

# **CGG SA**

## **Statutory Auditor's Special Additional Report on Related Party Commitments**

**General Meeting of Shareholders to approve the financial  
statements for the year ended December 31, 2016**

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with and is construed in accordance with French law and professional standards applicable in France.

## **MAZARS**

61, RUE HENRI REGNAULT - 92 400 COURBEVOIE – PARIS-LA DEFENSE

SOCIETE ANONYME D'EXPERTISE COMPTABLE ET DE COMMISSARIAT AUX COMPTES A DIRECTOIRE ET CONSEIL DE SURVEILLANCE

SHARE CAPITAL OF 8 320 000 EUROS - RCS NANTERRE 784 824 153

## **ERNST & YOUNG et Autres**

1/2, PLACE DES SAISONS - 92400 COURBEVOIE – PARIS-LA DEFENSE 1

S.A.S. A CAPITAL VARIABLE

COMMISSAIRE AUX COMPTES – MEMBRE DE LA COMPAGNIE REGIONALE DE VERSAILLES

# **CGG**

Public company with share capital of 17 706 519 €  
Registered office : Tour Maine Montparnasse, 33, avenue du Maine,  
75015 Paris  
RCS Paris 969 202 241

## **Statutory Auditor's Special Additional Report on Related Party Commitments**

General Meeting of Shareholders to approve the financial  
statements for the year ended December 31, 2016

## **Statutory Auditor's Special Additional Report on Related Party Commitments**

To the Shareholders,

In our capacity as your company's statutory auditors, we hereby report on certain related party commitments that are additional to the special report on related party agreements and commitments issued on the 1<sup>st</sup> of May 2017, that had been previously accepted by your company's General Meeting of shareholders on the 1<sup>st</sup> of June 2017, and of which we were informed on the 15<sup>th</sup> of September under the provision of the article L225-40 of the French commercial code.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code (Code de commerce), to evaluate the benefits resulting from these commitments prior to their approval.

We performed the procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted of verifying that the information provided to us is consistent with the documentation from which it has been extracted.

***1. Renewal of the contractual termination indemnity of Mr . Jean-Georges Malcor***

Person involved :

Mr. Jean-Georges Malcor, as Chief Executive Officer and Director of your Company.

Terms and conditions :

The Board of Directors has authorised, on the 1<sup>st</sup> of June 2017 the renewal of the payment of a contractual indemnity in case of termination of work contract of Mr. Jean-Georges Malcor as it has been previously stated by your shareholder's meeting held on the 4th of January 2017. This termination indemnity has been prolonged as part of the mandate renewal of Mr. Jean-Georges Malcor, as Chief Executive and Director, under the provision of article of L.225-42-1 French commercial code.

The amount of the contractual termination indemnity is equal to the difference between:

(i) a gross amount of 200% of the fixed compensation paid by your Company to Mr. Jean-Georges Malcor during the twelve-month period preceding his departure date, to which is added the yearly average of the variable compensation paid by your Company over the thirty-six months preceding his departure date, and

(ii) any indemnity Mr. Jean-Georges Malcor may be entitled to as a result of such termination of his term of office, including any sums to be paid further to the application of his non-competition commitment.

The total amount of the Special Termination Indemnity is limited to 200% of the annual reference salary.

Pursuant to article L.225-42-1 of the French Commercial Code, the payment of the contractual termination indemnity is subject to the achievement of the following performance conditions, related to your Company's performance. The Special Termination Indemnity will depend on the average objective achievement rate related to the effective variable annual payment of the last three financial years, validated according to the following rule:

- If the average achievement rate is inferior to 40%, no Special Termination Indemnity will be paid.

- If the average achievement rate is superior to 40%, the Special Termination Indemnity will equal 100% of the amount.

Reasons justifying the interest of this measure for the Company :

The Board of Directors justifies the underwriting of this commitment by the fact that it is essential in the interest of the Company that the members of the general management are able to work serenely and independently of any possible external influence. The Board of Directors emphasizes that the Chief Executive Officer and Director should be given the best possible protection in a context where his exposure to this type of influence is significant.

***2. Stipulation of performance conditions regarding the Pension and Retirement Plan of Mr. Jean-Georges Malcor***

Person involved :

Mr. Jean-Georges Malcor, as Chief Executive Officer and Director of your Company.

Terms and conditions :

On the 1st of June 2017, the Board of Directors decided to submit Mr. Jean-Georges Malcor's supplemental Pension and Retirement Plan as part of the renewal of his mandate as Chief Executive Officer and Director under the same performance conditions as those applicable to his contractual termination indemnity, as set out in the first part of this report.

As a reminder, the Special Termination Indemnity will depend on the average objective achievement rate related to the effective variable annual payment of the last three financial years, validated according to the following rule:

- If the average achievement rate is inferior to 40%, no Special Termination Indemnity will be paid.
- If the average achievement rate is superior to 40%, the Special Termination Indemnity will equal 100% of the amount.

Reasons justifying the interest of this measure for the Company:

The Board of Directors justifies the subscription to this commitment by bringing the Company's situation into line with the Article L225-42-1 of the French commercial code as amended by the law of the 6th of August 2015 relative to growth, business activity and equality of economic opportunities.

*Paris La-Défense, October 10, 2017*

The Statutory Auditors

**ERNST & YOUNG et  
Autres**

Nicolas PFEUTY

**MAZARS**

Jean-Luc BARLET