

APPENDIX 1

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

This report, which concerns the parent Company and its subsidiaries, was prepared pursuant to Article L. 225-37 of the French Commercial Code. It was prepared by the secretary of the Board of Directors under the authority of the Chairman and Chief Executive Officer.

To prepare the report, interviews were held with the heads of various departments, in particular the Chief Operating Officers, the Administrative and Financial Department (Chief Financial Officer, accounting department, management control department, contracts and legal affairs department), the Corporate Strategy and Environmental and Social Responsibility Department, the Human Resources Department, the Technical and Purchasing Department and the Projects and Construction Department.

The report was reviewed by the Audit, Accounts and Risks Committee and the Commitments and Monitoring Committee, and it was submitted to the Company's Board of Directors, which approved it at its meeting of 23 April 2013.

1. The preparation and organisation of the Board of Directors' work**1.1 Applicable rules and principles**

The Board of Directors is organised and performs the duties assigned to it in accordance with the requirements of applicable statutes, the Company's articles of association and the Board of Directors' internal regulations.

Corporate Governance Code

At its meeting of 19 December 2008, the Board of Directors decided that the Company would voluntarily comply with the AFEP/MEDEF Corporate Governance Code for Listed Companies. That decision was made public the same day. The most recently updated version of this code (April 2010) is available at the following website: www.code-afep-medef.com.

The AFEP/MEDEF periodically publishes reports on the implementation of this code. The fourth such report was published in December 2012.

The AMF, in its annual report on Corporate Governance and Executive Compensation in Listed Companies, the ninth edition of which (entitled 2012 Report) was published on 11 October 2012, also reports on the implementation of this code by the companies that report using the code as a reference.

Pursuant to Article L.225-37 of the French Commercial Code, the paragraphs below describe the points for which the Company does not apply certain recommendations of the AFEP/MEDEF code and the reasons therefor:

- The articles of association and the Board of Directors' internal regulations do not contain any provisions that stagger directors' terms of office, which are four years in length. The table in section 14-1-1 of this registration document shows that the expiry of these terms of office is not concentrated in any single year. The terms of office of the nine directors in office in 2012 expire over a period of three years, in 2013, 2014 and 2015.

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- The self-assessment of the Board, which was carried out in 2009 and 2010 on the basis of questionnaires completed by the directors, was not repeated in 2011 for the reasons described in section 1.2.4 of this report (material changes in the composition of the Board and in the Company's governance during the second half of 2011). However, in 2012, a formal assessment was carried out with the assistance of an external expert, the conclusions of which were reviewed by the Board at its meeting of 26 July 2012.
- In 2012, no meetings were held with only the independent directors (i.e. directors who are neither corporate officers nor employees of the Company) in attendance for the purpose of assessing the performance of Jacques Petry, the Chairman and Chief Executive Officer.

The reason is that Mr Petry took office on 29 October 2011.

Therefore, the period of November-December 2011 was deemed too short to make an assessment of Mr Petry's performance in 2011. Furthermore it was deemed appropriate to postpone the assessment scheduled for 2012 until 2013 at the time that the variable component of the remuneration of the Chairman and Chief Executive Officer would be set for 2012.

- The 'fixed' and 'variable' components of the remuneration of the Chairman and Chief Executive Officer are not set for a multi-year period, but are voted on each year by the Board of Directors pursuant to a report of the Nomination and Remuneration Committee. Furthermore, the variable component is not expressed as a capped percentage of the fixed component, but is limited to a specific maximum amount, which is determined using a calculation formula in which three quantitative indicators (with reference to EBITDA, NIGS and free cash flow, respectively) are weighted at 66%, and qualitative indicators that are listed but not measured separately are weighted at 34%, as described in section 15.1.1.1 of this registration document.

The conditions adopted are consistent with the Company's intention to adjust the remuneration of the Chairman and Chief Executive Officer as closely as possible to the context in which the Company does business and its results, based on the quantitative and qualitative objectives set for him.

- The change in the Company share price is the sole performance criterion, to the exclusion of all other criteria, for the acquisition of bonus shares allotted by the decisions adopted by the Board at its meetings of 26 July and 28 November 2012, pursuant to the authorisation granted by the 8th resolution adopted by the General Meeting held on 14 March 2012.

This was also the case for bonus shares allotted pursuant to the authorisation granted by the 20th resolution adopted by the General Meeting held on 16 June 2009, by the decisions adopted by the Board at its meetings of 28 August 2009, 25 January 2010 and 28 July 2010 (as of the date this registration document was prepared, all of these share allotments have lapsed due to the beneficiaries' departure from the Company or their decision to irrevocably waive their rights thereto).

The choice of a change in the Company's share price as the sole performance criterion derives from the Company's wish that the acquisition of shares be based on a criterion that can be measured on the basis of market performance, which provides the most objective assessment of the Company's economic and financial situation and its future prospects.

- The bonus shares allotted to the Chairman and Chief Executive Officer by the decision adopted by the Board at its meeting of 26 July 2012, pursuant to the 8th resolution adopted by the General Meeting held on 14 March 2012, was not conditional on the beneficiary purchasing a specified number of shares when the shares allotted became available.

The prior allotment of shares made to the former Chairman and Chief Executive Officer by a decision adopted on 28 July 2010, pursuant to the 20th resolution adopted by the General Meeting held on 16 June 2009, which has also lapsed, was also not conditional on any such purchase.

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The Company considers that the obligation imposed on the Chairman and Chief Executive Officer to keep 25% of the bonus shares issued until he leaves the Company has an equivalent effect to the recommendation contained in the AFEP/MEDEF code to make the allotment of performance shares to executive directors conditional on the purchase of a set quantity of shares when the allotted shares become available.

Board of Directors' internal regulations

The purpose of the Board of Directors' internal regulations, which were adopted on 19 December 2008 and amended most recently at the Board of Directors' meeting held on 24 September 2012, is to supplement and clarify the rules laid down by the statutes, regulations and articles of association with respect to the organisation and operation of the Board of Directors, as well as to set out the rights and duties of its members.

The Board of Directors' internal regulations contain provisions concerning the composition, powers and operation of the Board and the committees that assist it, as well as the remuneration of directors.

The Board of Directors' internal regulations are supplemented by the Directors' Charter, which includes rules on preventing conflicts of interest and stock market ethical rules.

The Board of Directors' internal regulations are available on the Company's website at www.sechilienne-sidec.com, and are also appended to this report.

1.2 Organisation of the Board of Directors' operations

1.2.1 Composition of the Board of Directors

- *Members of the Board of Directors*

The Board of Directors in office in 2012 was comprised of nine members, including one female director. Directors are appointed by a General Meeting for a renewable term of four years. This composition complies with the requirements of Act 2011-103 of 27 January 2011 on the balanced representation of men and women on boards of directors and supervisory boards. Information about the directors currently in office is provided in section 14.1.1 of the registration document.

On 17 May 2006, the Board of Directors chose the method of governance consisting of combining the functions of Chairman of the Board of Directors and Chief Executive Officer. Therefore, since that date, the Board of Directors has been chaired by a Chairman who also holds the position of Chief Executive Officer (successively Dominique Fond, Nordine Hachemi and Jacques Petry).

The method of governance consisting of the combination of the functions of Chairman of the Board of Directors and Chief Executive Officer was chosen as the method best suited to the Group's desired organisation and modus operandi, and also to:

- Making the most of the Chairman's knowledge and business experience;
- Forging a close relationship between General Management and shareholders, and optimising the responsiveness of the Board;
- Optimising coordination within the Group.

The limitations on the powers of the Chairman and Chief Executive Officer are described below in section 2.6 of this report.

The Chairman and Chief Executive Officer organises and manages the work of the Board, and reports thereon to the General Meeting. He ensures that the Company's governing bodies function properly and, in particular, that the directors are able to perform their duties.

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The Board of Directors has been comprised of nine members since the General Meeting of 25 May 2011. Members are proposed to the General Meeting, which chooses directors on the basis of their expertise, experience, knowledge of the Company's businesses, integrity and independence of mind.

The Directors in office in 2012 were:

- During the entire year, Jacques Petry, Michel Bleitrach, Patrick de Giovanni, Xavier Lencou-Barême, Edgard Misrahi representing Financière Hélios, Guy Rico, Jean Stern and Maurice Tchenio.
- For a portion of the year (25 January-31 December), Myriam Maestroni, who was temporarily appointed by the Board of Directors at its meeting of 25 January 2012 to fill the seat that had become vacant due to her automatic resignation on 25 November 2011 by the effect of Article 20 of the Company's articles of association concerning the minimum number of shares that each director must hold in registered form.

The General Meeting held on 14 March 2012 ratified the appointments of directors who had been temporarily appointed in 2011 (Messrs Misrahi, Tchenio and Petry) and in 2012 (Ms Maestroni).

The terms of office of the directors in office in 2012 will expire on the following dates:

Jacques Petry:	At the General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31 December 2012
Michel Bleitrach:	At the General Meeting to be held in 2014 to approve the financial statements for the financial year ended 31 December 2013
Financière Hélios represented by Edgard Misrahi	At the General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31 December 2012
Patrick de Giovanni:	At the General Meeting to be held in 2015 to approve the financial statements for the financial year ended 31 December 2014
Xavier Lencou-Barême:	General meeting to be held in 2013 to approve the financial statements for the financial year ended 31 December 2012
Myriam Maestroni:	At the General Meeting to be held in 2015 to approve the financial statements for the financial year ended 31 December 2014
Guy Rico:	At the General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31 December 2012
Jean Stern:	At the General Meeting to be held in 2013 to approve the financial statements for the financial year ended 31 December 2012
Maurice Tchenio:	At the General Meeting to be held in 2015 to approve the financial statements for the financial year ended 31 December 2014

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As a result of this situation, the following resolutions concerning the composition of the Board will be submitted to the General Meeting convened on 30 May 2013:

- Renewal of Jacques Petry's term of office as director, after acknowledging the expiry thereof, for a period of four years that will expire at the conclusion of the General Meeting to be convened in 2017 to vote on the financial statements for the financial year ended 31 December 2016.
- Renewal of Financière Hélios' term of office as director, after acknowledging the expiry thereof, for a period of four years that will expire at the conclusion of the General Meeting to be convened in 2017 to vote on the financial statements for the financial year ended 31 December 2016.
- Appointment of Michèle Remillieux as director, after acknowledging the expiry of the term of office of Guy Rico, who did not request to be reappointed, for a period of four years that will expire at the conclusion of the General Meeting to be convened in 2017 to vote on the financial statements for the financial year ended 31 December 2016.
- Appointment of Daniel Valot as director, after acknowledging the expiry of the term of office of Jean Stern, who did not request to be reappointed, for a period of four years that will expire at the conclusion of the General Meeting to be convened in 2017 to vote on the financial statements for the financial year ended 31 December 2016.
- Appointment of Jean-Carlos Angulo as director, after acknowledging the expiry of the term of office of Xavier Lencou-Barême, who did not request to be reappointed, for a period of four years that will expire at the conclusion of the General Meeting to be convened in 2017 to vote on the financial statements for the financial year ended 31 December 2016.

