

**Internal rules  
of the  
Board of Directors  
COFACE SA**

**10 December 2021**

At its session of 13 May 2014, the Board of Directors of COFACE SA (the “**Company**” or “**COFACE SA**”), adopted these internal rules, subject to the condition precedent of the setting of the price of the Company’s shares as part of their listing on the regulated market of Euronext Paris.

These internal rules are an internal document, drawn up in light of the prevailing statutory and regulatory provisions and the provisions of the memorandum and articles of association, that lays down rules governing the detailed composition, the organisation and the operation of the Board of Directors and of the committees created within it, as well as the decisions that must be submitted to its prior approval and the rights and obligations of the Directors.

It is in keeping with the insurance sector’s guidelines designed to ensure compliance with the fundamental principles of corporate governance, and in particular those referred to in the AFEF-MEDEF corporate governance code for listed companies. It may be modified at any point in time by a decision taken by the Board of Directors.

The Directors must each individually comply with these internal rules.

## **Article 1: Duties and responsibilities of the Board of Directors**

### **Article 1.1 General powers of the Board of Directors**

The Board of Directors shall set the general policies and guidelines of the Company’s activity and shall ensure that they are followed. Subject to those powers that are earmarked to meetings of the shareholders and within the limits of the Company’s object clause, the Board of Directors may deal with any issue concerning the proper operation of the Company and shall settle through its proceedings any matters concerning it. The Board of Directors shall perform whatever checks and verifications that it shall see fit.

The Board of Directors shall decide who shall wield the powers of Chief Executive Officer of the Company.

In keeping with the terms of article 14 of the Memorandum and Articles of Association, the Board of Directors may appoint a Chief Executive Officer who may but need not be a Director, and whom it may dismiss at any point in time.

The Board of Directors shall set the Chief Executive Officer’s remuneration, and where applicable, the remuneration of the deputy Chief Executive Officer, after securing an opinion from the Appointments and Remunerations Committee.

The Chairman or the Chief Executive Officer must disclose to each Director all the documents and information needed for the performance of their duties.

The Board of Directors may decide to form committees or commissions, either among its members, or including persons who are not Directors, which shall be in charge of looking into the issues that the Board or its Chairman refers to them for assessment; these committees or commissions shall exercise their powers under the responsibility of the Board of Directors.

## **Article 1.2 Transactions that require the prior authorisation of the Board of Directors**

The following transactions shall require the prior authorisation of the Board of Directors ruling by a simple majority of its members who are present or represented:

- Any extension of the activities of the Company to significant fields of activity not currently performed by the Company; and
- Any acquisition of a shareholding, any investment, any transfer or any formation of a joint venture by the Company or one of its significant subsidiaries, involving a sum total in excess of 100 million euros.

## **Article 2: Composition of the Board of Directors**

### **Article 2.1 Number of Directors**

The Board of Directors shall consist of up to 18 members (subject to the exception stipulated by law in case of a merger) who shall be appointed for a term of 4 years; at least 1/3 of them shall be chosen among independent personalities with no interests in common with COFACE SA as per the meaning of this term in article 2.3 of these internal rules.

Directors must perform their duties in keeping with all the regulations applicable to the concurrent holding of multiple directorships.

### **Article 2.2 The Chairman of the Board of Directors**

The Board of Directors shall appoint a Chairman among its members. Should it see fit to do so, the Board of Directors may appoint among the Directors one or more Deputy Chairmen for a term that shall be equal to the duration of their Directorship.

The Chairman and the Deputy Chairman (or Deputy Chairmen) must be natural persons. They may be re-elected.

The Chairman shall be in charge of convening the Board of Directors, organising and running its proceedings, about which he shall report to the General Meeting of the shareholders.

The Chairman shall supervise the proper operation of the governing bodies of the Company and shall ensure in particular that the Directors are able to perform their duties.

### **Article 2.3 Independent members of the Board of Directors**

#### *2.3.1: Presence of independent members*

The Board of Directors shall ensure that at least 1/3 of its Directors are independent members, as per the definition of this term in the corporate governance code of listed companies published by Association Française des Entreprises Privées and by Mouvement des Entreprises de France.

### *2.3.2: Criteria to be assessed in order to determine whether a Director qualifies as an independent member*

An independent Director is a Director that has no relationship whatsoever with the Company, its management or the Coface Group, that might compromise his freedom of judgement or that might put him in a position of conflict of interest with the management, the Company or the Coface Group.

Thus, an independent member of the Board of Directors:

- must not be an employee or senior officer / director of the Company or of the Coface Group, an employee or senior officer / director of a shareholder that alone or jointly controls the Company, as per the meaning of this term in article L. 233-3 of France's Commercial Code, or an employee or senior officer / director of a company that it consolidates, and must not have been an employee or senior officer / director of these entities at any point in time during the five years prior to their appointment;
- must not be a senior officer / director of a company in which the Company directly or indirectly holds a Directorship or in which an employee who is designated as such or a senior officer who is a Director of the Company (either currently or at any point in time over the past five years) holds a Directorship;
- must not be linked to a client, supplier, business bank or financing institution:
  - that is significant for the Company or the Group,
  - or for which the Company or the Group accounts for a significant share of its activity.

The assessment of whether the relationship with the Company or the Group is or isn't significant must be conducted by the Board of Directors, and the criteria that led to this assessment must be expressly set out in the Company's annual report:

- the lack of any close family tie with a director of the Company or of the Group;
- the lack of any former duties as an auditor of the Company or of a company of the Coface Group during the past five years;
- not having been a member of the Board of Directors of the Company or of a company of the Coface Group for more than twelve years.

Directors who represent significant shareholders of the Company, be they direct or indirect shareholders, can be considered as independent where these shareholders do not control the Company as per the meaning of this term in article L. 233-3 of France's Commercial Code. However, where a Director represents a shareholder of the Company that directly or indirectly holds more than 10% of the share capital or voting rights of the Company, the Board of Directors, acting based on a report of the Appointments and Remunerations Committee, must systematically ascertain the validity of the qualification of the Director's independence, taking into consideration the shareholding structure of the Company and the existence of a potential conflict of interest.

