

3.2 CORPORATE GOVERNANCE ARRANGEMENTS

Taken in conjunction with section 3.1, the present section constitutes the "Report on Corporate Governance" required under Article L. 225-37 of the French Commercial Code. The report was prepared by the Secretary to the Board in conjunction with senior management and the Group Finance Department. It draws upon various internal documents (including the Articles of Association and Rules of Procedure, and minutes of Board and Board Committee Meetings). It takes account of current regulations; corporate governance recommendations issued by the AMF (the French financial markets authority); the recommendations contained in the AFEP/MEDEF Corporate Governance Code of Listed Corporations (the "AFEP/MEDEF Code"); the report of the French High Committee on Corporate Governance; and market practice.

Under the terms of the Articles of Association, the company is administered by a Board of Directors. The roles of Chief Executive Officer and Chairman of the Board are assumed by the same person.

The Board is at all times mindful of corporate governance arrangements at TF1, whether in terms of the composition of the Board or in making the most appropriate decisions about how the Board is organised and operates.

When deliberating, Board members are aware of the need to ensure that all shareholders are treated equally and that the Board should operate as effectively as possible.

TF1 has applied the AFEP/MEDEF Code since 2008. The latest version of the AFEP/MEDEF Code, issued in June 2018, is included as an annex to the Rules of Procedure of the TF1 Board of Directors.

The Board of Directors approved the present report at its meeting of 14 February 2019.

3.2.1 PRINCIPLES GOVERNING THE COMPOSITION OF THE BOARD OF DIRECTORS

RULES APPLICABLE TO THE COMPOSITION OF THE BOARD OF DIRECTORS

The Articles of Association stipulate that the company is administered by a Board of Directors with between three and eighteen members. Pursuant to Article 66 of Law no. 86-1067 of 30 September 1986 as amended on broadcasting freedom, at least one-sixth of the Board of Directors consists of employee representatives.

In accordance with Article L. 225-47 of the French Commercial Code the Board of Directors elects from among its members a Chairman. The Chairman of the Board of Directors organises and directs the work of the Board. He ensures that the company's management bodies function properly, and in particular that the members of the Board are capable of fulfilling their duties.

In accordance with Article L. 225-51-1 of the French Commercial Code, responsibility for executive management is assumed either by the Chairman of the Board of Directors or by another person appointed by the Board of Directors. The Board of Directors is free to choose between the two alternative options for the executive management of the company. On a proposal from the Chief Executive Officer, the Board of Directors may appoint one or more Deputy Chief Executive Officers.

The Articles of Association set the age limit for holding office as Chairman of the Board of Directors, Chief Executive Officer or Deputy Chief Executive Officer at sixty-seven years.

The Articles of Association do not set an age limit for Directors.

All Directors are eligible for re-election.

NON EMPLOYEE REPRESENTATIVE DIRECTORS

Non employee representative Directors are appointed by a General Meeting of shareholders. Since 2015, the term of office of non employee representative Directors has been three years, in order to facilitate the phased rotation recommended by the AFEP/MEDEF Code.

EMPLOYEE REPRESENTATIVE DIRECTORS

Since the company's privatisation and pursuant to Article 66 of law no. 86-1067 of 30 September 1986 as amended, there have been two employee representative Directors. They are elected by the employees of TF1 SA. One is elected by an electoral college of managerial staff and journalists, the other by an electoral college of clerical, technical and supervisory staff. All employees with a contract of employment of at least three months at the date of the election are eligible to vote. All employees with a contract of employment of at least two years at the date of the election are eligible to stand.

Employee representative Directors hold office for two years. The term of office of an employee representative Director terminates on announcement of the results of the votes of the electoral colleges held to appoint employee representative Directors; such appointment normally takes place two weeks before the General Meeting at which the Director's term of office expires. If one or more seats of employee representative Directors fall vacant due to death, resignation, dismissal or termination of employment contract, the vacant seat is filled by an alternate.

Employee representative Directors have the same powers and responsibilities as non employee representative Directors.

Under the Board's Rules of Procedure, employee representative Directors are required to hold a smaller minimum number of TF1 shares during their term of office (10 shares) than non employee representative Directors (100 shares).

TF1 does not fall within the scope of law no. 2015-994 of 17 August 2015 on social dialogue and employment, which introduced into the French Commercial Code (Article L 225-27-1) a statutory requirement for employee representation on the Board of Directors of sociétés anonymes (public limited companies) above a certain size. Nor is TF1 under any obligation to arrange for employee shareholder representatives to be elected to the Board pursuant to Article L. 225- 23 of the French Commercial Code.

THE BOARD'S RULES OF PROCEDURE AND DIRECTORS' CODE OF CONDUCT

The Board's Rules of Procedure were adopted at a Board Meeting on 24 February 2013. They explain how the Board operates. They also describe how the Accounts Committee (renamed the Audit Committee in 2003) and the Director Selection Committee operate, and extend the powers of the Remuneration Committee (which had existed as a collegiate body since 1988). An Ethics and CSR Committee was set up in July 2014. A separate annex to the Rules of Procedure, the "Directors' Code of Conduct", specifies the rights and obligations of Directors.

The Rules of Procedure are updated regularly to take account of best practice in governance, and include in an annex the AFEP/MEDEF Code (currently the latest version as revised in June 2018).

The main sections of the Rules of Procedure describe the powers, characteristics and remit of the Board and its specialist committees. The Rules of Procedure also lay down principles for the annual evaluation of the Board's operating procedures.

The Rules of Procedure and Directors' Code of Conduct are available on the TF1 corporate website at:

<https://www.groupe-tf1.fr/en/investors/governance>

APPLICATION OF THE AFEP/MEDEF CORPORATE GOVERNANCE CODE

TF1 has for many years applied the majority of the recommendations contained in the AFEP/MEDEF Code.

In 2008, the Board of Directors decided that the company would voluntarily adhere to the AFEP/MEDEF Code, which is included as an annex to the Board's Rules of Procedure. An English-language version of the Code can be viewed on the AFEP website at: <http://www.afep.com/wp-content/uploads/2018/06/AFEP/MEDEF-Code-revision-June-2018-ENG.pdf>.

The table below shows TF1's departures from the AFEP/MEDEF Code, and the reasons for those departures.

