

This document is a free translation, in the English language, provided for information purposes only, of the “Traité de Transformation” dated 24 February 2020.

Valeo
French *société anonyme* with a share capital of 241 036 743 euros
Registered office: 43 rue Bayen, 75017 Paris
552 030 967 RCS Paris

TRANSFORMATION INTO A EUROPEAN COMPANY

AGREEMENT

Valeo (the “**Company**” or “**Valeo**”) contemplates to adopt, through a transformation, the form of a European company (*Societas Europaea* or “**SE**”) (the “**Transformation**”) which status is governed by the provisions of Regulation (EC) 2157/2001 of 8 October 2001, relating to the status of European companies (the “**Regulation**”), those of Council Directive 2001/86/EC of 8 October 2001 supplementing the status of European companies regarding employee involvement (the “**Directive**”) as well as by the legal and regulatory provisions in force in France applicable to European companies and those applicable to *sociétés anonymes* that are compatible with the Regulation and the specific provisions applicable to European companies.

Pursuant to Article 37§4 of the Regulation and Article L. 225-245-1 of the French Commercial Code, the Board of Directors has prepared this draft Transformation agreement (the “**Transformation Agreement**”).

The purpose of this document is to lay out the economic and legal aspects of the Transformation into a European company as well as the consequences of such Transformation on the position of the Company's shareholders, employees and creditors.

1. Presentation of the Company subject to the Transformation

The Company is the parent company of the Valeo group, one of the world's leaders in the car parts industry (the “**Group**”). It develops, manufactures and markets original equipment. The Group's operating structure is organized around four business segments: Comfort and Driving Assistance Systems, Powertrain Systems, Thermal Systems and Visibility Systems. The Group is also present on the aftermarket through Valeo Service.

The Group benefits from a worldwide geographic presence. As of 31 December 2019, the Company and its subsidiaries employed 114,700 people in 33 countries, spread over 153 manufacturing sites, 21 research centers, 38 development centers and 15 distribution platforms.

The Company is a *société anonyme* with a Board of Directors, registered under French law and governed by the legal and regulatory provisions in force in France, as well as by its Articles of Association.

The Company's business purpose is:

- the research, manufacturing, sale, trade and supply of all products, equipment and services for the industrial and retail sectors, that may be manufactured and developed

by factories of the Company and of companies of its group or that may be of interest to their customers,

- and more generally, engaging in any transactions whatsoever, including industrial, commercial, financial, real estate and other property transactions, sales, acquisitions, capital contributions, etc., directly or indirectly related to the corporate purpose or contributing to its extension or development.

Valeo was incorporated on 10 February 1923. Its term was extended for 99 years from February 10, 1972, i.e., until February 9, 2071, unless in the event of early dissolution or extension. It has been registered at the trade and company registry of Paris since 25 February 1955, under identification number 552 030 967.

Its share capital amounts to 241,036,743 euros divided into 241,036,743 shares with a nominal value of 1 euro each, fully paid up.

Its registered office is located at 43 rue Bayen, 75017 Paris.

Its shares are admitted to trading on the regulated market of Euronext Paris.

2. Purposes and motives of the Transformation

The Company considers adopting, through a Transformation, the status of a European company pursuant to legal and regulatory provisions in force and specifically, the provisions of Articles 2, § 4 and 37 of the Regulation as well as Articles L. 225-245-1 and L. 229-1 et seq. of the French Commercial Code.

A very significant part of the Company's and its subsidiaries' revenue is generated in Europe. Indeed, during the fiscal year 2019, the Company's and its subsidiaries' sales worldwide were distributed as follows:

- 9,365 million euros (or 48% of total value added sales) in Europe and in Africa;
- 5,902 million euros (or 30% of total value added sales) in Asia, the Middle East and Oceania;
- 3,721 million euros (or 19% of total value added sales) in North America; and
- 489 million euros (or 3% of the total value added sales) in South America.

The Group is present in many member states of the European Union, particularly in France, Germany, Poland, Spain, Czech Republic, Hungary and Romania.

As of December 31, 2019, the Group had 47,479 employees in several European countries in which the Company and its subsidiaries have 54 industrial sites, 33 research and development centers and 6 distribution platforms.

Already adopted by other major groups listed in Paris and having an international and European dimension, the status of European company has the advantage of benefiting from a homogeneous system recognized within the European Union, consistent with the economic reality of the Company, both with regard to its employees and its customers and partners.

The Company's adoption of the European company status will allow it to reflect the European dimension of the Group and its activities, both with respect to its employees and to its customers and partners, to strengthen its international image and its attractiveness to all stakeholders and to establish a sense of belonging to the Group for its employees outside France.

