

## 6.3.2 Report of the Chairman of the Supervisory Board prepared in accordance with Article L. 226-10-1 of the French Commercial Code

Dear Shareholders,

As the Chairman of the Supervisory Board, it is my pleasure to present to you this report prepared in accordance with Article L. 226-10-1 of the French Commercial Code regarding the composition of the Board, the application of the balanced gender representation principle, the conditions for the preparation and organization of the work of the Board, the internal control and risk management procedures established by Management, and to inform you of the French Corporate Governance Code used as a reference by the Company, as well as the specific terms and conditions pertaining to the participation of shareholders in the Shareholders' Meeting.

In preparing this report, I have been able to draw on:

- information and documents from Accounts and Risk Monitoring Committee, Compensation and Appointments Committee and Supervisory Board meetings;
- questions addressed to the Statutory Auditors, without Rubis' Management and/or Directors being present;
- regular discussions with Rubis' Management and Finance, Consolidation and Legal Departments;
- assistance from Rubis' Secretary of the Board.

### 6.3.2.1 REFERENCE CODE: THE AFEP-MEDEF CODE

The French Corporate Governance Code which the Company refers to is the Afep-Medef Code, revised in November 2016.

The Company has always endeavored to fully adhere to the recommendations of the Afep-Medef Code, within the limits of the features specific to its statute as a partnership limited by shares and its own by-law provisions.

For the recommendations which have not been completely followed or which it was not possible to follow in 2016, the Company explains why in this Registration

Document (see sections 6.3.2.4.1 and 6.3.2.4.2). These are:

- the rate of independence of the Accounts and Risk Monitoring Committee, which stood at 50% as of December 31, 2016 and went up to 60% following the appointment of Marie-Hélène Dessailly to the Committee during the Supervisory Board meeting of March 13, 2017;
- the non-involvement of the Compensation and Appointments Committee in the preparation of a succession plan for the executive officers inasmuch as, in partnerships limited by shares, this task is solely the responsibility of the General Partners.

### 6.3.2.2 COMPOSITION, INDEPENDENCE AND POWERS OF THE SUPERVISORY BOARD

#### 6.3.2.2.1 Composition

Supervisory Board members are appointed for a maximum of 3 years by the Shareholders' Meeting. General Partners may not take part in this appointment.

The duration of the terms of office is organized in such a way as to avoid the simultaneous replacement of the entire Board. About 1/3 of the Board members are re-appointed every year.

As of December 31, 2016, the Board was composed of 13 members, including 5 women. At the end of the Shareholders' Meeting of June 8, 2017, subject to the approval of the proposed term of office renewals, the Board will consist of 12 members (including 5 women), given Jean-Claude Dejohanet's notice to Management that he will not seek a new term of office. The percentage of women (41.7%) will thus comply with the 40% minimum required by law.

The reappointments proposed at the next Shareholders' Meeting are detailed in section 6.2.4 of the 2016 Registration Document.

The biographies, skills and experience of all the members of the Board, as well as their appointment and expiration dates are provided in section 6.2.3 of this document.

#### 6.3.2.2.2 Independence

In accordance with the recommendations of the Afep-Medef Code, the Supervisory Board must have a majority of members who are independent and free of any vested interest, *i.e.* do not have any relationship of any kind with the Company, its Group or its Management, which could compromise the exercise of their freedom of judgment.

During its March 13, 2017 meeting, the Supervisory Board considered the opinion and the work of the Compensation and Appointments Committee, to which it assigned the task of reviewing the independence of its members.

#### Criteria used to assess the independence of the members of the Supervisory Board

The Supervisory Board opted to only use the criteria defined by the Afep-Medef Code regarding independence. It thus is able to ensure that members classified as independent by the Compensation and Appointments Committee meet the following criteria:

- are not or have not been, during the 5 previous years, employees or executive officers of the Company, or employees, executive officers or Directors of one of Rubis' consolidated companies;
- are not executive officers of a company in which the Company holds a direct or indirect position as a Director, or in which an employee designated as such or an executive officer of the Company (currently or having been so within the past 5 years) holds a Director position;

- have no close family relationships with a corporate officer;
- have not been Statutory Auditors of the Company during the 5 preceding years;
- have not been members of the Board for more than 12 years since a member can no longer be classified as independent as of the anniversary date of their 12 years of service;
- do not represent a large shareholder (more than 10%) who may play a role in the control of the Company;
- are not customers, suppliers, business or investment bankers:
- important to the Company or its Group,
- or for which the Company or its Group represent a significant share of business.

