

i n t e r p a r f u m s

**BOARD OF DIRECTORS'**

**INTERNAL RULES**

*Updated on **January 24<sup>th</sup>, 2022***

## RECITALS

The members of the Board of Directors of Interparfums wished to agree to the rules of procedure that are the internal rules of the Board of Directors. By adopting these internal rules, the Board of Directors of Interparfums refers to the intent of the MiddleNext corporate governance code through its recommendations and checkpoints.

These internal rules apply to all current and future directors and are intended to supplement the legal and regulatory rules and articles of association applicable to Interparfums to lay down the operating procedures of the Board of Directors, in the interest of Interparfums, its directors and its shareholders.

The internal rules are for internal use and do not replace the company's articles of association but implement them from a practical standpoint. This means that they are not binding on third parties. Shareholders will be informed of their existence on the company's website, and/or in the report on corporate governance and/or in the Universal Registration Document (URD). They may be amended by a resolution of the Board of Directors.

These Internal Regulations were adopted in their original version at the meeting of the Board of Directors on March 3<sup>rd</sup>, 2009. It was completely overhauled in 2017 following the adoption of the revised MiddleNext Code.

The last update was made on **January 24<sup>th</sup>, 2022**.

## ARTICLE 1 - PURPOSE OF THE INTERNAL RULES

The purpose of these Internal Rules is to lay down the rules and operating procedures of the Board and its committees, if any, in addition to the provisions of the law and the articles of association of Interparfums and with reference to the MiddleNext Code.

The Rules also lay down the missions and, where applicable, the limitations of powers of top management to clarify the roles of each governance body and recall the obligations of each Board member and of any committees, whether the member is a natural person or permanent representative of a legal person.

## ARTICLE 2 - RESPONSIBILITIES AND POWERS OF THE BOARD OF DIRECTORS

### 2.1. Powers of the Board

#### 2.1.1. Representing all shareholders

The Board of Directors, as a collegial body, collectively represents all the shareholders, and imposes on each of its members the obligation to act in the corporate interest in all circumstances.

The role of the Board of Directors is based on two fundamental elements, decision-making and monitoring:

- The function of **decision-making** involves the development, in conjunction with the company's management, of fundamental policies and strategic objectives, as well as the approval of certain important actions,
- The function of **monitoring** includes consideration of management decisions, compliance of systems and controls, and implementation of policies.

The mission of the Board of Directors is to determine the priorities of Interparfums' activity, to choose the strategy and to monitor its implementation.

### **2.1.2. Take on all issues related to the proper functioning of the Company**

Principally:

- Deciding how general management should be organised
- Appointing Executive Directors;
- Settling on the remuneration of the Chairperson, the Managing Director (the "Managing Director") and the deputy Managing Directors (the "Deputy Managing Directors") according to the conditions provided for by the regulations;
- Distributing the remuneration paid to Board members according to the conditions provided for by the regulations;
- Making all of the decisions relating to the company's major strategic, economic, social, financial and technological directions and monitoring their implementation by the general management;
- Approving any significant operations outwith the official strategy or that may modify its scope, including all external growth operations;
- Authorising the award of deposits, approvals and guarantees according to the conditions provided for by the regulations;
- Defining the assessment and checking procedures for agreements (ordinary and regulated),
  - authorising regulated agreements before they are agreed, paying attention to possible conflicts of interest
  - performing the annual review of agreements;
- Examining the annual consolidated financial accounts and intermediate situations;
- Settling on the terms of the management report and the report on corporate governance;
- Convoking and settling on the agenda for the general meetings of shareholders;
- Ensuring that the social and environmental objectives that the Company wishes to pursue are maintained;
- Deliberating on the company's professional equality and equal pay policies;
- Determining objectives for diversity in management bodies;
- Checking the quality and sincerity of the information provided to shareholders, including through financial reports and the annual report;
- Deciding (where appropriate) on the creation of committees and ensuring the proper functioning of the committees created.