### *2.3.3: Procedure for qualifying the independent members of the Board*

The qualification of independent members of the Board of Directors shall be determined by the Appointments and Remunerations Committee, which shall report to the Board of Directors on

the outcome of its proceedings in this respect. Each year, the Board of Directors shall examine, in light of this report, and before the publication of the annual report, the position of each Director in light of the criteria of independence laid down in article 2.3.2 of these internal rules.

The Board of Directors must bring the conclusions of its assessment to the attention of the shareholders in the annual report and at the General Meeting upon the appointment of the Directors.

### **Article 3: Operation of the Board of Directors**

#### **Article 3.1 Convening the Board of Directors**

The Board of Directors shall meet as often as required in the interest of the Company, and at least once per calendar quarter.

It shall meet upon being convened by the Chairman. Moreover, Directors who together account for at least one third of the members of the Board of Directors may convene a meeting of the Board, stating the agenda of the session, if the Board has not met for more than two months. Should the Chairman not also be the Chief Executive Officer, the Chief Executive Officer may also ask the Chairman to convene the Board of Directors to deal with a particular agenda.

The Board of Directors shall be convened either at the registered headquarters of the Company, or at any other location mentioned in the summonses to attend the meeting. The Board of Directors shall be convened by letters sent by regular post or by electronic mail to the members of the Board a reasonable amount of time prior to the planned date of the meeting. These letters shall be sent by the Secretary of the Board of Directors.

In case of an emergency, as defined below (an “Emergency”), the accelerated procedure that is described below may be applied.

An Emergency is defined as an exceptional situation (i) involving the existence of a short timescale, imposed by a third party on pain of foreclosure and any failure to comply with which might lead to the Company or one of its subsidiaries incurring a loss, or (ii) that requires a rapid response from the Company that is incompatible with the application of the usual timescales for convening the Board of Directors.

In case of an Emergency, the summonses to attend may be issued by any appropriate means, even verbally, and the timescales for convening and holding a meeting of the Board of Directors shall not be subject to the foregoing provisions, provided that the Chairman of the Board of Directors of the Company shall have:

- (i) sent a notification beforehand explaining the nature of the Emergency, as per the foregoing definition of this term, to the Directors, and
- (ii) communicated to all the Directors, together with the summons to attend the meeting of the Board, all the elements that are needed for their analysis.

### **Article 3.2 Meetings of the Board of Directors**

The meetings of the Board of Directors shall be chaired by the Chairman of the Board of Directors, or should the latter be absent, by the oldest Director who is present or by one of the Deputy Chairmen, where applicable.

In keeping with the applicable statutory and regulatory provisions, and save with regard to the adoption of decisions concerning the examination and the drafting of the annual corporate and consolidated accounts, Directors who take part in a meeting of the Board of Directors via videoconferencing or other telecommunication means that meet the technical requirements set by the prevailing statutory and regulatory provisions shall be deemed to be present for the purposes of the calculation of the quorum and the majority.

Each meeting of the Board of Directors must last long enough to enable the agenda to be dealt with reasonably and in-depth. Decisions shall be taken by a majority of the members who are present or represented at the meeting. In case of a hung ballot, the Chairman of the Board of Directors shall have the casting vote.

Should the Chairman of the Board of Directors witness a malfunction of the videoconferencing or telecommunication system, the Board of Directors may validly take decisions and/or continue its proceedings with only those members who are physically present, provided that the conditions of quorum are met.

### **Article 3.3 Minutes of the meetings of the Board of Directors**

The Board of Directors shall appoint a Secretary who may but need not be chosen among its members.

Minutes of the proceedings of each session of the Board of Directors shall be drawn up in accordance with the prevailing and applicable rules and regulations.

The minutes shall mention any use of videoconferencing or other telecommunication means, and the name of each person that took part in the meeting of the Board of Directors using these means. They shall also mention any technical incident that occurred during the session.

Copies or excerpts of the minutes of the proceedings may be validly certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Director temporarily appointed to stand in for the Chairman or the Secretary of the Board of Directors.

### **Article 3.4 Information of the Board of Directors**

§1. The Directors must be granted access to information enabling them to take informed decisions a reasonable amount of time before each meeting of the Board of Directors. The Directors must also be provided with a copy of the minutes of the proceedings of the Board of Directors, if they request this.

Moreover, between the meetings of the Board, the Directors must be made privy to all useful information on events or transactions that are significant for the Company.

In case of an Emergency, or where compliance with the confidentiality rules requires this, particularly when sensitive financial, commercial or strategic information is involved, the abovementioned information may be disclosed to the Directors at a session of the Board of Directors.

## §2. Procedure for direct information of the Board of Directors by the persons in charge of the key functions of the Company

In accordance with the regulations that are applicable to insurance companies, Coface has implemented a Group-level governance system founded on a clear separation of responsibilities, comprising a mechanism for transmission of information. This governance system comprises the following key functions: the risk management function, the compliance checking function, the internal audit function and the actuarial function, whose main duties are set out in Appendix 4. Each key function operates under the ultimate responsibility of the Board of Directors, to which it reports.

### a) Information gathered at the initiative of the Board of Directors.

The Board of Directors shall interview the persons in charge of the key functions, directly and at its own initiative, whenever it considers this to be necessary, and at least once a year. These hearings may take place without the Chief Executive Officer being present if the members of the Board of Directors consider this to be expedient.

The Board of Directors may alternatively opt to have these persons heard by a specialised committee formed by the Board.

### b) Information tendered at the initiative of the person in charge of a key function.

The persons in charge of the key functions may inform the Board of Directors directly and at their own initiative, when events that justify this arise. They must do this immediately upon occurrence of any major problem that falls within the scope of their responsibility.

