



Internal rules of conduct of the Audit and Risk Management Committee of Compagnie du Bois Sauvage

The Board has set up the Audit and Risk Management Committee to analyse specific issues and to advise the Board on these issues. The decision-making remains a collegial responsibility of the Board.

The Committee member mandate shall not be for a term exceeding that of the Director mandate.

Each Committee may invite any non-member to attend its meetings.

Board Committees shall be entitled to seek external professional advice at the Company's expense after informing the Chairman of the Board thereof.

After each Committee meeting, the Board shall receive from each Committee a report on its findings and recommendations.

1. Legal Obligation

The Audit and Risk Management Committee is established by the Board of Directors pursuant to Article 526 bis of the Code on companies

2. Composition

The Audit and Risk Management Committee shall be composed of three non-executive Directors. At least the majority of its members shall be independent. The Chairman of the Board shall not chair the Audit Committee.

At least twice a year, the Audit and Risk Management Committee shall meet the external Auditor, to discuss matters relating to its terms of reference and any issues arising from the audit process.

The Audit and Risk Management Committee shall decide whether or not and where necessary when the external Auditor shall attend its meetings.

Given the size of the company, the company has set up an internal audit function non-qualified as independent.

3. Role

The role of the Audit and Risk Management Committee, the audits carried out and the subsequent reporting shall cover the Group as a whole.

Financial reporting

The Audit and Risk Management Committee shall monitor the integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards used by the Company and the Group, including the criteria for consolidating the accounts of companies in the Group.

This review involves assessing the accuracy, completeness and consistency of financial information.

The review shall cover periodic information before it is made public.

The General Manager shall inform the Audit and Risk Management Committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches.

The Committee shall discuss significant financial reporting issues with both the General Manager and the external Auditor.

The Committee shall give to the Board all information concerning the review of the statutory audit and shall explain how the statutory audit has contributed to the integrity of financial information and which role the Audit Committee has played in the process.

Internal controls and risk management

At least once a year, the Audit and Risk Management Committee shall review the internal control and risk management systems in place, in order to ensure that main risks (including those relating to compliance with existing legislation and regulations) are properly identified, managed and disclosed.

The Audit and Risk Management Committee shall review the specific mechanisms in place for the staff at the Company to confidentially share their concerns about potential financial reporting irregularities or other matters. The Audit and Risk Management Committee endorses mechanisms for staff to report directly to its Chairman. If necessary, arrangements will be made for a proportionate and independent investigation of these matters and appropriate follow-up actions.

Internal audit process

Given the size of the Company, an internal audit function non-qualified as independent has been set up. The Audit and Risk Management Committee shall assess at least once a year whether there is a need for creating an independent internal audit function.

External audit process

The Audit and Risk Management Committee shall make recommendations to the Board on the selection, appointment and re-appointment of the external Auditor following a public tender process in case of mandate's extension beyond the 9 years period, and the terms for taking on this person. In accordance with the Code on Companies, this proposal shall be submitted to the shareholders for approval.

The Audit and Risk Management Committee shall monitor the external Auditor's independence, especially in view of the provisions in the Code on Companies and the Royal Decree of 4 April 2003. The Committee shall obtain a report from the external Auditor describing all relationships the independent Auditor has with the Company and its Group.

The Audit and Risk Management Committee shall also monitor the nature and extent of non-audit services provided. The Committee shall establish and apply a formal policy specifying the types of non-audit services that are a) excluded, b) permissible after review by the Committee and c) automatically permissible taking into account the specific requirements under the Code on Companies.

The Audit and Risk Management Committee shall be informed of the external Auditor's work schedule. The Committee shall obtain timely information about any issues arising from the audit.

The Audit and Risk Management Committee shall review the effectiveness of the external audit process, and the responsiveness to the recommendations made in the external Auditor's management letter.

4. Operation of the Audit and Risk Management Committee

4.1. Calendar and agenda

The Audit and Risk Management Committee shall meet as many times as the completion of its tasks requires it and at least four times a year.

On a regular basis (and at least every three years), it shall review its terms of reference and its own effectiveness and shall recommend to the Board any necessary changes.

4.2. Convocation and distribution of information

Audit and Risk Management Committee's meetings are convened by its President.

Members shall be advised at least 4 days prior to the Committees meetings. This notification delay may be reduced if (i) the President decides that unforeseen circumstances and the interest of the Company require a shorter notification or (ii) when all members agree with a shorter time of notification.

The convocation will specify date, time and place of the meeting as well as its agenda.

Information and significant data for the understanding of the issues to be discussed during a meeting, as well as the final text of the minutes of the previous meeting will be distributed to its members with the convocation. If supporting documents are highly sensitive or confidential, the President may however decide not to distribute copies but give members the opportunity to consult them before the meeting. Members will analyse the distributes material prior to the meetings. Should the subject be too sensible to be recorded in writing, it will be discussed during the meeting.

4.3. Consulting of external consultants

The Committee may seek advice from experts, consultants or other external counsels the way it may consider appropriate in order to fulfil its task, as long as those persons have no conflict of interest with the Company.

The Board of Directors delegates specifically to the Committee the binding power of approval for the Company of all conditions of recruitment and to pay all fees relating to it within the annual authorized budget limits.

The Secretary of the Board is responsible for coordinating all recruitment initiatives of the various committees of the Board of Directors in order to keep cost efficiency and avoid duplication of efforts. Initiatives taken by the Committee for a larger amount than was allocated must receive prior approval of the Board of Directors.

4.4. Access to information

The Audit and Risk Management Committee is supposed to maintain a free and open communication with the mission officials and the external auditor. The Committee may invite to its meetings any person whose presence is deemed relevant. If a meeting is convened by one or more non-Member of the Audit and Risk Management Committee, this or those persons will automatically be invited to attend the meeting. The Committee should provide an opportunity, at least once a year and whenever it deems appropriate, to meet with external auditor.

The President shall ensure that all members receive precise, clear and punctual information. The advisors are required to provide this information, but the Committee will assume to clarify or deepen it if necessary. The President has sole authority to communicate directly with the advisors in order to obtain additional information. The other Members will address questions to the President.

When carrying out its tasks and responsibilities listed above, the Audit and Risk Management Committee is authorised to:

- a) take initiative of any analysis within its scope of competence, conduct a survey and has the right to access to all documents and acts of the Company and its subsidiaries required for its task. He may require the full collaboration of all directors, members of the management and all the staff of the Company and its subsidiaries as well as of the external auditor;

- b) meet separately with the external auditor, the advisors and the staff in order to discuss any topic which the Committee might think necessary to discuss privately.

4.5. Reporting

The Audit and Risk Management Committee will report to the Board of Directors on its decisions, findings, advices, recommendations or proposals after each meeting, unless it considers this report as unjustified whilst awaiting complementary analysis. Furthermore, the Committee will present each year a report on its activities.

4.6. Internal rules of procedure

The Audit and Risk Management Committee shall revise regularly the internal rules at least every three years and recommend amendments it might think necessary.

4.7. Efficiency

The Committee shall regularly conduct a review of its efficiency (at least every three years) and shall report to the Board of Directors.

5. Remuneration policy

The gross remunerations of the Audit and Risk Management Committee are supported by the Company as follows: a fixed annual amount of 2,000 euro and an attendance fee of 1,000 euro per session for each member of the Committee. These amounts are respectively of 3,000 euro and 1,500 euro for the President.

6. Induction

For Directors called to join a Committee, the initial induction provided should encompass a description of the Committees' specific features and any other information linked to the special role of this Committee.

*“The present document has been first drafted in French.
In the event of problems about interpretation, only the French version shall be deemed authentic.”*