

BOARD OF DIRECTORS' RULES OF PROCEDURES

The Board of Directors has decided to compile, specify and, where necessary, supplement the provisions of the laws, regulations and Company by-laws that apply to it.

To this end, the Board has drawn up rules of procedure, which also incorporate the principles of the AFEP-MEDEF Corporate Governance Code (AFEP-MEDEF code) and the application guide for the High Committee on Corporate Governance to which it is affiliated, and organize their implementation.

These rules of procedure describe the organization, operation, powers and responsibilities of the Board of Directors and its committees, and the ethical rules applicable to Board members.

I. Organization and operation of the Board of Directors

Article 1 : Appointment of Directors

Directors shall be appointed or reappointed by shareholders at their Annual General Meeting for a three-year term. Directors may be reappointed when their term of office expires. The Board of Directors is partly renewed each year.

Proposals for appointments shall first be examined by the Appointments and Compensation Committee referred to in Articles 9 and 11 below.

Directors must be chosen for their skills, the range of their experience and their desire to take part in defining and implementing the strategy of the Company and its subsidiaries, and hence for the contribution they can make to the Board of Directors' work.

In the event of a vacancy in one or more Directors' seats due to death or resignation, the Board of Directors may make provisional appointments between two General Meetings. Such appointments shall be subject to ratification at the next General Meeting. Directors appointed to replace another Director shall remain in office only for the remainder of their predecessor's term.

No one may be appointed as Board member or permanent representative of a company if, having passed the age of seventy (70) years old, their appointment brings the number of Board members and permanent representatives of companies above this age to more than one-third of Board members.

The Board of Directors ensures that the principles of the AFEP-MEDEF code are applied in terms of its composition and in particular with regard to the representation of women and independent members, in accordance with the conditions and criteria recommended by the AFEP-MEDEF Corporate Governance Code.

Article 2 : Meetings of the Board of Directors

1. The Board of Directors shall meet as often as the interest of the Company requires and whenever the Board deems it appropriate.

Notices of meetings are issued by the Chairman or in his name by any designated person. If the Board of Directors has not met for more than two months, at least one-third of Directors may ask the Chairman to call a meeting to discuss a predetermined agenda. The Chief Executive Officer may also ask the Chairman to call a Board meeting to consider a predetermined agenda.

Meetings shall be held at the place specified in the notice convening the meeting.

2. A Director may empower another Director to represent him or her in a meeting of the Board of Directors. Power of attorney may be given by any means that unambiguously provides evidence of the principal's intention. Each member may only represent one other member. However, a Director attending a Board meeting by videoconference or other telecommunication means under the conditions set out below may not represent another Director.

The provisions of the preceding paragraph also apply to the standing representatives of legal entities.

Meetings of the Board of Directors shall only be quorate if at least half the members are present. Decisions shall be taken by a majority of the members present or represented. In the event of a tie, the Chairman of the meeting shall have the casting vote.

In accordance with the laws and regulations, the Chairman of the Board of Directors may from time to time authorize Directors who make a substantiated request to attend meetings by videoconference or telecommunication means, under the conditions set out in the prevailing regulations.

The videoconference or telecommunication equipment must at least transmit the participant's voice and comply with technical requirements that guarantee identification of the Directors concerned and their effective attendance at the Board meeting, the content of which must be relayed continuously and without any time lag. The system must also ensure that the discussions are kept confidential.

Videoconferencing enables those attending the Board meeting by such means to be seen, using a camera, and heard through simultaneous voice transmission. The system used must also enable both those attending the meeting by such means and those attending the meeting in person to recognize each other.

Telecommunication is the use of a telephone conference system that enables those attending the meeting in person and those attending by telephone to recognize the voice of each speaker beyond any conceivable doubt.

If there is any doubt or if reception is poor, the Chairman of the meeting may decide to continue the Board meeting without counting participants whose presence or voice cannot be identified with sufficient certainty in the quorum or majority, provided that enough Board members remain for the meeting to continue to be quorate. If a technical malfunction affects the videoconference or telecommunication during a meeting such that the confidentiality of discussions can no longer be ensured, the Chairman may decide to stop attendance by the Board member concerned.