### **2.1.3. Addressing strategic priorities**

The Board of Directors shall vote on all decisions relating to Interparfums' major strategic, economic, social, financial or technological priorities as prepared and presented by the Chief Executive Officer for discussion during Board meetings. The Board ensures that they are implemented by Top Management.

The Chief Executive Officer also presents a draft annual budget within the framework of the priorities that is discussed and possibly amended and approved by the Board. The Chief Executive Officer is responsible for implementing the strategic plan and annual budget priorities. It shall inform the Board of any problem or, more generally, of any fact that calls into question their implementation.

#### **2.1.4. Examining the succession plan of the “Manager” and key persons**

The Board or a specialised committee regularly includes on its working agenda, the matter of the succession of the Manager (and possibly a certain number of key persons).

#### **2.1.5. Considering a proposed check or audit**

A proposed check or audit may be submitted to the Board of Directors by the Chair or by the Audit Committee. In any event, it shall deliberate on the check or audit as soon as possible.

When the Board decides that it should be carried out, it shall precisely lay down the purpose and procedures in a resolution and shall carry it out or entrust it to a third party. When the Board resolves that the check or audit will be carried out by a third party, the mission is defined in accordance with the conditions set out in the following article.

The Chair sets the conditions for carrying out the check or audit. In particular, measures are taken to ensure that the conduct of the audit disrupts the smooth operation of the company's business as little as possible. Interparfums staff are interviewed when necessary. The Chief Executive Officer ensures that the information useful for the check or audit is provided to the person who performs it. No matter who performs the check or audit, he/she is not permitted to interfere in business management. A report is made to the Board of Directors after the check or audit. The Board resolves what action to take based on its findings.

#### **2.1.6. Reviewing the checkpoints of the Middlenext Code**

Each year, the Board reviews the checkpoints in the Code. It reports on its review in the corporate governance report and/or in the Universal Registration Document.

#### **2.1.7. Conferring a mission on a director**

When the Board of Directors resolves that one (or more) of its members should be entrusted with a mission, it shall establish the main characteristics thereof. The director concerned does not take part in the vote and in deliberations. This mission is governed by a regulated agreement.

### **2.2. Procedures for actions by the Chair and top management**

#### **2.2.1. The Chair of the Board**

The Board of Directors appoints from its members a Chair who must be a natural person and who may be elected for the entire duration of his term of office as director and who may be re-elected.

The Chair chairs the meetings of the Board of Directors. If the Chair is absent, the Board meeting shall be chaired in accordance with the rules set out in the Articles of Association or, failing that, by a member of the Board appointed by a majority of the votes of the members present or represented. He/she organises and directs the work of the latter, and reports on it to the general meeting of shareholders.

He/she has the necessary material resources to ensure the proper functioning of the corporate bodies and ensures in particular that the directors are able to fulfil their mission.

## **2.2.2. Top management procedures**

The Board determines the procedures for the exercise of top management's duties under the conditions provided for by the articles of association. In accordance with legal provisions, the top management duties are performed under his/her responsibility, either by the Chair of the Board of Directors or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer. Shareholders and third parties are informed of this choice under the conditions laid down by current regulations. The Board of Directors determines the duration of the option, and the Board's decision on this matter remains, in any case, valid until otherwise decided.

Interparfums' Board of Directors decided not to separate the offices of Chair of the Board and Chief Executive Officer.

The Chief Executive Officer may be assisted by one or more Deputy Executive Officers, appointed by the Board of Directors in accordance with the legal conditions and those in the articles of association.

The Board of Directors is constantly committed to ensuring the implementation by Top Management of the priorities it has defined.

## **2.2.3. Top management powers - Limitations**

The Chief Executive Officer, whether this title is held by the Chair of the Board of Directors or by another person, has the broadest powers to act in all circumstances on behalf of the company. He/she shall exercise the powers within the limits of the company's objects, in accordance with the rules set out in the company's articles of association and subject to those expressly granted by law to general meetings of shareholders and the Board of Directors.

