



# **BY-LAWS**

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## TITLE I

### TYPE OF COMPANY - CORPORATE PURPOSE COMPANY NAME - REGISTERED OFFICE - TERM

#### Article 1

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##### TYPE OF COMPANY

A French corporation (*Société Anonyme*), governed by these by-laws and the mandatory provisions of applicable laws, exists among the owners of the shares described below and those that may be created at a later date.

#### Article 2

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##### CORPORATE PURPOSE

The purpose of the company, whether directly or indirectly, shall be:

- industry and trade relating to all food products;
- the performance of any and all financial transactions and the management of any and all moveable rights and securities, whether listed or unlisted, French or foreign, together with the acquisition and the management of any and all real estate properties and rights.

In general, the company shall be entitled to effect any and all moveable, real estate, industrial, commercial and financial transactions relating directly or indirectly or possibly useful in any connection whatsoever to the company in the fulfillment of its corporate purpose.

It shall be entitled to act, directly or indirectly, and to effect the aforementioned transactions, in any country, on its own behalf or on behalf of third parties, whether alone or in a joint venture, association, grouping or companies, involving any other individuals or companies and to perform and execute the same in any form whatsoever.

It shall also be entitled to acquire any interests and holdings in any and all French and foreign companies and businesses, regardless of the purpose thereof, by means of the establishment of special companies through asset contributions or subscriptions, through the acquisition of shares, bonds or other securities and any and all company rights and, in general, by any means whatsoever.

### Article 3

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#### COMPANY NAME

The name of the company shall be: **DANONE**

### Article 4

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#### REGISTERED OFFICE

The company's registered office is located at 17 boulevard Haussmann – 75009 Paris, France.

It may be transferred to any other location in Paris or neighboring *département* through a decision of the Board of Directors, whose decision shall be submitted to the next Ordinary Shareholders' Meeting for ratification, or to any other location if so resolved by an Extraordinary Shareholders' Meeting as provided under Article 28 below.

### Article 5

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#### TERM

The company shall reach its term on April 25, 2112, unless dissolved prior thereto or extended to a date thereafter.

## **TITLE II**

### **SHARE CAPITAL - SHARES**

#### **Article 6**

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##### **SHARE CAPITAL**

The share capital is set at €163,737,800. It is divided into 654,951,200 fully paid-up, equally ranking shares of €0.25 each.

#### **Article 7**

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##### **CAPITAL INCREASE**

**I** - The share capital may be increased either by issuing new shares, even shares of a class other than that of the existing shares, or by increasing the par value of the existing shares.

The new shares shall be paid for either in cash or through compensation with receivables due and payable by the company or through incorporation of reserves, earnings or additional paid-in capital or with assets in kind or through bond conversion.

The Extraordinary Shareholders' Meeting shall be solely authorized to decide, based on the report from the Board of Directors, whether to increase the share capital, the sole exception hereto being the circumstances set forth in Paragraph II below. It shall be entitled to delegate its authority and/or its powers to the Board of Directors under the conditions provided for by law. It may be decided to limit the capital increase in consideration for cash to the amount of the share subscriptions, under the conditions provided for by law.

In the case of capital increases through the issuance of shares in consideration for cash, a preferential right to subscribe these shares shall, in accordance with applicable legal provisions, be given to the owners of previously issued shares. However, shareholders may waive their preferential rights on an individual basis and the Shareholders' Meeting, deciding on the capital increase, shall be entitled to cancel said preferential rights in compliance with applicable legal provisions.

Those shareholders who do not have a sufficient number of existing shares to obtain a whole number of new shares will need to reach an agreement with other shareholders if they wish to exercise their rights, but such agreement shall not result in joint share subscriptions.

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**II** - A capital increase may also result from a request by any shareholder to receive in the form of shares all or part of the distributed dividend or interim dividend when such an option has been granted to shareholders by the Shareholders' Meeting convened to approve the financial statements of the previous fiscal year.

The Board of Directors shall, within the time period allowed by law, formally record the number of shares issued by virtue of the preceding paragraph and shall make the necessary amendments to the clauses in the by-laws pertaining to the amounts of the company's share capital and of the number of shares representing said sum.

### **Article 8**

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#### **CAPITAL DECREASE – REPURCHASE OF SHARES BY THE COMPANY**

**I** - The Extraordinary Shareholders' Meeting shall also be entitled, under the conditions and in the manner prescribed by law, to decide to or authorize the Board of Directors to reduce the company's share capital for any reason and in any manner whatsoever, and in particular by acquiring and cancelling a set number of shares or by exchanging old shares for new shares, whether equivalent or fewer in number, with the same or a different par value and, if appropriate, along with the transfer or purchase of old shares to facilitate the exchange, with or without a cash adjustment.

**II** - Within the limits and under the conditions prescribed by law, the Board of Directors may purchase the company's shares on the stock exchange.

### **Article 9**

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#### **PAYING UP SHARES**

**I** – At the time of subscription, shares issued for cash as part of a capital increase must be paid up in the amount set by the share issuance resolution. This amount shall not be less than one-quarter of the shares' par value (and the full amount of additional paid-in capital, if applicable).

Where shares are partially paid up, the balance of the par value shall be paid up in the relative amounts, periods and places determined by the Board of Directors, and in accordance with the time allowed by law for the payment in full of shares issued for cash.