The information shall be transmitted by sending to the Chairman a written report drawn up by the person in charge of the key function involved. This report must comprise a detailed explanation of the problem as well as all the elements that are needed to grasp the situation. The report shall issue recommendations on how to remedy the problem.

The Chairman shall then disclose this report to the Directors.

## **Article 3.5 Evaluation of the Board of Directors**

At least once a year, an item on the agenda shall be given over to the evaluation of the operation of the Board of Directors, the outcome of which shall be incorporated into the Company's annual report.

A formal evaluation of the Board of Directors shall be conducted every 3 years by the Appointments and Remunerations Committee, with the help of an external consultant, where need be.

### **Article 3.6 Remuneration of the Directors**

Quite apart from any refunds of expenses or allowances for specific assignments that might be granted to them, the Directors may receive directors' attendance fees which shall be entered in the Company's books as overheads and whose sum total shall be set by the General Meeting of the shareholders.

The Board of Directors shall allocate the abovementioned remuneration among its members, in accordance with whichever terms it shall see fit.

### **Article 4: Formation of the committees – Common provisions**

In accordance with article 18 of the Memorandum and Articles of Association, the Board of Directors has formed an accounts and audit committee (the “**Accounts and Audit Committee**”), a risks assessment committee (the “**Risks Assessment Committee**”) and an appointments and remunerations committee (the “**Appointments and Remunerations Committee**”). These three specialised committees shall be permanent. Their duties and operating rules are defined by their own internal rules, which are appended hereto respectively as appendices 1, 2 and 3.

Each committee shall consist of three members of the Board of Directors (including the Chairman of each committee) who shall be appointed for the duration of their mandate by the Board of Directors.

At least 2/3 of the members of the Accounts and Audit Committee must be independent members of the Board of Directors; this committee shall also be chaired by an independent member of the Board. Senior officers who are also Directors of the Company cannot be part of this committee. The members of the Accounts and Audit Committee must have the financial or accountancy skills needed for the performance of their duties.

1/3 of the members of the Risks Assessment Committee must be independent members of the Board of Directors. This committee shall also be chaired by an independent member of the Board. Senior officers who are also directors of the Company cannot be part of this committee. The members of the Risks Assessment Committee must have the risk management skills needed for the performance of their duties.

At least half of the members of the Appointments and Remunerations Committee must be independent members of the Board of Directors. This committee also shall be chaired by an independent member of the Board. Senior officers who are also directors of the Company cannot be involved in any proceedings of the Appointments and Remunerations Committee concerning the remuneration of the senior officers.

Save in an Emergency (as per the definition of this term in article 3.1):

- each committee must be convened to assess issues that fall within the scope of its competence a reasonable amount of time before the effective holding of a meeting of the Board of Directors whose decisions it is in charge of preparing;
- the summonses to attend the committee meetings shall be sent to each of the members of the committee and must comprise the detailed agenda of the meeting;
- the members of the committee must be given access to all the information they need to tender an informed opinion, in good time before the meeting.

In case of an Emergency, the timescales for convening and holding meetings of the Accounts and Audit Committee, the Risks Assessment Committee or the Appointments and Remunerations Committee shall not be subject to the abovementioned provisions, provided that the Chairman of the committee involved shall have:

- (i) sent a notification beforehand explaining the nature of the Emergency to the members of the committee, and
- (ii) disclosed to all the members of the committee, together with the summons to attend the meeting of the committee, all the elements that are needed for their analysis.

The rules applicable to the convening, the quorum and the proceedings of the meetings of each committee are set out in their respective internal rules.

Similarly, the provisions concerning the position of Chairman of each committee are set out in each committee's respective internal rules.

The Board committees may request external technical studies relating to matters within their competence, at the corporation's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board. In such a case, the committees must ensure that the external consultant is objective.

**Appendix 1**  
**Internal rules of the Accounts and Audit Committee**

The Board of Directors of COFACE SA has decided to form an accounts and audit committee (the “**Accounts and Audit Committee**”) in accordance with the provisions of article 18 of the memorandum and articles of association and the applicable legal provisions; the Accounts and Audit Committee shall be in charge of assisting the Board of Directors of COFACE SA in performing its duties, under its supervision and responsibility. The Accounts and Audit Committee shall, among other things, be in charge of monitoring issues pertaining to the drafting and the auditing of the accounting and financial information of COFACE SA.

To that end, the Board of Directors of COFACE SA has approved the following operating rules of the Accounts and Audit Committee that it has formed (the “**Rules**”), which primarily set out the composition of the Accounts and Audit Committee, its duties, its investigation powers and its modus operandi.

**1. Composition of the Accounts and Audit Committee**

(a) Members

The Accounts and Audit Committee shall comprise three members with the requisite skills to effectively perform their duties, such as specific skills in the fields of finance or accountancy, who shall be appointed among the directors of COFACE SA for the duration of their directorships.

At least 2/3 of the members of the Accounts and Audit Committee must be independent members of the Board of Directors.

(b) The Chairman of the Committee

The position of Chairman of the Accounts and Audit Committee shall be held by one of the independent members of the Committee, who shall be appointed as the Committee’s Chairman by the Board of Directors for the duration of his directorship.

The Chairman of the Accounts and Audit Committee shall exercise his prerogatives in accordance with these Rules.

The Chairman of the Accounts and Audit Committee shall set the dates, times and places of the meetings of the Committee, shall set the agenda of the meetings, and shall chair the Committee’s sessions. The summonses to attend the Accounts and Audit Committee’s meetings shall be issued by the secretary of the Committee.

The Chairman of the Accounts and Audit Committee shall report to the Board of Directors about the opinions and recommendations issued by the Committee in order to facilitate the Board’s discussion of the underlying issues.

The Chairman of the Accounts and Audit Committee shall oversee and monitor the preparation and the due progress of the proceedings of the Committee between each of its sessions.