Regarding this last criteria, the Supervisory Board, having consulted the Compensation and Appointments Committee, defined the terms and conditions for evaluating the material nature of any business relationship that may exist between a member of the Board and the Company. These related to:

- the duration and the continuity of the commercial relationship (beyond one year);
- the exclusivity of the service and, accordingly, the economic dependence which translates to an annual amount of fees paid limited to €40,000 excluding tax and/or 30% of the revenue of the member of the Supervisory Board who is the service provider;
- the holding of an investment by Rubis or its subsidiaries in the company in which the member of the Supervisory Board holds a position, whether as an executive or non-executive.

The material nature of business relations is reviewed on a case by case basis and is assessed both from the point view of the Company and that of the Board member in question.

### **Review of the independence of the members of the Supervisory Board as of December 31, 2016**

Based on the recommendations of the Compensation and Appointments Committee of March 10, 2017, the Supervisory Board deemed that Claudine Clot, Marie-Hélène Dessailly,

Laure Grimonpret-Tahon, Maud Hayat-Soria and Chantal Mazzacurati, as well as Hervé Claquin and Alexandre Picciotto met the aforementioned independence criteria as of December 31, 2016.

#### **Five members of the Supervisory Board were classified as non-independent due to having exceeded 12 years of service:**

- Olivier Heckenroth (22 years of service);
- Olivier Dassault (18 years of service);
- Jean-Claude Dejohanet (13 years of service). However, Jean-Claude Dejohanet informed the Board on March 13, 2017 that he did not wish to have his term of office renewed;
- Christian Moretti (19 years of service);
- Erik Pointillart (14 years of service).

#### **One member of the Supervisory Board was classified as non-independent due to an agreement that links him to a subsidiary of the Company:**

- Olivier Mistral (6 years of service), has an advisory and assistance agreement on strategy and development that links him to Rubis Terminal, a Rubis subsidiary (see section 6.2.5.2). This agreement provides for compensation of €2,000 for every day worked up to 20 days of work. Although this business relationship has not resulted in a significant payment for the 2016 fiscal year (€9,000 excluding tax) the Supervisory Board deemed that the undetermined nature of the agreement (beyond a potential annual amount of €40,000) was sufficient to classify Olivier Mistral as non-independent. This agreement ended in 2017.

As a result, 7 of the 13 members who made up the Supervisory Board as of December 31, 2016 were classified as independent, thereby establishing **the Board's rate of independence at 53.8%**, in compliance with the rate established by the Afep-Medef Code (50% minimum).

If the Shareholders' Meeting votes in favor of all the renewals (see section 6.2.4) and given the non-renewal of a member classified as non-independent (Jean-Claude Dejohanet), the rate of independence of the Supervisory Board will rise to 58.3% (7 out of 12 members).

### **6.3.2.2.3 Powers**

The Supervisory Board, which represents the shareholders, has the responsibility of continuous oversight of the Company's management in parallel with the oversight exercised by the Statutory Auditors.

The Board handles this mission with the assistance of the Accounts and Risk Monitoring Committee, and possesses, for such purpose, the same powers as the Statutory Auditors. These powers are described in its internal rules (see section 6.3.2.3.1).

It also issues an opinion on other matters linked to the governance of Rubis with the assistance of the Compensation and Appointments Committee: Management's fixed and variable compensation, the composition and renewal of the Board, the independent nature of its members and its gender parity.

Finally, the Board appoints the members of the special Committees, which are an offshoot of the Board (see section 6.3.2.4).