Shareholders shall be notified of calls fifteen days prior to the date set for each payment, with this notice being given by registered letter and published in a newspaper serving the locality in which the registered office is situated.

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Shares issued in consideration of contributions in kind or following the capitalization of earnings, reserves or additional paid-in capital, or the amount of which is partly the result of incorporating reserves, earnings or additional paid-in capital and partly the result of a cash payment, shall be fully paid up upon issue.

**II** - Defaulting shareholders, successive assignees and share subscribers are jointly liable for the payment of the unpaid portion of shares.

Any subscriber of shares or shareholder who has sold his shares shall cease to be liable for payments not yet called up two years after the date when the order transferring shares from one marketable securities account to another has been sent to the company.

**III** – If payment by shareholders is not made at the determined dates, interest at the rate of 6% per annum will automatically accrue as from the due date and without recourse to courts.

Notwithstanding any loss of rights incurred under legislative or regulatory provisions, shareholders who do not pay within a month of being sent notice to pay via registered letter with acknowledge of receipt may be forced to pay by all means available under law and even through the sale of the shares for which payment is due.

Such sales shall be carried out at the behest of the Board of Directors in the manner prescribed by applicable law.

## **Article 10**

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### **NATURE OF SHARES**

**I** - Shares shall be registered until fully paid up. Once fully paid up, they may (subject to any legal provision to the contrary) remain registered shares or become bearer shares, at the discretion of the shareholder.

**II** - Whether registered or bearer, shares shall be entered in an account under the conditions and in the manner prescribed by law.

**III** - The Board of Directors determines the dates of issue and account entry of securities and the time given to shareholders to make known which type of share they choose once payment in full has been made and any legally required holding period has expired. Failing this, shareholders are deemed to have opted for registered shares.

**IV** - Except as otherwise provided by law, conversion of shares from registered to bearer, and vice versa, shall require a signed application on the part of the shareholder and shall be at the latter's expense and carried out in accordance with applicable regulations.

## **FREE TRANSLATION FOR INFORMATION PURPOSES ONLY**

**V** - The Board of Directors shall, in accordance with the law, be entitled to create fractional shares, whose rights, in particular relating to voting and profit distribution, are proportional to the share fraction that they represent. Subject to this condition, fractional shares shall be subject to all provisions of these by-laws applicable to shares.

**VI** - Provisions relating to shares shall be applicable to bonds or negotiable instruments issued by the company.

**VII** - The company shall be entitled to request information regarding the structure of its shareholding under the conditions provided for by law.

### **Article 11**

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#### **SHARE TRANSFER**

**I** - Ownership of registered shares shall result from their entry in an account in the name of the holder(s) as provided under the regulations in force.

**II** - Transfer of registered and bearer shares shall be carried out by transfer from one account to another as provided by the regulations in force, costs incurred being borne by transferees.

**III** - Any individual or legal entity that comes into possession of, or ceases to hold, in any manner whatsoever, within the meaning of Articles L. 233-7 *et seq.* of the French Commercial Code, a fraction equivalent to half of one percent (1/2) of the voting rights or a multiple of said fraction, shall, within five trading days of exceeding one of said limits, send to the registered office a registered letter with acknowledgment of receipt in order to inform the company of the total number of shares or securities giving future access to the share capital and the number of voting rights owned, whether alone, indirectly or in concert with others. When the threshold is reached as a result of a purchase or sale on the stock market, the period of five trading days allowed for notification begins on the trading date of the securities and not on their delivery date.

The aforementioned disclosure requirements also apply, under the terms and subject to penalties stipulated under applicable legal and regulatory conditions, to the intermediary registered on behalf of the owners of shares who are not domiciled on French territory, within the meaning of Article 102 of the French Civil Code, with the company or the authorized financial intermediary holding the account.

In the event that this disclosure requirement is not fulfilled, and at the request of one or more shareholders holding 5% of the voting rights, voting rights exceeding the fraction that should have been disclosed may not be exercised or assigned by the non-compliant shareholder at any Shareholders' Meeting held within a two-year period following the date at which the proper disclosure was made.



## **Article 12**

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### **INDIVISIBILITY OF SHARES**

All shares or fractional shares shall be indivisible vis-à-vis the company.

The joint owners of jointly held shares shall be represented by one of them alone or by a single agent. In the event of disagreement, the agent shall be appointed by order of the Ruling Judge of the Commercial Court in emergency interim proceedings initiated by the joint owner so seeking.

Share-related voting rights shall belong to the usufructuary at Ordinary Shareholders' Meetings and to the bare owner at Extraordinary Shareholders' Meetings.

## **Article 13**

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### **RIGHTS AND OBLIGATIONS RELATING TO SHARES**

**I** - Except as concerns, if applicable, the par value of shares, the amount paid-up, redeemed and unredeemed share capital and rights attached to shares of different classes, each share shall confer a right to a share in the ownership of the company's assets and in distributions of profits. This share shall be proportional to the amount of the share capital that it represents.

Subject to the same reservations, for the purpose of determining the rights of each share in any distributions or any repayments made during the life of the company or at its liquidation, all shares must, if appropriate, be brought together, not only fractions brought forward to earlier distributions but also all tax exemptions and all taxes likely to be borne by the company and possibly relating to certain shares on account of either earlier capital decreases or the capital constitution method represented thereby or their issue price, so as to ensure that, whatever its origin, each share will, as a result of said bringing together of shares, be entitled to the same net sum in settlement thereof.

