



Charter of the periodic assessment process of agreements relating to usual operations and entered into under normal conditions

Date: March 5, 2020

Preamble

This procedure for assessing agreements relating to usual operations and entered into under normal conditions with the interested parties as defined in Article L. 225-38 of the French Commercial Code, was agreed at the Board of Directors meeting held on March 5, 2020, in accordance with the second paragraph of Article L. 225-39 of the French Commercial Code, resulting from French Law no. 2019-486 of May 22, 2019 ("PACTE" law) which states:

"In companies whose shares are traded on a regulated market, a procedure must be implemented by the Board of Directors in order to assess, on a regular basis, whether the agreements relating to usual operations and entered into under normal conditions fulfil those conditions."

This procedure is different from and supplements the measures for identifying agreements with related parties, within the meaning of accounting standard IAS 24.

1 Purpose

The purpose of this procedure, implemented by the Board of Directors, is to periodically assess the relevance of the classification of "agreements relating to usual operations and entered into under normal conditions" for agreements falling within the scope of Article L. 225-38 of the French Commercial Code, but whose application of the latter was ruled out by application of Article L. 225-39 of the French Commercial Code, and which therefore, have not been subject to the prior approval of the Board of Directors.

It is stated that this procedure only applies to agreements which fall within the scope of the above mentioned articles of the French Commercial Code, from the viewpoint of CGG SA (the "**Company**") only, and not that of its subsidiaries.

Notwithstanding the foregoing, it is specified that the "usual" nature of the operations referred to in the agreement and the "normal conditions" of said agreements must be assessed specifically with respect to the Group's activity, and not with respect to merely the Company's activities.

2 References

- Articles L. 225-38 and L.225-39 of the French Commercial Code;
- the *Compagnie Nationale des Commissaires aux Comptes'* guidelines of February 2014 on regulated and standard agreements;
- the French Market Authority ("AMF") recommendation 2012-05 amended on October 5, 2018 (the "**AMF Recommendation**").

3 Description of the procedure

The diligences relating to this procedure are taken, under the authority of the top management, by the legal department and, where applicable, the relevant financial or operational departments. The parties who have a direct or indirect interest in one of these agreements do not take part in its assessment.

Every year, as part of the preparation of the annual accounts and the annual General Meeting, the legal department shall submit to the Board of Directors a report summarizing the regulated agreements within the meaning of Article L. 225-38 of the French Commercial Code entered into during the past financial year and which were deemed to relate to "usual operations and to be entered into under normal conditions". This report shall indicate, for each of these agreements, the reasons why this classification was used, particularly with respect to the criteria presented below.



This report shall also present those agreements entered into during previous financial years which received the same classification, the performance of which continued during the financial year in question but which were amended during that same financial year.

Finally, with regard to pre-existing agreements, the performance of which continued during the financial year in question, but which either did not fall within the scope of Article L. 225-38 of the French Commercial Code at the time, or had been classified at the time as agreements relating to usual operations and entered into under normal conditions, the legal department shall explain, if it deems it necessary, how a change of circumstances would have the effect of calling such a classification into question.

When examining this report, the Board of Directors may also bring up and consider any agreement not mentioned in it.

In the light of the assessment report, the Board of Directors shall consider whether the change in the Group's activities and in the type of agreements involved justify these assessment criteria to be clarified, added to or amended, in which case, it shall amend this Charter.

Furthermore, if it appears that an agreement, when this assessment was carried out before it was signed (and only in that case), was wrongly classified as an agreement relating to usual operations and entered into under normal conditions, the Board of Directors shall submit a resolution to the General Meeting of Shareholders for ratification, in accordance with Article L. 225-42 of the French Commercial Code.

With regard to agreements which met the criteria leading to the qualification as "agreement relating to usual operations and entered into under normal conditions", but which subsequently no longer meet them, they are not automatically reconsidered, since the usual nature of the operations involved and the normal nature of the conditions of the agreement are assessed when the agreement is signed. The Board of Directors is responsible for assessing, where applicable, if a revision of the relevant agreements is necessary. In any event, such a situation may lead the Board to amend the assessment criteria as indicated above.

4 Assessment criteria

4.1 Assessment of the usual nature of the operations referred to in the agreement

To assess the usual nature of the operations referred to in an agreement, all of the information should be gathered to allow the following to be assessed:

- whether the agreement relates to the group's current activity;
- whether the agreement is in line with the standard practice for other companies placed in a similar situation;
- whether the agreement is entered into repeatedly;
- whether the agreement binds the Company over the long term;
- the circumstances in which the agreement was entered into;
- the financial implication of the agreement;
- the economic consequences of the agreement.

Examples, for information purpose, and on a non-exclusive basis:

Agreements relating to current operations	Agreements relating to non-recurring operations
<ul style="list-style-type: none">▪ standard purchase, sale or service falling within the usual corporate purpose;▪ repair or routine renewal of equipment and/or service;▪ operation similar to that normally carried out by the Company as part of its activity with a company director or officer.	<ul style="list-style-type: none">▪ leasing agreements;▪ disposal of property or major equipment;▪ transfer of assets;▪ signature or renewal of a real estate lease agreement;▪ assignment of a patent by a company director or officer.



4.2 Assessment of the normal nature of the conditions of the agreement

To assess the normal nature of the conditions of an agreement, the following should be assessed:

- whether it was entered into under the same conditions as those normally practised by the Group in its relations with third parties;
- whether it was entered into under the same conditions or under conditions comparable to those normally practised in the industry;
- whether the interested party ¹ derives a benefit therefrom that he/she/it would not have had if he/she/it had been any supplier or client of the company.

¹ As a reminder: **"Interested party"** means: Any person/entity that is or was on the date of signing an agreement entered into directly or through a third party, or when said person/entity has an indirect interest in an agreement (which may be the case especially when one of his/her/its Related Parties is a party thereto), (i) the Managing Director of the Company, (ii) a Corporate Officer of the Company, (iii) a Member of the Company's Board of Directors, (v) the person/entity controlling, within the meaning of Article L. 233-3 of the French Commercial Code, a shareholder of the Company who is a legal entity with a share of voting rights exceeding 10%; Any undertaking whose owner, partner with unlimited liability, manager, director, member of the Supervisory Board or, generally, executive, is also or was also at the time that the relevant agreement was signed, (i) the Managing Director of the Company, (ii) a Corporate Officer of the Company, or (iii) a Member of the Company's Board of Directors. **"Related Party"** means, in relation to an Interested Party: Any natural person representing him/her/it on the Company's Board of Directors or within the governing body of another company, on a regular or ad hoc basis; Any member of the immediate family of any of the aforementioned persons, i.e. any child, stepson or stepdaughter, parent, step-parent, partner, brother or sister, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of that person and any person (other than a tenant or employee) who shares the household of that person; and Any undertaking, company or other entity in which any of the aforementioned persons is an executive, a partner or holds a position of primary control or similar (an "Affiliated Company").