



**INTERNAL RULES
OF THE BOARD OF DIRECTORS
OF ABC ARBITRAGE**

Introduction

At its meeting on 7 December 2010, the Board of Directors of ABC arbitrage adopted a set of internal rules governing the Board's organization and procedures.

These internal rules set forth the Board's roles, responsibilities and powers, as well as certain rules applicable to directors, and should be construed in accordance with and in addition to all other applicable laws and regulations. The following rules are for internal use only and do not replace or take priority over ABC arbitrage's bylaws or the laws and regulations applicable to companies in France.

Roles and responsibilities of the Board of Directors

The Board of Directors deals with all issues that come under its responsibility pursuant to the provisions of the applicable laws and regulations and its bylaws. It is responsible for defining ABC arbitrage's broad strategic objectives and overseeing their implementation. At the Chairman's initiative, it is consulted on all strategic decisions taken by the Company and the Group. Except for those matters that, by law, may only be decided by the shareholders in General Meeting and within the limits of the corporate object, the Board considers and decides on all matters related to the Company's operations.

Its role includes but is not limited to:

- Defining the **broad strategic objectives** of the Company and more generally the Group. In particular, the Board of Director ensures that ABC arbitrage provides its subsidiaries with its expertise and with the necessary capital to support their development;
- Keeping abreast of all important events affecting the Company's operations (investments, cash position, restructurings, etc.);
- Deciding whether to **combine or split the roles of** Chairman and Chief Executive;
- Appointing and dismissing **executive officers**, setting their compensation and making sure they fulfil their duties;
- Drawing up an annual list of directors qualified as independent;
- Authorising related-party agreements;
- Calling and setting the agenda for **shareholders' meetings**;
- Overseeing the **quality of reporting** to shareholders and the financial markets by reviewing and approving the financial statements and other regulated information;
- Approving the Chairman's report on the Board's composition and gender balance, Board practices and internal control and risk management procedures implemented by the Company or Group;
- Setting the Group's **compensation policy** and establishing share-based incentive plans for employees and officers of the Group pursuant to authorisations given by extraordinary resolution of the shareholders;
- Overseeing the effectiveness of the Company's internal **control and audit** processes, and ensuring that the statutory auditors are independent and able to fulfil their duties properly;
- Setting the **blackout periods** for directors' and employees' dealings in ABC arbitrage shares.

Membership of the Board of Directors

Directors shall be elected for a term of 4 years.

They belong to one of three categories, as follows:

- Executive Directors: directors holding management positions within the organization, who may also be significant shareholders.
- Non-Executive Directors: directors who no longer hold management positions within the organization, who may also be significant shareholders.
- Independent Directors: directors who have never held management positions within the organization, who may be significant but not reference shareholders.

A significant shareholder is a shareholder whose net worth is more than 10% invested in ABC arbitrage shares and who holds at least 1% of the Company's share capital, alone or in concert. A reference shareholder is a shareholder who holds over 10% of ABC arbitrage's share capital, alone or in concert, and ranks among the Company's largest shareholders.

An independent director is a director who is not an employee or an executive officer of the Company and has no material financial, contractual or family relationship with the Company, a Group company or one of their directors that could affect his freedom of judgement.

The Board of Directors may appoint one or more non-voting directors who attend Board meetings in a consultative capacity. They express an independent opinion particularly as regards safeguarding the Company's interests and protecting the minority shareholders. Their appointment is subject to ratification at the next ordinary shareholders' meeting.

The Board of Directors may appoint a secretary who need not be a director. The secretary calls and organises Board meetings, which need not be held at the head office, draws up the agenda, takes the minutes of Board and, where applicable, Board committee meetings, and contributes to preparing the various documents presented to the Board.

The secretary also acts as compliance officer and organises the Board's self- assessment procedure. He prepares or contributes to preparing the various documents made available to shareholders ahead of general meetings. He liaises with the directors outside of Board meetings, checks their presence for quorum purposes and follows up their practical or regulatory questions. The secretary may also serve as secretary of the Board of any ABC arbitrage subsidiary.

The list of members of the Board of Directors is provided in an appendix to these internal rules.