**II** - Shareholders shall be committed only up to the amounts of their shares, even vis-à-vis third parties. Any call in excess of such amounts shall be prohibited.

**III** - The rights and obligations attached to each share including dividends and any share in reserves shall belong to or be borne by the holder thereof as from entry of said share in his account.

Share possession automatically implies compliance with the company's by-laws and with resolutions made at Shareholders' Meetings.

**Article 14**

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**CLAIMS**

The heirs, creditors, assignees or other representatives of shareholders shall not be entitled for any reason whatsoever to cause any seals to be placed on the premises, any inventory to be drawn up, any auction to be held or any distribution to be effected or to interfere in any manner in the administration of the company.

In order to exercise their rights, they shall rely on the company's inventories and the resolutions of the Shareholders' Meeting.

## **TITLE III**

### **ADMINISTRATION**

#### **Article 15**

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#### **METHOD OF EXERCISING GENERAL MANAGEMENT – BOARD OF DIRECTORS**

##### **METHOD OF EXERCISING GENERAL MANAGEMENT**

General Management of the company is assumed, under its responsibility, either by the Chairman of the Board of Directors or by another individual designated by the Board of Directors and bearing the title of Chief Executive Officer.

The Board of Directors chooses between two methods of exercising General Management under the following terms:

The choice is made by the Board of Directors voting by a majority of all members.

When General Management of the company is assumed by the Chairman of the Board of Directors, the provisions relative to the Chief Executive Officer are applicable to him.

##### **BOARD OF DIRECTORS**

**I** - The company shall be administered by a Board comprising not less than three Directors and not more than the number of directors prescribed by applicable legislation.

Directors shall be appointed or reappointed by the Ordinary Shareholders' Meeting and shall be chosen from among the shareholders.

All types of legal entities that are shareholders may sit on the Board of Directors. Upon appointment, they shall designate for the purposes of taking part in the proceedings of the Board of Directors and, generally, of fulfilling said term of office as Director, a permanent representative for the term of the Directorship of said legal entity, which person shall be subject to the same conditions and obligations and shall incur the same liabilities under civil and criminal law as if he were a Director in his private capacity.

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In the event of the permanent representative's death, resignation or removal from office, the legal entity holding the Directorship shall immediately notify the company, by registered letter, of the reason for terminating said person's term of office and shall also disclose the identity of its new permanent representative.

Acceptance and fulfillment of a Directorship implies the undertaking on the part of each person concerned to swear an oath at any time that he personally meets the conditions and obligations stipulated under applicable law, in particular as regards the question of multiple directorships.

**II** - Individuals shall only be entitled to be appointed or re-appointed as a member of the Board in a personal capacity, provided they are less than seventy years of age on the date of the resolution appointing or re-appointing them. The term of office of any Board member who is an individual shall automatically expire at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements for the previous year and held in the year of said Board member's seventieth birthday.

The Shareholders' Meeting may resolve, however, that this age limit shall not apply to one or more Board members who may remain in office or may be re-appointed once or more than once, provided the number of Board members concerned by this provision does not exceed one-quarter of the Board members in office.

**III** - When the number of Directors calculated in accordance with the law is less than or equal to 12, the Board of Directors shall also include a Director representing employees appointed by the Company's Works Council. When the number of Directors appointed in accordance with the aforementioned section I exceeds 12, and subject to the condition that this criterion is still satisfied on the day of his/her appointment (which must occur within six months from the time this threshold has been crossed), a second Director representing employees shall be appointed by the European Works Council. It should be noted that in the event the number of Directors falls below or is equal to 12, the term of office of the Director representing employees and appointed by the European Works Council shall remain in effect until the end of its remaining term.

Further to applicable legal provisions, it should be noted, as necessary, that failure by the aforementioned employee representative bodies to appoint, pursuant to applicable law and this Article, a Director representing employees (for whatever reason and in particular due to late action by said bodies) in no way affects the validity of the deliberations of the Board of Directors.

The provisions of Article 17 of these by-laws do not apply to Directors representing employees.

## Article 16

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### **TERM OF OFFICE - REPLACEMENT - ADDITIONAL DIRECTORSHIPS**

**I** - Subject to the effect of the provisions of the last three paragraphs of this Article, the term of office of Board members shall be three years.

The Directors' term of office shall end at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the previous year and held in the year during which the term of office of said Director expires.

Directors whose term of office has expired shall be eligible for reappointment.

All of the provisions of this Article 16, section I, apply to Directors representing employees.

Early termination of the term of office of the Director representing employees shall be carried out in accordance with the conditions set forth by the law and this article; if the conditions provided by law are no longer satisfied, the term of office of the Director(s) representing employees shall terminate at the end of the meeting of the Board of Directors at which the Board of Directors acknowledges that the company no longer falls within the scope of the law.

**II** - In the event of one or more vacant Directorships resulting from death or resignation, the Board of Directors shall be entitled, between Shareholders' Meetings, to make temporary appointments. Definitive appointments shall be made at the next Ordinary Shareholders' Meeting.