If the General Meeting adopts the resolutions submitted to it, the General Meeting will be immediately followed by a Board meeting at which it will be proposed that:

- The arrangement combining the position of Chairman of the Board of Directors and Chief Executive Officer be renewed;
- Jacques Petry be appointed as Chairman and Chief Executive Officer for a period of four years equal in duration to his term of office as director.
- *Independent members of the Board of Directors*

A director is deemed independent if he/she has no relationship of any type with the Company, its Group or its management that could compromise his/her ability to freely exercise his/her judgment. The Board considers directors to be independent on the basis of the following factors, which are taken from the AFEP-MEDEF Corporate Governance Code:

- The director is not, and during the previous five years has not been, an employee or corporate officer of the Company, or an employee or director of its parent company or of a company within its consolidation scope;
- The director is not an employee or corporate officer of a company in which the Company directly or indirectly holds a directorship or in which an employee appointed for such purpose or a corporate officer of the Company (currently or who has held such position within the previous five years) holds a directorship;
- The director is not a customer, supplier, investment bank or commercial bank that is significant to the Company or its Group, or for which the Company or its Group represents a significant part of its business;
- The director does not have close family ties with a corporate officer;
- The director has not been one of the Company's auditors during the previous five years;
- The director has not been a director of the Company for more than 12 years.

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The Nomination and Remuneration Committee and the Board of Directors reviewed the independence of directors in January and September 2012. For directors other than Jacques Petry, the Chairman and Chief Executive Officer, who does not hold any salaried position within the Group, these reviews showed that the situation of the Board's current composition is as follows:

- Three directors, Edgard Misrahi (chairman of Apax Partners Midmarket SAS), Maurice Tchenio and Patrick de Giovanni, are senior executives of Apax Partners SA, which manages and advises the funds that hold the majority of the capital of Financière Hélios, the Company's main shareholder.
- Xavier Lencou-Barême is an employee of Séchilienne-Sidéc.
- Myriam Maestroni, Michel Bleitrach, Guy Rico and Jean Stern are independent directors because they meet all of the above criteria.

The AFEP/MEDEF Corporate Governance Code recommends that in controlled companies at least one-third of the directors should be independent.

Therefore, as at 31 December 2012, the Company exceeded this minimum threshold because its Board had four independent directors out of nine directors, i.e. a rate of 44%.

At its meeting of 24 September 2012, the Board confirmed the finding that Ms Maestroni and Messrs Bleitrach, Rico and Stern were independent directors and noted that the Company would lose two independent directors when the current terms of office of Messrs Rico and Stern expire, after 12 years as directors of the Company. For this reason the resolutions submitted to the General Meeting convened for 30 May 2013 do not propose that their terms of office be renewed (which they did not request), but that they be replaced by new directors who will meet the conditions required to be classified as independent directors.

- *Requirement to hold shares in the Company*

The Company's articles of association require each director to hold four hundred (400) shares of the Company in registered form throughout his/her term of office.

If a director does not meet this condition at the time of his/her appointment or ceases to meet this condition at any time during his/her term of office, he/she is automatically deemed to have resigned if the situation is not remedied within six months. This was the situation of Myriam Maestroni as of 25 November 2011 and until her temporary appointment by the Board of Directors at its meeting of 25 January 2012, which was ratified by the General Meeting of 14 March 2012. Like all the other directors, Ms Maestroni now complies with the requirement to hold 400 shares of the Company in registered form.

- *Miscellaneous information about directors*

Chapter 14 of the registration document contains information about the members of the Board of Directors, in particular the dates on which their terms of office began and will expire, their biographies, and the list of positions and offices in other companies each one currently holds or has held within the last five years.

None of the directors in office in 2012 holds foreign nationality, but several of them have international experience because they completed some of their studies abroad and/or spent some of their career abroad, or because they hold or have held positions in foreign companies. The Company intends that future changes to the composition of the Board should add to the Board's international expertise.

The Board in office in 2012 included only one woman. The proposals for new members submitted to the General Meeting to be held on 30 May 2013 seek to increase this number to two. The number of female directors will increase in the future as the requirements of Act 2011-103 of 27 January 2011 on the balanced representation of men and women on boards of directors and supervisory boards are applied.

The remuneration and benefits of members of the Board of Directors are described in detail in Chapter 15 of the registration document.

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Section 15-1-2 describes the arrangements for payment of directors' fees, which are paid only to independent directors.

Section 15-1-1 details the components of the remuneration of the Chairman and Chief Executive Officer and the method for calculating them; section 15-1-3-1, which discusses allotments of options to subscribe or purchase shares, states that Jacques Petry has not been allotted any options since his appointment as director or, subsequently, as Chairman and Chief Executive Officer; section 15-1-3-2 describes the bonus performance shares allotted to him pursuant to a decision adopted by the Board on 26 July 2012; and section 15-1-4-3 describes the scheme and terms and conditions governing the termination pay to which Jacques Petry may be entitled in the event he is removed from office as Chairman and Chief Executive Officer or if his appointment is not renewed.

Section 15-2 states that Jacques Petry is not the beneficiary of any complementary or supplementary pension plan other than the plan open to all Group employees.

- *Participation of the works council representative in the Board's work, in a non-voting capacity*

The works council representative is systematically given notice of Board meetings and may attend in a non-voting capacity. The works council representative is provided with all information and documentation sent to the directors. Stéphane Alve was the works council representative in 2012.

- *Review of Board members' situations vis-à-vis the requirements and recommendations of the French Commercial Code, the AMF, the AFEP-MEDEF code, the articles of association and the internal regulations*

In 2012, this review was conducted at the Board meeting held on 24 September 2012.

Each director confirmed that he/she complied with the provisions of the articles of association, the internal regulations and the Directors' Charter appended to the internal regulations, as well as with all documents he/she signed at the start of the year.

Each director provided information about his/her situation with respect to potential conflicts of interest, in accordance with Article 17 of the AFEP-MEDEF code, which was incorporated into the Directors' Charter, and which provides that "directors are required to inform the Board of any conflict of interest situation, including potential conflicts of interest, and shall refrain from participating in the vote for the corresponding decision".

Jacques Petry, Michel Bleitrach and Maurice Tchenio informed the Board of potential conflicts of interest, under circumstances that have not occurred to date, arising from the outside positions they hold (with the British company Shanks in the case of Mr Petry, with Saur in the case of Mr Bleitrach and with Financière de L'Echiquier in the case of Mr Tchenio). Each one confirmed that no conflict of interest had arisen in 2012 and that if, in the future, a conflict of interest did arise, it would be immediately disclosed to the Board of Directors. In addition, Mr Tchenio confirmed to the Board that there is no concerted action between Apax and Financière de L'Echiquier with respect to the management of their interests in Séchilienne-Sidec.

With respect to the AMF recommendation that executive directors submit for prior Board approval the acceptance of any new position in a listed company, Mr Petry stated that he would comply with such recommendation in the event he envisaged accepting a position in any company, whether listed or unlisted. The Board acknowledged this commitment and, for all necessary purposes, confirmed its agreement to Mr Petry holding the external positions he currently holds, and which are listed in the registration document.

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1.2.2 Duties of the Board of Directors

The duties of the Board of Directors are defined by law and by the articles of association, which were amended most recently on this point by a decision adopted by the General Meeting of 16 June 2009 voting on extraordinary matters.

Pursuant thereto, the Board of Directors has *inter alia* the following powers:

- Determining the Company's business policies and ensuring they are carried out, by having its Chairman submit reports to it about on-going business and projects;
- Voting on the Company's strategic policies and giving prior approval to all significant transactions that are not within the scope of the Company's announced strategy, whether significant organic growth investments, internal restructuring operations or external acquisition or sale transactions;
- Considering any matter relating to the proper operation of the Company;
- Staying regularly informed of the Company's financial situation, cash position and commitments;
- Authorising the furnishing of sureties, pledges and guarantees;
- Authorising 'regulated' agreements and undertakings before they are concluded, in accordance with the statutes in force and the Company's articles of association;
- Carrying out the controls and verifications it deems necessary;
- Preparing and approving the Company and consolidated financial statements, as well as the half-yearly financial statements;
- Reviewing interim management documents;
- Authorising investments required for industrial or external growth projects during the year and/or the financing thereof;
- Authorising all significant sales (or contributions) of assets;
- Studying all proposed merger, spinoff or contribution transactions;
- Setting the remuneration of the Chairman and Chief Executive Officer;
- Creating committees charged with studying issues that the Board itself or its Chairman submit for their review and opinion.

The Board of Directors shall review and approve the information published in the Company's management report on its structures and corporate governance practices.

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1.2.3 Meetings of the Board of Directors and information provided to the Board

In accordance with the articles of association, the Board of Directors meets as often as required by the Company's interests and, in any event, at least four times a year. (In practice, the Board meets twice as often.)

For each meeting, a briefing dossier is prepared that contains the information and documents necessary to review the items of business on the agenda. This dossier is provided to the directors in advance of Board of Directors' meetings to enable them to study the items of business on the agenda. The dossier includes the agenda for the meeting of the Board of Directors, the proposed resolutions, the draft reports and any other document necessary to consider the resolutions on the agenda.

During meetings, the Chairman and Chief Executive Officer presents in detail the items of business on the agenda. To complete such presentation or to provide explanations requested by the Directors, he may be assisted by employees who have specific knowledge of the matter under consideration. The chairs of the specialised committees are heard on matters that concern such committees. The statutory auditors are also heard during meetings at which the financial statements are reviewed. After the presentations, questions are asked and views are exchanged, followed by discussion before the resolutions are put to a vote. Resolutions are adopted in accordance with the quorum and majority requirements prescribed by law.

- A Director who has been granted a proxy by a fellow Board member holds two votes;
- In the event of a tied vote, the meeting chairman (who ordinarily is the Chairman of the Board or, in the Chairman's absence, the Deputy Chairman (this position was created by a resolution adopted by the Board of Directors on 21 October 2011)) has the casting vote.

Written minutes of each meeting are prepared and provided to the Board members for their review and comments prior to their approval by the Board of Directors at its next meeting.

Between meetings, the Directors are provided with all significant information concerning the Company and necessary to perform their duties.

The Board of Directors' internal regulations, which are available on the Company's website and are appended to this report, include a provision authorising the use of videoconferences or other means of telecommunication under the conditions and in accordance with the limits prescribed by the French Commercial Code. This authorisation was the subject of a resolution adopted by the General Meeting of 16 June 2009, voting on extraordinary matters, which amended the articles of association on this point.