Departure from AFEP/MEDEF Code	Explanation
Article 10.3: "It is recommended that at least one meeting not attended by the executive officers should be organised each year."	The Board believes it more appropriate that such meetings be attended by the independent Directors only, since this gives them the opportunity to express their views from their own distinctive standpoints, in a critical but supportive manner.
Article 16.1: "The Nominations Committee must mostly consist of independent Directors."	The Board of Directors believes that the current members of the Director Selection Committee (the title used by TF1 for its Nominations Committee) have a deep understanding of the media sector and its challenges; furthermore, their proposals have always complied with the AFEP/MEDEF Code recommendations regarding independence and gender balance on the Board.
Article 17.1: "The Compensation Committee must not include any executive officer and must mostly consist of independent Directors. It is recommended that the Chairman of the committee be independent and that one of its members be an employee Director."	The Board takes the view that the Remuneration Committee (the title used by TF1 for its Compensation Committee), which has only one non-independent member, is well balanced and hence is able to take decisions independently.

ASSESSMENT OF DIRECTOR INDEPENDENCE

Every year, the Board of Directors – having taken advice from the Director Selection Committee – assesses the position of each Director individually by reference to all of the independence criteria contained in the AFEP/MEDEF Code.

Under Article 8 of the AFEP/MEDEF Code, a Director is regarded as independent when he or she has no relationship of any kind with the company, its group or its management that may colour their judgment. The Code lists a number of independence criteria, which when applied to TF1 are as follows:

- not being, and not having been within the past five years: (i) an employee or executive officer of TF1; (ii) an employee, executive officer or Director of an entity consolidated by TF1; or (iii) an employee, executive officer or Director of TF1's parent or of an entity consolidated by that parent;
- not being an executive officer of an entity in which (i) TF1 directly or indirectly holds a directorship or (ii) an employee of TF1 is designated as a Director or (iii) an executive officer of TF1 (current, or who has held such office within the past five years) holds a directorship;

- not being a customer, supplier, investment banker, commercial banker or consultant that is (i) material to TF1 or its group or (ii) for which TF1 or its group represents a significant proportion of its business;
- not being related by close family ties to a corporate officer;
- not having been a Statutory Auditor of TF1 within the past five years;
- not having been a Director of TF1 for more than 12 years (a Director ceases to be independent once he or she has served on the Board for twelve years).

A non-executive officer cannot be regarded as independent if he or she receives variable compensation in cash or in the form of shares or any compensation linked to the performance of TF1 or its group.

Based on the above criteria, the Board has identified the following Directors as independent Directors: Laurence Danon Arnaud, Pascaline de Dreuzy, Catherine Dussart and Janine Langlois-Glandier.

The four independent Directors have no business relationship with TF1. None of them receives variable compensation in cash or shares, or any compensation linked to the performance of TF1 or its group.

AFEP/MEDEF Code independence criteria							
	Not having been an employee or executive officer of TF1 or the Bouygues group within the past 5 years	Cross-directorships	Material business relationship	Close family ties with corporate officer	Not having been TF1's auditor within the past 5 years	Not having been a TF1 Director for more than 12 years	Significant shareholder (>10% of the capital/voting rights)
Laurence Danon Arnaud	compliant	compliant	compliant	compliant	compliant	compliant	compliant
Pascaline de Dreuzy	compliant	compliant	compliant	compliant	compliant	compliant	compliant
Catherine Dussart	compliant	compliant	compliant	compliant	compliant	compliant	compliant
Janine Langlois-Glandier	compliant	compliant	compliant	compliant	compliant	compliant	compliant

The criterion of not having held office as a TF1 Director for more than 12 years is fulfilled by all four independent Directors.

The Board of Directors will ask the Annual General Meeting of 18 April 2019 to reappoint Pascaline de Dreuzy, Gilles Pélisson and Olivier Roussat as Directors for a three-year term of office, and to appoint Marie Pic-Pâris Allavena (replacing Janine Langlois-Glandier) for a three-year term of office.

Pascaline de Dreuzy would continue to have no business relationship with the TF1 group, and would retain her status as an independent Director by reference to all the AFEP/MEDEF Code criteria.

Marie Pic-Pâris Allavena would have no business relationship with the TF1 group, and would qualify as an independent Director by reference to all the AFEP/MEDEF Code criteria.

Subject to shareholder approval and excluding employee representative Directors, the TF1 Board of Directors would continue to have four independent Directors, which means that the proportion of independent Directors would be 44%.

The proportion of independent Directors on the Board committees is indicated in the description of the composition of each committee.

GENDER BALANCE ON THE BOARD

The TF1 Board of Directors has four female non employee representative Directors and two female employee representative Directors. This means that 44% of Board members are women (the employee representative Directors are excluded when determining the percentage).

The Board of Directors will ask the Annual General Meeting of 18 April 2019 to reappoint Pascaline de Dreuzy, Gilles Pélisson and Olivier Roussat as Directors for a three-year term of office, and to appoint Marie Pic-Pâris Allavena (replacing Janine Langlois-Glandier) for a three-year term of office.

Subject to shareholder approval of those reappointments, after the Annual General Meeting four of the Board's nine members (excluding employee representative Directors) would be women, i.e. 44%.

The proportion of female Directors on the Board committees is indicated in the description of the composition of each committee.

DIVERSITY AND COMMITMENT OF THE DIRECTORS

For a detailed description of the Board of Directors as of 31 December 2018, including the number of TF1 shares and directorships in other companies (including listed companies) held by each Director, refer to section 3.1.1 of this registration document.

The following table provides a summary presentation of the personal information and experience of the Directors, as well as their commitment to TF1's corporate governance, as of 31 December 2018.

All the Directors are French nationals. Martin Bouygues and Olivier Bouygues are brothers; the company is not aware of any other close family ties between Board members.