## **6.3.2.3 ORGANIZATION AND FUNCTIONING OF THE SUPERVISORY BOARD**

The organization and missions of the Supervisory Board are defined by law and by the internal rules of the Board. In the exercise of its duties and the preparation of its meetings, the Supervisory Board benefits from the assistance of the Accounts and Risk Monitoring Committee and the Compensation and Appointments Committee.

### **6.3.2.3.1 Internal rules**

The internal rules of the Supervisory Board describes, in particular, the terms and conditions for its composition, organization and functioning, as well as the powers and obligations of its members within the framework of the by-law provisions and the legal provisions applying to a partnership limited by shares.

The internal rules notably cover the following issues:

- **the topics brought to the attention of the Supervisory Board by the Management:**
- each business division's performance and outlook within the framework of the strategy set by Management,

- the acquisitions and/or disposals of businesses or subsidiaries, new holdings and in general, any major investment,
- changes in bank debt and the financial structure based on the financial policy set by Management,
- on internal control procedures defined and drawn up by Group companies under Management's authority, which is responsible for overseeing their implementation,
- draft resolutions presented by Management at the Shareholders' Meetings,
- any major acquisition transaction, prior to its occurrence;
- **missions of the Supervisory Board:** the Board exercises continuous oversight over the Company's management, and in this role, enjoys the same powers as the Statutory Auditors. With the help of the Accounts and Risk Monitoring Committee and the Compensation and Appointments Committee, it proceeds with:
  - the examination of the financial statements and ensuring that the accounting policies used to prepare the Company's separate and consolidated financial statements are appropriate and consistent,
  - the assessment of the financial and non-financial risks associated with the activities of Rubis and its subsidiaries, as well as the oversight of any corrective measures implemented,
  - the recommendations regarding the selection of the Statutory Auditors and the oversight of their performance of their duties,
  - the approval of the report prepared by the Chairman of the Supervisory Board in application of Article L. 226-10-1 of the French Commercial Code,
  - approval of related-party agreements,
  - verification that Management and General Partners' compensation complies with the by-law provisions, and, if applicable, applicable provisions which are unrelated to the by-laws,

- examining the independence of its members on the basis of the Afep-Medef Code criteria;
- **duties and obligations** of members (notably regarding conflicts of interest, confidentiality and restrictions on trading in Rubis shares);
- **compensation of the members of the Board:** the amount of the attendance fees is set by the Shareholders' Meeting. The Board divides the total amount among its members having regard to their attendance at both Board and Special Committee meetings (see section 6.4.4);
- **assessment of the Supervisory Board.**

### 6.3.2.3.2 Board assessment

As recommended by the Afep-Medef Code, and in accordance with the Supervisory Board's internal rules, a self-assessment process has been put in place.

Each year, the Supervisory Board discusses its organization and operation as well as those of its Committees in order to improve their efficiency.

A more formal and in-depth assessment is performed every 3 years on the basis of an anonymous questionnaire provided to the members of the Supervisory Board. This questionnaire mainly addresses the following points:

- organization and composition of the Supervisory Board and its Committees;
- Supervisory Board and Committee meetings (time frame for sending out documents, number of meetings, diversity, etc.);
- contribution of the members to the work of the Supervisory Board and the Committees;
- relations of the Supervisory Board and the Committees with Management and/or the Statutory Auditors (quality of the information provided, the dialog, etc.);
- areas and methods for improving the operation of the Board and the Committees.

The assessment process is now the responsibility of the Compensation and Appointments Committee, which therefore performed a new formal assessment at year-end 2016, whose conclusions were presented to the Supervisory Board of March 13, 2017. This assessment showed that:

- **the organization and composition** of the Supervisory Board and its Committees are satisfactory overall:
- a large majority of Board members expressed the wish to receive training and information regarding the Group's activities, particularly through the organization of site visits,
- regarding the composition of the Board and its Committees: the absence of any foreign nationals on the Board was noted. Some members also expressed a desire for more information regarding the renewal of terms of office or the appointment of members of the Board as part of the preparatory work done by the Committee;
- **the meetings** of the Board and the Committees, as well as the information and documents provided, are of sufficient quality and of a nature to enable members to properly perform their tasks. Nevertheless, 2 members of the Board expressed a desire to have contact with the operational managers of the Group's subsidiaries during Supervisory Board meetings, and another member requested further information regarding the opinion of analysts on Rubis' securities;
- **relations with Management** and the **Statutory Auditors** are good and facilitate work of high quality.

