the signature of the Chair of the meeting and at least one director. Should the Chair of the meeting be unable to do so, it shall be signed by at least two directors.

The minutes are compiled and kept under the conditions set out by regulations in force. Copies or extracts of minutes of decisions shall be validly certified by the Chairman of the Board, the Chief Executive Officer or the secretary of the Board.

Article 1.4 ROLE AND TASKS OF THE BOARD

1.4.1 Powers of the Board

The Board shall exercise the powers conferred upon it by law and thus determines the focus of the Company's business and ensures its implementation. Subject to the powers expressly granted to shareholders' meetings and within the limits of the corporate purpose, the Board of Directors may consider any issue relating to the proper operation of the Company and, by its decisions, shall resolve matters that concern the Company. The Board shall carry out the controls and checks it deems appropriate.

The Board of Directors determines the Company's business strategy and ensures it is implemented, in accordance with its corporate interests, and taking into account the social and environmental issues its business faces.

In accordance with the law, and not limited to the list below, the Board is assigned the following powers:

- the determination of the manner in which the general management of the Company operates, upon the appointment or reappointment of the Chairman of the Board or the Chief Executive Officer;
- the appointment and dismissal of the Chief Executive Officer and Deputy Chief Executive Officers, if any; and determination of their compensation;

- the approval of the annual and half-yearly consolidated and individual financial statements, interim management documents and related reports;
- the preparation of the Board report on corporate governance;
- the convening of shareholders' meetings;
- the allocation of stock options or free shares to employees and company agents of the Korian Group as part of authorisations conferred by the Extraordinary General Shareholders' Meeting;
- the use of the powers granted by the Extraordinary General Shareholders' Meeting, in particular to increase Company share capital, repurchase Company shares, conduct transactions relating to employee share ownership plans or cancel shares;
- authorisation for bond issues;
- the authorisation of the regulated agreements within the scope of Article L. 225-38 et seq. of the French Commercial Code.

In addition, Board members shall be informed of market developments, of the competitive environment and of the main challenges facing the Company and the Group, including in the area of corporate social responsibility (CSR). They shall also be informed in a timely manner of the Company's financial situation, cash position and commitments.

The Board shall monitor the quality of the information provided to shareholders and to the market. In connection with the strategy it has defined, it shall regularly review the financial, legal, operational, social and environmental opportunities and risks and the measures taken with respect thereto and, if necessary, shall ensure that a system is put in place to prevent and detect corruption and influence peddling and that a policy of non-discrimination and diversity is implemented within the governing bodies.

The Board also authorises the transactions referred to in **Article 1.4.2**.

1.4.2 Prior authorisation of the Board

Pursuant to Article 11.3 of the Articles of Association, the Board's prior approval is required for the following decisions:

- (a) the approval of the Company's strategic business plan and subsequent amendments;
- (b) the approval of the annual budget of the Company;
- (c) the disposal of real estate properties with a value exceeding fifteen (15) million euros by the Group;
- (d) the total or partial sale by the Group of equity interests with a value exceeding fifteen (15) million euros;
- (e) the raising of loans with a value exceeding fifty (50) million euros by the Group; and
- (f) the acquisition of assets (including companies or equity interests), with an enterprise value exceeding fifteen (15) million euros by the Group.

As an exception to the foregoing, the transactions referred to at c), d), e) and f) above will not require the Board authorisation if they are carried out between Group companies, unless (i) the transaction is carried out by Korian SA and/or (ii) where there is a significant impact on the Group.

The Board's prior authorisation is also required to adopt the following decisions:

- (g) any investment by the Group outside the Group's pre-existing activities/business lines (considered at the local level) or in a new country;
- (h) entering into any strategic partnership (including the acquisition of equity interests which do not give the Group control) that may have a structural impact on the Group;
- (i) entering into any settlement agreement or compromise concerning a dispute of the Group for an amount exceeding five (5) million euros.

As an exception to the foregoing, the transactions referred to at g), h) and i) above will not require the Board authorisation if they are carried out between Group companies.

Article 1.5 STRATEGIC SEMINAR

At least once a year, the Board of Directors shall hold a strategic seminar devoted to reviewing the Company's strategic choices, market developments, and analysing the competitive environment and the Company's medium to long term prospects.