If the appointment of a Director chosen by the Board is not ratified by the Shareholders' Meeting, the acts performed by said Director and the resolutions passed by the Board during the temporary period of management shall nevertheless remain valid. Should the number of Directors fall below three, the remaining Directors (or the Statutory Auditors or an agent designated by the President of the Commercial Court at the request of any party) shall, forthwith and prior to any proceedings, convene an Ordinary Shareholders' Meeting to appoint one or more new Directors in order to bring members sitting on the Board up to at least the legal minimum.

Any Director who is appointed to replace another Director shall remain in office only for the portion of the Directorship of his predecessor which remains to be served.

The decision to appoint a new Board member in addition to the current members can be taken only by the Shareholders' Meeting. The Shareholders' Meeting making such an appointment shall set the corresponding term of office.

By exception to the above provisions, in the event a Board seat held by a Director representing employees becomes vacant for any reason, the vacant seat is filled in accordance with the conditions set forth by the law.

## **Article 17**

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### **DIRECTORS' SHAREHOLDINGS**

Each member of the Board of Directors shall be the owner of at least 4,000 shares throughout his term of office.

If, on the day of his appointment, a Director does not own the required number of shares, or if, during his term of office, he ceases to be the owner thereof, he shall be considered to have automatically resigned if he does not bring his situation into compliance within three months.

## **Article 18**

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### **BOARD OFFICERS - RESOLUTIONS**

**I** - The Board of Directors shall appoint from among its members a Chairman, who shall be an individual and whose role shall be determined by law and the provisions of these by-laws.

The Chairman may be appointed for the full term of his Directorship subject to the Board's right to remove him from the Chairmanship and his right to resign therefrom prior to the end of his term of office.

The age limit for the Chairmanship is set at 65 years of age.

The Board of Directors shall, if it sees fit, elect from among its members one or more Vice Chairmen and shall also appoint a Secretary, who may be chosen from outside the Board of Directors and the body of shareholders. The Vice Chairman (or Vice Chairmen) and the Secretary shall remain in office for the term decided by the Board of Directors provided that, in the case of the Vice Chairman (or Vice Chairmen), said term does not exceed the term of the corresponding Directorship(s).

The office of Vice Chairman shall comprise no particular powers other than that of chairing Board Meetings and Shareholders' Meetings if the Chairman or the Director temporarily acting for the latter in accordance with the law is absent.

If the Chairman and, if applicable, the Director acting for the latter in compliance with the law and the Vice Chairman (or Vice Chairmen) are absent, the Board shall, at each meeting, choose one of its members as Chairman for the meeting. Should the Secretary be absent, the Board of Directors shall designate one of its members or a third party as a replacement.

In the event of temporary impediment or death of the Chairman, the Board of Directors can authorize a Director to exercise the duties of Chairman.

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In the event of temporary impediment, this authorization is given for a limited period of time; it is renewable; in the event of death, it remains valid until the election of a new Chairman.

**II** - The Chairman of the Board of Directors organizes and directs the work of the Board of Directors and reports thereon to the Shareholders' Meeting. He oversees smooth operation of the company's bodies, and in particular ensures that the Directors are able to perform their mission.

**III** - The Board shall meet as often as the interests of the company dictate and whenever it sees fit.

Meetings shall be called by the Chairman or by any person appointed by him to act on his behalf. They may also be called by the majority of currently serving Directors or, if the Board has not met for more than two months, by one-third of the latter. In the last two cases, the notices of meeting must specify the agenda. The Chief Executive Officer can also ask the Chairman to convene the Board of Directors to deliberate on a pre-determined agenda.

Any Director may empower another Director by means of any written or electronic proxy to represent him and vote in his stead at proceedings of the Board for a determined meeting. However, a Director present cannot represent more than one other Director.

**IV** - The actual presence of at least half the serving Directors shall be a necessary and sufficient condition for the Board to obtain a quorum and its resolutions to be binding. An attendance register shall be kept, and Directors taking part in Board meetings shall sign it.

Decisions can be taken by the Board of Directors by means of videoconferencing or telecommunications under the conditions provided for by the applicable regulation and Board of Directors' rules of procedure. In such case, decisions are taken with a majority of the votes of the members participating or represented.

In the event of a tie vote, the Chairman shall have a deciding vote.

**V** - Resolutions shall be recorded in minutes which, along with the copies thereof or excerpts therefrom for presenting in courts of law or elsewhere, shall be drawn up and signed in compliance with the law.

## **Article 19**

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### **POWERS OF THE BOARD - GENERAL MANAGEMENT - COMMITTEES - REGULATED AGREEMENTS**

#### **I - POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors determines the orientation of the company's activity and oversees its implementation. Subject to the powers formally attributed to the Shareholders' Meetings and within the limit of the corporate purpose, it takes up all questions concerning the smooth operation of the company, and by its resolutions it governs the affairs concerning the company.

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In relations with third parties, the company is bound even by the acts of the Board of Directors that do not come within the corporate purpose, unless it proves that the third party knew that the act overstepped this purpose or that said party had a duty to know given the circumstances, although the mere publication of the by-laws is insufficient to constitute such proof.

The Board of Directors proceeds with the controls and verifications it deems advisable. The Chairman or the Chief Executive Officer of the company is bound to send each Director all information necessary for the exercise of his duties.

## **II - GENERAL MANAGEMENT**

General Management of the company is assumed, under its responsibility, by an individual appointed by the Board of Directors and bearing the title of Chief Executive Officer.