3. Prior conditions for Transformation

The following conditions required by the legislation in force to transform into a European company are satisfied by the Company on the date of this Transformation Agreement and will be satisfied on the date on which the extraordinary general shareholders' meeting will make a decision on the Transformation:

- The Company is incorporated under French law and has its registered office and administration center in France;
- The Company's registered office and administration center are not disassociated;
- The issued share capital of the Company is 241,036,743 euros, i.e., it exceeds €120,000 euros;
- The Company has been controlling directly for more than two years its subsidiaries Valeo International Holding B.V. (Netherlands) and Coreval (Luxembourg), and indirectly several subsidiaries located in the European Union, specifically Connaught Electronics Limited (Ireland), Valeo Iluminación, S.A.U. (Spain), Valeo, S.p.A. (Italy), Peiker acoustic GmbH (Germany), Valeo Auto-Electric Hungary LLC (Hungary), Valeo Autoklimatizace k.s. (Czech Republic), Valeo Autosystemy Sp.ZO.O. (Poland), Valeo Lighting Injection S.A. (Romania);
- The Company's financial accounts as at 31 December 2019 show that the Company has net assets at least equal to capital plus reserves which cannot be distributed according to the law or the Articles of Association of the Company.

4. Terms of the Transformation

4.1 Transformation Agreement

This Transformation Agreement has been prepared by the Board of Directors pursuant to Article 37§4 of the Regulation and Article L. 225-245-1 of the French Commercial Code.

This Transformation Agreement will be filed with the law clerk of the Commercial Court of Paris; a notice will be published in a legal ads newspaper as well as in the *Bulletin des Annonces Légales Obligatoires* (BALO) at least one month before the Company's extraordinary general shareholders' meeting convened to decide on the Transformation.

4.2 Transformation auditor

Pursuant to Articles 37§6 of the Regulation and L. 225-245-1 of the French Commercial Code, one or more transformation auditors will be designated by the President of the Paris Commercial Court ruling on the petition.

Pursuant to Article R. 229-21 of the French Commercial Code, the transformation auditor(s) will be chosen among the statutory auditors registered on the list established as per Article L. 822-1 of the French Commercial Code, or among the experts registered on one of the lists established by the courts and tribunals.

The transformation auditor(s) shall be in charge of drafting a report for the shareholders certifying, pursuant to the provisions of Article 37§6 of the Regulation, that the Company has net assets at least equal to capital plus reserves which cannot be distributed according to the law or the Articles of Association of the Company.

4.3 Approval of the Transformation Agreement

The decision on the Transformation of the Company into a European company will be subject to the approval of the extraordinary general shareholders' meeting which shall deliberate under the conditions of quorum and majority established for changing the Articles of Association of a *société anonyme* pursuant to the provisions of Article L. 225-96 of the French Commercial Code, after shareholders have been made aware of (i) the report of the transformation auditor(s) certifying that the Company has net assets at least equal to capital plus reserves which cannot be distributed according to the law or the Articles of Association of the Company, and (ii) the report of the Board of Directors (explaining the legal and economic aspects of the Transformation and specifying its consequences for the shareholders and the employees).

5. Consequences of Transformation

5.1 Consequences for the Company

(a) Legal entity and Transformation

Pursuant to Article 37§2 of the Regulation, the Transformation will not result in the dissolution of the Company nor in the creation of a new legal entity.

The Company, after its transformation into a European company, will only be able to transform into a *société anonyme*. As the case may be, the transformation of a European company into a *société anonyme* will not result in its dissolution nor in the creation of a new legal entity.

(b) Registered office and administration centre

On the effective date of the Transformation, the registered office and administration center of Valeo SE will remain located in France, at 43 rue Bayen, 75017 Paris.

(c) Articles of Association

A draft of the Company's Articles of Association after the Transformation is effective, subject to their approval at the extraordinary general shareholders' meeting, is attached to this Transformation Agreement. This draft is simply an adaptation of the current Articles of Association to the form of a European company and to recent developments in national provisions relating to *sociétés anonymes* and applicable to European companies¹. It does not take into account any potential changes that may be proposed to the shareholders prior to or at the extraordinary general shareholders' meeting convened to decide on the transformation of Valeo into a European company.

The provisions of these Articles of Association comply with the Regulation and the applicable provisions of French law. The Company will remain organized under a single-tier structure, pursuant to the provisions of the Regulation and will continue to have a Board of Directors (*Conseil d'Administration*) and a Chairman and Chief Executive Officer (*Président-Directeur Général*).

The Transformation will not change the Company's purposes, term, registered office, capital or the date of the fiscal year end.

The Company will retain the corporate name "Valeo" to which as from completion of the Transformation will be added the initials SE or the words "Société Européenne".

¹ As a result, in particular, of the adoption of Law No. 2019-486 of 22 May 2019 ("PACTE" Law) and Law No. 2019-744 of 19 July 2019 ("Soilhi" Law).

(d) Governance

The Regulation provides for a limited number of specific rules concerning the governance of a European company and refers to national law provisions in this regard. The governance of the Company will thus be mainly governed by the provisions of the French Commercial Code applicable to the management and the administration of *sociétés anonymes*, with the exception of certain rules included in the Regulation.

All rules provided in the Regulation have been included in the draft Articles of Association attached to this Transformation Agreement.

Completion of the Transformation will not result in any change in the composition of the Board of Directors. The mandate of each Board member will continue under the same conditions for the length of time left. For the avoidance of doubt, the Company's extraordinary general shareholders' meeting convened to decide on the Transformation will confirm the continuation of the ongoing mandates.