The following strategic decisions require Board approval:

- any financial commitment (immediate or deferred) in an amount exceeding €10 million per transaction and having a significant impact on the company's consolidation scope, i.e. acquisitions or disposals of assets or investments in companies;
- any decision, regardless of the amount, that could substantially affect the company's strategy or significantly change the scope of its usual business.

The Chief Executive Officer represents the company in its dealings with third parties.

## **2.3. Third-party liability insurance of Corporate Officers (RCMS in the French acronym)**

INTERPARFUMS has taken out third-party liability insurance on behalf of and for the benefit for executive directors serving as corporate officers (RCMS in the French acronym).

## **ARTICLE 3 - COMPOSITION OF THE BOARD OF DIRECTORS**

The composition of the Board of Directors firstly reflects the company's desire to rely on different and complementary experiences, skills and profiles. Thus, the first quality of a Board of Directors is its composition: honest, competent directors, who understand the operation of the company, who are mindful of the interests of all shareholders and who are sufficiently involved in defining the strategy and in deliberations to effectively participate in its decisions.

### **3.1. Conditions for the appointment of members of the Board**

The articles of association set the number of members of the Board of Directors.

Directors are appointed or reappointed by the general meeting of shareholders, except for any directors who are also employees.

In accordance with the articles of association, the term of office of director is 4 years. However, as an exception and to stagger terms of office, directors may be appointed for a term of 2 or 3 years.

The rules contained in the articles of association set the maximum age of directors at eighty (80 years) for one-third of directors in office. If the limit set forth in the articles of association is exceeded, the oldest director shall be deemed to have automatically resigned subject to the provisions of the articles of association.

### 3.2. Independence criteria for directors

The Board has at least two independent members. A director is deemed to be independent when he/ she has no relationship of any kind with the company, its group or its management that could compromise the exercise of his /her freedom of judgement.

Each year, the Board examines the situation of each of its members and ensures that:

- the limitation on the plurality of corporate offices not to hold more than 5 offices in listed companies or large organizations is respected,
- in accordance with the MiddleNext Governance Code, they meet the following criteria on an ongoing basis:
- He/she has not, during the last five years, been an employee or executive corporate officer of the company or a company in its group;
- He/she was not, during the last two years, and is not currently party to a significant business relationship with the company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.);
- He/she has not been a key shareholder of the company or held a significant percentage of voting rights;
- He/she has not had a close family relationship with a corporate officer or a key shareholder;
- He/she has not been the company's statutory auditor during the last six years.

In this respect, the Board may consider that a member is independent even though he/she does not meet all the independence criteria and vice versa consider that a member is not independent even though he/she fulfils all the independence criteria. The Board must then justify its position.

Upon the appointment of a new member or the renewal of the term of office of one of its members, the Board of Directors shall examine the situation of that member with regard to the criteria set out above.

Each member qualified as independent shall inform the Chair, as soon as he/she becomes aware of any change in his/her personal situation with regard to these same criteria.

## **ARTICLE 4 - DUTIES AND ETHICS OF DIRECTORS**

### 4.1. Duty of loyalty and compliance with laws and articles of association

In the exercise of their appointment to said office, each director must take decisions according to the company's corporate interest.

Each director must fully realise the extent of his/her rights and obligations, be aware of and undertake to comply with the legal and regulatory provisions relating to his /her position, as well as the rules specific to the company resulting from its articles of association and the internal rules of its Board.

The members of the Board, when serving as directors may not accept more than two other directorships in listed companies, including foreign companies, outside their group.