When a videoconference or telecommunication system is used, the Chairman of the Board of Directors must ensure beforehand that all members invited to attend the meeting by such means have the required technical resources with which to do so in accordance with the required conditions.

The minutes of the meeting shall state the name of person(s) attending the meeting by videoconference or telecommunication and note any interruptions or technical incidents that took place during the meeting.

Directors who attend Board meetings by videoconference or telecommunication shall be deemed present when calculating the quorum and majority, except for decisions concerning the approval of the full-year financial statements, the consolidated financial statements and the management report.

Moreover, the Chairman may authorize a Director to attend meetings by means of any other telecommunication system, but this attendance shall not be taken into account when calculating the quorum and majority.

The Board of Directors may also authorize persons who are not members of the Board to attend Board meetings, in an advisory capacity and without voting rights, including by videoconference or telecommunication.

3. Board members present at the meeting shall sign an attendance register.

The attendance of persons attending the meeting by videoconference or telecommunication shall be certified on the attendance register by the signature of the Chairman of the meeting.

Article 3 : Minutes

The content of Board of Directors' meetings shall be recorded in minutes signed by the Chairman of the meeting and at least one Director. The minutes shall be approved at the next meeting; to this end, a draft shall be sent to each Director beforehand.

The minutes shall mention any videoconference or telecommunication means used and the name of each Director who attended a Board meeting by such means. The minutes shall mention any technical incidents that occurred during the meeting.

To be valid, copies of, or excerpts from, minutes must be certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Operating Officer, a Director to whom the duties of Chairman have been temporarily delegated or the recipient of a power of attorney to that effect.

Article 4 : Remuneration of Board members

1. The Board of Directors may receive, in the form of Directors' fees, total annual remuneration determined by shareholders at their Annual General Meeting.
2. The amount of Directors' fees thus allocated by shareholders at their Annual General Meeting, pursuant to Article 22-I of the articles of incorporation, shall be shared out by the Board of Directors, on a proposal or on advice from the Appointments and Compensation Committee, as follows:
 - a fixed portion allocated to each Director;
 - a variable portion determined according to actual attendance at Board meetings.

All members of the Board of Directors may also receive fixed directors' fees in recognition of their particular experience or specific assignments entrusted to them.

Where required, the Board of Directors shall set the remuneration of the Chairman and Vice-Chairman or Vice-Chairmen of the Board of Directors.

The Board of Directors may also grant exceptional remuneration for special assignments or duties entrusted to its members.

The Board of Directors' members may claim for reasonable expenses relating to the exercise of their duties upon presentation of receipts.

Each Director, whether an individual, legal entity or permanent representative, undertakes to hold a number of shares in the Company that corresponds to at least the equivalent of one year's Directors' fees – said shares possibly being acquired by means of said Directors' fees. Shares acquired in order to fulfill this obligation must be held in registered form.

II. Remit and powers of the Board of Directors

Article 5 : Assignments and powers of the Board of Directors

In accordance with the provisions of Article L. 225-35 of the French Commercial Code:

"The Board of Directors shall determine Company business policies and ensure that they are implemented. With the exception of the powers expressly granted to General Meetings of the shareholders and within the scope of the Company's corporate purpose, the Board of Directors acts on all issues affecting the smooth operation of the Company and deliberates on these matters".

The Board of Directors also determines how the Executive Management shall be organized, i.e. whether it shall be assumed by the Chairman of the Board of Directors or by an individual, who may or may not be a Director, appointed by the Board and holding the title of Chief Executive Officer.

The Board of Directors shall exercise the powers provided for by law and the articles of incorporation. To this end, it shall have a right of information and disclosure, and may be assisted by specialist technical committees.

The Board of Directors ensures that shareholders and investors are provided with relevant, balanced and instructive information on the Company's strategy, business model, on how it takes into account major extra-financial challenges, as well as on its long-term outlook.

A. Powers specific to the Board of Directors

The Board of Directors examines and approves the full-year and half-year parent company and consolidated financial statements and the reports presented on the business and results of the Company and its subsidiaries. It draws up the business plan and financial projections. It reviews the Company's equal opportunities and equal pay policy each year.

It shall call Annual General Meetings and may issue securities if such powers are delegated to it.

