

6.5 Stock options, performance shares and preferred shares

In accordance with the provisions of Articles L. 225-184 and L. 225-197-4 of the French Commercial Code, this chapter constitutes the Management's special report on stock option, performance share and preferred share plans.

6.5.1 Award policy - Performance conditions and criteria

Since 2002, the Company has implemented stock option and free performance share award plans to reward certain high-potential executives as well as managers of subsidiaries for their contribution to the Group's development. These plans also aim to bolster loyalty among high-potential employees whom the Group wishes to retain over the long-term to ensure its future growth.

In 2015, Rubis put in place a new long-term incentive mechanism, within the framework of Article L. 225-197-1 et seq. of the French Commercial Code, consisting of the free award on one or several occasions of preferred shares that can in the future be converted into

ordinary shares, subject to meeting the performance condition.

The preferred shares have the same par value as ordinary shares and do not have any voting rights or preferential subscription rights. They do, however, receive a dividend equal to 50% of that paid for an ordinary share, effective from their issue date, following the vesting period, with the specification that the number of preferred shares created may not exceed 0.01% of the number of ordinary shares outstanding on the day of the Shareholders' Meeting that authorized them.

Pursuant to the recommendations of the Afep-Medef Code and the proxies,

all plans issued by Rubis since 2008, whether involving stock options or free performance or preferred shares, are subject to performance conditions and the continued employment of the beneficiaries by the Group on the day of vesting or of the conversion into ordinary shares.

None of the plans have benefited Managers or General Partners of Rubis.

The main characteristics of these stock option, free performance share and preferred share plans, as well as their performance conditions, appear in the tables below, in section 6.5.5.

6.5.2 Plan of July 11, 2016: free preferred share award

The Combined Shareholders' Meeting of June 9, 2016 authorized the Company to issue a maximal amount of 4,340 preferred shares, convertible at the end of a minimal 4-year period, into a maximum of 434,055 ordinary Company shares using a conversion coefficient of 100%, while taking into account the preferred shares already awarded by the authorization of the Shareholders' Meeting of June 5, 2015.

In view of the 1,442 preferred shares awarded on September 2, 2015, the Company thus had 2,898 preferred shares to allocate under the terms of the aforementioned authorization (resulting in a maximum of 289,855 ordinary shares for a 100% conversion rate).

A single preferred share plan for 1,932 shares was launched on July 11, 2016 and benefited 51 employees.

The vesting period for preferred shares was set at **3 years**; these will then be converted, subject to the achievement of the performance condition, into ordinary shares at the end of a one-year retention period.

Vesting of the preferred shares and their conversion into ordinary shares are subject to the beneficiary's continued employment within the Group.

The conversion will take place on the basis of the Average Annual Overall Rate of Return (**AAORR**) of Rubis shares. The AAORR, which incorporates the stock market performance of the share as well as dividends and rights for the period, must be equal to or greater than 10% over 4 full years (*i.e. a minimum of 40% over 4 years*). The conversion ratio is one preferred share for 100 ordinary shares for an AAORR higher than or equal to 10%. The conversion coefficient for converting

preferred shares into ordinary shares will vary by the straight-line method between 0% and 100% depending on the actual AAORR percentage reached on the conversion date. For an AAORR equal to or greater than 10%, the conversion coefficient will be 100%.

If the above performance condition set forth is 100% met, then the 1,932 preferred shares awarded will be converted into 193,200 ordinary shares. If the percentage of achievement is zero or if the beneficiary

has left the Group, the preferred shares which will not be converted can be bought back by the Company at par value with a view to their cancellation.

From their issue and until their conversion into ordinary shares (one year), preferred shares will give the right to a dividend of an amount equal to 50% of that paid for an ordinary share. This dividend will be paid in cash without the possibility of opting for a share-based payment.

6.5.3 Status of plans in progress and pre-dating the 2016 fiscal year

6.5.3.1 STOCK OPTION PLANS

6.5.3.1.1 Stock option plans in progress in 2016

In 2016, 2 stock options plans were in progress. These were the plans from April 28, 2011 and July 9, 2012, for which the 2-year period for the exercise of the options (following the validation of the performance condition) was already underway.