	Status	Female Male	Age	Competencies	Board committees appointed	First term expires	Current term expires	Years service on Board	2018 Board attendance		
Executive Director											
Gilles Pélisson	Not independent	M	61			2009	2019	9	6/6 meetings		
Independent Directors											
Laurence Danon Arnaud	Independent	F	62				2010	2021	8	6/6 meetings	
Pascaline de Dreuzy	Independent	F	60			Member of Audit Committee	2016	2019	2	6/6 meetings	
Catherine Dussart	Independent	F	65			Chairwoman of Remuneration Committee, member of Ethics and CSR Committee	2013	2020	5	5/6 meetings	
Janine Langlois- Glandier	Independent	F	79			Chairwoman of Ethics and CSR Committee	2012	2019	6	6/6 meetings	
Employee representative Directors											
Fanny Chabirand	Not independent	F	42			Member of Remuneration Committee	2012	2020	6	6/6 meetings	
Sophie Leveaux Talamoni	Not independent	F	54			Member of Ethics and CSR Committee	2014	2020	4	5/6 meetings	
Non-independent Directors											
Martin Bouygues	Not independent	M	66			Chairman of Director Selection Committee	2012	2020	6	6/6 meetings	
Olivier Bouygues	Not independent	M	68				2005	2020	13	6/6 meetings	
Bouygues (represented by Philippe Marien)	Not independent	M	62			Member of Audit Committee and Remuneration Committee	2008	2021	10	5/6 meetings	
Olivier Roussat	Not independent	M	54			Member of Director Selection Committee	2009	2019	9	6/6 meetings	
Audiovisual and digital			International		Institutional and regulatory	Governance	Management	CSR	Finance		
Average length of service of Directors: 9 years					Percentage of women : 44%⁽¹⁾						
Average age of Directors : 61 years					Percentage of independent Directors : 44%⁽¹⁾						

(1) Excluding employee representative Directors.

3.2.2 PRINCIPLES ON WHICH CORPORATE GOVERNANCE OPERATES

GOVERNANCE ARRANGEMENTS

The Board is required by law to elect one of its members (who must be a natural person) as Chairman, to organise and direct the work of the Board and ensure that the company's management bodies function properly. By law, the Board may choose to delegate responsibility for the executive management of the company to either (i) the Chairman of the Board of Directors or (ii) another natural person, who may or may not be a Director, with the title of Chief Executive Officer.

COMBINING THE OFFICES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Gilles Pélisson was appointed as Chairman and Chief Executive Officer at the Board Meeting of 17 February 2016 and took office on 19 February 2016, the day after the presentation of the financial statements for the 2015 financial year.

On the advice of the Director Selection Committee, the Board of Directors concluded that it was preferable not to separate the role of Chairman from that of Chief Executive Officer (given the size of the TF1 group, the specialist nature of its business, and past experience that the proposed governance structure was effective).

The Board of Directors confirmed Gilles Pélisson as Chairman and Chief Executive Officer following the renewal of his term of office as Director for three years by the Annual General Meeting of 14 April 2016.

The Board has not appointed a senior independent Director or Vice Chairman.

THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE COMMITTEE

In accordance with the law, the Chief Executive Officer has the broadest powers to act in the name of the company under all circumstances. He exercises his powers within the limits of the corporate purpose and subject to the powers expressly accorded by law to Shareholders' Meetings and to the Board of Directors.

On taking office, Gilles Pélisson reconfigured the Executive Committee (EXCO), for which he assumed direct responsibility. The EXCO reports to Gilles Pélisson and is the senior managerial body in terms of high-level strategic decision-making within the TF1 group.

The EXCO implements the overall strategic orientations determined by the Board. It meets once a week. Key issues discussed include a status report on advertising, financial results, digital initiatives and economic trajectory; an update by each member on the salient matters within his or her sphere of operations, including their staff; and a look forward to major future events. A written record is kept of all decisions.

As of 31 December 2018, there were 10 EXCO members.

Alongside the Chairman and Chief Executive Officer are nine key executives:

■ Operational:

- Ara Aprikian: Executive Vice President, Content;
- Régis Ravanas: Executive Vice President, Advertising & Diversification;
- Thierry Thuillier: Executive Vice President of News;

■ Transverse:

- Olivier Abecassis: Chairman of Unify;
- Christine Bellin: Vice President, Strategy, Development and Transformation;
- Maylis Çarçabal: Vice President, Communication and Brands;

■ Support:

- Arnaud Bosom: Executive Vice President, Human Resources and CSR;
- Jean-Michel Courillon: General Counsel;
- Philippe Denery: Executive Vice President, Finance and Procurement.

LIMITS ON THE POWERS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The measures in place to balance the exercise of executive powers with the powers of the Board of Directors contribute to good governance within the TF1 group.

The Board's Rules of Procedure specify which important decisions must be taken by the Board:

- the Board of Directors, with the assistance of an *ad hoc* committee if needed, examines and makes decisions on operations of real strategic importance;
- the strategic priorities, business plans and financing policy for each business segment and the Group are presented to the Board for approval;
- the Board must give its prior approval for any transaction regarded as being of major significance for the Group including investments, organic growth, external acquisitions, disposals, or internal restructuring, particularly where the transaction is outside the scope of the company's stated strategy;
- Board approval is required for the principal guarantees and major commitments entered into by the Group.

The TF1 Board of Directors met six times in 2018. It approved all corporate actions – in particular, acquisitions and disposals – likely to materially affect the Group's financial results, balance sheet structure or risk profile. One Board Meeting was devoted specifically to the three-year plan, with a focus on the strategic context.

In addition, a number of practices (some of them long-established) contribute to the good governance of the company and place limits on the powers of the Chairman and Chief Executive Officer. These include:

- the Board's Rules of Procedure, which were adopted in 2011 and specify rules for how the Board and its committees operate, along with the Directors' Code of Conduct;

- the four permanent Board committees: the collegiate body set up in 1988 to determine the remuneration of executive officers (now the Remuneration Committee); the Audit and Director Selection Committees, both set up in 2003; and the Ethics and CSR Committee, set up in 2014 to deal with ethical issues and the company's responsibilities towards the environment, its employees and society;
- the presence of two employee representative Directors on the Board (since the privatisation of TF1 in 1988), of whom one sits on the Ethics and CSR Committee (since 2014) and the other on the Remuneration Committee (since 2015);
- the presence of independent Directors on the Board and its committees (since 2003). Subject to the reappointment of Pascaline de Dreuzy, Gilles Pélisson and Olivier Roussat and the appointment of Marie Pic-Pâris Allavena as Directors at the Annual General Meeting, the Board will maintain the proportion of independent Directors at 44% (versus the 33.3% minimum recommended for controlled companies); the proportion of women on the Board will also remain at 44% (not counting the employee representative Directors, both of whom are women);
- the adoption in 2014 of four compliance programmes that supplement the Code of Conduct in the fields of anti-corruption, conflicts of interest, securities trading and competition;
- Committee of Independent Directors: the practice (introduced in 2015) of holding one meeting a year attended solely by the independent Directors, at which they can freely discuss any issue.

