

MERCIALYS

Charter for related-party agreements

Introduction

This charter (the “**Charter**”), approved by the board of directors (the “**Board of Directors**”) of Mercialys (the “**Company**”) during its meeting on June 15, 2022, revised and updated on a regular basis and most recently during the Board of Directors’ meeting on February 15, 2021, has been drawn up with a view to formalizing a specific internal procedure for one of the Board of Directors’ committees (a “**Committee**”), which may be, depending on the type of operations or agreements concerned, the Board of Directors’ audit, risk and sustainable development committee (the “**Audit Committee**”), the strategy and transformation committee (the “**Strategy Committee**”) or, if applicable, any other ad hoc committee set up to this effect (the “**Review Procedure**”), to review certain agreements entered into between the Company or one of its Fully-Owned Subsidiaries, on the one hand, and a Related Party, on the other hand.

The Charter sets out to define, as an internal rule, the classification criteria for Ordinary Agreements and to organize the annual review by the Audit Committee and Strategy Committee of their implementation, in accordance with the legal and regulatory provisions applicable and specifically the terms of Article L. 225-39 paragraph 2 of the French Commercial Code (Code de commerce) and the recommendations from the AFEP-MEDEF Code (the “**Assessment Procedure**”).

The Charter is intended to further strengthen the good governance of the Company and the Group with regard to Related-Party Agreements in particular. Its application is intended to make it possible to ensure the balance of operations with Related Parties, thereby protecting minority interests.

The Charter is based on national best practices, and for the definition of the criteria for classifying Ordinary Agreements, draws specifically on the 2014 study by the French national statutory auditors board (CNCC).

1. Definitions

The terms starting with a capital letter in the Charter that are not defined above are to be understood as follows.

Control, Controlling, Controlled	Are understood with reference to the concept of control defined by Article L. 233-3 of the French Commercial Code.
Related-Party Agreement	Refers to any agreement or operation included in the scope of the Review Procedure.
Ordinary Agreement	Refers to any agreement covered by Article L. 225-38 of the French Commercial Code concerning ordinary operations entered into under normal conditions as defined by Article L. 225-39 of the French Commercial Code.

Regulated Agreement	Refers to any agreement covered by Article L. 225-38 of the French Commercial Code and requiring prior approval from the Board of Directors in accordance with said article (to all intents and purposes, the definitions of a Regulated Agreement and an Ordinary Agreement are mutually exclusive).
Executive Management	Refers to the Company’s Executive Management and the Company’s Legal and Financial Departments.
Manager	Refers to a person having authority and responsibility for planning, directing and/or controlling the activities of an entity, whether directly or indirectly, including this entity’s directors.
Subsidiary	Refers to any company Controlled directly or indirectly by the Company.
Fully-Owned Subsidiary	Refers to any company in which the Company directly or indirectly holds all of the capital, after deducting, if applicable, the minimum number of shares required to satisfy the requirements of Article 1832 of the French Civil Code (Code civil) or Articles L. 225-1 and L. 226-1 of the French Commercial Code. For the purposes of this definition, the indirect holding concept refers exclusively to a continuous interest held 100% through one or more subsidiaries.
Group	Refers to the Company and all of its Subsidiaries.
Economic rent	Corresponds to the rent actually paid over the duration of the lease, including the guaranteed minimum rent and, if applicable, lease rights, rent deductibles, commercial discounts and contributions to work.
Related Party	Refers to: (i) Any party or entity directly or indirectly holding 10% or more of the Company’s share capital or voting rights; (ii) Any Company Managers; (iii) Any entity that has a joint Manager with the Company; (iv) Any entity directly or indirectly Controlled by or Controlling a party or entity indicated in sections (i) or (ii) above.
Activation Thresholds	General threshold: Euro 1 million for any Related-Party Agreement. Specific thresholds: <ul style="list-style-type: none"> - Euro 500,000 of annual Economic Rent (excluding tax) for any lease; - Euro 5 million for operations to acquire or dispose of assets.

Note that the term “agreement” refers to any voluntary verbal or written, express or tacit, agreement.

2. Company’s policy for Ordinary Agreements

In accordance with Article L. 22-10-12 (former Article L. 225-39 paragraph 2) of the French Commercial Code, the Company’s Board of Directors has drawn up and applies the following policy to define Ordinary Agreements not subject to prior authorization by the Board of Directors.

The Company's Board of Directors considers that the prior authorization procedure for Regulated Agreements must be applied when an agreement is included in the scope of Article L. 225-38 of the French Commercial Code and when it does not constitute (i) an Ordinary Agreement, or (ii) an agreement that is forbidden under the terms of Article L. 225-43 of the French Commercial Code, or (iii) an agreement with a Fully-Owned Subsidiary, or (iv) an agreement subject to a legal exemption recognized by statutory or case law (including merger, spin-off or partial asset contribution operations subject to the capital increase or spin-off system concerning the company benefiting from the contribution).

