

## 2.2 CORPORATE GOVERNANCE REPORT

This 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 (the Articles of Association and Rules of Procedure, and minutes of Board and Board Committee meetings). The report takes account of currently valid 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”; and the report of the French High Committee on Corporate Governance.

The Board of Directors approved this Corporate Governance report at its meeting of 15 February 2018.

### 2.2.1 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.

Directors other than employee representatives 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 of Corporate Governance (the “AFEP/MEDEF Code”).

The Articles of Association do not set an age limit for Directors. The age limit for holding office as Chairman of the Board of Directors, Chief Executive Officer or Deputy Chief Executive Officer is sixty-seven years.

In accordance with Article L. 225-47 of the French Commercial Code the Board of Directors elects from among its members a Chairman, who may be re-elected. 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.

#### 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 are 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 Article L. 225-27-1 of the French Commercial Code which provides a mandatory regime for employee representation on the Board of Directors for *sociétés anonymes* once they reach a certain size. Similarly, TF1 has no obligation to arrange for the election of Directors representing employee shareholders pursuant to Article L. 225-23 of the French Commercial Code.

#### BOARD 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, entitled 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 latest version of the AFEP/MEDEF Code as revised in November 2016.

The main sections of the Rules of Procedure describe the powers, characteristics and remit of the Board and its specialist committees. It also lays down the 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/sites/default/files/mediatheque/PDF-Finance/gouvernance/statuts-reglement-interieur/reglement\\_interieur\\_du\\_ca\\_tf1\\_-\\_maj\\_au\\_15\\_02\\_2017.pdf](https://www.groupe-tf1.fr/sites/default/files/mediatheque/PDF-Finance/gouvernance/statuts-reglement-interieur/reglement_interieur_du_ca_tf1_-_maj_au_15_02_2017.pdf).

## REFERENCE TO THE AFEP/MEDEF CORPORATE GOVERNANCE CODE

TF1 has for many years applied the majority of the recommendations issued by the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF).

In 2008, the Board of Directors decided that the company would voluntarily adhere to the AFEP/MEDEF Code. The AFEP/MEDEF recommendations are included in an annex to the TF1 Board's Rules of Procedure. An English-language version of the Code can also be viewed on the AFEP website at: <http://www.afep.com/publications/code-afep-medef/>.

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

Departure from AFEP/MEDEF Code	Explanation
<b>Article 16.1:</b> "The Nominations Committee must mostly consist of independent Directors."	The Board of Directors is considering changes to the composition of the Director Selection Committee (the title used by TF1 for its Nominations Committee).
<b>Article 17.1:</b> "The Compensation Committee 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 Remuneration Committee (the title used by TF1 for its Compensation Committee) is chaired by an independent Director. The other members are an employee representative Director and a non-independent Director. The Board of Directors is considering changes to the composition of the Remuneration Committee.

The Board takes the view that the Remuneration Committee is well balanced, and that the character and probity of its members guarantee that the committee will fulfil its remit independently.

In addition, the Board reinforced the role of the independent Directors with the introduction in 2015 of meetings reserved for them.

## 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 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 during 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 or commercial banker that is (i) material to TF1 or its group or (ii) or 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);
- not holding a significant percentage (more than 10%) of TF1's share capital or voting rights.

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 in the form of shares or any compensation linked to the performance of TF1 or its group.

AFEP/MEDEF Code independence criteria							
	Employee or executive officer of TF1 or the Bouygues group during the past 5 years	Cross-directorships	Significant business relationships	Close family ties with corporate officer	Not having been TF1's auditor in past 5 years	Not having been a TF1 Director for more than 12 years	Significant shareholder (>10% 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

NB: the criterion relating to not having held office as a TF1 Director for more than 12 years does not apply to any of the four independent Directors. More than half of the Directors (6 out of 11) have joined the Board within the last seven years, and three others have served for nine or ten years.

The Board of Directors will ask the Annual General Meeting of 19 April 2018 to renew the terms of office of Laurence Danon Arnaud, Martin Bouygues, and Bouygues SA (permanent representative: Philippe Marien) as Directors for a further three years. Laurence Danon Arnaud 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.

Laurence Danon Arnaud would also remain as Chairwoman of the Audit Committee.

Excluding employee representative Directors, the TF1 Board of Directors has four independent Directors, which means that the proportion of independent Directors is 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 in determining the percentages).