#### 4.2. Disclosure obligation/Conflicts of interest

In a situation in which there is or may be a conflict of interest between the corporate interest and his/her direct or indirect personal interest or the interest of the shareholder or group of shareholders that he/she represents, the director concerned must:

- inform the Board as soon as he/she becomes aware thereof,
- and draw any consequences thereof for the exercise of his/her appointment to the office of director. Depending on the case, he/she will therefore be required:
  - either to abstain from voting and from participating in deliberations on the corresponding resolution,
  - or not to attend the meeting of the Board of Directors during which he/she is in a conflict of interest situation,
  - or, resign outright as a director.

Once a year, the Board reviews known conflicts of interest. Each director shall inform the Board of any changes in his/her situation.

#### 4.3. Special case of Regulated Agreements

The Board defines the assessment and checking procedures for ordinary and regulated agreements,

The members of the Board must pay special attention to regulated agreements and comply with the procedures associated with them.

Each regulated agreement is authorised by special deliberation of the Board to prove its utility to the company, particularly concerning the financial conditions associated with it.

For companies listed on a regulated market (Euronext), the information related to regulated agreements and commitments is published on the website as soon as they have been concluded, at the latest.

The Board of Directors performs an annual review of the regulated agreements and commitments concluded and authorised during previous financial years for which their execution has been continued in the latest financial year without requiring new authorisation in terms of ethics and current laws and regulations.

It can downgrade any agreement if its regulated nature is no longer applicable or, on the contrary, submit agreements that no longer meet the criteria of ordinary agreements for the Board's authorisation.

Under the provisions of the French Commercial Code, persons with a direct or indirect interest in regulated agreements do not participate in discussions or voting and leave the room.

#### 4.4. Directors' confidentiality obligation

The members of the Board of Directors are bound by an absolute obligation of confidentiality with regard to the content of the discussions and deliberations of the Board and, where applicable, its committees, as well as with regard to the information presented therein. In general, members of the Board, with the exception of the Chair and the Chief Executive Officer, are required to refrain from issuing any external communications in their official capacity, in particular with regard to the press.

In the event of a proven breach of the duty of confidentiality by one of the directors, the Chair of the Board, after consulting the members of the Board meeting held for this purpose, shall report to the Board on the action it intends to take on said breach.

#### 4.5. Duty of diligence and attendance

By accepting the appointment to office conferred on him/her, each director undertakes to be fully responsible for fulfilment thereof, namely to:

- Devote all necessary time to examining the matters dealt with by the Board and, where applicable, the committee of which he/she is a member;
- Request any additional information that he/she considers useful;
- Ensure that these rules are applied;
- Freely form his/her opinion before any decision is made, with a view solely to promoting the interests of the company;
- Actively participate in all Board meetings, unless prevented from doing so;
- Attend the general meeting of shareholders;
- Make all proposals aimed at constantly improving the working conditions of the Board and its committees.

#### 4.6. Obligation and right to information

To participate effectively in the work and deliberations of the Board, the company shall provide the Board members with all relevant documents within a reasonable period of time. Requests for this purpose are made to the Chair.

Each member of the Board is authorised to meet the company's key executives, provided that they inform the Chair thereof beforehand.

The Board is regularly informed by the Chair of the financial position, cash flow, financial commitments and significant events for the company and the Group.

Finally, any new Board member may request training on the specificities of the company and its group, their business lines and their business sectors.

#### 4.7. Non-competition obligation

Prioritising the company's interests over his/her personal interests requires the director to enter into an obligation of non-competition. Throughout his/her term of office, each member of the Board shall refrain from holding any position in a company competing with the company and the companies it controls. Before any new appointment, he/she will inform the company thereof.

#### 4.8. Obligations relating to the holding of company shares

It is recommended that each director holds 300 shares.

Each Board member undertakes to register the shares of the company, its parent company or its subsidiaries, held by him/her and his/her minor children or his/her separated spouse.

#### 4.9. Obligation to abstain from trading in the company's securities during certain negative periods

In accordance with the Stock Exchange Code of Ethics adopted by the Company, the members of the Board must refrain from trading in the company's securities:

- During the minimum 30 calendar days prior to the release of the interim and annual financial results
- During the minimum 15 calendar days preceding the publication of each sales revenue report (annual, six monthly or quarterly).