1.2.4 Assessment of the operation of the Board of Directors

To comply with the AFEP/MEDEF recommendations, the Board of Directors' internal regulations require the Board of Directors to regularly review its composition and to annually study its operation. Furthermore, the Board meets once a year without the Company's executive directors to evaluate the performance of the Chairman and Chief Executive Officer (if these functions are combined) or of both the Chairman and the Chief Executive Officer (if these functions are separated).

a) Self-assessment of the Board

A self-assessment was carried out in 2009 and 2010 on the basis of questionnaires completed by the directors, the results of which were subsequently studied by the Board. The assessment carried out on 22 November 2010 was studied by the Board at its meeting of 26 January 2011.

The significant changes in 2011 to the composition of the Board (four of the directors in office at the end of October 2011 were not Board members at the start of 2011) and to the Company's governance (the appointment of Jacques Petry as Chairman and Chief Executive Officer as of 29 October 2011 to replace Nordine Hachemi, who was removed from office due to a disagreement concerning strategy) prompted the postponement of the next assessment. At its meeting of 18 January 2012, the Board decided to carry out a formal assessment every three years, as recommended by the AFEP-MEDEF code.

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Pursuant to this decision, a formal assessment was conducted in April and May 2012 with the assistance of an external expert (Rivoli Consulting). The Board studied its conclusions at its meeting of 26 July 2012. The following conclusions were reached on the basis of this study:

- The contribution of the Deputy Chairman of the Board and the Commitments and Monitoring Committee he chairs (whose meetings are frequently attended by nearly all directors, in addition to the committee's permanent members) and the quality of communications between all Board members, both independent and non-independent, General Management and the heads of the Company's major departments were considered to be very positive.
- It was deemed desirable that future proposals to be submitted to the General Meeting concerning the composition of the Board promote the objectives of increasing the number of women on the Board and adding new expertise to the Board (professionals in agri-food industries that generate biomasses and methanisable substances, persons with experience in foreign countries that are major producers of sugar cane and other biomasses, etc.).
- Actions should be taken to increase the directors' knowledge of changes to the Company's businesses and the context in which it does business, such as visits to its production units, periodic circulation of updated studies of target markets and information on technical, economic and commercial changes that impact or may impact its businesses, as well as on the strategies and initiatives of its competitors.
- The Board's involvement in matters concerning 'social and environmental responsibility' and 'human assets' issues should be increased.

At the meetings that followed the meeting of 26 July 2012, General Management proposed to the Board of Directors, and the Board adopted, various measures intended to implement these suggestions. In particular, pursuant to a resolution adopted on 24 September 2012, the Environmental and Social Responsibility Committee was created.

b) Review of the performance of the Chairman and Chief Executive Officer

Each year, the Board conducts this review, at a meeting with only external directors (i.e. directors who are neither corporate officers nor employees) in attendance, pursuant to a report submitted by the Nomination and Remuneration Committee.

In 2011, this review, which concerned the performance of Nordine Hachemi, was conducted at the Board meeting of 21 October 2011 and led to his removal from office due to a disagreement concerning strategy. On the basis of that review, the Board, voting pursuant to a report submitted by the Nomination and Remuneration Committee, decided to pay Mr Nordine Hachemi 75% of the variable remuneration to which he was potentially entitled for financial year 2011 (i.e. €150,000).

As stated above in section 1-1 of this report, in 2012, no meeting of the Company's external directors only was held for the purpose of evaluating the performance of Jacques Petry, who took office on 29 October 2011.

It was decided that the short period of time during which Mr Petry had held in office in 2011 would make such an evaluation for 2011 meaningless. Furthermore, it was deemed appropriate to conduct the evaluation for 2012 in 2013 at the time the Board set the variable component of the remuneration of the Chairman and Chief Executive Officer for financial year 2012.

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1.3 Work of the Board of Directors

In 2012, the Board of Directors met eight times, on the following dates:

- 18 January
- 25 January
- 7 March
- 27 April
- 31 May
- 26 July
- 24 September
- 28 November

The attendance rate of the Board's members was 92.9%. The Board may deliberate validly only if at least half of its members are present.

In 2012, the Board of Directors took *inter alia* the following actions:

- Approved the 2012 budget;
- Reviewed and monitored achievement of forecast budgetary figures and changes in the cash and debt positions;
- Adopted a new strategic vision for the Company, which focuses on concentrating the majority of its efforts on developing energy from various types of biomasses and exporting to a targeted number of countries the partnership model developed with sugar producers in the French overseas *départements* and Mauritius, while complying with strict safety and profitability criteria;
- Reviewed the Company and consolidated financial statements for the financial year ended 31 December 2011;
- Reviewed the registration document for the financial year ended 31 December 2011;
- Reviewed the half-yearly financial statements, the half-yearly business reports and the financial communication in connection therewith;
- Reviewed the work of the committees it had set up and adopted various resolutions concerning such committees, in particular converting the Commitments Committee into the Commitments and Monitoring Committee (which meets monthly and has expanded powers) and setting up the Environmental and Social Responsibility Committee;
- Approved the substance of the proposed resolutions submitted to the General Meetings convened for 14 March 2012 and 31 May 2012, which concerned the following matters:
 - . In addition to presenting the Company's new strategy to the shareholders, the purpose of the first of these meetings was to: ratify the temporary appointments of directors made in 2011 (Edgard Misrahi, Maurice Tchenio and Jacques Petry) and 2012 (Myriam Maestroni); amend certain provisions of the articles of association as a result of the appointment of a Deputy Chairman of the Board of Directors; increase the total amount of directors' fees as a result of such appointment; authorise the Board to allot bonus shares subject to certain conditions, in particular performance conditions; and authorise trading in the Company's securities;
 - . The primary purpose of the second of these meetings was to: approve the Company and consolidated financial statements for financial year 2011; set the amount of the dividend and the terms and conditions governing payment thereof, including the possibility of opting for a partial payment in shares; delegate authority to the Board to decide, if necessary, to issue shares and/or securities in various forms and under various circumstances;
- Amended its internal regulations to bring them into accordance with decisions adopted on the number, composition and powers of the committees and the decisions adopted following the formal self-assessment of the Board carried out with the assistance of Rivoli Consulting;
- Authorised the launching of various projects that had been previously reviewed by the Commitments and Monitoring Committee and, in particular, authorised the acquisition in May 2012 of a 60% stake in Methaneo;

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- Reviewed and authorised various contractual documents, in particular contracts with suppliers and financial institutions, and undertakings and security interests granted to lenders;
- Reviewed the risk map and risk coverage.

1.4 The Board of Directors' committees

The Board of Directors has four specialised committees, each of which is charged with submitting opinions, proposals or recommendations within their respective purviews. These committees are:

- The Audit, Accounts and Risks Committee (the name of this committee since 2009, when it was changed from the Audit and Accounts Committee);
- The Nomination and Remuneration Committee;
- The Commitments and Monitoring Committee (which as of January 2012 replaced the former Commitments Committee);
- The Environmental and Social Responsibility Committee, which was created by a resolution adopted by the Board on 24 September 2012.

The Board of Directors' committees exercise their powers in a non-binding capacity under the responsibility of the Board of Directors.

The organisation and operation of the Board of Directors' committees are governed by the Board of Directors' internal regulations, which are appended to this report.

1.4.1 *Audit, Accounts and Risks Committee*

The Audit, Accounts and Risks Committee was set up by a resolution adopted by the Board of Directors at its meeting of 11 December 2003, at which time it was called the 'Audit and Accounts Committee'. Pursuant to a decision dated 23 December 2009, the Board of Directors changed its name to 'Audit, Accounts and Risks Committee'.

In 2012, the committee members were:

Chairman	Jean Stern, independent director
Other members	Michel Bleitrach, independent director Patrick de Giovanni

Therefore, as in prior years, the committee is comprised of two independent directors (including the chair) out of three members, in accordance with the recommendations of the AFEP/MEDEF Corporate Governance Code.

All members have specific expertise in financial and accounting matters, as described in section 16.3.5 of the registration document. Mr Stern has held major positions (in particular, Director of Financing) with Société Générale and served as the chairman of various subsidiaries of that bank. Mr Bleitrach has managed important subsidiaries of major industrial groups, he was the Chairman and Chief Executive Officer of Kuvera and the Chairman and Chief Executive Officer of Keolis, and in the second half of 2012 he was appointed Chairman of Saur. Lastly, Mr de Giovanni has worked for nearly 30 years with Apax Partners, where he is the managing partner, and manages investments in companies in various sectors, thereby promoting their expansion. In addition, he is a former Chairman of AFIC, the French Private Equity Association.

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The resolution that created the Audit, Accounts and Risks Committee tasked it with preparing the deliberations of the Board of Directors by studying the matters listed below and reporting thereon to the Board:

- Reviewing the financial statements and accounting methods used (conformity of accounting measurements and choices made with the accounting standards framework, accurate and complete picture of the position of the Company and its subsidiaries, transparency, clarity and consistency over time);
- Reviewing the quality of internal control systems (existence and effective operation of control structures and procedures that are appropriate for the Company and its subsidiaries and that reasonably prevent the risks to which the Company is exposed) and reporting thereon;
- Choosing and reappointing external auditors, ensuring that partners are rotated, reviewing proposed fees, providing information on all fees paid and indicating, if applicable, what fees were paid for additional services associated with statutory audit duties.

The version of the Board of Directors' internal regulations in effect on the date of this report, which were first adopted by the Board at its meeting of 19 December 2008, and which have been subsequently amended several times to take account of the AMF's recommendations and the conclusions of the AMF working group on audit committees, provides that the Audit, Accounts and Risks Committee monitors matters in connection with the preparation and control of accounting and financial information and prepares the deliberations of the Board of Directors by monitoring the matters listed below and reporting to the Board on its activities:

- a) Monitoring the process for preparing financial information: reporting on the financial position, financial policy and financial strategy of the Company and its subsidiaries; reporting on the procedures used to prepare, collect, analyse and verify accounting and financial information, in particular information communicated to the shareholders and the market; reviewing the communications of the Company and its subsidiaries on accounting and financial matters; reviewing all issues of an accounting or financial nature submitted to it by the Chairman of the Board of Directors, General Management or the statutory auditors; approving the architecture of all systems used to prepare financial information; reviewing the conformity of accounting measurements and choices made with the accounting standards framework and reviewing the means implemented to achieve the objectives set (accurate and complete picture of the position of the Company and its subsidiaries, transparency, clarity and consistency over time).
- b) Monitoring the effectiveness of internal control and risk management systems: reviewing the organisation and application of internal control procedures within the Company and its subsidiaries; reviewing the work and analyses carried out in this respect, and the work, analyses and reports of external auditors; meeting with the internal control managers and the external auditors; reviewing the procedures used to identify and monitor risks; reviewing and monitoring risks identified, their classification and prevention and action plans; reviewing the report of the Chairman of the Board of Directors on the operations of the Board of Directors and internal control and risk management systems.
- c) Overseeing the annual and half-yearly financial statements, as well as quarterly financial information: reporting on the consolidation scope, accounting methods and control procedures; reviewing the financial statements and, in particular, analysing provisions, risks and significant off-balance sheet commitments; reporting on accounting positions taken in recording significant transactions; overseeing the statutory auditors' review of the Company and consolidated financial statements; conducting a prior review of draft accounting documents submitted to the Board of Directors.
- d) Overseeing the manner in which the external auditors perform their assignments: supervising the procedure for selecting or reappointing statutory auditors; reviewing the manner in which they perform their assignments and the fees paid to external auditors; monitoring their independence and the updated declarations and information with respect to such independence.
- e) When it reviews the financial statements, the committee focuses on significant transactions that may generate conflicts of interest.