Organization of the Board of Directors

In accordance with the Company's bylaws, meetings of the Board shall be called by the Chairman or two of its members and the meeting agenda shall be set by the person who calls the meeting. If the Chairman is absent or the position is vacant, Board meetings shall be chaired temporarily by the Vice Chairman or failing that the director most senior in age.

The Board of Directors shall meet at least four times a year. Meetings may include discussions of issues that do not appear on the meeting agenda.

The Board of Directors has authority to restrict the powers of the Chief Executive Officer, particularly by setting financial limits. In this case, the Chief Executive shall seek prior authorisation from the Board before acting.

The minutes of each meeting shall be transcribed in the record of minutes, which shall be kept in French.

Participation in Board meetings via videoconference or other telecommunication links

Exceptionally, and subject to the applicable laws and regulations, directors may participate in Board meetings via videoconference or other telecommunication link. Directors who participate in meetings in this way shall be included in the calculation of the quorum and voting majority for the meeting.

The Chairman shall ensure that videoconference or other telecommunication links are accessible to directors who are unable to attend a Board meeting in person, so that they can nevertheless participate.

Said videoconference or other telecommunication links must meet certain criteria for technological performance that guarantee the effective participation of all directors in the Board meeting. Specifically, the discussions and votes that take place during the meeting must be transmitted continuously and simultaneously to all participants. All necessary measures must be taken to identify each participant and verify quorum. If these measures fail, the meeting shall be adjourned.

The Board meeting attendance record should mention which, if any, of the members participated via videoconference or other telecommunication link.

The minutes of the Board meeting should list the names of the directors who participated in the meeting via videoconference or other telecommunication link.

The minutes should also mention whether the meeting was disrupted by any technical incidents relating to the use of videoconferencing or other telecommunication technologies, including details of when the communication link was broken and restored.

If the Chairman notes a videoconferencing or telecommunication system malfunction, the Board of Directors may legitimately open or continue the meeting with the members who are physically present, provided that quorum is met.

A director participating in the meeting by videoconference may represent another director provided that the Chairman has received a corresponding proxy by the meeting date.

However, directors may not vote by videoconference link to approve the annual consolidated financial statements or the Company or Group management reports.

The Committees of the Board

Provisions applicable to all Committees of the Board

To optimize its efficiency, the Board of Directors may set up specialized committees as provided for in article R.225-29 of the French Commercial Code. The members of each committee shall be selected by the Board of Directors and may or may not be directors. The Committees of the Board shall have the purely internal role of preparing certain topics for discussion at Board meetings, and shall have no power to act on behalf of the Company in dealings with third parties. They shall submit proposals, recommendations and opinions to the Board in their area of competence. They shall have advisory powers only and shall act under the authority of the Board of Directors, which has final decision-making powers. They shall report to the Board on their activities as often as necessary.

Committees set up by the Board of Directors of ABC arbitrage

- Audit Committee

The Board of Directors set up an Audit Committee for the first time in September 2002. Since 2008, this has been compulsory for French companies whose shares are traded on a regulated market (article L. 823-19 of the French Commercial Code).

The Audit Committee's main role is to participate in the preparation of Board meetings called to approve the interim and annual financial statements of the Company and the Group. In this respect, it may prepare a list of questions to be put to the Statutory Auditors by the Board of Directors. The Committee is also responsible for ensuring that the Company's accounting policies are appropriate

and applied consistently from one period to the next and that its reporting and internal control procedures are appropriate. It reviews the Company's risk exposures and oversees internal control. It monitors the independence of the Statutory Auditors and where applicable makes recommendations on the Statutory Auditors to be nominated for appointment at the shareholders' meeting.

At least one committee member must have specific finance or accounting expertise and must be an independent director as defined above.

The Audit Committee meets at least twice a year.

- Compensation Committee

A Compensation Committee has been set up by the Board of Directors. Its role is to prepare any and all compensation-related topics for discussion, perform any and all compensation-related analyses and, more generally, examine the compensation policies of the Company and Group as they apply to both senior executives and other employees.

Information provided to directors

Directors shall receive all of the information necessary to the fulfilment of their duties and may request any documentation from the Company that they consider to be useful.

To the extent possible, directors will be notified of agenda items requiring any particular advance consideration and analysis, and will be given related documentation, prior to meetings of the Board of Directors and its Committees.