Likewise, the mandate of each of the statutory auditors will continue under the same conditions for the length of time left. For the avoidance of doubt, the Company's extraordinary general shareholders' meeting convened to decide on the Transformation will confirm the continuation of the ongoing mandates.

The Board of Directors will meet at least once every quarter to discuss Valeo SE's business activity and its expected changes, pursuant to Article 44§1 of the Regulation.

Furthermore, the governance organization of Valeo SE, and specifically the composition and powers of the Board of Directors' committees will remain unchanged.

The quorum for Board of Directors' meetings will be the following: half of the members must be present or represented (whereas the current quorum is the following: half of the members must be present).

The rules for calculating the majority at general shareholders' meetings will remain unchanged. Indeed, since the entry into force of Law No. 2019-486 of May 22, 2019 ("PACTE" Law), the calculation of the majority for approving resolutions at a general meeting in a *société anonyme* is carried out in the same way as in a European company, on the basis of "votes cast", which does not include those attached to shares for which a shareholder did not take part in the vote or abstained or voted blank or void.

In terms of related-party agreements, the Company's Articles of Association under its new form of a European company will refer to applicable provisions for *sociétés anonymes*.

5.2 Consequences for shareholders

The number of shares making up the share capital and their nominal value will remain unchanged. They will continue to be admitted to trading on the regulated market of Euronext Paris.

The financial commitment of each shareholder will remain limited to the one it subscribed prior to the Company's Transformation. The Transformation will also not affect the share of each shareholder in the voting rights of the Company.

Statutory provisions on double voting right will remain unchanged.

The Transformation into a European company will have no effect on the rules regarding the allocation of the Company's result, whether it is a profit or a loss, or any effect on the rules regarding the distribution of dividends or reserves.

The Transformation will result in a strengthening of the political rights of shareholders, as Article 55§1 of the Regulation recognizes the right, for one or more shareholders holding together shares representing at least 10% of the subscribed share capital of the Company, to request the convening of a general shareholders' meeting and the setting of the agenda; this provision has no equivalent in the French *société anonyme*.

The Articles of Association of the Company under the form of a European company do not bring any changes to the relationship between shareholders.

5.3 Consequences for creditors

The Transformation will not result in any change in the rights of the Company's creditors. Existing creditors will retain all their rights regarding the Company after the completion of the Transformation. The creditors will also retain the benefit of the sureties that have been granted to them before the completion of the Transformation.

Furthermore, in accordance with Articles L. 225-244 and L. 228-65 of the French Commercial Code, the Transformation will be subject to the prior approval of the bondholders' meetings.

5.4 Tax consequences of the Transformation

The Transformation of the Company into a European company is not of such a nature to have a fiscal impact in respect of taxes on profits or on the tax consolidation group that the Company is part of: (i) it does not lead to the creation of a new legal entity, (ii) it does not alter the tax regime of the Company (Valeo SE remaining fiscally assimilated to a *société anonyme*), and (iii) it does not lead to the transfer of the Company's registered office abroad.

In respect of registration duties, the operation shall be registered within 30 days of its completion; as it is not considered as forming a company, this operation shall not be subject to any contribution duty, but will be subject to the lump-sum registration fee for innominate act provided for by Article 680 of the French General Tax Code.

5.5 Consequences for employees – Information on the procedures relating to employee involvement

The Transformation of the Company into a European company will not change the Group's current configuration as it consists of a parent company and, as regards the European Economic Area perimeter, subsidiaries and establishments located within this perimeter.

The individual and collective rights of the employees of the Company and of these various subsidiaries and establishments will not be modified, in the sense that:

- individual relations between each of the employees and their employer will continue in accordance with the national rules that usually govern them; in particular, no changes will be made to the employment contracts of the employees of the Company and its subsidiaries and establishments as a result of the Company's Transformation into a European company; and
- collective relations will also continue to take place or evolve in accordance with each national law, and in particular will in no way be diminished or hindered as a result of the Company's Transformation into a European company.

On the other hand, Article L. 2351-2 of the French Employment Code provides that the provisions relating to the European Works Council are not applicable to a European company and its subsidiaries. This means that as from the registration of the Company as a European company, the current European Works Council will automatically disappear.

Before that, and after the adoption of the Transformation Agreement by the Board of Directors, negotiations on the "involvement of the employees in the European company" shall be initiated in order, notably, to organize the setting up of a European Company Committee.

Indeed, if a French *société anonyme* is converted into a European company, a negotiation procedure is required between the Company's management and the employee representatives of the company concerned by the transformation, as well as with the employee representatives of the European establishments and subsidiaries of said company (the "**Subsidiaries**") pursuant to Articles L. 2351-1 to L. 2353-32 of the French Employment Code transposing the Directive.

The Company, pursuant to the legal provisions, shall inform and invite the employee representatives of the Company, its European subsidiaries and establishments to form a special negotiation body (the "**SNB**"). The Company will set up the SNB after the Transformation Agreement is approved in order to determine, by written agreement, the terms of employee involvement within Valeo SE, covering information, consultation and participation of employees in management bodies.