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The Audit, Accounts and Risks Committee operates in accordance with the following provisions that are set out in the resolution that created it and in the Board of Directors' internal regulations:

- The Audit, Accounts and Risks Committee shall be comprised of at least three directors.
- At least two-thirds of its members shall be independent directors within the meaning of the AFEP-MEDEF Corporate Governance Code.
- Based on their training and/or professional experience, the committee members shall have accounting and financial expertise.
- The committee shall not include any corporate officer. In the event the Chairman and Chief Executive Officer attends committee meetings to provide the committee with clarifications and explanatory commentary, he shall thereafter leave the meeting to enable the committee to deliberate in his absence.
- The committee shall be chaired by one of its members, who shall be designated by the Board of Directors.
- The committee shall meet at least four times a year and, in any event, before the Board of Directors' meetings at which the annual and half-yearly financial statements, the quarterly financial information and matters in relation with its duties are studied.
- The agenda for committee meetings shall be prepared under the responsibility of its

chairman.

- The committee shall have a secretariat to prepare meetings under the authority of its chairman.
- The committee shall receive all elements, documents and information in relation with the performance of its duties.
- The committee may request to meet with the Chairman of the Board of Directors.
- The committee may also interview the directors, the employees of the Company and its subsidiaries and the external auditors of the Company and its subsidiaries.
- If it deems it necessary, the committee may request the assistance of external experts, in which case the Company must provide it with the corresponding financial resources.
- The committee shall report on the performance of its duties to the Board of Directors, in particular by means of the briefings provided by its chairman and by providing directors with the minutes of its meetings, which shall state if its members were present or absent.

The principal matters that the committee studied in 2012 at its working sessions and the four meetings it held on 5 March 2012, 23 July 2012, 10 October 2012 and 26 November 2012 concerned:

- The 2011 annual financial statements and the 2012 half-yearly financial statements, clarified by interviews with members of General Management, the heads of the accounting and management control departments and the statutory auditors;
- Assessment of year-end account closing processes and of the effectiveness of the measures taken to identify, as early as possible, transactions whose IFRS treatment will require in-depth analysis;
- Assessment of the transparency, clarity and consistency of accounting figures and financial information published, and ensuring that explanations provided, in particular with respect to changes from one year to another in the principal components of the business of the Company and the Group, are systematically given, adequate and easily understandable, both in terms of their impact on revenue and their impact on the income statement and statement of financial position;
- Assessment of the effect of measures taken to strengthen coordination, reporting and control structures pursuant to its prior recommendations to adapt to changes in the Group's activities, size and structures;

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- Analysis of the updated risk matrix prepared by the Company with its input;
- Analysis of the Group's situation with respect to insurance;
- Analysis of off-balance sheet commitments;
- Analysis of the Group's situation with respect to tax provisions applicable in the French overseas *départements*;
- The draft report of the Chairman of the Board of Directors on the Board's work and internal control systems, before its circulation to the Board and inclusion in the registration document;
- Review of the draft registration document itself.

1.4.2 Nomination and Remuneration Committee

This committee was created by a resolution adopted by the Board of Directors on 20 October 2005, and was originally called the 'Remuneration Committee'. Subsequently, the Board expanded this committee's role and, pursuant to a decision adopted on 19 December 2008, renamed it the 'Nomination and Remuneration Committee'.

Its purview was the subject of successive resolutions adopted on 25 January 2010 and 24 September 2012. The latter resolution adopted the language below of Article 6-3 of the internal regulations with respect to the committee's powers.

“■ The Nomination and Remuneration Committee is tasked with studying the following matters: composition of the Board, appointments of directors and renewal of their terms of office, directors' fees, the Group's organisation and structures, and all aspects of appointments and remuneration (including benefits of all types) of corporate officers and members of the Executive Committee.

- It shall make proposals to the Board with respect to appointments of directors and renewal of their terms of office, after a detailed review of all information it is required to take into account concerning the desired balance in the composition of the Board in light of changes to the Company's shareholder structure and business activities, gender balance and the types of expertise represented, and on the basis of the search for and assessment of possible candidates.

In particular, the committee shall set up a procedure for selecting future independent directors and shall study potential candidates before they are approached.

The committee shall also propose succession solutions to the Board in the event of a foreseeable vacancy in executive director positions and study the succession plans for the principal corporate officers.

- The Board of Directors shall decide the remuneration of corporate officers, and the Chairman and Chief Executive Officer shall decide the remuneration of executives who are members of the Executive Committee, after having obtained the comments of the Nomination and Remuneration Committee, and on the basis of observations on actual changes in the modulation factors adopted in light of the expectations concerning each of them.
- The duties of the Nomination and Remuneration Committee shall include making recommendations and proposals on the policy with respect to options to subscribe or purchase shares and share allotments.
- In performing its duties, the Board shall examine *inter alia* the practices of comparable companies and the rules for calculating the variable component of remuneration consistent with performance evaluations.”

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In 2012, the members of the Nomination and Remuneration Committee were:

Chairwoman: Myriam Maestroni, independent director
Other members: Guy Rico, independent director
Patrick de Giovanni

The current composition of the committee comprises a majority of independent directors, including the chairwoman.

Ms Maestroni gained significant experience on remuneration-related issues in her capacity as the founder and chairwoman of a services company and in various senior management positions she held before then.

In their capacity as investment fund managers, the other committee members also acquired broad experience in corporate governance and human resource management issues.

In 2012, the Nomination and Remuneration Committee met four times, on 17 January, 11 April, 13 July and 28 November, and its members had an attendance rate of 100%.

During the financial year, it *inter alia* reported and made proposals on the following principal matters on which the Board deliberated:

- The decision to temporarily appoint a director and the decision to submit to the General Meeting of 14 March 2012 resolutions ratifying the temporary appointments of directors made in the second half of 2011 and in 2012;
- Identification of independent directors;
- The amount and allocation of directors' fees to independent directors;
- The decision to submit to the General Meeting of 14 March 2012 a proposed resolution that would authorise the Board to allot a maximum of 810,000 bonus shares to the employees and corporate officers of the Company and its affiliates, subject to conditions, in particular performance conditions;
- The decision to allot bonus shares to specific individuals, subject to performance conditions, taken on the basis of the resolution adopted by the General Meeting of 14 March 2012, and determining the plan regulations applicable to such allotments;
- Setting the 2011 variable remuneration of the Chairman and Chief Executive Officer and deciding the mechanism for setting his 2012 variable remuneration;
- The conclusions to be drawn from the formal self-assessment of the Board, which was carried out in April-May 2012 with the assistance of the external firm Rivoli Consulting;
- The analyses and conclusions to be drawn from the studies conducted with the assistance of external consultants on the Company's staff hiring policies and on the Company's positioning with respect to remuneration and the make-up of the various elements of remuneration.

In addition, the committee reviewed the principal issues involved in the Group's human relations policy and the tools put in place or to be put in place to optimise such policy with respect to remuneration and other areas (individual interviews, developing training, internal communication, and drafting the labour dialogue, training, safety, discrimination prevention and other charters).

1.4.3 Commitments and Monitoring Committee

This committee was created in 2012 to replace the former Commitments Committee, which the Board of Directors had created pursuant to a resolution adopted on 19 December 2009. At that time, the committee was tasked with studying the dossiers prepared prior to the launch of new projects, becoming familiar with the liabilities arising from the Company's commitments and analysing such liabilities and the most relevant factors in changes thereto.

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Since January 2012, the Commitments and Monitoring Committee has been governed by the following provisions of the Board of Directors' internal regulations:

"The Commitments and Monitoring Committee shall be comprised of at least three directors, including the Deputy Chairman of the Board of Directors, who shall chair the committee. The committee shall meet an average of ten times a year to become familiar with the reported situation arising from the Company's commitments and to review and assess the factors relevant to changes thereto, to examine development projects at the various stages thereof, and to regularly report on all significant matters in respect of the Company and the Group. The committee shall make observations, give opinions and make recommendations to the Board of Directors on all matters referred to it by General Management in relation with projects and oversight of operations."

Therefore, this committee has a very broad purview to review and to give opinions and make recommendations to the Board of Directors on all matters in respect of the Group: general strategy, the procedures and timetable for the operational implementation of such strategy; reviewing business plans with various timeframes and annual budgets; monitoring performance thereof; monitoring the conditions under which production units are operated and studying ways to optimise such operation; reviewing and selecting new development projects and the means to finance them; determining whether it is opportune to respond to invitations to tender; determining whether it is opportune to submit indicative or binding bids; overseeing the various stages for carrying out investments decided by the Board of Directors; monitoring and studying ways to optimise the Group's contractual relationship arrangements and external and internal communication systems; and monitoring changes in financial data and the cash position.

Accordingly, concurrently and in close collaboration with the other committees, in particular the Audit, Accounts and Risks Committee, the Commitments and Monitoring Committee makes an essential contribution to the operation of the Group's internal control and risk management systems.

In 2012, the members of the Commitments and Monitoring Committee were:

- Chairman: Michel Bleitrach, independent director, Deputy Chairman of the Board of Directors
- Permanent members:
 - . Jean Stern, independent director, chairman of the Audit, Accounts and Risks Committee
 - . The representative of the legal entity director Financière Hélios (Edgard Misrahi throughout 2012)

Each of these directors has proven experience on issues of corporate strategy and management gained in the important management positions they held with major industrial companies (Mr Bleitrach) or financial companies (Mr Stern), or in a long career managing investments in companies in various sectors, thereby promoting their expansion (Mr Misrahi).

All other directors may attend the meetings of this committee, which in fact they frequently did.

In 2012, the committee met ten times (on 25 January, 7 March, 18 April, 31 May, 26 July, 29 August, 24 September, 31 October, 28 November and 19 December), and its permanent members had an attendance rate of 96.7%. In addition, the committee's meetings were frequently attended by the other directors.

1.4.4 Environmental and Social Responsibility Committee

This committee was created pursuant to a resolution adopted by the Board of Directors on 24 September 2012.

That resolution added a new Article 8 to the Board's internal regulations, which reads as follows:

"Environmental and Social Responsibility Committee.