Article 1.6 ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors organises and directs the work of the Board, and reports thereon to the General Meetings, which he/she chairs. He/she ensures that the Company's governing bodies operate smoothly and that best governance practices are implemented. He/she also ensures that the directors are able to perform their duties, in particular by creating a climate for discussions conducive to adopting constructive decisions.

In addition, on behalf of the Board and in close coordination with the Chief Executive Officer, he handles high-level national and international relations with the stakeholders and, in particular, the dialogue with shareholders on corporate governance issues. He/she reports thereon to the Board of Directors.

He/she is also informed and consulted by the Chief Executive Officer on all significant events in relation to the Company's activities.

Lastly, the Chairman may, on an ad hoc basis, be charged by the Board of Directors with specific tasks consisting of monitoring unusual transactions that impact the Group's structure or scope, for which he/she may receive extraordinary compensation. When performing such duties, the Chairman shall act in close collaboration with the Chief Executive Officer.

Article 1.7 INFORMATION DELIVERED TO THE BOARD

Before each meeting of the Board and any Committee meeting, each director or member of the Committee shall receive, by any means, within due course and with reasonable and necessary notice (except in emergencies) for the accomplishment of the director's task and subject to confidentiality

requirements, all documents necessary for the assessment of questions or projects included on the agenda. Directors may also request any additional documents deemed useful.

Outside of Board meetings, directors or members of the Committees shall regularly receive all important information about the Company and be alerted of any event which materially affects its business. In particular, they shall receive copies of all important press releases issued by the Company.

The directors or Committee members have a duty to request within the appropriate time the requisite information they feel they need to accomplish their task. Requests for information from members of the Board are submitted, via the Secretary of the Board of Directors, to the Chairman or the Chair of the relevant Committee or the Chief Executive Officer, who must respond in a timely and prompt manner.

The Chairman of the Board may meet with the principal company managers. The other directors must be able to meet these managers upon request to the Chairman in collaboration with the Chief Executive Officer. Where required, such meetings may take place without the company officers being present.

Article 1.8 DUTIES OF BOARD MEMBERS - ETHICS

Before accepting office, all candidates receive a copy of the Company's Articles of Association, the Regulations, the Group's Code of Ethics, the Company's Stock Market Code of Ethics and the AFEP-MEDEF Code, which they undertake to read. The Board ensures that the candidates have a broad knowledge of their general and specific obligations and in particular, laws or regulation related to their duties as Director of a French *Société Anonyme* whose shares are traded on a regulated market. The acceptance of the directorship entails a commitment to respect the rules of conduct as defined in the AFEP-MEDEF Code, the Code of Ethics, the Stock Market Code of Ethics and the Regulations.

Whatever the director's qualities or abilities, each director must act in the best interests of the Company, except where this entails their personal liability.

1.8.1 Requisite qualities

All directors of the Company are expected to have the following key qualities:

- they must be conscious of the corporate interest of the Company;
- they must have a high level of judgement, especially of situations, strategies and people, based primarily on their experience;
- they must be able to think forward to identify risks and strategic issues;
- they must be honest, present, active and committed.

1.8.2 Shareholdings

Unless otherwise provided by law, directors shall personally be shareholders and hold a minimum number of shares that is significant in view of the remuneration granted to them for the performance of their duties.

The shares of the Company held and/or acquired by each director shall be in registered form (pure or administered).

Directors are required to act with the utmost caution and vigilance in any personal transactions relating to the financial instruments of the Company, its subsidiaries or equity investments which are listed or issue listed financial instruments. They shall comply with the Company's internal rules on the use or disclosure of inside information as set out in the Stock Market Code of Ethics provided to them, as well as with all applicable legal and regulatory provisions.

Before December 31 of each year, each director will receive the financial reporting calendar of the Company for the following year, as well as the calendar of blackout periods.

1.8.3 Duty of loyalty – Preventing conflicts of interest

Each director shall in all circumstances retain his/her independence for the purpose of exercising judgement and taking decisions and actions. He/she shall avoid any conflict of interest that may arise between his/her direct or indirect interests and the Company's interests.

Every year, the directors shall complete and sign the form sent to them by the Secretary to the Board relating in particular to the list of their offices held and any situations of conflict of interest which exist or may arise. The directors are required to notify the Secretary to the Board, who shall inform the Chairman and the Chief Executive Officer, of any changes during the year to the information appearing on this form.