Members of the SNB shall be appointed in accordance with the modalities established for each of the countries involved. The SNB, which will have legal capacity, will be the interlocutor to the management of the Company within the framework of negotiations.

Members of the SNB will be invited by the Company's management to meet and may be assisted by experts. Negotiations may be carried out for six (6) months as from the SNB being formed. They may be extended, by mutual agreement between the parties, without the duration of the negotiations exceeding one (1) year.

Thus, the SNB's negotiations on the involvement of employees in the Company may lead to the following situations:

- conclusion of an *ad hoc* agreement, which will determine the conditions for the establishment and operation of an employee representative body within the European company, i.e. a European Company Committee, as well as the terms and conditions of employee participation in the Board of Directors of Valeo SE, which must be at least equivalent to those existing within Valeo SA; or
- absence of an agreement, in which case the subsidiary provisions established by the Directive and Articles L. 2353-1 et seq. of the French Employment Code will apply automatically to organize employee involvement in the European company.

5.6 Specific advantages

The members of the Board of Directors, as well as the statutory auditors of the Company will have no specific advantages in the context of the Transformation.

The Transformation auditor(s) will be remunerated by the Company once they have completed their mission.

6. Completion of the Transformation – Effective date of the Transformation

Pursuant to Article 12§2 of the Regulation, the Transformation of the Company into a European company and its registration with the trade and company registry may only take place once the procedure relating to the involvement of the employees is completed in accordance with the procedure described in article 5.5 above.

The Transformation will be effective, vis-à-vis third parties, as from the registration of the Company under the form of a European company in the trade and company registry.

7. Registration and publication of the Transformation Agreement and the draft Articles of Association of the Company under the form of a European company

The Transformation Agreement will be filed with the law clerk of the Commercial Court of Paris, where the Company is registered, and a notice will be published in a legal add newspaper and in the *Bulletin des Annonces Légales Obligatoires* (BALO) at least one month before the Company's extraordinary general shareholders' meeting convened to decide on the Transformation.

8. Costs and fees

All costs, disbursements and fees in relation to the Transformation will be borne by the Company.

9. Applicable law – Competent jurisdiction

This Transformation Agreement shall be governed by French law and any dispute related to it shall be brought before the Commercial Court of Paris.

Done in Paris, on 24 February 2020.

The Board of Directors

ANNEX

Draft Articles of Association of the Company under the form of a European company

V A L E O

A French *société européenne* with a share capital of 241,036,743 euros

Registered office: 43 rue Bayen – 75017 Paris

552 030 967 Registry of Commerce and Companies of Paris

**Articles of Association as amended by the Mixed General Shareholders' Meeting
on June 25, 2020**

- ARTICLES OF ASSOCIATION -

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TITLE I

FORM – COMPANY NAME – PURPOSE – REGISTERED OFFICE – TERM – SHARE CAPITAL

Article 1 **FORM**

The Company has been established as a French *société anonyme* managed by a Board of Directors. It has been transformed into an European company (*Societas Europaea*) upon decision of the Mixed General Shareholder’s Meeting on June 25, 2020. It is governed by the European and French laws and regulations applicable to European companies (the “Law”) and by these articles of association.

Article 2 **COMPANY NAME**

The name of the Company is VALEO.

Article 3 **PURPOSE**

The purpose of the Company is as follows:

- the research, manufacturing, sale, trade and supply of all products, equipment and services for the industrial and retail sectors, that may be manufactured and developed by factories of the Company and of companies of its group or that may be of interest to their customers,
- and more generally, engaging in any transactions whatsoever, including industrial, commercial, financial, real estate and other property transactions, sales, acquisitions, capital contributions, etc., directly or indirectly related to the corporate purpose or contributing to its extension or development.

Article 4 **REGISTERED OFFICE**

The registered office is located in the 17th *arrondissement* of Paris, 43 rue Bayen.

It may be transferred to any other location in the same *département* or a neighboring *département*, by a decision of the Board of Directors, which will be subject to the approval of the next Ordinary Shareholders' Meeting.

Article 5 **TERM**

The term of the Company shall be ninety-nine years effective as from February 10, 1972, subject to an earlier winding up.

Article 6 **SHARE CAPITAL**

The share capital is 241,036,743 euros, divided into 241,036,743 shares, each with a par value of 1 euro.

TITLE II

SHARES / SECURITIES

Article 7 TYPE

The Company may issue shares and other securities, either in exchange for cash or contributions or through the capitalization of reserves or any other means provided by Law.

Article 8 CHARACTERISTICS

The shares may be registered shares or bearer shares, at the option of the shareholder.

The Board of Directors may, in its discretion, issue bearer securities representing several fully paid-up shares.

Article 9 TRANSFER

1. The shares are freely transferable unless provided otherwise by Law.

In the event of a share capital increase, the new shares will be transferable as of the date of such increase.

2. In order to identify holders of securities in bearer form, the Company may request, in accordance with the Law and the sanctions provided for by the French Commercial Code, that any organization or intermediary provides information enabling to identify holders of securities of the Company that have, or may in the future have, voting rights in its shareholders' meetings, and especially the number of securities held by each of them.