B. Prior authorizations granted by the Board of Directors

In addition to the prior authorizations expressly provided for by law concerning sureties and guarantees given on the Company's behalf and the regulated agreements referred to in Article L. 225-38 of the French Commercial Code, the Board of Directors has decided, as a matter of internal procedure, to require its prior authorization for certain management transactions carried out by the Company on account of their nature or when they exceed a certain amount, as set out in Article 8 below.

Therefore, the Board of Directors must authorize all operations likely to affect the strategy of the Company and the companies it controls, their financial structure or their scope of activity and, in particular, the entering into or termination of all agreements likely to have a material effect on the future of the Company and its subsidiaries.

Article 6 : Information and disclosure to the Board of Directors

Throughout the year, the Board of Directors shall carry out the verifications and controls it deems appropriate. The Chairman or the Chief Executive Officer is required to provide directors with all the documents and information they require to perform their duties.

The information required for Board deliberations shall be disclosed to the members of the Board, as appropriate, before Board meetings and insofar as confidentiality requirements do not preclude such disclosure.

The Board is regularly provided with, and may consult at any time, information relating to changes in the Group's business activity and results, major risks, its financial and cash position, as well as any major events and transactions relating to the Company. The Chief Executive Officer shall provide the following information to the Board of Directors at least once per quarter:

- a report on the activities of the Company and its main subsidiaries, including revenues and results;
- a report on investments and disposals;
- a summary of debt and of the credit facilities available to the Company and its main subsidiaries;
- a list of the agreements referred to in Article L. 225-39 of the French Commercial Code that were signed during the previous quarter;
- a table showing the number of employees of the Company and its main subsidiaries.

The Board of Directors shall examine the Group's off-balance sheet commitments once every six months.

The Board members also receive information relating to market trends, the competitive landscape and the main challenges, including in terms of the Company's social and environmental responsibility.

Directors may request meetings with the Group's senior management including without executive corporate officers being present, providing that the latter are informed in advance.

Between meetings of the Board, Directors are provided will all important information relating to the Company and in particular all documents published by the Company for the benefit of its shareholders.

Article 7 : The Chairman of the Board of Directors

The Chairman of the Board of Directors shall organize and supervise the work of the Board of Directors and report thereon to shareholders at the Annual General Meeting. The Chairman monitors the operations of the Company's management bodies and in particular ensures that the Directors are able to perform their duties.

The Chairman shall give an account, in a report attached to the annual management report, of the composition of the Board, on how the Board's work is prepared and organized and on the internal control and risk management procedures set up by the Company, including a detailed description of those procedures relating to the accounting and financial information used to prepare the Company and Consolidated Financial Statements. The report shall also state any restrictions that the Board of Directors has placed on the powers of the Executive Management.

Insofar as the Company uses the AFEP-MEDEF Corporate Governance Code, which was prepared by organizations representing businesses in France, the report should also specify any provisions of this Code that have not been applied and the reasons for this. It also states where this Code may be consulted.

The report also sets out the procedures for shareholders to attend the Annual General Meeting or refers to the provisions of the articles of incorporation setting out these procedures.

The report also presents the principles and rules set down by the Board of Directors to determine remuneration and benefits all of kinds paid to corporate officers and mentions the publication in the management report of the information specified in Article L. 225-100-3 of the French Commercial Code. The report is approved by the Board of Directors and published.

The Chairman is appointed for a term that may not exceed his term of office as Director. On reaching the age limit of 75, the Chairman shall remain in office until his term expires.

If the Chairman is temporarily indisposed or dies, the Board of Directors may delegate the duties of Chairman to a Director. If he is temporarily indisposed, this delegation shall be given for a limited term and is renewable. If the Chairman dies, the delegation shall remain valid until a new Chairman is elected.

Article 8 : Executive Management

Pursuant to Article L. 225-56 of the French Commercial Code, the Chief Executive Officer is vested with the broadest powers to act on the Company's behalf in all circumstances. Nevertheless, these powers must be exercised within the scope of the Company's purpose and the powers expressly conferred by law to shareholders' meetings and the Board of Directors. The CEO represents the Company in its dealings with third parties.