At the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals in charge of assisting the Chief Executive Officer, with the title of Deputy General Manager. The number of Deputy General Managers may not exceed five.

The position of Chief Executive Officer or Deputy General Manager may only be assigned to a person, Director or not, provided that this person has not yet reached the age of 65 years on the day of the decision to appoint him or to renew his term.

The age limit for a Chief Executive Officer or Deputy General Manager shall be 65 years of age.

The term of office for a Chief Executive Officer who is a member of the Board or a Deputy General Manager who is a member of the Board shall not exceed that of his term as Director.

The Chief Executive Officer can be removed from office by the Board of Directors at any time. Acting on the proposal of the Chief Executive Officer, the Board may also remove from office Deputy General Managers. If the removal from office is decided without cause, it may give rise to damages, unless the Chief Executive Officer assumes the duties of Chairman of the Board of Directors.

When the Chief Executive Officer ceases to perform his duties or is prevented from doing so, the Deputy General Managers maintain their duties and powers until the appointment of a new Chief Executive Officer, unless otherwise decided by the Board.

The Board of Directors determines the compensation of the Chief Executive Officer and that of the Deputy General Managers.

The Chief Executive Officer is fully authorized to act on behalf of the company in all circumstances. He shall perform these duties within the limit of the corporate purpose and subject to the powers assigned by law to Shareholders' Meetings and the Board of Directors.



## **FREE TRANSLATION FOR INFORMATION PURPOSES ONLY**

He represents the company in its relations with third parties. The company is bound even by those acts of the Chief Executive Officer that do not come under the corporate purpose, unless it proves that the third party knew that the act overstepped this purpose or that said party had a duty to know given the circumstances, although the mere publication of the by-laws is insufficient to constitute such proof.

Decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not binding on third parties.

In agreement with the Chief Executive Officer, the Board of Directors determines the extent and duration of the powers granted to the Deputy General Managers. The Deputy General Managers have the same powers vis-à-vis third parties as the Chief Executive Officer.

The Chief Executive Officer or the Deputy General Managers can, within the limits of applicable law, delegate the powers that they deem suitable, for one or more pre-determined purposes, to any authorized agents, even those who are not employees of the company, taken individually or formed into a committee or a commission. These powers may be permanent or temporary, and may or may not include the option to substitute other agents. Delegations of authority thus granted maintain all their effects, even upon the expiration of the duties of the person delegating this authority.

Committees may be formed whose composition and powers are determined by the Board. The members of said committees shall be responsible for reviewing issues submitted by the Chairman or the Board for an opinion.

Delegated powers, powers-of-attorney or powers limited to one or more pre-determined transactions or transaction categories may be granted to any person, whether Directors or not, subject to any legal prohibition.

The Chairman, the Chief Executive Officer, each of the Deputy General Managers and all representatives or agents may be authorized to subdelegate or assign powers.

### **III - REGULATED AGREEMENTS**

**1** – All and any agreements (other than those relating to current transactions and concluded under normal conditions) occurring directly or through a third party between the company and its Chief Executive Officer, one of its Deputy General Managers, one of its Directors, one of its shareholders having a fraction of the voting rights exceeding 10% or, if it is a shareholder company, the company controlling it within the meaning of Article L. 233-3 of the French Commercial Code, must be subject to prior authorization by the Board of Directors.

The same is true of agreements in which one of the persons referred to above is indirectly involved.

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Are also subject to prior authorization agreements occurring between the company and a firm if the Chief Executive Officer, one of the Deputy General Managers or one of the Directors of the company is an owner, a partner indefinitely responsible, a manager, a director, a member of the Supervisory Board or, generally, an officer of this firm.

**2** – Under penalty of the contract being null and void, non-legal-entity Directors are prohibited from contracting loans from the company, in any form whatsoever, or to be granted an overdraft facility by it, on a current account or otherwise, as well as to have their commitments to third parties guaranteed or endorsed by it.

The same prohibition applies to the Chief Executive Officer, the Deputy General Managers and to the Permanent Representatives of legal-entity Directors. This prohibition also applies to the spouses, relatives in ascending or descending line of the above persons as well as to any and all third parties.

## **Article 20**

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### **DIRECTORS' FEES**

**I** - As attendance fees, the Board of Directors shall receive fixed annual compensation determined by the Shareholders' Meeting and maintained until decided otherwise by any other Shareholders' Meeting.

The allocation of these attendance fees among Board members shall be determined by the Board as it sees fit. Directors who are members of the committees referred to in Article 19, Paragraph II may in particular be allocated a greater share of the fees than the other Directors.

These attendance fees shall be independent of the special compensation that the Board may make as provided under Paragraphs II and III below.

**II** - The Board shall determine the compensation to be paid to the Chairman, the Chief Executive Officer, Deputy General Managers, the Director acting for the Chairman in respect of the period for which he so acts, and, under the terms stipulated by law, special compensation for assignments and powers granted to Directors.

**III** - Compensation, whether fixed, proportional or a combination of fixed and proportional, may be granted to all persons entrusted with functions, delegations of authority or offices of any kind whatsoever, and in particular to members sitting on any committees.

## **TITLE IV**

### **STATUTORY AUDITORS**

#### **Article 21**

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##### **APPOINTMENTS - POWERS**

**I** - The Ordinary Shareholders' Meeting, in accordance with applicable laws, shall appoint at least two Statutory Auditors, who shall be invested with the powers determined by law. They shall be appointed for six-year terms. Their appointment shall terminate following the Shareholders' Meeting convened to approve the financial statements of the sixth fiscal year.

