

**Technicolor's Internal Charter on related-party agreements  
and on the procedure for the review of agreements  
entered into in the ordinary course of business and on arms' length terms**

This Charter (the "**Charter**") was drawn up pursuant to:

- The AMF recommendation n°2012-05 of July 2, 2012, as amended on October 5, 2018 (the "**AMF Recommendation**"); and
- Article L. 225-39 of the French Commercial Code which requires that public companies implement a procedure for the review of Related-party agreements entered into in the ordinary course of business and on arm's length terms.

The Charter applies to Technicolor SA and its French subsidiaries (the "**Group**"). It has been approved by the Board of Directors of Technicolor SA on March 9, 2020 and is available on Technicolor website.

## 1. DEFINITIONS

<b>Related-party agreement</b>	Means any agreement entered into between a company and: <ul style="list-style-type: none"><li>- Directly or through an Intermediary, its Chairperson, Chief Executive Officer, a deputy executive officer, any member of the Board, any of its shareholders holding a portion of the voting rights in excess of 10% or, with regard to a shareholder company, the company that controls it within the meaning of Article L. 233-3 of the French Commercial Code; or</li><li>- A third party in which any of the foregoing persons will be considered as a Person with an indirect interest;</li><li>- Any legal entity having common corporate officer with the company.</li></ul>
<b>Intermediary</b>	Means any individual or legal entity who enters into an agreement with the company for the actual benefit of a corporate officer or a shareholder, as defined above (the beneficial owner is not named as a party to the agreement, but is the true contract partner that benefits from the agreement through the intermediary of another person).
<b>Person with an indirect interest</b>	Means any individual or legal entity with an indirect interest in an agreement to which it is not a party as a person and that, as a result of its relationship with the parties and of its power to direct their conduct, derives a profit or is capable of deriving a profit from that agreement <sup>1</sup> . The concept of indirect interest is therefore appreciated on a case-by-case basis. Accordingly, a shareholder company controlled by the shareholder that ultimately benefits from the agreement should not influence the vote on such agreement. The same applies in respect of the shareholder that controls the company that benefits from the agreement.
<b>Having common corporate officers</b>	" <i>Having common corporate officers</i> " applies to agreements entered into between the company and a company (French or foreign), where the Chief Executive Officer, any deputy executive officer, or any Board member, is the owner, unlimited partner, manager, director, supervisory board member, or otherwise a corporate officer of the other company.

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<sup>1</sup> Proposal n° 4.2 in AMF Recommendation

## **2. SPECIFIC CASES OF RELATED-PARTY AGREEMENTS**

### **2.1 Prohibited agreements**

*« It shall be prohibited for directors other than legal entities to obtain loans from the company in any form, or overdraft facilities, on a current account or otherwise, or to obtain any pledge of security or guarantee from the company for any obligations they may contract to third parties. Any agreement to do so shall be void. The same prohibition shall apply to the chief executive officer, deputy executive officers and to the permanent representatives of legal entities discharging duties as directors ».* It shall be noted that legal persons discharging duties as directors are not covered by the prohibition (Article L. 225-43 of the French Commercial Code).

By extension, this prohibition also applies to the spouses, relatives in the ascending and descending line of the foregoing corporate officers as well as to any intermediary.

Any breach of this prohibition results in the voidance of the prohibited transaction (nullity).

The Director's civil liability may be sought through an action for damages or for the reimbursement of the amounts borrowed in the case of a loan, as well as the Director's criminal liability where the prohibited agreement constitutes a misappropriation of corporate assets in commercial companies.

### **2.2 Related-party agreement subject to specific control procedure**

The statutory control procedure (described in section 4 below) for Related-party agreements does not apply to arrangements for which laws and regulations provided for a specific control procedure.

- **Restructuring**

The Charter does not apply to merger transactions, spin-offs or partial asset contributions governed by the legal regime for spin-offs, between two companies having common corporate officers. Conversely, contributions that are not governed by the legal regime for spin-offs are subject to the related-party agreements procedure at the level of the contributing company but not at the level of the company receiving the contribution whose general meeting is consulted.