Management, following its review of the report of the Compensation and Appointments Committee, answered all questions raised and proposed a first site visit in June 2017 that will be attended by operational managers.

The next self-assessment will take place in 2020.

### 6.3.2.3.3 Meetings and tasks of the Supervisory Board in 2016

During fiscal year 2016, the Supervisory Board met twice:

- on **March 9, 2016**, to examine the Group's activity in 2015, its results and the separate and consolidated financial statements, as well as the market for Rubis' stock.

It heard the description by Management and the Chairman of the Accounts and Risk Monitoring Committee of internal control procedures for the treatment of accounting and financial information of the Company and the Group, and of the Group risk management procedures. It was also informed of changes in the consolidation scope.

The Board gave a positive opinion on the renewal of the term of office of 4 of its members expiring at the Combined Shareholders' Meeting of June 9, 2016 and on the appointment of a new female member. It also decided on the renewal of the term of office of the principal and alternate Statutory Auditors, which are expiring during said Shareholders' Meeting, as well as regarding the appointment of a new alternate Auditor, while taking into account the European reform on audit which became effective on June 17, 2016.

The Board also issued a favorable opinion regarding the amounts of the fixed and variable compensation to be paid to Management for the 2015 fiscal year and approved the performance criteria proposed for the 2016 variable compensation.

It also reviewed the draft resolutions submitted to the Combined Shareholders' Meeting on June 9, 2016, presented to it by Management.

In addition, it worked on the report of the Supervisory Board and the report of its Chairman, which were presented to the Combined Shareholders' Meeting of June 9, 2016 and presented to the members of the Board the proposal for the distribution of attendance fees for the 2016 fiscal year.

Finally, it approved the proposed modifications to the internal rules and reviewed the assessment of the functioning of the Supervisory Board and the Committees;

- on **September 8, 2016**, to examine the half-yearly separate and consolidated statements for 2016, the market for Rubis' stock and several accounting and fiscal matters.

Accordingly, the Board was informed of the changes in the consolidation scope associated, in particular, with the finalization of the purchase of Bermuda Gas and the purchase of the residual 25% in Eres.

It also took note of the final amounts of the fixed and variable compensation paid to Management for the 2015 fiscal year, which were linked to annual benchmark indices published after the last meeting of the Supervisory Board.

Finally, the Board was informed of the provisions related to audit reform and changes in anti-corruption legislation and their impact on businesses.

Supervisory Board meetings had a high attendance rate: 100% at the meeting of March 9, 2016 and 77% at the meeting of September 8, 2016 (3 members absent). They led to numerous discussions. Also participating in these meetings were Rubis' Managers, the Chief Financial Officer, the Corporate Secretary and the Statutory Auditors, who were able to provide all of the explanations necessary for a proper understanding of the agenda items.

### 6.3.2.4 SPECIAL COMMITTEES OF THE SUPERVISORY BOARD: ACCOUNTS AND RISK MONITORING - COMPENSATION AND APPOINTMENTS

The Rubis Accounts and Risk Monitoring Committee and the Compensation and Appointments Committee are an offshoot of the Supervisory Board, which appoints their members and defines how they are organized, operate and their missions.

### 6.3.2.4.1 Accounts and Risk Monitoring Committee

It supports the Supervisory Board in its task of continuous oversight of the Company's management and helps the Chairman of the Supervisory Board to prepare the report on the Company's internal control and risk management procedures.

As of December 31, 2016, the Accounts and Risk Monitoring Committee consisted of 4 members. They have all been chosen for their expertise in the fields of accounting and finance and in particular for their roles in banking institutions or in the general management of business firms (see section 6.2.3): Chantal Mazzacurati, Olivier Heckenroth, Hervé Claquin and Christian Moretti. Chantal Mazzacurati, who chairs the Committee, and Hervé Claquin have been qualified as independent members by the Compensation and Appointments Committee. The Chairman of the Supervisory Board, Olivier Heckenroth, is automatically a member of the Committee, as it is his responsibility to present the internal control and risk management report to the shareholders.