- **Plan of April 28, 2011** involving 79,376 stock options (21,082 options having been canceled following the departure of the beneficiaries from the Group).

Option exercise price: €38.33.

Performance condition: average annual growth in consolidated net income, Group share of 6% for the fiscal years 2011, 2012 and 2013, *i.e.* a minimum of 18% over the 3 years.

Validation of the performance condition: the Board of Management of April 29, 2014 noted that net income, Group share in 2013 was €104,660 thousand vs. €56,388 thousand at year-end 2010, equivalent to an increase of 85.6%, and therefore validated the vesting of all the stock options issued.

Start date for exercise of options: April 28, 2014.

Expiration date for exercise of options: April 27, 2016.

- **Plan of July 9, 2012** involving 548,525 stock options.

Option exercise price: €36.48.

Performance conditions:

1) average annual growth in consolidated net income, Group share, of 5% for fiscal years 2012, 2013 and 2014 (*i.e.* a minimum of 15% over the 3 fiscal years), or 2) an average opening share price of the Rubis share of a minimum of €39.34 during 10 consecutive trading days during the reference period spanning July 9 to August 31, 2015.

A straight-line acquisition rate (between 50% and 100%) is applied to the number of options initially allocated; the acquisition rate of 50% becomes applicable in the event of the achievement of the strict performance conditions.

Validation of the performance condition: the Board of Management of July 9, 2015 noted that the 2 performance conditions had been met: the average annual growth in Group earnings over 3 fiscal years was 64.47% and the average of the opening share price of the Rubis share during the 10 trading days preceding July 9, 2015 was €61.98. Consequently, it validated the vesting of the entirety of the 548,525 stock options of the plan of July 9, 2012.

Start date for exercise of options: July 9, 2015.

Expiration date for exercise of options: July 8, 2017.

6.5.3.1.2 Stock option plans exercised in 2016

In total, 287,672 stock options were exercised between January 1 and December 31, 2016, resulting in the simultaneous issue of an equivalent number of shares. These related to:

- 13,095 options from the April 28, 2011 plan;
- 274,577 options from the July 9, 2012 plan.

The total number of options exercised for each plan, from the start of the exercise period until December 31, 2016, can be found in the tables in section 6.5.5.1 below.

6.5.3.1.3 Stock options not yet exercised as of December 31, 2016

As of December 31, 2016, the stock options remaining to be exercised consisted only of options pertaining to the July 9, 2012 plan. All options from the April 28, 2011 plan were exercised. There remain no other plans with a vesting period still in progress.

As of **December 31, 2016**, there remained 185,833 stock options yet to be exercised.

6.5.3.2 FREE PERFORMANCE SHARE AWARD PLANS

6.5.3.2.1 Performance shares that vested in 2016

The 3-year vesting period for the July 9, 2013 plan involving 11,395 performance shares ended in July 2016. The vesting of the performance shares was subject to the continued employment of the beneficiary by the Group on this date, as well as to the achievement of one of the following performance conditions:

Performance condition:

1) average annual growth in consolidated net income, Group share of 5% for fiscal years 2013, 2014 and 2015, *i.e.* a minimum of 15% over the 3 years, or 2) an average annual increase in the overall stock market performance of the Rubis share of at least 5% over the 2013, 2014 and 2015 fiscal years, *i.e.* a minimum of 15% over the 3 years.

Overall stock market performance corresponds to the change in the share price of the Rubis share plus the dividends and detached rights for the period under consideration. Overall stock market performance is assessed in relation to a benchmark price for the Rubis share consisting of the average of the opening share price quoted during the 20 trading days preceding the plan issue date (€46.62).

A straight-line acquisition rate (between 50% and 100%) is applied to the number of options initially allocated; the acquisition rate of 50% becomes applicable in the event of the achievement of the strict performance conditions.