## **2. Modus operandi of the Accounts and Audit Committee**

### **(a) Frequency of the Committee's meetings and rules for convening its meetings**

The Accounts and Audit Committee shall be convened whenever this is necessary and at least four times per annum. The Accounts and Audit Committee shall for instance meet prior to each meeting of the Board of Directors whose agenda comprises the assessment of a matter pertaining to the scope of the Committee's competence; in that case, the Committee shall meet at least 2 days before that meeting of the Board of Directors.

- **Ordinary means of convening the Committee:**

The Accounts and Audit Committee shall be convened in writing by the secretary of the Committee in accordance with the terms of point 1 (b) 3 of these internal rules, with the summonsed to attend the meeting being sent to each of its members. The Chairman of the Board of Directors of COFACE SA may request, where need be, that the Chairman of the Accounts and Audit Committee convene the Committee to consider a specific issue and deal with a specific agenda.

- **Extraordinary means of convening the Committee:**

Two members of the Accounts and Audit Committee may request that the Chairman of the Committee convene a meeting of the Committee to deal with a particular agenda or table one or more additional points on the agenda of a meeting of the Committee in keeping with the limitations of the prerogatives of the Accounts and Audit Committee. Should the Chairman of the Accounts and Audit Committee not accede to this request within 15 days, the two members of the Committee involved may themselves convene a meeting of the Committee whose agenda they shall then set.

Should the Statutory Auditors of COFACE SA consider that a particular event exposes the Company or its subsidiaries to a significant risk, they may ask the Chairman of the Accounts and Audit Committee to convene a meeting of the Committee.

- **Terms and timescales for convening meetings of the Committee:**

The summonses to attend a meeting of the Accounts and Audit Committee shall be sent to the members of the Committee in good time and shall enclose the detailed agenda of the meeting. All the information needed to enable the members of the Accounts and Audit Committee to tender an informed opinion during the meeting shall be sent to them as early as possible prior to the meeting.

In case of an emergency, the Accounts and Audit Committee may be convened at any point in time by the Chairman of the Committee on an emergency footing. In that case, the procedure

for convening the Accounts and Audit Committee shall not have to comply with the timescales for convening its meetings as shown above, provided that the emergency shall have been declared in the summonses to attend and the information enabling the members of the Accounts and Audit Committee to tender an informed opinion shall have been sent to them prior to the meeting.

(b) Presence at meetings of the Accounts and Audit Committee

Any member who cannot attend a meeting of the Accounts and Audit Committee in person may take part in the meeting by telephone or videoconferencing.

Only the members and the secretary of the Accounts and Audit Committee shall have an innate right to take part in the meetings of the Committee.

Based on a proposal of the Chairman, the Accounts and Audit Committee may invite any officer of COFACE SA (including the senior officer of one of the main subsidiaries) or the Statutory Auditors of COFACE SA to take part in one of its meetings if their involvement is likely to enlighten the proceedings of the Committee.

(c) Quorum and majority rules

The Accounts and Audit Committee can only validly issue opinions and recommendations if at least half of its members (including the Chairman) are present.

Members of the Accounts and Audit Committee cannot represent other members.

The opinions and recommendations of the Accounts and Audit Committee shall be adopted by a majority of the members who are present, including the vote of the Chairman.

(d) Secretariat and minutes of the meetings

The secretary of the Board of Directors of COFACE SA shall act as secretary of the Accounts and Audit Committee.

The opinions and recommendations of the Accounts and Audit Committee shall be set out in a report, a copy of which shall be sent to all the members of the Committee, as well as being forwarded by the Chairman to the directors of COFACE SA, where applicable.

### **3. Mission of the Accounts and Audit Committee**

The mission of the Accounts and Audit Committee shall be to oversee and monitor issues linked to the drafting and auditing of the accounting and financial information, in order to facilitate the Board of Directors' performance of its duties of oversight and verification in this respect. To that end, the Committee shall issue opinions and/or recommendations to the Board of Directors.

The Accounts and Audit Committee shall accordingly primarily perform the following tasks:

### **(i) Monitoring the process of drawing up the financial statements**

- The Accounts and Audit Committee must examine the yearly or half-yearly corporate and consolidated accounts prior to their presentation to the Board of Directors, and must ascertain the relevance and the continuity of the accounting methods used to draw up these accounts.

The Accounts and Audit Committee must for instance examine the provisions that are set aside, any adjustments made to these provisions, and any situation that might generate a significant risk for the Group, as well as any financial information or any quarterly, half-yearly or annual report on the state of the Company's business dealings, or any report drawn up in the course of a specific operation (investment, merger, market transaction, etc.).

- The Accounts and Audit Committee shall examine the book entries of any significant transaction.

The Committee's examination of the accounts must be accompanied by a presentation made by the Statutory Auditors setting out the key points not only of the outcome of the legal audit, such as any audit adjustments and significant weaknesses of the internal audit process identified during the proceedings, but also of the accounting options retained, as well as a presentation by the Financial Director describing the Company's exposure to risks and its significant off-balance sheet commitments.

- The Accounts and Audit Committee shall examine the scope of the consolidated companies.
- The Accounts and Audit Committee shall examine the significant off-balance sheet liabilities.

### **(ii) Monitoring the external audit of the accounts**

The Accounts and Audit Committee shall be in charge of monitoring the auditing of the accounts of the Company and the consolidated accounts by the Statutory Auditors of the Company.

- It shall regularly hear the Statutory Auditors, in particular during meetings of the Accounts and Audit Committee that are called to examine the process of drawing up the financial statements and to examine the accounts, in order for them to report on the performance of their duties and the conclusions of their proceedings.

- The Accounts and Audit Committee shall also monitor the Company's Statutory Auditors (including in the absence of the senior officers), such as with regard to their general work schedule, any problems encountered in the course of performing their duties, any changes that they believe should be made to the Company's accounts or to the other financial statements, any accounting irregularities, anomalies or inaccuracies that they may have found, any significant uncertainties and risks in relation to the drafting and the processing of the accounting

and financial information, and any significant weaknesses in the internal audit that they might have discovered.