At least two alternate Statutory Auditors, called upon to replace the principal Statutory Auditors in the event of their death, an impediment, their resignation or refusal, shall be appointed by the Ordinary Shareholders' Meeting.

The replacement of a Statutory Auditor is not compulsory as long as the number of Statutory Auditors appointed and capable of fulfilling their functions in a regular manner does not fall below a minimum of two.

**II** - Statutory Auditors shall be convened to all Shareholders' Meetings by registered letter with acknowledge of receipt no later than the date at which shareholders are convened. They shall also be convened, at the same time as the Directors, to all meetings of the Board of Directors held to review or close the annual or interim financial statements.

## **TITLE V**

### **SHAREHOLDERS' MEETINGS**

#### **Article 22**

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##### **COMPOSITION OF MEETINGS**

**I** - The Ordinary Shareholders' Meeting is made up of all shareholders, regardless of the number of shares held, subject to the loss of rights incurred under any legal or regulatory provisions.

Regularly convened and constituted, the Shareholders' Meeting shall represent all the shareholders. Its resolutions are binding on all, including legally incapacitated, ineligible and absent shareholders.

**II** - Any shareholder may be represented in accordance with the conditions provided for by the legal and regulatory provisions in force.

**III** - Participation at Shareholders' Meetings, in any form whatsoever, is subject to the shares being recorded or registered in accordance with the conditions and deadlines stipulated by applicable regulations.

#### **Article 23**

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##### **NATURE OF SHAREHOLDERS' MEETINGS**

The Extraordinary Shareholders' Meeting is solely authorized to amend all and any of the provisions of the by-laws, except as provided under Article 7, Paragraph II. All other decisions shall be taken by the Ordinary Shareholders' Meeting.

The annual Ordinary Shareholders' Meeting shall be held each year within six months of the close of the company's fiscal year (unless this time limit is extended by order of the Ruling Judge of the Commercial Court at the request of the Board of Directors). Ordinary Shareholders' Meetings may be called at any time of the year.

## **Article 24**

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### **NOTICE OF MEETING - VENUE**

**I** - The General Meeting shall be convened in accordance with the conditions provided for by the legal and regulatory provisions in force.

**II** - Shareholders' Meetings shall be held in the city where the registered office is located or in any other locality, in accordance with the decision made in this connection by the person convening the Shareholders' Meeting, and at the venue specified in the Meeting notice.

## **Article 25**

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### **AGENDA - OFFICIALS**

**I** - The agenda for each Shareholders' Meeting shall be determined by the person convening the Meeting. Only resolutions proposed either by the Board of Directors or by the Statutory Auditor(s), if the latter have taken the initiative of convening the Meeting, or by one or more shareholders shall be entered on it under the conditions and within the time period allowed by law.

**II** - The Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors or by the Director appointed temporarily to act as Chairman or, failing this, by a Vice Chairman. In the event of the simultaneous absences of the Chairman, the Director appointed temporarily to act as Chairman and the Vice Chairman (or Vice Chairmen), the Shareholders' Meeting shall be chaired by a Director appointed by the Board or by a person chosen by the Shareholders' Meeting.

When Shareholders' Meetings are convened by the Statutory Auditors or by a court-appointed agent, the Shareholders' Meeting shall be chaired by the person or one of the persons convening it.

The function of scrutineers shall be fulfilled by the two members present who have the greatest number of votes and, if they refuse to fulfill said function, by those ranking next and so on until the role is accepted.

The body of officials, thus composed, shall appoint the Secretary, who may be chosen from outside the body of shareholders.

## Article 26

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### ATTENDANCE SHEET - VOTES

**I** - An attendance sheet shall be kept and drawn up as required by law, duly signed by the shareholders present and the agents of shareholders represented and shall be certified true by the body of officials governing the Shareholders' Meeting. The attendance sheet shall be completed by the list of correspondence votes, which shall be counted by the body of officials governing the Meeting.

**II** - Subject to the provisions set forth below, each member of the Shareholders' Meeting shall be entitled to the same number of votes as shares he possesses or represents:

- double voting rights are granted, in accordance with law and in respect of the portion of the company's share capital that they represent, to all fully paid up shares for which proof is provided that they have been registered in the name of the same shareholder for at least two years, as well as – in the event of a capital increase through the incorporation of reserves, earnings or additional paid-in capital – to registered shares granted free-of-charge to a shareholder in consideration of old shares in respect of which he enjoys said rights. A merger with another company shall not affect double voting rights, which can be exercised within the absorbing company if its by-laws have instituted this procedure.

- at Shareholders' Meetings, no shareholder can, in his own right or by proxy, in respect of simple voting rights attached to shares which he holds directly and indirectly and to powers which have been granted to him, cast more than 6% of the total number of voting rights attached to the company's shares. If, however, he also holds double voting rights in a personal capacity and/or as a proxy, the aforementioned limit may be exceeded by taking into account only the additional voting rights resulting therefrom. In such a case, the total voting rights that he represents shall not exceed 12% of the total number of voting rights attached to the company's shares.