The rate of independence of the Accounts and Risk Monitoring Committee was 50% as of December 31, 2016, with the Committee Chairwoman having the casting vote. In order to gradually achieve the percentage of independence recommended by the Afep-Medef Code (2/3 of members), the Supervisory Board of March 13, 2017 appointed a new independent member to the Accounts and Risk Monitoring Committee: Marie-Hélène Dessailly. Ms. Dessailly can rightfully participate in the Accounts and Risk Monitoring Committee tasks, given her skills and experience in the realm of insurance. Following this appointment, the rate of independence of the Accounts and Risk Monitoring Committee reached 60% and the Committee comprised 40% female members.

Other contributors to the Accounts and Risk Monitoring Committee include the Managers, Statutory Auditors, Chief Financial Officer, Director of Consolidation and Accounting, and

the Corporate Secretary of Rubis. Nevertheless, following meetings, members of said Committee consult with the Statutory Auditors regarding the consolidated and separate financial statement and risks without the presence of Management and members of Rubis functional departments.

The Committee's principal functions are to:

- examine the financial statements for consistency of accounting methods, quality of data and completeness, and ensure that they give a true and fair view of the Company;
- ensure, based on the information given to it by Management, the existence of internal control procedures for accounting and financial matters and risk management;
- make recommendations to the Supervisory Board regarding the selection of the Statutory Auditors, ensure the compliance of their work conditions and the rules for approval, delegation and monitoring of services that they perform other than the certification of the financial statements.

The Supervisory Board is provided with access to the same documents as the Statutory Auditors and at the same times. Committee members benefit from a reasonable timeframe (2 days at minimum) in which to examine the financial statements before the Board meeting. They also receive a summary of work carried out by the Statutory Auditors.

In 2016, the Accounts and Risk Monitoring Committee met twice to review the annual and half-yearly separate and consolidated financial statements (March 4 and September 5) and once (March 4) for questions regarding internal control procedures, risk management and monitoring, as well as the Group's ethics and CSR policy.

On the occasion of the meeting on risk management and monitoring, a summary, by subsidiary, was sent to the Accounts and Risk Monitoring Committee, of the operational, legal and financial risk maps, and a report on the internal control procedures. All mapping of Group sites and subsidiaries was made available during the meeting.

All members were present at the 3 meetings (see table in section 6.4.4).

#### **6.3.2.4.2 Compensation and Appointments Committee**

The Compensation and Appointments Committee is specifically tasked with providing its opinion regarding:

- compliance of the fixed compensation of Managers with the provisions of Article 54 of the Company's by-laws;
- the quantitative and qualitative criteria to which the variable portion of the Management's compensation is subject;
- deciding on the amount of variable compensation to be awarded in respect of the prior year having regard to the level of satisfaction of the performance criteria;
- giving its opinion on any proposal to reappoint Board members, as well as on any new appointment, while ensuring a balance both in terms of equality and the overall rate of independence of the Board;
- the independence of the Members of the Board with respect to the Afep-Medef criteria before the holding of the Shareholders' Meeting, by checking annually that the Board members classified as independent continue to satisfy the criteria for objectivity and independence set by the internal rules of the Supervisory Board.

It is also responsible for:

- ensuring the organization of the Board assessment process that takes place every 3 years;
- making proposals to the Board on the total amount of attendance fees to be awarded to Board members as well as its breakdown, on the basis of the contribution of each member and their attendance.

However, the Committee does not participate in the preparation of the succession plans for executive officers since this responsibility falls under the sole authority of the General Partners.

As of December 31, 2016, the Compensation and Appointments Committee was made up of 4 members: Chantal Mazzacurati, Chairwoman, Maud Hayat-Soria, Olivier Heckenroth and Erik Pointillart. Chantal Mazzacurati and Maud Hayat-Soria are designated independent members. Chantal Mazzacurati has the casting vote. The composition of the Committee complies with the recommendation of the Afep-Medef Code (at least 50% independent members) and gender parity is 50%.