- The Accounts and Audit Committee shall be in charge of monitoring the independence of the Statutory Auditors and their compliance with the code of conduct of their profession.

The Accounts and Audit Committee shall hear the Statutory Auditors at least once a year in the absence of the senior officers. As part of this obligation, the Accounts and Audit Committee shall moreover examine, together with the Statutory Auditors, the risks that might affect their independence and the protective measures taken to mitigate these risks. The Committee must for instance ensure that the fees paid by the Company and the Group, or the proportion of the turnover of the firms and networks that they account for, are not likely to jeopardise the independence of the Statutory Auditors.

On those occasions, the Statutory Auditors shall present to the Accounts and Audit Committee a report on their compliance with their obligations under the code of conduct of their profession and their compliance with the profession's standards.

To that end, the Accounts and Audit Committee shall secure disclosure, each year, of the following elements in particular:

- the declaration of independence of the Statutory Auditors;
- the sum total of the fees paid to the network of the Statutory Auditors by the companies that are controlled by the Company or by the entity that controls it, for services that are not directly linked to the duties of the Statutory Auditors; and
- information about the services provided as part of the steps taken directly in the course of the Statutory Auditors' assignment.

### **iii) Selection and renewal of the Statutory Auditors**

The Accounts and Audit Committee shall spearhead the process of selecting and renewing the Statutory Auditors, and shall disclose the outcome of this selection to the Board of Directors. Upon expiry of the mandates of the Statutory Auditors, the selection or renewal of the Statutory Auditors may be preceded, based on a proposal of the Accounts and Audit Committee and pursuant to a decision taken by the Board of Directors, by an invitation to tender supervised by the Accounts and Audit Committee, which shall validate the specifications and the choice of the firms that are invited to tender, while ensuring that the bidder with the best offering is selected, as opposed to the one with the cheapest bid.

### **iv) Approval of the Statutory Auditors' provision of services other than the certification of the accounts**

In accordance with the provisions of article L. 822.11.2 of France's Commercial Code, the Accounts and Audit Committee shall be in charge of approving the Statutory Auditors' provision of any services to the Company other than the certification of the accounts. It shall

issue its verdict after analysing the risks that might affect the independence of the Statutory Auditors and the protective measures taken by the latter.

#### **v) Duties linked to internal audit**

The Accounts and Audit Committee shall tender its opinion about the organisation of the audit function.

The Accounts and Audit Committee shall be given access to the Company's yearly audit plan. It shall examine this plan, in coordination with the Risks Assessment Committee.

It shall be in charge of monitoring the recommendations of the internal audit function where these fall within the scope of its competence. It shall receive a periodic summary of the reports issued by the internal audit function.

It shall also be entitled to receive the yearly compliance plan.

#### **vi) Yearly budget**

The Accounts and Audit Committee shall examine the Company's budget forecasts before the start of each trading year and shall monitor their fulfilment throughout the trading year.

### **4. Miscellaneous provisions**

The Accounts and Audit Committee shall report regularly on the performance of its duties to the Board of Directors and shall immediately inform it about any problem that it may have encountered.

The Accounts and Audit Committee shall moreover draw up each year a report on its operation, its responsibilities and the measures that it took to discharge its duties, which may be included in the annual report of COFACE SA.

The members of the Accounts and Audit Committee and the persons that are invited to take part in its meetings must comply with a strict obligation of confidentiality towards any third party that is not a member of the Board of Directors, with regard to all the information that is disclosed to the Accounts and Audit Committee or to which the persons taking part in its meetings might have been made privy.

**Appendix 2**  
**Internal rules of the Risks Assessment Committee**

The Board of Directors of COFACE SA has decided to form a risks assessment committee (the “**Risks Assessment Committee**”) in accordance with the provisions of article 18 of the memorandum and articles of association and the applicable legal provisions. The Risks Assessment Committee shall be in charge of assisting the Board of Directors of COFACE SA under its supervision and responsibility.

**1. Composition of the Risks Assessment Committee**

(a) Members

The Risks Assessment Committee shall comprise three members with the requisite skills to effectively perform their duties, such as specific skills in the field of risk management, who shall be appointed among the directors of COFACE SA for the duration of their directorships.

The Risks Assessment Committee shall comprise an independent member of the Board of Directors.

(b) The Chairman of the Committee

The position of Chairman of the Risks Assessment Committee shall be held by the independent member of the Risks Assessment Committee, who shall be appointed as the Committee’s Chairman by the Board of Directors for the duration of his Directorship.

The Chairman shall exercise his prerogatives in accordance with these Rules.

The Chairman of the Risks Assessment Committee shall set the dates, times and places of the meetings of the Risks Assessment Committee, shall set the meetings’ agenda, and shall chair the Committee’s sessions. The summonses to attend Committee meetings shall be issued by the secretary of the Risks Assessment Committee.

The Chairman of the Risks Assessment Committee shall report to the Board of Directors about the opinions and recommendations issued by the Committee in order to facilitate the Board’s discussion of the underlying issues.

The Chairman of the Risks Assessment Committee shall oversee and monitor the preparation and the due progress of the proceedings of the Committee between each of its sessions.

## **2. Modus operandi of the Risks Assessment Committee**

### **(a) Frequency of the Committee's meetings and rules for convening its meetings**

The Risks Assessment Committee shall be convened whenever this is necessary and at least four times per annum. The Risks Assessment Committee shall for instance meet prior to each meeting of the Board of Directors whose agenda comprises the assessment of a matter pertaining to the scope of the Committee's competence; in that case, the Committee shall meet at least 2 days before that meeting of the Board of Directors.

- **Ordinary means of convening the Committee:**

The Risks Assessment Committee shall be convened in writing by the secretary of the Committee in accordance with the terms of point 1 (b) 3 of these internal rules, with the summonsed to attend the meeting being sent to each of its members. The Chairman of the Board of Directors of COFACE SA may request, where need be, that the Chairman of the Risks Assessment Committee convene the Committee to consider a specific issue and deal with a specific agenda.