As a general principle, each person who takes part in the work of the Board, whether they be a director or permanent representative of a legal entity, has an obligation to use his/her best efforts, in good faith, to determine whether or not a conflict of interest exists and is required to inform the Board, at the time of his/her appointment or during his/her term of office, immediately upon becoming aware of any situation that may constitute a conflict of interest between (i) himself/herself or the company of which he/she is the permanent representative, or any company in which he/she is an employee, shareholder and/or agent, or any affiliate, and (ii) the Company or any of its affiliates.

In addition, a process for preventing conflicts of interest shall be implemented in connection with the presentation of matters submitted to the Board and/or the Committees. Upon receipt of the agenda, after using his/her best efforts, in good faith, to determine whether or not a conflict of interest exists, each member of the Board or Committee shall inform the Chairman of the Board of Directors or of the relevant Committee (which shall immediately inform the Chairman of the Board of Directors) of any conflict of interest. If a member reports a conflict of interest, he/she shall not receive the relevant presentation file(s) and shall not participate in the portion of the Board or relevant Committee meeting during which the corresponding items of the agenda are reviewed.

If a conflict of interest arises during the review of a matter, the member in question shall, immediately upon becoming aware thereof, inform the Chairman of the Board or of the relevant Committee and return the documents in his/her possession, and shall cease to participate in the portion of the Board or relevant Committee meeting devoted to the review of the relevant matter(s).

Conflict of interest situations that arise during the year on significant matters shall be reviewed each year at a Board Meeting when the financial statements are examined.

Lastly, for the purposes of assessing the independence of the members of the Board of Directors, the Board of Directors has adopted an approach to significant business relationships based on several criteria:

- From a quantitative point of view, with thresholds based on:
 - o The supplier's share in the Group's purchasing expenditure and the Group's share in the supplier's revenue;
 - o The bank's share in the Group's net debt and the Group's share in the bank's revenue;
 - o The landlord's share in the Group's rental expenses and the Group's share in the landlord's revenue;

- From a qualitative point of view, the following criteria in particular are taken into consideration:
 - o The parties' situation in terms of economic dependency;
 - o The involvement of the director concerned and his/her decision-making power;
 - o The duration of the business relationship and whether it is ongoing;
 - o The market conditions.

The procedure for review of the business relationship takes place in two stages: Firstly, the Chief Executive Officer reviews, on the basis of the declarations of the directors referred to above, the various existing business relationships in order to determine whether they are significant. If so, the Compensation and Appointments Committee is instructed to assess the significance of the business relationship for which an analysis is requested, on a case-by-case basis, having regard to the criteria laid down by the Board of Directors and shall present its recommendations to the Board of Directors for it to take a decision.

1.8.4 Duty of diligence – Training - Confidentiality

Each director is required to devote the time and attention necessary to the exercise of their role, including a careful examination of the files sent to them, and the preparation of Board meetings. Directors must be diligent and take part, as much as possible, in all meetings of the Board and, if necessary, the Committees of which they are a member, as well as general shareholders' meetings.

Each director shall comply with the rules on holding multiple offices and shall inform the Board of Directors in real time of offices held in other French or foreign companies.

If he/she deems it necessary, each director shall receive training on the specific features of the Company, its businesses, its business sector and the social and environmental responsibility issues it faces.

As regards non-public information acquired in the course of their duties, which are deemed to be of a confidential nature, each director will be bound by professional secrecy, beyond the mere obligation of discretion under Article L. 225-37 of the French Commercial Code, and will strictly maintain confidentiality.

To ensure the proper operation of corporate bodies, only the Chairman of the Board, the Chief Executive Officer and persons they expressly designate may speak on behalf of the Company regarding the permanent or periodic disclosures the Company is required to make to the public.

1.8.5 Evaluation of the Board

Each year, the Board, under the direction of the Compensation and Appointments Committee, shall evaluate its composition, functioning and organisation, as well as that of the Committees, which shall then be discussed at a meeting. In addition, once every three (3) years, it shall carry out, or have carried out, a formal evaluation of its work. This evaluation may be performed with the assistance of an external consultant.

Each year, the shareholders shall be informed in the Universal Registration Document (URD) of the performance of the evaluations and, if applicable, of the actions taken as a result thereof.

Article 1.9 COMMITTEES - RULES OF OPERATION

The Board may decide to set up any special Committee and determine its remit. The Board has decided to set up an Investment Committee, an Compensation and Appointments Committee, an Audit Committee and an Ethics, Quality and CSR Committee (the “**Committees**” and, separately, a “**Committee** »).

