

## **DIRECTORS FOUNDATION**

From "*la Fondation des Administrateurs*"

### **THE DIRECTOR'S CHARTER**

The objective of this Charter is to help company directors fulfil their mission, while respecting the rules of independence, competence, ethics, and integrity that are expected of them.

This Charter is applicable to executive directors and other directors, physical and moral persons; and any company whether it be constituted of capital, public or private persons, and whether it be large or small.

Most of these principles are valid for other types of organisations, such as associations, non-profit organisations, establishments of public utility, and so forth.

The Foundation expects its members, i.e. company directors, to explicitly adhere to the principles of this Charter insofar as they do not contradict other statutory rules to which they may be held, as a sign of their commitment to develop their professional capacities in respect of the rules of independence, integrity, and ethics advocated by the Foundation.

**THE COMPANY DIRECTOR, IN THE EXERCISE OF HIS FUNCTIONS, UNDERTAKES TO:**

1. Act independently in all circumstances
2. Actively protect the company's interests
3. Ensure the effective functioning of the Board of Directors
4. Protect the interests of all shareholders
5. Take into account the legitimate expectations of all of the company's partners (the community, clients, executives, employees, suppliers, and creditors)
6. Ensure that the company respects its obligations and commitments, and the laws, regulations and codes of good practice
7. Avoid any conflict between his or her direct personal interests and those of the company
8. Avoid any improper use of information or insider trading
9. Permanently develop his or her professional capacities
10. Adhere to the spirit of this Charter

**THE COMPANY DIRECTOR, IN THE EXERCISE OF HIS FUNCTIONS, UNDERTAKES TO:**

**Act independently in all circumstances**

The Director undertakes to maintain, in all circumstances, his or her independence of analysis, of decision, and of action; and to reject any pressure, direct or indirect, which could be exercised upon him or her, and which could emanate from Directors or the company's Management, from specific groups of shareholders, creditors, suppliers, and in general any third party.

The Director undertakes not to seek or accept from the company or any companies linked hereto, directly or indirectly, any unreasonable advantages that could be considered as compromising his or her independence.

In the event that the Director finds that a decision of the Board may harm the company, the Director undertakes to clearly express his or her opposition and to employ all methods to convince the Board of the pertinence of the Director's position.

In this regard, whilst considering that resignation would constitute the ultimate expression of his or her opposition, the Director will consecutively consider:

- Explaining the reasons for his or her opposition and the negative consequences that would arise for the company if the Board pursued its decision;
- Obtaining, if necessary, professional advice;
- Requesting that the decision be postponed, if possible, to an ulterior Board meeting so that the Director's position may be examined;
- Requesting that the Director's written position be annexed to the minutes of the Board meeting;
- Requesting a special meeting of the Board to discuss this point.

In the event of resignation, the Director will inform the other Directors, the auditor, the controlling public authority if there is one, and the Shareholders General Assembly of the reasons for his or her resignation, while avoiding rendering public any confidential information.

**Actively protect the company's interests**

The Director undertakes to actively protect the company's interests, and recognises that he or she has a role that is as much individual as collective in the proper functioning of the company.

The Director undertakes to acquire a sufficient understanding of the company and of its economic, social, and legal context.

The Director undertakes to employ his or her influence, means of action, and capacities of judgement to lead the company to optimise its value in a sustainable, responsible, and fair manner.

**Ensure the effective functioning of the Board of Directors**

The Director recognises that it is the role of the Board, upon proposals made by the Management, to define the company's missions and values, to lay down its strategic objectives, to appoint the Management, to implement permanent structures allowing for the attainment of its objectives, and to ensure the implementation of an operational plan and control of the company and to furnish the necessary explanations to shareholders.

The Director undertakes to verify that the powers and responsibilities of the Board of Directors and of the Management are clearly established, and specifically that the powers of management accorded to the Management are clearly defined.

The Director undertakes to verify that the Board effectively controls the company and the activity of the Management. In particular, the Director will be attentive:

- That no one person exercises an unlimited discretionary power within the company;
- That the Board, if it creates an internal auditing committee, ensures that it be composed of a majority of non-executive Directors, in direct and permanent contact with the company's auditors, and periodically referring to the Board;
- That the company's internal controlling body functions efficiently and that it be regularly controlled by the auditors;
- That the Management cooperate fully and without reticence in regards to the Board's goal of control.