A schedule of these negative windows, taking into account the scheduled periodic publication dates, is provided to each director and made available on the Company's website.

It must be checked before any trading. Trading is only authorised after the publication of the information concerned, provided that the person concerned does not hold any insider information elsewhere.

#### 4.10. Obligations relating to the possession of insider information/Prevention of insider trading and breaches

Generally speaking, and with regard to non-public information acquired in the context of his/her duties, any member of the Board must consider himself/herself bound by true professional secrecy that goes beyond the simple obligation of discretion provided for by Article L. 225-37 of the French Commercial Code. More specifically, as a result of the performance of their duties, all members of the Board regularly have precise, non-public information concerning the company or the financial instruments that it issues, which, if made public, would be likely to have a significant impact on the price of its shares.

As such, each Board member is included on the list of insiders drawn up by the company in accordance with Article 18 of European Regulation No. 596/2014 on market abuse, referred to as MAR (Market Abuse Regulation).

As soon as he/she holds such information, each Board member must abstain from:

- Carrying out or attempting to carry out insider trading, in particular by acquiring or selling, or by attempting to acquire or sell, on his/her own behalf or on behalf of a third party, either directly or indirectly, the financial instruments to which this information relates or the financial instruments to which these instruments are linked - by cancelling or modifying orders previously placed on Interparfums shares;
- Disclosing or attempting to disclose such information to another person outside the normal course of his/her work, profession or duties;
- Recommending or attempting to recommend or inducing or attempting to induce another person to acquire or dispose of, or have another person acquire or dispose of, such financial instruments.
- To make use of or communicate a recommendation or incitement made by an insider if the person knows or should know that it is based on inside information.

#### 4.11. Reporting of securities transactions and the crossing of thresholds

Each director must be diligent in reporting his/her securities transactions and crossing of thresholds in a timely manner.

#### 4.12. The Board's Responsibility regarding the Remuneration of Directors

For companies listed on a regulated market (Euronext), in the context of the corporate governance report, the Board, with the potential support of a committee, approves the drafting of a chapter informing shareholders about the remuneration policy for executive directors and the remuneration of executive directors<sup>1</sup>.

The Board examines all remuneration paid to directors compared with the company's salary policy. It ensures compliance with the following principles:

- directors' remuneration should be in line with the fair pay principles of the company's salary policy (examination of the pay curve, proportion related to fixed and variable remuneration etc.)
- describe the variable elements of directors' pay, including concerning the application of extra-financial performance criteria;
- explain how directors' pay complies with the policy voted the previous year and contributes to the company's long term performance.

For companies listed on a regulated market (Euronext), the Board also ensures that the report mentions the equity ratio, i.e. the level of remuneration of the Chair of the Board, the Managing Director and each Deputy Managing Director in relation to the average and median remuneration of the company's employees and the evolution of this ratio over the last five financial years. These elements must be presented in a way that allows comparison.

The elements of this report are submitted to a vote by shareholders. If they are rejected,<sup>2</sup> the administrators may be sanctioned<sup>3</sup>.

### **ARTICLE 5 - OPERATION OF THE BOARD OF DIRECTORS**

#### 5.1. Frequency of meetings

The Board meets as often as required by the corporate interest and at least 4 times a year. The meeting schedule is set at least one year in advance.

#### 5.2. Agenda and provision of information to the members of the Board

The Chair draws up the agenda for each meeting of the Board of Directors and communicates it by any appropriate means to its members.

The documents enabling the directors to make an informed decision on the items on the agenda shall be communicated to the directors within a reasonable period before the Board meeting, unless there is an emergency or a need to ensure complete confidentiality.

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<sup>1</sup> Required for companies listed on a regulated market (Euronext)

<sup>2</sup>Article L.225-37-2 C. commerce - A copy of the article is appended

<sup>3</sup> Suspension of remuneration in the event that the say on pay is rejected, excl. global posts

In any event, the Board of Directors may, at each of its meetings, in the event of an emergency, and on the proposal of the Chair, deliberate on matters not included in the agenda provided to its members.