The decision to dissolve a company, after that all the shares have come to be held by a single shareholder with a universal transfer of their assets (Article 1844-5 of the French Civil Code), as unilateral decision of the single associate, this operation is not subject to the Related-party agreements procedure.

- **Compensation of corporate officers and Directors**

Elements of the compensation of the corporate officers and Directors that fall within the legal competence of the Board of Directors and/or the General Meeting do not fall within the scope of this Charter<sup>23</sup>.

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<sup>2</sup> Are outside the scope of Related-party agreements elements regarding the compensation and social benefits due during their corporate duties, stock purchase and subscription options of shares, free allocation of shares for Corporate Officer (Chairman; Chief Executive Officer; CEO and deputy executive officers).

<sup>3</sup> Directors : (i) are outside the scope of Related-party agreements compensation paid to the Directors in accordance with Article L.225-45 of the French Commercial Code, (ii) are inside the scope of Related-party agreements all elements relating in particular to the renewal of the employment contract or a substantial change in the employment contract of a Director other than that which applies to all staff; life insurance; exceptional remuneration allocated to Directors for missions or mandates entrusted by the Board.

### 3. TECHNICAL PROCEDURE FOR DETERMINING THE RELATED-PARTY AGREEMENTS SUBJECT TO STATUTORY CONTROL PROCEDURE

The Charter applies to any Related-party agreement concluded by a Group entity which is not a Prohibited agreement or an agreement subject to specific control procedure in order to determine if the considered agreement:

- could be considered as an ordinary transaction concluded on an arm's length basis non subject to control procedure (an "**Unrestricted Agreement**"); or
- could not be considered as such and should therefore follow the statutory control procedure described in section 4 below.

#### 3.1 Characterization of Unrestricted Agreements

To be considered as an Unrestricted Agreement, the transaction must be entered:

- into the ordinary course of business (*i.e.* normally carried out by the company in connection with its day-to-day operations); and
- on arms' length terms (*i.e.* on company's standard terms governing its relationships with third parties).

The Group appreciates the concept of a transaction in the ordinary course of business in light of the transaction's compliance with the company's corporate purpose and of the nature of the transaction which must be identical to other transactions previously entered into by the company. Repetition and/or common practice constitute a presumption that a transaction is in the ordinary course of business, but they are not decisive factors by themselves. Are taken into consideration:

- The similarity between the transaction and other transactions already entered into by the Company;
- The circumstances surrounding the execution of the agreement;
- The legal significance or economic value;
- The duration of the agreement;
- The usual practices for companies in similar situations.

Whether or not terms are arms' length is determined in light of:

- a market price or usual market terms both inside and outside the Group;
- the concept of "balance of mutual benefits", which implies taking into consideration not only the actual price but also all of the terms governing the transaction (payment terms, warranties, *etc.*).

Such transaction shall not allow the interested party to derive a profit it would not have derived if that party had been any other supplier or client of the company.

The Group also assimilates agreements with low financial implications to agreements relating to transactions entered into in the ordinary course of business and on arms' length terms when it is satisfied, on the one hand, that the low financial consideration paid is consistent with arms' length terms and, on the other hand, that the agreement does not have significant implications for the contract partners.

#### 3.2 Intra-group Unrestricted agreements<sup>2</sup>

Related-party agreements entered into between companies, where one holds directly or indirectly 100% of the share capital of the other, after deduction, as the case may be, of the minimum number of shares required to satisfy legal requirements in terms of numbers of shareholders, are not subject to the statutory control procedure for Related-party agreements (Article L. 225-39 of the French Commercial Code).

Intra-Group agreements falling within the day-to-day operations of the company are presumed to be entered on arms' length terms provided that those agreements, as described above:

- Are entered into in furtherance of a common economic, social or financial interest appreciated in light of a policy established for the Group as a whole;
- Are not entered into for no consideration or do not upset the balance between the respective commitments of the relevant companies and;

- Do not exceed the financial resources of the company bearing the burden of the relevant agreement.