However, the Board of Directors has decided, as a matter of internal procedure, to require its prior authorization for the following operations:

- any operation likely to affect the strategy of the Company and the companies it controls, their financial structure or the scope of their activity, in particular the signing or termination of any agreement likely to have a material effect on the future of the Company or its subsidiaries;
- any operation or commitment exceeding EUR ten million (10,000,000), in particular:
 - any subscription or purchase of securities, any acquisition of an equity interest, immediate or deferred, in any de facto or de jure grouping or company; and any disposal, total or partial, of equity interests or securities;
 - any acquisition or assignment of claims, lease rights or other intangible assets;
 - any contribution or exchange, with or without consideration, affecting assets, rights, stocks or securities;
 - any acquisition or disposal of properties or real-estate rights;
 - any issue of securities by companies controlled directly or indirectly by the Company;
 - any action with a view to granting or obtaining any loan, credit or cash advance;
 - any transaction or any settlement relating to a dispute.

However, the EUR 10 million threshold does not apply to the internal operations of the Mercialis Group. The same applies to development projects covered by the Partnership Agreement with Casino, regardless of the amount concerned, which must be submitted to the Board of Directors for prior authorization in accordance with the terms of the said agreement.

The Chief Executive Officer may be authorized for a renewable period of one year to give sureties or guarantees on the Company's behalf to third parties, subject to the dual limit of an annual aggregate amount and an amount per commitment.

In addition, the Chief Executive Officer may be authorized for a renewable period of one year to carry out the following operations subject to the overall limits set each year by the Board of Directors:

- Sureties and guarantees :

The Chief Executive Officer is authorized for a period of one year to give guarantees on the Company's behalf to its subsidiaries in proportion to the stake held, subject to the limit of an annual aggregate amount of EUR 100 million and an amount per commitment of EUR 10 million.

- Loans, confirmed credit facilities, all financing agreements and cash advances :

The Chief Executive Officer is authorized to negotiate and set up loans, confirmed credit facilities, cash advances and all financing agreements, whether syndicated or not, including their renewal and extension, up to an annual limit of EUR 100 million.

- Commercial papers :

The Chief Executive Officer is authorized for a period of one year to negotiate and implement a commercial papers program of a maximum of EUR 500 million and to negotiate and issue commercial papers up to a maximum of EUR 500 million.

- Bonds :

The Chief Executive Officer is authorized to issue bonds of a total of EUR 100 million per year, and in this regard to determine the characteristics and terms and to carry out any related capital market transactions.

The Chief Executive Officer may delegate some or all of the powers granted to him, apart from in the case of bond issues. He shall regularly inform the Board of Directors of the use of such authorizations.

All these authorizations shall apply to transactions involving both the Company itself and the companies that it directly or indirectly controls.

The Chief Executive Officer's term of office shall be freely determined by the Board of Directors, but may not exceed three years. On reaching the age limit of 75, the Chairman shall remain in office until his term expires.

If the Chief Executive Officer is temporarily indisposed, the Board of Directors shall appoint an acting Chief Executive Officer whose duties shall end on the date on which the Chief Executive Officer is once again in a position to perform his duties.

On a proposal from the Chief Executive Officer, the Board of Directors may appoint one or more individuals to assist the Chief Executive Officer, having the title of Chief Operating Officer.

The maximum number of Chief Operating Officers is five.

In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and term of the powers granted to the Chief Operating Officer(s), who shall have the same powers as the Chief Executive Officer with respect to third parties.

If the Chairman performs the duties of Chief Executive Officer, the Chief Executive Officer or each of the Chief Operating Officers shall be authorized to grant sub-delegations or substitute powers of attorney for one or more transactions or categories of transaction.

III. Committees

Article 9 : Provisions common to all technical committees

Pursuant to Article 19-III of the articles of incorporation, the Board of Directors may establish one or more specialist committees, the composition and remit of which it shall determine, and which shall conduct their activities under its responsibility. This remit may not delegate to the committee powers that are granted to the Board of Directors by law or by the articles of incorporation. Each committee shall report to the Board of Directors on its assignments.

Committees shall have at least three members, drawn from directors who are individuals or permanent representatives or non-voting members appointed by the Board of Directors. Members are appointed personally and may not be represented by someone else.