Committee members are chosen from among the members of the Board, by the Board, which appoints the Chair of the Committee and determines the term of office of members of the Committee. The Board of Directors may remove any member of a Committee or its Chair from office at any time.

No Board member shall be appointed as Chair of more than one (1) of the various Committees. Unless otherwise provided by law, the role of these Committees is to study and prepare certain Board decisions and submit to the Board their opinions, proposals and recommendations within their field of expertise.

The Committees may, as part of the exercise of their powers, and having informed the Chairman of the Board, undertake or have undertaken, at the cost of the Company, any studies that may inform the decisions of the Board on matters within their field of expertise. In the event Committees use external advisory services, the Committees should ensure the relevant advisor is objective and independent. They shall report any opinions obtained.

The Regulations establish the remit of each Committee but shall not have the effect of delegating to any Committee the powers vested in the Board by law or the Articles of Association.

Each Committee shall meet whenever the interests of the Company require, and shall be convened by the Chair of the relevant Committee, the Chief Executive Officer or at least two (2) members of the Committee.

The Committee Chair, or in his/her absence the person convening the meeting, shall set the agenda for Committee meetings.

Notice of meetings shall be given to Committee members by any means at least five (5) business days in advance (except in emergencies).

As a rule, physical attendance at Committee meetings is required. However, exceptionally, before each Committee meeting, the Chair of the Committee may authorise a director to participate in the meeting by videoconference and/or other means of telecommunications. However, except in case of force majeure events or a scheduling conflict that is reported when the annual schedule is set, these

procedures do not apply to the regular meetings included in the annual schedule approved by the Board of Directors.

The attendance of at least half of the Committee members is required for meetings to be considered valid. Each member may be represented by another member, provided the Committee Chair has received, by the date of the meeting, the written proxy of the member represented.

The Committee Chair leads the discussions and organises the vote on decisions submitted to the Committee. The decisions of the Committee shall be adopted by a majority of the members present or represented.

As an exception, the quarterly press releases on revenue shall be reviewed by the members of the Audit Committee by any appropriate means.

Each Committee shall report (via its Chair) to the Board its work, opinions, proposals and recommendations. A description of the activities of these Committees is included each year in the annual report of the Company.

The provisions of **Article 1.1**, paragraph 2, **Article 1.2** (except paragraph 2), **Article 1.7** and **Article 1.8.3** above shall apply to Committee meetings.

Article 1.10 REMUNERATION OF DIRECTORS

The remuneration paid to each member of the Board or the Committees, within the limits of the amount set by the General Meeting, shall be determined by the Board of Directors on recommendation of the Compensation and Appointments Committee. Their distribution takes into account the actual attendance of the directors on the Boards and Committees and includes a variable component.

The amount of the remuneration should reflect the level of responsibility exercised by the directors and the time they are required to devote to their duties.

Remuneration shall be owed only if a member participates in at least half of the Board regular meetings scheduled in the annual calendar established in advance by the Board.

If a director participates in a Board or Committee meeting by videoconference and/or other means of telecommunication, he/she shall be entitled to only half of the normal remuneration. No remuneration will be paid for participation by other means.

If a Committee meeting takes places (i) during an interruption of a Board meeting, (ii) or immediately before, (iii) or immediately after, attendance fees will be paid only in respect of the Board meeting.

Should several Board meetings take place on the same day, in particular on the day of the annual general meeting, the attendance of a director to these meetings shall be accounted for attendance to only one Board meeting.

In addition, the directors and Committee members are reimbursed, on provision of receipts, for travel expenses incurred in attending meetings of the said Boards and Committees.

Titre 2

INVESTMENT COMMITTEE

Article 2.1 COMPOSITION

The Investment Committee is composed of a maximum of seven (7) members including the Chairman appointed by the Board, on a proposal from the Compensation and Appointments Committee, for the term of their directorship.

The Investment Committee shall be chaired by a director appointed as its Chair.

Article 2.2 TASKS

Prior to any decision by the Board, the Investment Committee is tasked with reviewing:

- the acquisition or disposal transactions referred to in Article 11.3 of the Articles of Association and 1.4.2 of the Regulations;
- any investment by the Group outside the Group's pre-existing activities/business lines (considered at the local level) or in a new country;
- the Group's entry into any strategic partnership (including the acquisition of equity interests which do not give the Group control) that may have a structural impact on the Group;

As an exception to the foregoing, the above transactions will not require the Board authorisation if they are carried out between Group companies.