SUCCESSION PLANNING

At its meeting of 7 February 2019, as part of the discussion of the reappointment of Gilles Pélisson, the Director Selection Committee reviewed (i) succession planning arrangements for the Chairman and Chief Executive Officer and for the members of the Executive Committee and (ii) the Group's talent management policy, which helps identify internal and external candidates with the potential to progress to senior executive roles and support them with career development plans.

RULES GOVERNING HOW THE BOARD OPERATES

The TF1 Board of Directors operates in accordance with legal and regulatory requirements, the company's Articles of Association, the Board's Rules of Procedure, and the recommendations of the AFEP/MEDEF Corporate Governance Code.

The Board of Directors meets as often as the interests of the company require.

Under the Rules of Procedure, the Board must meet at least once a quarter. In the first quarter, the Board closes off the financial statements for the previous financial year. In the second quarter, it reviews the first-quarter financial statements. In the third quarter, the first-half financial statements are closed off and the strategic priorities are presented to the Board for approval. In the fourth quarter, the Board reviews the third-quarter financial statements and analyses revenue and profit estimates for the current year and subsequent year; in addition, the business plans and financing policies of the Group and its business segments are submitted for Board approval.

All Directors have the same powers and duties. Decisions are taken collectively.

Board decisions are only valid if at least half of the Board members are present, and are taken on a majority of the members present or represented. In the event of a tie, the Chairman of the meeting has the casting vote.

REMIT OF THE BOARD

The Board has a key role in determining the strategy and key orientations of the company and the Group, and in ensuring they are implemented.

Consequently, the Board's sphere of action includes:

- the strategic orientations of the company and the Group;
- significant corporate actions including internal restructuring, and major investment decisions (including acquisitions and disposals) likely to materially affect the Group's financial results, balance sheet structure or risk profile;
- monitoring delivery on the above;
- information provided to the shareholders and the financial markets;
- such inspections and verifications as it deems fit;
- determining the remuneration of corporate officers.

The Board aims to promote long-term value creation by TF1 group while taking into account the social and environmental challenges inherent in its activities.

Each Board Meeting includes an update on corporate actions and events since the previous meeting, and on ongoing key projects likely to be completed before the next meeting. At least once a quarter, the Board is informed by the executive management about the company's financial position, cash position and commitments.

Between Board Meetings, Directors receive all useful information about events or corporate actions that are material to the Group. More generally, they may request from the Chairman at any time all information or documents they regard as useful for fulfilling their remit.

COMPETENCIES AND EXPERTISE OF DIRECTORS

The Board's assessment pays particular attention to the training, competencies, experience and knowledge of the Group's businesses that each Director needs in order to contribute effectively to the work of the Board and its four committees (the Audit Committee, Remuneration Committee, Director Selection Committee and Ethics and CSR Committee).

More than half of the Directors work in the French audiovisual industry or in telecoms. The other Directors have a very good understanding of the audiovisual industry. For details of the professional experience of the Directors, refer to section 3.1.3 of this registration document.

A number of factors combine to ensure that Board discussions and decision-making are of good quality: the Board members' experience and personal commitment, their ability to understand the challenges and risks facing the Group's businesses, and the good mix of backgrounds and specialist interests.

The Board of Directors is balanced, diverse, experienced, and responsible.

The Board has not appointed any non-voting Directors.

DIRECTOR TRAINING

On being appointed to the Board, each Director is given a presentation on the company, its business segments, and the sectors in which it operates. This includes an induction programme in which the incoming Director meets the heads of each of the Group's main divisions. During their term of office, each Director may receive additional training from key executives of TF1 and its subsidiaries.

Each Director may also obtain further information on their own initiative, the Chairman being available at all times to provide the Board with explanations and information on significant matters.

During 2018, the Directors attended a demonstration of the new technologies being used in the TV news studio. Directors representing employees were given specific training on how listed companies are organised and the role of the Board of Directors.

PROVIDING INFORMATION TO DIRECTORS

In general, Directors must be provided in advance with the information necessary for decision-making. During Board discussions, they should make recommendations in full possession of the facts. Decisions are taken collectively.

Each Director has one vote. In the event of a tie, the Chairman has the casting vote. Employee representatives designated by the Economic and Social Committee attend Board Meetings, as do Executive Committee members and the Group Head of Legal Affairs (who acts as Secretary to the Board). The Statutory Auditors are invited to all Board Meetings called to examine the financial statements and the business plan. Key executives are invited to attend on a regular basis to give the Directors insights into market conditions, business performance, new developments and strategy.

The role of the Secretary to the Board is to ensure that the Board operates smoothly. The Secretary draws up the schedule of Meetings of the Board of Directors and its committees, prepares the agendas, sets the running order of Meetings in conjunction with the Chairman & CEO, and prepares draft minutes which are then submitted for approval by the Directors at the next Board Meeting. The Secretary also organises the Board evaluation process, assists in preparing documents made available to the shareholders ahead of the Annual General Meeting, and oversees relations with individual shareholders.

Before each Meeting, Directors are sent a notice of that Meeting and the minutes of the previous Meeting. During Meetings, Directors are provided with all documents and information required for their discussions and decision-making, together with a list of any risks that have been identified, in line with regulatory requirements and the company's interests. They also review the minutes of Board Committee Meetings.

Directors receive regular information about the company and the Group, including strategic plans and business plans; information for monitoring the Group's operations and their revenues; the company's financial position, cash position and commitments; any event that has or may have a material effect on the Group's consolidated results; and key events affecting human resources and staffing levels.

Since the final quarter of 2017, Directors have had the use of a secure digital platform that enables them to access Board and Committee documents and other useful documentation and information (schedule of Meetings, notices of Meetings, Articles of Association, Board Rules of Procedure, Corporate Governance Code, etc.).