The Board of Directors shall determine the committee members' term of office, which may be renewed.

The Board of Directors shall appoint a Chairman for each committee for a maximum term corresponding to that of his or her term of office as a member of the committee.

Each committee shall decide how often it meets.

Each committee may decide as necessary to invite any person of its choosing to meetings.

The minutes of each committee meeting shall be drawn up, except where otherwise provided, under the authority of the committee Chairman and sent to the committee members. These are also made available to all Board members once they have been approved by the Committee. Committee Chairman shall report to the Board of Directors on his/her committee's work.

A report on each committee's activity shall be given in the Company's annual report.

Within the scope of its remit, each committee shall issue proposals, recommendations and opinions as appropriate. To that end, it may carry out or commission any studies likely to inform the Board of Directors' discussions.

Committee members shall receive additional fees awarded by the Board of Directors on a recommendation from the Appointments and Compensation Committee.

At its meeting of August 22, 2005, the Board of Directors instituted the Audit and Risks Committee, the Appointments and Compensation Committee and the Investment Committee.

Each committee draws up a set of rules, subject to the Board of Directors' prior approval, describing its organization, operation, remit and attributes.

Article 10 : Audit and Risks Committee

10.1 Members – Organization:

The Audit and Risks Committee shall have at least three members, appointed by the Board of Directors from those of its members who have financial and management experience.

The committee shall meet at least three times a year, meetings being called by the Chairman, who may organize any additional meetings as circumstances require.

The Audit and Risks Committee may consult any person of its choosing from the support divisions of the Company and its subsidiaries, including outside the presence of the Executive Management. The Audit and Risks Committee may, in the performance of its assignment, call on any outside advisor or expert it deems useful.

The Audit and Risks Committee shall report to the Board of Directors on its work, studies and recommendations, the Board having entire discretion as to how it wishes to follow them up.

The Audit and Risks Committee draws up a set of rules, subject to the Board of Directors' prior approval, describing its organization, operation, remit and attributes.

10.2 Duties and responsibilities of the Audit and Risks Committee:

In accordance with the provisions of Article L. 823-19 of the French Commercial Code, under the responsibility of the Board of Directors, the Audit and Risks Committee is tasked with matters relating to the preparation and control of financial and accounting information.

10.2.1 Examination of accounts and financial statements

The Audit and Risks Committee's principal assignments are to assist the Board of Directors in its task relating to the examination and approval of the full-year and half-year financial statements.

In the context of monitoring the process used to prepare the accounting and financial information, the Audit and Risks Committee shall review the full-year and half-year financial statements of the Company and the Group and the related reports before they are approved by the Board of Directors. The Committee ensures that these are consistent with information of which it is aware by considering the appropriate nature of the accounting principles used and choices made and their compliance with the applicable accounting standards.

In the context of monitoring the process used to prepare the accounting and financial information, the Committee makes recommendations, where necessary, to guarantee the soundness of this information.

It shall review the terms for the approval of the financial statements and the nature, scope and results of the work carried out by the Statutory Auditors on that occasion within the Company and its subsidiaries.

As such, the Audit and Risks Committee shall consult with the Statutory Auditors, including without the representatives of the Company being present, and have access to their analyses and findings.

10.2.2 Statutory Auditors

The Audit and Risks Committee oversees the procedure for selecting Statutory Auditors and is informed of the procedure implemented within Group subsidiaries. In this role, the Committee reviews and makes a recommendation on the candidacies to present for appointment or renewal by the General Meeting, which is communicated to the Board of Directors and drawn up in line with relevant regulations.

The Audit and Risks Committee ensures that the Statutory Auditors, with whom it has regular contact, respect the conditions of independence as defined by applicable law. As such, it shall examine all their dealings with the Company and its subsidiaries and issue an opinion on the fees they request.

The Audit and Risks Committee approves the provision of services other than the certification of financial statements that may be provided by the Statutory Auditors or member of their network in line with the relevant law. It defines the approval procedure under the conditions, where applicable, of the competent authorities.

It monitors how the Statutory Auditors carry out their mission.

The Audit and Risks Committee reports to the Board of Directors on the results of the mission to certify financial statements, the way in which this mission contributed to the soundness of financial information and the role it played in this process.