The Compensation and Appointments Committee met on March 8, 2016. During this meeting, attended by the Company's Corporate Secretary, the Committee studied and gave its opinion on:

- compliance with the criteria set by Article 54 of the by-laws for the fixed compensation of Management for the 2015 fiscal year;
- compliance with the criteria adopted by the shareholders during the Shareholders' Meeting of June 5, 2015 regarding the variable compensation allocated to Management for the 2015 fiscal year;
- the performance criteria proposed by the General Partners for the variable compensation of Management for the 2016 fiscal year.

The Committee then examined the independence of Supervisory Board members and assessed the professional expertise of those whose appointment or renewal were submitted to the Combined Shareholders' Meeting of June 9, 2016. It also examined the distribution of attendance fees to members of the Supervisory Board. Finally, the Committee recorded the change in gender parity on the Board with regard to the obligations in the Act of January 27, 2011.

All members of the Compensation and Appointments Committee were present at this meeting.

### 6.3.2.5 INTERNAL CONTROL PROCEDURES PUT IN PLACE WITHIN RUBIS AND ITS SUBSIDIARIES

Internal control procedures are defined by the Management and implemented by them and the management bodies of the subsidiaries, taking into account the specific characteristics of the Group's structure and business. These are described in chapter 4, section 4.2 and were the subject of a detailed presentation given by Management to the Accounts and Risk Monitoring Committee and to the Supervisory Board.

The definition and objectives of the internal control system adopted by Rubis are those defined by the *Autorité des Marchés Financiers* Guide published on July 22, 2010, which sets out a reference framework for risk management and internal control systems.

The scope of internal control is Rubis and its controlled subsidiaries, joint operations and joint ventures.

#### 6.3.2.5.1 Internal accounting and financial control

Rubis has accounting and financial structures and procedures in place to ensure robust internal control of the preparation of accounting and financial information. At its meetings, the Accounts and Risk Monitoring Committee was

able to ask any questions and obtain all the information necessary from both the Management and Statutory Auditors to ensure that the procedures for the preparation and processing of accounting and financial information, and for the preparation of the separate and consolidated financial statements, gave a true and fair view of the assets, liabilities and operations of the Group. It reported on this matter to the Supervisory Board.

#### 6.3.2.5.2 Internal control and risk management

The identification, monitoring and control of the main risks are described in chapters 4 and 5 of the 2016 Registration Document. To monitor risks, they are mapped at each fiscal year-end by the functional and operational managers of Rubis and all its direct or indirect subsidiaries.

Risks are analyzed from the point of view of their likelihood of occurrence and impact in financial and image terms.

Risk mapping reports every year, for each identified financial, legal, commercial and operational risk, measures taken or scheduled for the management and monitoring of the Group's risks.

A review of the main risks for the Group during the 2016 fiscal year and of the corrective measures and consolidated risk mapping for Rubis, Rubis Énergie and Rubis Terminal were provided to the

Statutory Auditors and to the members of the Accounts and Risk Monitoring Committee prior to the meeting of March 7, 2017. A comprehensive (site-by-site) version of these maps was also sent to the Statutory Auditors prior to the said meeting and made available to members of the Accounts and Risk Monitoring Committee during the meeting so that they could ask Management any questions and obtain desired information. The Chairwoman of the Accounts and Risk Monitoring Committee reported back on the Committee's proceedings to the Supervisory Board at its meeting on March 13, 2017.

The presentation revealed no major risks that could significantly impact the achievement of the targets set by Management, giving the Board reasonable assurance that internal control procedures exist within the Group, as described in chapter 4, section 4.2 of the 2016 Registration Document.

### 6.3.2.6 PARTICIPATION OF SHAREHOLDERS AT THE SHAREHOLDERS' MEETING

The conditions for shareholder participation and voting at the Shareholders' Meeting are described in Articles 34 to 40 of Rubis' by-laws, which can be consulted at the Company's headquarters or on its website.

Paris, March 13, 2017,

Olivier Heckenroth,  
Chairman of the Rubis Supervisory Board.