



# **Board of Directors Rules of Procedure**

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*updated on 28 August 2012*

## **ID LOGISTICS GROUP**

**A French corporation (société anonyme) with share capital of €2,737,240**

**Head office: 410, route du Moulin de Losque - 84300 Cavailon**

**RCS AVIGNON 439 418 922**

Following the proceedings of 28 August 2012, the Board of Directors of ID LOGISTICS GROUP (the "Company") has drawn up its Rules of Procedure as per the following terms which are annexed to the Minutes of proceedings of that meeting.

## **ARTICLE 1 PURPOSE OF THE RULES OF PROCEDURE**

The Board of Directors is subject to the provisions of the Commercial Code and of Articles 12 to 16 of the company's bylaws.

The purpose of these Rules of Procedure is, in the best interest of its members, of the company and of its shareholders:

- to remind members of the Board of Directors of their various duties,
- to complement the legal, regulatory and statutory rules in order to lay down the operational procedures of the Board of Directors.

It is applicable to all Directors. The obligations arising from these rules are applicable to both permanent representatives of a legal entity and Directors in their own name.

These Rules of Procedure include the provisions on obligations applicable to members of the Board of Directors relating to the possession of inside information.

## **ARTICLE 2 ROLE OF THE BOARD OF DIRECTORS**

Through the exercise of its legal powers, the Board of Directors:

- determines the future directions for the company's business and sees to their implementation;
- addresses any issue pertaining to the proper running of the company and settles, through its proceedings, all matters relating to it,
- defines the company's financial communication policy,
- sees to the quality of information provided to shareholders and to the markets,
- carries out all inspections and verifications that it deems appropriate, and in particular management control,
- gives authorisation prior to the signature of regulated agreements,
- chooses the method of organisation of senior management: separation or combination of the roles of Chairman and CEO,
- appoints and dismisses the Chairman, the CEO, and Deputy CEOs,
- defines the remuneration policy of the senior management and, where applicable, distributes among Directors the total amount of attendance fees decided by the Shareholders' Meeting,
- may co-opt Board Members in accordance with the applicable regulations,
- may create Committees for which it appoints the members and defines the duties as well as the operational procedures,

- draws up management planning documents,
- adopts the annual financial statements submitted to the Shareholders' meeting for approval,
- calls Shareholders' meetings and sets the agenda,
- determines, in the event of allocation of stock options or bonus shares, the number of bonus shares or shares resulting from the exercise of options that Executive Directors are required to retain until the termination of their duties,
- reports on its activity in the report to the Shareholders' Meeting,
- approves the report from the Chairman of the Board of Directors.

It may also take up any issue relevant to the proper running of the company.

### **ARTICLE 3 COMPOSITION OF THE BOARD OF DIRECTORS**

- General individual obligation

Each Director shall see to it that he maintains, in all circumstances, his independence of analysis, judgement, decision and action and rejects any pressure, whether direct or indirect, that may be exerted upon him by Directors, specific shareholder groups, creditors, suppliers and any third party in general.

The Director undertakes not to seek or accept from the Group, directly or indirectly, benefits that could be considered as compromising his independence.

He undertakes not to be influenced by any factor not in keeping with the company's interest that is his duty to defend.

- Recognition of the status of "independent" Director

The independence of Board Members is characterised by the absence of any significant financial, contractual or family relations likely to influence their independent judgement.

In order to qualify one of its members as independent, the Board of Directors shall assess, on a case by case basis, the status of each member with regard to the following criteria:

- he shall not be an employee or an Executive Director of the company or of a company of its group and shall not have been so over the last three years;
- he shall not be a significant customer, supplier or banker of the company or of its group or for whom the company or its group represents a significant percentage of business;
- he shall not be a key shareholder of the company;
- he shall not have any close family ties with a senior executive or key shareholder of the company;
- he shall not have been an Auditor of the company over the last three years.

The Board may consider a member to be independent although he does not meet all the criteria of independence and, vice-versa, it may consider a member not to be independent although he meets all the criteria of independence. The Board must then justify its stance.

For the appointment of a new member, or renewal of the term of office of one of its members, the Board of Directors shall review the status of the said member in the light of the criteria set out above.

Each member classified as independent shall inform the Chairman as soon as he becomes aware of any change in his personal situation with regard to the same criteria.