For the purposes of applying the aforementioned provisions:

- the total number of voting rights taken into account shall be as calculated as of the date of the Shareholders' Meeting and shall be communicated to shareholders at the opening of said Shareholders' Meeting;
- the number of voting rights held, directly and indirectly, means, in particular, those attached to shares that a shareholder holds in person, to shares held by a legal entity which he controls within the meaning of Article L. 233-3 of the French Commercial Code and to shares assimilated to owned shares, as defined by the provisions of Articles L. 233-7 *et seq.* of the French Commercial Code;

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- in the case of voting rights exercised by the Chairman of the Shareholders' Meeting, voting rights attached to shares for which a proxy has been returned to the company without specifying any agent and which, taken individually, do not infringe the aforementioned limitations shall not be taken into account in calculating the limitations.
- The aforementioned limitations shall become null and void without the need for any new resolution to be approved by the Extraordinary Shareholders' Meeting if any individual or legal entity, acting alone or in concert with one or more individuals or legal entities, were to hold at least two-thirds of the total shares of the company as a result of a public bid for all of the company's shares. The Board of Directors shall formally record the nullity thereof and shall undertake the relevant formalities relating to amendment of the by-laws.
- The aforementioned limitations shall be suspended for a Shareholders' Meeting if the number of shares present or represented at said meeting reaches or exceeds 75% of the total number of shares with voting rights. In such case, the Chairman of the Board of Directors (or any other person presiding over the Meeting in his absence) shall formally acknowledge the suspension of this limitation when the Shareholders' Meeting is called to order.
- The limitations mentioned in paragraphs above shall not affect the calculation of the total number of voting rights, including double voting rights, attached to the company's shares, which must be taken into account for the purpose of applying legislative or regulatory provisions or provisions herein covering particular obligations related to the number of voting rights existing within the company or to the number of shares conferring voting rights.

**III** - Votes shall be cast by any means, unless one or more shareholders representing one-tenth of the share capital represented at the Shareholders' Meeting request a secret ballot.

Shareholders may vote by correspondence or by proxy, voting or giving their proxy by any means, in accordance with the applicable laws and regulations. In particular, shareholders may provide the company with proxy and correspondence ballot forms by remote transmission or by electronic means prior to the Shareholders' Meeting under the conditions provided for by law. If such means are used, the electronic signature of the proxy and correspondence ballot forms may use a procedure that complies with the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code.

The final deadline for receipt of correspondence ballots and proxies shall be set by the Board of Directors and disclosed in the notice of the meeting published in the *Bulletin des Annonces Légales Obligatoires* (France's official journal of statutory notices).

The Board of Directors may decide that any votes cast during a Shareholders' Meeting may be expressed by videoconference or by any means of telecommunications that enable the identification of shareholders, and such under the conditions provided for by applicable regulations.

## Article 27

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### ORDINARY SHAREHOLDERS' MEETINGS

**I** - The Ordinary Shareholders' Meeting shall be convened annually and shall:

- vote on reports presented by the Board of Directors and the Statutory Auditors;
- approve, adjust or reject the annual statutory and consolidated financial statements, decide on the appropriation of profits in compliance with Article 33 and can decide, in accordance with legal provisions, to grant each shareholder a choice between payment in cash or payment in shares of all or part of the dividend distributed;
- vote on the agreements referred to in Article L. 225-38 of the French Commercial Code;
- appoint Directors, and ratify or reject temporary appointments made by the Board;
- be entitled to dismiss Directors for any reasons it deems necessary;
- decide to allocate attendance fees to the Board of Directors and determine the amount thereof;
- appoint the Statutory Auditors;
- ratify the transfer of the registered office within the same *département* or to a neighboring *département* when the Board of Directors has decided to carry out such a transfer,
- and, generally, vote on all issues that are not matters for the Extraordinary Shareholders' Meeting.

**II** - All and any other Ordinary Shareholders' Meeting may pass resolutions relating to the topics referred to in Paragraph I mentioned above, with the exception of issues relating to the financial statements of the previous year.

**III** - The Ordinary Shareholders' Meeting deliberates under the conditions of quorum and majority provided for by law.

## Article 28

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### EXTRAORDINARY SHAREHOLDERS' MEETINGS

**I** - The Extraordinary Shareholders' Meeting shall be entitled to make any amendments, regardless of the nature thereof, provided they are allowed by company law, to any of the provisions of the by-laws.



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In particular, and without the following list to be construed as exhaustive, it may:

- increase or decrease share capital as provided under Articles 7 and 8;
- decide to redeem share capital as provided by applicable law;
- vote to reduce the number of securities by combining them, even if this should result in the compulsory transfer of securities;
- require all shares to be of the registered type;
- decide to merge the company with any other company or companies, along with any assets comprising the dissolution of the company or the restriction of its corporate purpose; receive in consideration of all or part thereof either cash or shares or other securities, financial instruments or shares of any kind;
- decide to extend the term of the company, decide to dissolve it, even in the absence of losses of any kind and for reasons of which the Extraordinary Shareholders' Meeting shall assess the importance and appropriateness on its own;
- amend the corporate purpose; change the name of the company;
- make all and any amendments to the method of managing and administering the company;
- amend the method set forth in Article 33 aforementioned relating to the use and distribution of profits;
- decide to transfer the registered office as provided in Article 4 above;
- decide to transform the company as provided by law; and
- decide on or authorize the issue of bonds convertible or exchangeable into shares, bonds with warrants, preferred shares without voting rights and the creation of investment certificates and voting rights certificates.

