



**BOARD OF DIRECTORS**

**CHARTER OF THE PERIODIC ASSESSMENT PROCESS OF AGREEMENTS RELATED TO USUAL  
OPERATIONS AND ENTERED INTO UNDER NORMAL CONDITIONS**

**December 13, 2023**

## **PREAMBLE**

This procedure aimed at assessing whether the agreements related to usual operations and entered into under normal conditions between CGG SA (the “**Company**”) with interested parties as defined in Article L.225-38 of the French Commercial Code are satisfying these conditions, was put in place by the Board of Directors in accordance with t Article L.22-10-12 of the French Commercial Code.

This procedure is different from and supplements the measures for identifying agreements with related parties, within the meaning of accounting standard IAS24.

### **1. PURPOSE**

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The purpose of this procedure is to regularly ensure that the conditions allowing the qualification of “agreements related to current operations and concluded under normal conditions” are met.

It is reminded that these agreements fall in principle within the scope of the procedure for related party agreements referred to in Article L.225-38 of the French Commercial Code, but the application of which has been excluded as these agreements fall under the provisions of Article L.225-39 of the Commercial Code.

Therefore, these agreements have not been subject to the prior authorization of the Board of Directors.

It is specified that this procedure applies to agreements to which the Company is a party, excluding agreements concluded between the Company and companies in the group of which it holds, directly or indirectly, the entire capital<sup>1</sup>, which are by nature excluded from the regime of related party agreements based on Article L.225-39 of the French Commercial Code.

### **2. REFERENCES**

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- Articles L.225-38, L.225-39 of the French Commercial Code; Article L. 22-10-12 of the French Commercial Code;
- The *Compagnie Nationale des Commissaires aux Comptes*' guidelines of February 2014 on related party agreements and standard agreements.

### **3. DESCRIPTION OF THE PROCEDURE**

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#### **3.1. Prior information of the Legal Department, and where applicable the financial or operational departments concerned and assessment of the agreements**

As an internal rule, the Legal Department shall be informed immediately and prior to any transaction likely to constitute a related party agreement at the Company’s level, including when the agreement is likely to constitute a free agreement<sup>2</sup>, by the person directly or

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<sup>1</sup> deduction, where applicable, of the minimum number of shares required to satisfy legal requirements.

<sup>2</sup> namely either a current agreement concluded under normal conditions or an agreement concluded with a 100% subsidiary (deduction, where applicable, of the minimum number of shares required to satisfy legal requirements)

indirectly interested, by the Chairman of the Board or by any person of the group having knowledge of such a draft agreement.

The diligences related to this procedure are taken, under the authority of the top management, by the Legal Department and, where applicable, the relevant financial or operational departments. The parties who have a direct or indirect interest in one of these agreements do not take part in its assessment. It is specified that the Board of Directors may, in any event, proceed itself to the assessment and, where applicable, issue the prior authorization for an agreement brought to its attention if it considers that this agreement is a related party agreement.

In this context, an examination is carried out to assess, on a case-by-case basis, (i) whether the draft agreement falls under the related party agreements procedure, (ii) whether it is an agreement concluded with a 100% subsidiary, or (iii) if the criteria of usual agreements concluded under normal conditions are satisfied in view of the criteria described in 4) of this document.

If the Legal Department considers that the agreement concerned is a related party agreement, it informs the Board of Directors or its Chairman so that the legal procedure can be implemented.

If the Legal Department considers that the agreement concerned is a usual agreement concluded under normal conditions, it prepares a report as set out in 3.2) of this document, it is up to the Legal Department to judge the advisability of reporting immediately to the Board of Directors.

The assessment of the criteria is re-examined during any modification, renewal, reconduction or termination of a previously concluded agreement.

### **3.2. Annual assessment of usual agreements concluded under normal conditions**

Prior to the meeting of the Board of Directors:

- The agreements in force classified as usual and concluded under normal conditions are re-assessed each year by the Legal Department in light of the criteria described under 4) of this procedure, where applicable, in coordination with internal teams and/or with the Company's Statutory Auditors;
- The list of agreements concerned, as well as the conclusions of the assessment carried out by the Legal Department, are reported to the members of the Board of Directors, under the following conditions.

Every year, as part of the preparation of the annual accounts and the annual general meeting, the Legal Department shall submit to the Board of Directors a report summarising:

- the related party agreements within the meaning of Article L.225-38 of the French Commercial Code entered into during the past financial year and which were deemed to relate to "usual operations and to be entered into under normal conditions". This report shall indicate, for each of these agreements, the reasons why this classification was used, particularly with respect to the criteria presented below;
- the agreements entered during previous financial years which received the same classification and which remained in force during the financial year under review, but which were amended during that same financial year;
- the pre-existing agreements which remained in force during the financial year under review and which classification could be reviewed: the Legal Department shall explain,

if it deems it necessary, how a change of circumstances would justify or have the effect of calling such a classification into question.