DIRECTORS' CONDUCT AND OTHER INFORMATION

Conflicts of interest - Related party agreements - Convictions

To the best of TF1's knowledge, in the last five years no member of the Board has been:

- convicted of fraud or associated with a bankruptcy, compulsory administration or liquidation;
- incriminated or publicly sanctioned by any statutory or regulatory authority, including professional bodies;
- prevented by a court from acting as a member of a Board of Directors, Management Board or Supervisory Board of a publicly listed company or from running such a company.

No restrictions are imposed on the members of the Board of Directors concerning the disposal of their holdings of TF1's shares, except that each Director is required to own at least one share in the company. However, the Board's Rules of Procedure recommend that each non employee representative Director should own at least 100 shares during their term of office and comply with insider trading rules.

Directors are reminded annually of the obligation placed upon them to declare any trading in TF1 shares by themselves or by persons with close personal ties to them. This information is reported to the AMF individually (including the name of the person involved) and made public in a press release.

Article 5 of the Directors' Code of Conduct contains detailed provisions aimed at preventing conflicts of interest:

- "Directors must ensure that they do not perform an activity that would place them in a conflict of interest with the company. In particular, Directors shall not seek to hold an interest or invest in a company, whether a customer, supplier or competitor of the company, if this interest or investment could influence their actions in their role as a Director."
- Directors undertake to inform the Chairman of any conflict of interest, even of a potential nature, between their duties in relation to the company and their private interests and/or other duties, and not to take part in voting on any resolution directly or indirectly affecting them.
- If the situation requires, Directors may be obliged not to attend Board Meetings during deliberations and not to take part in any voting on a resolution and not to have access to documents and information brought to the attention of the other Directors concerning the subject in question. The Chairman of the Board of Directors may ask Directors at any time to confirm in writing that they are not subject to any conflict of interest."

The company is currently aware of the following potential conflicts of interest:

- Bouygues, the controlling shareholder, is represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Philippe Marien and Olivier Roussat. Gilles Pélisson is bound by an employment contract with Bouygues.
- Martin Bouygues and Olivier Bouygues are brothers. The company is not aware of any other close family ties between Board members.
- Fanny Chabirand and Sophie Leveaux Talamoni are bound by employment contracts with TF1.

To the best of the company's knowledge, there are no other service contracts between members of the Board of Directors and TF1 or any of its subsidiaries that provides for the award of any benefits under that contract.

To the best of the company's knowledge, no potential conflicts of interest currently exist between the duties of Board members to the company and their private interests or other duties.

The Statutory Auditors' special report on related party agreements and commitments (see section 6.3 of this registration document) describes the agreements and commitments submitted to the Board of Directors for authorisation and on which Directors abstained from voting for reasons related to actual or potential conflicts of interest.

EVALUATION OF THE BOARD OF DIRECTORS

In accordance with the Board's Rules of Procedure and the AFEP/MEDEF Code, the Board of Directors carries out an annual evaluation of how well the Board meets shareholder expectations. This involves a review of the composition, organisation and operation of the Board and its four committees.

The evaluation has three key objectives:

- evaluate how the Board and its committees are operating;
- check that important issues are suitably prepared and debated;
- measure the actual contribution of each Director to the Board's work through his or her competence and involvement in discussions.

Given the steady progress made on corporate governance issues and the clear satisfaction expressed by the Directors (both during evaluations, and at meetings) on how the Board is operating, the Board has decided to continue with a self-assessment approach rather than retaining a third party.

As in previous years, a detailed questionnaire designed to evaluate the performance of the Board and its committees was distributed to

Directors and committee members. Nine of the ten questionnaires issued were returned (the same proportion as in 2017). The responses were compared with those of the two previous years to measure progress.

The evaluation allows each Director to give an opinion on the composition and operation of the Board; the relevance of agenda items; the quality of the discussions; the level of information provided; the assessment of commitments made; the analysis of potential risks; and corporate strategy. Specific questions included individual assessments of the other Directors and of their contribution to the work of the Board and of any committees on which they sit.

The main findings of the evaluation were:

The Directors reported a high or very high overall level of satisfaction on (i) the smooth running of the Board and its committees, (ii) the quality of the discussions and (iii) the contribution of each Director to the work of the Board.

Some Directors emphasised the Board's rigorous and methodical approach, and the courtesy and discretion shown by Board members, characterised by thoroughly professional and candid debate.

It was also noted that the Chairman regularly takes steps to ensure that the Board operates more effectively, keeps up-to-date with market practices, and makes sure the Directors are involved.

Other positive comments related to ongoing discussions with the management team, and invitations to special events such as the Investor Day and the Female Experts Day.

Previous suggestions from Directors

On the appointment to the Board of a new independent Director with a special interest in digital: the Board has taken this decision in light of the expiry of the serving Directors' terms of office and the need to change the composition of the Board to reflect the Group's evolving business mix (especially the recent step change in the Digital segment).

Consequently, the Board is asking the Annual General Meeting of 18 April 2019 to approve the appointment as a Director of Marie Pic-Pâris Allavena. As Chief Operating Officer of the Eyrrolles group since 2008 she has been successful in helping to bring the book trade into the digital age, and TF1 will benefit from her expertise in that field..The Board also updated the Directors on steps taken to ensure the TF1 group is compliant with data protection regulations, and on information system security measures.

WORK OF THE BOARD OF DIRECTORS IN 2018

The Board of Directors meets at least once a quarter. Additional meetings are held for special presentations or to address exceptional issues.

In addition, when a special project is planned the Directors may ask some Board members to form an *ad hoc* committee to validate the project and assess its impact on the Group's financial statements and financial position. Such committees are regularly formed when important broadcasting contracts are to be signed or renewed.

The TF1 Board of Directors met six times in 2018. The quarterly meetings lasted an average of around two-and-a-half hours.

The agenda for quarterly meetings is split into three parts: business review, financial statements, and legal matters.

Recurring topics discussed at each meeting are:

■ **Monitoring of the day-to-day management of the Group**, including:

Business review:

- detailed review of the operations and prospects of TF1 and its principal subsidiaries in 2018;
- trends in the competitive environment in which the Group's channels operate.