## **ARTICLE 4 DUTIES OF DIRECTORS**

### **General obligations**

Each member of the Board of Directors is required to take note and comply with these Rules of Procedures, the Company's bylaws, as well as the main laws and regulations which govern French corporations (*Sociétés Anonymes*) with a Board of Directors, and in particular:

- the rules restricting the plurality of offices,
- those relating to agreements and transactions conducted directly or indirectly between the Director and the company.

As regards compliance with the rules on the plurality of offices in particular, it is recalled that an individual shall not hold simultaneously more than five offices of CEO, member of the Executive Board, sole CEO, Director or member of the Supervisory Board of corporations having their head office in France (For this calculation, terms of office as Director or member of the Supervisory Board of companies controlled by a company in which the Director is already a senior executive are not taken into account).

Each Director is advised to inform the Chairman of any new term of office as senior executive that may be proposed to him and to assess with him, if necessary, the compatibility of these new functions with those already exercised in the Company.

Each Board Member expressly undertakes to comply with the ethical obligations set out below:

### **Duty to act in good faith and non-competition obligation**

The duty to act in good faith requires members of the Board of Directors not to act, under any circumstances, in their own interest against that of the company in which they are a Director.

The Director represents all shareholders and shall, in all circumstances, act in the interest of the company being in the common interest of shareholders.

The duty to act in good faith imposes a non-competition obligation on the Director. Throughout his term of office (and for a period of two years following its termination), each Board Member undertakes not to exercise any function whatsoever in a company which is in competition with the Company or companies that it controls.

If a situation shows or may show a conflict between the company's interest and his direct or indirect personal interest, or the interest of the shareholder or the group of shareholders whom he represents, the concerned Director shall:

- inform the Board as soon as he is aware of the conflict,
- and accept the implications thereof as regards the exercise of his office. Hence, depending on the case, he shall:
  - either refrain from taking part in the vote on the matter in question,
  - or not attend Board of Directors' meetings over the period when he is in a situation of conflict of interests,
  - or resign from his office as Director,

Non-disclosure shall be construed as an acknowledgement that no conflict of interest exists.

The Director's liability may be incurred in the event of non-compliance with these abstention or withdrawal rules.

Moreover, the Chairman of the Board of Directors shall not be required to forward to Director(s) that he has serious reason to believe are in a situation of conflict of interests, information or documents relating to the conflictual matter, and shall inform the Board of Directors of his decision not to do so.

### **Duty of disclosure**

In order to prevent the risks of conflicts of interest and enable the Board of Directors to provide shareholders and the markets with good quality information, each Director shall disclose to the Company:

- As soon as the following is paid to, owed by or due to a company controlled by the Company or a company that controls it:
  - any remuneration, attendance fees and benefit of any type, including in the form of allocation of equity or debt securities, securities giving access to the capital or to options, paid or to be paid in respect of the year ended, as the case may be, by distinguishing between the fixed, variable and exceptional components they are made up of, as well as the criteria on the basis of which they have been calculated or the circumstances by virtue of which they have been established;
  - any type benefit relating to these remuneration factors, compensations or benefits due or likely to be due on account of the assumption, termination or change of duties or subsequent to these, whether or not these benefits result from a contract of employment;
  - any supplementary retirement scheme;
- Any office held and function performed in any company during the year ended
- In respect of the last five years:
  - any office held outside the group controlled by the company,

- any conviction for fraud,
- any offence and/or official sanction and in particular any prohibition from acting as a member of a listed company's Executive or Supervisory Board,
- Any acquisition, sale, subscription and/or exchange transactions in the financial instruments issued by the company or related financial instruments, irrespective of whether carried out directly or via an intermediary.

Where applicable, each Director undertakes to inform his other spouse (where not separated), partner under a PACS civil pact, dependent children, relatives by blood or by marriage residing at his home for at least one year and/or any legal entity that he runs, administers, manages or controls, that they are subject to the same obligation.

This duty of disclosure applies both to permanent representatives of legal entities that are members of the Board of Directors and to these entities.

Senior executives who are not Directors shall also be required to comply with this obligation as soon as they are appointed.

However, transactions do not require notification where their aggregate amount does not exceed €5,000 for the current financial year. This threshold is calculated by adding together all the transactions carried out by a Director and the transactions carried out by related parties.

This disclosure shall be made within five trading days following the transaction, by forwarding to the Company the statement sent to the *Autorité des Marchés Financiers*. Furthermore, the Chairman & CEO shall inform Board Members as soon as possible of transactions involving the company's securities that he has carried out.