The Environmental and Social Responsibility Committee shall be comprised of at least three directors.

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The committee shall meet at least three times a year and its duties shall be to:

- Review the Group's principal opportunities and risks in social and environmental matters in light of the issues specific to its strategy and businesses, and give its opinion to the Board on policies recommended in this field with respect to the sustainable development policy.
- Review the Company's sustainable development and social and environmental responsibility policies and commitments, if necessary, propose changes thereto prompted by the Group's growth, and assess results obtained vis-à-vis objectives set.
- Review non-financial information published by the Group, in particular on social and environmental matters.
- Monitor application of the ethical rules adopted by the Group."

In addition, at that same meeting of 24 September 2012, the Board decided that the members of the committee would be appointed after the General Meeting to be held in the first half of 2013 and that, until then, Myriam Maestroni, an independent director who accepted these duties, would temporarily be the only member of the committee. Ms Maestroni has recognised expertise in the field of social and governmental responsibility, has sat on numerous bodies that deal with issues relevant thereto and has published several articles on SER issues.

On 6 November and 13 December 2012, Myriam Maestroni held meetings with members of the Company's management team and their deputies. The purpose of these meetings was to:

- Focus on the key importance for the Group of the values and major aspects of the SER policy, which are at the heart of its businesses, strategy and governance and management practices; and
- Organise the preparation of the report required by Decree no. 2012-557 of 24 April 2012 on companies' transparency obligations in social and environmental matters.

2. Internal control and risk management systems within the Company

In drafting the Chairman's report, the Company relied on the AMF's 'Internal control reference framework: Implementation guide for small- and mid-caps'.

2.1 Internal control objectives

The Company's internal control systems, which are designed and implemented under its responsibility, seek to provide reasonable assurance that:

- Statutes and regulations are complied with;
- The instructions and policies set by General Management are applied;
- The Company's internal processes function properly, in particular those contributing to the security of its assets;
- The processes for preparing financial information are reliable.

In general, the processes applied for these purposes within the Company contribute to exercising control over its activities, the efficacy of its operations and efficient use of its resources.

These processes include procedures and operating guides, and are applied to all Group subsidiaries.

By helping to anticipate and control the risk of not meeting the objectives the Company has set for itself, the internal control system plays a key role in conducting and monitoring its various activities.

However, internal control systems cannot provide an absolute guarantee that the Company's objectives will be achieved.

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2.2 Organisation of the Company

As from the start of 2012, the Company underwent a significant reorganisation. The former 'operational divisions with geographical purview', whose heads covered both operations and development of all Group businesses in their respective regions, were eliminated.

The structure in place in 2012, which replaced the structure that had been in place in 2010 and 2011, is as follows:

- Two Business Units cover, respectively, the thermic biomass business and the wind and solar power generation business.
- Three Corporate Development departments are responsible respectively for:
 - the American continent and the Caribbean region;
 - the Indian Ocean, Asia-Pacific and Africa;
 - Europe;
- the following centralised services, which support the two business units and the three Corporate Development Departments:
 - Personnel and Labour Relations Department;
 - Administrative and Financial Department, including the Contracts and Legal Affairs and Management Control Departments;
 - Technical and Purchasing Department ;
 - Projects and Construction Department;
 - Corporate Strategy and Environmental and Social Responsibility Department;
 - Company Secretariat and the secretariat of the Board of Directors.
- Since the Company took control of Methaneo in May 2012 by acquiring 60% of its share capital, the founding officers of that company remained in office as Chairman and Chief Executive Officer, respectively. Within Séchilienne-Sidec, Methaneo is overseen directly by the Chairman and Chief Executive Officer, the Head of the Corporate Strategy and Environmental and Social Responsibility Department and the Chief Financial Officer.

Since a resolution adopted by the Board of Directors at its meeting of 26 July 2012, the heads of each of the two business units have the title of Chief Operating Officer. In addition, a General Management Committee was created, which is comprised of the Chairman and Chief Executive Officer, the two Chief Operating Officers and the Chief Financial Officer.

A broader structure, called the 'Executive Committee', includes the four members of the General Management Committee, the heads of the three Corporate Development departments, the Company Secretary and Secretary to the Board of Directors, the assistants of the Chief Financial Officer in charge, respectively, of the Contracts and Legal Affairs and Management Control Departments, the other heads of the departments providing support services to the business units and development areas and, lastly, since May 2012, the Chairman and/or the Chief Executive Officer of Methaneo. The composition of the Executive Committee may be more or less broad depending on the matters under consideration. In 2012, the number of participants at meetings, which are held monthly, averaged 15 persons (some of whom, in particular the heads of the corporate development areas, frequently participate in meetings by telephone).

2.3 Internal control bodies

The internal control system is based on:

- The Board of Directors and the committees it has set up, whose duties and operating methods are described in the first part of this report; and
- General Management, the General Management Committee, the Executive Committee and the Administrative and Financial Department.

The Board of Directors and its specialised committees

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As in previous years, in 2012, the Board of Directors and its specialised committees paid particular attention to the proper operation of governance and management structures and the processes for reporting and analysing past and forecast situations.

In accordance with the Company's articles of association, the Board was regularly informed of the Company's financial situation, cash position, indebtedness and commitments and, at its meetings, it reviewed the situation with respect to risks (at its meeting of 7 March 2012, the Board reviewed the updated risk mapping summary, following preparatory work involving particularly experienced management employees and the members of the Audit, Accounts and Risks Committee and the Commitments and Monitoring Committee).

In addition to determining the Company's strategic policies, the Board of Directors reviewed and voted on all significant transactions decided by the Company, in all cases after having heard from the Commitments and Monitoring Committee and, on matters within their purview, after having heard from the other committees.

General Management

With respect to short-term matters, General Management ensures performance thereof, ensures that action plans are in existence and that they are consistent with the Company's strategy, monitors achievement of objectives, stipulates corrective actions acknowledged to be necessary and verifies that such actions are put in place and carried out.

With respect to long-term matters, General Management defines strategy, obtains staff support therefor, and describes the Company's possible positioning in its markets within timeframes of five and ten years, based on analysis of market studies that are publicly available, ordered from consultants or conducted in-house.

Jacques Petry, the Chairman and Chief Executive Officer, who was appointed to this position on 29 October 2011 to replace Nordine Hachemi, who was removed from office due to a disagreement on strategy, devoted a significant portion of the first three months of his term of office to preparing a medium-term strategic vision, which was presented to financial analysts and commentators on 30 January 2012, and then to the General Meeting of shareholders on 14 March 2012. Since then, this important work has been continuously expanded and refined, and by year-end 2012 it had provided the Company with precise strategic policies pursuant to which the Company set as its primary expansion objective the development of energy from various types of biomasses (including methanation), in partnership with professionals in the agricultural and agri-food sectors, in addition to a wind power offer. The Company will seek these expansion opportunities in mainland France (development of units that use wood biomass and of the methanation business), in the French overseas *départements* (use of other local or imported biomasses in addition to bagasse or by themselves) and abroad in countries that are major sugar cane producers that generate bagasse and/or have significant availability of various types of biomasses.

General Management regularly reports to the Board of Directors, in detail, on its activities, and arranges to provide the Board with in-depth preliminary analyses of matters under consideration, in particular through its specialised committees, especially the Commitments and Monitoring Committee, which meets the most frequently (10 meetings in 2012).

General Management Committee and Executive Committee

The composition of these two bodies is described in detail above, and in the section of the management report that discusses the Company's administrative, management and supervisory bodies and its General Management.

- The General Management Committee meets weekly, which allows it to follow all events of significance to the Company in 'real time' and to react promptly. The committee is also a forum for analysis, reflection, exchanges and reaching agreement on cross-functional matters and for preparing proposals submitted to other bodies: the Executive Committee, the Board's specialised committees and the Board itself.
- The Executive Committee meets monthly.

The Executive Committee *inter alia* reviews medium- and long-term budgets and investments. It is informed of the outcome of authorisations granted and, in the case of the most important projects, reviews the performance of investments both before and after completion.

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The Executive Committee is also provided with a summary of the monthly technical and financial reports, and discusses the conclusions to be drawn from the data presented and the policies they recommend.

These meetings are a key component of the operational implementation of the risk management and internal control processes described in sections 2.4 and 2.5 below.

Administrative and Financial Department

The Administrative and Financial Department, which oversees the Accounting, Management Control and Contracts and Legal Affairs Departments, ensures the reliability of financial and accounting information and manages legal matters.

The Management Control Department, which operates within the Administrative and Financial Department and is a major component of the internal control and risk management systems, has been significantly reinforced. It includes three management controllers at the head office and three others in the regions in which the Group does business.

In 2012, the Administrative and Financial Department continued the installation of a shared management accounting system, the preparation of which began in 2009, and set up a monthly account closing procedure, which was operational at the financial year-end.

2.4 Risk management

To ensure the long-term expansion of its business activities, the Group must at all times seek to prevent and properly control the risks to which it is exposed.

The main risks to which the Group is exposed and the resources implemented to prevent them or mitigate any impact thereof are listed and described in the 'Risk factors' section of Chapter 4 of this registration document.

The Group places great importance on having the most complete understanding possible of the various types of risks to which it is exposed, on determining the human, technical, legal, financial and other measures to prevent such risks, and on regularly verifying that such measures are in place and operational.

The actions taken in this respect consist of, firstly, ascertaining and prioritising identifiable external and internal risks, and then setting up procedures for reviewing and assessing these risks.

Furthermore, the Group has undertaken to very significantly reinforce risk management procedures in order to control risks identified or, at the least, to limit their impact on the Company or the Group by providing pertinent responses thereto.

Since 2009, the Group has prepared a risk map that provides it with a summary framework enabling it to identify, assess and monitor the risks of various types to which it is exposed, whose probability of occurrence and potential impacts vary. At its meeting of 7 March 2012, the Board of Directors reviewed that document, which had previously been studied by the Audit, Accounts and Risks Committee and the Commitments and Monitoring Committee. The Board focused on the measures taken to control the risks deemed to be the most significant and sought avenues for improvement, as well as links between this process and the social and environmental responsibility process.

This risk mapping associates specific and/or cross-disciplinary actions with each of the risks identified, which are intended to reduce the probability of their occurrence and mitigate their impact if they do occur. These actions may be organisational, technical, legal, financial or other actions. Implementation of these actions is methodically and continuously monitored, and the content of these actions is constantly updated to take account of technical, economic and legal changes, as well as feedback, which is carefully analysed.

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2.5 Internal control procedures

Naturally, internal control procedures are closely interdependent with the risk management procedures described above.

The implementation principles and methods are essentially:

- The care taken to inform the Company's employees about the provisions adopted by the various authorities in charge of establishing good conduct standards and rules, and stipulating the most appropriate practices to ensure compliance therewith.