10.2.3 Monitoring the effectiveness of internal control and risk management systems

The Audit and Risks Committee monitors the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit systems, in terms of procedures relating to the production and processing of accounting and financial information, without infringing on its independence.

The Audit and Risks Committee shall periodically examine the internal control procedures and, in general, the audit, accounting and administration procedures in effect in the Company and in the Group, in liaison with the Chief Executive Officer, Internal Audit Departments and the Statutory Auditors. The Audit and Risks Committee thus acts as the liaison body between the Board of Directors, the Statutory Auditors of the Company and its subsidiaries and the Internal Audit Departments.

The Audit and Risks Committee is also responsible for examining any transaction, fact or event that may have a significant impact on the situation of Mercialys or its subsidiaries in terms of commitments and/or risks. It shall verify that the Company and its subsidiaries have the appropriate means (audit, accounting, and legal) to guard against risks and anomalies in the management of the business of the Company and of its subsidiaries.

In the framework of the rules relating to agreements between related parties, significant transactions concluded between Mercialys or its fully-owned subsidiaries on the one hand and related parties on the other may be brought before the Audit and Risks Committee, since these agreements or transactions reach the significance threshold defined by the rules. The Audit and Risks Committee is responsible for assessing the balance of the transaction and the appropriateness of the procedure followed to approve the terms, based on the files provided by the Executive Management for each agreement and/or transaction concerned. The Audit and Risks Committee shall formulate an opinion which is sent to the Executive Management and made available to the Board of Directors.

Article 11 : Appointments and Compensation Committee

11.1 Members – Organization:

The Appointments and Compensation Committee shall have at least three members.

The Committee shall meet at least twice a year, meetings being called by its Chairman, who may organize any additional meetings as circumstances require.

The Appointments and Compensation Committee shall have at its disposal, in liaison with the Chief Executive Officer, the services of the Human Resources Department as well as of the Group's Administrative and Financial Department, in particular in relation to information for the Committee on the compensation policy for the main non-corporate executive officers.

In the performance of its assignment, it may call on any outside advisor or expert it deems useful.

The Appointments and Compensation Committee shall report to the Board of Directors on its work, studies and recommendations, the Board having entire discretion as to how it wishes to follow them up.

11.2 Duties and responsibilities of the Appointments and Compensation Committee

11.2.1 Duties relating to remuneration

The assignments of the Committee are:

- to prepare decisions on the remuneration of the Chief Executive Officer and any Chief Operating Officer(s) and to propose, as required, qualitative and quantitative criteria for determining the variable portion of such remuneration;
- to assess all the other benefits and compensation awarded to the Chief Executive Officer and any Chief Operating Officer(s);
- to consider proposed stock option and bonus share plans for employees and senior managers so that the Board of Directors can set the aggregate and/or individual number of options or shares awarded and the terms and conditions for awarding them.

11.2.2 Duties relating to governance

The assignments of the Committee are:

- to examine the composition of the Board of Directors;
- to examine candidacies for directorships, having regard to the candidates' business experience and skills and the extent to which they are representative in economic, social and cultural terms;
- to consider candidacies for the position of Chief Executive Officer and, where applicable, of Chief Operating Officer;
- to obtain disclosure of all useful information relating to the methods of recruitment, remuneration and status of the senior executives of the Company and its subsidiaries;
- to make any proposals and issue any opinion on the Directors' fees or other remuneration and benefits granted to Directors and non-voting members;

- to assess the position of each Director in the light of any relationship they might have with the Company or with the Group’s companies that might compromise their freedom of judgment or lead to potential conflicts of interest with the Company. The Committee may examine any proven or potential conflict of interest of an administrator and decide what action to take;
- to carry out regular appraisals of the Board of Directors and to ensure that the implementation of the governance rules is respected within the Board with regard to the AFEP/MEDEF code and the application guide for the High Committee on Corporate Governance.

Article 12 : Investment Committee

12.1 Members - Organization:

The Investment Committee shall have five members, including two independent members, two members representing the majority shareholder and the Chairman of the Board of Directors.

The committee shall meet at least twice a year, meetings being called by the Chairman, who may organize any additional meetings as circumstances require.