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Titre 3

COMPENSATION AND APPOINTMENTS COMMITTEE

Article 3.1 COMPOSITION

The Compensation and Appointments Committee consists of a maximum of six (6) members of which more than half must be independent directors, appointed by the Board, for the duration of their directorships. It is chaired by an independent director. The Compensation and Appointments Committee may invite non-members to attend its meetings (in a non-voting capacity).

The Chief Executive Officer and the Chairman of the Board of Directors shall work with the Compensation and Appointments Committee. However, they shall not attend meetings of the Compensation and Appointments Committee on matters concerning them.

Article 3.2 TASKS

The Compensation and Appointments Committee is responsible in particular for:

- issuing proposals for nominations of independent directors and organising a procedure for selecting future independent directors and conducting its own research on potential candidates before approaching any of them;
- proposing candidates for the positions of Committee members and Chairs;
- issuing an opinion on proposals to appoint the Chief Executive Officer and, if necessary, the Deputy Chief Executive Officers;
- issuing proposals on the renewal of mandates;
- making proposals to the Board on the compensation of company officers and, if applicable, the Deputy Chief Executive Officers;
- making proposals to the Board on stock option and free share award programmes;
- issuing an opinion on the budget for and distribution of the annual compensation of directors;
- deliberating on and making recommendations on corporate governance, changes to the duties of the Board of Directors and its Committees and possible amendments to the Articles of Association and/or the internal regulations;
- reviewing the corporate governance report;
- staying informed of human resources policies and the succession plans for key functions.

The Compensation and Appointments Committee periodically assesses the performance of the Board and is responsible for making proposals to the Board after reviewing in detail all the elements that must be taken into account in its decisions: the sought-after balance of the membership of the Board given the composition and evolution of the shareholders of the Company, the gender balance on the Board, the search for and evaluation of potential candidates. It annually reviews case-by-case the status of each director in relation to the independence criteria of the AFEP-MEDEF Code.

The Compensation and Appointments Committee shall prepare a succession plan for company officers.

The Chief Executive Officer shall inform the Appointments and Compensation Committee of the remuneration policy for executives reporting directly to him/her.

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Titre 4

AUDIT COMMITTEE

Article 4.1 COMPOSITION

The Audit Committee consists of a maximum of six (6) members, at least two-thirds of whom are independent directors, appointed on the proposal of the Compensation and Appointments Committee, by the Board, for the duration of their directorships. The appointment of the Chair of the Audit Committee, to be chosen among the independent directors, is proposed by the Appointments and Compensation Committee and must be given special consideration by the Board.

The members of the Audit Committee, who must have financial or accounting expertise, must receive, upon appointment, information on the accounting, financial and operating specificities of the Company.

Article 4.2 TASKS

The Audit Committee meets at least two (2) times a year to review the interim and annual financial statements.

The Audit Committee is responsible for:

- reviewing the accounting methods and the valuation of assets of the Group and ensuring the proper implementation of procedures to monitor the preparation of financial reporting;
- examining the scope of consolidated companies and, where appropriate, the reasons companies should not be included;
- examining the draft budget of the Company and the Group;
- reviewing the Company's draft individual and consolidated financial statements, as well as the interim management documents and related reports before they are presented to the Board;
- ensuring the implementation of the rotation rules of the firms and of the main signatories pursuant to the law, in particular by piloting the selection procedure of the Statutory Auditors of the Company and by submitting the outcome of this selection process to the Board;
- following the performance by the Statutory Auditors of their mission and reviewing the H3C's observations;
- reviewing the regulated agreements within the scope of Article L225-38 et seq. of the French Commercial Code;
- preparing the decisions of the Board with respect to overseeing the internal audit;
- controlling the management and verification of the reliability and transparency of disclosures to be made to shareholders and the market;
- ensuring the effectiveness of internal control and risk management; and
- examining the risks, risk levels and procedures for prevention as well as reviewing significant off-balance sheet commitments;
- examining the organisation and implementation of the compliance system, in particular with

regard to the prevention of corruption; and

- reviewing any settlement agreement or compromise concerning a dispute of the Group for an amount exceeding five (5) million euros.