This process focuses, in particular, on preventing insider trading and applying the provisions concerning trading in the Company's securities. These issues are discussed in a periodically updated explanatory and awareness-raising memorandum that is circulated to the directors, beneficiaries of bonus share subscription or allotment options, corporate officers and management employees of the Company and its subsidiaries who may have access to privileged information in the performance of their duties, and to certain parties with which the Company has entered into contracts that fall into the same category. The Company keeps and updates a list of such persons, whether internal or external to the Group, and has informed them that they are on this list.

- Applying standardised processes for collecting, reporting and analysing information of all types:
 - a. Technical and operating information: daily and monthly reports submitted by the heads of production units, special reports analysing incidents if such events occur, reports on the maintenance and servicing of production equipment, reports on construction projects, and reports on the implementation of new processes.
 - b. Financial information: half-yearly accounting and financial statements, monthly account closings (since November 2012); documents monitoring budget performance; documents monitoring and analysing cash flows at regular intervals; documents monitoring indebtedness, excluding finance leases, as well as finance lease debt; and documents monitoring compliance with obligations to the tax, labour and customs authorities.
 - c. Legal information: in particular, monitoring contractual relationships, monitoring undertakings made and received, monitoring amendments to legislation and various regulatory standards requiring adaptation measures, analysis of any threatened litigation, and monitoring litigation.

The services of an external chartered accounting firm are used to prepare the consolidated financial statements, under the responsibility of the Group's Administrative and Financial Department. This external chartered accounting firm performs its work on the basis of the various companies' financial statements and any additional documentation it requests, as well as IFRS restatements made by the Group, which are fully explained and discussed. These restatements are systematically approved by the Audit, Accounts and Risks Committee after they have been reviewed in conjunction with the statutory auditors.

A key control is the comparison of consolidated income with the Group's income forecasts. The chartered accounting firm prepares an analytical dossier, which is reviewed and compared with internal analyses by the Administrative and Financial Department and a management controller at the head office.

Consolidated financial statements are prepared on a half-yearly basis.

- Applying procedures for deciding, carrying out and monitoring investments, as well as ordering and procurement procedures that separate tasks and are controlled at various levels.

The procurement policy focuses, in particular, on applying in practice the combined principles of looking for quality offers, choosing the best offers in the Group's interest, and making an equitable selection of suppliers. Significant purchases are approved by the Chairman and Chief Executive Officer. Particular attention is paid to the ethical reputation of suppliers and their compliance with social and environmental responsibility values.

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Noteworthy actions were undertaken in 2009 to further formalise and clarify the procedures to be followed and the departments involved at each successive stage, i.e. manifestation of interest in a project, detailed analysis of its feasibility, preparing a commercial proposal, making the investment and transferring the project to an in-house or external operator. This methodology has been refined in subsequent years and is implemented through meetings that are held as projects move from one stage to the other. Accordingly, investment decisions are approved only at the conclusion of a cycle punctuated by launch, finalisation and commitment meetings, in which the Commitments and Monitoring Committee is involved.

- The high degree of centralisation, at the head office, of the Financing and Treasury function (banking relationships, negotiation and optimisation of corporate and project financing, setting up and monitoring financial instruments to hedge risks, centralised cash management, etc.) and management of off-balance sheet commitments.
- Monitoring of all insurance-related issues by a dedicated manager. This arrangement provides rationalised and consistent management of all insurance-related risks and facilitates negotiations and renegotiations of the insurance policies of the various Group entities.

In 2012, the Group undertook to continuously improve the implementation of processes applied to administration and management activities, operating activities and projects.

- With respect to administration and management activities:
 - o The annual business management process: strategic planning, medium-term planning, annual budget and mid-year adjustments, account closing process, publication of results;
 - o The financial management process (reporting, updating forecasts), which improves 'predictability' and monitors the Company's financial position;
 - o The cash management system;
 - o The Human Resources management process, which aims at ensuring that:
 - . Resources remain available and controlling the risks associated with the possible departure of key employees (succession plans, various measures intended to keep and motivate talented employees and attract new employees);
 - . High-quality training is provided.
- With respect to operating activities:
 - o The production unit management process in connection with the Quality Safety Environment (QSE) process. This process was first initiated in the CTG plant, which in 2011 obtained AFNOR certification with respect to the three QSE standards. It was continued in 2012, during which the CTG plant maintained this certification and a preliminary audit was successfully carried out in preparation for certification of the CTBR plant (this certification was obtained in 2013).
This process is part of an overall approach that seeks to adopt and maintain policies for all of the Group's activities that promote sustainable development, prevent negative environmental impacts and preserve biodiversity;
 - o The operating results control process that is charged with detecting problems and taking corrective actions;
 - o The strategic procurement management process, which seeks to safeguard purchase prices, secure deliveries and avoid stock outages, as well as to ensure that the Group's ethical principles are followed when choosing suppliers and during the contractual relationship with them;
 - o The 'technical progress control' process, which seeks to capitalise on technical knowledge in order to secure yields and control production costs (maintenance plan, process optimisation) as well as to satisfy customers, to whom the Group aims to provide a high-quality and readily available energy supply.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

- With respect to projects:
 - o The risk control by project process, which seeks to anticipate as accurately as possible, as from the set-up stage, the impacts of various risks to the forecast internal rate of return and by sizing facilities accordingly;
 - o Cross-functional portfolio management, which makes decisions concerning critical resources, both financial and human, to ensure completion of projects.

The functioning of all of these processes is monitored by Séchilienne-Sidec's General Management Committee and Executive Committee, as well as by the various committees created by the Board of Directors, each within its purview. In addition, the Board of Directors itself is regularly informed thereon.

- 2.6 Limitation on the powers of the Chairman and Chief Executive Officer to furnish sureties, pledges and guarantees without the Board's special and express authorisation. In this respect, the following provisions were applied in 2012:
- There is no limitation on the power of the Chairman and Chief Executive Officer to furnish sureties, pledges and guarantees to tax and customs authorities.
 - The Chairman and Chief Executive Officer may furnish sureties, pledges and guarantees in connection with coal purchases by any Group subsidiary, provided the total amount actually guaranteed at any time does not exceed €15 million or the equivalent thereof in other currencies.
 - The Chairman and Chief Executive Officer may furnish sureties, pledges and guarantees in any other matter and to any other beneficiary, provided the total amount actually guaranteed at any time does not exceed €35 million or the equivalent thereof in other currencies, and provided such sureties, pledges and guarantees are furnished in connection with the undertakings of any subsidiary of the Group.

3. Remuneration

As already discussed in section 1 of this report: the arrangements for directors' fees are described in section 15-1-2; the appointment of Jacques Petry as Chairman and Chief Executive Officer and the method used to calculate [his remuneration] are discussed in section 15-1-1; Jacques Petry's situation with respect to the plans granting options to subscribe or purchase shares is discussed in section 15-1-3-1 (he has not been granted any options) and with respect to the allotment of bonus performance shares is discussed in section 15-1-3-2 (he has been allotted bonus shares); the arrangements and terms and conditions governing the termination pay to which Jacques Petry may be entitled in the event he is removed from office as Chairman and Chief Executive Officer or if his appointment is not renewed are discussed in section 15-1-4-3; and, lastly, section 15-2 states that Jacques Petry is not the beneficiary of any specific complementary or supplementary pension plan.

Chapter 15 of this registration document on the remuneration and benefits of all types granted to corporate officers discusses the role of the Board of Directors, which, with the input of the Nomination and Remuneration Committee, determines such remuneration and benefits, and the principles and rules adopted by the Board to determine such remuneration and benefits, in particular, by stipulating performance conditions.

4. Other information

4.1 Procedures for taking part in General Meetings of shareholders

The procedures for taking part in General Meetings of shareholders are specified in Article 32 of the Company's articles of association, which are available on the Company's website, and whose principal provisions are described in the Company's registration document. Article 32 was updated by a resolution adopted by the General Meeting of 25 May 2011 voting on extraordinary matters.

4.2 Information required by Article L. 225-100-3 of the French Commercial Code

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

The information required by Article L. 225-100-3 of the French Commercial Code on factors that may have an impact in the event of a public offering is provided in the Board of Directors' management report, which is incorporated into the 2012 Annual Financial Report along with this report. These factors are discussed below.

- The Company's capital structure is described in Chapter 18 of this registration document. As at 31 December 2012:
 - . Financière Hélios held 36.95% of the Company's share capital; and
 - . Financière Hélios and its shareholders jointly held 42.34% of the Company's share capital.
- The articles of association do not impose any restriction on the exercise of voting rights or share transfers, and the Company has not been informed of any of the contractual clauses referred to in Article L. 233-11 of the French Commercial Code.
- The Company is not aware of any direct or indirect ownership of its capital that comes within the scope of Articles L. 233-7 and 233-12.
- No securities carry special control rights.
- No control mechanisms are provided for in any employee shareholding plan if the employees do not hold controlling rights.
- The Company is not aware of any agreements between shareholders that may restrict share transfers or the exercise of voting rights.
- The rules governing the appointment and replacement of members of the Board of Directors, as well as the amendment of the Company's articles of association, are found in the articles of association, which are available on the Company's website.
- The powers of the Board of Directors to issue and redeem shares are established by the articles of association and by resolutions adopted by General Meetings that grant it authority for such purposes, subject to statutory and regulatory conditions and limitations.
- The Company is not aware of any agreements that would be modified or would expire in the event of a change of control of the Company.
- There is no specific agreement that, specifically in the event of a public offering, provides for payments to be made to the members of the Board of Directors or to employees if they resign or are dismissed without just cause or if their jobs are eliminated.
- Information concerning the remuneration of the Chairman and Chief Executive Officer is provided in Chapter 15 of this registration document. In particular, termination payments and other commitments to corporate officers are discussed in section 15.1.4 of that chapter.

4.3 Current delegations of powers and authorisations

Current delegations of powers and authorisations are listed in the special report of the Board of Directors, which is appended to the registration document as Appendix 5.

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Document appended to the report of the Chairman of the Board of Directors: the Board of Directors' internal regulations, supplemented by the Directors' Charter

**REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION
AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL
CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP**

**SECHILIENNE-SIDEC
SOCIETE INDUSTRIELLE POUR LE DEVELOPPEMENT
DE L'ENERGIE ET DE LA COGENERATION**

A French *société anonyme* with share capital of €1,102,349.13
Registered office: 22 Place des Vosges – Immeuble Le Monge – La Défense 5 – 92400 Courbevoie
Nanterre Trade and Companies Register no. 775 667 538

BOARD OF DIRECTORS' INTERNAL REGULATIONS

Updated: 24 September 2012

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

BOARD OF DIRECTORS' INTERNAL REGULATIONS

Introduction

At its meeting of December 19, 2008, the Board of Directors of Séchilienne-Sidec (the '**Company**') adopted these internal regulations (the '**Internal Regulations**'), which were subsequently supplemented on several occasions.