Any director wishing to make a visit to an establishment to obtain the information necessary for the exercise of his/her appointment as a director shall make a written request to the Chair specifying the purpose of the visit. The Chair lays down, in conjunction with the Chief Executive Officer, the conditions of access and organises the procedures for the visit.

### 5.3. Meeting Venues

Meetings shall be held in any location indicated in the articles of association or, failing that, in the place indicated in the notice of meeting.

### 5.4. Use of videoconferencing or telecommunication resources

As far as possible, for reasons of efficiency, the Board shall meet in person.

If this is impossible, videoconferencing is preferable to a telephone call. The means of videoconferencing or telecommunication must satisfy technical characteristics ensuring effective participation in the Board of Directors meeting, the deliberations of which will be broadcast continuously and simultaneously. Thus, the Board of Directors may validly meet provided all or some of its members are linked continuously and simultaneously, at least orally, by means of a broadcast system established by web cameras connected to the Internet, or by telephone conference call.

#### 5.4.1. Technical glitches

If a technical glitch occurs in the videoconferencing or telecommunication process, during a meeting of the Board of Directors, the minutes of the meeting must record it. If the glitch interrupts the continuity of the broadcast, or if it causes a deterioration of the recording to the extent that the quality of the image or sound is no longer capable of allowing effective participation in the meeting of all the directors present, the meeting will be suspended.

The meeting shall resume as soon as the technical conditions once again allow the directors to communicate and deliberate under the above conditions.

#### 5.4.2. Prohibition of certain decisions by videoconferencing and telecommunications

The above provisions are not applicable to the adoption of decisions relating to the audit and checking of the annual and consolidated financial statements and, where applicable, in cases excluded by the articles of association.

### 5.5. Possibility of Written Consultation

Decisions related to the specific functions of the Board of Directors and the transfer of the headquarters within a department can be taken by written consultation only without the members being required to meet.

Specific functions correspond to decisions related to:

- the provisional nomination of new members of the Board of Directors in the event of a vacant seat following a death or resignation or if the number of members is less than the legal or statutory minimum or if the gender balance of the Board is no longer respected;
- the authorisation of deposits and guarantees given by the company;

- the compliance of statutes with legal and regulatory provisions;
- calling the General Assembly;
- the transfer of the headquarters within the department.

#### 5.6. Attendance registers

An attendance register shall be kept, which shall be signed by the directors who attended the Board meeting in person and which, where applicable, shall mention the names of the directors who participated in the deliberations by videoconferencing or other means of telecommunications (both the persons using said resources and those whom they represent).

#### 5.7. Quorum and majority

For the purposes of calculating the quorum and majority, directors participating by videoconferencing or telecommunication means shall be deemed in attendance. All directors may attend a meeting simultaneously by videoconferencing or other means of telecommunication.

#### 5.8. Power of representation

Any director may be represented by another director at a given meeting. Powers of representation must be conferred in writing, which may include by e-mail. Each director may hold only one power to represent another at the same meeting.

The foregoing provisions apply to the permanent representative of a legal person director.

#### 5.9. Deliberations

The deliberations of the Board of Directors shall only be valid if at least half of its members are in attendance, unless specifically provided otherwise by the articles of association.

Decisions are taken by a majority of the members present or represented, except in the case of a specific provision of the articles of association. A director appointed by one of his/her peers to represent him/her shall have two votes.

The Chair of the Board of Directors or, in his/her absence, the person replacing him, shall lead the discussions.

#### 5.10. Minutes

The deliberations of the Board of Directors are recorded in minutes kept in a special register drawn up in accordance with the laws and regulations in force and signed by the Chair of the meeting and at least one director. If the Chair of the meeting is unable to attend, the minutes shall be signed by at least two directors.