2.1 Criteria retained

2.1.1 Ordinary operations

The Group assesses the notion of ordinary operations in relation to compliance with the corporate purpose of the company concerned and the nature of the operation.

Repetition and/or usual characteristics constitute a presumption of the ordinary nature, but are not decisive on their own.

The following elements are also taken into consideration:

- The fact that the operation is identical to other operations already carried out by the Group and relates to the “ordinary” activities of the Group company concerned;
- The circumstances under which the agreement in question was entered into;
- The legal significance or economic consequences, including the duration of the agreement in question;
- The usual practices for companies in a similar situation.

2.1.2 Normal conditions

Normal conditions correspond to those:

- a) Usually applied by the Group in its dealings with third parties; or
- b) Comparable with the conditions applied for a same type of operation in other companies with the same activity.

To assess this “normal” nature, the Group refers to not only the economic conditions, and therefore the market price or usual market conditions, but also the notion of “balanced mutual advantages”, which invites it to take into consideration, in addition to the price itself, more generally all of the conditions under which the operation is entered into (terms of payment, guarantees, etc.).

2.2 Categories of Ordinary Agreements

In accordance with the characteristic criteria defined above, the Group considers that the agreements listed below (or relating to the operations listed below) entered into between the Company and a Related Party and included in the scope of Article L. 225-38 of the French Commercial Code are presumed to be Ordinary Agreements and, as such, do not require prior authorization by the Board of Directors:

- a) The agreements between the Company or a Fully-Owned Subsidiary on the one hand, and a Related Party on the other hand, when their value is below the Activation Thresholds;

- b) The cash management and/or loan / borrowing operations carried out at a market rate (provided that they do not exceed the financial capacity of the Group company that covers the financial expenses);
- c) The service agreements entered into by the Company with a Related Party, particularly in terms of strategic support, human resources, information systems, communications, finance, legal, accounting or purchasing charged at their cost price plus, if applicable, a reasonable margin intended to notably cover the unallocated indirect costs;
- d) The disposal of intangible or tangible assets for an amount, per operation, that does not exceed the authorizations set for Executive Management and carried out under market conditions;
- e) The reclassification of financial securities for an amount, per operation, that does not exceed the authorizations set for Executive Management and carried out under market conditions;
- f) The provision of staff, provided that the costs are charged at their cost price plus, if applicable, a reasonable margin intended to notably cover the unallocated indirect costs;
- g) The agreements with limited financial stakes that do not exceed the authorizations for Executive Management, provided that the financial consideration can be considered to be set under normal conditions.

The above list has been drawn up based on the agreements usually entered into by the Group. It is not exhaustive and will be updated as practices evolve.

The above list only sets out a presumption for the classification of Ordinary Agreements. In any event, the classification of Ordinary Agreements must be assessed on a case-by-case basis, particularly in relation to the criteria defined in section 2.1 above.

3. Scope of the Review Procedure

The agreements subject to the Review Procedure are:

- a) Agreements between the Company or a Fully-Owned Subsidiary, on the one hand, and a Related Party on the other hand, when their value exceeds the Activation Thresholds; and
- b) Notwithstanding any provisions indicating otherwise in this Charter, the Regulated Agreements entered into by the Company.

On an exceptional basis, and if requested by Executive Management, an agreement that is not included in the scope indicated above may be subject to the Review Procedure, particularly as a result of its characteristics.

Agreements entered into between the Company and its Fully-Owned Subsidiaries or between several Fully-Owned Subsidiaries are not included in the scope of the Review Procedure.

4. Organization of the Review Procedure

4.1 Prior review by a Committee for its opinion

4.1.1 Respective remits and responsibilities of the Audit Committee and Strategy Committee

Audit Committee's general remit:

The Audit Committee is responsible for reviewing all Related-Party Agreements before they are entered into, with these agreements included in the scope of this Review Procedure.

Strategy Committee's special remit:

As an exception to the Audit Committee's remit as defined above, the Strategy Committee will exclusively be authorized, in connection with this Review Procedure, to review all real estate operations or agreements entered into with a Related Party included in the scope of the Review Procedure and concerning:

- Real estate development agreements when the process for preparing them is overseen by the Committee, within the limits set concerning Executive Management's powers;
- Invoicing relating to operations to let operational or project assets with a value exceeding the Activation Thresholds.

In connection with the Review Procedure, the Committee concerned (i) will note that the operation is included in the scope of the Review Procedure, and (ii) will issue an opinion concerning the balance of the Related-Party Agreement submitted to it.