The Director undertakes to see to it that the Board meets at regular intervals and receives sufficient and timely information enabling the Directors to hold useful discussions.

The Director undertakes to regularly attend the Board meetings.

**Protect the interests of all shareholders**

The Director undertakes to verify that the company's decisions are taken solely in its interests.

The Director undertakes to verify that the company's decisions do not favor one party or class of shareholders to the detriment of another.

The Director undertakes to verify that correct information is given to shareholders, within the limits compatible with commercial and competitive necessities, concerning the company's strategy in general on all subjects of importance affecting the company, and specifically in times of crisis.

**Take into account the legitimate expectations of all of the company's partners (the community, clients, executives, employees, suppliers, and creditors)**

The Director recognises that the company and its various partners have, beyond their contractual engagements, formed relationships of trust and contracted reciprocal moral obligations, and that, if the Director must first and foremost protect the interests of the company and its shareholders, the Director cannot ignore that it is in the company's interests to maintain these relationships and reciprocal moral obligations.

The Director undertakes to see to it that the company's Management is aware of the interests, views, and expectations of its partners; that procedures are implemented to manage these relationships, and that proper and periodic communication is exchanged with these partners.

The Director undertakes to encourage the Board to take into account in its decisions, in view of the long-term interests of the company, the impact of these decisions on the environment, on social relations, on rules of competition, and on consumer protection.

**Ensure that the company respects its obligations and commitments, and the laws, regulations and codes of good practice**

The Director undertakes to ensure that the company always respects its legal obligations and regulations; and if the company is listed on the Stock Exchange, that it rigorously observes the regulations of the Stock Exchange.

The Director undertakes to encourage the Board to adopt a code of good practice.

**Avoid any conflict between his or her direct personal interests and those of the company**

The Director undertakes to see to it that the interests of the company and the entirety of its shareholders prevail, in all circumstances, over his or her direct or indirect personal interests.

The Director undertakes to completely inform the Board of any conflict of interest in which the Director could directly or indirectly be implicated, and this prior to any such potential conflict. The Director undertakes to abstain from participating in any discussions or decision-making on the matters involved.

In the event that a Director, who in fact represents a third party within the Board, would find a possible conflict between the interests of this third party and those of the company, he or she will inform the Board, who will decide if the Director may participate in the discussion and decision-making on the matters involved.

The Director undertakes to neither buy nor sell, directly or indirectly, shares of the company or any related company, whether they be listed or not, on the basis of any confidential information that he or she has acquired as a result of his/her function, when the public revelation of this information may or may not have had a significant influence on the value of the shares.

The Director undertakes, if the company is listed on the Stock Exchange, to see to it that the Board strictly observes the regulations concerning the distribution of occasional or periodic information.

**Permanently develop his or her professional capacities**

The Director undertakes to develop his or her professional capacities so as to maintain a high level of expertise within an context in constant change.

**Avoid any improper use of information and insider trading**

The Director undertakes to strictly adhere to the preventive and repressive rules of insider trading which are applicable.

The Director undertakes not to distribute, directly or indirectly and without the authorisation of the Board, any information that he or she has been privy to his/her function within the company.

The Director undertakes not to make improper use of information that he or she has acquired due to his or her function within the company, regardless of any personal advantage that may accrue to the Director, and regardless of whether or not the company be harmed.

The Director undertakes not to distribute, directly or indirectly, any information that he or she knows to be false or misleading.

The Director undertakes to see to it that information that is not publicly known, and that, if publicly known would have a significant influence on the value of the company's shares, not be distributed to third parties who could be encouraged or encourage others to buy or sell the company's shares.

**Adhere to the spirit of this Charter**

The Director undertakes to adhere to this Charter and to respect its spirit, recognising that no code can encompass all possible situations and that situations which are not necessarily prohibited by this Charter are not necessarily advised.

In the event of a new situation arising, or one that has not been dealt with in this Charter, the Director undertakes to apply with good judgement the principles of integrity, independence, justice, and professionalism that are the founding principles of this Charter.