Intra-group agreements relating to the following transactions are presumed to be entered on arms' length terms within the Group:

- Services agreements (such as human resources, information services, management, communication, finance, legal, accounting, purchasing and bonus share re-invoicing);
- Assistance agreements in relation to financing and financial instrument re-invoicing;
- Cash management and/or loan/current account/borrowing transactions, subject to no use fees, as the case may be;
- Tax consolidation agreements in respect of which indemnification is to be paid by the parent company in the event that the subsidiary ceases to be included in the tax consolidation group;
- Acquisitions and/or disposals of securities (including rights attached to the instruments), and, with regards to listed companies in particular, on the basis of a valuation certified by an independent expert;
- Acquisitions and/or disposals of receivables for their current value;
- Share sale or loan agreements to a corporate office in connection with the performance of his/her functions;
- Business finders' missions;
- Financing transactions for amounts in excess of the lender's pro rata holding, provided that the financed party is controlled by the lender;
- Non-remunerated transactions constituting an equity contribution granted to a subsidiary;
- Facilities granted by an entity (lease of real property, provision of staff) provided the charges have been invoiced at their cost price plus a margin covering, inter alia, unallocated indirect expenses;
- Securities, endorsements and guarantees given by an entity for the benefit of a third party (banks and suppliers) as security for the payment of debts of a Group company or any other entity, provided that such commitments are submitted to the Board for approval under Article L. 225-35 of the French Commercial Code;
- Commitments and guarantees in relation to a subscription to a share capital increase by a Group company;
- And more generally any agreement with low financial implications or that do not create a financial imbalance for the parties, or any agreements established to be on arms' length terms.

The foregoing list, non-exhaustive, was drawn up on the basis of the agreements regularly entered into within the Group and is intended to be supplemented in due course to reflect new practices.

Whether or not an agreement is entered into in the ordinary course of business is to be appreciated on a case-by-case basis, with the assistance of the Technicolor Legal Department, together with the statutory auditors.

### **3.3 Review of agreements entered into in the ordinary course of business and on arms' length terms**

The Board of Directors decided that an annual review of Unrestricted Agreements shall be performed by the Audit Committee.

The Audit Committee shall each year:

- Undertake a review of the criteria used to characterize Unrestricted Agreements in order to ensure that they are still adequate and in line with market practices;
- Determine, in particular, whether or not the financial terms are arms' length; and
- Submit the agreements that no longer satisfy the criteria to the Board for approval.

In accordance with the provisions of Article L. 225-39 of the French Commercial Code, the persons who have a direct or indirect interest in the agreement do not take part in the review of the agreement.

The Audit Committee may seek the opinion of the statutory auditors in the event of doubt as to the characterization of an agreement under review by the Audit Committee.

The Audit Committee shall present each year to the Board of Directors a report on the implementation of this procedure and, as the case may be, propose to modify the criteria used to characterize Unrestricted Agreements.

If the Audit Committee considers that an agreement signed between two Group companies is a Related-party agreement, it is submitted to the control procedure described in section 4 below.

If the Audit Committee has a doubt as to the characterization of an agreement, they submit it to the Board of Directors' review, provided always that the persons who have a direct or indirect interest in the agreement may not take part in the review of the agreement.

## **4 STATUTORY CONTROL PROCEDURE OF RELATED-PARTY AGREEMENTS**

All Related-party agreements are subject to the following statutory control procedure unless:

- it constitutes an Unrestricted Agreement;
- it constitutes a prohibited agreement;
- it is subject to a specific procedure of control according to applicable regulations.

### **4.1 Prior and justified authorization of the Board of Directors**

Any signing, modification, renewal (including in the event of tacit renewal) and/or termination of Related-party agreements must be presented to the Board of Directors.