With respect to registered securities, giving access to capital immediately or in the future, the intermediary recorded under the terms provided for by the French Commercial Code must reveal the identity of the owners of such securities, as well as the number of shares held by each of them, upon the request by the Company or its agent, which may be made at any time. Failure of the holders of the securities or their intermediaries to comply with their obligation to communicate the information mentioned above may, subject to any relevant legal constraints, cause the suspension or withdrawal of the right to vote and any right to dividend payments related to the shares.

3. In addition to the thresholds provided for by Article L.233-7 of the French Commercial Code, any individual or legal entity owning directly or indirectly, alone or in concert with other entities, a number of shares representing more than 2% of the share capital or voting rights of the Company, must notify the Company by registered letter with acknowledgement of receipt within fifteen days upon crossing the said 2% threshold, setting forth its name and the names of the persons acting in concert. This notification obligation also applies to each additional 2% of the share capital or voting rights. This obligation also applies when the threshold of 2% (or of a multiple thereof) is crossed in connection with a decrease in ownership of share capital or voting rights.

The thresholds mentioned in the first paragraph of this Article 9.3 shall be calculated in accordance with the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code and the provisions of the General Regulations of the French Financial Markets Authority.

The intermediary recorded as holder of shares in accordance with the seventh paragraph of Article L.228-1 of the French Commercial Code shall provide the declarations required by this Article for all the shares held for its account, without prejudice to the obligations of the owners of the shares.

In the event of failure to comply with the obligations set forth above, the sanctions under Article L.233-14 of the French Commercial Code will be applied provided that a request for such sanctions by one or more shareholders holding at least 2% of the share capital or voting rights is recorded in the minutes of the Shareholders' Meeting.

Article 10 PAYMENT IN FULL

The subscription price of the shares issued in connection with a share capital increase, and to be fully paid up in cash, will be due under the conditions defined by the Board of Directors.

The subscribers and shareholders shall be informed of any calls for capital at least fifteen days before the date set for each payment by a notice published in a legal gazette of the location of the registered office or by individual registered letter.

Any late payment of the amounts due related to shares which have not been paid up will entail, automatically and without any formality, the payment of a late payment interest calculated at the legal rate applicable to commercial matters plus two points, accrued on a daily basis as of the due date, without prejudice to any action that the Company may bring against the defaulting shareholder and enforcement procedures provided for by Law.

Article 11 RIGHTS AND OBLIGATIONS RELATED TO THE SHARES

Each share will give rise to the ownership of the company's assets, a share of the profits and liquidating rights, in proportion to the number of existing shares.

Tax exemptions or various taxes, related to the current or future capitalization of reserves, or transactions treated as such, and which may become due in the event of a capital redemption, either during the course of the Company's existence or during its liquidation, will be allocated uniformly among all the shares constituting the share capital. This allocation will be carried out so that the net amount allocated to each share is equal, and that all shares enjoy the same rights and bear the same obligations.

Any time that a shareholder is required to hold a certain number of shares in order to exercise a given right, the owners of individual shares or a number of shares lower than the required number will not have any right against the Company. In such an event, each such shareholder will, if it wishes to exercise such right, be responsible for acquiring the required number of shares or fractional shares.

The shares are indivisible with respect to the Company.

TITLE III

BONDS

Article 12 ISSUE AND TYPE

The Company may issue bonds upon the decision or authorization of the Board of Directors in accordance with the applicable Law.

Such bonds may be in registered or bearer form, at the option of the holder.

TITLE IV

MANAGEMENT AND CONTROL OF THE COMPANY

Article 13 BOARD OF DIRECTORS – COMPOSITION

The Company shall be managed by a Board of Directors which will be composed of no less than three directors and no more than eighteen directors, or any other maximum number permitted by the applicable Law. The number of directors representing employees is not taken into account for determining the minimum or maximum number of directors.

A corporate entity can be appointed as Director, but it must in turn appoint its permanent representative within the Board of Directors, in accordance with the applicable Law.

Article 14 DIRECTORS' TERM OF OFFICE – AGE LIMIT – CONDITIONS – COMPENSATION

1. Each member of the Board of Directors shall be appointed for a four-year term by the Ordinary Shareholders' Meeting; members may be re-elected. The terms of one-fourth of the members of the Board of Directors are renewed each year or, when the total number of its members divided by four does not equal a whole number, the number that is immediately higher or lower than the number resulting from this division, provided that to the extent possible, for each year within the same period of four consecutive years, the gap between the number of seats to be renewed in such year and the number of seats to be renewed in each of the three other years of such period may not be higher than one.

A director who is appointed to replace a director whose mandate has not yet expired will only remain in office for the remainder of his or her predecessor's mandate.

2. Where the number of directors appointed under paragraph 1 above and calculated in accordance with the Law is equal to or less than 8, the Board of Directors also includes a director representing employees appointed by the Company Group Committee. Where the number of directors appointed under paragraph 1 above and calculated in accordance with the Law is greater than 8, and provided this criterion continues to be satisfied on the date of appointment (which must occur within six months after the threshold is exceeded), a second director representing employees is appointed by the European Council for employee representation constituted in accordance with Article L. 2352-16 of the French Labor Code, or, as an alternative, in accordance with Article L. 2353-1 of the same code. If the number of directors becomes equal to or less than 8, the term of office of the second director representing employees

and appointed by the European Council for employee representation will continue until its scheduled expiry date.