The Board of Directors will ask the Annual General Meeting of 19 April 2018 to renew the terms of office of Laurence Danon Arnaud, Martin Bouygues, and Bouygues SA (permanent representative: Philippe Marien) as Directors for a further three years. Subject to shareholder approval of those reappointments, 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 15 February 2018, refer to Section 2.1.1 of this registration document.

The following table provides, as of the General Meeting of 19 April 2018, a summary presentation of the personal information and experience of the Directors, as well as their commitment to TF1's corporate governance.

	Status	Female Male	Age	Competencies	Board committees appointed	First term expires	Current term expires	Years service on Board	2017 Board attendance
<b>Executive Officer</b>									
<b>Gilles Pélisson</b>	Not independent	M	60			2009	2019	9	7/7 meetings
<b>Independent Directors</b>									
<b>Laurence Danon Arnaud</b>	Independent	F	62			2010	2018	7	7/7 meetings
<b>Pascaline de Dreuzy</b>	Independent	F	59			2016	2019	2	6/7 meetings
<b>Catherine Dussart</b>	Independent	F	64			2013	2020	5	7/7 meetings
<b>Janine Langlois-Glandier</b>	Independent	F	78			2012	2019	6	7/7 meetings
<b>Employee representative Directors</b>									
<b>Fanny Chabirand</b>	Not independent	F	41			2012	2018	6	7/7 meetings
<b>Sophie Leveaux Talamoni</b>	Not independent	F	53			2014	2018	4	6/7 meetings
<b>Non independent Directors</b>									
<b>Martin Bouygues</b>	Not independent	M	65			1987	2018	30	5/7 meetings
<b>Olivier Bouygues</b>	Not independent	M	67			2005	2020	13	7/7 meetings
<b>Bouygues (represented by Philippe Marien)</b>	Not independent	M	61			2008	2018	10	7/7 meetings
<b>Olivier Roussat</b>	Not independent	M	53			2009	2019	9	6/7 meetings

Audiovisual and digital International Institutional and regulatory Governance Management CSR Finance

**Average length of service of Directors: 9 years**

**Percentage of women: 44%<sup>(1)</sup>**

**Average age of Directors: 60 years**

**Percentage of independent Directors: 44%<sup>(1)</sup>**

<sup>(1)</sup> Figures calculated excluding employee representative Directors.

## 2.2.2 PRINCIPLES OF CORPORATE GOVERNANCE

### GOVERNANCE

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. The Board delegates responsibility for the executive management of the company either to the Chairman of the Board of Directors or to 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 company, 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.

#### Executive management

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 such 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 strategic high-level 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 15 February 2018, there are 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: Vice President, Innovation and Digital,
  - Christine Bellin: Vice President, Strategy, Development and Transformation,
  - Frédéric Ivernel: Vice President, Communication and Brands;
- Support:
  - Arnaud Bosom: Executive Vice President, Human Resources and CSR,
  - Jean-Michel Counillon: Corporate Secretary,
  - 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 powers between the executive management role with 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 the business segments 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;
- the Board must approve the principal guarantees and major commitments entered into by the Group.

The TF1 Board of Directors met seven times in 2017. 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 and risk mapping.

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 existence of 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), of whom one also 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 Laurence Danon Arnaud, Martin Bouygues and Bouygues SA 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) as well as the proportion of women on the Board at 44% (not counting the employee representative Directors, both of whom are women);
- the existence of a Directors' Code of Conduct as an annex to the Board's Rules of Procedure, which were adopted in 2011 and specify rules for how the Board and its committees operate;
- 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;
- 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.

## 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.

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 2.1.3 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 censor.

### 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, as the Chairman will always be available to provide the Board with explanations and information on significant matters.

### 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 Works Council 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. 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 assessment 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 reports of the Board committees.

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.

From the final quarter of 2017, Directors have 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 major 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;
- 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 5.3 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.

## Assessment of the Board of Directors

In accordance with the Board's Rules of Procedure and the AFEP/MEDEF Code, once a year the Board of Directors includes on the agenda for a Board Meeting a formal review of the composition, organisation and operation of the Board and its committees.

This assessment has three key objectives:

- assess how the Board is 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.

This assessment 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 evaluation of commitments made; the analysis of potential risks; and corporate strategy. The process includes a specific evaluation by each Director of his or her contribution to the work of the Board and any Board committees on which he or she sits.

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 responses (which can be made anonymously) were compared with those of the two previous years to measure progress.