Financial statements:

- closing off the individual company and consolidated financial statements (annual in February, half-year in July, and quarterly in April and October), with the Statutory Auditors present;
- the auditors' opinion on the financial statements;
- reviewing financial results, the proposed appropriation of annual earnings, and the management report (including the report on corporate governance);
- closing off full-year and first-half accounting documents and forecasts;
- reviewing the Group's financial position, including financial commitments;
- risks/risk mapping (the Audit Committee having previously reviewed these issues).

Decisions and legal matters:

- preparations for the Annual General Meeting (agenda, draft resolutions, annual management report and other Board reports);
- authorisations of commitments and related party agreements;
- issues relating to employees, and in particular the policy on professional and pay equality;
- legislative and regulatory changes, and current status of ongoing litigation;
- delegation of financial powers to Gilles Pélisson on bond issues;
- renewal of the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements and sureties.

■ **Monitoring of major strategic orientations:**

the Board is closely involved in setting and implementing the Group's strategy.

Discussions among Board members relate to rights buying, development strategy, new sources of growth and potential acquisitions:

- decision-making, especially on investments needed for the development of the Group;
- a review at each meeting of a report on acquisitions, disposals, and major corporate actions in progress.

■ **Corporate governance:** the issues dealt with include:

- changes in corporate governance rules and best practice;
- self-assessment of the Board, and annual update on how the Board is operating;
- minutes of meetings of the Audit, Director Selection, Remuneration, and Ethics and CSR Committees;
- composition of the Board and changes in composition of the committees, with particular reference to the proportion of female and independent Directors on the Board and to the diversity of competencies and backgrounds;
- the remuneration of the executive officer and awards of stock options for the financial year, and the associated reports to shareholders.

The Board's main decisions and discussion points in 2018 – in addition to the recurring topics listed above – were as follows:

Board Meeting of 15 February

- 2017 business review and annual financial statements.
- Examination of the draft Audiovisual Law.
- Acquisition of Aufeminin (favourable opinion from the Works Councils, submission of a firm offer and signature of the acquisition agreement).
- Outsourcing of some IT functions: front office (PC, telephones, office applications, etc.) and back office (data servers).
- Determining the 2017 remuneration of Gilles Pélisson (Chairman & CEO), report on his remuneration, special report on stock options, and special report on performance shares.
- Determining the 2018 remuneration policy for Gilles Pélisson (Chairman & CEO).
- Proposed reappointment of Laurence Danon Arnaud, Martin Bouygues, and Bouygues SA (permanent representative: Philippe Marien) as Directors.
- Election of employee representative Directors.
- Composition of the Board committees following the Annual General Meeting of 19 April 2018.
- Description of the share buyback programme.
- Calling of the Annual General Meeting and finalisation of the agenda, proposed resolutions, and reports to the meeting.
- Approval of the press release.



Board Meeting of 25 April

- 2018 first-quarter business review and financial statements.
- Proposed law on fake news.
- Comparison of regulatory burden on domestic media players as opposed to Google, Apple, Facebook, Amazon and Netflix.
- Completion of the Aufeminin acquisition.
- Increase of the stake in Newen Studios to 100%.
- Disposal by Télésurfing of its 47% equity interest in Optiqua (Direct Optic).
- Company and Group policy on professional and pay equality, diversity and disability, and amendment to the collective profit-sharing agreement.
- Award of performance shares to the principal members of the Executive Committee and General Management Committee, and of stock options to senior executives on the Group Management Committee.
- Consultation with the Works Council on strategic orientations.
- Signature of new commercial lease with Aphélie on the TF1 headquarters building.
- Approval of the press release.



Board Meeting of 14 June

- Approval of a partnership between TF1, France Télévisions and M6 to create Salto, a French OTT platform.
- Proposed acquisition of Doctissimo.



Board Meeting of 24 July

- 2018 first-half business review and financial statements.
- TF1's strategic priorities.
- Examination of the draft Audiovisual Law (timetable and method).
- Completion of the Aufeminin acquisition (squeeze-out procedure).
- Result of the bid to UEFA for TV rights for the Euro 2020 football tournament.
- Presentation on the Group's general data protection policy.
- Approval of the press release.



Board Meeting of 30 October

- 2018 third-quarter business review and financial statements.
- Reforms to audiovisual industry regulations and legislation.
- Renewal of the LCI, TMC and TFX broadcasting licences.
- Media chronology.
- Cuts to CNC audiovisual production subsidies.
- Completion of the Aufeminin acquisition (delisting following the squeeze-out procedure).
- Finalisation of the Doctissimo acquisition.
- Staff representative elections and establishment of the Economic and Social Committee.
- Status report on annual staff consultations.
- Evaluation of the Board.
- Update of the Board's Rules of Procedure to reflect the June 2018 revision of the AFEP/MEDEF Corporate Governance Code.
- Proposed acquisition of the programmatic advertising company Gammed!.
- Reorganisation of the Digital segment under an intermediate holding company, to unlock synergies by bringing together all Group subsidiaries and affiliates with a predominantly digital slant.
- Refinancing of TF1 Vidéo.
- Decision to buy back TF1 shares.
- Authorisation of related party agreements.
- Approval of the press release.



Board Meeting of 12 December

Strategy and three-year business plan.
Signature of the TF1 Premium agreement with the Canal Plus Group.
Rollout within TF1 of measures to combat corruption and influence trafficking under the "Sapin II" law.
Investments by the One Innovation Fund during 2018.
CSR: update on Group initiatives and policy.
Acquisition of sports broadcasting rights.
Proposed acquisition of the Belgian audiovisual production company De Mensen.
Info 2020 – proposed disposal of the trading goodwill of Ouest Info.

Attendance rate
100%

The table below shows the attendance rate of individual Directors at Board and Committee Meetings:

	Board of Directors	Audit Committee	Director Selection Committee	Remuneration Committee	Ethics and CSR Committee
Gilles Pélisson	6/6	100%			
Martin Bouygues	6/6	100%	1	100%	
Olivier Bouygues	6/6	100%			
Fanny Chabirand	6/6	100%		2/2	100%
Laurence Danon Arnaud	6/6	100%	4/4	100%	
Pascaline de Dreuzy	6/6	100%	4/4	100%	
Catherine Dussart	5/6	83%		2/2	100%
Janine Langlois-Glandier	6/6	100%			1 100%
Sophie Leveaux Talamoni	5/6	83%			1 100%
Philippe Marien	5/6	83%	4/4	100%	
Oliver Roussat	6/6	100%	1	100%	

The average attendance rate of Directors in 2018 was 94%.