The provisions of Article 14.1 of the articles of association regarding the length and the renewal of the term of office apply to directors representing employees (with the exception of the rules relating to the renewal by quarter of the Board of Directors).

The term of office of the directors representing employees will expire in advance under the conditions set out by Law and this Article 14; if the implementing conditions provided by Law are no longer satisfied, the term of office of the director or directors representing employees could expire, upon decision of the Board of Directors, at the close of the Board of Directors meeting during which the Board of Directors has ascertained that the Company no longer comes within the scope of the Law.

3. In case of vacancies resulting from the death or resignation of one or more directors, the Board of Directors may, in the period between two Shareholders' Meetings, appoint replacements on a temporary basis in accordance with the Law. As an exception to the foregoing, in case of vacancies for any reason of the seat of a director representing employees, the vacant seat is filled pursuant to the conditions set out by Law.
4. No individual who is more than 70 years of age may be appointed a member of the Board of Directors if his/her appointment results in more than one-third of the members of the Board of Directors being over 70 years of age. This age limit shall apply to the permanent representatives of legal entities that serve as directors.
5. Each director must own a minimum of 1,500 shares during his/her term of office. Such shares shall be held in a registered account. The provisions of this Article 14.5 do not apply to the directors representing employees.
6. The acceptance and exercise of the position of director includes an undertaking, by each director, to certify in writing upon request that he/she personally abides by the conditions and obligations required of directors under the applicable Law, in particular regarding the holding of several offices.
7. The Shareholders' Meeting may grant the members of the Board of Directors, in compensation for their services, a fixed annual fee, which will be recorded as an operating expense. The Board of Directors shall freely allocate the aggregate amount among its members. The Chairman's compensation is determined by the Board of Directors. The Board of Directors may grant additional exceptional compensation for assignments or offices entrusted to members of the Board of Directors, in particular in case of attendance at any of the committees referred to in Article 17 hereof.

Article 15 CHAIRMAN OF THE BOARD OF DIRECTORS – VICE-CHAIRMAN

1. The Board of Directors shall elect a Chairman among its individual members. It shall determine his/her compensation and set the term of his/her office, which may not exceed that of his/her term of office as director.

The Chairman organizes and manages the operations of the Board of Directors, which he/she shall report on to the Shareholders' Meeting. He/she shall oversee the proper operation of the Company's bodies and make sure, in particular, that the directors are able to fulfill their duties.

If the Chairman becomes temporarily unavailable or dies, the Board of Directors may delegate the Chairman's duties to the Vice-Chairman or to a director. In a case of temporary

unavailability, such delegation is granted for a limited term. In a case of death, such delegation is valid until the election of a new Chairman.

The Chairman's duties shall cease no later than upon adjournment of the Shareholders' Meeting reviewing the financial statements of the fiscal year during which he/she reaches the age of 70.

2. The Board of Directors may decide to appoint a Vice-Chairman. It shall set the term of his/her office, which may not exceed that of his/her term of office as director.

Article 16 OPERATION OF THE BOARD OF DIRECTORS

1. The Board of Directors shall meet as often as the interests of the Company require, and at least one time every three months, upon notice given by its Chairman through any means, including orally. The meeting shall be held either at the registered office, or in any other location mentioned in the notice given by the Chairman.

If the Board of Directors has not met for more than two months, directors representing at least one-third of the members of the Board may at any time request that the Chairman call a meeting of the Board of Directors with a stated agenda. The Chief Executive Officer (*Directeur Général*) may also, at any time, request that the Chairman call a meeting of the Board of Directors with a stated agenda. The Chairman is bound by the requests sent to him/her pursuant to this paragraph.

If the Chairman is unable to do so, a meeting of the Board of Directors may be called either by at least one-third of the members of the Board or by the Chief Executive Officer or a Vice-Chief Executive Officer (*Directeur Général Délégué*) if he/she is a director.

2. The Board of Directors shall act under the quorum and majority conditions provided by Law. In the event that there is a tie, the chairman of the meeting shall cast the deciding vote.
3. The Board of Directors may appoint a secretary chosen from among its members or otherwise.
4. The decisions relating to the Board of Directors' powers set out in Article L. 225-24, the last paragraph of Article L. 225-35, the second paragraph of Article L. 225-36 and the first part of Article L. 225-103 of the French Commercial Code, as well as the decision to transfer the corporate office within the same department can be taken by written consultation of the directors.