### The main findings of the assessment were:

- Overall assessment:

The responses show a high degree of satisfaction overall. Generally speaking, the Directors were satisfied that the Board and its committees run smoothly, and appreciated the quality of the discussions and the contributions of each Director.

The quality of the information provided to Directors was deemed satisfactory or very satisfactory, and the insights provided to the Board by senior executives were genuinely appreciated.

In terms of the profile of the Board, one member suggested that the Board appoint a new independent Director in the 35-40 age bracket with a special interest in digital.

Some Directors suggested that the Board could be given presentations on specific issues, such as data protection and the management of cyberattacks;

## 2.2.3 WORK OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

### WORK OF THE BOARD OF DIRECTORS IN 2017

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 seven times in 2017. The quarterly Meetings lasted 2 hours and 30 minutes on average.

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

Recurring topics discussed at each Meeting are:

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

- a detailed review of the operations and prospects of TF1 and its principal subsidiaries,
- trends in the competitive environment in which the Group's channels operate,
- closing off the individual and consolidated financial statements (annual in February, half-year in July, and quarterly in April and October) in the presence of the Statutory Auditors; review financial results and the proposed appropriation of annual earnings; closing off full-year and first-half accounting documents and forecasts; reviewing the Group's financial position, including financial commitments and risks/risk mapping (the Audit Committee having previously reviewed all those issues),
- legislative and regulatory changes, and current status of ongoing litigation,

- 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,
- issues relating to employees, and in particular the policy on professional and pay equality,
- 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;

■ **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,
- reports from 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,
- scrutiny of the amount of Directors' fees paid to Board members,
- preparations for the Annual General Meeting (agenda, draft resolutions, annual management reports and other Board reports),
- authorisations of commitments and related party agreements.

The Board's main decisions in 2017 – in addition to the recurring topics listed above – were as follows:

#### Board Meeting of 16 January

Strategy and three-year business plan.  
Major risk mapping.  
Update on the alliance between TF1 and ProSiebensat.1 around MCN Studio71, and review of the proposals for France.  
Divestment of the 33.5% equity interest in Groupe AB, on the occasion of the sale by Claude Berda of his entire equity interest.  
Launch of territory-specific advertising in Belgium.  
Proposed acquisition by Newen Studios of a 71% controlling interest in Tuvalu Media, the leading independent producer in the Netherlands.

Attendance rate  
**100%**

#### Board Meeting of 15 February

Negotiations with operators on the TF1 Premium offering.  
Creation of the European Broadcaster Exchange (EBX) airtime sales agency, as an equal partner with ProSiebenSat.1 and Mediaset (Spain and Italy).  
Combination within a single entity of the three intermediate holding companies that own the headquarters building.  
Remuneration of Gilles Pélisson for 2016 and remuneration policy for 2017, including his defined-benefit pension plan, after scrutiny by the Remuneration Committee.<sup>81</sup>  
Update of the Board's Rules of Procedure to reflect the November 2016 revision of the AFEP/MEDEF "Corporate Governance Code of listed corporations".  
Proposal to renew the terms of office of Catherine Dussart and Olivier Bouygues as Directors.  
Calling of the Annual General Meeting and finalisation of the agenda, the draft resolutions, the report on those resolutions (including the description of the share buyback programme), and approval of the Chairman's report on corporate governance and internal control.

Attendance rate  
**91%**

#### Board Meeting of 13 April

Responses to written questions submitted by shareholders in advance of the Annual General Meeting.

Attendance rate  
**91%**

#### Board Meeting of 27 April

Creation of the independent Committee for Honesty, Independence and Pluralism in News and Programmes, as required by the law of 14 November 2016 intended to reinforce freedom, independence and pluralism in the media.  
Ongoing negotiations on major broadcasting contracts, and review of calls for bids for sports rights.  
Acquisition by TF1 Entertainment of a minority equity interest in Play Two.  
Proposed acquisition by Newen Studios in Monday Media, Scandinavia's leading independent producer of non-scripted programmes, sport and drama, operating across all Scandinavian countries.  
Effective divestment of TF1's 7% minority equity interest in TEADS.  
Consultation with the Works Council on strategic orientations.  
Company and Group policy on professional and pay equality, diversity and disability, and a new collective profit-sharing agreement.  
Award of performance shares to the principal members of the Executive Committee (EXCO) and General Management Committee (CODG), and of stock options to senior executives on the Group Management Committee (COMGT).