In addition, when a major project is planned the Directors may ask some Board members to form an *ad hoc* committee to validate the project and assess its impact on the Group's financial statements and financial position. Such committees are regularly formed when important broadcasting contracts are to be signed or renewed.

This includes an *ad hoc* committee set up in connection with the bid for television rights to matches from the Euro 2020 football tournament organised by UEFA. That committee consisted of Gilles Pélisson, Laurence Danon Arnaud and Philippe Marien, alongside the relevant TF1 operational and support function managers (Ara Aprikian, Philippe Denery, Sébastien Frapier and François Pélissier).

COMMITTEE OF INDEPENDENT DIRECTORS

Since 2015, the independent non employee representative Directors have held separate meetings every year so that they can freely discuss any issue.

During 2018, the four independent Directors held one such meeting.

BOARD COMMITTEES

The Board of Directors may create one or more specialist committees, which function under its responsibility. The Board determines their composition and remit. These committees are composed exclusively of Directors and assist the Board in its work.

Each committee issues proposals, recommendations and opinions, and reports to the Board of Directors.

TF1's four specialist committees are the Audit Committee, the Remuneration Committee, the Director Selection Committee, and the Ethics and CSR Committee.

Each committee consists of two or three Directors. Any person serving as Chairman, Chief Executive Officer or Deputy Chief Executive Officer of TF1 cannot be a member of any of the committees.

The Directors believe that these rules guarantee that the committees are independent and effective. The Chair of each committee, who has the casting vote, may not be a member of the company's management or executive bodies. The Audit Committee, Ethics and CSR Committee and Remuneration Committee are chaired by independent Directors.

Committee Meetings are called by the Chair of the committee in question, or at the request of the Chairman of the Board of Directors. Opinions are delivered on a simple majority vote of the members. Each committee reports on its work to the next Board Meeting.

Before deliberating on any issue within the sphere of a committee's competence, the Board of Directors refers the matter to that committee and takes account of the minutes and report of that committee.

The Board of Directors regularly sets up *ad hoc* committees specifically tasked with examining acquisition or development proposals. The independent Directors appreciate the opportunity to set up such committees, and review Committee Meeting minutes carefully.

AUDIT COMMITTEE

COMPOSITION AND ATTENDANCE

In accordance with the AFEP/MEDEF Code, two thirds of the committee's members are independent and none is an executive officer. Ever since the committee was set up on 24 February 2003, its members have been chosen for their financial or accounting expertise.

Since 14 April 2016, the Audit Committee has consisted of Laurence Danon Arnaud (Chairwoman) and Pascaline de Dreuzé, both of whom are independent Directors, and Philippe Marien. The committee members have through the course of their careers gained a wealth of experience in corporate management, as well as in economics and finance. Their career résumés are provided in section 3.1.3 of this registration document.

In 2017, the committee members had a 100% attendance rate at all meetings.

REMIT

The Audit Committee is governed by Rules of Procedure that specify its remit and are regularly amended by the Board of Directors.

Four meetings are scheduled each year, during which the committee reviews the quarterly, half-year or annual financial statements, plus cash management reports and the conclusions of the Internal Audit and Internal Control Departments before they are submitted to the Board.

The committee is tasked with overseeing issues relating to the preparation and audit of accounting and financial information. In particular, it oversees:

- the process for preparing financial information, which involves the committee:
 - examining the individual and consolidated financial statements before they are presented to the Board;
 - ensuring that the accounting policies used to prepare the financial statements are appropriate and consistently applied;
 - examining changes that have a material impact on the financial statements;
 - examining the principal estimates, judgements and elective treatments used in preparing the financial statements, and the main changes in the scope of consolidation;
 - approving materials used for financial communication purposes, and monitoring the reaction of the financial markets;
- the effectiveness of internal control and risk management systems;
- internal control procedures for the preparation of the financial statements, with assistance from internal departments and competent external advisors;
- the audit of the individual and consolidated financial statements by the Statutory Auditors, and the independence of the Statutory Auditors, which involves the committee:
 - examining in detail the fees paid to the Statutory Auditors by the company and the Group, and checking the size of those fees relative to the total fee income of each audit firm;
 - directing the procedure for selecting and reappointing the Statutory Auditors;

- making recommendations on Statutory Auditors whose appointment is submitted to the Annual General Meeting for approval;

- all reports and recommendations to the Board of Directors on the foregoing matters, not only on a periodic basis and at accounting closes, but whenever warranted by a specific event.

To fulfil its remit, the committee has access to any accounting and financial documents it sees fit, and must be able to speak with the external auditors and with company employees responsible for financial statement preparation, cash management and internal audit without executive officers being present. The committee may hear observations from the Statutory Auditors without company representatives present, so that it can be sure the auditors have had full access to information and have all the resources needed to discharge their responsibilities. The Statutory Auditors present to the committee a summary of their work and of elective accounting treatments used at accounting closes.

The committee reports on its work at the next Meeting of the Board of Directors, and informs the Board without delay of any difficulties encountered. The deliberations of the Audit Committee, and the information communicated to the committee, are highly confidential and may not be divulged outside the Board of Directors.

WORK OF THE AUDIT COMMITTEE IN 2018

The committee met four times in 2018 and once in the first two months of 2019. The following were invited to each meeting: the Executive Vice President, Finance and Procurement; the head of Accounting, Tax, Treasury and Financing; the head of Internal Audit and Control; and the Statutory Auditors. Minutes of the proceedings of each meeting were compiled and presented to the Directors.

During the examination of the financial statements the Statutory Auditors provided the committee with a note pointing out key aspects of the scope of consolidation, the audit findings, and the elective accounting treatments applied. The Executive Vice President, Finance and Procurement, also submitted a note describing risk exposure and the company's major off-balance sheet commitments. The main recommendations of the Statutory Auditors gave rise to an action plan and a monitoring procedure.

The Audit Committee also monitored progress on the audit plan, analysed the year-on-year change in the share price, and reviewed major litigation and financial and legal risks.

REMUNERATION COMMITTEE

COMPOSITION AND ATTENDANCE

In accordance with the AFEP/MEDEF Code, the Remuneration Committee is chaired by an independent Director, and none of its members is an executive officer. The Remuneration Committee was created in 1988.