- **Extraordinary means of convening the Committee:**

Two members of the Risks Assessment Committee may demand that the Chairman of the Committee convene a meeting of the Committee to deal with a particular agenda or table one or more additional points on the agenda of a meeting of the Committee in keeping with the limitations of the prerogatives of the Risks Assessment Committee. Should the Chairman of the Risks Assessment Committee not accede to this request within 15 days, the two members of the Committee involved may themselves convene a meeting of the Committee whose agenda they shall then set.

Should the Statutory Auditors of COFACE SA consider that a particular event exposes the Company or its subsidiaries to a significant risk, they may ask the Chairman of the Risks Assessment Committee to convene a meeting of the Committee.

- **Terms and timescales for convening meetings of the Committee:**

The summonses to attend a meeting of the Risks Assessment Committee shall be sent to the members of the Committee in good time and shall enclose the detailed agenda of the meeting. All the information needed to enable the members of the Risks Assessment Committee to tender an informed opinion during the meeting shall be sent to them as early as possible prior to the meeting.

In case of an emergency, the Risks Assessment Committee may be convened at any point in time by the Chairman of the Committee on an emergency footing. In that case, the procedure for convening the Risks Assessment Committee shall not have to comply with the timescales for convening its meetings as shown above, provided that the emergency shall have been declared in the summons to attend and the information enabling the members of the Risks

Assessment Committee to tender an informed opinion shall have been sent to them prior to the meeting.

(b) Presence at meetings of the Risks Assessment Committee

Any member who cannot attend a meeting of the Risks Assessment Committee in person may take part in the meeting by telephone or videoconferencing.

Only the members and the secretary of the Risks Assessment Committee shall have an innate right to take part in the meetings of the Committee.

Based on a proposal of the Chairman, the Risks Assessment Committee may invite any officer of COFACE SA (including the senior officer of one of the main subsidiaries) or the Statutory Auditors of COFACE SA to take part in one of its meetings if their involvement is likely to enlighten the proceedings of the Committee.

(c) Quorum and majority rules

The Risks Assessment Committee can only validly issue opinions and recommendations if at least half of its members (including the Chairman) are present.

Members of the Risks Assessment Committee cannot represent other members.

The opinions and recommendations of the Risks Assessment Committee shall be adopted by a majority of the members who are present, including the vote of the Chairman.

(d) Secretariat and minutes of the meetings

The secretary of the Board of Directors of COFACE SA shall act as secretary of the Risks Assessment Committee.

The opinions and recommendations of the Risks Assessment Committee shall be set out in a report, a copy of which shall be sent to all the members of the Committee, as well as being forwarded by the Chairman to the directors of COFACE SA, where applicable.

### **3. Mission of the Risks Assessment Committee**

The mission of the Risks Assessment Committee shall be to ascertain the effectiveness of the risk management and monitoring system, the existence and the effectiveness of the operational internal audit, and the compliance of the reports sent to the regulator, to oversee the management of the capital requirements of the Group, and to monitor the implementation of the recommendations arising from internal audits of aspects that fall within the scope of its competence, in order to facilitate the Board of Directors' performance of its duties of oversight and verification in this respect. To that end, the Committee shall issue opinions and/or recommendations to the Board of Directors.

The Risks Assessment Committee shall accordingly primarily perform the following tasks:

### **i) Overseeing the effectiveness of the risk management systems**

- The Risks Assessment Committee shall examine the major risks to the assets and liabilities (subscription risks, market risks, provisioning risks, etc.), and shall ensure the existence and the effectiveness of the oversight and control means implemented. To that end, it shall examine yearly the various risk management policies in place.
- The Risks Assessment Committee shall examine each year the Company's own risk and solvency assessment (ORSA).
- The Risks Assessment Committee shall be kept informed about the Company's affinity for risk.
- The Risks Assessment Committee shall be entitled to receive and shall examine the results and the updates of the risks map drawn up by the Company.

### **ii) Examination of all of the regulatory reports concerning the Company**

The Risks Assessment Committee shall receive and examine the regulatory reports stipulated by the prevailing regulations (such as the SFCR, the RSR, the report on the prevention of money laundering, the actuarial reports) prior to their approval by the Board.

### **iii) Changes to prudential regulations**

The Risks Assessment Committee shall be informed about any changes in the regulations that might have an impact on the solvency and the governance of the Group. It must also be informed about the solutions implemented to reduce any negative effects of these changes.

### **iv) The Risk Assessments Committee shall be in charge of monitoring the Group's capital requirements**

It shall monitor the drafting of the partial internal model, the compiling of the filings destined for the regulator, and the results generated by the model.

It shall also examine the governance and any major changes made to the model.

### **v) The Risk Assessments Committee shall oversee the implementation of all the level 1 and level 2 operational checks**

The Risk Assessment Committee shall receive a summary of the outcome of these checks. It shall be informed about the action plans implemented pursuant to these checks, and on a regular basis about the progress of these action plans.

The Risks Assessment Committee shall be informed about any flaws in the internal audit system, and about the remedial actions implemented to remedy them. It shall be kept informed about the effective implementation of these remedial actions.

#### **vi) Internal audit**

The Company's yearly audit plan shall be sent to the Risks Assessment Committee, which shall examine this plan in coordination with the Risks Assessment Committee. <?>

The Risks Assessment Committee shall be in charge of monitoring the recommendations of the internal audit function when these fall within the scope of its competence. It shall receive a periodic summary of the management's reports.

Finally, the Risks Assessment Committee shall receive the yearly compliance plan.

#### **4. Miscellaneous provisions**

The Risks Assessment Committee shall report regularly on the performance of its duties to the Board of Directors and shall immediately inform it about any problem that it may have encountered.