The Internal Regulations apply to all current and future Directors. Their purpose is to supplement the provisions of the statutes, regulations and articles of association in order to specify the operating conditions of the Board of Directors and its committees, in the interests of the Company and its shareholders.

The Directors' Charter, which stipulates Directors' rights and obligations, is appended hereto.

For the purposes of these Internal Regulations:

'**Directors**' means the members of the Company's Board of Directors;

'**General Meeting**' means the general meeting of the Company's shareholders;

'**Board of Directors**' or '**Board**' means the Company's Board of Directors;

'**Group**' means the Company and any company it controls within the meaning of Article L. 233-3 of the French Commercial Code;

'**Chairman**' means the Chairman of the Board of Directors; and

'**Chief Executive Officer**' means the Company's chief executive officer.

The Internal Regulations are for internal use and do not replace the Company's articles of association, but implements them in a practical manner. Therefore, third parties may not assert the Internal Regulations against the Company. Shareholders will be informed of the existence of the Internal Regulations in the Company's annual report and on the Company's website. The Internal Regulations may be amended by a decision of the Board of Directors.

Article 1: Composition of the Board of Directors

The Board of Directors shall be composed of at least three members and no more than twelve members, subject to statutory provisions that apply to mergers. To the extent possible, one-third of the members of the Board of Directors should be independent Directors.

A Director is considered to be independent if he/she has no relationship of any type with the Company, its Group or its management that could compromise his/her ability to freely exercise his/her judgment. Thus, an independent Director is not simply a 'non-executive' director (i.e. a director who does not hold a management position with the Company or its Group), but must also not have any specific ties to them (significant shareholder, employee, customer, supplier, etc.).

The Board of Directors has the authority to determine whether a Director is independent.

The Board of Directors shall regularly review its composition. In addition, it shall study its operation annually. It shall meet once a year outside the presence of the Company's internal Directors to evaluate the performance of the Chairman and Chief Executive Officer, if these functions are combined, or the performances of both the Chairman and the Chief Executive Officer, if these functions are separated.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

Article 2: Powers of the Board of Directors

In conjunction with the General Meeting, the Board of Directors is the Company's primary decision-making and control body. Its powers include:

- Determining the Company's business policies and ensuring they are carried out, by having its Chairman submit reports to it about on-going business and projects;
- Considering any matter relating to the proper operation of the Company;
- Authorising the furnishing of sureties, pledges and guarantees;
- Authorising 'regulated' agreements and undertakings before they are concluded, in accordance with the statutes in force and the Company's articles of association;
- Carrying out the controls and verifications it deems necessary;
- Preparing and approving the Company and consolidated financial statements, as well as half-yearly financial statements;
- Reviewing interim management documents;
- Authorising investments required for industrial or external growth projects during the year and/or the financing thereof;
- Authorising all significant sales (or contributions) of assets;
- Studying all proposed merger, spinoff or contribution transactions;
- Setting the remuneration of the Chairman and Chief Executive Officer;
- Creating committees charged with studying issues that the Board itself or its Chairman submit for their review and opinion.

The Board of Directors shall review and approve the information published in the Company's management report on its structures and corporate governance practices.

Article 3: Operation of the Board of Directors

3.1. Meetings of the Board of Directors

The Board of Directors shall meet as often as required by the Company's interests, and at least four times per year, at the registered office or any other place specified in the notice of meeting.

Specific meetings dealing with strategy, human resources, risk management or any other subject may be scheduled depending on priorities and needs.

Notices of meetings shall be given by the Chairman or half of the Board's members, by any means, including orally, in principle at least three business days before the Board meeting, except in the event of an emergency.

3.2. Information provided to Directors

The Chairman or the Chief Executive Officer shall provide each Director with all documents and information necessary for him/her to perform his/her duties.

Directors may obtain all documents they deem necessary. Requests for additional information shall be made to the Chairman of the Board of Directors, who will assess whether the documents requested are necessary.

Before each Board of Directors' meeting, the Directors shall receive, in a timely manner and subject to confidentiality requirements, a dossier on the matters on the agenda that require prior analysis and reflection.

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Between Board meetings, Directors shall regularly receive all important information concerning the Company, and shall be informed of any event or change that significantly affects the transactions or information previously reported to the Board.

In particular, the Directors shall be provided with the Company's press releases, as well as with significant press articles and financial analysis reports.

The Directors may meet the Group's principal managers outside the presence of the corporate officers, provided they submit a request for such meeting to the Chairman of the Board of Directors, who will inform the corporate officers thereof.

3.3. Proxies

All Directors may be represented by another Director at a specific meeting. Proxies may be granted by a simple personal letter or even by telegram. Each Director may hold only one proxy at any given meeting.

The foregoing provisions apply to the permanent representative of a legal entity that is a Director.

3.4. Deliberations

The deliberations of the Board of Directors shall be valid only if at least half its members are present.

Decisions shall be adopted by a majority of the members present or represented. A Director who has been granted a proxy by a fellow Board member shall hold two votes.

The Chairman of the Board of Directors or, in his/her absence, the Deputy Chairman appointed by the Board to assist the Chairman in consolidating proper governance of the Company, shall lead the discussions.

If both are absent, the meeting shall be chaired by a Director specially appointed for such purpose by the members of the Board present at the meeting.

In the event of a tied vote, the chairman of the meeting shall have the casting vote.

3.5. Participation at meetings by videoconference or other means of telecommunication

For purposes of calculating the quorum and majority, Directors who participate in Board meetings by videoconference or other means of telecommunication that allow them to be identified and enable them to participate effectively, in accordance with the conditions below, shall be deemed present.

- Videoconference systems or other means of telecommunication may be used at all Board of Directors' meetings. However, in accordance with the provisions of Article L. 225-37, paragraph 3, of the French Commercial Code, these methods of participation may not be used to prepare the annual financial statements and the management report, or the consolidated financial statements and the Group management report.
- Before the start of deliberations, it must be ensured there are no third parties, microphones or any other element that would be contrary to the confidential nature of deliberations.
- Each participant must be able to speak and to hear what is said.
- The videoconference system or other means of telecommunication used must possess technical features enabling them to continuously and simultaneously retransmit the deliberations so as to enable the Directors to actually take part in the Board's deliberations.
- In the event the chairman of the meeting notes a malfunction of the videoconference system or means of telecommunication, the Board of Directors may validly deliberate and/or continue the meeting with only the members who are physically present, provided the quorum requirement is met.

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3.6. Attendance sheets

An attendance sheet shall be kept, which shall be signed by the Directors who attended the Board meeting, and which, if applicable, shall state the names of Directors who took part in the deliberations by videoconference or other means of telecommunication (on their own behalf and on behalf of the Directors they represent).

3.7. Minutes

The deliberations of the Board of Directors shall be recorded in minutes kept in a special register maintained in accordance with the statutes in force, and shall be signed by the chairman of the meeting and at least one Director. If the chairman of the meeting is unable to sign the minutes, they shall be signed by at least two Directors.

The minutes shall be approved at the next meeting. For such purpose, the draft minutes shall be sent in advance to each Director.

Minutes of meetings shall state the names of the Directors who are present or deemed present in accordance with applicable legislation, who sent their apologies or who are absent. The minutes shall record the presence or absence of persons who were given notice of the Board meeting and the presence of any other person who attended all or part of the meeting.

The minutes shall mention any videoconference system or means of telecommunication used, the name of each Director who participated in the Board meeting using such means and, if applicable, any technical incident that disrupted the conduct of the meeting, including the interruption and reestablishment of remote participation.

Copies or extracts of minutes may be validly certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Director temporarily appointed to chair the meeting, the secretary of the Board of Directors or an agent appointed for such purpose by the Board.

Article 4: Board of Directors' committees

The Board of Directors may create committees comprised of Directors, or managers, or of both Directors and managers of the Company. The members of these committees are charged with studying the matters that the Board or its Chairman submit for their review.

The following committees have been created by the Board of Directors:

- The Audit, Accounts and Risks Committee,
- The Nomination and Remuneration Committee,
- The Commitments and Monitoring Committee,
- The Environmental and Social Responsibility Committee.

Each committee shall report on its assignments to the Board of Directors.

The committees act in a non-binding capacity.

The Board of Directors shall have full discretion to decide on any action to be taken on the proposals or recommendations submitted by the committees. Each Director shall remain free to vote as he/she sees fit, and is not bound by the studies, investigations or reports of the committees or any recommendations they may make.

The composition of these committees may be modified at any time by a decision of the Board.

Article 5: Audit, Accounts and Risks Committee

5.1 Composition

The Audit, Accounts and Risks Committee shall be comprised of at least three directors.

At least two-thirds of its members shall be independent directors within the meaning of the AFEP-MEDEF Corporate Governance Code.

Based on their training and/or professional experience, the committee members shall have accounting and financial expertise.

The committee shall not include any corporate officer.

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The committee shall be chaired by one of its members, who shall be designated by the Board of Directors.

5.2 Operating procedures

The Audit, Accounts and Risks Committee shall meet at least four times a year and, in any event, before the Board of Directors' meetings at which the annual and half-yearly financial statements, the quarterly financial information and matters in relation with its duties are studied.

The agenda for committee meetings shall be prepared under the responsibility of its chairman.

The committee shall have a secretariat to prepare meetings under the authority of its chairman.

The committee shall receive all elements, documents and information in relation with the performance of its duties.

The committee may request to meet with the Chairman of the Board of Directors.

The committee may also interview the directors, the employees of the Company and its subsidiaries and the external auditors of the Company and its subsidiaries.

If it deems it necessary, the committee may request the assistance of external experts, in which case the Company must provide it with the corresponding financial resources.

The committee shall report on the performance of its duties to the Board of Directors, in particular through the briefings provided by its chairman and by providing directors with the minutes of its meetings, which shall state if its members were present or absent.