All directors shall personally receive all of the press releases published by ABC arbitrage, as well as regular press reviews and financial analysts' recommendations relating to the Company.

Any and all requests for information submitted by directors and ABC arbitrage's replies shall be simultaneously communicated to all of the other directors to ensure equal access to information.

Board of Directors self-assessment

At its annual meeting during which the report of the Chairman on the work of the Board and on internal control is reviewed, the Board of Directors shall conduct a self-assessment of its procedures and practices. In particular, its members shall:

- Review the Board's membership, organization and procedures, as well as those of its Committees.
- Verify that important topics have been appropriately prepared and discussed.

The Board of Directors shall report on this self-assessment in the minutes of the meeting. The assessment and any resulting follow up actions shall also be disclosed in the annual report to shareholders.

Compensation

Board members shall receive directors' fees set annually by the Board of Directors within the limits of the aggregate amount of fees voted at the shareholders' meeting. The Board may decide to allocate a portion of these aggregate fees to the non-voting directors. The amount of fees received by each director depends in part on their attendance at meetings and their membership of Board committees.

The Board of Directors shall set the amount of the compensation to be awarded to the Chairman and the Chief Executive Officer and shall discuss the compensation to be awarded to all other Group senior executives. In particular, it shall decide whether corporate officers are entitled to participate in any discretionary profit-sharing plans, such as performance share and stock option plans.

Specific obligations of voting and non-voting directors

By collectively voting to adopt these internal rules, the directors undertake to:

- Observe all legal and regulatory obligations, the Company's bylaws and these internal rules.
- Act in the corporate interest in all circumstances.
- Comply with existing legislation on the holding of multiple directorships.
- Participate to the extent possible in all meetings of the Board of Directors and, where applicable, in all meetings of the Committees of the Board to which they belong.
- Inform ABC arbitrage of their transactions in the Company's shares at the same time as they are disclosed to the Autorité des Marchés Financiers, so as to enable the Company to prepare the annual summary of these transactions for mandatory disclosure in the annual management report.
- Request any information that they consider necessary to performing their duties and that will enable them to make informed decisions on the matters addressed by the Board of Directors.
- Ask for any additional information that they may consider necessary on specific features of the organization, its businesses and its sector.
- As regards non-public information obtained through their activities as a director:
 - Acknowledge that they are bound by a duty of confidentiality and professional secrecy.
 - Refrain from carrying out transactions in ABC arbitrage shares (including any derivatives) during blackout periods set by the Group, corresponding to specific periods preceding the publication of the interim and annual consolidated financial statements, and whenever they are in possession of inside information.

Prevention and management of conflicts of interest

A conflict of interest arises when a director has personal interests that could have an influence on his freedom of judgement.

The Board of Directors has defined three types of conflict of interest:

- potential: when an planned or probable change in a director's position or environment could create a conflict of interest in the future;
- perceived: when the director's position or environment gives a reasonably well-informed third party grounds to believe that the director's conduct could be influenced;
- actual: when the director's conduct has been or is clearly going to be influenced by the existence of personal interests that conflict with the Company's interests.

All members of the Board are required to assess whether they are faced with a potential, perceived or actual conflict of interest both as soon as they take up their directorship and throughout their entire term of office, and, if they are, to disclose the situation at the next Board meeting. The director concerned must then abstain from voting on any matters involved with or affected by the conflict.

Each year, the Board assesses the independence of its directors and identifies any potential conflict of interest areas. During this assessment, the directors are required to declare in writing that they are not aware of any conflict of interest that has not already been disclosed to the Board.

APPENDIX

(Updated on April 10, 2013)

The members of the Board of Directors of ABC arbitrage are:

- ABC participation et gestion, represented by Jean-Christophe Estève, non-executive director, reference shareholder;
- Aubepar Industries SE, represented by Xavier Chauderlot, non-executive director, reference shareholder;
- Dominique Ceolin, Chairman and Chief Executive Officer of ABC arbitrage, executive director;
- Didier Ribadeau Dumas, independent director;
- Jean-François Drouets, independent director;
- Sabine Roux de Bezieux, independent director.

The following regularly attend Board meetings:

- Jacques Chevalier, non-voting director;
- Marie-Ange Verdickt, non-voting director;
- Laetitia Hucheloup, Board secretary;
- Cédric Lorans, Works Council member.