Validation of the performance condition:

The Board of Management of July 11, 2016 noted that the 2 performance conditions had been met: the average annual growth in Group earnings over 3 fiscal years stood at 81.16% and overall stock market performance was 62.29%. Consequently, it validated the vesting of all the performance shares of the July 9, 2013 plan, *i.e.* 11,395 performance shares.

Beneficiaries are nevertheless required to retain the shares in registered form for 2 years.

6.5.3.2.2 Free performance shares with a vesting period still in progress as of December 31, 2016

As of December 31, 2016 the vesting period of 72,221 performance shares was still in progress:

- 5,101 shares from the January 3, 2014 plan;
- 751 shares from the March 31, 2014 plan;
- 56,558 shares from the August 18, 2014 plan;
- 8,811 shares from the April 17, 2015 plan.

6.5.3.2.3 Free performance shares subject to a deferred vesting period

A total of 3,093 performance shares from the July 9, 2012 plan, whose vesting period ended on July 9, 2015 with a validated performance condition, were not issued due to the deferred vesting (2 years) selected by beneficiaries whose compensation is taxable outside France. These shares will be issued automatically on July 9, 2017.

6.5.3.3 FREE PREFERRED SHARE AWARD PLANS

6.5.3.3.1 Free preferred shares with a vesting period still in progress as of December 31, 2016

The Combined Shareholders' Meeting of June 5, 2015 authorized the Company to issue a maximal amount number of 3,897 preferred shares, convertible after a minimal 4-year period into a maximal amount of 389,772 ordinary Company shares, for a conversion coefficient of 100%.

A single preferred share plan for 1,442 shares was launched on September 2, 2015 and benefited 44 employees.

The vesting period for preferred shares was set at 2 years (*i.e.* until September 2, 2017); these will then be converted, subject to the achievement of the performance condition, into ordinary shares at the end of a 2-year retention period.

Vesting of the preferred shares and their conversion into ordinary shares are subject to the beneficiary's continued employment within the Group.

The conversion will take place on the basis of the Average Annual Overall Rate of Return (AAORR) of Rubis shares. The AAORR must be higher or equal to 10% over 4 full years (*i.e.* 40% minimum over 4 years). The conversion ratio is 1 preferred share for 100 ordinary shares. The conversion coefficient for converting preferred shares into ordinary shares will vary by the straight-line method between 0% and 100% depending on the actual AAORR percentage reached on the conversion date. For an AAORR of 10%, the conversion will be 100%.

If the above performance condition set forth is 100% met, then the 1,442 preferred shares will be converted into 144,200 ordinary shares. If the percentage of achievement is zero or if the beneficiary has left the Group, the preferred shares which will not be converted can be bought back by the Company at par value with a view to their cancellation.

Upon vesting, preferred shares will give the right until their conversion into ordinary shares (a 2-year period) to a dividend of an amount equal to 50% of that paid for an ordinary share. This dividend will be paid in cash without the possibility of opting for a share-based payment.

6.5.3.3.2 Free preferred shares vested definitively in 2016

No preferred shares vested during the 2016 fiscal year since the vesting periods for the 2 plans (2015 and 2016) were ongoing as of December 31, 2016.

6.5.3.3.3 Free preferred shares not yet vested definitively in 2016

These are the 3,374 preferred shares from the September 2, 2015 plan and the July 11, 2016 plan whose vesting periods were still ongoing.

6.5.4 Number of shares likely to be issued as of December 31, 2016 from all the plans in progress

As of December 31, 2016, the potential volume of shares that could be issued as a result of all of the ongoing stock option, performance share, and preferred share plans, was 597,547 shares, or 1.31% of the share capital:

- 185,833 shares owing to the options of the stock option plans that could be exercised;
- 71,221 shares owing to the performance shares whose vesting period is ongoing;
- 3,093 shares from the performance share plan of July 9, 2012, to which deferred vesting applied;
- 337,400 shares from the preferred share plans not yet converted into ordinary shares.

The burn-rate as of December 31, 2016 (i.e. the average over 3 rolling years of the Company's allocation rate) is 0.32%.