The minutes shall be approved at the next meeting. To this end, they are sent in advance in draft form to each director.

The minutes of the meeting indicate the names of the directors present or deemed present, excused or absent. The minutes shall record the attendance or absence of persons who were given notice of the Board meeting and the attendance of any other person who attended all or part of the meeting.

The minutes shall mention any videoconferencing system or other means of telecommunication used, the name of each director who participated in the Board meeting using such means and, if applicable, any technical glitch that disrupted the conduct of the meeting, including the interruption and resumption of remote participation.

Where applicable, the minutes shall record divergent positions expressed by directors.

Copies or excerpts of minutes are validly certified true by the Chair of the Board of Directors, the Chief Executive Officer, the director temporarily delegated to act as Chair of the meeting, the Secretary of the Board of Directors or an agent authorised for this purpose by the Board.

#### 5.11. Role of the Secretary of the Board

In accordance with the articles of association, the Board of Directors may appoint a secretary, who does not have to be a member of the Board. The Secretary of the Board is responsible for convening meetings of the Board of Directors on the Chair's motion and drawing up the draft minutes of meetings of the Board of Directors, which are submitted for the latter's approval.

He/she is responsible for sending working documents to directors, and more generally makes himself/herself available to directors for any requests for information concerning their rights and obligations, the operation of the Board or the life of the company.

#### 5.12. Assessment of the Board's work

The Board of Directors shall assess its work once a year, in particular:

- It reviews its operating procedures, composition and organisation, as well as those of its committees, if any;
- It verifies that important matters are usefully prepared and discussed;
- It updates the questionnaire to ensure that the assessment takes into account the latest legal and regulatory developments.

The Board of Directors reports on the assessment in the minutes of the meeting and informs the shareholders thereof each year in the annual report.

#### 5.13. Meeting of directors without the attendance of the Chair

Directors - collectively or the independent directors only - meet regularly without the attendance of the Chair to discuss the performance of the Chair and Chief Executive Officer if the functions of Chair of the Board of Directors and Chief Executive Officer are combined, or if the functions of Chair and Chief Executive Officer are held by different persons.

### **ARTICLE 6 - Committees of the Board of Directors**

To prepare its work, the Board of Directors may set up specialised committees composed of directors appointed by the Board and determine their remit.

Similarly, with a view to the efficiency of the Board, it can freely abolish committees that have become unnecessary.

The Committees perform their duties under the responsibility of the Board of Directors: they issue proposals, recommendations and opinions within their remit.

#### 6.1. Audit committee

Because of the size of the company and the operating procedures of the Board of Directors, the Board has set up an independent Audit Committee.

The role of the Audit Committee is mainly to examine the process for approving the annual and six-monthly consolidated and company financial statements, as well as the process for preparing financial information.

It is responsible for relations with the Statutory Auditors; it manages the selection procedure for Statutory Auditors, ensures that they are independent, and also monitors the internal control and risk management procedures.

The Audit Committee has drawn up a charter previously approved by the Board of Directors, describing its organisation, operation, remit and powers.

6.2. *Ad hoc* committees

The Board of Directors may set up one or more temporary *ad hoc* committees at any time to resolve conflicts of interest; it is responsible for determining the composition and operating procedures of such committees.

**ARTICLE 7 - Rules for setting the remuneration of members of the Board**

Directors may receive a remuneration, the amount of which is voted by the ordinary shareholders' meeting and the allocation of which is decided by the Board of Directors according to the time they devote to their mission, in part depending on their attendance, and lastly, if applicable, depending on the performance of certain specific missions.

The Board of Directors sets the remuneration of the Chair and the Chief Executive Officer and discusses the remuneration of any director of the company.

**ARTICLE 8 - Effective date - Mandatory Force**

These internal rules may be amended by a Board resolution.

Any new Board member will be asked to sign them at the same time as he/she takes office. All or part of these internal rules will be made public and accessible on the company's website.

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