Attendance rate  
**91%**

#### Board Meeting of 21 July

Progress report on negotiations with operators on the TF1 Premium offering.  
TF1's strategic priorities.  
New agreement between TF1 and the CSA (the French audiovisual regulator) following renewal of TF1's terrestrial licence.  
Announcement of arrival of Channel 4 as the fourth partner in the European Broadcaster Exchange (EBX) airtime sales agency, with the partners planning to have equal 25% shares.

Attendance rate  
**91%**

#### Board Meeting of 30 October

Update on the regulatory environment, in particular the French Competition Authority investigation into priority and pre-emptive movie rights; the consultation launched by the French Culture Ministry on simplifying the rules on TV advertising; and status report on ongoing work to bring TF1 into compliance with the EU General Data Protection Regulation.  
Further consultation with the Works Council on strategic orientations.  
Evaluation of the Board of Directors.  
Authorisation of related party agreements.

Attendance rate  
**100%**

#### Board Meeting of 12 December

Strategy and three-year business plan.  
Major risk mapping.  
Progress report on negotiations with operators on the TF1 Premium offering.  
Compliance of the Code of Ethics and Anti-corruption Compliance Programmes with the Sapin II Act.  
Authorisation to make a firm offer to the Axel Springer Group to acquire its majority shareholding of 78.4% of the capital of Aufeminin, followed by an obligatory public offer for the remainder of its share capital.

Attendance rate  
**91%**

## COMMITTEE OF INDEPENDENT DIRECTORS

Since 2015, the independent non employee representative Directors have held a separate meeting once a year at which they can freely discuss any issue.

During 2017, the four independent Directors held two such meetings.

## 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 committee's report.

The Board of Directors regularly sets up *ad hoc* committees specifically tasked with examining acquisition or development proposals, particularly for significant Broadcasting contracts. The independent Directors appreciate the opportunity to set up such committees, and review their reports 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 Dreuzy, 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 2.1.3 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 at least two days 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 2017

The committee met four times in 2017 and once in the first two months of 2018. 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. A report was compiled of the proceedings of each meeting 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 2.1.3 of this registration document.

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

### 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 2017

The committee met twice in 2017 and once during the first two months of 2018. 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 2017. A report was compiled of the proceedings of each meeting 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 2.1.3 of this registration document.

In 2017, 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 2017

The committee met once in 2017 and once during the first two months of 2018. 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 13 April 2017 to renew the terms of office of Catherine Dussart and Olivier Bouygues as Directors. A report on the committee's proceedings was 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 2.1.3 of this registration document.

In 2017, 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 2017

The committee met once in 2017 and once during the first two months of 2018.

The Ethics and CSR Committee examined the main actions and key points in the field of ethics and CSR policy, including (i) the progress report on the Group's channels published by the CSA (the French audiovisual regulator) in 2016, and discussions with the CSA on the freeview switchover of LCI and the renewal of TF1's HD licence; (ii) the retention of the compliance and good conduct measures adopted by TF1 Publicité in 2015 and (iii) material ongoing litigation.

The committee reviewed the 2017 Action Plan, which followed similar lines to the actions already taken in 2016 including (i) the introduction of a new Institutional Relations Charter and a new Journalistic Code of Conduct; (ii) updates to documentation, mainly in light of the "Sapin 2 law" and the drafting of business-specific procedures; and (iii) an internal training module on "Everyday Ethics".

In CSR, the committee examined initiatives taken by the Group during 2016 in areas such as diversity, solidarity, sustainable development, upskilling of employees, and transparency of extra-financial reporting.

The committee expressed a favourable opinion and approved the proposed 2017 Action Plan, which continued along the same lines.

## AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS TO PROCEED WITH CAPITAL INCREASES

Refer to section 6.3.5. of this Registration Document.

## SPECIFIC PROCEDURES FOR THE PARTICIPATION OF SHAREHOLDERS IN GENERAL MEETINGS

General Meetings are called, meet, and conduct their proceedings in accordance with the conditions required by law.

Any shareholder, regardless of the number of shares they hold, can participate in General Meetings, either by attending in person, by assigning a proxy, or voting by mail, under the conditions indicated in the meeting notice or the convening notice available on the web at <https://www.groupe-tf1.fr/>, Investors>Shareholders>General meeting.

## 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 6.1.10 of this registration document.