The Committee concerned will issue its opinion as quickly as possible (i) to Executive Management and (ii) to the Board of Directors for Related-Party Agreements to be submitted to the Board of Directors for information or authorization under the conditions set in section 4.2 below.

4.1.2 Preparation of work

Executive Management will provide the members of the Committee concerned, in a timely manner, with the elements required to review any Related-Party Agreement submitted to them.

In this respect, the Board of Directors' Secretary will provide the members of the Committee concerned with a file including a presentation of the reasons and the main terms and conditions of the Related-Party Agreement submitted to them. This file will need to include any research or analysis, prepared, if applicable, by expert third parties specialized in financial, legal, real estate or other fields, allowing the Committee concerned to form a basis for its opinion. It will also include the Company Legal Department's analysis concerning the Regulated Agreement or Ordinary Agreement classification of the Related-Party Agreement in accordance with the criteria set in section 2 above.

The review of agreements entered into during the year with a Related Party not subject to the Review Procedure will be carried out by the Company's Administration and Finance Department under the same principles as defined here.

In addition, the Company's Administration and Finance Department will keep an up-to-date list of Related Parties.

4.1.3 Means and powers

The Committee concerned will have the means and powers assigned to it under its charter, particularly with regard to the collaboration and participation of all the functional or operational departments

concerned or the option to request any advice or opinions from any consultants or experts, if it considers this necessary.

Under all circumstances, the Committee concerned is supported by the Board of Directors' Secretary to prepare and hold its meetings.

In any event, the remits assigned to the Committee concerned cannot result in this Committee being delegated any Powers awarded to the Board of Directors by the law or the Company's articles of association or reduce or limit the Chief Executive Officer's powers.

4.2 Presentation of Related-Party Agreements to the Board of Directors

The Board of Directors is called on to review Related-Party Agreements and the corresponding opinion of the Committee concerned, under the following conditions:

- a) For authorization: any Related-Party Agreement that is also a Regulated Agreement;
- b) For information: any other Related-Party Agreement when its value exceeds the Activation Thresholds.

In addition, the Chairman of the Board of Directors, on their own initiative or following a request from the Chairman of the Committee concerned, may also present a Related-Party Agreement that is not covered by the aforementioned categories to the Board of Directors, for information, on an exceptional basis, linked in particular to the Agreement's characteristics.

5. Executive Management's annual report on Related-Party Agreements

Each year, Executive Management will be required to present to the Committee(s) concerned a general report on all of the agreements entered into during the year with a Related Party (including those below the Activation Thresholds), ("**Executive Management's Annual Report on Related-Party Agreements**").

Executive Management's Annual Report on Related-Party Agreements will need to expressly identify as such any Regulated Agreements and Ordinary Agreements entered into by the Company.

The Committee concerned will ensure the effective application, in terms of both its content and its format, of the Review Procedure and the Assessment Procedure based on Executive Management's Annual Report on Related-Party Agreements, and will report to the Board of Directors on the correct application of these procedures.

6. Organization of the Assessment Procedure

Each year, the Committee concerned ensures the effective application of the classification methodology detailed in the previous paragraph.

Specifically, the Committee concerned will review the classification of Regulated Agreements and Ordinary Agreements and may, if applicable, reclassify or declassify such agreements in view of the classification criteria defined in the previous paragraph.

Any member of the Committee concerned who is directly or indirectly an interested party in any of the Regulated Agreements or Ordinary Agreements will not under any circumstances be involved in its assessment.

Each year, the Committee concerned will also assess whether the classification criteria and the categories of Ordinary Agreements detailed in paragraph 2 are still appropriate in relation to the Company's situation.

The Committee concerned may amend the aforementioned classification criteria and categories liaising with the Company's statutory auditors.

7. Involvement of an ad hoc committee

The Board of Directors, if requested by the Chairman (who will have notified the Audit Committee Chairman and the Strategy Committee Chairman beforehand) or if requested by the Audit Committee Chairman or Strategy Committee Chairman, may, on an exceptional basis, decide to form an ad hoc committee to conduct a prior review of a Related-Party Agreement, which will be specific depending on the nature or significance of the operation being considered.

The rules applicable under this Charter will then apply, on a *mutatis mutandis* basis, to the ad hoc committee.

Similarly, for the performance of its mission, the ad hoc committee will have similar means and powers to those of the Audit Committee and Strategy Committee.

8. Approval of the Charter

This Charter, in its current version, was approved by the Board of Directors during its meeting on June 15, 2022.

The Board of Directors reserves the right to modify, supplement or amend the Charter, if necessary, as requested by the Audit Committee, the Strategy Committee or any other Committee, or on its own initiative.