

# SUPERVISORY BOARD



## REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The Supervisory Board's report complements the management report detailing the Group's activities and results, and sets out the Supervisory Board's opinion on its duties of permanent oversight of the Group's management.

The Supervisory Board met three times in respect of fiscal year 2014 (on March 13 and August 29, 2014, and March 11, 2015) to examine the Group's business, and the annual and half-yearly financial statements of the Company and the Group, on the basis of documents provided by Management.

The financial data for the year ended December 31, 2014 show:

- consolidated sales revenue of €2,790 million;
- current operating income of €167 million;
- net income, Group share of €118 million.

At each of its meetings attended by the Statutory Auditors, the Supervisory Board was briefed by Management on the following topics:

- each business division's performance and outlook within the framework of the strategy set by Management;
- acquisitions and/or disposals of businesses or subsidiaries, new interests and, in general, any major investment;
- internal control procedures defined and drawn up by Group companies under Management's authority, as well as the risk management policy.

Each meeting of the Supervisory Board was preceded by a meeting of the Accounts and Risk Monitoring Committee, which:

- having taken note of changes in bank debt and the financial structure within the framework of the financial policy set by Management;
- having conducted a detailed review of the financial statements and accounting procedures, and reviewed the organization of internal control procedures in respect of accounting and finance matters and risk exposure;

reported on its assignment to the Board.

Risk assessment and the review of follow-up measures and procedures implemented by the Group were the focus of a special meeting of the Accounts and Risk Monitoring Committee, which took place prior to that held to examine the annual separate and consolidated financial statements.

In terms of governance, Management briefed the Supervisory Board at its meeting of March 11, 2015 on the Company's decision to comply fully, particularly in terms of independence, with the AFEP-MEDEF Code of June 2013, which is the corporate governance code adopted by the Company. The Supervisory Board then examined the independence of each Board member and, as a consequence, reviewed the composition of the Accounts and Risk Monitoring Committee in light of the recommendations of the AFEP-MEDEF Code. Following changes to the composition of the Accounts and Risk Monitoring Committee, half of its members are now independent, compared with the two thirds advocated by the AFEP-MEDEF Code. The proportion of independent members will gradually increase to two thirds, at the latest by the time the term of office expires of members who have served for more than 12 years. Olivier Heckenroth, Chairman of the Supervisory Board and of the Accounts and Risk Monitoring Committee, whose term of office exceeds 12 years, informed the Board of his decision to stand down as Chairman of the Accounts and Risk Monitoring Committee to make way for an independent member.

The Board also created a Compensation and Appointments Committee, half of whose members are independent. Moreover, it decided to propose the reappointment of three members whose term of office was due to expire at the Shareholders' Meeting of June 5, 2015, and the appointment of one new member.

## Supervisory Board

At the same meeting, the Supervisory Board reviewed the draft resolutions to be submitted to shareholders at the Ordinary and Extraordinary Shareholders' Meeting of June 5, 2015:

### 1. Ordinary business

The resolutions proposed by Management include those relating to the approval of the annual and consolidated financial statements, the allocation of net income for the year (setting the dividend at €2.05 per share), the option for the payment of the dividend in shares, the renewal of the authority to buy back shares of the Company within the limit of 1% of share capital, and the approval of regulated agreements and commitments.

It is also proposed that three members of the Supervisory Board whose term of office is due to expire at the Shareholders' Meeting of June 5, 2015 (Hervé Claquin, Olivier Mistral and Erik Pointillart) be reappointed, and that a new member also be appointed (Laure Grimonpret-Tahon) for a period of three fiscal years.

With regard to Management compensation, it is proposed that:

- additional variable compensation be awarded to Management, calculated based on 50% of the fixed compensation stipulated in the Articles of Incorporation and subject to performance conditions;
- shareholders decide on the components of fixed compensation stipulated in the Articles of Incorporation, due or granted to Management for the fiscal year ended December 31, 2014.

### 2. Extraordinary business

Special resolutions mainly concern the renewal of financial authorizations (capital increase with preferential subscription rights, capital increase by contributions in kind, capital increase by capitalization of profits, reserves or share premium, capital increase reserved for employees). Furthermore, we propose the creation and free allocation of preferred shares for certain executive officers of the Group, as well as senior managers of its affiliated companies (excluding Rubis Managers), within the limit of 1% of the Company's capital as of the date of the Shareholders' Meeting.

Lastly, we propose the amendment of Articles 37 and 40 of the Articles of Incorporation, to take account of the new statutory time limit for registration of securities before the Shareholders' Meeting.

The Supervisory Board has not expressed reserves in regard to any of these resolutions.

In accordance with the provisions of ordinance No. 2014-863 of July 31, 2014, issued pursuant to the enabling law No. 2014-1 of January 2, 2014, the Board, at its meeting of March 11, 2015, examined the regulated agreements entered into or amended during fiscal year 2014, as well as those entered into and authorized in previous years and whose performance continued during the last fiscal year. Moreover, at the meeting of August 29, 2014, it moved to downgrade the intra-group tax consolidation and current account agreements, previously classed as regulated agreements, to agreements for ordinary transactions entered into at arm's length.

Finally, it approved the draft report presented to it by the Chairman of the Supervisory Board on the composition, balanced representation of women and men, preparation and organization of the work of the Supervisory Board, as well as the internal control and risk management procedures put in place by the Company.

On the basis of its work, the Supervisory Board advises that it has no comments to make on either the separate and consolidated financial statements for the past fiscal year or the Management of the Company and the Group.

Paris, March 11, 2015



Olivier Heckenroth  
Chairman of the Supervisory Board