The committee’s opinions shall be adopted by a simple majority. When the Investment Committee considers a transaction involving the Casino Group, the two representatives of the majority shareholder take part in the discussions in an advisory capacity.

To this end, the Investment Committee shall have at its disposal, in liaison with the Chief Executive Officer, the services of the support and operational divisions of the Company and of the relevant subsidiaries.

In the performance of its assignment, it may also call on any outside advisor or expert it deems useful.

The Committee shall report to the Board of Directors on its work, studies and recommendations, the Board having entire discretion as to how it wishes to follow them up.

12.2 Duties and responsibilities of the Investment Committee

The assignments of the Investment Committee are:

- to examine the investment strategy and ensure that acquisitions and disposals are consistent with this strategy; in this respect, the committee shall be regularly informed of planned investments and disposals;
- to examine and issue an opinion on the annual investment budget;
- to study and issue an opinion on planned investments and disposals subject to prior authorization by the Board of Directors, as set out in Article 8;
- to examine and give an opinion on (i) all renegotiations (annual or other) relating to the Partnership Agreement with the Casino Group concerning development projects, (ii) all projects covered by the said agreement which must be submitted to the Board of Directors

for prior authorization in accordance with the terms of the said agreement, and (iii) all decisions required for the Board of Directors in respect of the said agreement;

- to carry out all appropriate studies or assignments.

In the framework of the rules relating to agreements between related parties, significant transactions concluded between Mercialys or its fully-owned subsidiaries on the one hand and related parties on the other may be brought before the Investment Committee, since these agreements or transactions reach the significance threshold defined by the rules. The Investment Committee is responsible for assessing the balance of the transaction and the appropriateness of the procedure followed to approve the terms, based on the files provided by the Executive Management for each agreement and/or transaction concerned. The Investment Committee shall formulate an opinion which is sent to the Executive Management and made available to the Board of Directors.

IV. Non-voting directors

Article 13 : Non-voting directors

The Ordinary Annual General Meeting may appoint non-voting Directors to the Board of Directors, who may be individuals or legal entities chosen from among the shareholders. The Board of Directors may appoint a non-voting director subject to ratification at the next Annual General Meeting.

There may not be more than five non-voting directors. Their term of office is three years. They may be reappointed without limitation.

A non-voting director shall be deemed to have resigned automatically at the end of the Ordinary Annual General Meeting that votes on the accounts for the year in which the non-voting director reaches the age of 80.

Non-voting directors attend Board meetings and provide comments and advice and take part in the discussions in an advisory capacity.

They may receive remuneration for their services, the aggregate amount of which is set by shareholders at their Ordinary Annual General Meeting and maintained until a new decision is taken in another General Meeting. The Board of Directors shall divide such remuneration between non-voting directors as it deems appropriate.

V. Ethical rules applicable to members of the Board of Directors

Article 14 : Principles

All directors must be able to perform their duties in accordance with the rules of independence, ethics and integrity.

In accordance with the principles of corporate governance, all directors shall perform their duties in good faith, in the way they consider best to further the Company's interests and with the due care expected of any normally prudent person performing such duties.

All directors undertake, in all circumstances, to maintain their freedom of appreciation, judgment, decision and action and to reject all pressure, direct or indirect, that may be exerted on them.

Article 15 : Information provided to directors

Before accepting their assignment, all Directors must acquaint themselves with the laws and regulations relating to their position, the applicable good governance practices and codes, and any requirements specific to the Company arising from the articles of association and these rules of procedure.

Directors have a duty to request the information which they believe necessary to fulfill their role. To this end, they must submit a request to the Chairman, within the appropriate time limits, for all useful information required to effectively participate in meetings with respect to the matters on the Board's agenda.

Each Director may, if he or she deems it necessary, receive additional training on the Group's specific features, businesses, and areas of activity, as well as on accounting or financial aspects in order to further their knowledge.

Article 16 : Defense of the corporate interest – Absence of conflicts of interest

Even though Directors are shareholders themselves, each Director represents all shareholders and must act in the best interest of the company under all circumstances.

Each Director has a duty of loyalty to the Company. He or she shall not act in any way that would be contrary to the interests of the Company or the Group's companies.

All Directors undertake to verify that the Company's decisions do not favor one category of shareholders over another.