**II** - The Extraordinary Shareholders' Meeting deliberates under the conditions of quorum and majority provided for by law.

## **Article 29**

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### **MINUTES - PROOF**

Resolutions shall be recorded in minutes which, in the same way as copies or excerpts to be produced in court or elsewhere, shall be drafted and signed in compliance with law.

## **TITLE VI**

### **FISCAL YEAR – INVENTORY – COMMUNICATION**

#### **Article 30**

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##### **FISCAL YEAR – INVENTORY**

**I** - The fiscal year shall start on January 1 and end on December 31.

**II** - The Board of Directors shall, at the close of each financial year, and in compliance with legal and regulatory provisions, draw up the inventory covering the various items representing assets and liabilities, the balance sheet, the income statement and the notes to the financial statements. It shall draft the management report required by law.

#### **Article 31**

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##### **COMMUNICATION RIGHTS**

The Board of Directors shall make available to shareholders, at the place prescribed by law and, if appropriate, send them, in accordance with the terms and within time period allowed by law, all documents stipulated by law allowing the shareholders to exercise their communication rights, in particular with regard to the annual statutory and consolidated financial statements (inventory, balance sheet, income statement and notes to the financial statements), information released prior to Shareholders' Meetings and the list of shareholders and minutes of Shareholders' Meetings held during the previous three fiscal years.

## **TITLE VII**

### **PROFITS - RESERVES**

#### **Article 32**

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##### **PROFIT DETERMINATION**

The income statement shall summarize income and expenses for the fiscal year. It shall show the net income or loss for the fiscal year as the difference between the two after deduction of depreciation and provisions.

#### **Article 33**

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##### **USE OF PROFITS AND RESERVES**

From profits less, if applicable, prior-period losses, there shall be firstly deducted:

- at least 5% for allocation to the reserve fund required by law, such deductions ceasing to be compulsory when said fund reaches one-tenth of the company's share capital but resumes if said fraction is no longer met for any reason whatsoever, and
- all amounts to be carried to the reserves under the provisions of law.

The balance plus profits carried forward shall represent profits for distribution, from which shall be deducted the amount required to pay shareholders a first dividend of six percent (6%) interest per annum on the paid and non-redeemed amounts of their shares. If the profits from a fiscal year are insufficient to facilitate payment of said dividend, no deduction may be made from the profits of subsequent fiscal years for this purpose.

The surplus shall remain at the disposal of the annual Shareholders' Meeting for distribution as dividends to shareholders, if so proposed by the Board of Directors, or for appropriation in part or in full to reserve accounts or contingency funds and even to a capital redemption account, or shall be carried forward.

The reserves at the disposal of the Shareholders' Meeting may be used, at its discretion, to pay a dividend on shares. In such a case, a resolution shall expressly indicate the accounts on which said moneys shall be drawn.

## Article 34

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### **PAYMENT OF INTEREST AND DIVIDENDS**

**I** - Payment of interest and dividends shall be made at the times and places specified by the Shareholders' Meeting or, failing this, by the Board of Directors, not later than nine months after the close of the fiscal year unless an extension thereto is granted under an order by the Ruling Judge of the Commercial Court ruling on an application made by the Board of Directors.

Payment shall be made legitimately and in compliance with legal and regulatory provisions.

The Shareholders' Meeting shall be entitled to grant each shareholder the option of being paid all or part of the dividend distributed in the form of shares. Applications for dividend payments in the form of shares shall be submitted no later than three months after the date on which the Shareholders' Meeting is held.

This option may also be granted in the case of an interim dividend payment.

**II** - Prior to approval of the financial statements for the fiscal year, the Board of Directors shall be entitled to distribute one or more interim dividends as provided by law.

## **TITLE VIII**

### **DISSOLUTION OF COMPANY - LIQUIDATION**

#### **Article 35**

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##### **LOSSES**

If, on account of losses recorded in its accounting statements, reported shareholders' equity falls to less than half the amount of its share capital, the Board of Directors shall, no later than four months after approval of the financial statements showing said losses, convene an Extraordinary Shareholders' Meeting to decide whether to dissolve the company before its term.

If the resolution to dissolve the company is not approved, the company shall, within the time allowed by law, reduce its share capital by an amount at least equal to that of losses that have not been able to be charged to its reserves if, within said time limit, its reported shareholders' equity has not been restored to at least half the amount of its share capital.

The resolution passed by the Extraordinary Shareholders' Meeting shall, in all circumstances, be published in accordance with applicable regulations.

If the above-mentioned Extraordinary Shareholders' Meeting is not convened, as in the event of its having been unable to pass binding resolutions following a second notice of meeting or in the event that the provisions of the second paragraph above were not applied, all and any party may apply to the Commercial Court for the dissolution of the company.

#### **Article 36**

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##### **CONDITIONS GOVERNING LIQUIDATION**

On the dissolution of the company, whenever and for whatever reason, the company shall go into liquidation and the Shareholders' Meeting shall appoint one or more liquidators, in accordance with the conditions for a quorum and a majority governing Ordinary Shareholders' Meetings.

The company shall be liquidated under the conditions provided for by law.

Net assets remaining after repayment of the paid-up and unredeemed portion of the par value of shares shall be distributed among shareholders pro rata to their share of the company's share capital.