The Risks Assessment Committee shall moreover draw up each year a report on its operation, its responsibilities and the measures that it took to discharge its duties, which may be included in the annual report of COFACE SA.

The members of the Risks Assessment Committee and the persons that are invited to take part in its meetings must comply with a strict obligation of confidentiality towards any third party that is not a member of the Board of Directors, with regard to all the information that is disclosed to the Risks Assessment Committee or to which the persons taking part in its meetings might have been made privy.

**Appendix 3**  
**Internal rules of the Appointments and Remunerations Committee**

The Board of Directors of COFACE SA has decided to form an appointments and remunerations committee (the “**Appointments and Remunerations Committee**”) in accordance with the provisions of article 18 of its memorandum and articles of association.

The Appointments and Remunerations Committee shall be in charge of preparing for the decisions of the Board of Directors and making proposals to the Board on the issues mentioned in the internal rules of the Appointments and Remunerations Committee (the “**Rules**”), that the Board of Directors of COFACE SA approved during its session of 13 May 2014.

**1. Composition of the Appointments and Remunerations Committee**

(a) Members

The Appointments and Remunerations Committee shall comprise of at least 3 members three members who shall be appointed among the members of the Board of Directors of COFACE SA for the duration of their directorships.

The Appointments and Remunerations Committee shall comprise a majority of independent members of the Board of Directors; its members must have the skills required to analyse the Company’s remuneration policies and practices, including the Company’s risk policy.

(b) The Chairman of the Committee

The position of Chairman of the Appointments and Remunerations Committee shall be held by one of the members of the Committee who shall be appointed as the Committee’s Chairman by the Board of Directors among the independent members of the Committee for the duration of his Directorship.

The Chairman of the Appointments and Remunerations Committee shall convene the meetings of the Committee, shall set the meetings’ agenda and shall chair the Committee’s sessions.

The Chairman of the Appointments and Remunerations Committee shall report to the Board of Directors about the opinions and recommendations issued by the Committee in order for the Board to be able to discuss them, and shall monitor the preparation and the proper progress of the proceedings of the Committee between each of its sessions.

**2. Modus operandi of the Appointments and Remunerations Committee**

(a) Frequency of the Committee’s meetings and rules for convening its meetings

The Appointments and Remunerations Committee shall be convened whenever this is necessary and at least once a year. The Appointments and Remunerations Committee shall for instance

meet prior to each meeting of the Board of Directors whose agenda comprises the assessment of a matter pertaining to the Committee's competence; in that case, the Committee shall meet a reasonable amount of time before that meeting of the Board of Directors.

- Ordinary means of convening the Committee:

The Appointments and Remunerations Committee shall be convened by the Chairman of the Committee; the secretary of the Committee shall then send the summonses to attend the meeting to each of the Committee's members. The Chairman of the Board of Directors of COFACE SA may request, where need be, that the Chairman of the Appointments and Remunerations Committee convene the Committee to consider a specific issue and deal with a specific agenda.

- Extraordinary means of convening the Committee:

Two members of the Appointments and Remunerations Committee may request that the Chairman of the Appointments and Remunerations Committee convene a meeting of the Committee to deal with a particular agenda or table one or more additional points on the agenda in keeping with the limitations of the prerogatives of the Appointments and Remunerations Committee. Should the Chairman of the Appointments and Remunerations Committee not accede to this request within 15 days, the two members of the Appointments and Remunerations Committee involved may themselves convene the Committee and set the agenda of its meeting.

- Terms and timescale for convening the meetings:

The summonses to attend a meeting of the Appointments and Remunerations Committee shall be sent to the members of the Committee in good time and shall enclose the detailed agenda of the meeting. All the information needed to enable the members of the Appointments and Remunerations Committee to tender an informed opinion during the meeting shall be sent to them as early as possible prior to the meeting.

In case of an emergency, the Appointments and Remunerations Committee may be convened at any point in time by the Chairman of the Committee on an emergency footing. In that case, the Appointments and Remunerations Committee may be convened within a short timescale, provided that the emergency shall have been declared in the summonses to attend and the information enabling the members of the Appointments and Remunerations Committee to tender an informed opinion shall have been sent to them prior to the meeting.

(b) Presence at meetings of the Appointments and Remunerations Committee

Only members of the Appointments and Remunerations Committee shall have the right to attend the meetings of the Appointments and Remunerations Committee. The secretary of the Appointments and Remunerations Committee shall also take part in the Committee's meetings.

Any member who cannot attend a meeting of the Appointments and Remunerations Committee in person may take part in the meeting by telephone or videoconferencing.

(c) Quorum and majority rules

The Appointments and Remunerations Committee can only validly issue opinions and recommendations if at least half of its members (including the Chairman) are present.

Members of the Appointments and Remunerations Committee cannot represent other members.

The opinions and recommendations of the Appointments and Remunerations Committee shall be adopted by a majority of the members who are present, including the vote of the Chairman.

(d) Secretariat and minutes of the meetings

The secretary of the Board of Directors of COFACE SA shall act as secretary of the Appointments and Remunerations Committee.

The opinions and recommendations of the Appointments and Remunerations Committee shall be set out in a report, a copy of which shall be sent to all the members of the Committee, as well as to the directors of COFACE SA, where applicable.

### **3. Missions of the Appointments and Remunerations Committee**

(a) Duties of the Appointments and Remunerations Committee

The Chief Executive Officer shall be involved in the proceedings of the Appointments and Remunerations Committee for all issues concerning the appointment of the senior officers of the Company (with the exception of any issue relating to their remuneration).