6.5.5 Monitoring of stock option, performance share, and preferred share plans

The tables below summarize the features, stock option plans, number of options exercised, performance share plans and their definitive vesting, as well as current preferred share plans.

6.5.5.1 STOCK OPTION PLANS IN PROGRESS IN 2016

Stock option plans	2011	2012
Date of Shareholders' Meeting	06/10/2009	06/10/2009
Date of award by Board of Management	04/28/2011	07/09/2012
Total number of shares available	79,376 ^{(1) (2) (3) (4)}	548,525 ^{(2) (3) (5)}
Total number of beneficiaries, of which	7	49
• corporate officers	0	2
Start date for exercise of options	04/28/2014	07/09/2015
Expiration date for exercise of options	04/27/2016	07/08/2017
Subscription price (in euros)	38.33 ^{(1) (2) (3)}	36.48 ^{(2) (3)}
Total number of options exercised	58,294	362,692
Number of options canceled/null and void*	21,082	0
Number of outstanding options as of 12/31/2016	0	185,833

(1) After the Rubis 2-for-1 stock split on July 8, 2011.

(2) After adjustment following the December 2013 capital increase.

(3) After last adjustment following the June 2015 capital increase.

(4) Exercise conditional on 6% average annual growth in Group earnings for the 2011, 2012 and 2013 fiscal years (i.e. a total minimum of 18%).

(5) Exercise conditional on a price of €40.56 or on 5% average annual growth in consolidated net income, Group share for fiscal years 2012, 2013 and 2014 (i.e. a total of at least 15%), subject to an acquisition rate.

* Due to expiration of the plan or departure of employees.

The table below shows the options granted and exercised as of December 31, 2016 by Rubis' 10 highest earners who are not corporate officers.

Stock options granted to the 10 highest earners who are not corporate officers and options exercised by such beneficiaries	Number of options granted/shares subscribed for or bought	Weighted average price (in euros)	Date of plan
Options granted during the fiscal year by the issuer to the 10 employees of the issuer or any other company eligible for the stock options, who received the highest number of options granted (total figure)	0	0	-
Options in the issuer, exercised during the fiscal year by the 10 employees of the issuer and its companies who have subscribed to the highest number of options (total figure)	168,224	36.48	Plan of 07/09/2012 (end of exercise: 07/08/2017)

6.5.5.2 PERFORMANCE SHARE PLANS IN PROGRESS IN 2016

6.5.5.2.1 Plans with expired vesting periods and with an ongoing retention period

Performance share plan	2011 plan	2012 plan	2012 plan	2012 plan	2013 plan
Date of Shareholders' Meeting	06/10/2009	06/07/2012	06/07/2012	06/07/2012	06/07/2012
Date of award by Board of Management	04/28/2011	07/09/2012	07/18/2012	09/18/2012	07/09/2013
Number of shares allocated	11,356⁽¹⁾⁽²⁾	195,751⁽³⁾⁽⁴⁾	1,444⁽³⁾⁽⁴⁾	3,609⁽³⁾⁽⁴⁾	11,395⁽³⁾⁽⁴⁾
Total number of beneficiaries, of which	7	48	1	1	4
• corporate officers	0	2	0	0	0
• French residents	2	33	0	0	2
• non-French residents	5	13	1	1	2
Vesting date of shares (subject to established terms and conditions):					
• French residents	05/13/2014	07/10/2015	-	-	07/11/2016
• non-French residents	05/13/2014	07/10/2017	07/20/2015	09/18/2015 to 09/30/2017	07/11/2018
End date of retention period	05/13/2016	07/10/2017	07/20/2017	09/18/2017	07/11/2018
Performance conditions: expected overall stock market performance of the security after 3 years (in euros) and/or other condition	44.89 ⁽¹⁾⁽³⁾ and economic condition ⁽²⁾	44.44 ⁽³⁾⁽⁴⁾ or economic condition ⁽⁵⁾ and acquisition rate ⁽⁷⁾	45.69 ⁽³⁾⁽⁴⁾ or economic condition ⁽⁵⁾ and acquisition rate ⁽⁷⁾	50.43 ⁽³⁾⁽⁴⁾ or economic condition ⁽⁵⁾ and acquisition rate ⁽⁷⁾	52.36 ⁽³⁾⁽⁴⁾ or economic condition ⁽⁶⁾ and acquisition rate ⁽⁷⁾
Number of shares vested	8,720	192,658	1,444	0	11,395
Number of shares canceled/null and void*	2,636	0	0	3,609	0
Number of shares subject to deferred vesting	0	3,093	0	0	0
Number of shares remaining as of 12/31/2016	0	3,093⁽³⁾⁽⁴⁾	0	0	0