The committee's members are Catherine Dussart (Chairwoman and independent Director), Fanny Chabirand (an employee representative Director), and Philippe Marien. Their career résumés are provided in section 3.1.3 of this registration document.

The committee members had a 100% attendance rate at both meetings held in 2018.

REMIT OF THE REMUNERATION COMMITTEE

The Remuneration Committee is governed by Rules of Procedure that specify its remit and are regularly amended by the Board of Directors.

The committee's remit is to:

- make proposals to the Board of Directors on the remuneration and benefits awarded to executive officers;
- propose rules for determining the variable remuneration of executive officers, and check annually that the remuneration is commensurate with the assessment of their performance and the company's medium-term strategy;
- make proposals for remuneration and incentive systems for senior executives, and for stock options and performance shares.

WORK OF THE REMUNERATION COMMITTEE IN 2018

The committee met twice in 2018 and once during the first two months of 2019. The committee gave the Board its opinion on the determination of the remuneration and supplementary pension of TF1's executive officer. It also met to review the terms and conditions of the new TF1 performance share and stock option plan granted by the Board of Directors in June 2018. Minutes of each meeting were compiled and presented to the Directors.

DIRECTOR SELECTION COMMITTEE

COMPOSITION AND ATTENDANCE

The Director Selection Committee was set up on 24 February 2003 and since 19 April 2012 has consisted of Martin Bouygues, who chairs the committee, and Olivier Roussat. Their career résumés are provided in section 3.1.3 of this registration document.

In 2018, the committee members had a 100% attendance rate.

REMIT OF THE DIRECTOR SELECTION COMMITTEE

The Director Selection Committee is governed by Rules of Procedure that specify its remit and are regularly amended by the Board of Directors.

The committee's remit is:

- to periodically examine issues relating to the composition, organisation and operation of the Board of Directors and to make recommendations to the Board;
- and in particular:
 - to assess possible candidates for directorships, bearing in mind that at least one-third of Board members must be independent Directors;
 - to examine proposals to create Board committees, and draw up a list of their powers and members;
 - to assess any measures required to fill executive officer posts that unexpectedly become vacant.

WORK OF THE DIRECTOR SELECTION COMMITTEE IN 2018

The committee met once in 2018 and once during the first two months of 2019. An assessment of the independence of Directors was discussed by the Director Selection Committee and reviewed by the Board of Directors prior to publication of the Annual Report.

The Director Selection Committee gave its opinion on the composition of the Board and recommended the Board of Directors to ask the Annual General Meeting of 19 April 2018 to reappoint Martin Bouygues, Laurence Danon Arnaud and Bouygues SA as Directors. Minutes of the committee's proceedings were presented to the Directors.

ETHICS AND CSR COMMITTEE

COMPOSITION AND ATTENDANCE

The Ethics and CSR Committee consists of at least two Directors. No executive officer may sit on the committee, which is chaired by an independent Director. A Director may not be appointed to the Ethics and CSR Committee if a corporate officer of TF1 is a member of a similar committee at a company in which that Director is himself or herself a corporate officer.

The Ethics and CSR Committee was formed on 24 July 2014, since when its members have been Janine Langlois-Glandier (Chairwoman) and Catherine Dussart, both of whom are independent Directors, and Sophie Leveaux Talamoni who is an employee representative Director. Their career résumés are provided in section 3.1.3 of this registration document.

In 2018, the committee members had a 100% attendance rate.

REMIT OF THE ETHICS AND CSR COMMITTEE

The Ethics and CSR Committee is governed by Rules of Procedure that specify its remit.

The committee's remit is:

- Ethics:
 - to help define rules of conduct or guiding principles to inspire the behaviour of executives and other employees;
 - to propose or offer an opinion on ways to promote exemplary professional behaviour;
 - to oversee compliance with those values and rules of conduct.
- CSR:
 - to examine at least once a year issues the Group is facing in terms of its responsibility to employees, the environment and society;
 - to give the Board its opinion on the CSR report required under Article L. 225-102-1 of the French Commercial Code.

In fulfilling its remit, the committee can meet with the Chairman of the Board of Directors or any person designated by him. The committee reports on its work to the next Meeting of the Board of Directors.

WORK OF THE ETHICS AND CSR COMMITTEE IN 2018

The committee met once in 2018 and once during the first two months of 2019.

The Committee reviewed key initiatives and issues in ethics, and the Group's Corporate Social Responsibility policy.

Ethics and Compliance: the Committee familiarised itself with some of the key issues arising in 2018. These included the CSA performance reports on the Group's TV channels; the signature of amendments to the agreements between the Group's channels and the CSA, setting out how the TF1 group's Integrity, Independence and Pluralism Committee will operate; and significant ongoing claims and litigation. The Committee expressed a favourable opinion on the actions taken in 2018 to ensure that the TF1 group is fully compliant, and that new regulatory requirements affecting the organisation of ethics and compliance are being implemented within the Group. In particular, the Committee appreciated the work done to ensure compliance with (i) the Sapin II law (whistle-blowing, codes of conduct, risk mapping and lobbying) and (ii) the new General Data Protection Regulation that took effect on 25 May 2018. Corporate Social Responsibility (CSR): the Committee expressed a favourable opinion on the actions taken by the Group in 2018, especially in terms of diversity, gender balance, solidarity, sustainable development, upskilling of employees, and the transparency of extra-financial reporting. The Group's CSR initiatives and reporting were verified by Ernst & Young, who issued a clean assurance report. TF1 has decided to

continue the extra-financial reporting engagement of the independent verifier (Ernst & Young), even though it is no longer legally obliged to do so following the transposition into French law of European Directive 2014/95/EU on extra-financial information, which superseded the previous domestic requirements under the Grenelle II regime. The Committee validated the proposed action plans for 2019, which continue along similar lines.

SPECIFIC PROCEDURES FOR THE PARTICIPATION OF SHAREHOLDERS IN GENERAL MEETINGS

Specific procedures for the participation of shareholders in General Meetings are described in section 6.1 of this registration document.

Dialogue with shareholders: refer to section 2.2.2 of this registration document.

FACTORS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

A description of factors liable to have an impact in the event of a public offer for TF1 shares is provided in section 1.5.10 of this registration document.