All Directors shall inform the Board of any conflict of interest, real or potential, in which they may be directly or indirectly involved. They must refrain from taking part in discussions and decisions on these subjects.

Each Director must consult the Chairman before engaging in any activity or accepting any position or obligation that may place him or her in a position of conflict of interest, even if this is merely potential. The Chairman may take these matters to the Appointments and Compensation Committee.

Article 17 : Control and appraisal of the operation of the Board of Directors

The Directors must be attentive to how the powers and responsibilities of the Company's corporate bodies are shared out and exercised.

The Directors must verify that no person can exercise uncontrolled discretionary power over the Company. They must ensure that the technical committees created by the Board of Directors operate smoothly.

Once a year, the Board of Directors shall organize a discussion on how it operates. The Board of Directors shall also conduct a regular appraisal of its own operation, entrusted by the Chairman of the Board of Directors to the Appointments and Compensation Committee.

The non-executive directors meet at least once a year, without the executive or internal directors being present, to discuss any subject.

Article 18 : Presence of directors – Accumulation of offices

Each Director must comply with current legal provisions governing the accumulation of offices, as well as the recommendations of the AFEP-MEDEF code.

Each Director will inform the Company of any offices held in other French or foreign companies. He or she will inform the Company of any new office or professional responsibility without undue delay. When a Director holds an executive role within the Company, he or she must also request the opinion of the Board of Directors before accepting a new corporate office in a listed company that does not belong to the Group.

All Directors must devote the requisite time and attention to their duties. They shall be assiduous and attend all Board of Directors' meetings, General Meetings of shareholders and meetings of Committees of which they are members.

Article 19 : Confidentiality

The directors and all other persons who attend Board of Directors' meetings are subject to a general confidentiality obligation as regards the discussions and decisions of the Board and its Committees.

Information of a non-public nature passed on to a member of the Board of Directors in the context of their duties is intended for them only. They must personally ensure that the information is kept confidential and may not disclose it under any circumstances. The same obligation also applies to the representatives of legal entities who are directors and to non-voting members of the Board.

Article 20 : Share holdings – Transactions involving Company securities

All company shares held by a Director, his or her dependent minors and/or spouse (providing they are not separated), must be held in registered form. Moreover, all Directors shall inform the Company of the number of shares in the Company they hold at December 31 of each year, at the time of any financial transaction, or at any time upon request of the Company.

Each member of the Board of Directors undertakes to comply with the provisions of the Stock Market Code of Ethics relating to the prevention of the use of insider information and securities transactions for which he or she has received prior written information, and all applicable legal or regulatory provisions.

In particular, in accordance with Article 19 of EU regulation n° 589/2014 dated April 16, 2014 covering market abuse and Article L. 621-18-2 of the French Monetary and Financial Code ("Code monétaire et financier"), each Director must inform the French Stock Exchange Authority ("Autorité des Marchés Financiers") and the Company of any transactions carried out on the Company's financial instruments, under the conditions stipulated by the Stock Market Code of Ethics. The same applies to persons who have close ties with members of the Board of Directors. Directors must notify persons with whom they have close ties of their reporting obligations and ensure that the Company has an up-to-date list of these persons at all times.

Directors should note that they are likely to have access to insider information and must ensure, before entering into any transactions on the Company's financial instruments, that they are not in an insider situation.

Thus, as stipulated in the Stock Market Code of Ethics in the event of possession of inside information, Directors must, in particular, abstain from carrying out, either directly or indirectly

or through an intermediary, any transactions on financial instruments to which inside information relates or on instruments to which these financial instruments are related, and must refrain from disclosing said information to third parties, for as long as the information has not been made public.

Moreover, each Director must also abstain from carrying out any transactions relating to the Company's financial instruments, directly or indirectly, on his or her own behalf or for a third party, during the 30 days preceding the publication of the Company's full-year and half-year financial statements and during the 15 days preceding the publication of the Company's quarterly revenue, as well as on the day on which said full-year and half-year financial statements and quarterly revenue are published.

VI. Adoption of the rules of procedure

These rules of procedure were approved by the Board of Directors, during its meeting on August 22, 2005. Its most recent update was approved at the March 20, 2017 meeting.