(1) After the Rubis 2-for-1 stock split on July 8, 2011.

(2) Average annual growth in Group earnings of 6% for fiscal years 2011, 2012 and 2013 (i.e. a total of at least 18%).

(3) After adjustment following the December 2013 capital increase.

(4) After last adjustment following the June 2015 capital increase.

(5) Average annual growth of consolidated net income, Group share, of 5% between fiscal years 2012, 2013 and 2014 (i.e. in total at least 15%).

(6) Average annual growth of consolidated net income, Group share, of 5% between fiscal years 2013, 2014 and 2015 (i.e. in total at least 15%).

(7) Between 50% and 100% of the initial award.

* Due to expiration of the plan or departure of employees.

6.5.5.2.2 Plans with an ongoing vesting period as of December 31, 2016

Performance share plan	2014 plan	2014 plan	2014 plan	2015 plan
Date of Shareholders' Meeting	06/07/2012	06/07/2012	06/07/2012	06/07/2012
Date of award by Board of Management	01/03/2014	03/31/2014	08/18/2014	04/17/2015
Number of shares allocated	5,101⁽¹⁾	751⁽¹⁾	57,308⁽¹⁾	8,811⁽¹⁾
Total number of beneficiaries, of which	2	1	15	3
• corporate officers	0	0	0	0
• French residents	2	1	10	2
• non-French residents	0	0	5	1
Vesting date (subject to the conditions set):				
• French residents	01/03/2017	03/31/2017 to 05/12/2017	08/18/2017 to 09/29/2017	04/17/2018 to 05/29/2018
• non-French residents	-	-	08/18/2017 to 09/29/2019	04/17/2018 to 05/29/2020
End date of retention period	01/03/2019	03/31/2019	08/18/2019	04/17/2020
Performance conditions: expected overall stock market performance of the security after 3 years (in euros) and/or other condition	51.32 ⁽¹⁾ or economic condition ⁽²⁾ and acquisition rate ⁽⁴⁾	57.68 ⁽¹⁾ or economic condition ⁽²⁾ and acquisition rate ⁽⁴⁾	50.23 ⁽¹⁾ or economic condition ⁽²⁾ and acquisition rate ⁽⁴⁾	67.76 ⁽¹⁾ or economic condition ⁽³⁾ and acquisition rate ⁽⁴⁾
Number of shares vested	0	0	0	0
Number of shares canceled/null and void*	0	0	750	0
Number of shares remaining as of 12/31/2016	5,101⁽¹⁾	751⁽¹⁾	56,558⁽¹⁾	8,811⁽¹⁾

(1) After last adjustment following the June 2015 capital increase.

(2) Average annual growth of consolidated net income, Group share, of 5% between fiscal years 2014, 2015 and 2016 (i.e. in total at least 15%).

(3) Average annual growth of consolidated net income, Group share, of 5% between fiscal years 2015, 2016 and 2017 (i.e. in total at least 15%).

(4) Between 50% and 100% of the initial award.

* Due to expiration of the plan or departure of employees.

The table below provides information on free performance shares allocated in 2016 to the top 10 employees who are not corporate officers of Rubis.