5.3 Powers

The Audit, Accounts and Risks Committee shall monitor matters in connection with the preparation and control of accounting and financial information and shall prepare the deliberations of the Board of Directors by monitoring the matters listed below and reporting to the Board on its activities. Monitoring the process for preparing financial information: reporting on the financial position, financial policy and financial strategy of the Company and its subsidiaries; reporting on the procedures used to prepare, collect, analyse and verify accounting and financial information, in particular information communicated to the shareholders and the market; reviewing the communications of the Company and its subsidiaries on accounting and financial matters; reviewing all issues of an accounting or financial nature submitted to it by the Chairman of the Board of Directors, General Management or the statutory auditors; approving the architecture of all systems used to prepare financial information; reviewing the conformity of accounting measurements and choices made with the accounting standards framework and reviewing the means implemented to achieve the objectives set (accurate and complete picture of the position of the Company and its subsidiaries, transparency, clarity and consistency over time). Monitoring the effectiveness of internal control and risk management systems: reviewing the organisation and application of internal control procedures within the Company and its subsidiaries; reviewing the work and analyses carried out in this respect, and the work, analyses and reports of external auditors; meeting with the internal control managers and the external auditors; reviewing the procedures used to identify and monitor risks; reviewing and monitoring risks identified, their classification and prevention plans and actions; reviewing the report of the Chairman of the Board of Directors on the operations of the Board of Directors and internal control and risk management systems.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

- a) Overseeing the annual and half-yearly financial statements, as well as quarterly financial information: reporting on the consolidation scope, accounting methods and control procedures; reviewing the financial statements and, in particular, analysing provisions, risks and significant off-balance sheet commitments; reporting on accounting positions taken in recording significant transactions; overseeing the statutory auditors' review of the Company and consolidated financial statements; conducting a prior review of draft accounting documents submitted to the Board of Directors.
- b) Monitoring the effectiveness of internal control and risk management systems: reviewing the organisation and application of internal control procedures within the Company and its subsidiaries; reviewing the work and analyses carried out in this respect, and the work, analyses and reports of external auditors; meeting with the internal control managers and the external auditors; reviewing the procedures used to identify and monitor risks; reviewing and monitoring risks identified, their classification and prevention plans and actions; reviewing the report of the Chairman of the Board of Directors on the operations of the Board of Directors and internal control and risk management systems.
- c) Overseeing the annual and half-yearly financial statements, as well as quarterly financial information: reporting on the consolidation scope, accounting methods and control procedures; reviewing the financial statements and, in particular, analysing provisions, risks and significant off-balance sheet commitments; reporting on accounting positions taken in recording significant transactions; overseeing the statutory auditors' review of the Company and consolidated financial statements; conducting a prior review of draft accounting documents submitted to the Board of Directors.
- d) Overseeing the manner in which the external auditors perform their assignments: supervising the procedure for selecting or reappointing statutory auditors; reviewing the manner in which they perform their assignments and the fees paid to external auditors; monitoring their independence and the updated declarations and information with respect to such independence.
- e) When it reviews the financial statements, the committee shall focus on significant transactions that may generate conflicts of interest.

Article 6: Nomination and Remuneration Committee

6.1 Composition

The Nomination and Remuneration Committee shall be comprised of three Directors, at least one of whom shall be an independent Director.

6.2 Operating procedures

The Nomination and Remuneration Committee meet before any Board of Directors' meeting at which matter within its purview are to be studied and, in any event, at least once a year.

The committee shall inform the Board of Directors of its work and observations through reports submitted to the Chairman of the Board of Directors and briefings by its members at Board of Directors' meetings.

The committee may request to meet with the Chairman of the Board of Directors.

6.3 Powers

- The Nomination and Remuneration Committee is tasked with studying the following matters: composition of the Board, appointments of directors and renewal of their terms of office, directors' fees, the Group's organisation and structures, and all aspects of appointments and remuneration (including benefits of all types) of corporate officers and members of the Executive Committee.
- It shall make proposals to the Board with respect to appointments of directors and renewal of their terms of office, after a detailed review of all information it is required to take into account concerning the desired balance in the composition of the Board in light of changes to the Company's shareholder structure and business activities, gender balance and the types of expertise represented, and on the basis of the search for and assessment of possible candidates. In particular, the committee shall set up a procedure for selecting future independent directors and shall study potential candidates before they are approached.

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- The committee shall also propose succession solutions to the Board in the event of a foreseeable vacancy in executive director positions and study the succession plans for the principal corporate officers.
- The Board of Directors shall decide the remuneration of corporate officers, and the Chairman and Chief Executive Officer shall decide the remuneration of executives who are members of the Executive Committee, after having obtained the comments of the Nomination and Remuneration Committee, and on the basis of observations on actual changes in the modulation factors adopted in light of the expectations concerning each of them.
- The duties of the Nomination and Remuneration Committee shall include making recommendations and proposals on the policy with respect to options to subscribe or purchase shares and share allotments.
- In performing its duties, the Board shall examine *inter alia* the practices of comparable companies and the rules for calculating the variable component of remuneration consistent with performance evaluations.

Article 7: Commitments and Monitoring Committee

The Commitments and Monitoring Committee shall be comprised of at least three directors, including the Deputy Chairman of the Board of Directors, who shall chair the committee. The committee shall meet an average of ten times a year to become familiar with the reported situation arising from the Company's commitments and to review and assess the factors relevant to changes thereto, to examine development projects at the various stages thereof, and to regularly report on all significant matters in respect of the Company and the Group. The committee shall make observations, give opinions and make recommendations to the Board of Directors on all matters referred to it by General Management in relation with projects and oversight of operations.

Article 8: Environmental and Social Responsibility Committee

The Environmental and Social Responsibility Committee shall be comprised of at least three directors. The committee shall meet at least three times a year and its duties shall be to:

- Review the Group's principal opportunities and risks in social and environmental matters in light of the issues specific to its strategy and businesses, and give its opinion to the Board on policies recommended in this field with respect to the sustainable development policy.
- Review the Company's sustainable development and social and environmental responsibility policies and commitments, if necessary, propose changes thereto prompted by the Group's growth, and assess results obtained vis-à-vis objectives set.
- Review non-financial information published by the Group, in particular on social and environmental matters.
- Monitor application of the ethical rules adopted by the Group.

Article 9: Remuneration of Directors

All Directors may receive directors' fees as remuneration for the performance of their duties, the total amount of which shall be determined by the General Meeting of the Company's shareholders. The Board of Directors shall have full discretion to decide the allocation of such directors' fees, in light of the recommendations or proposals of the Nomination and Remuneration Committee.

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DIRECTORS' CHARTER

This Charter specifies the rights and obligations of Directors.

Each Director and, if applicable, each permanent representative of a legal entity that is a Director, shall comply with this Charter.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

A. Representation of shareholders

The Board of Directors collectively represents all shareholders and shall, in all circumstances, act in the corporate interest. Each Director, regardless of the manner in which he/she was appointed, shall represent all shareholders.

B. Knowledge of rights and obligations

Before accepting his/her position, each Director shall become familiar with the statutes and regulations relevant to his/her position, the Company's articles of association, this Charter and the Board of Directors' Internal Regulations.

Each Director may at any time consult the secretary of the Board of Directors regarding the scope of such texts and the rights and obligations attached to his/her position.

C. Holding a minimum number of shares in the Company

Each Director shall hold four hundred shares in the Company, in registered form, throughout his/her term of office.

D. Information

Each Director shall ensure that he/she receives in a timely manner all information necessary to perform his/her duties. He/she shall, within the appropriate time periods, request and demand from the Chairman of the Board of Directors the information he/she deems necessary to perform his/her duties and to speak on the matter of business on the agenda of Board of Directors' meetings.

E. Regular attendance

Each Director shall devote to his/her position the necessary time and attention and, when he/she accepts another position, he/she should ask himself/herself whether it will permit him/her to fulfil this duty. Except in cases of actual impossibility, he/she shall attend all meetings of the Board of Directors and of the committees of which he/she is a member, as well as the General Meetings of shareholders.

F. Conflicts of interest

Directors shall inform the Board of Directors of any conflict of interest situation, including potential conflicts of interest, as of the time they become aware thereof, and shall refrain from participating in the vote for the corresponding decision. If a Director has a permanent conflict of interest, he/she shall resign.

G. Duty of confidentiality and non-disclosure

Directors undertake not to speak in an individual capacity, other than during the Board's internal deliberations, on matters discussed at Board meetings.

With respect to non-public information of which they become aware in the performance of their duties, Directors should consider themselves bound by an obligation to maintain professional secrecy that goes beyond the mere duty of non-disclosure (*obligation de discrétion*) stipulated by Article L. 225-37, paragraph 5, of the French Commercial Code.

The duty of non-disclosure applies to all persons who are requested to attend Board meetings with respect to information of a confidential nature that is presented as such by the Chairman of the Board.

H. Stock market ethics

■ Privileged information

In accordance with the provisions of Article 621-1 of the General Regulations of the Autorité des Marchés Financiers (AMF), privileged information is defined as specific, non-public information that directly or indirectly concerns one or more listed companies, which

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if made public is likely to have a noticeable influence on the share price and, more broadly, on the price of the financial instruments issued by the relevant companies, or to influence the decisions investors may take regarding such shares or instruments.

Information is considered to be public if it has been communicated to the public in the form of a press release issued by the Company.

■ *Principles*

Directors shall use privileged information concerning the Group only in the performance of their duties. Such information shall in no event be communicated to third parties outside the scope of the performance of the Director's duties, or for any purpose or activity other than that for which the information is held.

Any Director who holds privileged information concerning the Group is considered to be an 'insider' and shall refrain from carrying out, directly or through an intermediary, on his/her own behalf or on behalf of a third party, transactions in the Company's securities, so long as the information has not been made public.

Any Director who holds privileged information concerning the Group shall refrain from recommending to any other person to buy or sell, on his/her own behalf or on behalf of a third party, whether directly or indirectly, the Company's securities, so long as the information has not been made public.

Each Director shall be personally responsible for determining whether information he/she holds is privileged and, in consequence thereof, to decide whether or not he/she is entitled to use or transmit such information, and whether or not he/she is entitled to carry out any transaction in the Company's securities.

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL SYSTEMS WITHIN THE COMPANY AND THE GROUP

■ *Blackout periods*

In addition to the period prior to the publication of any privileged information of which they are aware, during which, in accordance with the law, insiders must refrain from carrying out any transaction in the Company's securities, Directors are recommended to refrain from carrying out any transaction in the Company's securities during the following periods:

- The periods beginning thirty days before and ending two trading days after, firstly, the disclosure of the Company's annual results and, secondly, the disclosure of the Company's half-yearly results;
- The periods beginning fifteen days before and ending two trading days after each publication of quarterly information.

■ *Insider trading*

Directors have been informed of the provisions in force concerning the holding of privileged information and insider trading: Articles 621-1 et seq. of the AMF General Regulations and Article L 465-1 of the French Monetary and Financial Code.

■ *Obligation to report transactions in the Company's securities*

In accordance with the provisions of Articles L. 621-18-2 and R. 621-43-1 of the French Commercial Code, Articles 223-22 to 223-26 of the AMF General Regulations and AMF Instruction no. 2006-05 of 3 February 2006 on transactions of senior managers and the persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code in a company's securities, Directors and persons with close ties to them are required to report to the AMF purchases, sales, subscriptions and exchanges of financial instruments of the Company, as well as transactions carried out in instruments associated therewith, if the total amount of such transactions exceeds €5,000 in any calendar year.

Directors and persons with close ties to them are required to electronically submit their disclosure form to the AMF (declaratiodirigeants@amf-france.org), within a period of five trading days following the completion of the transaction.

If such disclosure is made to the AMF, the persons who submit such disclosure should provide the secretary of the Company's Board of Directors with a copy of the disclosure.

The AMF puts those disclosures online on its website, and a yearly summary thereof is included in the management report submitted to the Company's annual General Meeting.

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