Article 17 POWERS OF THE BOARD OF DIRECTORS

1. The Board of Directors shall determine the Company's strategy and oversee its implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the scope of the corporate purpose, it shall take up any question concerning the proper operation of the Company and settle by its deliberations the matters concerning it.
2. As a general matter, the Board of Directors takes all decisions and exercises all powers within its competence, in accordance with the applicable Law, the delegations of power granted by the General Shareholders' Meeting and the present articles of association. The Board of Directors shall seek prior authorization before acting upon, mainly, the following operations:
 - granting sureties, endorsements and guarantees by the Company, pursuant to the last paragraph of the Article L. 225-35 of the French Commercial Code;
 - regulated agreements pursuant to Article 19 of the present articles of association below;

- bond issue by the Company, pursuant to Article 12 of the present articles of association above.
- 3. The Board of Directors shall perform any such audits and verifications that it may deem necessary. The Chairman of the Board of Directors or the Chief Executive Officer shall provide each director with all documents and information necessary to fulfill his/her duties.
- 4. The Board of Directors may create one or more committees to examine issues that the Board or its Chairman refers to it.

Article 18 GENERAL MANAGEMENT

1. The general management of the Company shall be the responsibility of either the Chairman of the Board of Directors, or of another individual, that need not be a director, who holds the title of Chief Executive Officer.

The Board of Directors shall choose at any time between the two forms of general management. The option remains valid until the Board of Directors decides otherwise.

Shareholders and third parties shall be informed of such choice in accordance with the applicable Law.

2. When the Company's general management is ensured by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer shall apply to him/her.
3. The Chief Executive Officer shall have the broadest power to act in the Company's name in all circumstances. He/she shall exercise such powers within the scope of the Company's corporate purpose and subject to the powers expressly granted by Law to the Shareholders' Meetings and to the Board of Directors. The Chief Executive Officer shall represent the Company vis-à-vis third parties and before courts of law.
4. The Board of Directors shall determine the compensation and term of office of the Chief Executive Officer, which may not exceed, if applicable, that of his/her term of office as a director.
5. At the request of the Chief Executive Officer, the Board of Directors may appoint, in accordance with the Law, one or more individuals charged with assisting the Chief Executive Officer, with the title of Vice-Chief Executive Officer (*Directeur Général Délégué*). With the consent of the Chief Executive Officer the Board of Directors shall determine the scope of the powers entrusted to the Vice-Chief Executive Officer and the term of his/her office, which may not exceed, if applicable, that of his/her office as a director. The Vice-Chief Executive Officer shall have, vis-à-vis third parties, the same powers as the Chief Executive Officer.
6. The Chief Executive Officer and the Vice-Chief Executive Officers shall have the ability to partly substitute in their powers as many representatives as they deem necessary, within the limits set by the applicable Law.
7. The duties of the Chief Executive Officer and Vice-Chief Executive Officers shall end no later than upon adjournment of the Shareholders' Meeting reviewing the financial statements of the fiscal year during which they reach the age of 68.

Article 19 REGULATED AGREEMENTS

Any direct or indirect agreement between the Company and one of the members of the Board of Directors, the Chief Executive Officer or a Vice-Chief Executive Officer, a shareholder holding more than 10% of the voting rights or, if such shareholder is a company, the company controlling it as defined in Article L.233-3 of the French Commercial Code, must be subject to the prior authorization of the Board of Directors.

The same applies to agreements in which one of the persons mentioned in the preceding paragraph is indirectly concerned, as well as if the agreement takes place between the Company and another company, if one of the directors, the Chief Executive Officer or one of the Vice-Chief Executive Officers of the Company is also an owner, general partner, manager, director, member of the supervisory board or, generally, a senior manager of the other company.

The prior authorization granted by the Board of Directors must be substantiated, stating the benefit to be gained by the Company in entering into the agreement, including the financial terms relating thereto.

The provisions of the previous three paragraphs shall not apply to agreements entered into in the ordinary course of business and at arm's length or between two companies of which one directly or indirectly owns the full share capital of the other after deduction of the minimum number of shares necessary to meet the requirements of Article 1832 of the French Civil Code or Articles L. 225-1 and L. 226-1 of the French Commercial Code, as applicable.

TITLE V

AUDITING OF THE COMPANY

Article 20 STATUTORY AUDITORS

The Company will be audited by one or more statutory auditors in compliance with the applicable Law.

One or more substitute statutory auditors will be appointed in compliance with the applicable Law, to replace any statutory auditor in the event of such statutory auditor's refusal, unavailability, resignation or death.

TITLE VI

SHAREHOLDERS' MEETINGS

Article 21 SHAREHOLDERS' MEETINGS

The shareholders' meeting, duly constituted, shall represent all shareholders; decisions made in compliance with the Law and these articles of association will bind all shareholders.

Each year, an Ordinary Shareholders' Meeting shall be held within six months of the end of the fiscal year. In addition, ordinary Shareholders' Meetings held on an exceptional basis or extraordinary Shareholders Meetings may be held at any time.

Article 22 FORM AND NOTICE OF MEETING

The Shareholders' Meetings shall be convened in compliance with the applicable Law. They will be held at the registered office or any other place mentioned in the notice of the meeting.

Article 23 ATTENDANCE OF MEETING; PROXIES; REMOTE VOTING

Any shareholder has the right to attend the Meetings under the conditions provided for by the Law.