## **Confidentiality**

As regards information contained in the preparation files on meetings of the Board and of its Committees, and more generally, as regards all non-public information acquired in the course of his duties, the Director shall consider himself bound by a real obligation of professional secrecy which exceeds the ordinary obligation of discretion provided for in the legislation. In this respect, the Director, and any other person invited to attend any or part of meetings of the Board and of its Committees, shall not use the said information for the benefit of a third party outside the normal course of his duties or profession, or for purposes or for an activity other than those for which such information has been obtained. For this purpose, he shall take all necessary measures to protect this confidentiality.

This obligation shall remain applicable after the termination of his duties as Director of the Company.

The confidential and private nature of information is lifted as soon as it is made public by the Company, in particular through a press release.

## **Obligations relating to the possession of inside information – Prevention of insider trading and insider misconduct**

Generally and as regards non-public information acquired in the course of his duties, the Director shall consider himself bound by a real obligation of professional secrecy which exceeds the ordinary obligation of discretion provided for in Article L. 225-37 (5) of the Commercial Code.

More specifically, due to the exercise of his duties, the Director often comes into contact with inside information. It is to be recalled that inside information is precise information, not generally available, which relates directly or indirectly to one or more issuer(s) or one or more financial instrument(s) and which would, if generally available, be likely to have a significant effect on the price of the financial instruments.

In this respect, every Director is included in the list of insiders drawn up by the company and kept at the disposal of the AMF.

Insofar as he holds such information, the Director shall refrain from:

- using this information by acquiring or disposing of, or attempting to acquire or dispose of, on his own behalf or on behalf of others, either directly or indirectly, the financial instruments to which this information relates or the financial instruments linked to these instruments;
- disclosing this information to other persons outside the normal course of his work, profession or functions or for purposes other than those for which the information was disclosed;
- advising another person to acquire or dispose of the said financial instruments or cause these to be acquired or disposed of by another person.

It is recalled that in the event of a breach of these rules, the AMF may impose on the offender a financial penalty of up to €100 million or, if profit is made, 10 times the amount of that profit.

Moreover, these facts may also constitute insider trading. The criminal sanctions incurred in this case are as follows:

- Use of inside information is punishable by two years' imprisonment and a fine of €1,500,000, the amount of which may be increased to 10 times the amount of any profit made and shall not be less than the amount of such profit.
- Communicating inside information is punishable by one year's imprisonment and a fine of €150,000.

In accordance with the AMF guide to preventing insider misconduct dated November 3, 2010, Board Members shall refrain from trading in the companies securities (in particular through the exercise of stock-options, disposal of assets, including shares issued from the exercise of options or the allocation of bonus shares, acquisition of shares):

- at least 30 calendar days before the release of annual and half-yearly financial statements,
- at least 15 calendar days before the release of each turnover figure (annual, half-yearly or quarterly)

The calendar of releases may be consulted at any time on the Group's website, and is made available upon request to the Group's Finance Department. This calendar must be consulted before any transaction.

Transactions shall only be authorised on the day after the release of the concerned information, provided that the concerned person does not hold any further inside information.

Furthermore, Board Members wishing to trade in the securities are advised to check that the information available to them does not constitute inside information.

### **Obligations applicable to holders of financial instruments issued by the company**

- Each Director is required to acquire at least 10 shares.
- He undertakes to ensure that the shares of the Company, the parent company, their subsidiaries, held by him or by a related person, are in registered form.

### **Obligation of care**

The Director must dedicate the necessary time and attention to his duties.

Hence, a Director in a managerial position shall not accept more than three other Directorships in listed companies, including foreign companies, outside the Group.

Each Board Member undertakes to be diligent and to:

- attend in person, if necessary by video-conferencing or telecommunications facilities, all meetings of the Board, unless there is an impediment beyond his control,
- attend all General Shareholders' Meetings,
- attend meetings of all Committees created by the Board of Directors of which he is a member.

### **Duty to look for accurate information**

Each Board Member must ensure that he has obtained all necessary information on the subjects that shall be discussed at the meetings.

In order to participate effectively in the works and proceedings of the Board of Directors, the Director shall ensure that he receives all documents that he considers necessary. For this purpose, requests are sent to the Chairman of the Board of Directors who is required to ensure that Directors are able to fulfil their duties, and is required to respond to the request within 2 days.

Any problem encountered in the exercise of this right shall be submitted to the Board of Directors. This is the case in particular, when the Chairman does not give a positive reply to the requests of a Director and the latter considers the reason(s) put forward as unjustified, or where the Chairman has not given a reply within the period specified above.