Free performance shares awarded to the top 10 employees who are not corporate officers	Number of free performance shares allocated	Date of plans
Shares granted during the fiscal year to the 10 employees of the issuer or any other company eligible for the free shares, who received the highest number of shares granted (total figure)	0	-

6.5.5.3 PREFERRED SHARE PLANS IN PROGRESS IN 2016

Preferred share plans	2015 plan	2016 plan
Date of Shareholders' Meeting	06/05/2015	06/09/2016
Date of award by Board of Management	09/02/2015	07/11/2016
Number of preferred shares allocated	1,442	1,932
Total number of beneficiaries, of which	44	51
<ul style="list-style-type: none"> • corporate officers • French residents • non-French residents 	2 34 10	2 38 13
Vesting date of the preferred shares (subject to the conditions set):		
<ul style="list-style-type: none"> • French residents • non-French residents 	09/02/2017 09/02/2019	07/11/2019 07/11/2020
Date preferred shares become convertible into ordinary shares (subject to the conditions set)	09/02/2019	07/11/2020
Number of preferred shares vested	0	0
Number of preferred shares canceled/void*	0	0
Number of preferred shares convertible into ordinary shares, according to:	-	-
<ul style="list-style-type: none"> • Benchmark price⁽¹⁾ (assessing the Average Annual Overall Rate of Return - AAORR) • AAORR⁽²⁾ achieved • Conversion coefficient applied⁽³⁾ 	64.78 - -	67.57 - -
Number of preferred shares converted into ordinary shares	0	0
Number of preferred shares still to be converted as of 12/31/2016	1,442	1,932

(1) Average of the opening prices quoted for Rubis shares during the 20 trading days preceding the date of the award of the preferred shares.

(2) Average Annual Overall Rate of Return for the Rubis share (AAORR) equal to a 10% minimum (i.e. a minimum total yield of 40% over 4 years).

(3) Between 0% and 100% of the number of preferred shares allocated according to the AAORR achieved. A linear degression will be applied between the actual AAORR and the target AAORR (10%) giving the right to a maximal coefficient of 100%.

* Due to expiration of the plan or departure of employees.

The table below provides information on free performance shares allocated in 2016 to the top 10 employees who are not corporate officers of Rubis.

Free preferred shares awarded to the top 10 employees who are not corporate officers	Number of free preferred shares allocated	Date of plans
Shares granted during the fiscal year to the 10 employees of the issuer or any other company eligible for the free shares, who received the highest number of shares granted (total figure)	946	07/11/2016

Rubis, the Group's parent company, is the only Group company to have awarded stock options and performance shares.

NB: Vested shares granted to beneficiaries result from share issuance.

6.5.5.4 HISTORY OF STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS HAVING EXPIRED PRIOR TO 2016**6.5.5.4.1 History of stock option plans having expired prior to 2016**

Date of plans	Number of shares allocated ⁽¹⁾	Expiration date for exercise of options
January 17, 2001	222,939 ⁽²⁾	July 16, 2011
December 13, 2002	12,349 ⁽²⁾	December 12, 2012
January 19, 2004	38,143	January 18, 2014
July 29, 2004	4,978	July 28, 2014
July 12, 2005	6,493	July 11, 2015
July 27, 2006	344,980	July 26, 2012
November 17, 2006	5,116	November 16, 2012
August 29, 2007	8,314	August 28, 2013
February 12, 2008	24,732	February 11, 2013
June 4, 2008	10,392	June 3, 2014
July 22, 2009	752,485	July 21, 2014

(1) Following readjustments due to various capital increases.

(2) Prior to the Rubis 2-for-1 stock split on July 8, 2011.

6.5.5.4.2 History of performance share having expired prior to 2016

Date of plans	Number of performance shares	Vesting date	End date of retention period
July 27, 2006	44,304*	March 11, 2010	March 11, 2012
November 17, 2006	717*	March 11, 2010	March 11, 2012
August 29, 2007	600*	October 15, 2010	October 15, 2012
February 12, 2008	1,768*	February 14, 2011	February 14, 2014
June 4, 2008	728*	June 16, 2011	June 16, 2013
July 22, 2009	106,405	August 20, 2012	August 3, 2014

* Prior to the Rubis 2-for-1 stock split on July 8, 2011.