The Appointments and Remunerations Committee shall lay the ground for the decisions of the Board of Directors of COFACE SA on the following topics:

(i) Remuneration

The Appointments and Remunerations Committee shall be in charge of making proposals to the Board of Directors of COFACE SA concerning:

- the level and the terms of the remuneration of the Chairman of the Board of Directors of COFACE SA, including the perks, the pension and prudential schemes and the allocation of options to subscribe to or purchase shares, where applicable;
- the level and the terms of the remuneration of the Chief Executive Officer, and where applicable the deputy Chief Executive Officer, including the perks, the pension and prudential schemes and the allocation of options to subscribe to or purchase shares, where applicable;
- the rules governing the allocation of the attendance fees to be paid to the Directors of COFACE SA and the sum total of the directors' attendance fees, which must be submitted to the General Meeting de COFACE SA for approval;

- the annual review of the remuneration policy for the main senior officers who are not Directors.

(ii) Appointments

The Appointments and Remunerations Committee:

- shall make proposals to the Board of Directors concerning the appointment of the members of the Board of Directors and the members of the General Management;
- shall draw up and regularly update a succession plan for the members of the Board of Directors and the main senior officers of the Company and of the Group, so as to be in a position to promptly propose succession solutions to the Board of Directors, such as in case of an unforeseen vacancy.

When it comes to the appointment of the members of the Board of Directors, the Appointments and Remunerations Committee shall take into consideration the following criteria in particular: (i) the optimal balance of the composition of the Board of Directors in light of the composition and changes of the shareholding structure of the Company, (ii) the optimal number of independent Board members, (iii) the respective proportions of male and female Board members required by the prevailing regulations, (iv) the opportunity for renewal of the directorships, and (v) the integrity, the competence, the experience and the independence of each candidate. The Appointments and Remunerations Committee shall also draw up a procedure for selecting future independent Board members, and shall perform its own investigations into the potential candidates prior to taking any measures towards them.

The status of independent member of the Board of Directors shall be discussed by the Appointments and Remunerations Committee, which shall draw up a report on this issue to be submitted to the Board. Each year, before the publication of the annual report, the Board of Directors shall examine, in light of the Committee's report, the position of each Director in respect of the criteria of independence defined in article 2.3.2 of the internal rules of the Board of Directors.

(b) Means and prerogatives of the Appointments and Remunerations Committee

The Appointments and Remunerations Committee shall be entitled to requisition from the Chief Executive Officer of COFACE SA all useful documents for the accomplishment of its duties and for its comprehensive information. It may moreover commission any survey or analysis by external experts concerning the remuneration of the directors of comparable enterprises in the banking sector, at the request of the Board of Directors of COFACE SA.

#### **4. Miscellaneous provisions**

The members of the Appointments and Remunerations Committee and the persons that are invited to take part in its meetings must comply with a strict obligation of confidentiality towards any third party that is not a member of the Board of Directors



## Appendix 4 The key functions

Primary duties of the key functions at Group level

### **1. The risk management function**

The main duties of the risk management function shall be as follows:

- a) to assist the Board of Directors and the other functions in implementing a risk management system;
- b) to monitor the risk management system;
- c) to monitor the overall risk profile of the Company;
- d) to report in detail on any exposure to risk and to advise the Board of Directors on matters of risk management, including in connection with strategic issues such as Coface's strategy, mergers and acquisitions and large-scale projects and investments;
- e) to identify and assess emergent risks.

### **2. The compliance function**

The compliance function shall be primarily tasked with advising the Chief Executive Officer and the Board of Directors on all matters pertaining to compliance with statutory, regulatory and administrative provisions pertaining to access to the insurance and reinsurance activities and the performance of these activities.

The compliance function shall also assess the potential impact of any change to the legal environment on the operations of the Group, and identify and assess any compliance risks.

The compliance function shall implement a compliance policy and a compliance plan. It shall assess the suitability of the measures adopted by the Group to prevent non-compliance.

### **3. The internal audit function**

The internal audit function shall be tasked in particular with assessing the suitability and the effectiveness of the Group's internal audit system and the other elements of the Group's governance system. The internal audit function shall perform its duties in an objective manner, independently from the operational functions.

It shall in particular be tasked with the following duties:

- a) to draw up, implement and maintain an audit plan detailing the audit operations to be performed over the coming years;
- b) to adopt a risk-based approach when setting its priorities;
- c) to disclose the audit plan to the Board of Directors;

- d) to issue recommendations based on the outcome of the work performed in keeping with point a) above, and to submit at least once a year to the Board of Directors a written report setting out its findings and recommendations;
- e) to ensure compliance with the decisions taken by the Board of Directors based on the recommendations mentioned in point d). If need be, the internal audit function may perform audits that are not planned in the audit plan.

#### **4. The actuarial function**

As part of its coordination of the calculation of technical provisions, the actuarial function shall be tasked with the following duties in particular:

- a) to apply methods and procedures for assessing the adequacy of the technical provisions and to guarantee that they are calculated in keeping with the regulatory requirements;
- b) to assess the uncertainty linked to the estimates made as part of the calculation of the technical provisions;
- c) to ensure that any limitations inherent to the data used as part of the calculation of the technical provisions are duly taken into consideration;
- d) to ensure that only the most appropriate approximations are used to calculate the best estimates;
- e) to ensure that the Group's commitments are grouped into homogeneous categories of risks with a view to coming up with an adequate assessment of the underlying risks;
- f) to take into consideration the relevant information provided by the financial markets as well as the data commonly available on the subscription risks and to ensure that this data is incorporated into the assessment of the technical provisions;
- g) to compare the calculation of the technical provisions from one year to the next and to justify any major differences;
- h) to ensure an appropriate assessment of the options and guaranties included in the insurance and reinsurance policies.

The information that shall be submitted to the Board of Directors concerning the calculation of the technical provisions must include, at the very least, an analysis of the reliability and adequacy of this calculation, backed by evidence and justification, and underpinned by a sensitivity analysis of the technical provisions for each of the major risks underlying the commitments covered by the technical provisions. The actuarial function shall clearly state and explain any concerns that it may have regarding the suitability of the technical provisions.

The actuarial function shall draw up at least once a year a written report that it shall submit to the Board of Directors. This report shall sum up all the work performed by the actuarial function and its outcome, and shall clearly state any failures and issue recommendations for remedying them.