The review of accounts by the Audit Committee is accompanied by the presentation by the Statutory Auditors of the Company on the essential points of the results of the statutory audit (including audit adjustments and significant weak points in internal control identified during the diligences undertaken with regard to the procedures relating to the preparation and processing of accounting and financial information) and on the accounting procedures followed. The review of the financial statements shall also include a presentation by the Chief Financial Officer describing the Company's risk exposure and significant off-balance sheet commitments.

The Audit Committee ensures the existence of internal control and risk management systems, their deployment and the implementation of corrective actions in the case of shortcomings or significant anomalies. It must be informed of the internal audit schedule and receive internal audit reports or a periodic summary of these reports.

The Statutory Auditors bring to the attention of the Audit Committee the information required by law and in particular by Article L. 823-16 of the French Commercial Code.

The Audit Committee regularly receives information from the Statutory Auditors, including without the executive directors being present, especially during meetings on the review of the preparation of financial information and the review of financial statements conducted in order to report on the execution of their task and the conclusions of their work. The Audit Committee is therefore informed of the main areas of risk or uncertainty on the financial statements identified by the auditors, their auditing procedure and any difficulties encountered in their task. The Audit Committee must also receive information from the finance, accounting and treasury directors and company managers responsible for internal audit and risk control, including, if necessary, without the general management being present.

The Audit Committee ensures that the rules of independence are respected by the Statutory Auditors, in particular by reviewing the risks to their independence and the safeguards applied to mitigate these risks, by approving non-audit services performed by the Company's Statutory Auditors in accordance with the rules defined by the H3C, and by ensuring that the amount of fees paid by the Company and the Group or the portion that they represent in respect of total revenue of firms and business networks are not likely to undermine the independence of the Statutory Auditors.

Article 4.3 RELATIONS WITH THE INTERNAL AUDIT

Once a year, the Audit Committee reviews the auditing procedure based on risk mapping, the audit plan and the resources and the budget of the internal audit department.

The Audit Committee shall also be regularly informed by the Head of Internal Audit and Control Department of the degree of progress and results of the annual audit plan, and the Committee shall receive a periodic summary of internal audit reports.

The Audit Committee may directly contact the Head of Internal Audit and Control Department at all time and gives its opinion on the organisation of the department.

Titre 5

ETHICS, QUALITY AND CSR COMMITTEE

Article 5.1 COMPOSITION

The Ethics, Quality and CSR Committee consists of a maximum of six (6) members appointed, on the proposal of the Compensation and Appointments Committee, by the Board for the term of their directorship. It is chaired by an independent director.

The Ethics, Quality and CSR Committee is chaired by a director appointed as its Chair.

Article 5.2 TASKS

The Ethics, Quality and CSR Committee is responsible for:

- approving and following-up on the Ethics and Quality policy of the Group;
- evaluating the crisis management and communication procedures and the follow-up of the treatment of serious events;
- approving the compliance risk mapping directly related to the Group's business as consolidated by the Internal Audit, and the quality approach within the subsidiaries of the Group;
- submitting proposals to the Board on the improvement or the implementation of additional specific quality control procedures;
- examining the conclusions of the quality reviews conducted in the subsidiaries in order to evaluate the level of control of the quality procedures within the Group; and
- reviewing, at least annually, the actions carried out in the CSR field and the results achieved.

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Appendix

Directors' compensation rules

From the total annual amount of €400,000:

- A sum of €300,000 shall be divided among the directors as a fixed component of remuneration and on the basis of their attendance at Board and Committee meetings;
- A sum of €70,000 shall be set aside to pay, in the amounts determined by the Board of Directors, (i) additional remuneration to non-resident independent directors depending on their physical attendance at Board and Committee meetings and (ii) additional remuneration to directors for Board and/or Committee meetings not scheduled in the annual calendar approved by the Board of Directors,
- A sum of €30,000 shall be divided among the Chair of the Audit Committee, the Chair of the Compensation and Appointments Committee and the Chair of the Ethics, Quality and CSR Committee, who shall, respectively, receive half (1/2), one-third (1/3) and one-sixth (1/6) of this sum;

The amount of €300,000 shall be divided among the directors according to the following rules:

- 45% of the above amount shall be distributed equally among the Board members as a fixed component of remuneration, with independent directors receiving sixfold remuneration;
- 30% of the above amount shall be divided among the Board members in proportion to the number of Board meetings they attend;
- 25% of the above amount shall be divided among the members of the various Committees in proportion to the number of Committee meetings they attend, with the Chair of each Committee receiving double remuneration.