Furthermore, if it appears that an agreement, when the assessment was carried out before it was signed (and only in that case), was previously classified as an agreement related to usual operations and entered under normal conditions but no longer met the criteria set out under 4), the Legal Department shall notify the Board of Directors. The Board of Directors shall then reclassify and ratify it as a related party agreement and submit it to the General Meeting of Shareholders for ratification, in accordance with Article L.225-42 of the French Commercial Code.

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

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

### **3.3. Abstention of persons directly or indirectly interested**

Persons directly or indirectly interested in an agreement do not participate in its assessment and cannot take part in the deliberations or in the vote on its authorization in the following cases:

- self-referral by the Board of Directors relating to the qualification of an agreement, or
- reclassification by the Board of Directors of an agreement previously considered as usual and concluded under normal conditions to a related party agreement.

### **3.4. Report of the annual assessment**

The conclusions of the annual assessment will be mentioned in the minutes of the meeting of the Board of Directors.

The corporate governance report contains a description of this procedure and its implementation.

## **4. ASSESSMENT CRITERIA**

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### **4.1. Assessment of the usual nature of the operations referred to in the agreement**

Usual operations are those that the Company usually carries out as part of its social activity.

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

- Whether the agreement relates to the group's current activity;
- Whether the agreement is in line with the standard practice for other companies placed in a similar situation;
- Whether the agreement is entered into repeatedly;

The following elements must also be taken into account as part of this assessment:

- Whether the agreement binds the Company over the long term;

- The circumstances in which the agreement was entered into;
- The financial implication of the agreement;
- The economic consequences of the agreement.

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

Agreements related to current operations	Agreements related to non-recurring operations
<ul style="list-style-type: none"> <li>- Standard purchase, sale or service falling within the usual corporate purpose;</li> <li>- Repair or routine renewal of equipment and/or service;</li> <li>- Operation similar to that normally carried out by the Company as part of its activity with a company director or officer.</li> </ul>	<ul style="list-style-type: none"> <li>- Leasing agreements;</li> <li>- Disposal of property or major equipment;</li> <li>- Transfer of assets;</li> <li>- Signature or renewal of a real estate lease agreement;</li> <li>- Assignment of a patent by a company director or officer.</li> </ul>

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

Operations concluded under “*normal conditions*” are those which are carried out by the Company under the same conditions as those it usually applies in its relations with third parties, so that these operations do not allow the co-contractor to obtain an advantage that would not have had a third party.

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

- Whether it was entered into under the same conditions as those normally applied by the Group in its relations with third parties;
- Whether it was entered into under the same conditions or under conditions comparable to those normally applied in the industry;
- Whether the interested party<sup>3</sup> obtains a direct or indirect benefit that he/she/it would not have had if he/she/it had been any supplier or client of the Company.

<sup>3</sup> As a reminder:

**"Interested party"** means:

- Any person/entity that is or was on the date of signing an agreement entered into directly or through a third party, or when said person/entity has an indirect interest in an agreement (which may be the case especially when one of his/her/its Related Parties is a party thereto),
  - (i) the Managing Director of the Company;
  - (ii) a Corporate Officer of the Company;
  - (iii) a Member of the Company's Board of Directors;
  - (iv) a Shareholder of the Company who is a natural person with a share of voting rights exceeding 10%; and/or
  - (v) the person/entity controlling, within the meaning of Article L.233-3 of the French Commercial Code, a shareholder of the Company who is a legal entity with a share of voting rights exceeding 10%;
- Any undertaking whose owner, partner with unlimited liability, manager, director, member of the supervisory board or, generally, executive, is also or was also at the time that the relevant agreement was signed (i) the Managing Director of the Company, (ii) a Corporate Officer of the Company or (iii) a Member of the Company's Board of Directors.

**"Related Party"** means, in relation to an Interested Party:

- Any natural person representing him/her/it on the Company's Board of Directors or within the governing body of another company, on a regular or ad hoc basis;

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- Any member of the immediate family of any of the aforementioned persons, i.e. any child, stepson or stepdaughter, parent, step-parent, partner, brother or sister, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of that person and any person (other than a tenant or employee) who shares the household of that person; and
  - Any undertaking, company or other entity in which any of the aforementioned persons is an executive, a partner or holds a position of primary control or similar (an "**Affiliated Company**").