Each shareholder at the meeting shall, without limitation, have a number of votes equal to the number of shares it owns or for which it holds proxies. However, a double voting right compared to the voting rights granted to other shares will be granted to all registered shares that are fully paid up and recorded in the name of the same holder for at least four years. In addition, in the event of a capital increase by capitalization of reserves, profits or issuing premiums, this double voting right will be granted as of the date of their issue to registered shares offered free of charge to shareholders in connection with pre-existing shares already entitled to such double voting right. The double voting right shall cease, automatically, with respect to any shares converted into bearer form or transferred; however, the four-year period set forth above shall not be interrupted and the vested right will be retained in the event of a transfer effected as a result of an inheritance, a division of marital property or an inter vivos gift to the benefit of a spouse or relatives entitled to inherit.

The shareholders may, in compliance with the applicable Law, send proxies and mail voting instructions with respect to any Shareholders' Meeting either in paper format or by remote transmission.

The shareholders participating in the meeting through videoconference or other telecommunications means, including via Internet, which allow the identification of the shareholders in accordance with the Law in force the day the said means of communication are used, will be deemed present for purposes of quorum and majority.

Article 24 OFFICERS – ATTENDANCE SHEET - AGENDA

The Meetings will be chaired by the Chairman of the Board of Directors or, in his/her absence, by the Vice-Chairman or a director especially appointed for this purpose by the Board of Directors; otherwise, the Meeting shall elect its Chairman; the duties as tellers will be performed by two members attending the Meeting who receive the largest number of votes and who are willing to perform this position; the officers will appoint the Secretary who needs not be a shareholder.

An attendance sheet shall be kept in compliance with the applicable Law.

The agenda of the Meetings shall be determined by the author of the notice of meetings; however, one or several shareholders may, in compliance with the applicable Law, require that proposed resolutions be included in the agenda.

Article 25 MINUTES

Decisions made at the Shareholders' Meeting will be recorded in minutes drafted in compliance with the applicable Law; copies or excerpts of these minutes will be certified in compliance with the applicable Law.

Article 26 QUORUM AND MAJORITIES - POWERS

Shareholders' Meetings shall decide in accordance with the provisions set forth by the Law.

If the Board of Directors decides to use telecommunications technology to conduct the meeting and publishes its decision to do so in the notice of meeting or the convening notice, shareholders who participate in the meeting through videoconference or other telecommunications means, which permit the identification of the shareholders in accordance with the applicable Law, will be deemed present for purposes of quorum and majority.

TITLE VII

**FISCAL YEAR
FINANCIAL STATEMENTS / APPROPRIATION OF RESULTS
DISTRIBUTION OF PROFITS**

Article 27 FISCAL YEAR

The fiscal year shall begin on January 1 and end on December 31 of each year.

Article 28 FINANCIAL STATEMENTS

The financial statements for the fiscal year shall be approved each year by the Shareholders' Meeting, which decides on the appropriation of the profits in compliance with the applicable Law.

Article 29 DISTRIBUTABLE PROFITS - DIVIDENDS

The distributable profit shall include the net income for the fiscal year, less any previous losses and sums allocated to the legal reserve and increased by any profits carried forward. In addition, the Shareholders' Meeting may decide in compliance with the applicable Law to distribute sums allocated to available reserves and/or retained earnings; in such case, the decision will expressly set forth the categories of reserves from which the deductions will be made.

The dividend payment terms will be set by the Shareholders' Meeting or, in the event such terms are not set by the Shareholders' Meeting, by the Board of Directors.

The Board of Directors may decide, if permitted by Law, to distribute an interim dividend from the previous or current fiscal year, before the approval of such fiscal year's annual financial statements, and to set the dividend amount and payment date.

The Shareholders' Meeting approving the annual financial statements may grant to each shareholder, for all or part of the declared dividend or interim dividend, the option to choose between the payment of the dividend or interim dividend in cash or in shares, under the conditions set by, and in compliance with, the applicable Law.

TITLE VIII

MODIFICATIONS OF THE SHARE CAPITAL

Article 30 INCREASE – AMORTIZATION AND REDUCTION OF CAPITAL

The share capital may be increased by decision of the Shareholders' Meeting, which may empower the Board of Directors to carry out the capital increase in one or more time(s), to set the terms and conditions, to record its completion and to make corresponding amendments to the articles of association.

TITLE IX

WINDING-UP - LIQUIDATION / JURISDICTION

Article 31 WINDING-UP - LIQUIDATION

At the end of the period set forth in these articles of association or in the event of an earlier winding-up, the Shareholders' Meeting shall determine the method of liquidation, shall appoint one or several receivers, and shall determine his or their powers; such receivers shall exercise their duties in compliance with the applicable Law.

Article 32 JURISDICTION

Any disputes which may arise during the Company's existence or during its liquidation, either between shareholders and the Company or among the shareholders themselves, relating to the interpretation or implementation of these articles of association or the Company's business generally shall be subject to the jurisdiction of the competent courts of the location of the registered office.

For such purpose, in the event of any disputes, each shareholder must elect a domicile in the jurisdiction of the competent court of the location of the registered office, and any summons will be served at such domicile; failing such election of domicile, such summons will be validly served at the Prosecutor's office at the *Tribunal de Grande Instance* of the location of the registered office.