Each Related-party agreement is authorized pursuant to a specific decision of the Board which must justify the benefit of the relevant agreement for the company, in light of, inter alia, its financial terms (Article L. 225-38 of the French Commercial Code), provided always that:

- Pursuant to the provisions of Article L. 225-40 of the French Commercial Code, the persons who have a direct or indirect interest in the agreement may not take part in the discussions or vote on the requested authorization;
- The lack of justification may lead the statutory auditors to raise the irregularity in their special report (Article L. 823-12 of the French Commercial Code) and to inform the AMF (Article L. 621- 22 of the French Monetary and Financial Code). Pursuant to Article R. 225-30 of the French Commercial Code, the justifications are communicated to the statutory auditors and included in their report.

In accordance with proposal n°4.6 of the AMF Recommendation, the Board of Directors may appoint an independent expert whenever the signing of a Related-party agreement is likely to have a material impact on the balance sheet or results of the company and/or the Group. In this case, this expert review will be mentioned in the special report of the statutory auditors and disclosed to the public subject, as the case may be, to any information likely to adversely affect Trade secret.

Where Related-party agreements were not exceptionally authorized by the Board of Directors before their execution, the Group also ensures, in accordance with proposal n°4.7 of the AMF Recommendation, that such agreements are ratified by the Board prior to their approval by the annual General Meeting, save in specific cases where the Directors are all in a conflict of interests situation.

### **4.2 Disclosure of information on Related-party agreements**

Information on Related-party agreements must be published on the website no later than at the time of their signing.

### 4.3 Annual review of Related-party agreements by the Board of Directors

Each year, the Board of Directors is informed and undertakes a review of all Related-party agreements entered into and authorized in previous financial years the performance of which continued during the past financial year (Article L. 225-40-1 of the French Commercial Code), without however requiring a new authorization. In this respect, it reclassifies any agreements that shall not longer be qualified as Related-party agreements.

### 4.4 Approval of Related-party agreements by the General Meeting

Related-party agreements are submitted to the General Meeting's approval that follows their execution. It shall be stated that<sup>4</sup>:

- Shareholders invited to vote on agreements that may engage the Company over several financial years will be fully informed on the potential methods of calculation of financial terms and their adjustment conditions over time;
- Any significant Related-party agreement, authorized by the Board and entered into prior to the closing date of the financial year, must be subject to the approval of the next General Meeting, subject to the ability of the statutory auditors to review it in a sufficient time for the issuance of their report<sup>5</sup>;
- Approval will be through a separate resolution from the shareholders' vote in case of a significant agreement for a party that regards directly or indirectly a corporate officer, a shareholder<sup>6</sup>;
- The shareholder directly or indirectly interested, will not participate to the vote and its shares will not be considered for the calculation of the majority required.

### 4.5 Information and reporting on Related-party agreements

- **Special report of the statutory auditors of Technicolor**

Statutory auditors present all the Related-party agreements in their special report.

- **Universal registration document of Technicolor**

The Universal registration document will include the special report of the statutory auditors of Technicolor in order to allow shareholder to quickly access to the relevant information<sup>7</sup>.

- **Corporate governance report (*Rapport sur le gouvernement d'entreprise*)**

The corporate governance report shall contain all the information required relating to agreements between one of the corporate officers or one of the shareholders holding a portion of the voting rights in excess of 10% of a company and another company controlled by the first one within the meaning of Article L. 233-3.

- **Appendix to the consolidated and annual financial statements**

A link with the information on the related-party agreements is established in the appendix to the consolidated and annual financial statements to those concerned<sup>8</sup>.

As the case may be, the Board of Director may update this Charter.

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<sup>4</sup> Proposal n°4.11 of the AMF Recommendation

<sup>5</sup> Proposal n°4.11 of the AMF Recommendation

<sup>6</sup> Set up of the proposal n°4.14 of the AMF Recommendation

<sup>7</sup> Set up of the proposal n°4.13 of the AMF Recommendation

<sup>8</sup> Set up of the proposal n°4.12 of the AMF Recommendation.