

Selection Procedure for Independent Directors

Updated on July 29, 2021

As recommended in article 17.2.1 of the AFEP-MEDEF Code, this Selection Procedure for Independent Directors describes:

- the role of the Nominations Committee and of the Lead Director in the selection of future Independent Directors;
- the principles underlying the Selection Procedure for new Independent Directors; and
- the various stages in the selection process for new Independent Directors.

This procedure was adopted by the Board of Directors at its meeting on July 29, 2021. It can be updated at any time by a decision of the Board of Directors.

In accordance with the most recent recommendations of the Autorité des Marchés Financiers (AMF) and the Haut Comité de Gouvernement d'Entreprise (HCGE), the Selection Procedure for Independent Directors is published, and the Board of Directors reports on its actual implementation each year in its Report on Corporate Governance.

1. MANAGEMENT OF THE SELECTION PROCESS

The Nominations Committee, in consultation with the Chairman and Chief Executive Officer and the other Directors, reflects upon the diversity policy applied to Directors and submits proposals to the Board of Directors, which determines that policy, as recommended in article 6.2 of the AFEP-MEDEF Code. In this connection, the Nominations Committee determines the competencies and the expertise that it considers essential for the Independent Directors and establishes a skills matrix used in defining the criteria for recruitment and selection of candidates for directorships.

In accordance with article 17.2.1 of the AFEP-MEDEF Code, the mission of the Nominations Committee is to submit proposals to the Board of Directors regarding the nomination and the re-election of the Independent Directors. It organizes the search and selection process for future Independent Directors, performs its own review of potential candidates before they are approached in any way, and gives a reasoned opinion on the candidates, after having thoroughly examined all relevant information, particularly in light of the desired make-up of the Board of Directors. The Nominations Committee also examines the independence of the candidates for the positions of Independent Directors with regard to the six criteria set out in article 9.5 of the AFEP-MEDEF Code.

The Lead Director, who is also the Chair of the Nominations Committee, manages the search and selection process for new Independent Directors, with assistance, if appropriate, from an outside consulting firm.

2. PRINCIPLES OF THE SELECTION PROCEDURE

The Selection Procedure for Independent Directors carried out by the Nominations Committee and the Lead Director is based on the following principles:

- seeking balance in the membership of the Board of Directors with respect to the competencies and diversity of its members (professional and international expertise and experience, gender representation, nationality, age);
- seeking profiles that are complementary, in light of the existing membership of the Board of Directors; and
- strictest confidentiality in approaching any potential candidate.

3. SELECTION PROCESS

The selection process for future Independent Directors comprises the six stages described below.

3.1. Identification of sought-after profiles

Annually, the Nominations Committee examines, evaluates and updates the needs for competencies on the Board of Directors. It determines the desired make-up of the Board of Directors, particularly the number of Independent Directors, the diversity of their profiles and the staggering of their terms in order to establish the time schedule for recruitments (in the short, medium and long term). It reviews the recruitment criteria, as well as their weighting and the recruitment policy.

This examination takes into account the conclusions of the annual meeting of non-executive Directors during which the membership, organization and operation of the Board of Directors are evaluated. Exceptional meetings may be held in urgent situations (for example, in the case of an unforeseen vacancy of one of the positions).

The Nominations Committee presents the results of its work to the Chairman and Chief Executive Officer, who states his observations and recommendations, and then to the Board of Directors, which approves the recruitment policy and the proposed time schedule.

3.2. Search for profiles

A list of a dozen potential candidates for positions as Independent Directors is prepared and continuously managed by the Lead Director. The sources of the names on the list are (i) confidential direct searches conducted internally or, if need be, with assistance from a specialized outside consulting firm, and (ii) possible unsolicited applications. The Lead Director coordinates all contacts with a potential candidate.

When the list of candidates is prepared, consideration is given to the relevance of their references and, for candidates who are currently serving as Directors, or former Directors, an evaluation of their performance.

3.3. Preselection of candidates

Whenever one or more Director's seats become vacant or whenever the Board of Directors decides to expand or to modify its membership, a preselection list of candidates is reviewed, based on the predefined selection criteria, during a meeting of the Nominations Committee.

3.4. Contacts and interviews with candidates

Initial contacts are made on a confidential basis by the Lead Director. All members of the Nominations Committee have individual meetings with the candidates whose interest is confirmed.

The preselected candidates then meet the Chairman and Chief Executive Officer, the other Directors, and the Executive Vice President. A negative opinion by any one of the participants will result in the elimination of the candidate. A comparison of the evaluations is coordinated by the Lead Director.

The Nominations Committee deliberates on the results of these interviews and evaluations during a meeting.

3.5. Reporting to the Board of Directors

After examining the candidates, the Nominations Committee provides its opinion and the reasons therefor, with a proposed shortlist of candidates for examination and approval by the Board of Directors.

3.6. Nomination

After deliberation, the Board of Directors submits the nomination or proposed re-election of the candidate(s) to the approval of the shareholders at the next Shareholders' Meeting, setting out the reasons for its proposal, as recommended in article 14.4 of the AFEP-MEDEF Code.