**ARTICLE 5**  
**MEETINGS OF THE BOARD OF DIRECTORS**

**Frequency**

The Board of Directors shall meet as often as required in the best interest of the company and at least 3 times per year, to enable an in-depth analysis of the subjects discussed.

The dates of annual meetings shall be set at the first meeting following the opening of the financial year.

**Notice of meetings & right to information**

Meetings may be convened by any means. However, except in exceptional circumstances, this shall be communicated at least 3 days before each meeting.

All documents providing information on the agenda and on all questions submitted to the Board for discussion, shall be enclosed with the notice of meeting sent or handed over to Directors.

**Venue of meetings**

Meetings may be held at any venue specified in the notice of meeting, but preferably at the Head Office.

**Agenda**

The Chairman of the Board generally decides on the agenda of each Board meeting. He plans the conduct of these meetings, guides discussions and reports, in accordance with the law, the company's bylaws and the Corporate Governance principles and practices that the Board has adopted.

**Quorum and Majority**

For proceedings of the Board to be valid, at least half of the Directors must be present.

Shall be deemed present for the purposes of calculation of the quorum and majority, Directors who participate in the Board meeting through video-conferencing or other telecommunications facilities, except for the adoption of decisions on the appointment and dismissal of the Chairman & CEO or, if there is a separation of these roles, of the Chairman, and on the dismissal, if applicable, of the CEO and Deputy CEOs.

Directors have the right to be represented at each meeting by another member present by means of a proxy in the form of a letter, fax or any other telecommunications means.

A Director shall only represent one other member at one and the same meeting.

Decisions shall be taken by the majority of members present or represented. If the votes tie, the Chairman of the meeting shall have a casting vote.

Any person outside the Board may be invited to participate in any or part of Board meetings, at the initiative of the Chairman of the Board.

Any Director has the right to request that discussions relating to certain issues, such as the composition of the Company's executive team or the appraisal of its performance, be held without the presence of any person attending the meeting who is not a Director (except, where necessary, the Secretary of the Board and the CEO).

### **Use of video-conferencing and telecommunications facilities**

Directors may participate in a meeting of the Board of Directors through video-conferencing or telecommunications facilities.

This method of participation is not applicable for the adoption of decisions pertaining to the approval of the company's financial statements, including the consolidated financial statements, and the appointment, remuneration and dismissal of the Chairman, the CEO and the Deputy CEO.

The technologies employed must at least transmit the voice of the participants and meet the technical characteristics required for the continuous and simultaneous retransmission of proceedings.

The Minutes of proceedings shall mention the participation of Directors through video-conferencing or telecommunications facilities and, if applicable, any technical incidents which has disrupted the conduct of the meeting.

### **Minutes of proceedings**

The draft Minutes of each proceedings of the Board shall be sent or handed over to all Directors at the latest at the same time as the notice of meeting of the next meeting.

### **Assessment of the Board's work**

Once a year, the Chairman of the Board of Directors shall invite members to give their opinion on the running of the Board and on the preparation of its work.

This discussion is recorded in the Minutes of the meeting.

## **ARTICLE 6 COMMITTEES**

The Board of Directors, following the proposal of its Chairman, may create Committees and decide on their composition and remit as often as is necessary in the best interest of the company.

The Board determines the composition and remit of each Committee. It may decide at any time to change the composition of these Committees. For each Committee, it shall appoint a Chairman.

Each Committee shall meet following a notice of meeting from its Chairman and decide on the frequency of its meetings. These meetings shall be held at the Company's Head Office or any other venue decided by the Chairman.

The Chairman of each Committee shall set the agenda of the meetings and lead discussions. In order for the proceedings to be valid, at least half of the members of the Committee must be present. Committee members are not allowed to have themselves represented.

Written Minutes of each meeting shall be drawn up and sent to members of the Committee concerned and to other members of the Board.

The Chairman of the Committee or one of its members shall report on the work of the Committee at the next meeting of the Board.

Each Committee may decide to invite any person of its choice to attend its meetings, as required.

One of the members of the Committee shall act as the Secretary.

Committees are required to report to the Board on their work.

## **The Audit committee**

- **Composition**

The Committee is made up of at least two members.

In accordance with the law, this Committee shall only include Board Members in office, excluding those in managerial positions. At least one of the members shall have specific expertise in finance and accounting and be independent on the basis of the independence criteria defined and released by the Board.

The required expertise in finance or accounting is appraised with regard to professional experience, academic qualifications and/or knowledge of the company's business.

- **Remit**

The Committee is responsible for monitoring:

- the process for preparing financial information,
- the efficiency of internal control and risk management systems,
- the statutory audit of the financial statements by the Statutory Auditors,
- the independence of Statutory Auditors.

As part of this last duty, the Committee shall manage the Auditors selection process and recommend Statutory Auditors for appointment.

More generally, the Audit Committee's duties are to submit opinions and recommendations to the Board of Directors on the financial statements, the internal and external audit, and the Group's financial policy and to ensure the reliability and clarity of information provided to shareholders and to the markets.

Besides the statutory duties set out above, the Audit Committee has been assigned the following specific duties by the Board:

- to review the accounting methods and principles adopted for drawing up the company's financial statements and the consolidated financial statements which are submitted to the Board of Directors, to ensure that they are relevant, are consistently applied or that any changes proposed are justified;
- to review the draft annual and half-yearly management reports of the Board of Directors, and all other reports, recommendations, statements, situations or other documents containing information of an accounting or financial nature which are required by law to be published, and to do so prior to their publication, as well as all accounts drawn up for specific material transactions (contributions, mergers, market operations, payment of interim dividends, etc.);
- to review the consolidation scope and, where applicable, the reasons why some companies are not included in that scope, changes in the consolidation scope and their impacts;
- to review material risks and off-balance sheet commitments;
- to check that internal procedures have been defined for the compilation and control of information to ensure rapid feedback, accuracy and relevance;
- to review every year with those responsible for internal control and with Statutory Auditors, their planned work, the findings of their work, their recommendations and the follow-up actions;
- to hear those responsible for internal audit and control in the Finance Department and give its opinion on the organisation of the department;
- to express an opinion on the amount of fees charged by Statutory Auditors for the conduct of their statutory audit of the financial statements and any other assignment;
- where necessary, to give prior authorisation to the assignments that Statutory Auditors may conduct outside the scope of their statutory audit, which may be incidental or complementary to the audit of the financial statements, such as acquisition audits, but excluding all valuation or advisory work;
- to review regulated agreements requiring the prior authorisation of the Board of Directors;
- to review any question of a financial or accounting nature submitted to it by the Board of Directors or its Chairman and, in particular, to express an opinion on any proposed increase in capital or issue of securities or loans.

The Committee shall immediately inform the Board of any difficulty encountered in the performance of its duties.

- **Special operational procedures**

The Audit Committee shall meet at least three times per year on the basis of a calendar set by its Chairman yet which shall enable it to review the annual consolidated financial statements, the half-yearly consolidated financial statements, the Group's budget and the internal and external audit plan.

It shall be required to meet before Board meetings when the agenda includes the review of the annual or half-yearly financial statements and/or the proposal of appointment of Statutory Auditors. The Audit Committee shall also meet any time that it deems it necessary, in particular if there is an event significant to the Company.

The Audit Committee may hear any member of the Board of Directors and conduct any internal or external audit on any subject that it deems to fall within the scope of its duties. The Chairman of the Audit Committee shall give prior notice thereof to the Board of Directors.

In particular, the Audit Committee has the power to hear persons participating in the preparation of financial statements or their control (Administrative and Finance Manager and main managers of the Finance Departments). The Audit Committee hears the Statutory Auditors whether or not in the presence of any representative of the Company.

The Chairman of the Audit Committee shall report on its work to the Board of Directors. If, during the conduct of its work, the Audit Committee identifies a material risk which it considers is not appropriately addressed, the Chairman shall immediately inform the Chairman of the Board of Directors.

Generally, the Committee shall receive, within a reasonable time, before its meetings, relevant documents and analyses relating to issues likely to have a significant impact on the financial statements and the related financial position.

## **ARTICLE 7 REMUNERATION**

A Director may receive attendance fees, the amount of which is voted at the Ordinary General Meeting and the allocation of which is decided by the Board of Directors, based on each Directors' membership of one or more Committees, his attendance and the time he devotes to his duties.

Each Director is entitled to a refund of his travelling expenses incurred due to the performance of his duties.

## **ARTICLE 8 UPDATE, AMENDMENTS AND FILING OF THE RULES OF PROCEDURE**

These Rules of Procedure shall be updated and amended by way of a decision of the Board of Directors taken in accordance with the conditions set out in the bylaws.

Any new member of the Board of Directors shall be asked to ratify the Rules of Procedure upon his assumption of office.

If necessary, all or part of these Rules of Procedure may be made public.

Drawn up in.....

Date.....

In ..... copies

(To be completed)

Signature of Directors: