

# 2025 REPORT



## CORPORATE GOVERNANCE AND EXECUTIVE COMPENSATION IN LISTED COMPANIES



## A tribute to Marine Corrieras

As a prelude to this edition of its report on corporate governance and executive compensation in listed companies, produced for the first time in the absence of Marine Corrieras, the AMF would like to pay tribute once again to the woman who, over the course of 26 years, gradually established herself as an eminent member of the Corporate Finance Directorate, and whose tragic death on 9 April leaves behind an abysmal void at the AMF.

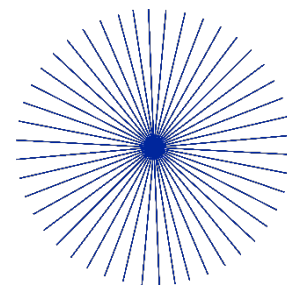
For more than twenty years, Marine Corrieras was an essential cog in the supervision of listed companies in Paris, demonstrating exceptional availability, commitment and dedication in assisting issuers in the various phases of their growth, including financial operations, AGMs, and providing periodic and ongoing information to the market.

At the AMF, she embodied the identity and memory of the Corporate Finance Directorate. For the financial centre, she embodied the AMF's work on governance, financial disclosures by listed companies and shareholder engagement, helping to lend a more human touch to the arid field of financial regulation.

Above all, Marine was the architect and principal drafter of the AMF report on corporate governance and executive compensation, a report which, over the last more than twenty years, has made a major contribution to improving governance practices at the Paris financial centre. The successive editions of this report, which has gradually become an institution and a financial centre "*rendez-vous*", could never have come about without her commitment, her determination, her optimism and her strength of conviction.

Every year, this report benefited from her expertise, her ability to listen and the bonds of trust that she had forged with a large number of contacts in the financial centre, both issuers and investors, essential interactions which owed much to her personal qualities, and in particular her feeling for people. Each year, this report, eagerly-awaited by the various stakeholders, succeeded in overcoming difficulties and opposition thanks to Marine's passion for governance. This passion was most likely based on the deep conviction that good governance, beyond improving corporate performance, softens the mores of business life, as she would bring so much gentleness to professional relations.

This latest edition benefitted from her proposals for its framing last March. Her successors, under the authority of the Board, have endeavoured to preserve the spirit that she had instilled in it over the twenty or so previous editions: a concern for legal precision, objectivity, pragmatism and for striking a balance between the interests at play, with the ultimate goal of adding another building block to consolidating the quality of governance at the Paris financial centre.



## REPORT ON CORPORATE GOVERNANCE AND EXECUTIVE COMPENSATION IN LISTED COMPANIES: KEY POINTS

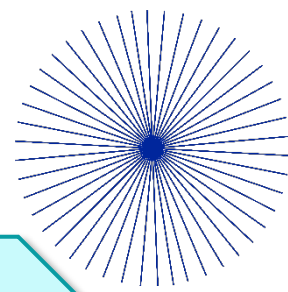
### ↗ Why this report?

- This report is published in accordance with Article L. 621-18-3 of the Monetary and Financial Code, which provides that **“each year, the Autorité des Marchés Financiers shall prepare a report on corporate governance and executive compensation”** based on the disclosures of companies listed on the Euronext Paris regulated market, and **publish any recommendations it deems useful**.
- The AMF also **identifies recent changes in corporate governance**, based on the main legislative and regulatory developments in Europe and France.
- Finally, pursuant to Article L. 621-18-4 of the Monetary and Financial Code, **the AMF “reports” in this document on the information published by proxy advisors** and, more specifically, on the application of Articles L. 544-3 to L. 544-6 of the Monetary and Financial Code.

### ↗ Key lessons

- **This report contains (i) a presentation of the main topical issues in 2025, (ii) a thematic study of the disclosures about the succession processes for key executive directors and corporate officers** made by 53 companies whose shares are listed on a regulated market, **and a summary of the findings on corporate governance and executive compensation** based on a review of universal registration documents and annual reports carried out between 1 September 2024 and 31 August 2025 and, finally, **(iii) a presentation of the AMF's findings in relation to proxy advisors' disclosures**.

- **The succession of an executive holding a corporate office is a key stage in the life of a company**, requiring the involvement of several corporate officers. The preparation and implementation of the succession plan is therefore key information for the market, as it can boost stakeholder confidence in a company's ability to anticipate the future of its governance and deal with unforeseeable situations. To ensure that the preparation for this transition is rigorous and well-managed, companies may need to keep certain information confidential. In some instances, the early disclosure of certain sensitive information about the succession plan is likely to hinder the smooth execution of the process and damage the reputation of the company and the individuals concerned, as well as that of the companies in which these individuals hold office. Consequently, and without prejudice to their legal obligations, it is up to listed companies to **reconcile, with regard to their succession plans, the fundamental requirement of informing the market with maintaining the confidentiality necessary to preserve the interests of the companies and individuals concerned**.



- As a major governance issue, **the topic of executive succession is attracting growing attention and interest from stakeholders**. The AMF notes that the succession of executive corporate officers is a matter for companies to decide at their own discretion and that there is little in the way of rules and regulations governing this process, most of which are based on soft law. This framework makes it possible to maintain a flexible and pragmatic approach to an issue that is generally sensitive for issuers. Given the specific nature and sensitivity of this issue, which has, moreover, never been the subject of a comprehensive study in France, for this thematic study, the AMF has endeavoured to take as its **starting point the practices implemented by issuers and their corporate officers, in order to identify, while bearing in mind the applicable rules, good and poor practices in terms of disclosures to the market on the preparation and implementation of succession plans**.

• In previous studies, the AMF found that most issuers did not provide sufficient information on the existence and implementation of succession plans for each of their key corporate officers. As regards Article 18.2.2 of the AFEP-MEDEF Code, which states that: "*the nominations committee (or an ad hoc committee) should design a plan for replacement of company officers*", the AMF notes, for the sample selected for this study, that:

- **Five companies** in the sample do not comply with the requirements of the AFEP-MEDEF Code by **not making specific reference to the existence** of a succession plan either for the CEO or the chair of the board.

- **Of the issuers that do mention the existence of succession plans, all but one provide, in their corporate governance report, information about the regular review** of these plans and, in the absence of a review during the last financial year, about the date of the last review.

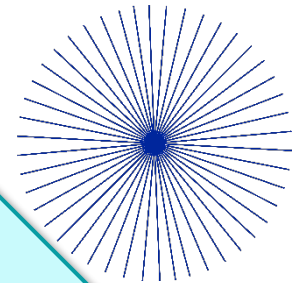
The AMF also notes that:

- **35 companies** in the sample describe the **method used to prepare** their succession plan, i.e. the body responsible for overseeing the preparation of the plan, and provide details of the work carried out during the previous financial year. However, **18 companies** provide no information about the **method used to prepare** corporate officer succession plans.

- **16 companies dealt with the issue of succession plans in their most recent assessment of board performance**, sometimes identifying it as an area for improvement or point of attention for the board. These factors illustrate the relevance of this tool in ensuring that succession plans exist, and are monitored and reviewed.

- **As noted by the High Committee on Corporate Governance (HCGE), preparing a succession plan for executive corporate officers is "one of the key tasks of the board" of a company. According to the AFEP-MEDEF Code, this is one of the "main tasks" of the nominations committee.**

**Four companies state that they have entrusted the preparation of the executive corporate officer's succession to an ad hoc committee, particularly when implementing a succession plan.** If the board has tasked an *ad hoc* committee with preparing and/or implementing a succession plan, the AMF recommends that issuers should disclose the composition and proportion of independent members on that committee. **The AMF invites the AFEP, the MEDEF and the HCGE to consider the nature of the information to be provided about the composition of this committee** (number of members, minimum proportion, or not, of independent members, executive involvement, etc.).



- **Succession plan implementation:**

- **Of the 38 companies in the sample that had appointed a non-executive chair, nearly two-thirds indicated that the chair of the board of directors or supervisory board is involved in planning the succession of the executive corporate officer.** If the chair of the board is not independent, the AMF recommends that issuers consider, as one of the means of ensuring checks and balances, whether it is appropriate to involve the lead director or any other independent director in preparing and reviewing the succession plans for executive corporate officers.

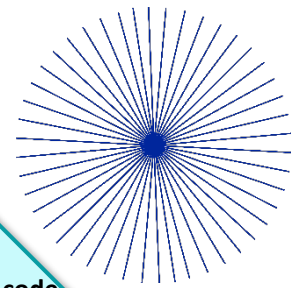
- **31 issuers in the sample disclosed how the corporate officer concerned is involved in the succession process.** On the other hand, 22 issuers do not provide any information at all: this is true of almost half of single-tier companies where the functions of chair and CEO are combined, even though the chair and CEO is generally very involved in the implementation of their own succession, or even leads the succession process.

- **16 issuers in the sample organised one or more non-executive sessions of the board or relevant committee in order to discuss how to monitor their succession.** One good practice identified by the AMF is holding at least one non-executive session of the board or committee each year to discuss the preparation, review and, where appropriate, implementation of the process for their succession.

- **Of the 30 corporate offices filled or to be filled between 1 July 2024 and 30 June 2025 on the boards of directors or supervisory boards of the companies in the sample, an interim corporate officer was appointed in 27% of cases.** The AMF notes that this practice can help to ensure continuity in the company's organisation and operations, and the implementation of an appropriate succession process, taking into account the company's current and future needs, and the skills and availability of succession candidates. Nevertheless, in some cases, these situations may reflect a lack of succession plans or their being inappropriate for the situation facing the company. Against this backdrop, the AMF notes that it is essential for the issuer to provide **transparent** information about the implementation of the succession plan, the transitional timetable, including the maximum duration of the interim period, and a report on the work of the relevant committee.

- **Of the 39 issuers in the sample that provide – or used to provide – for the possibility of awarding severance pay, the AMF notes that practices vary widely in terms of setting the maximum amount of this pay. While these different calculation methods appear to comply with the AFEP-MEDEF Code, the maximum amount of these payments is likely to vary significantly depending on the reference period used.** The AMF calls on the AFEP, the MEDEF and the HCGE to clarify the scope of the recommendation in the AFEP-MEDEF Code that *“the termination payment must not exceed, where applicable, two years of (annual fixed and variable) compensation”*, in order to specify the disclosures to be made about the reference period used by issuers.

In its 2025 activity report, the HCGE took up the issue of qualifying retention payments: *“The HCGE thus reaffirms the principle whereby, as a general rule, the allocation of shares to corporate officers should be subject to performance criteria”*, and states that *“in the absence of evidence to justify these specific circumstances, a retention contract does not, in itself, constitute a component of a corporate officer’s compensation that enables it to be classified as exceptional compensation”*. The AMF notes again this year that some issuers use “hybrid” components of compensation that combine features of exceptional pay, long-term variable pay and signing bonuses.



• Furthermore, the report highlights several cases of non-compliance with the AFEP-MEDEF code in other areas of corporate governance and corporate officer compensation. Board member independence remains a point of attention:

- Nine companies deviate from one or more independence criteria for board members by failing to provide detailed explanations (particularly in the case of intra-group offices or those exceeding 12 years), resulting in an insufficient proportion of independent board members – according to AFEP-MEDEF Code criteria – on the board and/or its committees.

- The AMF has noted two instances in which a board member began their term of office less than 12 years ago, but has been attending board meetings and taking part in the deliberations for more than 12 years, as they previously exercised other functions on the board. The AMF calls on the AFEP, the MEDEF and the HCGE to clarify the scope of the independence criterion in relation to the length of office, and to specify whether the board should also take into account the years during which the corporate officer attended board meetings and took part in deliberations as a non-voting member or permanent representative of a legal entity board member, for example.

• Significant progress has been made in terms of transparency in the application of corporate governance rules, executive compensation, assessment of the board and holding non-executive sessions.

- Finally, two issues relating to the corporate officer compensation attracted particular attention this year.

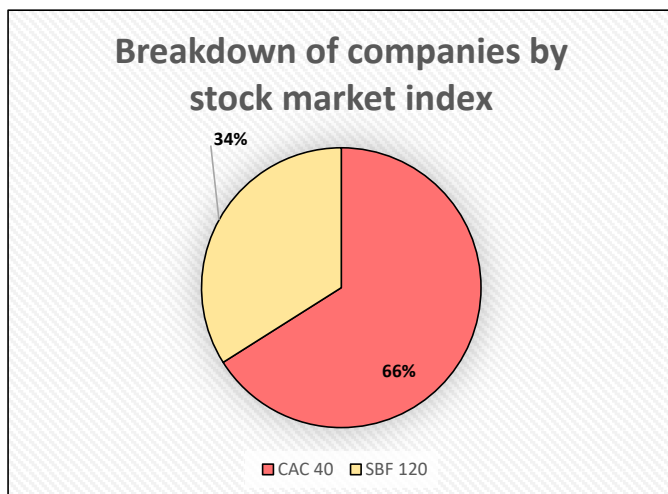
Firstly, the AMF notes that one issuer in the sample decided to implement an adjustment clause provided for in the executive director's compensation policy during the last financial year. The triggering of such a clause raises questions when it has the effect of calling into question the demanding nature of the financial and sustainability performance criteria. These must be understandable and, in particular, coherent with the company's objectives, within the meaning of Article 26.1.2 of the AFEP-MEDEF Code. The AMF reiterates that when an adjustment clause is triggered, the company must disclose any changes in performance criteria, as defined in Article 26.3.3 of the AFEP-MEDEF Code, while *“the alignment of the interests of the shareholders with those of the beneficiaries must be maintained”*. On this last point, the AMF notes that the implementation of performance criteria adjustment clauses most often results in a relaxation of the performance criteria, which also raises questions.

Secondly, with regard to the compensation policy for the chair of the board of directors, one issuer provides for variable annual compensation expressed as a percentage of fixed compensation. As stated on several occasions since its 2013 report on corporate governance, *“insofar as they do not have managerial powers, the AMF considers that the chair of the board should not receive variable compensation in cash or securities, unless there is a particularly detailed justification in terms of specific duties that go beyond those assigned by law. In any event, the AMF considers that the qualification of ‘independent’ implies the absence of such compensation”*.

• The final part of the report deals with the disclosures made by proxy advisors in 2025, the process of interacting with issuers and the management of conflicts of interest arising from the services provided to the issuer.

## ➤ Overview of the companies reviewed and the main issues identified

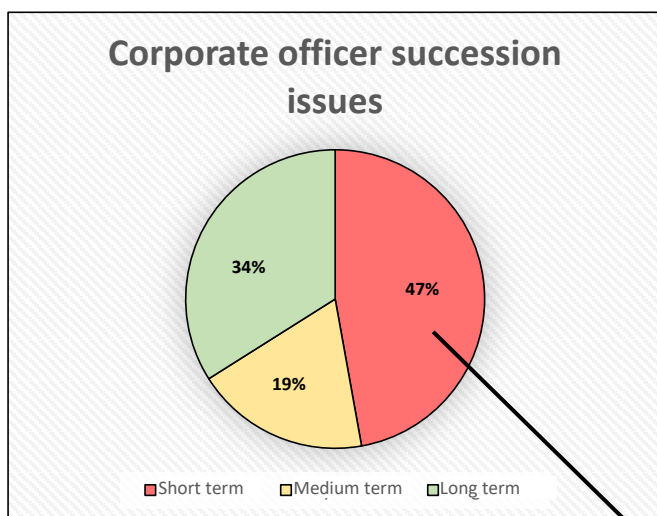
- Thematic study on the succession process for key corporate officers



This study covers the disclosures made by a sample of **53 companies** that have their registered offices in **France**, whose shares are listed on the **Euronext Paris regulated market** and which refer to the **AFEP-MEDEF Code**, and encompasses:

- the **35 French companies** comprising the **CAC 40 index**;
- **18 companies** from the **SBF 120 index** that disclosed, between 1 July 2024 and 30 June 2025, a change in at least one of their key corporate officers.

*The list of issuers comprising the sample can be found in the annex.*



**25 companies** (47% of the sample) disclosed a **change in corporate officer (immediate or future) between 1 July 2024 and 30 June 2025**.

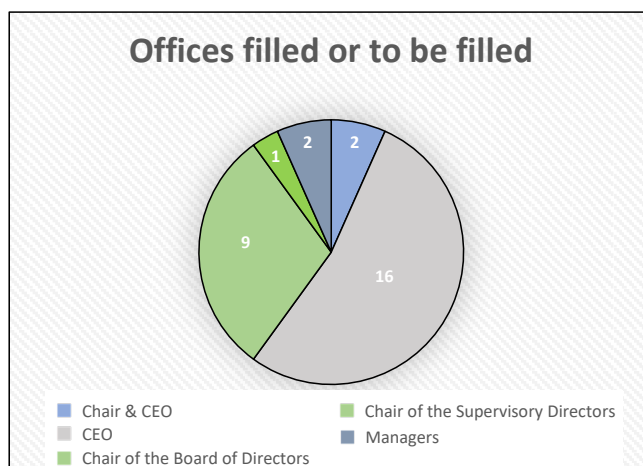
10 companies (19%) were expected to face a change in corporate officer in the **next few years\***.

**18 companies (34%)** were not directly faced with a **planned succession issue in the short or medium term**.

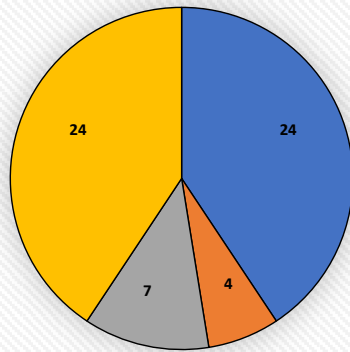
*\* Companies at which a key corporate officers is within five years of the statutory age limit.*

Of the 25 companies affected by a change in corporate officer between 1 July 2024 and 30 June 2025, the AMF noted **30 offices filled or to be filled**, comprising:

- 2 chair and CEOs (combined functions);
- 16 CEOs;
- 9 chairs of the board of directors;
- 1 chair of the supervisory board; and
- 2 managers.



### Breakdown of subjects studied, by number of companies concerned\*



- Existence of and method for preparing a succession plan
- Signing bonuses, severance pay and payments for changing functions
- Implementation of succession plans and handover arrangements
- Succession preparation

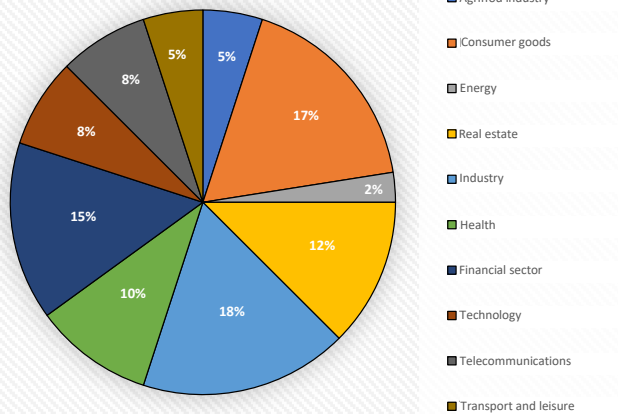
Of the 53 companies in the sample, the AMF identified issues in terms of the transparency of succession processes at 35 companies:

- 41% in relation to succession planning,
- 41% the existence of and method for preparing a succession plan,
- 11% the implementation of the succession plan and the handover arrangements, and
- 7% signing bonuses, severance pay or payments for changing functions.

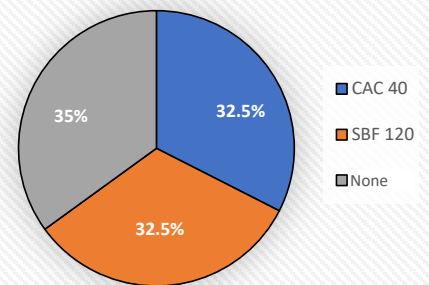
\* The same company may fall under several topics of the study.

### • Other findings on the financial information disclosed by issuers having their registered office in France

#### Breakdown of issuers by sector of activity



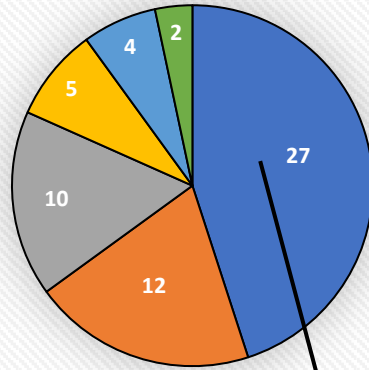
#### Breakdown of issuers by index, as at 30 June 2025



Between 1 September 2024 and 31 August 2025, the AMF sent observations on matters of corporate governance and executive compensation to **40 companies** whose shares are listed on the regulated market and which have their registered office in France.

**Of these 40 companies, 13 form part of the CAC 40 index, 13 the SBF 120 index, and 14 are not part of either index.**

## Breakdown of recommendations made to companies by type of finding\*

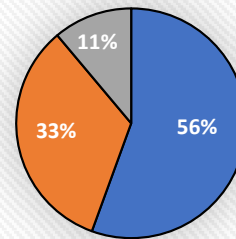


- Independence criterion
- Percentage of independent board members
- Board assessment
- Comply or explain
- Non executive sessions
- Executive remuneration

\* The same company may have received observations in relation to one or more types of finding.

The AMF sent 27 observations to 21 companies with a view to improving the transparency and justification of board member independence criteria.

## Breakdown of findings by independence criterion



- Length of service (12 years)
- Intra-group office
- Summary table and calculation method

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**PART I: GOVERNANCE: CURRENT REGULATORY ISSUES AND RECENT DEVELOPMENTS**

**This section is divided into two sub-sections:**

- 1. Governance: current regulatory issues and recent developments at European level**
- 2. Governance: current regulatory issues and recent developments in France**

# 1. GOVERNANCE: CURRENT REGULATORY ISSUES AND RECENT DEVELOPMENTS AT EUROPEAN LEVEL

## 1.1 “Omnibus” package

As part of the European Green Deal, the European Union is constructing a more demanding regulatory framework for sustainability reporting, with the aim of guiding capital towards a more sustainable economy.

This regulatory framework is reflected in Directive (EU) 2022/2464 of 14 December 2022 on corporate sustainability reporting (the “**CSRD**”), Directive (EU) 2024/1760 of 13 June 2024 on corporate sustainability due diligence (the “**CSDD**”) and Regulation (EU) 2020/852 of 18 June 2020 on the European taxonomy (the “**Taxonomy**” Regulation).

On 29 January 2025, following on from the Draghi report on the future of European competitiveness, the Commission published a press release entitled: An EU Compass to regain competitiveness and secure sustainable prosperity<sup>1</sup>, in which it set out the main areas of European policy for the coming five years. This “*competitiveness compass*” identifies five “*horizontal enablers for competitiveness*”: simplification; lowering barriers to the Single Market; financing competitiveness; promoting skills and quality jobs; and, finally, better coordination of policies at EU and national level.

The implementation of these guidelines resulted in the publication, on 26 February 2025, of a proposed “**Omnibus package**” aimed at simplifying companies' sustainability reporting obligations. The stated aim is to **strengthen** the EU's **competitiveness**, by **reducing “unnecessary or disproportionate rules that are creating unnecessary burden for EU businesses”**, so as to enable them “*to grow and create quality jobs, attract investments and get the necessary funds for their transition towards a more sustainable economy*”, which should help the EU meet the Green Deal’s ambitious objectives<sup>2</sup>.

The Omnibus package proposes revising the CSRD Directive, the CSDDD Directive and the Taxonomy Regulation. The section below deals solely with the amendments planned for the first two texts.

### ▪ Omnibus “Stop the Clock”

Firstly, the Omnibus package includes a proposal for an Omnibus Directive on the **urgent aspects of the application timetable (“Omnibus Stop the Clock”<sup>3</sup>)**.

<sup>1</sup> European Commission, “An EU Compass to regain competitiveness and secure sustainable prosperity”, press release, 29 Jan. 2025.

<sup>2</sup> European Commission questions and answers on simplification omnibus I and II of 26 February 2025:

- “*The recent Competitiveness Compass sets the vision for strengthening the EU's competitiveness and making the EU's economy more prosperous, building on the recommendations of the Draghi report*”;
- “*The Commission's work programme, published on 11 February, announced a first series of “Omnibus” packages. They will address overlapping, unnecessary or*

*disproportionate rules that are creating unnecessary burden for EU businesses*”;

- “*This, in turn, will enable our businesses to grow and create quality jobs, attract investments and get the necessary funds for their transition towards a more sustainable economy and help the EU meet the Green Deal's ambitious objectives*”.

<sup>3</sup> Proposal postponing the application of some reporting requirements in the Corporate Sustainability Reporting Directive and the transposition deadline and application of the Corporate Sustainability Due Diligence Directive - Omnibus I - COM(2025)80.

The "Omnibus Stop the Clock" Directive was adopted by the European Parliament and the Council on 14 April 2025. It postpones the entry into application dates of the CSRD and CSDDD directives for certain companies<sup>4</sup>:

- **Postponement by two years of the entry into application of the CSRD<sup>5</sup> Directive** for "wave 2 and 3" companies<sup>6</sup>, initially scheduled for 2025 and 2026 (postponed to 2027 and 2028 respectively), in order to avoid imposing reporting on companies that risk falling outside the scope of application, or imposing full initial reporting on companies when this will subsequently be reduced<sup>7</sup> (through the second Omnibus Directive, known as the "Substantive Omnibus" - see below);
- **Transposition deadline and date of application of the CSDDD Directive postponed by one year<sup>8</sup>**: Member States now have until 26 July 2027 (instead of 26 July 2026) to transpose the CSDDD Directive. In addition, the application of the CSDDD has been pushed back by one year (postponed from 26 July 2027 to 26 July 2028) for the first set of companies falling within its scope, as has the obligation to publish the vigilance declaration on the website.

<sup>4</sup> Directive (EU) 2025/794 of 14 April 2025, amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements, OJEU L, 16 Apr. 2025.

<sup>5</sup> Art. 1 of the Omnibus Stop the Clock Directive.

<sup>6</sup> "Wave 2": large companies or parent companies of a large group that exceed at least two of the three following criteria: 250 employees, €50m turnover (€60m for groups) or €25m balance sheet total (€30m for groups). This also applies to third-country companies listed on European regulated markets that meet these thresholds.

"Wave 3": small and medium-sized companies whose shares are admitted to trading on a regulated market (with the exception of micro-companies that do not exceed two of the following criteria: 10 employees, €450K balance sheet total or €900K turnover) and small non-complex credit institutions and captive insurance entities. This also applies to third-country companies listed on European regulated markets that meet these thresholds.

<sup>7</sup> Recital (3) of the Omnibus Stop the Clock Directive: "Considering the ongoing Commission initiatives which aim to simplify certain existing sustainability reporting obligations and

## ▪ "Substantive" Omnibus

Secondly, the "Omnibus Package" includes a **more comprehensive proposal for an Omnibus Directive ("Substantive Omnibus"<sup>9</sup>)**, which **amends the scope and substance of the obligations** in several pieces of legislation, including the CSRD and CSDDD Directives. The Commission anticipates that negotiations surrounding this text will take longer, and has therefore set a later deadline for transposing this directive, at the latest one year after its entry into force.

The European Council<sup>10</sup> published its proposals on 21 June 2025, followed by the Parliament on 13 November 2025.

The main changes planned by the European authorities with regard to the **CSRD Directive** are as follows:

- **Proposal to reduce the scope of application of the CSRD Directive**: the Commission is proposing to reduce the scope of application of this directive to companies with more than 1,000 employees and a balance sheet total of €25 million or a turnover of €50 million, while the Council is proposing to reduce it to companies with more than 1,000 employees and a net annual turnover of €450 million<sup>11</sup>. The Parliament is proposing

to reduce the related administrative burden on undertakings, and in order to provide for legal clarity and to avoid the undertakings currently required to report for financial years beginning on or after 1 January 2025 and on or after 1 January 2026 incurring unnecessary and avoidable costs, the sustainability reporting requirements for those undertakings should be postponed by two years."

<sup>8</sup> Art. 2 of the Omnibus Stock the Clock Directive.

<sup>9</sup> Com. EU, Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements, COM(025) 81 final, 26 Feb. 2025.

<sup>10</sup> Council. EU, Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements. Mandate for negotiations with the European Parliament, 2025/0045(COD), 21 June 2025.

<sup>11</sup> One author notes that "we can but stress the incoherence of these proposals. The idea of sustainability reporting is perceived, both internationally and from the perspective of the European

a higher threshold of 1,750 employees and €450 million in net annual turnover. Below these thresholds, the co-legislators recommend sustainability reporting on a voluntary basis with the disclosures following a voluntary standard delegated act based on the voluntary standard for SMEs (VSME) already developed by EFRAG<sup>12</sup>;

- **Proposal to abolish sector-specific standards:** the co-legislators are proposing to abolish the sector-specific standards (which were to be adopted by the Commission). The Council and the Parliament are asking the Commission to adopt sector-specific guides to replace these mandatory standards;
- **Proposal to relax the information about the value chain:** the co-legislators agreed to limit to the content of the voluntary standard the information that large companies can request from members of their value chain who do not exceed certain thresholds (1,000 employees for the Council and the Commission, 1,750 employees and €450 million in turnover for the Parliament);
- **Proposal to abandon the reasonable assurance opinion and to relax assurance standards:** the CSRD Directive currently requires mandatory verification of sustainability statements by a statutory auditor (CAC) or an independent third-

party (ITP) with a "moderate" level of assurance (with the publication of assurance standards by October 2026). As a second step, it envisaged the adoption of "reasonable" assurance standards from the end of 2028<sup>13</sup>. The co-legislators no longer mention reasonable assurance in their Omnibus proposal. The Commission and the Council are proposing to abolish the deadline for the adoption of moderate assurance standards (replaced by guidelines), unlike the Parliament.

The main changes envisaged by the European authorities with regard to the **CSDDD Directive** are as follows:

- **Proposal to reduce the scope of application of the CSDDD:** while the Commission is not proposing any changes to the scope of application<sup>14</sup>, the Council and Parliament are proposing to raise the thresholds to 5,000 employees and €1.5 billion in turnover;

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*Union, as the final stage of due diligence. However, it has to be said that the thresholds for the application of this reporting are disconnected from those of the Due Diligence Directive, at least as far as the Commission and the Council are concerned. Of course, this is already the case, however these proposals maintain the inconsistency. Admittedly, it could be said that at the very least the Council's proposal is logical in that it aligns the thresholds, but this would be forgetting that while increasing the thresholds for the application of the CSRD, the Council is proposing to increase those of the CS3D Directive. The Parliament's draft report thus appears to be the only coherent one, aligning the thresholds of the two texts, albeit at the cost of increasing them."* (T. Duchesne, Paquet "Omnibus": courage, fuyons ! [The Omnibus Package: Keep going, we are fleeing!], BJB July 2025, No. 4, 10 July 2025).

<sup>12</sup> EFRAG, Voluntary Sustainability Reporting Standard for non-listed SMEs (VSME), Dec. 2024.

<sup>13</sup> Art. 3 of the CSRD Directive (which inserts Article 26a into Directive 2006/43/EC): "The Commission shall, no later than 1

*October 2028, adopt delegated acts in accordance with Article 48a in order to supplement this Directive in order to provide for reasonable assurance standards, following an assessment to determine if reasonable assurance is feasible for auditors and for undertakings. Taking into account the results of that assessment and if therefore appropriate, those delegated acts shall specify the date from which the opinion referred to in point (aa) of the second subparagraph of Article 34(1) is to be based on a reasonable assurance engagement that is based on those reasonable assurance standards."*

<sup>14</sup> The CSDDD Directive applies to European companies and parent companies with more than 1,000 employees and turnover in excess of €450m. It also applies to franchises in the EU with a worldwide turnover of over €80 million, of which at least €22.5 million is from royalties. Non-European companies that reach these turnover thresholds in the EU are also subject to the directive.

- **Proposal to reduce the material scope of due diligence:** the Commission and the Council propose reducing the reasonable due diligence requirements applicable to a company's own operations, those of subsidiaries and **direct** (tier 1) business partners, excluding indirect partners (which were covered by the Directive), except in the case of objective and verifiable information suggesting adverse impacts beyond direct business partners. The Council's mandate adds a review clause concerning the possible extension of these obligations beyond "level 1". The wording proposed by the Parliament differs from that of the Commission and the Council, although the objective remains the same: businesses should be able to prioritise assessing the adverse impacts of their direct trading partners;
- **Proposal to relax the obligations relating to transition plans:** the CSDDD Directive requires undertakings falling within its scope to adopt and implement a transition plan<sup>15</sup>. The Commission and the Council are proposing to restrict this obligation to solely the adoption (but not the implementation) of a transition plan (which sets out the actions to be taken by the firm). The Council introduces the notion of "contribution" to the objectives of the Paris Agreement, the notion of compatibility being removed, and makes the content of the transition plan optional (which currently imposes objectives for the 2030 horizon and subsequently every five years, decarbonisation levers and financial resources). The Parliament proposes to abolish the obligation to adopt and implement a transition plan;
- **Proposal to abolish the civil liability regime:** Article 29 of the Directive provided for a European civil liability regime in the

event of damage resulting from a failure to comply with the obligations set out in the Directive. The Commission, the Council and the Parliament are proposing to abolish this system, subject to the retention of certain provisions for Member States wishing to incorporate a civil liability system into their legislation;

- **Proposal to reduce financial penalties:** while the CSDDD provided for a maximum ceiling for pecuniary penalties of at least 5% of worldwide net turnover<sup>16</sup>, the Commission is proposing to abolish this requirement. The Council is proposing to introduce a maximum ceiling for pecuniary penalties of 5% of a company's worldwide net turnover. The Parliament is proposing that the Commission should draw up guidance, in collaboration with the Member States, to define appropriate penalties based on companies' turnover.

The "**Substantive**" Omnibus Directive is still **being negotiated**. Trilogue negotiations began at the end of November 2025, with a first political trilogue scheduled for 8 December 2025.

#### ▪ [Quick Fix ESRS](#)

In addition, on 10 November 2025, the European Commission published the "**ESRS Quick Fix**" delegated act of 11 July 2025, **which temporarily relaxes** certain sustainability reporting obligations<sup>17</sup>, by extending the application of the transitional provisions of Annex C of ESRS I by two years. To this end, the so-called "wave 1" undertakings<sup>18</sup> (which do not benefit from the timetable extension under the Stop the Clock Omnibus) have the option of **omitting certain disclosure requirements** initially provided for by the European sustainability standards ("ESRS") from their sustainability statements

<sup>15</sup> Art. 22, 1) of the CSDDD Directive.

<sup>16</sup> Art. 27, 4) of the CSDDD Directive.

<sup>17</sup> Delegated Regulation (EU) 2025/1416 of 11 July 2025 amending Delegated Regulation (EU) 2023/2772 as regards the postponement of the date of application of the disclosure requirements for certain undertakings.

<sup>18</sup> These are companies listed on the regulated market with more than 500 employees and which meet one of the following two criteria: (i) a total balance sheet of €25 million; (ii) net sales of €50 million. For these companies, the CSRD Directive applies from 1 January 2025 in respect of the 2024 financial year.

to be published in respect of the **2025 (publication in 2026) and 2026 (publication in 2027)** financial years. The aim of this "Quick Fix" is to offer "wave 1" undertakings simplifications to the ESRS framework while awaiting a more in-depth review of these standards. The "Quick Fix", which was published in the Official Journal in November 2025, applies to financial years beginning on or after 1 January 2025.

- [Revision of the ESRS standards](#)

In addition, as part of the ongoing revision of the CSRD Directive, the European Commission has committed to revising the ESRS standards within six months of the entry into force of the Omnibus<sup>19</sup>. It has also asked EFRAG to prepare a **simplified version of the "sector-agnostic" sustainability standards**<sup>20</sup> (set 1), which apply to large companies from 1 January 2024. On 31 July 2025, EFRAG submitted for public consultation a new draft of the ESRS standards, **reducing the number of mandatory data points by 57% and the length of the ESRS by 55%**.

After analysing the responses to the consultation, which was open until 29 September, EFRAG presented its technical recommendations to the European Commission at the beginning of December. It will then be up to the Commission to adopt these new standards, which can come into force after the period during which the Council and the European Parliament can raise objections has expired. The Commission plans to publish these new standards in mid-2026, depending on the Omnibus negotiation timetable.

If the legislative timetable so permits, the European Commission **envisages that the new ESRS standards will enter into application for the 2027 financial year (publication in 2028)**,

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<sup>19</sup> European Commission questions and answers on simplification omnibus I and II of 26 February 2025: "Commission's commitment to revise the European Sustainability Reporting standards ("ESRS"): The Commission will revise the delegated act establishing the ESRS, with the aim of substantially reducing the number of data points, clarifying

**with the possibility of applying the new standards on a voluntary basis for the 2026 financial year (publication in 2027).**

## 2. GOVERNANCE: CURRENT REGULATORY ISSUES AND RECENT DEVELOPMENTS IN FRANCE

### 2.1 Current regulatory issues

#### 2.1.1 Adapting French law to changes in the European CSRD Directive: "Omnibus Stop the Clock" and "Quick Fix ESRS"

Directive (EU) 2022/2464 of 14 December 2022 as regards corporate sustainability reporting (the "CSRD Directive") was transposed into French law by Order No. 2023-1142 of 6 December 2023 on the publication and certification of information on sustainability, and on the environmental, social and corporate governance obligations of commercial undertakings (the "CSRD Order") and by implementing decree No. 2023-1394 of 30 December 2023.

*provisions deemed unclear, improving consistency with other pieces of legislation and reducing the number of data points".*

<sup>20</sup> As set out in Annex I of Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU as regards sustainability reporting standards.

**Law No. 2025-391** of 30 April 2025 containing various measures for adapting to European Union law in the fields of the economy, finance, environment, energy, transport, health and the movement of persons (hereinafter referred to as the "**DDADUE 5 Law**") amended<sup>21</sup> Article 33 of the CSRD Order (on the entry into force of the articles) to **postpone by two years** the publication of the sustainability reporting by undertakings in "waves" 2 and 3 of the CSRD Directive. In other words:

- with regard to "wave 2": large undertakings or the parent companies of a large group will have to publish their sustainability reporting in 2027 (instead of 2025);
- with regard to "wave 3": small and medium-sized companies whose securities are admitted to trading on a regulated market will have to publish their sustainability reports in 2028 (instead of 2026).

The DDADUE 5 Law thus transposed the postponement by two years of the application of the CSRD Directive enshrined in Omnibus Stop the Clock on 14 April<sup>22</sup> (see above).

In addition, the DDADUE 5 law added<sup>23</sup> a paragraph to Article 33 of the CSRD Order which introduces the transitional measures for the omission of **certain information in forthcoming sustainability statements** (in relation to the measures listed in **Annex C**<sup>24</sup> of ESRS I). These relaxation measures were finally taken up and supplemented at European level through the Quick-Fix ESRS delegated act (see section 1 above), which applies without the need for transposition.

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<sup>21</sup> Art. 7, I, 1° of the DDADUE 5 law.

<sup>22</sup> Directive (EU) 2025/794 of 14 April 2025, amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements.

<sup>23</sup> Art. 7, I, 2° of the DDADUE 5 Law.

<sup>24</sup> To recap, this Annex C takes the form of a table of around twenty lines, setting out the transitional provisions for the first year or years (for the first year, sometimes the first two years, and sometimes the first three years depending on the reporting

Finally, the DDADUE 5 Law amended<sup>25</sup> Article L. 232-23 I of the Commercial Code to provide that **issuers may**, under certain conditions, **omit certain sustainability information from the management report that they file with the registrar, provided that they send this to the AMF:**

*" 1. - All sociétés par actions (joint stock companies) are required to file with the court registry, for inclusion in the register of commerce and companies, within one month of the approval of the annual statements by the general meeting of shareholders or within two months of such approval when such filing is made by electronic means:*

*1° The annual statements, the management report, the statutory auditors' report on the annual statements, where applicable, supplemented as needed by their observations on any amendments made by the general meeting to the annual statements that have been submitted to it, and, where applicable, the consolidated financial statements, the group management report, the statutory auditors' report on the consolidated financial statements and the supervisory board's report, and the report on the certification of the sustainability disclosures. Where, in the duly reasoned opinion of the board, the management board or the manager, the publication of certain information relating to sustainability is likely to cause serious harm to the company's commercial position, such information may be omitted from the report filed with the Registrar of the Commercial Court, provided that such omission does not prevent a fair and balanced understanding of the company's*

requirements). More specifically, it specifies the provisions (as regards the reporting requirements or the datapoints for the reporting requirements in the ESRS) which may be omitted or which are not applicable during the first year(s) of preparing the sustainability reporting, sometimes subject to the condition of not exceeding a ceiling in terms of the number of employees ("undertakings or groups not exceeding on their balance sheet dates the average number of 750 employees during the financial year (on a consolidated basis where applicable)").

<sup>25</sup> Art. 7, II of the DDADUE 5 law.

*position and the impact of its business and that such information is **transmitted to the Autorité des Marchés Financiers**; [...]."*

An amendment <sup>26</sup> to the bill on the simplification of economic life proposes to modify Article L. 232-23 of the Commercial Code<sup>27</sup>, as follows:

*"I. The Commercial Code is amended as follows:*

*1° The final sentence of Article L. 232-23 I 1° of the Commercial Code shall now read as follows:*

*"Where, in the duly reasoned opinion of the board, the management board or the manager, the disclosure of certain sustainability information is likely to seriously harm the company's commercial position, it may be omitted from the report. This omission must not hinder a fair and balanced understanding of the company's position and the impact of its business, and is subject to **a motivated opinion from the auditors of the sustainability disclosures entered in the list maintained by the Haute Autorité de l'Audit** and referred to in the first paragraph of Article L. 822-4.*

*[...]*

*II. I shall enter into force on 15 May 2025."*

The explanatory statement note to this amendment states that:

*"The AMF would thus become the recipient of the sustainability information that companies do not publish. This would result in the AMF receiving information that is deemed confidential (potentially covered by business secrecy and/or that could constitute inside information) and that is not intended to be made public, which would be in contradiction with*

*its mission to ensure that the market is properly informed, as set out in Article L. 621-1 of the Monetary and Financial Code.*

*Moreover, this wording encompasses both listed and unlisted companies, whereas the AMF only has jurisdiction over listed companies, which calls into question the AMF's historical jurisdiction.*

*Last but not least, similar exemptions from publication obligations were introduced, albeit for a different scope, when the corporate sustainability reporting directive ("CSRD") was transposed. These provisions, which allow for such omissions, do not provide for any specific checks. The auditors' opinion on the sustainability information, which covers all the information required by the CSRD, was deemed sufficient.*

*If an enhanced mechanism is desired, it may take the form of a specific opinion from the auditors of the sustainability disclosures. Like any action taken by these auditors, it is subject to the control of the Haute Autorité de l'Audit, which may ask them to produce all the information necessary to justify their opinion. It does not therefore seem necessary to specify this in the law."*

<sup>26</sup> French National Assembly, amendment No. 2719, 11 April 2025.

<sup>27</sup> The amendment proposes to modify, in the same way, Articles L. 232-6-3 II and L. 233-28-4 II of the Commercial Code,

also relating to the omission of certain sustainability information from the management report.

## 2.1.2 Transposition of the "Women on Boards" Directive

Directive (EU) 2022/2381 of 23 November 2022 on improving the gender balance among directors of listed companies, the "Women on Boards" Directive, was published in the Official Journal of the European Union (OJEU) on 7 December 2022.

Based on the observation that women remain largely under-represented on the boards of major European companies, and that a better balance between women and men among directors is a factor in improving governance<sup>28</sup>, this directive aims to promote gender diversity on boards. It imposes a gender balance target for the boards of directors and supervisory boards of companies whose shares are admitted to trading on a regulated market, which employ at least 250 employees and whose annual turnover exceeds €50 million or whose balance sheet total is in excess of €43 million.

**Order No. 2024-934 of 15 October 2024**, adopted in application of Article 5 of Law No. 2024-364 of 22 April 2024, transposed the "Women on Boards" Directive into domestic law.

Two texts have since finalised this transposition by adding additional provisions:

- **Law No. 2025-391** of 30 April 2025 containing various measures for adapting to European Union law in the fields of the economy, finance, environment, energy, transport, health and the movement of persons (hereinafter referred to as the "**DDADUE 5 Law**"), on the one hand; and
- **Decree No. 2025-744** of 30 July 2025 aimed at improving the gender balance on the boards of directors and supervisory boards

of certain commercial companies, on the other.

### ▪ [DDADUE 5 Law of 30 April 2025](#)

The Order of 15 October 2024 had not designated (i) **the authority to which the information** "on compliance with the obligation to achieve a gender balance" should be provided by the companies concerned (pursuant to Article L. 22-10-10-1 of the Commercial Code<sup>29</sup>), and which will be responsible for drawing up a public list of companies that state that they have achieved the parity goals, nor (ii) **the body or bodies responsible for "promoting, analysing, monitoring and supporting" gender balance** on boards.

### ✓ [Recipient authority for information about parity on boards](#)

Under Article 7 of the Women on Boards Directive, companies falling within the scope of the Women on Boards Directive<sup>30</sup> are required each year to provide the competent authorities with information "*about the gender representation on their boards*" and to publish that "*information on their websites*".

Article L. 22-10-10-1 of the Commercial Code<sup>31</sup>, created by the aforementioned Order of 15 October 2024, provided that this information should be sent to "*the competent authority designated by decree*" at the end of the general meeting called to approve the corporate governance report:

<sup>28</sup> Women on Boards Directive, recitals 16 and 18.

<sup>29</sup> As well as Articles L. 22-10-20-1 and L. 22-10-78 of the same code for *sociétés anonymes à directoire et conseil de surveillance* (public limited companies with an executive board and supervisory board) and *sociétés en commandite par actions* (partnerships limited by shares) respectively.

<sup>30</sup> Companies listed on the regulated market exceeding certain thresholds (more than 250 employees, more than €50 million in

turnover or a balance sheet total of more than €43 million at the end of the last financial year).

<sup>31</sup> As well as Article L. 22-10-20-1 (for *sociétés anonymes à directoire et conseil de surveillance* (public limited companies with an executive board and supervisory board) and the penultimate paragraph of Article L. 22-10-78 of the Commercial Code (for *sociétés en commandite par actions* (partnerships limited by shares))).

*“At companies meeting the threshold criteria set out in Article L. 22-10-10 2° bis, the information to be provided by the latter shall, at the end of the general meeting called to approve the report provided for in the last paragraph of Article L. 225-37, be communicated to the competent authority designated by decree and published on the companies' websites.”*

The DDADUE 5 Law designated **the Autorité des Marchés Financiers as the authority competent to receive this information**. Article L. 22-10-10-1 of the Commercial Code<sup>32</sup> has been amended accordingly, and now reads as follows:

*“At companies meeting the threshold criteria set out in Article L. 22-10-10 2° bis, the information to be provided by the latter shall, at the end of the general meeting called to approve the report provided for in the last paragraph of Article L. 225-37, be communicated to the Autorité des Marchés Financiers and published on the companies' websites”.*

In addition, the DDADUE 5 Law created a new Article L. 22-10-1-1 (2) in the Commercial Code, the second sub-paragraph of which states that *“on the basis of the information provided”* pursuant to Article L. 22-10-10-1 of the Commercial Code<sup>33</sup>, **the AMF “publishes and regularly updates a list of listed companies that are in compliance with the rules”** on gender balance on boards.

Article L. 22-10-10-1 of the Commercial Code will enter into application from 30 June 2026<sup>34</sup>.

<sup>32</sup>See Article L. 22-10-20-1 of the Commercial Code for *sociétés anonymes à directoire et conseil de surveillance* (public limited companies with an executive board and supervisory board) and Article L. 22-10-78 of the same code for *sociétés en commandite par actions* (partnerships limited by shares).

<sup>33</sup> As well as Articles L. 22-10-20-1 and L. 22-10-78 of the same code for *sociétés anonymes à directoire et conseil de surveillance* (public limited companies with an executive board and supervisory board) and *sociétés en commandite par actions* (partnerships limited by shares) respectively.

✓ *Bodies responsible for analysing, monitoring, promoting and supporting parity on boards*

Article 10 of the Women on Boards Directive also requires the designation of one or more national bodies responsible for analysing, monitoring and supporting the objectives of the Directive:

*“Member States shall designate one or more bodies for the promotion, analysis, monitoring and support of gender balance on boards. For that purpose, Member States may designate, for example, the equality bodies they have designated pursuant to Article 20 of Directive 2006/54/EC of the European Parliament and of the Council”.*

In its first paragraph, the new Article L. 22-10-1-1 of the Commercial Code, created by the DDADUE 5 Law, stipulates in this regard that **“the Autorité des Marchés Financiers is responsible for analysing, monitoring and, in conjunction with the Haut Conseil à l’Egalité entre les Femmes et les Hommes, promoting and supporting gender balance on the boards and management boards”** of companies listed on the regulated market that exceed the aforementioned thresholds<sup>35</sup>.

The final paragraph of Article L. 22-10-1-1 of the Commercial Code stipulates that in order to implement their new powers, *“the Autorité des Marchés Financiers and the Haut Conseil à*

<sup>34</sup> The Order of 15 October 2024, which created Article L. 22-10-10-1 of the Commercial Code, provided that this article would come into force on 1 January 2026. The DDADUE 2025 Law amended Article 26 of the Order of 15 October 2024 to provide that Article L. 22-10-10-1 of the Commercial Code will come into force on 30 June 2026.

<sup>35</sup> More than 250 employees, more than €50 million in turnover or a balance sheet total of more than €43 million at the end of the last financial year.

*l'Egalité entre les Femmes et les Hommes shall exchange relevant information*"<sup>36</sup>.

▪ **Decree No. 2025-744 of 30 July 2025**

✓ *Gender balance among board members representing employees*

The Order of 15 October 2024 extended the gender balance requirements to certain board or supervisory board members who were previously exempt, namely those representing employees.

As permitted by recital 33 of the Women on Boards Directive<sup>37</sup>, the Order provides that the board or supervisory board members representing employees form a "separate college"<sup>38</sup> from the board of directors for the purposes of applying the gender balance rules.

The decree of 30 July 2025<sup>39</sup> specifies:

- **The minimum number of board members of each sex representing employees**, in a new article R. 225-60-3 of the Commercial Code, whereby *"in order to comply with the*

*obligation of the balanced representation of men and women set out in Articles L. 225-27-2 and L. 225-79-3, the minimum number of board or supervisory board members who are employees or who represent employees of the under-represented sex is set in accordance with the table at Annex 2-3 of this Code".* The table at Annex 2-3 of the Commercial Code sets out the minimum number of board members representing employees of the under-represented sex based on the size of the separate college (ranging from 1 to 18<sup>40</sup>), it being specified that a college of two members may be composed of two women, two men or one representative of each sex<sup>41</sup>;

<sup>36</sup> See also AMF, Women on Boards Directive: the AMF is now the competent authority for analysing and overseeing gender balance among the directors of listed companies, press release, 12 May 2025.

<sup>37</sup> Recital (33) of the Women on Boards Directive: *"Given the differences between Member States' national company law, it should be possible for Member States to apply the quantitative objectives separately to shareholder representatives and employee representatives."*

<sup>38</sup> According to the term used in the report to the President of the Republic on the order.

<sup>39</sup> Decree No. 2025-744 of 30 July 2025 aimed at improving the gender balance on the boards of directors and supervisory boards of certain commercial companies.

<sup>40</sup> Some authors have expressed surprise at the fact that the decree of 30 July 2025 envisages such a large number of board or supervisory board members representing employees (up to 18): *"the table annexed to the decree surprises the reader, especially as it extends up to eighteen members: can we seriously imagine a board composed exclusively or almost exclusively of employee representatives? As a reminder, the number of board members representing employees elected on the basis of Article L. 225-27 of the Commercial Code is limited to four members, or five in the case of listed companies, and they may not account for more than one third of the other members. As regards board members appointed on the basis of Article L. 225-27-1 of the Commercial Code, the law requires only two on major boards and takes care to subtract those who have already been voluntarily appointed, so that, here again and except in special situations, there are rarely more than*

*two at French companies"* (L.-M. Savatier, Décret d'application de l'ordonnance de transposition de la directive *Women on boards*: la vis tourne dans le vide [Decree applying the order transposing the Women on Boards Directive: the screw turns in the void], BJS No. 10, 1 Oct. 2025). See also B. Dondero, Le nouveau droit des administrateurs représentant les salariés. Directive *Women on boards*, ordonnance et décret de transposition [The new law on board members representing employees. Women on Boards Directive, transposition order and decree], *JCP E*, No. 39, 25 September 2025, 1256: *"Is it even conceivable to have 18 directors representing employees? Not if we take into account directors who are employee representatives voluntarily appointed under Article L. 225-27 [...]. However, the directors who are employees representatives appointed on the basis of Article L. 225-27-1 number "at least two at companies whose number of directors mentioned in Articles L. 225-17 and L. 225-18 is greater than eight, and at least one if it is equal to or less than eight", but with no maximum. So they could, in theory, reach a high number"*.

<sup>41</sup> See on this point L.-M. Savatier, Décret d'application de l'ordonnance de transposition de la directive *Women on boards*: la vis tourne dans le vide [Decree applying the order transposing the Women on Boards Directive: the screw turns in the void], BJS No. 10, 1 Oct. 2025: *"The most sensitive point concerned the separate colleges of two members, which we now know can be made up of two women, two men or one representative of each sex. This raises questions in a context where the overwhelming majority of companies subject to this system have only one or two board members who represent employees"*.

- **The procedures for appointing board members representing employees**, depending on whether they are appointed by the trade unions<sup>42</sup> or are elected<sup>43</sup> (on the mandatory basis of Article L. 225-27-1, III, 1°, or the optional basis of Article L. 225-27 of the Commercial Code);
- **The arrangements for their replacement in the event of a vacancy**<sup>44</sup>, if the arrangements provided for in Article L. 225-34 of the French Commercial Code do not already ensure a balanced representation of men and women.

These provisions of the decree will apply from 1 January 2026 for companies listed on the regulated market exceeding certain thresholds<sup>45</sup>, and from 1 January 2027 for other companies<sup>46</sup>.

✓ *Selection procedure in the event of a failure to comply with the legal gender balance requirements*

Secondly, the Order of 15 October 2024 provided, for large companies<sup>47</sup> listed on the regulated market that do not comply with the legal requirement for gender balance in the composition of the board<sup>48</sup> (for both board and

<sup>42</sup> Article R. 225-60-4 of the Commercial Code provides that each of the trade union organisations "shall appoint successively, in descending order of the votes obtained in the first round of the elections referred to in Articles L. 2122-1 and L. 2122-4 of the Employment Code, a board or supervisory board member whose sex is compatible with the gender balance requirement set out in Articles L. 225-27-2 and L. 225-79-3, taking into account the appointments already made".

<sup>43</sup> Article R. 225-60-5 (1) of the Commercial Code stipulates that when two colleges vote separately to elect board or supervisory board members representing employees, the articles of incorporation must indicate the electoral college which does not have "priority" (i.e. the college "whose elected representatives must, where applicable, be appointed on the basis of the results of the other college in order to comply with the gender balance rule").

Article R. 225-60-5 also sets out the procedures for appointing board or supervisory board members representing employees within the "non-priority" electoral college when the sex of the candidate likely to be declared elected "is likely to compromise compliance with the gender balance rule" due to the results of the election in the other electoral college designated as having priority, depending on whether there is only one seat to be filled within this electoral college (para. 2) or several (para. 3).

<sup>44</sup> Article R. 225-60-6 of the French Commercial Code distinguishes between the methods for appointing the employee representative:

- (i) If the representative has been elected by majority vote, a new election must be organised in the electoral college concerned in a way that ensures compliance with the gender balance requirement;
- (ii) If the representative was elected by list ballot, the office will fall to the candidate of the under-represented sex on the same list immediately after the elected candidate, or if there is no candidate of the under-represented sex on the same list, a new election will have to be organised;
- (iii) If the representative has been appointed by a staff representative body or a trade union organisation, it will be up to this body to proceed with the replacement in compliance with the "gender balance rule".

It is possible to replace the organisation of an election ((i) and (ii) above) with a nomination by the staff representative body or the

trade union organisation competent to appoint employee representatives, which will then be responsible for complying with the gender balance requirement.

Article 3 of the decree of 30 July 2025 also extends the application of this Article to companies in which the government holds a participating interest.

<sup>45</sup> More than 250 employees, more than €50 million in turnover or a balance sheet total of more than €43 million at the end of the last financial year.

<sup>46</sup> Companies falling within the scope of Law No. 2011-103 of 27 January 2011 on the balanced representation of women and men on boards and supervisory boards and on professional equality (the Copé-Zimmermann Law), i.e. all companies listed on the regulated market without any thresholds and companies which, for the third consecutive financial year, employ more than 250 employees and have a net turnover or a balance sheet total of at least €50 million (Art. L. 225-18-1, L. 226-4-1 and L. 225-69-1 of the Commercial Code).

<sup>47</sup> More than 250 employees, more than €50 million in net turnover or a balance sheet total of more than €43 million at the end of the last financial year.

<sup>48</sup> Some authors have questioned the usefulness of such a selection procedure insofar as the sanction for an appointment to the board that does not comply with balanced representation requirements is nullity (see, for example L.-M. Savatier, "Transposition de la directive *Women on board*: nouveau tour de vis sur la parité dans les sociétés françaises" [Transposition of the Women on Boards Directive: a new tightening of parity at French companies], *BJS*, Nov. 2024, pg. 53, No. 20, see also R. Mortier, Transposition de la directive *Women on boards* relative à un meilleur équilibre entre les femmes et les hommes dans les conseils des sociétés, [Transposition of the Women on Boards Directive on a better gender balance on company boards] *Dr. sociétés*, 2025, study 2, No. 10). One author nevertheless notes that "beyond the fact that it is conceivable that nullity will not be pronounced, in particular because the matter would not be referred to the judge, the existence of the sanction of nullity in no way exempts the company concerned from the obligation to set up the selection procedure" (B. Dondero, Le nouveau droit des administrateurs représentant les salariés. - Directive *Women on boards*, ordonnance et décret de transposition [The new law on board members representing employees. Women on Boards Directive, transposition order and decree], *JCP E*, No. 39, 25 September 2025, 1256).

supervisory board members<sup>49</sup>, whether or not they represent employees), or that have not set targets for the composition of the management board of a two-tier public limited company (or that fail to meet these targets)<sup>50</sup>, for **the introduction of a selection procedure** that must meet or satisfy "*conditions aimed at achieving these targets, set by decree*".

The decree of 30 July 2025 specifies in this regard, in new Articles D. 22-10-40-1 to D. 22-10-40-5 of the Commercial Code, that:

- The board of directors or supervisory board must establish a **selection process**, defining in advance, "*in clear and precise terms*", the **selection criteria** "*with a view to a comparative assessment of the qualifications of each candidate*", which must be "*applied in a non-discriminatory manner throughout the selection process*"<sup>51</sup>;
- A "**priority**" rule has been introduced in favour of the candidate of the under-represented sex in the case of candidates with equal qualifications, subject to exceptional grounds allowing for a derogation therefrom<sup>52</sup>;
- The **procedures for providing information on the selection process to any candidate admitted** (to the selection process) who so requests are specified<sup>53</sup>;
- In the event of a **dispute** initiated by an unsuccessful candidate who submits to the judge "*facts likely to give rise to a presumption that they possessed qualifications equal to those of the selected candidate of the over-represented sex*", it is up to the company to prove that the choice of the successful candidate was justified by "*exceptional grounds*"<sup>54</sup>;

- Where candidates are selected by a shareholder or employee vote, voters are **informed of the measures taken to ensure gender balance and of the consequences to which the company will be subject should it fail to meet** its obligations in this regard<sup>55</sup>.

These provisions of the decree will apply from 30 June 2026.

### 2.1.3 Rixain Law

In France, the transposition of the Women on Boards Directive into domestic law should not lead to any upheaval in the balance of positions on boards, insofar as French law, a forerunner in this area, has for several years imposed balanced representation requirements, in particular through Law 2011-103 of 27 January 2011 on the balanced representation of women and men on boards of directors and supervisory boards and on professional equality (the Copé-Zimmermann Law).

In addition to these measures, Law No. 2021-1774 of 24 December 2021 aimed at accelerating economic and professional equality (the **Rixain Law**) introduced a number of provisions aimed at increasing women's access to executive positions, in particular by setting progressive quotas for **the feminisation of executive management bodies at companies with more than 1,000 employees**.

The main provisions of the Rixain Law include, for companies employing at least 1,000 employees for the third consecutive financial year, the obligation to publish annually, by no later than 1 March of each year (and exceptionally, for the first year of application, by no later than 1 September 2022), the

<sup>49</sup> Art. L. 22-10-3bis, L. 22-10-21 bis, and L. 22-10-74-1 of the Commercial Code.

<sup>50</sup> Art. L. 22-10-18-2 of the Commercial Code.

<sup>51</sup> Art. D. 22-10-40-1 of the Commercial Code.

<sup>52</sup> Art. D. 22-10-40-2 of the Commercial Code, which refers to "grounds of greater importance, such as the pursuit of other

diversity policies, in the context of an objective assessment taking into account the particular situation of the candidate of the other sex and based on non-discriminatory criteria".

<sup>53</sup> Art. D. 22-10-40-3 of the Commercial Code.

<sup>54</sup> Art. R. 22-10-40-4 of the Commercial Code.

<sup>55</sup> Art. D. 22-10-40-5 of the Commercial Code.

differences in representation between women and men among executive managers and the members of executive management bodies.

By 1 March 2025, 54% of firms had reported their results in terms of the gender representation gap among executive managers on the one hand and members of executive management bodies on the other<sup>56</sup>. By that date, "73% of firms had fewer than 40% women executive managers (compared with 76% in 2022) and 64% had fewer than 40% women on executive management bodies (compared with 72% in 2022)"<sup>57</sup>.

In addition, the Rixain Law stipulates that these firms must achieve a target figure in terms of gender representation among executive managers on the one hand and members of the executive management bodies on the other, in a progressive manner, with an intermediate target of 30% of each sex to be achieved by 1 March 2026 and a final target of 40% to be achieved by 1 March 2029<sup>58</sup>. If they fail to do so, companies have two years to comply (on penalty of a fine) and must, after one year, publish progress targets and the corrective measures adopted.

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<sup>56</sup> Ministère du Travail et des Solidarités, "Résultats de l'Index égalité professionnelle et de la loi Rixain pour 2025" [Professional equality index and Rixain law index results], 7 March 2025.

<sup>57</sup> *Ibid.*

<sup>58</sup> According to an article in Challenges, detailing a study by Heidrick & Struggles (Challenges, "Question de volontarisme" : le chemin escarpé vers la mixité des instances dirigeantes [A question of willingness: the steep path to equality on executive bodies], 25 March 2025), 25% of the SBF 120 (i.e. 32 companies) have fewer than 20% women on their executive committees. The firm highlights imbalances:

## 2.2 Recent developments

### 2.2.1 Recent developments in AGMs

#### ▪ Broadcasting of AGMs

Article 18 of Law No. 2024-537 of 13 June 2024 aimed at increasing the financing of businesses and the attractiveness of France introduced various measures in relation to the AGMs and executive bodies of commercial companies, in particular by facilitating the use of digital technology.

Among these amendments, a new Article L. 22-10-38-1 of the Commercial Code requires companies whose shares are admitted to trading on a regulated market to broadcast their general meetings in real-time and recordings thereof:

*"Companies whose shares are admitted to trading on a regulated market shall ensure the real-time broadcast of the meeting, unless technical reasons make such broadcasting impossible or seriously disrupt it. They must also ensure that a recording of the meeting is available for viewing and indicate, where applicable, whether said recording covers the entire meeting. A Conseil d'Etat decree shall specify the terms and conditions of this broadcast and viewing".*

- by sector: health, and banking and insurance have an average of 34% and 36% respectively of women on executive committees, compared with only 21% in technology and telecommunications; and
- by function: women occupy on average only 17% of financial, operational and technical positions, compared with 43% of so-called "support" functions (marketing, communications, CSR, human resources, legal and compliance).

Decree No. 2024-904 of 8 October 2024 on the implementation of measures to modernise the arrangements for meetings and consultations of the decision-making bodies of certain types of commercial companies provides clarifications in relation to the real-time and recorded broadcast of AGMs by introducing Article R. 22-10-29-1 into the Commercial Code, which now reads as follows:

*“For the application of Article L. 22-10-38-1:*

*1° The entire AGM shall be broadcast in real-time by audiovisual means, the details of which shall be specified in the notice of meeting. Where technical reasons have made this impossible or have seriously disrupted the meeting, this shall be recorded in the minutes;*

*2° An audiovisual recording of the meeting shall be made on a digital medium and kept by the company;*

*3° A recording of the meeting must be available for viewing on the company's website no later than seven working days after the date of the meeting and for at least two years from the date it is posted online. Where this recording does not allow the entire meeting to be viewed, a note to this effect will be posted on the website”.*

These provisions make permanent a system that was tested during the Covid period<sup>59</sup>. More generally, this is an increasingly common practice for listed companies, both in France and abroad.

In the digital age, broadcasting AGMs enables shareholders, both French and foreign, to take note of all the information given at the AGM (and in particular the debates), without having to travel to it.

This measure corresponds to a proposal in the HCJP's report<sup>60</sup>, published in March 2022, on adapting corporate governance by drawing on experience from the pandemic. This report recommended *“maintaining the obligation imposed on listed issuers during the pandemic to provide live and recorded audio/video coverage of the meeting in accordance with procedures to be set by decree (in particular with regard to the time period granted to issuers for disseminating the recording).”*

As the HCJP noted in its abovementioned report, *“the implementation of this obligation during the COVID period does not appear to have given rise to any particular difficulties”*. As far as the AMF is aware, all the AGMs of CAC 40 companies (with registered offices in France) called to approve the annual statements for the year ending 31 December 2024 were broadcast in real-time.

In addition, the requirement for the companies concerned to post an audiovisual recording of their AGMs on a digital support on their website, has not posed any problems in practice.

#### ▪ [Hybrid general meetings](#)

Over the past few years, the AMF has consistently encouraged the various stakeholders, particularly issuers and transfer agents, to initiate work to modernise AGMs and, in particular, voting procedures.

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<sup>59</sup> Article 3 of Order No. 2020-1497 (and Art. 8 of Decree No. 2020-1614 of 18-12-2020) required listed companies to provide real-time broadcasts of AGMs and to disseminate recordings thereof.

<sup>60</sup> HCJP, Report sur l'adaptation de la gouvernance des sociétés en valorisation l'expérience de la crise sanitaire [Report on adapting corporate governance by drawing on the experience of the pandemic], 30 March 2022, Proposal No. 18.

Against the backdrop of the digitalisation of the economy and the international growth of shareholder engagement, since 2021, the AMF has been calling for *“the various stakeholders to work together to enable, in the short term, the development of 'hybrid' AGMs in France, giving shareholders the opportunity to vote remotely and in real-time”*, stressing that *“it is important that pragmatic progress, in consultation with the various stakeholders, can enable the development of real-time voting at the Paris financial centre in the short term”*<sup>61</sup>.

No significant progress has been made in this area in 2025, at least at SBF 120 level<sup>62</sup>.

Outside the SBF 120, two issuers – OVH Groupe<sup>63</sup> and Wavestone – have offered their shareholders the opportunity to vote in real-time and remotely.

Wavestone enabled its shareholders to take part in the AGM not only in person, but also to follow the discussions remotely, ask questions and *“vote on the resolutions during the meeting”* via a voting platform set up by its remote voting service provider<sup>64</sup>. Wavestone already offered its shareholders this kind of virtual participation last year.

In addition, via its remote voting service provider, OVH Groupe offered a *“new voting system that is fully integrated with the French financial centre's remote voting solution Votaccess”*<sup>65</sup>. Shareholders participating remotely were thus able to *“attend the meeting live”* and send in their questions and voting instructions. This choice of a hybrid format was justified by the service provider chosen by the company, on account of *“the wide geographical spread of its shareholders and its desire to hold its general meeting in Roubaix, the company's historic headquarters. This format thus offers a simple and effective solution, promoting the democratisation of shareholder voting rights, a principle valued by the Autorité des Marchés Financiers, and one that contributes to an increase in participation compared with traditional meetings”*<sup>66</sup>.

The hybrid format, the development of which has been encouraged by the AMF for several years<sup>67</sup>, has the advantage of promoting the participation of French and foreign shareholders, while preserving the existence of a forum for direct exchange and dialogue with management and the board of directors<sup>68</sup>. Moreover, in countries where purely virtual general meetings are on the increase, opposition from shareholders is growing<sup>69</sup>. However, shareholder opposition is

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<sup>61</sup> AMF, 2021 Report on corporate governance and executive compensation in listed companies, 2 Dec. 2021, pg.24 (only available in French).

<sup>62</sup> The last time an SBF 120 company held its general meeting in hybrid mode was in 2021 (see AMF, 2021 Report on corporate governance and executive compensation in listed companies, 2 Dec. 2021, pg. 23, only available in French).

<sup>63</sup> It should be noted that OVH Groupe entered the SBF 120 index in 2025, and has since exited again.

<sup>64</sup> See BALO, Meeting notice for the Wavestone AGM of 29 July 2025, 20 June 2025: for shareholders participating remotely, it is specified that, *“once identified, the shareholder will be able to sign the attendance sheet electronically and attend the General Meeting remotely; ask written questions; vote on the resolutions during the meeting”*.

<sup>65</sup> See BALO, Meeting notice for the OVH Groupe general meeting of 6 February 2025, 22 January 2025: for shareholders participating remotely, it is thus specified that *“shareholders will have the possibility of participating personally in the general meeting by videoconference”*, and *“shareholders will then be able to attend the meeting live, and submit their questions and voting instructions”*. See also Uptevia, *“Success of OVHcloud's hybrid General Meeting”*, Press Release, 19 Feb. 2025: *“For the Combined General Meeting of OVHcloud, the European leader in the cloud, held on 6 February 2025, Uptevia, together with its service provider Lumi Global and SLIB, proposed an innovative*

*voting system fully integrated with the French market's remote voting solution”*.

<sup>66</sup> Uptevia, *“Success of OVHcloud's hybrid General Meeting, 19 Feb. 2025”*

<sup>67</sup> See AMF, 2021 Report on corporate governance and executive compensation in listed companies, 2 Dec. 2021, pgs 2 and 24 (only available in French).

<sup>68</sup> See, for example OECD, *“Shareholder Meetings and Corporate Governance, Trends and Implications”*, OECD Publishing, 2025: *“Hybrid meetings, where both in-person and virtual attendance is offered, are generally better accepted by shareholders, but the conditions for participation and engagement differ across jurisdictions and companies.”*

<sup>69</sup> This is particularly the case in Germany, where the majority of companies in the DAX index now hold their general meetings exclusively in remote format. See Reuters, *“Investoren wollen virtuelle Hauptversammlungen verhindern [Investors want to prevent virtual general meetings]”*, 31 Jan. 2025. See also Glass Lewis, *“German Shareholders Push Back on Virtual-Only AGMs”*, 5 March 2025: *“Germany has become one of the leading countries for virtual shareholder meetings in Europe. In 2024, 36.9% of German companies, and over half of Germany's largest companies, held meetings that shareholders were not permitted to attend in-person. Almost 40% of all virtual AGMs in Europe were held by German companies and, in the rest of Europe, this*

growing, as demonstrated by the latest Siemens general meeting, at which a much-publicised resolution to make permanent the practice of purely virtual AGMs was rejected by shareholders<sup>70</sup>. In the United Kingdom, where solely virtual AGMs remain marginal, legislative reform could soon clarify the state of the law on this issue<sup>71</sup>.

However, the initiatives taken by Wavestone and OVH Groupe remain very isolated in France, while **the hybrid format is gaining ground in other countries, such as the Netherlands (24%)<sup>72</sup>, the UK (17%)<sup>73</sup>, Spain (48%)<sup>74</sup> and Portugal (38%)<sup>75</sup>.**

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*meeting format was only used more commonly in Greece (38.9%) and Norway (54.9%). On aggregate, virtual shareholder meetings accounted for just 7.6% of European AGMs."*

<sup>70</sup> See Reuters, "Shareholder adviser ISS wants to block virtual AGMs at Siemens", 31 Jan. 2025; Reuters, "Siemens shareholders reject proposal to allow virtual AGMs", 13 Feb. 2025. See also Better Finance, "Better Finance Welcomes the Return to On-Site AGMs in Germany", 20 Feb. "2025. *"The recent rejection of Siemens' attempt to permanently switch to virtual-only AGMs highlights a strong preference among shareholders for physical attendance. Despite the advantages of digitalization, investors have demonstrated a clear demand for direct, face-to-face engagement with corporate management and boards. The 2025 Siemens AGM saw robust shareholder participation, with 63.4% of votes cast in person, reinforcing the importance of physical presence. AGMs are a vital forum for corporate governance, offering investors the opportunity to hold executives accountable, raise critical questions, and engage in meaningful discussions that shape corporate strategy. While virtual formats provide accessibility, they often limit the scope of interaction, reduce spontaneous debate, and create barriers to shareholder influence."*

<sup>71</sup> J. Pickard, E. Dunkley, S. Ring, O. Aliaj, "An end to sandwiches and protests. The rise of the virtual AGM", *Financial Times*, 5 May 2025: "UK government will clarify legal grey area of whether companies can move to online-only shareholder meetings. See also the statements by Jonathan Reynolds, UK Secretary of State for Business and Trade until 5 September 2025: "Efforts to modernise will also include examining the potential for updating shareholder communication in line with technology and clarifying the law in relation to virtual AGMs". (J. Reynolds, "The UK's Modern Industrial Strategy", 14 Oct. 2024).

<sup>72</sup> Eumedion, "Evaluation of the 2025 AGM season", 9 July 2025: "This year, approximately 76% of the listed companies held a fully in-person AGM; similar to last year's level. The

The AMF is in favour of the development of the hybrid format and has on several occasions reiterated *"the importance for shareholders of listed companies of being offered – in addition to the right to attend meetings "in person" – arrangements for voting and participating in AGMs that enable them to exercise their prerogatives, both remotely and in real-time, under conditions similar to those available to them at AGMs held in-person"*<sup>76</sup>.

The OECD Corporate Governance Factbook 2025 notes that between 2022 and 2024, the proportion of jurisdictions allowing hybrid AGMs increased from 86% to 94%<sup>77</sup>, for the 52 jurisdictions covered by the Factbook. Most of the jurisdictions concerned (44) provide for equal rights for shareholders, regardless of how they attend AGMs<sup>78</sup>. Almost half of the jurisdictions in the Factbook (23) also deal with the issue of technical disruptions during meetings, in the case of hybrid or virtual AGMs<sup>79</sup>.

*remaining 24% held a hybrid AGM. Of the companies that held a hybrid shareholders' meeting, 52% of the companies offered shareholders attending the AGM virtually the opportunity to vote and to ask questions real-time, 43% of the companies offered shareholders attending the AGM virtually only the possibility to ask questions real-time (i.e. they could not cast their votes real-time) and the remaining 5% offered their shareholders only the possibility to vote remotely real-time."*

<sup>73</sup> Ph. Broke, P. Sarch, L. Low, "FTSE 350: Snapshot of AGM Key Trends - 2025 Update", White & Case, 23 April 2025. See also W. Rix, L. Reeve, "AGM formats - what's market practice and how might it change?", Linklaters, 3 June 2025, who report that 14% of UK AGMs are held in a hybrid format.

<sup>74</sup> Glass Lewis, "German Shareholders Push Back on Virtual-Only AGMs", 5 March 2025.

<sup>75</sup> *Ibid.*

<sup>76</sup> See, for example AMF, 2021 Report on corporate governance and executive compensation in listed companies, 2 Dec. 2021, pg. 2 (only available in French).

<sup>77</sup> OECD, Corporate Governance Factbook 2025, 6 Oct. 2025, pg. 86.

<sup>78</sup> As recommended in principle II.C.3. of the G20 and OECD principles of corporate governance: "General shareholder meetings allowing for remote shareholder participation should be permitted by jurisdictions as a means to facilitate and reduce the costs to shareholders of participation and engagement. Such meetings should be conducted in a manner that ensures equal access to information and opportunities for participation of all shareholders. [...] However, due care is required to ensure that remote meetings do not decrease the possibility for shareholders to engage with and ask questions to boards and management in comparison to physical meetings." (OECD, G20 and OECD Principles of Corporate Governance, 2023, pg.16).

<sup>79</sup> OECD, Corporate Governance Factbook 2025, 6 Oct. 2025, pg. 87.

Although legally possible, no listed issuer other than OVH Groupe and Wavestone has allowed its shareholders to vote in-person and remotely at AGMs this year. At a time when “numerous technological advances have been made in this area in recent years”<sup>80</sup>, and when artificial intelligence (AI) is becoming a major challenge for the European economy<sup>81</sup>, the AMF reiterates its call for the various stakeholders concerned to work together to digitalise AGMs, a key factor in improving investor involvement and enhancing the attractiveness of the Paris financial centre.

The AMF is aware that developing this method requires a comprehensive approach to the conditions for voting at AGMs, which goes beyond technological considerations, and encourages stakeholders to address this issue.

- [AGM venue](#)

In its notice convening the general meeting of 23 May 2025, TotalEnergies SE indicated, with regard to the venue of the AGM, that shareholders would be convened at the company's registered office:

*“Or in any other place in France deemed appropriate in view of the circumstances prevailing at the time of the Meeting. The set-up of this Shareholders’ Meeting may be adjusted as a result of the surroundings conditions prevailing at the time of its holding and, where applicable, to the legal provisions relating thereto. Shareholders will have to comply with the specific measures applicable at the time of the Meeting which will then be indicated on the Company’s website. Shareholders are invited to regularly*

*consult the section dedicated to the Combined Shareholders’ Meeting on the totalenergies.com website, under the heading Shareholders/Shareholders’ Meetings”.*

BNP Paribas used similar wording in 2024, in its notice convening its AGM of 14 May 2024:

*“Or in any other place in France deemed appropriate in view of the circumstances prevailing at the time of the Meeting. The set-up of this General Meeting may be adjusted as a result of changes in the surroundings conditions and the legal provisions relating thereto. Shareholders will have to comply with the specific measures applicable at the time of the meeting. These measures will be posted on the Company’s website. Shareholders are invited to regularly look at the section dedicated to the Combined General Meeting on the BNP Paribas website “invest.bnpparibas.com””.*

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<sup>80</sup> AMF, 2021 Report on corporate governance and executive compensation in listed companies, 2 Dec. 2021, pg. 24 (only available in French).

<sup>81</sup> See, for example, the Draghi report on European competitiveness commissioned by the European Commission, which stresses that: “With the world on the cusp of an AI revolution, Europe cannot afford to remain stuck in the “middle

*technologies and industries” of the previous century. We must unlock our innovative potential. This will be key not only to lead in new technologies, but also to integrate AI into our existing industries so that they can stay at the front.” (The future of European competitiveness, Part A - A competitiveness strategy for Europe, Sept. 2024, pg. 6).*

It is recalled that under Article R. 225-66 (1) of the Commercial Code:

*“The notice of meeting shall include the name of the company, followed, if appropriate, by its acronym, the form of the company, the amount of the share capital, the address of the registered office, and the information specified in Article R. 123-237 1° and 2°, the date, time and **venue of the meeting**, as well as whether it is an extraordinary, ordinary or special meeting, and its agenda.”*

The wording used in the abovementioned notices of meeting is undoubtedly a result of a legitimate concern to guard against any eventuality in the event – which has unfortunately occurred in recent years – of an AGM being disrupted by demonstrators, making it difficult or even impossible for shareholders of the company concerned to attend.

However, the legality of such a practice – whereby issuers reserve the right to change the venue of the general meeting “in view of the circumstances prevailing at the time of the meeting” – raises questions with regard to the legal and regulatory provisions in force, and in particular Article R. 225-66 (1) of the Commercial Code, the purpose of which is to enable shareholders to be informed, sufficiently in advance of the meeting, of the venue.

In fact, it is traditionally considered that “a change in the place where the meeting is to be held requires a new notice of meeting to be sent to all the recipients of the initial notice of meeting in the prescribed form and within the prescribed period (in the same vein, R. Houin: RTD com. 1970 pg. 156). If the date set for the meeting does not allow the meeting to be reconvened on time, the meeting must be postponed”<sup>82</sup>.

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<sup>82</sup> A. Charvériat, B. Dondero, Ch. Vannoote et al, *Mémento pratique Assemblées générales 2025-2026* [Practical Handbook Annual General Meetings 2025-2026], Francis Lefebvre, 2025, No. 6350.

## 2.2.2 Honorary chairs

Nearly thirty SBF 120 companies have appointed an “honorary chair”. Far from being marginal, appointments of “honorary chairs” have been on the rise in recent years<sup>83</sup>.

In recent months, four listed companies, including one in the SBF 120, have appointed an honorary chair. When doing so, they did not provide, or have yet to provide the market with any details as to the tasks or prerogatives that may be assigned to the honorary chair.

In terms of governance, the position of “honorary chair” is poorly identified, and a review of practice shows that the situation varies widely among issuers, in particular because there is no legislative, regulatory or soft law framework for this position. It is therefore important for issuers to inform the market and their shareholders of the appointment of an honorary chair, and of the tasks and prerogatives that may be assigned to them. Furthermore, if the honorary chair participates in the work of the board of directors, the question arises as to how the rules applicable to directors, particularly those relating to professional ethics, are to be applied to the honorary chair.

The AMF reiterates the recommendation it made last year:

*“The AMF recommends that companies that have appointed an “honorary chair” should describe precisely how they are appointed, their duties and their prerogatives. The AMF also recommends that companies that appoint, or plan to appoint, an honorary chair who is not a board member should ensure that they are familiar with the regulations on market abuse, and more specifically with the rules on refraining from disclosing inside information and refraining from trading in securities in instances in which inside information is held, and that measures have*

<sup>83</sup> See AMF, 2024 Report on corporate governance and executive compensation in listed companies, pg. 42 (only available in French).

*been put in place to manage any conflicts of interest*<sup>84</sup>.

The HCGE's 2025 activity report, published in French in December 2025, carried out a study on honorary chairs, and concluded: *"Whether or not they are subject to the same regulatory framework as other board members, it is necessary to ensure that the rules, and in particular the ethical rules, that apply to them are specified in the board's internal rules. The HCGE draws companies' attention to the need for transparency as regards the information relating to honorary chairs who are not directors, concerning the procedures for their appointment, their role, their duties on the board and/or a committee and the resources made available to them. These details should also be included in the board's internal rules"*.

All the following quotes are unofficial English translations of the 2025 annual report of the High Committee on Corporate Governance (HCGE).

### 2.2.3 HCJP report on the withdrawal of resolutions

In its 2023 report on corporate governance and executive compensation in listed companies, the AMF noted that:

*"At its general meeting held in the first half of 2023, one CAC 40 issuer indicated, at the start of the meeting, that it was withdrawing from the agenda a draft resolution that had been submitted to a shareholder vote, noting that "too many shareholders, perhaps followers of a proxy firm, were unfortunately reluctant" to adopt the resolution in question*<sup>85</sup>.

The report questioned the legality of this practice, noting in particular that the withdrawal of draft resolutions during a meeting is likely to undermine the due information of investors, who may have taken the content of an agenda into account in their investment decisions<sup>86</sup> or in their voting intentions or decisions (possibly already expressed remotely or by proxy) on the basis of the general thrust of the proposed resolutions. The report noted that:

*"clarification of the state of the law, if necessary by means of legislation, could provide greater legal certainty in this area. The AMF has asked the Legal High Committee for Paris Financial Markets (HCJP) to look into this matter"*<sup>87</sup>.

In January 2024, the AMF asked the HCJP to decide as to *"the lawfulness of withdrawing a draft resolution from the agenda of a general meeting, either before or during the general meeting, and, where applicable, on the procedures to be followed for this purpose"*.

In December 2024, the HCJP published its report, which highlighted *"the legal and practical tensions surrounding this issue, including the impact on shareholder rights, the transparency of decisions and governance issues"*.

The HCJP working group did not reach a consensus on the question of the lawfulness of withdrawing a draft resolution from the agenda of a general meeting. The HCJP report concludes that:

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<sup>84</sup> See AMF, 2024 Report on corporate governance and executive compensation in listed companies, pg. 44 (only available in French).

<sup>85</sup> AMF, 2023 Report on corporate governance and executive compensation in listed companies, pg. 57 (only available in French).

<sup>86</sup> See, in this regard, for example J.-P. Valuet, A. Lienhard, Code des sociétés, Annoté et commenté [Corporate Code, Annotated and Commented], Dalloz, 2017, 33<sup>rd</sup> ed, pg. 639: *"The agenda of a listed company, circulated at least 35 days prior to the*

*meeting, and in reality often 45 days prior, may have served as a basis for developing strategies, announcing voting intentions, and even investments or divestments: this agenda may have influenced the share price. We believe that any changes should be decided by the shareholders' meeting in a fully transparent manner."*

<sup>87</sup> AMF, 2023 Report on corporate governance and executive compensation in listed companies, pg. 57 (only available in French).

*“Some members consider that the **principle of the fixed nature of the agenda** as well as **the undermining of shareholders' voting rights** which would result from the withdrawal of a resolution subject to vote, should lead to the assertion that such withdrawal is in principle unlawful, except in the case of the withdrawal of a resolution which has become irrelevant (for example, the withdrawal of a resolution proposing the appointment to the board of a deceased person). Conversely, other members believe that since withdrawal is **not formally prohibited by law**, it cannot be considered unlawful as a matter of principle.*

*In any event, there is a **legal risk for an issuer** who wishes to withdraw a resolution, in the absence of a formal decision by the Cour de Cassation in favour of either of these positions. In the meantime, and in the absence of greater consensus, the working group has agreed on a minimum of **good practices** which should be followed if a resolution is withdrawn”.*

While the report does not recommend any changes to positive law, it does highlight certain "good practices":

- The report stresses that **voting on a withdrawal amendment** is *“the solution that best respects shareholders' rights and the, in principle, binding nature for the board of the notice of meeting it issued”*. However, the report indicates that a vote on a withdrawal amendment is difficult to implement at listed companies with a dispersed shareholder base, since the votes cast prior to the meeting, which are generally in the majority, tend to oppose any amendments to the draft resolutions on the voting forms;
- In terms of **shareholder information**, the draft report states that *“if the board of directors decides to make a withdrawal –*

*without voting on a withdrawal amendment – the working group considers that the decision should be as transparent as possible, which means that the issuer should inform shareholders and, in the case of listed companies, publish a press release announcing the withdrawal and the reasons for it, as early as possible. A withdrawal announced at the opening of the meeting for reasons previously known to the board must therefore be considered a priori a poor practice;*

- With regard to the **grounds leading to the withdrawal**, the report stresses that *“these should be limited to the **most objective instances in which a vote on the proposed resolution would lose all meaning**. The more subjective reasons leading the board to amend the agenda in a discretionary manner do not appear to constitute satisfactory grounds for withdrawal, particularly in view of the many practical difficulties raised by withdrawal that have already been mentioned. In particular, **withdrawals justified by the anticipation that the resolution will be rejected during the meeting must be considered a priori as poor practice”**.*

## 2.2.4 HCJP report on financial products sold as fractional shares

In 2023, the AMF asked the HCJP to set up a working group on fractional shares to clarify the nature and legal status of these financial products. In particular, it was noted that financial intermediaries, often foreign and with varying legal statuses, offer financial products in various forms to French investors, under the name of "fractional shares", without the legal regime governing these products or the rights of investors being clearly identified.

In May 2025, the HCJP published its report entitled: Financial products sold as "fractional shares". In its report, the HCJP examines the existing forms of split shares and notes that these do not legally constitute divisions of a share. It highlights the risks associated with the existing forms of split shares, in terms of information, counterparties and liquidity. In particular, the HCJP found that purchasers of fractional shares were not adequately informed about the characteristics of the financial product purchased, and in particular about the voting rights that may be conferred on them at the general meetings of the shareholders of the company issuing the underlying share.

At the end of its deliberations, the working group considered that financial products sold under the name of "fractional shares", whatever their legal form, should satisfy several conditions which together form a sort of "primary regime for fractional shares":

- Firstly, the purchaser of a financial product sold as a "fractional share" should first receive accurate, clear and non-misleading information on the legal status and characteristics of the product purchased, the costs associated with the product purchased, the legal status of the selling financial intermediary, risks to the buyer, the obligation on the selling financial intermediary, whether or not the product purchased is eligible for the Stock Savings Plan and whether or not the product purchased is eligible for the securities guarantee mechanism provided for in Articles L. 322-1 et seq. of the Monetary and Financial Code. With regard to the legal status and characteristics of the product, the information should mention that a fractional share is not a division of the share, so that the purchaser does not acquire the status of shareholder of the company issuing the underlying share by virtue of his or her purchase; in particular, he or she does not acquire the right to vote at general meetings of shareholders, nor the other rights attached to this share (right to a dividend, preferential subscription right to a capital increase, etc.).
- Secondly, the financial intermediary selling a financial product denominated as a fractional share should be required to acquire and retain ownership of the entire underlying share.
- Thirdly, the financial intermediary selling a financial product sold as a fractional share should be required to allocate ownership of the whole underlying share to the purchaser when the latter comes to hold, in the books of the selling financial intermediary, a number of fractional shares reconstituting the entire share. The allotment of a whole share would thus allow the exercise of the prerogatives associated with shareholder status, in particular the right to vote at general meetings of the issuing company's shareholders. The absence of voting rights attached to the underlying share by the purchaser of a fractional share would therefore be transitory, until the allotment of the whole share.

With regard to the procedures available for "splitting shares", the working group considered that financial intermediaries should be free to choose the legal form of financial products sold as "fractional shares", within the limits of the legal qualifications available. In this respect, it noted that abroad, the offering of fractional shares has developed on the basis of established law, particularly in Germany and the Netherlands, where the system of joint ownership is favourable to this practice. In France, too, this service has been developed for the time being on the basis of existing law. Further, according to the report, French intermediaries should be able to continue to offer, under the name of fractional shares, financial products in the form of debt securities. However, the working group considered that French intermediaries should not be able to offer under the same name financial products in the form of derivatives, financial futures or rights over a trustee in a management trust. In the working group's view, these types of products are too far removed from the holding of the underlying share to be legitimately offered under the name of fractional shares.

In addition, the working group considered that two additional forms could possibly be accommodated under French law, in order to encourage the offering of fractions of shares by French financial intermediaries, or even their participation in the central order book

for the underlying shares: joint ownership and French-law certificates.

The use of joint ownership could be considered, in particular to place French financial intermediaries in a situation equivalent to that of German and Dutch financial intermediaries. However, as French law currently stands, the law applicable to the exercise of voting rights attached to shares held in joint ownership does not necessarily appear to be suitable to the context of fractions of shares. The working group therefore considered that the possibility of creating a special joint ownership regime, specific to fractional shares, could be explored to enable French financial intermediaries to offer this legal form of splitting.

The other form that could be explored is based on the existing offer of French-law certificates. Certificates are financial products issued in the form of debt securities by financial intermediaries and admitted to trading. This technique, already known in French law, could be a possible way of splitting shares. However, according to the report, it would need to be adjusted in line with the objectives pursued by the working group.

The working group's recommendations have as yet to be acted upon, but could inspire changes to the regulations.



## **PART II:                    DISCLOSURES BY LISTED COMPANIES**

**This section is divided into three sub-sections:**

- 1.    Introduction and methodology**
- 2.    Thematic study on the succession process for key corporate officers**
- 3.    Other findings on the financial information disclosed by issuers having their registered office in France**

# 1 INTRODUCTION AND METHODOLOGY

## 1.1 Objectives of the report

In their corporate governance principles<sup>88</sup>, the G20 and the Organisation for Economic Co-operation and Development (OECD) state:

*"Public authorities should have effective enforcement and sanctioning powers to deter dishonest behaviour and provide for sound corporate governance practices. In addition, enforcement can also be pursued through private action, and the effective balance between public and private enforcement will vary depending upon the specific features of each jurisdiction. [...]"*

*When regulatory responsibilities or oversight are delegated to non-public bodies, notably stock exchanges, it is desirable to explicitly assess why, and under what circumstances, such delegation is desirable. In addition, the public authority should maintain effective safeguards to ensure that the delegated authority is applied fairly, consistently, and in accordance with the law. It is also essential that the governance structure of any such delegated institution be transparent and encompass the public interest, including appropriate safeguards to address potential conflicts of interest."<sup>89</sup>*

In France, corporate governance codes are drawn up by the organisations that represent companies<sup>90</sup>.

Article L. 621-18-3 of the Monetary and Financial Code, introduced by Law No. 2003-706 of 1 August 2003 on financial security, and amended by Law No. 2025-391 of 30 April 2025<sup>91</sup>, provides that:

*"Each year, the Autorité des Marchés Financiers shall prepare a report on corporate governance and executive compensation based on the information published, in accordance with Article L. 451-1-2, by issuers having their registered office in France. The Autorité des Marchés Financiers may publish any recommendations it deems appropriate".*

The purpose of this report is to ensure the transparency and quality of the information about corporate governance and corporate officer compensation in companies listed on a regulated market and having their registered office in France, and to promote good practices in corporate governance, where appropriate by making recommendations to issuers or indicating areas for discussion to the people who draft the codes.

- [Ensuring the transparency and quality of corporate governance and executive compensation disclosures](#)

As the interlocutor for listed companies, and with the legal mission of ensuring the protection of savings and the proper functioning of the financial markets, the AMF oversees the transparency and quality of the financial and non-financial information disclosed to the public by listed companies in their corporate governance report<sup>92</sup>, and more generally in the documentation appearing on their websites, particularly at the time of their annual general meeting.

<sup>88</sup> In 2015, these principles were approved by the G20 and have since been referred to as the "G20/OECD Principles of Corporate Governance". The Financial Stability Board (FSB) has also made corporate governance principles one of its fundamental standards for the soundness of financial systems.

<sup>89</sup> G20 and OECD Principles of Corporate Governance, 2023, pgs 10-11.

<sup>90</sup> Article L. 22-10-10, 4° of the Commercial Code.

<sup>91</sup> Law No. 2025-391 of 30 April 2025 containing various measures for adapting to European Union law in the fields of the economy, finance, environment, energy, transport, health and the movement of persons.

<sup>92</sup> Pursuant to the provisions of Article L. 451-1-2, 1, 3° of the Monetary and Financial Code, the annual report (RFA), which is made available to the public, includes a report on corporate governance.

The corporate governance report published by listed companies contains the information on corporate governance and executive compensation required by the Commercial Code<sup>93</sup> and, where applicable, by the corporate governance code to which they adhere.

In accordance with the "**comply or explain**" **approach**, companies whose securities are admitted to trading on a regulated market and which voluntarily comply with a corporate governance code drawn up by the organisations representing companies should indicate "the provisions from which they have deviated and the reasons for this, as well as where the code can be consulted, or, in the absence of such a reference to a code, the reasons why the company has decided not to adhere to a code and, where applicable, the rules adopted in addition to the requirements laid down by law"<sup>94</sup>.

The French corporate governance framework is characterised by the coexistence of two codes, each drawn up by organisations that represent companies: the [AFEP-MEDEF code](#) and the [MIDDLENEXT code](#).

The HCGE is "*responsible for monitoring the implementation of the Corporate Governance Code*" drawn up by the AFEP and the MEDEF for the listed companies that adhere to it, and it "*ensures the actual implementation of the fundamental corporate governance rule, which is the "comply or explain" principle*"<sup>95</sup>. The HCGE publishes and regularly updates a guide to applying the AFEP-MEDEF Code. In December 2025, the HCGE updated this guide and the current version is available on its website<sup>96</sup>.

The AMF notes that the HCGE's work contributes to a general improvement in corporate governance practices at listed companies.

- [Issuing recommendations and promoting good practices in corporate governance](#)

In its report on corporate governance and executive compensation, the AMF may "*publish any recommendations it deems appropriate*"<sup>97</sup>.

These recommendations may be aimed specifically at companies that adhere to a corporate governance code.

The AMF can also identify and highlight "good practices" observed at listed companies. The "good practices" observed at international level can serve as an example and inspiration, as well as a basis for improving the practices of companies having their registered office in France.

Additionally, the AMF sends areas for consideration to the AFEP, the MEDEF, the HCGE and MIDDLENEXT with a view to developing the corporate governance rules.

The recommendations, which are issued by the AMF in its annual reports on corporate governance and executive compensation, are collated in its doctrine in DOC-2012-02.

See: [AMF recommendation DOC-2012-02 - Corporate governance and executive compensation in companies referring to the AFEP-MEDEF code: Consolidated presentation of the recommendations contained in the AMF annual reports \(only available in French\)](#).

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<sup>93</sup> At companies whose shares are admitted to trading on a regulated market, the corporate governance report is drawn up in accordance with Articles L. 22-10-10 and L. 22-10-11 of the Commercial Code.

<sup>94</sup> Article L. 22-10-10, 4° of the Commercial Code.

<sup>95</sup> AFEP/MEDEF corporate governance code for listed companies, Dec. 2022, Article 28.2.

<sup>96</sup> [https://hcge.fr/wp-content/uploads/2025/12/2025\\_Guide\\_decembre\\_2025\\_ENG.pdf](https://hcge.fr/wp-content/uploads/2025/12/2025_Guide_decembre_2025_ENG.pdf).

<sup>97</sup> Article L. 621-18-3 of the Monetary and Financial Code.

- [Use of named quotations](#)

This report contains three types of quotations:

- (i) As in previous years, issuers may be referred to by name (“name and shame”) if they fail to comply with an applicable provision in terms of corporate governance and executive compensation. In this regard, in accordance with the legislative principle of “comply or explain”, issuers that deviate from a recommendation in the governance code to which they adhere without providing sufficiently detailed and relevant explanations, may be quoted.

These named quotations are used after an adversarial discussion with the issuer concerned.

In this report, these quotations are highlighted in **bold capital letters**.

- (ii) The AMF may also quote issuers to highlight a good practice (“name and fame”).

The good practices identified are highlighted as such in this report.

- (iii) Finally, the AMF may quote issuers for illustrative purposes only, without making any judgement, in order to highlight corporate governance and executive compensation practices.

## 1.2 Method of analysis and scope of application of the report

The AMF's 2025 report on corporate governance and executive compensation covers the disclosures made by companies in the corporate governance report that is part of their Universal Registration Document (URD) or Annual Report (AFR) published in 2024 or 2025, in respect of the previous financial year. This information may also appear in press releases made available to the market on the company's

website, in particular in the section dedicated to financial and regulated information, or in the section dedicated to the annual general meeting.

This report is based solely on the **information made public** by issuers.

**The AMF makes no judgement as to the accuracy of this information.**

This year's report on corporate governance and executive compensation includes (i) **a thematic study of the information disclosed by issuers on the succession process for corporate officers** (chair and CEOs, CEOs, chairs of the management board, managers of partnerships limited by shares, chairs of the board of directors and chairs of the supervisory board) and (ii) **a summary of other findings on corporate governance and executive compensation**, based on the work carried out by the AMF using the financial information disclosed by issuers having their registered office in France.

- [Thematic study on the succession process for key corporate officers](#)

In 2025, the theme studied is the **succession process for key corporate officers**. Corporate officer succession is a key stage in the life of a company, requiring the involvement of several corporate officers. This is one of the main tasks of the nominations committee<sup>98</sup>, and raises questions as to the due diligence that must be carried out by the corporate governance bodies, as well as the level of information to be provided to the market.

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<sup>98</sup> Section 18.2.2 of the AFEP-MEDEF Code states that “The nominations committee (or an ad hoc committee) should design a plan for replacement of company officers. This is one of the committee's most important tasks, even though it can, if

necessary, be entrusted by the Board to an ad hoc committee. The Chairman may or may not contribute to the committee's work during the conduct of this task”.

The aim is to take stock of the information disclosed as regards the existence and the methods used to prepare and review succession plans by the most representative issuers listed on Euronext Paris in terms of market capitalisation, and to study, as far as possible, the actual implementation of these succession plans.

To ensure that the preparation for the transition is rigorous and well-managed, companies may need to keep certain information confidential. This study may, in compliance with the rules in force, help the companies concerned to determine the level of information to disclose to the market, in order to strengthen stakeholder confidence in the succession process in place. For the purposes of the study, the AMF contacted a number of its European counterparts to find out about their regulatory frameworks and issuers' practices in terms of preparing and reviewing succession plans for key corporate officers, in order to put the French framework in perspective with regard to foreign experiences. Generally speaking, the AMF notes that in the European countries analysed (Belgium, Denmark, Germany, Italy, Luxembourg, the Netherlands, Spain, Switzerland and the United Kingdom), the applicable legal framework, which is based essentially on soft law, does not include rules that are significantly different or from which good practices can be drawn with regard to informing the market about succession plans.

- [Other findings on the information disclosed by issuers having their registered office in France](#)

The report also contains a summary of other findings on corporate governance and executive compensation, based on work carried out by the AMF using the financial information disclosed by companies listed on a regulated market that

have their registered office in France and that adhere to the AFEP-MEDEF code.

This work consists of (i) a review of the universal registration documents and annual reports published in 2024 or 2025 by certain listed companies<sup>99</sup>, (ii) a follow-up on the named quotations from the AMF's 2024 report on corporate governance and executive compensation, and (iii) monitoring current developments in terms of issuers' corporate governance and executive compensation.

This part of the report on other findings deals with issues that the AMF considers relevant in view of their nature and number over the period from 1 September 2024 to 31 August 2025, and in view of the statistics provided by the HCGE in its activity report published in November 2024 on compliance with the recommendations of the AFEP-MEDEF code<sup>100</sup>.

Over the above-mentioned period, for the purposes of its report on corporate governance and executive compensation, the AMF reviewed the information disclosed (including universal registration documents and annual reports) by 40 companies listed on the Euronext Paris regulated market, 13 of which form part of the CAC 40 index.

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<sup>99</sup> Each year, companies are selected for documentation review using a multi-criteria method in accordance with ESMA guidelines. For CAC 40 companies, certain resolutions that have been

contested at general meetings are also taken into account in the selection criteria.

<sup>100</sup> HCGE, Activity Report, November 2024.

## 2. THEMATIC STUDY ON THE SUCCESSION PROCESS FOR KEY CORPORATE OFFICERS

While corporate officer succession has always been a corporate governance issue, in recent years it has come under increasing scrutiny from investors and other stakeholders, against a backdrop of unprecedented turnover and instability at the helm of listed companies<sup>101</sup>.

According to the AFEP-MEDEF Code, **preparing a succession plan for corporate officers is one of the key tasks of the board of a company**, and one of the main duties of the nominations committee<sup>102</sup>.

The MIDDLENEXT code recommends *“that succession planning be a regular item on the agendas of the Board and a specialised committee meeting, in order to ensure that it is addressed and monitored on an annual basis.*

*According to situations, including in the case of succession planning in family-owned companies, a change in the governance structure might be appropriate. This would involve shifting from a one-tier to a two-tier structure, and vice versa, reviewing the distribution of functions between the chair and the chief executive officer and setting out the reasons for this in the corporate governance report”*<sup>103</sup>.

In previous studies, the AMF found that most issuers did not provide sufficient information on the existence and implementation of succession plans for each of their key corporate officers. It thus noted that *“a public mention of such a succession plan does not, of course, imply*

*interference in management or in certain confidential decisions of the company, but rather is intended to enlighten investors on an aspect that characterises the company's ability to plan for the future and ensure its continuity”*<sup>104</sup>. In the light of these observations, **the purpose of this thematic study is to draw up an assessment of listed companies' disclosures on the preparation and implementation of succession plans, and to identify good practices in corporate governance and in the area of compensation linked to a change of corporate officer.**

### ▪ [Sample selected](#)

For the purposes of the study, the AMF analysed the information published by a sample of companies both before and after a change of corporate officer (departure, naming of a successor, actual appointment). This sample is comprised of **53 companies that have their registered office in France, whose shares are listed on the Euronext Paris regulated market and which adhere to the AFEP-MEDEF code**, and encompasses:

- **the 35 French companies of the CAC 40**<sup>105</sup>, in order to constitute a representative sample of the largest stocks on the market and the various business sectors;
- **18 companies from the SBF 120**<sup>106</sup> that disclosed, **between 1 July 2024 and 30 June 2025**, a change in at least one of their key corporate officers.

<sup>101</sup> See, for example IFA, "AG 2025: succession des dirigeants, entre anticipation, impréparation et prolongation des mandats" [2025 AGMs: executive succession, between anticipation, a lack of preparedness and extensions of offices], May 2025; HCGE, Activity report, December 2025, pg. 49: "As in its previous reports, the HGCE reiterates that it pays particular attention to succession plans, given their significance, especially in recent years, in a **context of increased executive turnover**"; D. Barroux, "Valse des dirigeants : c'est qui le patron ?" [The executive waltz: who is the boss?], *Les Echos*, 28 Oct. 2025, pg. 7; L. Boisseau, "SBF 120: quand les successions de PDG s'improvisent" [SBF 120: when CEO successions are improvised], *Les Echos*, 24 April 2025, pg. 25; E.

Egloff, "La valse des grands patrons repart de plus belle" [The big boss waltz is off again], *Le Figaro*, 25-26 October 2025, pg. 20; S. Wajsbrot, "La valse des grands patrons s'accélère" [The big boss waltz is getting faster], *Les Echos*, 2 September 2025, pg. 16.

<sup>102</sup> Article 18.2.2 of the AFEP-MEDEF Code.

<sup>103</sup> Recommendation R17 of the MIDDLENEXT code.

<sup>104</sup> 2017 Annual report on corporate governance, executive compensation, internal control and risk management, 22 Nov. 2017, pg. 47 (only available in French).

<sup>105</sup> Composition of the CAC 40 index as at 30 June 2025.

<sup>106</sup> Composition of the SBF 120 as at 30 June 2025.

The list of issuers comprising the sample can be found in the annex.

In total, **25 companies** (seven CAC 40 companies and the 18 SBF 120 companies studied) announced a **change of corporate officer between 1 July 2024 and 30 June 2025**, i.e. 47% of the companies in the sample. **10 other CAC 40 companies** are expected to face a change in corporate officer in the **next few years**<sup>107</sup>. Finally, as regards the **remaining 18 companies in the sample (all CAC 40 companies)**, while there are no foreseeable succession issues in the short or medium term, it is worth including them in the study for the purposes of analysing the level of transparency surrounding the succession process for key corporate officers.

Between 1 July 2024 and 30 June 2025, 25 companies in the sample underwent one or more changes of corporate officer. This concerned **30 corporate offices** (filled or to be filled), of which:

- 2 chair and CEOs (combined functions);
- 16 CEOs;
- 9 chairs of the board of directors;
- 1 chair of the supervisory board; and
- 2 managers.

This study reviews the applicable legislation and highlights a number of practices relating to the preparation and monitoring of succession plans (2.1).

It aims to assess the quality of companies' communications about the preparation of the succession process, with regard to their current and future needs (2.2), as well as about its implementation and the arrangements for handing over powers (2.3).

Finally, the calculation and allocation of the components of compensation when there is a change of executive must meet the requirements of consistency and transparency with regard to investors (2.4).

<sup>107</sup> Companies at which a key corporate officers is within five years of the statutory age limit.

## 2.1 Existence of and method for preparing a succession plan

### ▪ [Preparing a succession plan](#)

#### ✓ *Reminder of the applicable rules*

#### Applicable text

Under Article 18.2.2 of the AFEP-MEDEF Code *“the nominations committee (or an ad hoc committee) should design a plan for replacement of company officers. This is one of the **committee's most important tasks**, even though it can, if necessary, be entrusted by the Board to an ad hoc committee. The Chairman may or may not contribute to the committee's work during the conduct of this task”.*

The HCGE specifies that *“as this is one of the **board's core tasks**, the corporate governance report should indicate whether these plans are within the remit of the Nomination committee or an “ad hoc ” committee and whether they have actually been prepared and reviewed by the committee and the board. The report will indicate whether the plan exists, whether it is regularly reviewed and whether it was reviewed during the last fiscal year (if not, the date of the last review)”*<sup>108</sup>.

Article 18.2.2 of the AFEP-MEDEF code on the preparation of a succession plan expressly refers to *“company officers”*, i.e. within the meaning of Appendix 2 of the Code, executive officers (the Chairman and Chief Executive Officer, Chief Executive Officer and, where applicable, the Deputy Chief Executive Officer(s), Chairman of the Management Board, Members of the Management Board, and Managers of partnerships limited by shares) and non-executive officers (Chairman of the Board of Directors or of the Supervisory Board).

<sup>108</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

This thematic study is limited to the succession plans for key executive corporate officers (chair and CEOs, CEOs, chairs of the management board and managers of partnerships limited by shares) and non-executive officers (“separate” chair of the board of directors and chair of the supervisory board).

The AFEP-MEDEF code states that: *“the wide diversity of listed corporations does not allow formal and identical forms of organisation and operation to be imposed for all Boards of Directors.*

*The organisation of the Board's work, and likewise its membership, must be suited to the shareholder make-up, to the size and nature of each firm's business, and to the particular circumstances facing it.*

*Each Board is the best judge of this, and its foremost responsibility is to adopt the mode of organisation and operation that enable it to carry out its tasks in the best possible manner.*

*Its organisation and operation are described in the internal rules that it has drawn up, which are published in part or in full on the company's website or in the report on corporate governance”<sup>109</sup>.*

In the same vein, the following practices highlight the adaptation of succession plans to

the composition of the shareholder base, and to the size and nature of the company's business, but also to its financial situation and sustainability issues, as well as to the way in which it is organised and operates. The AMF notes that succession plans and the search for a successor involve a strong element of *intuitu personae*, such that there is no single model for a succession plan.

✓ *Compliance with the AFEP-MEDEF code*

**Some issuers describe the succession plans for the executive corporate officer and for the chair of the board of directors or supervisory board in separate paragraphs:**

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<sup>109</sup> Article 2.2 of the AFEP-MEDEF Code.

**3.1.2.6 Succession plans for the Chief Executive Officer and Chairman**

**Chairman**

**Chief Executive Officer**

The Compensation, Governance & Sustainability Committee establishes the short, medium and long-term succession plan for the CEO with the Chairman and the Senior Independent Director, if any.

Should the CEO no longer be in a position to perform his duties, temporarily or permanently, and unless decided otherwise by the Board, any Deputy Chief Executive Officer and, failing which, the persons who effectively run the Company (dirigeants effectifs) within the meaning of the Solvency II regulations chosen by the Board, shall manage the Company on an interim basis.

The Compensation, Governance & Sustainability Committee establishes the succession plan for the Chairman with the Senior Independent Director, if any, the other Committee Chairs, as the case may be, and the CEO.

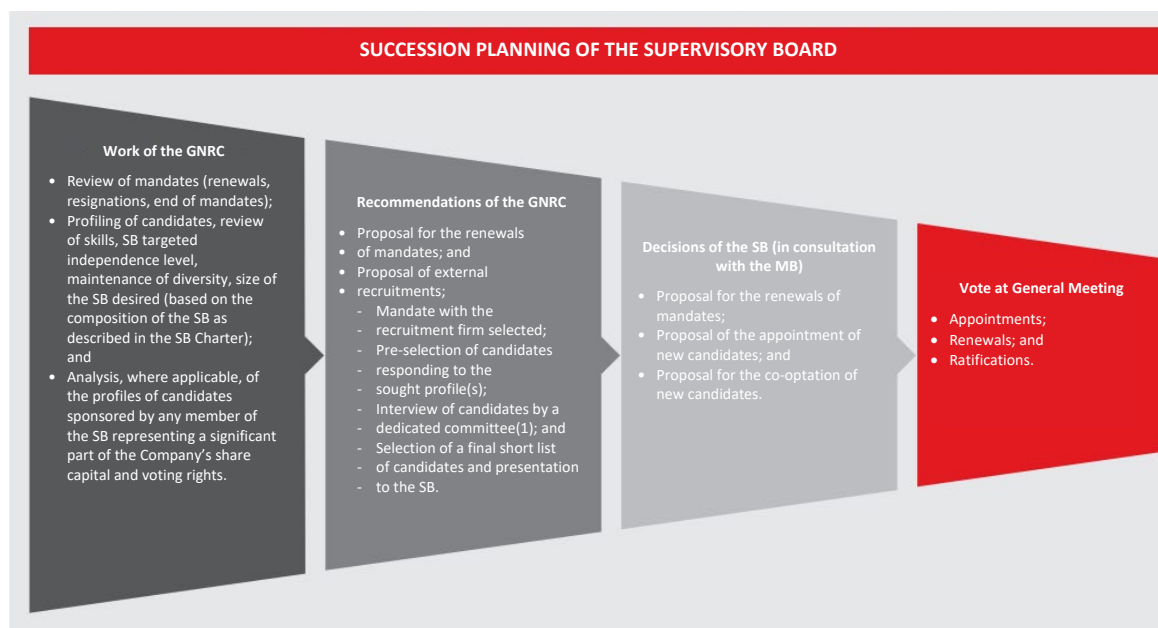
Should the Chairman no longer be in a position to perform his duties, temporarily or permanently, the chairmanship of the Board shall be exercised on an interim basis by the Senior Independent Director failing which by the Chairman of the Compensation, Governance & Sustainability Committee.

The succession plans for the CEO and the Chairman are reviewed at least annually by the Compensation, Governance & Sustainability Committee and are regularly examined by the Board.

For further information, please refer to Sections 3.3.2 - Board activity in 2024 and 3.3.3.3 - Compensation, Governance & Sustainability Committee of this Document.

Source: Axa URD 2024.

## Supervisory Board succession planning and Supervisory Board member candidate selection process



(1) GNRC members and CEO/CRSO; and SB Vice-Chair when dealing with the SB Chair recruitment.

### Management Board succession plan

The MB's succession plan was successfully implemented several times and reviewed for the last time at the end of 2024 with the renewal of the MB mandates of the CEO and CFO.

Recent evolutions have confirmed the relevance of robust medium and short-term succession planning, ensuring that there is no vacancy at the level of the MB, while guaranteeing real fluidity in the changes in governance to ensure the smooth and secure continuity of the Group's activity.

The MB succession plan, extended to members of the Executive Committee ("EC") once a year, was reviewed and discussed at length by the GNRC and the SB at various occasions in 2024 (7 GNRC meetings and 5 SB meetings had included such topic at the agenda). The discussions took place without the presence of any MB members.

In that perspective, before mid-2024, the SB, upon GNRC recommendation, has implemented a structured process allowing the evaluation of the succession plan and the definition of short and medium term actions.

Except in the event that a faster update is required, the succession plan is reviewed annually.

The standard selection process for candidates is as follows: the GNRC, in the presence of the Chairman of the MB and the CRSO, (i) defines the profile of potential candidates with regard to the Group's strategy and targeted diversity, (ii) analyses potential successors within the Group, and (iii) studies the market with external consultants for positions without potential successors. The GNRC then recommends to the SB either an internal recruitment or the search for an external candidate with the desired profile (mandate with the recruitment firm, preselection of candidates, interviews with potential candidates, selection of a list of final candidates) and finally selects a candidate of each gender for each profile.

### Succession planning

A comprehensive succession planning is rolled out every year for executive and leadership positions in the Group, both in Europe and in the US, with a focus on corporate and regional functions. In 2024, 106 leadership positions and their identified successors were reviewed by the MB at a dedicated Group Succession Planning review, preceded by in-depth reviews done in every country, led by HR Directors and COOs. Succession planning contributes to building a strong talent pool, clarifying development opportunities for the identified successors, and foreseeing possible career paths for them. Alongside the Succession Planning review, Top Talent reviews are being carried out. All functions and all levels of experience are considered. The objective of the reviews is to get a comprehensive view of the talent pool for development and retention purposes and work further to match talent with key positions in the long run. During the 2024 Succession Planning review, 143 top talents were identified, with consideration for potential defined as business ability, leadership ability and aspiration.

Source: Unibail-Rodamco-Westfield URD 2024

Describing the succession planning for each corporate officer in separate paragraphs helps to strengthen the credibility and robustness of the succession processes.

In 2025, the AMF notes that five companies in the sample do not make specific reference to the existence of a succession plan for either the CEO or the chair of the board<sup>110</sup>.

✓ *Relevance of companies' explanations vis-a-vis legislation*

With regard to the succession plan for its CEO, **SARTORIUS STEDIM BIOTECH** simply states that one of the tasks of its Remuneration and Nomination Committee is to "prepare succession plans for the executive officers in the event of an unforeseen vacancy."<sup>111</sup>, without specifying whether such a plan has actually been drawn up, while some directors have identified, among the areas for improvement for the board, that "additional touchpoints with senior executives below the Board level would be appreciated as well as regular information about key executives hires and departures"<sup>112</sup>.

With regard to the succession plan for the chair of the board of directors, issuers such as **ALSTOM** and **BUREAU VERITAS** only cover the succession planning for senior management in their URDs. While the succession process for the chair of the board is covered by the procedure for selecting board members, it is not the subject of a dedicated plan within the meaning of Article 18.2.2 of the Code.

Other issuers, such as **ORANGE** and **REMY COINTREAU**, cover the succession planning for senior management in their URDs, but, with regard to the succession plan for the chair of the board, refer respectively to a "succession plan in place for Corporate Officers and General Management"<sup>113</sup> or an "executive succession plan"<sup>114</sup>. In other words, these companies do not specify, in application of the aforementioned provisions, whether they have

drawn up a specific succession plan for the chair of the board of directors.

**In the absence of such information, it is not possible to determine whether these companies comply with Article 18.2.2 of the AFEP-MEDEF Code as regards the existence of a separate succession plan for each corporate officer.**

Rémy Cointreau published a press release on 17 October 2025 stating that "the procedure is currently being adapted to also cover the Chairman of the Board of Directors position as from fiscal year 2025-26"<sup>115</sup>, in accordance with Article 28.1 of the AFEP-MEDEF Code, which states that "if a company intends to implement a recommendation in the future from which it has provisionally deviated, it must state when this temporary situation will come to an end".

**It is essential that the succession plans for corporate officers be regularly tailored and updated to reflect the company's changing situation and needs.** In particular, where the roles of chair and CEO are separated, rather than providing general information about the existence, method of preparation and review of "a succession plan for corporate officers", it should be stated whether there is a separate plan for each corporate officer within the meaning of the AFEP-MEDEF Code, whether executive or non-executive.

In the US, it should be noted that in 2009, the SEC announced a change of approach to the issue of the succession of chief executive officers (CEOs). It no longer allows listed companies to reject, on the basis of rule 14a8(i)(7), draft resolutions tabled by shareholders in relation to CEO succession plans. These proposed resolutions generally ask issuers to adopt or disclose detailed information about the CEO succession plan, including the nature of the profile sought, the development of a pool of internal candidates and the

<sup>110</sup> According to the HCGE, in 2024, five companies in the SBF 120 (including one from the CAC 40) did not mention a succession plan. In its 2025 Activity Report, the HCGE states that it has written to the companies concerned (HCGE, Activity Report, December 2025, pg. 49).

<sup>111</sup> Sartorius Stedim Biotech, URD 2024 pg. 209.

<sup>112</sup> Sartorius Stedim Biotech, URD 2024 pg. 197.

<sup>113</sup> Orange URD 2024, pg. 505.

<sup>114</sup> Remy Cointreau URD 2024-2025, pg. 195.

<sup>115</sup> Remy Cointreau press release, 17 October 2025.

procedures for assessing candidates<sup>116</sup>. With this turnaround, the SEC underlined the importance of CEO succession issues in providing due information to investors and as a governance issue<sup>117</sup>.

- [Method for preparing and reviewing the succession plan](#)

- ✓ [Reminder of the applicable rules](#)

In its application guide of the AFEP-MEDEF code, the HCGE states, with regard to succession plans for corporate officers, that "the corporate governance report should indicate whether these plans [...] **have actually been prepared and reviewed by the committee and the board during the year**"<sup>118</sup>.

In its 2020 report, the HCGE noted that "some companies simply state that one of the board's committees is responsible for implementing and monitoring the succession plan, **without mentioning the actual execution of this task in the committee's activity report or, more generally, in their corporate governance report**"<sup>119</sup>.

More specifically, "with regard to succession planning, the High Committee noted that the internal rules of boards often do provide for such planning but that the **registration document omits to mention the corresponding work**. In rare cases, no succession planning has yet been carried out. Insofar as this planning is a **vital tool for preparing for the future and ensuring continuity in the event of unexpected circumstances, corporations are urged to implement the recommendation as soon as possible**. Generally speaking, such planning exists but the corporation does not want to disclose it "for reasons of confidentiality". **Given that the disclosure expected does not concern the content of the plan, this argument is therefore irrelevant. It is up to corporations to disclose each year in their registration document that there is a plan, whether it is regularly reviewed and whether it was reviewed during the last financial year (or indicate the date of the last review)**"<sup>120</sup>.

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<sup>116</sup> See *Shareholder Proposals: Staff Legal Bulletin No. 14E (CF)*, 27 Oct. 2009:

"During the past two proxy seasons, we received a number of no-action requests from companies seeking to exclude proposals relating to CEO succession planning in reliance on Rule 14a-8(i)(7). These proposals generally requested that the companies adopt and disclose written and detailed CEO succession planning policies with specified features, including that the board develop criteria for the CEO position, identify and develop internal candidates, and use a formal assessment process to evaluate candidates. We expressed the view that these proposals could be excluded in reliance on Rule 14a-8(i)(7) because the proposals related to the termination, hiring or promotion of employees.

The Commission stated in Exchange Act Release No. 40018 (May 21, 1998) that proposals involving "the management of the workforce, such as the hiring, promotion, and termination of employees" relate to ordinary business matters. Our position to date with respect to CEO succession planning proposals was based on this guidance and the Division's historical approach to proposals relating to employee hiring and promotion. In the same release, however, the Commission recognized that a proposal relating to ordinary business matters may transcend the

company's day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.

**One of the board's key functions is to provide for succession planning so that the company is not adversely affected due to a vacancy in leadership**. Recent events have underscored the importance of this board function to the governance of the corporation. **We now recognize that CEO succession planning raises a significant policy issue regarding the governance of the corporation that transcends the day-to-day business matter of managing the workforce**. As such, we have reviewed our position on CEO succession planning proposals and have determined to modify our treatment of such proposals. Going forward, we will take the view that a company generally may not rely on Rule 14a-8(i)(7) to exclude a proposal that focuses on CEO succession planning.

<sup>117</sup> See, for example J. D. McCool, "SEC Puts CEO Succession Center Stage", Bloomberg, 1 Dec. 2009.

<sup>118</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

<sup>119</sup> HCGE, Activity Report, November 2020, pg. 48.

<sup>120</sup> HCGE, Activity Report, November 2020, pg. 8.

✓ Findings on the method used to prepare the succession plan

**35 companies, i.e. 66% of the sample, describe the method used to prepare the succession plan**, i.e. the body responsible for managing the preparation of the plan, details of the work carried out during the previous financial year (e.g. meetings with management teams, participation in a presentation by human resources on monitoring the internal talent pool), the fact that the chair of the board and/or the chief executive participate or are involved in the work of the relevant committee, the time horizons covered, the active search for candidates both internally and externally, the profiles sought and the skills expected, etc.

**Succession plans**

More specifically regarding succession plans, the committee anticipates and prepares as best possible for the succession of Executive Management (including the members of the Extended Executive Committee, i.e., around 25 people), in order to cover any vacancy and thereby protect the interests of the Group and its shareholders. The succession plans in place were reviewed to ensure the continuation of operations in the event of expected or unexpected departures. These succession plans cover different time horizons depending on the nature of the succession:

- in the short term: in the event of unexpected departures (such as resignation and death) and early departures (such as in the event of poor performance or mismanagement); and
- in the long term: in the event of expected departures (end of term of office, retirement).

The review of these plans aims in particular to define the required profile of potential replacements based on:

- the level of expertise and experience deemed necessary for the positions concerned;
- the Group's specific characteristics and its organization; and
- the Group's strategy and diversity policy.

Potential successors are identified:

- inside the Group: through dedicated internal monitoring; and
- outside the Group: the key characteristics of the position are passed on to a panel of recruitment agencies, whose mission is to keep track of suitable candidates on the market.

Succession plans are reviewed annually by the Compensation, Appointments and CSR Committee. This review was conducted by the committee at its meeting of April 19, 2024. During the review, the functional and operational scope of each member of the Extended Executive Committee was examined in light of each position's requirements, the member's skill set, their aspirations and the composition of their teams, in order to fill any vacancies.

Source: *Edenred URD 2024*.

On the other hand, 18 issuers, or 34% of the sample, provide little or no information about the method used to prepare the succession plans for their corporate officers. Most of these issuers state in their corporate governance report that they have prepared a succession plan, but it is not clear what kind of work has been done by the relevant committee and the board, whether the chair of the board and/or the executive director are involved or associated with this work, what time horizons are covered, or whether the succession plans cover unforeseen departures, departure at the end of the term of office and the identification of successors<sup>121</sup>.

<sup>121</sup> According to Russell Reynolds Associates, the holding of a one-off meeting, whether prior to a planned departure or following an unforeseen event, does not in itself constitute a "succession process". Such a process requires a multi-year, structured and documented approach, under the aegis of the nominations committee (or an *ad hoc* committee) and the board of directors, and based on best practice in the field. This implies, first and

foremost, clearly defined governance: for example, the board and its chair set the expectations, select the candidates and oversee the transition; the incumbent director creates the conditions favourable to the development of internal talent; the human resources department monitors the implementation of the development plans (Russell Reynolds Associates, *Definitive Guide to CEO Succession Planning*, 2025).

The AMF reminds issuers of its recommendation that each year they should set out in their corporate governance report not only the decision-making process in place for the preparation of a succession plan for their key corporate officers (including the role of the relevant committee, the time horizon, the frequency of review and the arrangements for involving the executive concerned), but also the nature of the work carried out during the previous financial year<sup>122</sup>.

✓ *Findings on the regular review of the succession plan by the relevant committee and the board*

A good process for the succession of corporate officers requires regular checks to ensure that a succession plan exists and is robust, revising and adapting it as necessary to changes in the socio-economic context and the company's needs.

The review of the succession plan must also take into account the situation of the potential candidates identified, i.e. their availability, as well as their experience and skills development.

**The AMF notes that all but one of the issuers in the sample comply with the recommendation** of the AFEP-MEDEF code, as interpreted by the HCGE, that the corporate governance report should state that a regular review of the succession plan is carried out and indicate the date of the last review, if not during the last financial year<sup>123</sup>.

The AMF also notes that 11 issuers in the sample provide information about the date on which their succession plans were last reviewed, even though this review was carried out during the last financial year.

For example, Bouygues states that *"at its meeting on 11 December 2024, the Committee reviewed and approved the succession plan for the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers. It considered the process to be*

*followed, on a case-by-case basis, in the event of unforeseen events affecting the term of office of any of these senior executives (temporary unavailability, death, etc.)"*<sup>124</sup>.

▪ Assessment of the succession plan preparation process

The AMF notes that 16 issuers, or 30% of the sample, addressed the issue of succession plans for key corporate officers during the assessment of the board carried out during the last financial year. Some issuers also addressed the issue of executive succession or, more generally, the development and monitoring of the internal talent pool.

Of these 16 issuers:

- three issuers report that board members are generally satisfied with how corporate officer succession is managed and with the contribution of the nominations committee;

Air Liquide states that the results of the assessment reflect a *"a high degree of satisfaction with [...] the succession to the General Management and the balance of dissociated governance in the transition period"*<sup>125</sup>.

- 10 issuers identify the monitoring and regular review of the succession plans for corporate officers as one of their avenues of improvement for 2025;

For example, Gecina notes the need for *"increasing the Board's involvement in the preparation of succession plans"*<sup>126</sup>.

<sup>122</sup> AMF, Recommendation DOC-2012-02 - Corporate governance and executive compensation in companies referring to the AFEP-MEDEF code – Consolidated presentation of the recommendations contained in the AMF annual reports (only available in French).

<sup>123</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

<sup>124</sup> Bouygues, URD 2024, pg. 53.

<sup>125</sup> Air Liquide, URD 2024, pg. 114.

<sup>126</sup> Gecina, URD 2024, pg. 180.

Among the measures envisaged, Veolia identifies as an area for improvement to *"initiate, as of 2025, consideration of the succession of the Chairman of the Board whose term of office as director expires at the end of the 2026 General Shareholders' Meeting"*<sup>127</sup>.

Following the assessment of the board's operation and work, the boards of directors of Engie and Renault respectively *"decided to focus on [...] anticipating succession plans"*<sup>128</sup>, and noted the need to *"deepen discussions on the management succession process and the monitoring of human resources strategy"*<sup>129</sup>.

- Three issuers report that progress has been made in reviewing succession plans when monitoring their areas for improvement;

Michelin noted that *"the processes for preparing succession plans and assessing management performance were considered as robust, and respondents welcomed the increasing attention paid to the skills needed to deploy the Group's strategy"*<sup>130</sup>.

Thus, when assessing the board's performance, many issuers address the issue of succession planning, **sometimes identifying it as an area for improvement or a focus of attention for the board. This illustrates that the assessment of the board's performance is a particularly relevant tool for ensuring that succession plans are in place, monitored and reviewed.**

See section 3.2 of this report for further details.

## 2.2 Preparing for succession

### ▪ Confidentiality of exchanges

As mentioned above, the succession of an executive holding a corporate office is a key stage in the life of a company, requiring the involvement of several corporate officers.

Information about the preparation and implementation of the succession plan is therefore key information for the market, as it can boost stakeholder, and particularly investor, confidence in a company's ability to anticipate the future of its governance and deal with unforeseeable situations.

To ensure that the preparation for this transition is rigorous and well-managed, companies may need to keep certain information confidential.

In some instances, the early disclosure of certain sensitive information about the succession plan is likely to hinder the smooth execution of the process and damage the reputation of the company and the individuals concerned, as well as that of the companies in which these individuals hold office.

Within the sample, two issuers had been faced with a leak of information regarding the appointment of a successor to the position of CEO.

Without prejudice to their legal obligations<sup>131</sup>, the AMF reiterates that it is up to listed companies to reconcile this fundamental requirement to inform the market about their succession plans with the need for the confidentiality that may be required in the interests of the company or the persons concerned, with the aim of strengthening stakeholder confidence in the succession processes being implemented.

<sup>127</sup> Veolia, URD 2024, pg. 122. Subsequently, in a press release dated 5 November 2025, the company stated that *"subject to approval by the Annual Shareholders' Meeting, the Board of Directors will reappoint [...] as Chairman of the Board of Directors"*.

<sup>128</sup> Engie URD 2024, pg. 271.

<sup>129</sup> Renault URD 2024, pg. 324.

<sup>130</sup> Michelin URD 2024, pg. 98.

<sup>131</sup> See, for example Regulation No. 596/2014 of 16 April 2014 on the disclosure of inside information, the conditions under which disclosure may be deferred and the drawing up of insider lists, and Articles L. 225-37 of the Commercial Code, and 13.1 and 21 of the AFEP-MEDEF Code on the obligations of discretion and confidentiality.

- Managing the succession

- ✓ *Reminder of the applicable rules*

Applicable text

Under Article 18.2.2 of the AFEP-MEDEF Code **“the nominations committee (or an ad hoc committee) should design a plan for replacement of company officers. This is one of the committee's most important tasks, even though it can, if necessary, be entrusted by the Board to an ad hoc committee. The Chairman may or may not contribute to the committee's work during the conduct of this task”**.

The HCGE underscores that **“as this is one of the board's core tasks, the corporate governance report should indicate whether these plans are within the remit of the Nomination committee or an "ad hoc" committee and whether they have actually been prepared and reviewed by the committee and the board”**<sup>132</sup>.

It is recalled that *“the AMF recommends that each year companies should set out in their corporate governance report not only the decision-making process in place for the preparation of a succession plan for their key corporate officers (including the role of the relevant committee, [...] the nature of the work carried out during the previous financial year [...]”*<sup>133</sup>.

- ✓ *Findings on the competence of the nominations or ad hoc committee*

In the sample studied, four companies state that they have entrusted the preparation for the succession of the corporate officer to an *ad hoc* committee, in particular in the context of implementing a succession plan: three to define the process for identifying<sup>134</sup>, evaluating and presenting<sup>135</sup>, or selecting and proposing, with the support of a recruitment firm<sup>136</sup>, a successor to the CEO; one other company<sup>137</sup> to coordinate the entire process, in particular the definition of the transition timetable, in conjunction with the nominations committee.

It appears that, even when the nominations committee has been designated as the committee responsible for drawing up a succession plan, the board may entrust a key role in its implementation to an *ad hoc* committee. Setting up an *ad hoc* committee may prove necessary in emergency situations, as it enables the directors most available to work on finding a successor to be mandated.

**It should also be noted that, in some cases, the composition of these *ad hoc* committees is not specified, which makes it impossible to know whether these committees include independent board members and in what proportion.**

<sup>132</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

<sup>133</sup> AMF, Recommendation DOC-2012-02 (only available in French).

<sup>134</sup> Eramet URD 2024, pg. 108.

<sup>135</sup> Bic URD 2024, pg. 167.

<sup>136</sup> GTT URD 2024, pg. 183.

<sup>137</sup> Téléperformance URD 2024, pg. 206.

### New AMF recommendation

**If the board has tasked an *ad hoc* committee with preparing and/or implementing a succession plan, the AMF recommends that issuers should provide information about the composition and proportion of independent members on that committee.**

### A new area for developing the AFEP-MEDEF Code

**The AMF invites the AFEP, the MEDEF and the HCGE to consider the nature of the information to be provided about the composition of this committee (number of members, minimum proportion, or not, of independent members, executive involvement, etc.).**

At Safran and Schneider Electric, the roles of the nominations committee and the board of directors in preparing and reviewing succession plans are clearly defined and set out in the corporate governance report. The first company provides that *"on the recommendation of the Appointments and Compensation Committee, the Board regularly reviews and approves a succession plan aimed at covering any unforeseeable or sooner-than-expected vacancies (notably due to death, resignation or incapacity) for the positions of Chairman of the Board of Directors and Chief Executive Officer"*, and that *"every year, the Appointments and Compensation Committee reviews the succession plans of the Group's Executive Committee (including the Chief Executive Officer), based on relevant assumptions and expected timelines"*<sup>138</sup>. The second company states that *"the mission of the Governance, Nominations & Sustainability Committee includes preparing for the future of the Company's executive bodies, in particular*

*through the establishment of a succession plan for executive officers"*. This plan is *"reviewed at meetings of the Governance, Nominations & Sustainability Committee"* and gives rise to progress reports sent to the Board of Directors, *"in particular at executive sessions"*<sup>139</sup>. In 2024, the committee met on eleven occasions, including six meetings specifically dedicated to the succession of the CEO, reflecting its sustained and ongoing involvement in monitoring the implementation of the succession process.

The AMF notes that these two companies comply with the requirements of Article 18.2.2 of the AFEP-MEDEF Code by expressly tasking the nominations committee with drawing up succession plans and providing for regular reviews of these arrangements. This practice reflects a structured, operational and multi-year approach to succession planning.

Some companies go beyond the requirements of the Code with regard to the role of the nominations committee by involving it closely in defining the profiles sought, evaluating internal and external candidates, and supervising the succession process, ensuring in particular that each stage is discussed and approved by the board<sup>140</sup>.

These approaches demonstrate the strengthened management of succession by the relevant committee, in line with the objective of Article 18.2.2 of the AFEP-MEDEF Code and the expectations of the AMF, in that they ensure a structured, ongoing and transparent succession process for shareholders and investors.

**These factors show that corporate officer succession is not just an informal or one-off process. It would therefore seem appropriate to entrust this task to a specialised body under the board with the necessary knowledge and skills, and to define this process and to describe its main elements in the corporate governance report.**

<sup>138</sup> Safran URD 2024, pg. 127.

<sup>139</sup> Schneider Electric URD 2024, pg. 427.

<sup>140</sup> Spencer Stuart's *Nominating/Governance Chair Survey 2025*, which surveyed 78 chairs of nominations and governance committees at S&P 500 and MidCap 400 companies, highlights that at the majority of companies surveyed, the nominations and

governance committee is formally designated as the body responsible for planning the CEO's succession and conducting the selection process. For example, 59% of the companies surveyed identified the nominations committee as the natural manager of succession (Spencer Stuart, *Nominating/Governance Chair Survey 2025*).

The AMF has noted that some companies may be **subject to constraints in terms of preparing a succession plan by their articles of incorporation or by a shareholders' agreement**. In this case, the information provided in the corporate governance reports does not make it possible to ascertain whether the succession plan has actually been prepared and examined by the committee and the board, whether it is regularly reviewed, or whether it was reviewed by the board during the last financial year.

**The AMF wonders how these articles of incorporation or shareholders' agreements fit with Article 18.2.2 of the AFEP-MEDEF Code. If they do not already do so, the AMF invites companies to involve the nominations committee in setting up and monitoring the succession process for their corporate office, so that it is in a position to carry out this task, which is described as essential by the AFEP-MEDEF Code. Otherwise, it will be necessary for a company to state that it does not comply with the Code, to explain convincingly why these specific features justify derogation, and to describe the actions that will make it possible to maintain compliance with the objective pursued by the provision of the Code.**

Particularly at **controlled** companies, and in the absence of any derogation specifically provided for in the AFEP-MEDEF Code, it is important that the corporate officer succession process, both in its definition and in its implementation, **ensures a balance between the prerogatives of the reference shareholder and those of the board of directors.**

✓ *The board's responsibility as regards the CEO selection procedure and the influence of the controlling shareholder*

Under Article L. 225-51-1 of the Commercial Code, ***“the general management of the company is assumed, under their responsibility, either by the chair of the board of directors, or by another natural person appointed by the board of directors and bearing the title of chief executive officer. Under the conditions defined by the articles of incorporation, the board of directors chooses between the two methods of exercising general management referred to in the first paragraph”***.

In the case of controlled companies, there is a strong link between the transfer of capital and the transfer of power. This may be reflected in the controlling shareholder's influence over the arrangements for preparing and organising the succession of corporate officers.

**Generally speaking, it is important for controlled companies to put in place mechanisms to guarantee a transparent, fair and competitive selection procedure, ensuring that candidates are in line with the needs and expectations of the company and its group, and which give the successful candidate full legitimacy.**

✓ *Observations on the role of the chair of the board and/or lead director*

As a reminder, under Article 18.2.2 of the AFEP-MEDEF Code, ***“the Chairman may or may not contribute to the committee's work during the conduct of this task”***<sup>141</sup>.

On the one hand, **where the functions of chair and CEO are separate**, the AFEP-MEDEF code recommends that ***“any tasks entrusted to the Chairman of the Board in addition to those conferred upon him or her by law must be described”***<sup>142</sup>. According to the HCGE, ***“this***

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<sup>141</sup> According to Korn Ferry, the chair (whether executive or non-executive) is generally very involved in, or even steers, the CEO

succession process (Korn Ferry, *CEO Succession Planning Report 2025*, pg. 17).

<sup>142</sup> Article 3.2 of the AFEP-MEDEF Code.

*description is especially necessary when the tasks entrusted to the Chair are particularly important or specific, and duly justified (while bearing in mind that there can be no task that encroaches on the responsibilities of the executive or is contrary to the principle of collegiality of the board)*"<sup>143</sup>.

**Of the 38 companies in the sample that have appointed a non-executive chair, the AMF notes that nearly two-thirds say that the chair of the board of directors or supervisory board is involved in planning the CEO's succession, either as a permanent member of the nominations committee or by being regularly invited to participate in the work of this committee on the CEO's succession. To the contrary, 13 companies do not specify the role of the chair of the board of directors or of the supervisory board in CEO succession planning. However, if we consider that the chair's involvement in CEO succession constitutes a particularly important or specific task, and is duly justified, within the meaning of the HCGE, then the company should describe it, potentially in its corporate governance report.**

On the other hand, **where the functions of Chair and CEO are combined**, the HCGE recommends that companies *"present this information [on the chosen method for organising powers and the reasons for it], carefully, if possible by highlighting the means used by the Board of Directors to ensure the balance of power, such as, for example: the list of decisions submitted to the Board for approval, the role and independence of committees, the nomination of a Lead Director, the practice of holding meetings without the presence of Executive Officers, etc."*<sup>144</sup>. These tasks must be specified in the board's internal rules<sup>145</sup>, and the AMF recommends that the board should publish *"an annual report on its activities, so that the nature of the due diligence and tasks carried out can be assessed, as well as*

*the use made of the prerogatives available to them"*<sup>146</sup>.

In its latest report, the HCGE states that:

*"Systematically independent, the lead director acts as a guarantor of the proper functioning of the governance bodies and prevents conflicts of interest.*

*Boards appoint a lead director from the independent directors on the basis of their neutrality vis-a-vis general management, which gives them recognised legitimacy to:*

- *ensure the proper functioning of the governance bodies;*
- *carry out specific assignments - generally in the areas of governance or shareholder relations; and*
- *prevent or manage conflicts of interest"*<sup>147</sup>.

#### New AMF recommendation

**If the chair of the board is not independent, the AMF recommends that issuers consider, as one of the means of ensuring checks and balances, whether it is appropriate to involve the lead director or any other independent director in preparing and reviewing corporate officer succession plans.**

In fact, the involvement of the lead director in drawing up and reviewing succession plans for corporate officers, where the chair of the board is not independent, may help to guarantee the independence of the succession process and preserve the balance of power, and prevent and manage conflicts of interest on the board.

- [Involvement of the corporate officer concerned in the succession process](#)

The AMF recommends that companies should set out, each year, in their corporate governance report the decision-making process

<sup>143</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

<sup>144</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

<sup>145</sup> Article 3.3 of the AFEP-MEDEF Code.

<sup>146</sup> AMF, Recommendation DOC-2012-02 (only available in French).

<sup>147</sup> HCGE, Activity Report, December 2025, pg. 32.

in place for drawing up a succession plan for their key corporate officers, including the “arrangements for any involvement of the officer concerned”<sup>148</sup>.

✓ *Findings on corporate officer involvement in planning their own succession*

**Of the sample, 31 issuers (58%) inform their shareholders of how the corporate officer is involved in planning their own succession, as follows:**

- 15 issuers indicate that the officer plays an active role in planning their own succession;
- 15 issuers indicate that the officer is involved in work to prepare and review the succession plan; and
- 1 issuer indicates that the officer is simply informed of the implementation of the plan.

More specifically, the AMF notes one case in which the issuer justifies the officer's involvement in their succession process:

**Succession planning**

The Nominations and Governance Committee, at the initiative of its Chair, who is the Lead Independent Director, periodically reviews the Group's succession plan. This allows her to establish and update a succession plan covering several time horizons:

- short term: unexpected succession (resignation, incapacity, death);
- medium term: accelerated succession (poor performance, misconduct); and
- long term: planned succession (retirement, end of term of office).

The Nominations and Governance Committee works in close collaboration with General Management in order to ensure overall consistency of the succession plan and continuity in key positions. In order to make sure that the succession plan for the Group's management bodies is prepared in the best way possible and is in line with the Company's strategic goals, a regular assessment of potential candidates and their career paths is carried out with the assistance of an independent firm.

In addition, the Nominations and Governance Committee works closely with the Board of Directors on this subject, and is particularly vigilant in maintaining the confidentiality of the information concerned.

Source: *Pernod Ricard URD 2023-2024*

The officer's involvement in their own succession planning may be justified by the fact that they were personally involved in recruiting the company's key corporate officers and are therefore best placed to understand the company's current and future needs, as well as the expectations of shareholders and other stakeholders.

**On the other hand, 22 issuers, i.e. 42% of the sample, do not provide any information on how the officer is involved. This is true of almost half the single-tier companies at which the functions of the chair and CEO are combined.**

Furthermore, none of the companies in the sample expressly excludes the officer from the succession process (for example, to prevent a potential conflict of interest).

**Clear and transparent information on how the officer concerned may be involved, without prejudice to the tasks of the relevant committee, helps to ensure that the succession process complies with the objectives of the**

<sup>148</sup> AMF, Recommendation DOC-2012-02 (only available in French).

**AFEP-MEDEF code**, i.e. that it is consistent with the company's current and future strategy and needs, and guarantees the stability of the management bodies.

Involving an officer in their own succession planning could be accompanied by measures to ensure that conflicts of interest are prevented and managed.

For example, under Article 12.3 of the AFEP-MEDEF code, *"it is recommended that at least one meeting not attended by the executive officers should be organised each year."* (non-executive sessions). This meeting could provide an opportunity to discuss succession issues in particular.

✓ *Findings on board meetings on the succession of corporate officers in the absence of the parties concerned*

**16 issuers, i.e. 30% of the sample, say that they have organised one or more meetings of the board or relevant committee without the presence of the executive officers in order to discuss how to monitor their succession.** Of these issuers, only one, Michelin, provides information about the content of the discussions, stating that:

- *"Issues arising from the self-assessment of the Board's practices were also discussed by the independent members during the Executive Session organized by the Senior Independent Member in 2024", including that "the processes for preparing succession plans and assessing management performance were considered as robust"*<sup>149</sup>;
- The lead director *"organized and chaired one executive session of independent Supervisory Board members, held without the Managers*

<sup>149</sup> Michelin URD 2024, pg. 98.

<sup>150</sup> Michelin URD 2024, pg. 94.

<sup>151</sup> Frédéric De Monicault, "Préparer la succession au sommet de l'entreprise, un chantier trop souvent négligé" [Preparing for succession at the pinnacle of the firm, a task too often neglected],

*(equivalent to executive directors) being present", which resulted in a "positive assessment of succession planning and other talent management processes"*<sup>150</sup>.

#### New good practice identified by the AMF

**One good practice identified by the AMF is holding at least one non-executive session of the board or committee each year to discuss the preparation, review and, where appropriate, implementation of the process for their succession.**

**Discussing succession plans at meetings where the people in question are not present provides an opportunity to discuss the effectiveness of the succession plans, the company's current and future needs in terms of profile, and to identify and select potential candidates, while limiting the risk of conflicts of interest.**

#### ▪ Identifying a successor

Identifying a successor is an essential step in the succession process, as it challenges the board's ability to guarantee the stability and continuity of management, and to anticipate the company's future needs<sup>151</sup>. This issue goes far beyond that of the **availability of a competent officer**: it also relates to the **match between the profile selected and the issuer's strategic needs**.

This subject, which is central to investors' expectations, is also raised by shareholders in written or oral questions at AGMs. For example, some shareholders ask the board of directors as

Le Figaro, 3 November 2025: *"Only 21% of directors consider succession planning to be a key issue. In a large number of cases, neither the conditions for handing over the reins nor the creation of a talent pool have been planned. A big risk, for small and large companies alike"*.

to the relevance of the choices made <sup>152</sup>, illustrating the need for transparency as regards the criteria used to select a successor and, more generally, as regards justifying the decisions taken in terms of corporate officer succession.

✓ Findings on the nature of the profile sought

Drawing up a succession plan involves identifying the desired profile for each officer. In addition to traditional managerial or sector-specific skills, particular skills may be sought, in particular to strengthen the expertise of management or the board on certain specific issues (for example, in the prevention and management of the operational and reputational risks linked to artificial intelligence and cyber security, which are key concerns for investors and other market participants<sup>153</sup>).

The board of directors may decide to entrust the search for candidates to an external consultant, in order to obtain a global and objective view of the profiles available, both internally and externally. Having recourse to a consultant can enable the board and the nominations committee to allocate more time to overseeing the succession process. In order to guarantee the effectiveness of an external consultant's research work, it would seem appropriate for them to have an **in-depth understanding of the client company's business sector**.

For example, at its AGM on 9 September 2025, Kering indicated that it had appointed two firms specialising in executive recruitment: one with in-depth knowledge of the Group, the other offering an international approach enabling it to assess a wide range of profiles, both internal and external. The issuer's nominations committee defined and ensured compliance with the selection criteria, in particular the search for an experienced candidate with an international background, sharp understanding of brands and how they operate, the ability to offer a fresh perspective, to unite staff around a shared ambition, and to maintain a good relationship with the chair of the board<sup>154</sup>.

✓ Putting together a diverse pool of internal and external candidates

OECD principle

In their principles of corporate governance published on 11 September 2023, the G20 and the OECD recommend "**selecting, overseeing and monitoring the performance of key executives, and, when necessary, replacing them and overseeing succession planning**". In particular, "*while comprising contingency mechanisms, succession planning could also be a long-term strategic tool to support talent development and diversity*"<sup>155</sup>.

<sup>152</sup> In particular, during the last AGM season, the following question was asked:

– "What is the logic behind the board repeatedly appointing an officer with no proven experience in the sector?".

<sup>153</sup> HCGE, Activity Report, November 2024, pg. 18.

IFA, "Digital Security and Governance Guide", Feb. 2024.

IFA, "Artificial Intelligence Systems and Boards Guide", Nov. 2024.

<sup>154</sup> Kering, Notice of meeting brochure 2025, pg. 9.

<sup>155</sup> OECD (2023), *G20 and OECD Principles of Corporate Governance 2023*, OECD Publishing, Paris, [https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023\\_60836fcb/ed750b30-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb/ed750b30-en.pdf), pg. 37.

Of the 25 appointments of officers made between 1 July 2024 and 30 June 2025 at the companies in the sample, 17 were executive corporate officers. Of these appointments: **seven were executive officers recruited internally** (Deputy CEO, executive committee member or subsidiary head), **including four who have spent most of their career at the group. The AMF notes that internal promotion is in practice the preferred method of succession for French issuers** <sup>156</sup>. These examples illustrate the importance of developing an internal talent pool.

**In the United Kingdom**, the corporate governance code drawn up by the Financial Reporting Council (FRC) requires the nominations committee to ensure not only that succession plans are prepared for executive management and the board, but also that a **"pipeline" of candidates** exists and is monitored<sup>157</sup>, with a range of profiles in terms of diversity, equal opportunities and inclusion.

**In France**, while the AFEP-MEDEF Code does call for a succession plan to be drawn up by the relevant committee, it does not go so far as to recommend information on the existence and monitoring of a diverse "pipelines" of candidates.

Building up a "pipeline" of candidates is an effective way of guaranteeing continuity in the exercise of corporate offices and avoiding vacancies, or at least prolonged vacancies, in power. In addition, the use of such a method can ensure that there is at least one person of

each sex among the candidates at an early stage in the succession process.

The AMF notes that the information published by companies in their management reports on the identification and development of an internal talent "pipeline" is often used as a lever to attract and retain talent within the group.

In this regard, Crédit Agricole S.A. provides detailed information on its policy for identifying and developing an internal talent "pipeline": *"The Crédit Agricole Group Director, Deputy Chief Executive Officer and Chief Executive Officer career paths seek to:*

- *Identify and select managers who will oversee the transformation of Crédit Agricole S.A. by upholding its values;*
- *Contribute to a diversity of executive profiles that drive performance and collective wealth;*
- *Foster the emergence of new managers at Crédit Agricole S.A. to help strengthen synergies;*
- *Strengthen a shared sense of purpose based on a leadership model.*

*These executive courses ("Parcours Dirigeants") are a tool for assessing and helping define an individual development plan in order to be effective as an executive.*

*They give everyone a chance to get to know themselves better, develop their open-mindedness and expand their knowledge of [the company]".*

<sup>156</sup> Lionel Garnier, "Dans le CAC40, les patrons issus de l'interne tiennent leur revanche" [Among the CAC40, internally-appointed bosses get their revenge], *L'Agefi*, 10 October 2025.

According to a study by an executive recruitment firm, **77% of corporate officers in the CAC 40 on 1 February 2025** had been appointed internally, compared with 61% worldwide, a higher proportion than in the Netherlands (69%), Germany and the UK (65%) and Italy (55%) (Heidrick & Struggles, *Route to the Top 2025: Explore global CEO backgrounds and trends*, April 2025).

Similarly, a study by an organisational consultancy shows that **75% of SBF 120 corporate officers appointed in 2024** were recruited internally, compared with 55% prior to 2024. This result puts France in second place of the ten countries studied, behind the United Arab Emirates, but ahead of the Netherlands (68%), Italy

(67%), Germany (64%), Denmark (50%), and Belgium and Spain (40%) (Korn Ferry, *CEO Succession Planning Report 2025*, pg. 5).

<sup>157</sup> Financial Reporting Council, *UK Corporate Governance Code*, Jan. 2024, Section 3. Composition, succession and evaluation:

- Provision 17: *"The board should establish a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline for succession";*
- Principle J: *"Both appointments and succession plans should be based on merit and objective criteria. They should promote diversity, inclusion and equal opportunity".*

*"In 2024, [the company] held 21 assessment sessions to assess the development potential of candidates"<sup>158</sup>.*

The appointment of Crédit Agricole S.A.'s new CEO – who had been a group employee for more than thirty years – by the board of directors on the recommendation of the nominations committee, testifies to the strength of the talent management system in place.

The AMF considers that these internal talent management policies, including the prevention of operational risks linked to the ability to fill key positions, constitute an essential component of corporate officer succession plans<sup>159</sup>. **During the course of its work, the AMF has identified that information on any such plans could usefully be included in the succession plan section of the corporate governance report.**

✓ *Findings on diversity*

Article L. 225-53 (1) of the Commercial Code on the appointment of deputy CEOs provides that *"on the proposal of the CEO, the board of directors may appoint one or more natural persons to assist the CEO, with the title of deputy CEO. To this end, it establishes a selection process that guarantees the presence of at least one person of each sex among the candidates. These appointment proposals shall seek to achieve a balanced representation of women and men"*.

Article L. 225-58 of the same Code provides that "the composition of the management board shall seek to achieve gender balance. [...] The management board shall exercise its functions under the control of a supervisory board. To this end, it determines a selection process that guarantees that there is at least one person of each sex among the candidates until the end of the process". In addition, from 1 January 2027,

<sup>158</sup> Crédit Agricole S.A. URD 2024 pg. 100

<sup>159</sup> Russell Reynolds Associates believes that each internal candidate should be the subject of an individual development plan combining a broader scope of responsibilities, active mentoring and increased exposure to the company's strategic issues. The firm also stresses that unsuccessful candidates should be offered appropriate career prospects, in order to maintain their

at companies with 250 permanent employees and net turnover of €50 million or a balance sheet total of €43 million, the supervisory board will have to set "quantitative targets applicable to the management board aimed at improving gender balance"<sup>160</sup>. Otherwise, "the process for selecting candidates in view of an appointment as management board member must satisfy conditions aimed at achieving these objectives"<sup>161</sup>.

**These rules, which are intended to encourage a balanced representation of the sexes in the search for a successor, only apply to the offices of Deputy CEO and management board member.**

**In addition to the appointment of one or more deputy CEO(s), several companies in the sample state that they have incorporated diversity considerations into the succession plans for their key corporate officers, particularly at the stage of creating a "pool" of candidates.**

By way of illustration, Cap Gemini states that it *"runs a formal Strategic Talent Review (STR) of its Vice-President and Director population at Business Unit, function and country levels as well as at Group level to identify, develop, and make visible a strong and diverse pipeline of leaders to ensure business continuity and organizational agility [...]"*

commitment and contribute to future succession cycles, and stresses the need to avoid any damaging internal competition by delimiting the role of the incumbent officer. (Russell Reynolds Associates, *Definitive Guide to CEO Succession Planning*).

<sup>160</sup> Article L 22-10-18-1 of the Commercial Code.

<sup>161</sup> Article L 22-10-18-2 of the Commercial Code.

*In order to build a strong and diverse pipeline of leaders for the future, we also focus on identifying and developing the next generation of leaders, who could become successors to the Executive leadership Positions. This focus is starting to increase the depth of our succession plans and is also an important source of future women executive leaders. To further secure our female executive pipeline, we introduced a two-year women's sponsorship program, EMPOWHER, for high potential grade F women. The selected women leaders are matched with senior leader sponsors to help them get the exposure and experience required to develop towards executive positions"*<sup>162</sup>.

The AMF also notes initiatives aimed at promoting the identification and development of talent in the Paris financial centre<sup>163</sup>.

**In summary**, with regard to succession planning, the succession process for corporate officers is one of the key tasks of the nominations committee or an *ad hoc* committee, as emphasised in the AFEP-MEDEF Code. The AMF stresses the importance of reconciling the fundamental need to inform the market with the necessary confidentiality that may be required in the interests of the companies or persons concerned. This succession process must lead to the **identification of a successor with the skills needed to meet the strategic challenges facing the company and its group**. The identification of a successor may be the result of the work of an external consultant, and/or may involve the development of an internal talent pipeline, potentially taking into account diverse profiles, skills and genders.

## 2.3 Implementation of succession plans and handover arrangements

The AMF observes that practices relating to the implementation of succession plans for key corporate officers vary. **The examples below are provided for illustrative purposes, and are intended as an overview of corporate governance practices with regard to the succession of key corporate officers in 2024-2025.**

- [Transparency when announcing the departure of a corporate officer](#)

✓ *Reminder of the applicable rules*

### Applicable text

Pursuant to Article 17.1 of Regulation 596/2014 of 16 April 2014 on market abuse, "*an issuer shall inform the public as soon as possible of inside information which directly concerns that issuer*".

In addition, the AFEP-MEDEF code stipulates that "*any communications activities must allow everyone to access the same information at the same time*."

*The Board should ensure that the shareholders and investors receive relevant information that is balanced and keeps them fully cognisant of the strategy, the development model, the consideration of non-financial aspects that are of significance to the corporation as well as its long-term outlook"*<sup>164</sup>.

<sup>162</sup> Capgemini, URD 2024, pg. 251.

<sup>163</sup> For example, the not-for-profit association *Actives* selects and publishes a "*list of women with the potential to become CEOs in the coming years*", and undertakes "*to identify, get to know and*

*grow them, and to support them towards the top roles of the CAC 40"* (<https://actives-women.com/next-women-40/>).

<sup>164</sup> Articles 4.2 and 4.3 of the AFEP-MEDEF Code.

The AMF has previously pointed out that:

- the disclosure of inside information helps to ensure that investors have equal access to information and also constitutes a tool for preventing insider dealing. In fact, it is the issuer's best protection against the risks of rumours or leaks, and against breaches of stock market regulations<sup>165</sup>, and that;
- inside information relating to an issuer may concern circumstances or events relating to the issuer's internal organisation or governance, for example a change in the management team or governance bodies<sup>166</sup>.

✓ *Findings on shareholder communications*

As a preliminary remark, the AMF has noted several instances of succession, notably at Saint-Gobain, that illustrate the need for *ex post* disclosure of detailed information about the process leading to the appointment of a new corporate officer. For example, the company discloses the main work carried out by the lead assessor, the use of external support, the skills sought, the arrangements for handing over authority and the transition timetable:

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<sup>165</sup> AMF, Recommendation DOC-2016-08 - Guide to ongoing information and management of inside information.

<sup>166</sup> AMF, Recommendation DOC-2016-08.

## A - Governance structure

### a. Combination of the Chairman of the Board and CEO roles until June 30, 2021

After the end of a transitional period related to the succession of Jean-Louis Beffa, the Board of Directors decided at its meeting of June 3, 2010, that the roles of Chairman of the Board of Directors and Chief Executive Officer would be combined and to appoint Pierre-André de Chalendar as Chairman and Chief Executive Officer.

During Pierre-André de Chalendar's term of office, in particular when he was reappointed as a Director in 2014 and 2018, the Board of Directors considered that the combination of the roles was in the company's best interest, as it enabled greater responsiveness and efficiency and was suited to its operation.

### b. Separation of the roles of Chairman of the Board of Directors and Chief Executive Officer for a transition period until June 6, 2024

In line with best corporate governance practices, starting in 2019, the Board of Directors of Compagnie de Saint-Gobain has been working in depth, under the responsibility of the Lead Independent Director and the Nomination and Remuneration Committee and with the assistance of an independent recruitment firm, on preparations for the succession of Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer.

In addition to informal contacts between Board members, this in-depth work included the following steps:

- the Lead Independent Director, Jean-Dominique Senard, met with all the members of the Board of Directors during the Board's assessment in October 2021 and October 2022;
- in October 2022, during the assessment of the Board of Directors by a specialist consultant, the consultant interviewed all the Directors individually;
- the Lead Independent Director, Jean-Dominique Senard, chaired "executive sessions" without the presence of the Chief Executive Officer in November 2021, November 2022, and November 2023 concerning the Company's governance structure;
- in September 2023, the Lead Independent Director and the Chairman of the Board, in the presence of the members of the Nomination and Remuneration Committee, heard from a law firm specializing in governance;
- in October 2023, the Lead Independent Director and the Chairman of the Board met with all the Board members again;
- in November 2023, Benoit Bazin presented his vision of the Group's governance to the Lead Independent Director and the Chairman of the Board in the presence of the members of the Nomination and Remuneration Committee;
- in November 2023, the Lead Independent Director chaired an "executive session" without the presence of the Chief Executive Officer, during which he reported on Benoit Bazin's presentation. This "executive session" resulted in a unanimous consensus among the Directors on the combined roles of Chairman of the Board of Directors and Chief Executive Officer and the appointment of a Lead Independent Director with greater authority.

In 2021, as a result of this process, the Board of Directors deemed it essential for Saint-Gobain that there is a seamless transition, by separating the roles of Chairman and Chief Executive Officer. On the proposal of Pierre-André de Chalendar, the Board unanimously decided to appoint Benoit Bazin as Chief Executive Officer, with effect from July 1, 2021<sup>(1)</sup>, with Pierre-André de Chalendar continuing to serve as Chairman of the Board of Directors. At the time of his reappointment in 2022, he had indicated that he would serve as Chairman for a maximum of two years, i.e., no later than the General Meeting of June 6, 2024.

Benoit Bazin had also been appointed Director of Compagnie de Saint-Gobain by the General Meeting of June 3, 2021.

This corporate governance structure ensured a smooth and successful transition in the context of the process of succession of Pierre-André de Chalendar, which began in 2019, when Benoit Bazin was appointed Deputy Chief Executive Officer and continued with his appointment as Chief Executive Officer on July 1, 2021.

During the transition period, the Board of Directors conducted in-depth work, under the supervision of the Lead Independent Director and the Chairman of the Board, in conjunction with the Nomination and Remuneration Committee. The Nomination and Remuneration Committee focused its work on the recomposition of the Board following the conclusions of the 2022 assessment and, to this end, appointed a specialist consultant to select candidates for Director roles to be proposed to the General Meeting.

### c. Combination of roles starting on June 6, 2024, at the end of the transition period

#### Decision to adopt a unified governance structure

Following the in-depth work described above carried out by the Board of Directors, and in order to have the governance structure best suited to its ambitions, and the challenges and opportunities that arise, the Saint-Gobain Board of Directors unanimously decided on November 23, 2023, not to change the structure that existed prior to the transition period, with the roles of Chairman of the Board of Directors and Chief Executive Officer being combined. It thus decided:

- to appoint Benoit Bazin as Chairman and Chief Executive Officer with effect from the General Meeting of June 6, 2024;
- to appoint Jean-François Cirelli as Lead Independent Director and Vice Chairman of the Board at the end of said General Meeting;
- to increase the authority of the Lead Independent Director (see below and section 9.1.1B, pg. 480);
- to propose an amendment to the Company's bylaws at the General Meeting of June 6, 2024, whereby the appointment of a Lead Independent Director and Vice Chairman of the Board is mandatory if the roles of Chief Executive Officer and Chairman of the Board of Directors are combined or if the Chairman of the Board of Directors is not independent.

Source: extract from the Saint-Gobain URD 2024.

Nevertheless, it sometimes appears that companies' communication to their shareholders when implementing a succession can appear imprecise.

For example, on 16 May 2025, one issuer in the sample announced the forthcoming departure of its CEO, stating in a press release that it had *"taken note of the desire of the Company's CEO not to seek a fourth term of office when their current term of office expires at the General Meeting called to approve the financial statements for the year ending 31 March 2027"*. The press release went on to say that the board *"has decided to **begin the process of identifying a successor with immediate effect, in order to ensure the smoothest possible management transition**, with [the CEO continuing their duties] until the appointment of their successor"*. The company did not specify whether this appointment was envisaged before the expiry of the current CEO's term of office (i.e. the 2027 AGM). Finally, in a press release published on 8 October 2025, the company announced the arrival of a new CEO on 1 April 2026.

At the same time, in May 2025, an issuer with its registered office in another European country noted the departure of its CEO, while specifying that they would remain in office until a successor was appointed. The issuer responded by announcing the appointment of its new CEO within three months.

In another example, concerning the implementation of the succession process for the chair of an issuer's board of directors, one of the companies in the sample disclosed, in June 2025, that its chair was leaving and announced the arrival of their successor, stating that the chair *"had announced their departure in December 2024"*, i.e. six months previously. However, the company's press release of June 2025, which also referred to the position held by

this corporate officer at the company's parent company, which he had left in December 2024, created a degree of confusion between the two different offices held, particularly as regards the announcement of the corporate officer's departure. It was not clear from the press release to which office the announcement of the corporate officer's departure referred. **It is also noted that, in March 2025, i.e. three months before the press release announcing his departure, the Chair's term of office as director of the company had been renewed for a period of two years, i.e. until the end of the AGM convened in 2027 to approve the financial statements for the financial year ended on 31 December 2026.** In addition, when assessing the Board's work, some board members indicated that *"in order to prepare an appropriate succession plan, [they] would appreciate establishing contacts with executives below Board level and receiving regular information about the hiring and departure of key managers"*.

**The AMF considers that clear and precise communication about the implementation of the succession process for their corporate officers is essential for the market.**

✓ *Resignations in relation to the implementation of the executive corporate officer succession process*

As a reminder, *"the AMF recommends that companies systematically consider the inside nature of the information about a director's resignation and the need to disclose this to the market in full and effectively, since such information may have an impact on the share price, particularly when the director's departure takes place against the backdrop of a strategic disagreement"*<sup>167</sup>.

<sup>167</sup> AMF, Recommendation DOC-2012-02. The departure of a high-profile director can have a significant impact on the share price. When Luca de Meo left his position as CEO of Renault to join Kering, it was noted that *"at the opening of the Paris stock market on Monday, 16 June, the Renault share lost almost 6%, while the*

*Kering share rose by more than 7%"* (S. Fay and J. Granier, Luca de Meo, démissionnaire surprise de Renault, appelé à la rescousse au sein du groupe Kering pour seconder François-Henri Pinault [Luca de Meo, surprise resignation from Renault called in to rescue Kering to assist François-Henri Pinault], *Le Monde*, 16 June 2025).

The AMF notes that some resignations of board members, and even of board chairs, may occur in the context of implementing the succession process for executive corporate officers.

In February 2025, a French listed company that does not form part of the sample published a press release announcing the resignation of the lead director *"following a disagreement with the Chair and CEO over the role of the lead director"*.

At one issuer in the sample, the chair of the supervisory board resigned for *"personal reasons"*, in the middle of the succession process for the historical managers, even though their term of office had been renewed during the previous financial year. This situation has led some shareholders to question the circumstances of the departure<sup>168</sup>.

By way of comparison, another issuer, which has its registered office in another European country, was faced with the successive departures of its executive corporate officer and then, in the same month, its non-executive corporate officer. The board indicated that its chair had decided to step down in order to inject a new impulse and speed up the Group's transition.

The AMF notes that it is essential for **a company to be transparent when one of its officers leaves**. Clear and consistent communication helps to prevent any risk of leaked information and to preserve shareholder engagement. It is therefore the task of issuers to implement a rigorous communication policy on these sensitive issues.

## ▪ Appointment of interim officers

### ✓ *Reminder of the applicable rules*

The Commercial Code provides for various mechanisms to overcome the unexpected departure or incapacity of a corporate officer of a public limited company.

#### Applicable legislation

At public limited companies with a board of directors, Article L. 225-50 of the Commercial Code provides that *"in the event of the temporary impediment or death of the chair, the board of directors may delegate the duties of the chair to a board member. In the event of temporary impediment, this delegation is given for a limited period. It is renewable. In the event of death, it is valid until the election of the new chair"*.

As regards the CEO, Article L. 225-55 of the same Code provides that *"when the chief executive officer ceases or is prevented from carrying out their duties, the deputy chief executive officers shall continue their duties and retain their powers until the appointment of a new chief executive officer, unless the board decides otherwise"*.

In the case of public limited companies with a management board, Article L. 225-62 of the Commercial Code provides that *"in the event of a vacancy, a replacement shall be appointed for the time remaining until the management board is renewed"*.

<sup>168</sup> For example, during the last AGM season, one shareholder put the following question in writing: *"The sudden and unexplained departure of the Chair of the Supervisory Board is a major cause for concern. Given the importance of this position to the*

*governance and oversight of the company, I request a full and transparent explanation of the circumstances that led to their resignation"*.

These measures, which are provided for in the Commercial Code and which apply to *sociétés en commandite par actions* (partnerships limited by shares) (Article L. 226-4 of the Commercial Code), are intended to respond to short-term emergency situations by ensuring the continuity of the company's management, administrative and supervisory bodies.

Such measures are flexible and not very restrictive. However, they do not necessarily make it possible to respond to difficulties in the event of a crisis or deadlock in the administrative or supervisory bodies.

Moreover, the Commercial Code does not lay down any specific rules regarding the formalisation of a succession plan.

#### ✓ Findings on the appointment of interim officers

**Of the 30 offices filled or to be filled as a result of announced changes in corporate officer, between 1 July 2024 and 30 June 2025, by the companies in the sample, the AMF notes that the boards of directors or supervisory boards appointed an interim officer in 27% of cases<sup>169</sup>.**

These interim directors may be:

- the outgoing director themselves, who agrees to renew their term of office for one or more financial years pending the arrival of a successor;
- or, in the case of a company with a board of directors where the functions of CEO and chair of the board are separated, the non-executive director or the executive director, who then becomes chair and CEO (temporary unification of functions);
- or a member of the executive committee, such as a deputy CEO or a chief financial officer.

In the case of one issuer in the sample, the term of office of the chair and chief executive officer, which was due to expire in May 2024, was extended for a first time in view of a major event to ensure that this was properly organised.

<sup>169</sup> With regard more specifically to executive corporate officers, in 2024, Korn Ferry reported that 33% of boards had appointed an

interim director (Korn Ferry, *CEO Succession Planning Report 2025*, pg. 5.).

Then, the interim appointment of the chair and CEO was again extended, to 1 January 2025, until a successor could be appointed. This interim period came to an end in February 2025, when the Group formalised the arrival of the successor. The interim appointment of the former chair and CEO lasted nine months.

In December 2022, one issuer announced that it wanted to amend its articles of incorporation to provide that if the statutory age limit was reached, the chair of the board would continue to serve until the end of her term as director. At the same time, the company stated that "*the Nominations and Governance Committee of the Board of Directors has launched an in-depth process to identify a successor to the position of Chair*". In December 2023, the Board announced the appointment of her successor, to take effect no later than the end of the 2025 AGM called to approve the financial statements for 2024.

The AMF also notes that three issuers have temporarily combined the roles of CEO and chair of the board as a result of unexpected departures.

To compensate for the resignation of its CEO, one issuer decided to have the chair of the board of directors also take over the functions of the CEO, who was appointed acting chair and CEO. In this instance, the company announced that it had "*initiated a search for a new Chief Executive Officer and appointed an ad hoc committee to manage this search*", and that this search has been ongoing since February 2025. The company indicated that "*the ad hoc Committee has defined the process for identifying, evaluating, selecting and proposing a potential successor to the position of Chief Executive Officer. The ad hoc committee is being assisted in its work by a recruitment consultancy firm*".

interim director (Korn Ferry, *CEO Succession Planning Report 2025*, pg. 5.).

At the same time, to compensate for the departure of its chair, a second issuer has appointed its CEO to act as interim chair and CEO from 30 April 2025, and specifies that this unified governance will end no later than the expiry of the CEO's term of office, i.e. at the 2026 AGM. In November 2025, the company announced the forthcoming appointment of a new CEO. It is envisaged that the interim director will continue to chair the board of directors.

Finally, three issuers chose to appoint a member of the Executive Committee to act as interim CEO. One issuer stated that *“at its meeting on 18 March 2022, the Board of Directors approved the procedure established for corporate officer succession. In particular, it is stipulated that in the event of the sudden, unanticipated departure of corporate officers, a list of potential candidates is drawn up (and revised, where appropriate), to allow time, if necessary, for recruitment. The succession policy, as established in 2022, was reviewed in 2023 by the Nominations and Remuneration Committee and the directors. The terms of the procedure remain unchanged”*. Almost a year passed between the announcement of the resignation of the former officer and the appointment of their successor.

**In short, the practice of appointing interim managers can help to ensure continuity in the company's organisation and operations, and the implementation of an appropriate succession process, taking into account the company's current and future needs, and the skills and availability of succession candidates.**

**Nevertheless, in some cases, these situations may reflect a lack of succession plans or their being inappropriate for the situation facing the company. It is essential for the issuer to provide transparent information about the implementation of the succession plan, the transition timetable, including the maximum duration of the interim period, and the report on the work of the relevant committee (nominations committee or dedicated *ad hoc* committee).**

## ▪ Arrangements for the handover of powers

When a corporate officer moves on, to ensure a smooth transition and continuity in the company's organisation and operations, some issuers choose to change the way they organise their corporate governance and/or to maintain links with the outgoing officer.

### ✓ *Method of governance and balance of power*

The departure of a corporate officer serves as an opportunity for an issuer to reflect on the way in which the company's governance is organised, and in particular the means used by the board to ensure a balance of power.

In this regard, *“the AMF recommends that the requirement to explain the decision as to the choice of governance method established in Articles 3.2 and 3.4 of the AFEP-MEDEF Code, should apply not only when a company changes its governance structure, but also when, having already opted to combine the role of chair and chief executive office, it decides to renew the term of office of its chair (such a decision implying that the company has again decided to chose a combined role as its method of governance) or when, having already opted for a separation of functions, it decides to appoint a new chief executive officer or a new chair of the board of directors (such a decision implying that the company has again decided to opt for separation as its method of governance)”*<sup>170</sup>.

By the end of the 2025 AGM season, 29% of SBF 120 companies had combined executive and non-executive directors, compared with 48% 10 years ago<sup>171</sup>.

<sup>170</sup> AMF, Recommendation DOC-2012-02 (only available in French).

<sup>171</sup> Barometer IFA - Ethics & Boards of Responsible Governance, 9<sup>th</sup> edition, September 2025.

**As at 31 August 2025, 15 issuers, i.e. 28% of the companies in the sample, favoured combined functions.**

Of the 25 issuers in the sample affected by the departure of a corporate officer between 1 July 2024 and 30 June 2025, eight changed their governance structure, either temporarily or permanently.

A total of four issuers separated functions. These companies do not always specify whether the separation of functions is temporary or permanent.

At Eramet, Kering and Vinci, the Chair and CEO chose to step down from their executive duties, while retaining the role of Chair of the Board of Directors.

At Téléperformance, on the other hand, the founding officer has stepped down as Chair of the Board of Directors, while retaining his position as CEO. A new Deputy CEO has been appointed to succeed the CEO. The company states that an *ad hoc* committee has been set up to oversee the succession of the CEO, and in particular to set a transition timetable.

One issuer whose registered office is located in another European country, and which has opted for combined functions, has also now already chosen to appoint a new deputy chief executive officer and to announce their future appointment as chair and chief executive officer with effect from May 2026, allowing the outgoing officer to continue their work and organise the handover of powers.

In terms of issuers who prefer separate functions, another issuer with its registered office in another European country announced at the end of August the departure of its executive director and, at the same time, of the chair of the board. The board of directors proposed to the shareholders that the former chief executive officer be appointed chair of the board, in order to continue to benefit from their experience and ensure strategic oversight at board level.

In addition, some issuers choose to open up the board of directors to the new chief executive officer, by proposing to the general meeting of shareholders their appointment or the ratification of their appointment following, where applicable, their co-option as board member<sup>172</sup>.

✓ *Maintaining links with the outgoing officer*

Some companies choose, as part of the succession process, to maintain links with the outgoing corporate officer.

For example, three issuers have chosen to keep the outgoing chair of the board of directors in their role as board member until the end of their term of office, in order to facilitate the transition and continue to benefit from their expertise on the board. Viridien communicated transparently: *“Given the new responsibilities taken on by [him] at another publicly listed company in France, the Board of Directors of Viridien deemed it appropriate to replace its current Chairman effective April 30, 2025. To ensure stability and balance, the Board will propose renewing [his] mandate as director at the General Meeting on April 30, 2025. He will also take on the roles of Vice-Chairman and Lead Director, with specific responsibilities to be detailed in the updated Board rules”*<sup>173</sup>.

Insofar as the outgoing CEO was also a member of the board, one issuer stated that it had decided to keep them on in their role as board member until the end of their term of office, and then proposed to the shareholders that they be replaced by the new CEO.

<sup>172</sup> OFG, L'enjeu des AG [The challenge of AGMs], 5<sup>th</sup> edition, Jan. 2025 "At a time of managerial transition, the arrival of chief

*executive officers on boards sends out signals of confidence and fluidity”.*

<sup>173</sup> Viridien press release, 18 December 2024.

Other issuers offer the corporate officer the opportunity to remain with the company or group, but in a different capacity.

One issuer stated that the outgoing officer would assist the group as "Senior Advisor" for the time needed to ensure the transition to the new corporate officer<sup>174</sup>.

One issuer in the sample announced, via its social media, the appointment of its former Chair and CEO as Honorary Chair of the company, stating that *"this exceptional distinction, on an honorary basis, is not accompanied by any liability, remuneration or compensation of any kind whatsoever"*.

As a reminder, *"the AMF recommends that companies that have appointed an "honorary chair" should describe precisely how they are appointed, their duties and their prerogatives [...]"*<sup>175</sup>. The AMF believes that it is important, in terms of shareholder engagement, for this information to be published widely and appropriately.

In general, the AMF notes that maintaining links between a former officer and the company allows for a certain degree of continuity to be maintained in the company's organisation and operations, and to facilitate the transition.

However, this practice must be accompanied by the necessary transparency regarding the method of appointment, and the tasks and the prerogatives entrusted. Shareholders and investors must be able to understand the division of roles within the company, as well as the measures taken to ensure the balance of power and respect for the company's interests.

**To take things a step further**, the close ties that companies maintain with their former corporate officers sometimes lead them to call them back in the event of difficulties. In the US, these officers are known as *"boomerang CEOs"*<sup>176</sup>.

The Financial Times reveals that the number of CEOs reappointed for a second term is at its highest level for a decade in the US, as boards increasingly look to the past to fill a gap in their succession plans. According to recruitment firm Spencer Stuart, 22 S&P 1500 companies are now run by executives who have returned to the helm of a company because their successors failed.

This phenomenon is of concern to some recruitment agencies, as officers who are reappointed for a second term at the head of their group generally fail to match the performance of their first term. After outperforming the market by an average of 5.5% a year in their first term, they are underperforming by 7.4% in their second, according to an analysis of 86 S&P 1500 CEOs who returned to lead a company they had previously headed in the 21st century.

In France, two issuers in the sample have recalled one of their former executive directors to their helm. While the succession of the Chair and CEO has been underway since February 2022, and following the resignation of its CEO, GTT has decided to re-appoint its former CEO as interim Chair and CEO until a new successor is found. More recently, OVH Groupe combined the functions of CEO and Chair of the Board of Directors in the hands of the Chair and founder of the Group.

Unlike in the US, the AMF notes that this phenomenon remains marginal in France.

<sup>174</sup>Articles L. 22-10-13 and R. 22-10-17 of the Commercial Code, whereby service provision agreements with a former officer are subject to the rules governing regulated agreements. Issuers must publish on their website a report including: *"the name of the person directly or indirectly affected, the nature of their relationship with the company, the date and financial terms of the agreement, [and] any other information necessary to assess the interest of the agreement for the company and the shareholders,*

*including minority shareholders, who are not directly or indirectly affected. This information includes the purpose of the agreement and the relationship between the cost to the company and its most recent annual profit"*.

<sup>175</sup> [AMF, 2024 Report on corporate governance and executive compensation in listed companies](#) (only available in French).

<sup>176</sup> Financial Times, "US companies opt for boomerang CEOs as succession plans falter", 13 August 2025.

- Change in statutory age limit

During the last AGM season, the subject of changes to the stipulated age limit for executive and non-executive corporate officers was of particular interest to shareholders<sup>177</sup>.

- ✓ *Reminder of the applicable rules*

#### Applicable legislation

Under Articles L. 225-48, L. 225-54, L. 225-60 and L. 226-3 of the Commercial Code), for the positions of chair of the board of directors, chief executive officer, deputy chief executive officer, member of the executive committee or manager of a partnership limited by shares, the articles of incorporation must stipulate an age limit, which is set at sixty-five years, unless expressly provided for otherwise.

Against a backdrop of a corporate officer's age approaching the statutory limit at CAC 40 companies<sup>178</sup>, in 2025, four such companies proposed that their shareholders approve resolutions to amend the articles of incorporation governing the age limit for executive or non-executive corporate officers:

- at Accor, the statutory age limit for the position of Chair and Chief Executive Officer was raised from 65 to 68 to enable the company to implement its strategic plan<sup>179</sup>.
- at BNP Paribas, the company has raised the age limit for the Chief Executive Officer from 65 to 68, and for the Chair of the Board of Directors from 75 to 78.

- LVMH has raised and harmonised the age limits for the Chief Executive Officer and the Chair of the Board, bringing them to 85.
- finally, as part of the separation of functions and the appointment of a new CEO, Kering, where the former Chair and CEO continues to act as Chair of the Board, has raised the age limit for the CEO from 65 to 70 and for the Chair of the Board from 65 to 80.

These examples show that this practice can be considered to be well received by shareholders, with approval rates in excess of 97% of votes cast at meetings. The latter may see this as proof of the officer's commitment to guaranteeing the continuity of operations and the smooth running of the company. However, for some issuers, raising the statutory age limit may be a sign of the absence or inadequacy of succession plans for corporate officers, as the company is unable to identify a successor. According to the IFA, this trend observed at the first general meetings of 2025 "*creates excessive dependence on one individual, slows down the renewal of skills, and increases the risk of abrupt termination*"<sup>180</sup>.

Conversely, one issuer submitted a resolution to the extraordinary general meeting of shareholders to amend the articles of incorporation, this time to lower the age limit for serving as chair of the board of directors from 81 to 70. The AMF notes that this statutory age limit had been raised at the 2020 and 2023 annual general meetings. The AMF questions the consistency of the company's practice over time. However, this resolution was also broadly approved by the shareholders.

<sup>177</sup> In particular, some shareholders asked the following questions:

- "Can you tell us more about why the age limit for the Chair and Chief Executive Officer has been changed in the Articles of Incorporation, and more generally about any succession planning in place at the company?" or
- "Do you envisage a succession to the helm [of the company] in the near future, given your age?"

<sup>178</sup> S. Lauer, "Pour les dirigeants d'entreprise, jouer les prolongations ne doit pas devenir la règle" [For business heads, playing the extension card should not become the norm], *Le Monde*, 28 April 2025.

<sup>179</sup> Brochure convening the Accor General Meeting of 28 May 2025.

<sup>180</sup> IFA, Succession des dirigeants, Un enjeu clé des AG 2025 [Corporate officer succession, a key issue for 2025 AGMs], 5 May 2025, pg. 8.

One journalist pointed out that the change in the statutory age limit "*is used to deal with a specific case, often presented as existential for the smooth running of the company.*" (S. Lauer, "Des patrons très âgés aux AG" [Very old bosses at AGMs], *Le Monde*, 29 April 2025).

## 2.4 Signing bonuses, severance pay and payments for changing functions

Within the sample, 25 companies, including seven CAC 40 companies, disclosed a change in officer between 1 July 2024 and 30 June 2025. In all, excluding interim appointments, the AMF counted 20 departures and 25 appointments (not all departures have, as yet, resulted in appointments).

When an officer is appointed, the board of directors or supervisory board, acting on a proposal from the nominations committee, determines all the components of their remuneration. When awarding or paying a signing bonus, severance pay or a payment for changing functions, it is the board's responsibility to ensure that these items are in line with the remuneration policy in force at the company, in accordance with Article L. 22-10-8, III of the Commercial Code, and the recommendations of the AFEP-MEDEF Code, to which all the companies in the sample adhere.

### ✓ Reminder of the applicable rules

#### Applicable legislation

Article L. 22-10-8, III of the Commercial Code provides that:

*"III - No element of remuneration of any kind whatsoever may be set, allocated or paid by the company, nor may any commitment corresponding to elements of remuneration, compensation or benefits due or likely to be due by reason of the assumption, termination or a change of duties or subsequent to the exercise thereof, be entered into by the company if this does not comply with the approved remuneration policy or, in the absence thereof, with the remuneration or practices referred to in the last subparagraph of II.*

*However, in exceptional circumstances, the board of directors may derogate from the application of the remuneration policy if such derogation is temporary, consistent with the company's interests and necessary to ensure the company's continuity or viability.*

*Any payment, allocation or commitment made or entered into in disregard of the provisions of this subparagraph III shall be null and void to that extent".*

This Article is supplemented by Article R. 22-10-14, II., 7°, which stipulates that the remuneration policy must specify, for each corporate officer:

*"7° Where the company awards conditional commitments and rights, the clear, detailed and varied criteria, of a financial and, where applicable, non-financial nature, including those relating to the company's social and environmental responsibility, on which their award depends and how these criteria contribute to the objectives of the remuneration policy. These criteria do not apply to commitments corresponding to compensation in return for a clause prohibiting the beneficiary, after ceasing to hold office at the company, from engaging in a competing professional activity detrimental to the interests of the company, or to commitments meeting the characteristics of the collective and compulsory retirement and old-age schemes referred to in Article L. 242-1 of the Social Security Code".*

Article L. 22-10-9 I. 4° of the Commercial Code requires that the report on remuneration include "commitments of any kind entered into by the

*company and corresponding to remuneration, payments or benefits due or likely to be due as a result of the assumption, termination or change of duties or subsequent to the exercise thereof, in particular pension commitments and other life-long benefits, mentioning, under the conditions and in accordance with the procedures laid down by decree, the precise method for setting these commitments and an estimate of the sums likely to be payable in this respect".*

As a reminder, "for commitments made to corporate officers<sup>181</sup>, the AMF recommends that a summary table (No. 11 reproduced in Annex 2 of the periodic disclosure guide) should present:

- "Commitments of any kind entered into by the company and corresponding to remuneration, payments or benefits due or likely to be due as a result of the assumption, termination or change of duties or subsequent to the exercise thereof, in particular pension commitments and other life-long benefits, mentioning [...] the precise method for determining these commitments and an estimate of the sums likely to be payable in this respect"<sup>182</sup>;
- Any employment contracts.

*It is recommended that the Universal Registration Document should set out the provisions of corporate officers' employment contracts that may have an impact on their remuneration, particularly those relating to severance pay".*

#### ▪ Severance pay

36 issuers, i.e. 68% of the sample, included a severance payment in the remuneration policy for their key executive corporate officer. When the executive corporate officer leaves the company, three issuers have also introduced the possibility of awarding a severance payment as part of a new remuneration policy.

#### ✓ *Reminder of the applicable rules*

##### Applicable legislation

Article 26.5.1 of the AFEP-MEDEF Code recommends, *inter alia*, that:

*"The payment of any termination benefits to a company officer must be **excluded if he or she elects to leave the company** in order to hold another position or is assigned to another position within the same group **or is entitled to benefit from his or her pension rights.***

*The termination payment must not exceed, where applicable, **two years of (annual fixed and variable) compensation**".*

#### ✓ *Conditions related to the calculation of severance pay*

Of the 20 departures in the sample, 13 were executive corporate officers. The AMF noted six resignations and one voluntary departure at the end of the term of office, i.e. 54% voluntary departures, compared with four forced departures (31%). In addition, two executive directors' terms of office were not renewed because they had reached the statutory age limit.

<sup>181</sup> Article L. 22-10-9 of the French Commercial Code refers to remuneration in securities "in the form of equity securities, debt securities or securities giving access to capital or an award of debt

securities of the company or companies referred to in Articles L. 228-13 and L. 228-93".

<sup>182</sup> Commercial Code, Article L. 22-10-9, I, 4°.

As regards the four forced departures, three companies provided for the possibility of awarding a severance payment and proposed that shareholders make use of this option.

At one of these meetings, shareholders questioned the board as to the circumstances surrounding the departure of the former corporate officer, particularly with regard to certain press articles suggesting retirement. In response, the company issued a press release confirming that the executive had been removed from their position as CEO<sup>183</sup>. The company clarified that initially the departure was planned for 2026, but that due to the availability of a candidate it had had to bring forward the succession timetable by 15 months.

✓ *Setting the amount of severance and/or non-competition payments*

Of the 39 issuers in the sample that provide (or used to provide) for the possibility of awarding severance pay, the AMF notes that practices vary widely in terms of setting the maximum amount of severance pay:

Maximum amount of the payment provided for in the remuneration policy		Number of issuers
Repetition of the terms of the AFEP-MEDEF code	"Two years of (annual fixed + variable) compensation"	9
	Two years of compensation when targets have been attained	1
Sliding	Past 12 months (sum limited to one year's compensation)	2
	Past 24 months	6
	Twice the past 12 months	6
Calendar	Past two financial years	2
	Twice the past financial year	4
	Twice the average for the past 3 financial years	1
Calendar on a fixed annual basis	Fixed: twice the annual base for the current financial year Annual variable: twice the past financial year	1
	Fixed: twice the annual base for the current financial year Annual variable: twice the average for the past 2 financial years	4
	Fixed: twice the annual base for the current financial year Annual variable: twice the average for the past 3 financial years	1
Hybrid	Fixed: twice the past 12 months	1
	Annual variable: twice the average for the past 3 financial years	
Special case	Compensation due under a contract governed by foreign law	1
Total		39

**In practice, although these different calculation methods appear to comply with the AFEP-MEDEF Code, the maximum amount of these payments is likely to vary significantly depending on the reference period used.**

The AMF also notes that the ceiling set by the AFEP-MEDEF code for severance and non-

competition payments may vary depending on how each company interprets the code. For example, one company provides for a ceiling equal to "**twice the annual remuneration when targets have been attained (fixed and variable) applicable on the date on which the Chief Executive Officer ceases to hold office**". However, the expression "*targets have been*

<sup>183</sup> At the same time, the company indicated that the corporate officer would retain their office as board member until the end of

their term, which was planned for the 2025 AGM called to approve the accounts for the 2024 financial year.

*attained*" can refer to both to the actual achievement of the targets, i.e. the compensation paid, and to projected achievement, i.e. target compensation.

**These differences highlight the need to clarify the provisions of the AFEP-MEDEF Code relating to the information to be provided on the maximum amount of severance pay.**

#### New area for developing the AFEP-MEDEF Code

The AMF calls on the AFEP, the MEDEF and the HCGE to clarify the scope of the recommendation in the AFEP-MEDEF Code that *"the termination payment must not exceed, where applicable, two years of (annual fixed and variable) compensation"*, in order to specify the disclosures to be made about the reference period used by issuers.

For **Schneider Electric**, the method used to calculate the severance pay for the former CEO in 2024 raises the question of its **compliance with the remuneration policy adopted by the shareholders at the AGM**.

To set this severance payment, the company's remuneration policy took as the basis for calculation the remuneration (fixed and variable) **"paid"** to the CEO. However, the severance pay finally awarded to the CEO in 2024 referred to compensation (fixed and variable) **"on an annual basis"** (i.e. on the basis of a full year), and not to the compensation **"paid"**. However, as the outgoing CEO had held office for 18 months, spread over two years, without ever having served a **"full"** year, the company had never paid them compensation on an **"annual basis"** (i.e. on the basis of a full year), but rather only on a *pro rata* basis for the time they served in office.

As a result, whereas the shareholders had voted in favour of paying the CEO severance pay based on the remuneration **"paid"** in respect of the eighteen months of their term of office, they were awarded severance pay based on all the remuneration they would have received had they remained in office for a full two years.

It is recalled that under Article L. 22-10-8, III of the Commercial Code, **no element of remuneration** (in particular, no payment due on account of termination of functions) **may be set or paid by the company if it does not comply with the remuneration policy** (*ex ante say on pay*), presented in a resolution submitted each year to a shareholder vote at the AGM<sup>184</sup>.

**Consequently, the question arises as to whether the method for calculating the severance pay paid to the outgoing CEO complied with the terms of the remuneration policy for the CEO as approved by the Company's shareholders with regard to the provisions of Article L. 22-10-8, III of the Commercial Code.**

The AMF notes that, in accordance with its recommendation, and given that the *ex-post* remuneration of the former CEO was approved by 68.58% of the votes cast, the company had duly disclosed the measures taken by the Board following this vote: ***"Attentive to the concerns expressed by certain shareholders, [...] in 2026, the Board of Directors will propose new wording for this severance payment that forms part of the remuneration policy for the Chief Executive Officer"***.

<sup>184</sup> Pursuant to Article L. 22-10-8, III of the Commercial Code: *"III - No element of corporate officer remuneration of any kind whatsoever may be set, allocated or paid by the company, nor may any commitment corresponding to elements of remuneration, payments or benefits due or likely to be due by reason of the*

*assumption, termination or a change of their duties or subsequent to the exercise thereof, be entered into by the company if this does not comply with the approved remuneration policy or, in the absence thereof, with the remuneration or practices referred to in the last subparagraph of II."*

▪ Other benefits awarded on termination of corporate officer duties

✓ *Reminder of the applicable rules*

### Applicable legislation

According to Article 26.3.3 of the AFEP-MEDEF Code, "when awarding them, the Board **may include a provision authorising it to rule on the maintenance or otherwise of long-term compensation plans not yet acquired, options not yet exercised or shares not yet vested at the time of departure of the beneficiary**" and "in the event of the departure of a director, please refer to § 26.5.1".

Article 26.5.1 of the same Code stipulates, *inter alia*, that "in the event that a company officer leaves before the completion of the term envisaged for the assessment of the performance criteria for the long-term compensation mechanisms, **continued entitlement to all or part of the long-term compensation benefit and its payment must be evaluated by the Board and the reasons for its decision must be indicated**".

According to Article 26.5.2 of the AFEP-MEDEF code, "In addition to the requirements imposed by law, when a company officer leaves the company, the financial conditions relating to his or her departure must be set out in detail. The information that is to be published comprises:

- the fixed compensation paid in respect of the current financial year;
- the way in which the annual variable compensation will be calculated for the current year;
- if applicable, any extraordinary compensation;
- **how the following will be dealt with:**
  - **ongoing multi-annual or deferred variable compensation plans;**
  - **stock options that have not yet been exercised and performance shares not yet vested;**
- the payment of any termination or non-competition benefits;

- *benefits from any supplementary pension schemes*".

The AMF recommends that "when the board of directors or the supervisory board decides, in connection with the departure of an officer, to waive for the latter a condition of presence provided for in a free share allocation plan, or in a share subscription or purchase option plan, it should state precisely the number of options or shares to which the officers are entitled under these plans and assess the amount of the benefit thus awarded"<sup>185</sup>.

In addition, "the AMF recommends that the disclosures to be made at the time of the officer's departure should be made public by means of a press release, disseminated effectively and in full, within the meaning of Article 221-3 of the AMF General Regulation, providing exhaustive details of the financial terms of the officer's departure, including [...] what will happen to the share subscription options and free shares allocations of which they are the beneficiary (but which have not been definitively accrued), recalling the initial characteristics of the plans (lifting of any departure condition, assessment of performance criteria, number of shares concerned, etc.) and indicating the value of this remuneration on the departure date"<sup>186</sup>.

<sup>185</sup> AMF, Recommendation DOC-2012-02 (only available in French).

<sup>186</sup> AMF, Recommendation DOC-2012-02 (only available in French).

✓ *Waiver of presence conditions in long-term remuneration plans*

Of the 13 departures of executive corporate officers in the sample, five issuers waived the presence conditions in their long-term variable remuneration plans.

Two companies state in their corporate governance report that the remuneration policy approved by the shareholders **contains a clause giving the board the power to maintain all or part of the benefits of long-term incentive plans that have not yet accrued** or shares that are not yet vested at the time of the beneficiary's departure. One of these two companies indicates that this option is only available in the event of forced departure, retirement or a change of assignment within the group. In each case, it is planned that the rights will be retained, subject to the performance criteria being met, on **a pro rata basis to the length of service**.

Conversely, certain stipulations authorising the board of directors to decide whether or not to maintain these benefits are not expressly included in the remuneration policy:

- One issuer mentions the option of maintaining all or part of the benefit of the shares in the remuneration policy for the former CEO, but only in the form of a footnote: *"Condition of presence with the usual exceptions"*, and in the regulations governing the free allocation of performance shares;
- At the time of the corporate officer's departure, one issuer pointed out that this option was provided for in the regulations governing multi-year variable remuneration plans;
- One issuer that had stipulated that *"the condition of presence at the end of the plan is indispensable: any departure prior to the end of the plan would entail a loss of rights"* finally indicated, when its corporate officer left, that it was deviating from its remuneration policy.

These waivers of presence conditions in long-term remuneration plans are linked to the proximity of the end of the performance criteria assessment period or the vesting date of the shares, and to the need to ensure a smooth transition with the new CEO, or to the fact that the officer has undertaken, during their term of office, the long-term actions needed to attain the results expected over the term of the plans.

**The AMF stresses that such a waiver should not have the effect of undermining the purpose of the presence conditions set out in the corporate officer's remuneration policy that has been approved by the shareholders.**

▪ Signing bonuses

The AMF notes that 18 issuers, i.e. 34% of the sample, include a signing bonus in the remuneration policy for their key executive corporate officer in the event that a corporate officer is recruited externally, while seven issuers expressly state that they are unable to award a signing bonus.

28 issuers, i.e. more than half of the sample, do not provide any information about the setting of any signing bonuses.

✓ *Reminder of the applicable rules*

Applicable text

According to Article 26.4 of the AFEP-MEDEF Code, ***“benefits for taking up a position may only be granted to a new executive officer who has come from a company outside the group.”***

*The payment of this benefit, which may take a number of different forms, is intended to **compensate the director for the loss of the entitlements from which he or she previously benefited.** It must be explicitly indicated and the amount must be made public at the time it is determined, including in the event of periodic or deferred payment”.*

According to the HCGE guide, *“this element of compensation must, like the others, respect the principles set out in § 26.1.2 of the Code. Both in the communication issued at the time of the determination of the severance payment and in the corresponding sections of the corporate governance report, **it is appropriate to disclose, to the extent that they can be made public, the benefits received by the person concerned in respect of the duties he is leaving”.***

In its 2022 report on corporate governance and executive compensation in listed companies, the AMF set out the following area for development: *“The AFEP-MEDEF code could specify whether a signing bonus in the form of free shares should stipulate performance criteria”<sup>187</sup>.*

✓ *Classification of the signing bonus*

Of the 25 appointments found in the sample, 17 were executive corporate officers. 10 of these officers had been recruited externally, i.e. almost 59% of the sample.

Of these 10 issuers:

- five had included a signing bonus in the remuneration policy for their key executive corporate officer. Four issuers set out a component of remuneration for taking up a new position, called either a signing bonus or exceptional remuneration, while one issuer decided not to do so.

In order to pay exceptional remuneration, Atos demonstrates very specific circumstances within the meaning of Article 26.3.4 of the AFEP-MEDEF Code: *“The Board of Directors considered that this exceptional compensation was appropriate and proportionate, given the very special circumstances and challenges posed by the financing of the Atos group, following its financial restructuring. The criterion set, relating to the early refinancing of Atos’ debt before December 31, 2026 or before December 31, 2027, is highly demanding, based on a precise rationale and event, designed to encourage and reward the strategic realization of an early refinancing, which would contribute to accelerating the Group’s financial stability and sustainability. As such, this approach aims to align the interests of the executive with those of the Company and its stakeholders, while reflecting the importance of this refinancing in a context marked by very specific circumstances. It is therefore a strictly conditional remuneration package, commensurate with the unique stakes and responsibilities incumbent on the Chairman and Chief Executive Officer”<sup>188</sup>.*

<sup>187</sup> AMF, Recommendation DOC-2012-02 (only available in French).

<sup>188</sup> Atos URD 2024 p. 120.

On the other hand, two issuers do not clearly describe the nature of the element of remuneration proposed to shareholders for the new CEO, and use the term *"exceptional remuneration"* to describe a benefit intended to compensate the officer for the loss of benefits from which they might have benefited in their previous position. **The AMF reiterates that all ambiguity should be avoided when qualifying the remuneration of a corporate officer and that, where the executive's compensation is intended to "compensate for the loss of benefits enjoyed by the officer", it is akin to a signing bonus and must comply with the requirements of the AFEP-MEDEF code.**

- Four issuers did not provide for the possibility of awarding a signing bonus; two of these issuers proposed to their shareholders that the new officer be paid exceptional remuneration;

The first company is planning to amend its remuneration policy to introduce *"exceptional remuneration in the form of a signing bonus, which will only apply under the 2025 remuneration policy"*. *The purpose of this remuneration is to compensate for the benefits that [the officer] previously enjoyed"*.

Once again, since the company does not justify there being very specific circumstances, and as the remuneration is awarded on the appointment of the new CEO, this is more akin to a signing bonus.

In the same vein, **Worldline** proposes to award its new corporate officer *"exceptional remuneration [...] in order to compensate for the loss of the protection and benefits inherent to the status of employee which he enjoyed in his previous functions and to strengthen the incentive scheme as regards the performance of [the*

*company's] shares over a period of four years, in line with the strategic plan as approved by the Board of Directors, it being recalled that no multi-year remuneration in securities will be awarded [to the officer] in respect of the 2025 financial year"*<sup>189</sup>.

The terms of the remuneration policy refer, for certain aspects, to a signing bonus, or even to the **long-term variable remuneration of corporate officers**, by providing for (i) the allocation of free shares, (ii) in order to strengthen the incentive scheme for the performance of the company's shares, (iii) executed over a long period (four years), and (iv) in line with the strategic plan, **without however accompanying this with demanding performance criteria to be met over a period of several consecutive years**, within the meaning of Article 26.3.3 of the AFEP-MEDEF Code.

It is recalled that, in 2024, the AMF asked the HCGE to look into the issue of the classification of aspects of corporate officers' remuneration that draw on characteristics of both exceptional remuneration and long-term variable remuneration, and in particular the conditions of compliance with the AFEP-MEDEF code for *"retention payments"* without performance criteria<sup>190</sup>.

In its latest annual report, the HCGE:

- *"reaffirms the principle whereby, as a general rule, the **allocation of shares** to corporate officers must be subject to **performance criteria**.*

<sup>189</sup> Extract from the Worldline press release of 26 February 2025, pg. 4.

<sup>190</sup> AMF, 2024 Report on corporate governance and executive compensation in listed companies (only available in French).

- therefore invites issuers to ensure compliance with the principles applicable to the various components of corporate officer remuneration, as set out in the Code, and to be attentive to the very specific circumstances that may justify exceptional remuneration.

***In the absence of evidence of these specific circumstances, a retention agreement does not in itself constitute a component of the corporate officer's remuneration that would allow it to be qualified as exceptional remuneration***<sup>191</sup>.

**This year, the AMF notes that some issuers use "hybrid" components of compensation that combine features of exceptional pay, long-term variable pay and signing bonuses.**

- finally, one issuer, which expressly stated in its remuneration policy that "*the [executive corporate officer] shall not receive any signing bonus or severance pay for a role within the Group*", proposed to amend the executive corporate officer's remuneration policy to include such a payment.

The AMF reiterates that, during negotiations with a senior management candidate, no remuneration component of any kind may be set unless it complies with the approved remuneration policy. In effect, it is up to the shareholders to determine the components of the remuneration of corporate officers.

Consequently, a well-structured remuneration policy, granting, where appropriate, the possibility of paying severance pay or a signing bonus in the executive corporate officer's remuneration policy, subject to approval by the general meeting and in compliance with the provisions of the Commercial Code and the recommendations of the AFEP-MEDEF Code, may be a factor in the success of the executive corporate officer's succession.

### ✓ *Setting the amount of the signing bonus*

The AMF notes that, when setting the components of a remuneration package for a new executive corporate officer, particularly one that is designed to compensate for the loss of benefits received in their previous positions, **issuers do not always disclose the benefits of which the executive was in receipt, making it impossible to check whether these issuers are indeed in compliance with the recommendations of Article 26.4 of the AFEP-MEDEF Code.**

To justify the payment of a signing bonus, Kering states in its remuneration policy for its Chief Executive Officer that "*by accepting the role of Chief Executive Office, [the new executive] has lost the benefit of long-term variable remuneration elements awarded to him as part of his previous role [...]*"<sup>192</sup>.

Firstly, in order to value the performance shares from which the executive benefitted in respect of their previous duties, and on the basis of which the amount of the signing bonus is determined, the issuer uses the **average share price** observed over a reference period of "***between mid-February and mid-March 2025***", i.e. three months before the announcement of their appointment. To justify this, Kering states that this period corresponds to the period during which the company held discussions with the executive "*concerning a potential appointment and the components of his remuneration*". However, the AMF considers that the company should have provided more justification as to how this choice helps to offset the loss of benefits enjoyed by the corporate office in his previous position.

<sup>191</sup> HCGE, Activity Report, December 2025, pg. 20.

<sup>192</sup> Kering, Notice of meeting (brochure) - Combined General Meeting of 9 September 2025, pg. 19.

Secondly, with regard to the allocation of shares based on exclusively qualitative performance objectives, the company states that **“based on qualitative targets, the estimated number of shares likely to vest was determined at target level, i.e., 100% achievement of the set objectives”**<sup>193</sup>. The AMF considers that the decision to assume 100% achievement of the targets set should have been better substantiated.

Finally, the company states that this **“sign-on bonus will be primarily paid in cash, reflecting its compensatory nature, with the remainder delivered in existing Kering shares in order to give the Chief Executive Officer an interest in the company's capital and in its long-term development as soon as he arrives”**<sup>194</sup>. The board should also have provided greater justification as to the decision to offset the loss of performance shares subject to presence conditions over three years with a signing bonus, three quarters of which is to be paid in cash no later than 31 December 2025, with the remainder in shares.

**In the light of these factors, it has not been sufficiently demonstrated how such a signing bonus meets the objective of Article 26.4 of the AFEP-MEDEF Code, which states that “the payment of this benefit, which may take a number of different forms, is intended to compensate the director for the loss of the entitlements from which he or she previously benefited”.**

<sup>193</sup> Kering, Notice of meeting (brochure) - Combined General Meeting of 9 September 2025, pg. 19.

### 3 OTHER FINDINGS IN RELATION TO THE DISCLOSURES OF ISSUERS WITH REGISTERED OFFICES IN FRANCE

#### 3.1 Transparency surrounding the application of the corporate governance and executive compensation rules

Between 1 September 2024 and 31 August 2025, the AMF sent observations to five companies whose shares are listed on the regulated market, concerning transparency in the application of the corporate governance and executive compensation rules.

**OECD principle**

In their principles of corporate governance published on 11 September 2023, the G20 and the OECD stress that *“the legal and regulatory requirements that affect corporate governance practices should be consistent with the rule of law, transparent and enforceable”*. In particular, *“corporate governance codes may offer a complementary mechanism to support the development and evolution of companies’ best practices, provided that their status is duly defined”*.

In France, the corporate governance practices of listed companies are governed by the provisions of the Commercial Code, as well as by two corporate governance codes drawn up organisations that represent companies: the *Association Française des Entreprises Privées* ("AFEP") and the *Mouvement des Entreprises de France* ("MEDEF"), and MiddleNext.

<sup>194</sup> Kering, Notice of meeting (brochure) - Combined General Meeting of 9 September 2025, pg. 20.

Thus, under Article L. 22-10-10 of the French Commercial Code, companies whose shares are admitted to trading on a regulated market must choose:

- either to adhere to a corporate governance code. In this case, the issuer must indicate which provisions have been deviated from and why, as well as where the code can be consulted;
- or not to adhere to any corporate governance code. In this case, the issuer must specify the reasons for this choice, as well as the rules adopted in addition to those required by law.

▪ **No adherence to a corporate governance code**

✓ *Reminder of the applicable rules*

**Applicable text**

For companies whose securities are admitted to trading on a regulated market, Article L. 22-10-10, 4° of the Commercial Code requires companies that do not adhere to a corporate governance code to specify the reasons for their choice, as well as the rules adopted in addition to the requirements laid down by law.

In this regard, the AMF recommends that *“details of the rules adopted in addition to the*

*legal requirements should be set out in a specific paragraph so that their nature can be clearly identified, whether they relate to the organisation, operation and composition of the board, the independence of its members or, where applicable, the assessment of its work”*<sup>195</sup>.

✓ *Transparency as to the reasons for choosing not to adhere to a governance code and on the rules adopted in addition to those required by law*

The AMF sent observations to four companies whose shares are listed on the regulated market and which do not adhere to any corporate governance code, because they did not set out the reasons for this choice or did not precisely indicate the rules adopted in addition to the requirements laid down by law.

On reading their corporate governance reports, **three of these four companies have since complied with the provisions of the Commercial Code: Two companies now adhere to a corporate governance code and specify the rules from which they have deviated; while one company does not adhere to any corporate governance code, but now provides the reasons for this choice, and indicates the rules adopted in addition to the requirements laid down by law:**

<sup>195</sup> AMF, Recommendation AMF DOC-2013-20 - 2013 AMF report on corporate governance and executive compensation in small and mid caps.

### 3.1.1. Choice of reference code

Until the board meeting of 17 May 2022, the Company referred to the Corporate Governance Code for listed companies, as amended and published by the AFEP and the MEDEF in January 2020 (the "AFEP MEDEF Code"). In accordance with Article L. 22-10-10 4° of the Commercial Code, the Company may decide either (i) to refer voluntarily to a corporate governance code drawn up by organisations representing companies, or (ii) to define the corporate governance rules adopted in addition to the requirements laid down by law. At its meeting on 17 May 2022, the Board of Directors unanimously decided to cease referring to any of the corporate governance codes drawn up by organisations representing companies, and to apply the main governance principles set out in its internal rules in addition to the legal and regulatory provisions. This choice was motivated by the size of the organisation and the organisational performance of the bodies in place. The Company (i) applies the provisions of the Commercial Code and (ii) periodically reviews the provisions of the AFEP MEDEF Code and related doctrine by reading the HCGE report.

The internal rules of the Board of Directors (available on the ATLAND website: <https://www.atland.fr/reglement-interieur-du-conseil-dadministration-2024>) specify in particular:

- > the tasks of the Board of Directors,
- > the composition of the Board of Directors and the criteria for assessing the independence of the directors (which are set out in section 3.2.5 below),
- > the term of office,
- > the procedures for assessing the Board of Directors,
- > the meeting procedures,
- > the access to information for directors,
- > the general principles governing the organisation of the committees: Audit and Sustainable Development Committee and Remuneration and Nominations Committee (which have specific internal rules setting out their composition, tasks and operating procedures),
- > the remuneration of board members,
- > the rules applicable to conflicts of interest,
- > the rules applicable to share ownership, and
- > the applicable professional conduct rules.

Source: Atland URD 2024.

#### ✓ Partial reference to a corporate governance code

Another issuer, whose shares are listed on the regulated market, states that it does not adhere to any corporate governance code and provides the reasons for this choice, but does not indicate in a sufficiently clear and detailed manner the rules adopted in addition to those required by law. In fact, while the company states that it complies with its legal obligations and a "certain number of the principles set out in the AFEP-MEDEF corporate governance code", it does not provide details of which of the code's recommendations it applies or which it does not apply.

Such a justification does not meet the objectives of Article L. 22-10-10, 4° of the Commercial Code whereby companies listed on a regulated market must either (i) adhere to a corporate governance code, indicating any provisions from which they have deviated and the reasons for this, as well as where this code can be consulted, or (ii) set out the reasons for not adhering to a code and the rules that they apply in addition to their legal obligations. **Thus, companies must disclose to shareholders and other stakeholders the corporate governance principles and rules that they apply or plan to apply.**

The AMF recommends that small and medium-sized companies *"that do not adhere to any corporate governance code should familiarise themselves with the provisions of these codes (AFEP-MEDEF and MIDDLENEXT) so as to be in a position to assess which of them could, if appropriate, become their reference code"*<sup>196</sup>.

#### ▪ Application of the "comply or explain" approach

The AMF has sent observations concerning non-compliance with the "comply or explain" approach to two companies whose shares are listed on the regulated market and which adhere to the AFEP-MEDEF code.

#### ✓ *Reminder of the applicable rules*

##### Applicable legislation

For companies whose securities are admitted to trading on a regulated market, Article L. 22-10-10, 4° of the Commercial Code requires companies that adhere to a corporate governance code to specify the provisions from which they have deviated and the reasons why, as well as the place where the code can be consulted.

Under Article 28.1 of the AFEP-MEDEF Code on the implementation of the "comply or explain" rule, companies that adhere to the AFEP-MEDEF Code *"should report in detail, in their report on corporate governance, on the implementation of these recommendations and, where applicable,*

<sup>196</sup>AMF Position-Recommendation DOC-2013-20.

provide an explanation when they deviate from any of them.

The explanation to be provided when a recommendation has not been applied must be comprehensible, relevant and detailed. It must be substantiated and adapted to the company's particular situation and must convincingly indicate why this specific aspect justifies an exemption. It must state the alternative measures that have been taken, if applicable, and must describe the actions that allow the company to comply with the aims of the relevant provision of the code.

If a company intends to implement a recommendation in the future from which it has provisionally deviated, it must state when this temporary situation will come to an end. Companies must indicate in a specific section or table the recommendations that they have not implemented and the respective explanations".

As a reminder, the AMF recommends that "in order to indicate that they adhere to a corporate governance code, companies should use the wording of Article L. 22-10-10 of the Commercial Code and, in particular, the expression 'adhere to' or, where appropriate, other terms such as 'apply' or 'comply with', which are not ambiguous, unlike the expression 'endeavour to comply with', which the AMF considers should be avoided; [and] that companies should indicate in a specific heading or table all the recommendations that they do not apply and the explanations relating thereto"<sup>197</sup>.

For companies that adhere to the AFEP-MEDEF code, the AMF reiterates its recommendation on **"the use of summary tables showing the implementation of the code's recommendations on corporate governance. This presentation may be preferred to prose in order to make the information easier to read and summarise"**<sup>198</sup>.

### ✓ Compliance with the AFEP-MEDEF code

Following the observations it sent to them, the AMF notes that **these two companies have since improved the quality of their disclosures, and now indicate, in a specific section or table, the recommendations they do not apply and the related explanations.**

## 3.2 Assessment of the board's performance

Between 1 September 2024 and 31 August 2025, the AMF sent ten observations to eight issuers, including one in the CAC 40, with a view to improving disclosures about the assessment of board performance. Since then, six companies, including those in the CAC 40, have complied or publicly committed to complying.

### OECD principle

In their principles of corporate governance published on 11 September 2023, the G20 and the OECD recommend **"monitoring the effectiveness of the company's governance practices and making changes as needed"**. In particular, "monitoring of governance by the board includes **continuous review of the internal structure of the company to ensure that there are clear lines of accountability for management throughout the organisation**. Such monitoring should also include **whether the company's governance framework remains appropriate in light of material changes to the company's size, complexity, business strategy, markets, and regulatory requirements**. In addition to requiring the **monitoring and disclosure of corporate governance practices on a regular basis, at least in summary form**, many jurisdictions have moved to recommend, or indeed mandate, **assessment by boards of their performance and of the**

<sup>197</sup> AMF, Position-Recommendation DOC-2021-02 - Guide to the preparation of universal registration documents.

<sup>198</sup> AMF, Recommendation DOC-2012-02 (only available in French).

*performance of their committees, individual board members, the chair and the CEO*<sup>199</sup>.

- [Information on the annual assessment of the board of directors or supervisory board](#)

The companies cited in the 2024 report on corporate governance have brought their practices into compliance with their obligations and are now assessing the way in which their boards operate.

However, some companies still do not assess the work of the board of directors or the supervisory board. The AMF reiterates that assessment, where applicable with the help of an outside consultant, is an essential tool for ensuring that the composition of the board and its committees is appropriate to the company's needs and that they function properly.

This year, the AMF noted that one issuer adhering to the AFEP-MEDEF code had not disclosed to its shareholders that an assessment of the board's operation was carried out in 2023.

## ✓ *Reminder of the applicable rules*

### Applicable legislation

At credit institutions and finance companies, the nominations committee "*assesses the balance and diversity of the knowledge, skills and experience of the members of the board of directors, the supervisory board or any other body exercising equivalent supervisory functions, both individually and collectively. [...] The results of the assessment shall be made public*"<sup>200</sup>.

At companies that adhere to the AFEP-MEDEF Code, "the Board of Directors should evaluate its ability to meet the expectations of the shareholders that have mandated it to direct the corporation, by periodically reviewing its membership, organisation and operation (this involves a corresponding review of the Board committees).

*Each Board should review the desirable balance of its membership and that of the Board committees and periodically consider the adequacy of its organisation and operation for the performance of its tasks.*

Article 11.3 of the AFEP-MEDEF Code recommends that the board of directors should debate its operation once a year and carry out a formal evaluation every three years, and that "*the shareholders should be informed each year in the report on corporate governance of the evaluations carried out and, if applicable, of any steps taken as a result*".

## ✓ *Compliance with the AFEP-MEDEF code*

**The company** which did not inform its shareholders that an assessment of the board's operation was carried out in 2023, **now states in its corporate governance report that the board carried out a self-assessment** during Q1 2023 **and then**, given the partial renewal of the board of directors, **an external assessment during Q4 2024**, in order to benefit from one year's experience of the operation of the board in its new composition.

<sup>199</sup> OECD (2023), *G20 and OECD Principles of Corporate Governance 2023*, OECD Publishing, Paris, <https://www.oecd.org/content/dam/oecd/en/publications/repo>

[https://www.oecd.org/content/dam/oecd/en/publications/repo/2023/09/g20-oecd-principles-of-corporate-governance-2023\\_60836fcb/ed750b30-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/repo/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb/ed750b30-en.pdf), pg. 36.

<sup>200</sup>Monetary and Financial Code, Article L. 511-98.

▪ Individual contribution of members and of the chair of the board

Between 1 September 2024 and 31 August 2025, the AMF sent observations to four issuers concerning a lack of information about the assessment of the individual contribution of the members and the chair to the work of the board.

✓ *Reminder of the applicable rules*

Applicable text

Article 11.2 of the AFEP-MEDEF Code stipulates that the purpose of the evaluation is to "assess the way in which the Board operates".

The HCGE considers<sup>201</sup> that assessing the actual contribution of directors to the work of the Board "is essential to guide the Nomination Committee in its proposals for renewals or successions within the Board, and thus strike a good balance in its composition. It also meets the legitimate requirements of shareholders, who are very attentive to the competence, complementarity and independence of the Directors they nominate be proved". The HCGE specifies that this assessment of individual contribution must "be reported individually by the Chairman or the Lead Director" and recommends "individual interviews at least every three years. Thus, as part of a process of progress, each Director must be able to be informed of his/her colleagues' perception of his/her involvement in the work of the Board".

The HCGE adds that "in addition, the Chair must him/herself be subject to such an evaluation".

Finally, "the shareholders are informed in the annual report that this exercise has taken place".

✓ *Compliance with the AFEP-MEDEF code*

Between 1 September 2024 and 31 August 2025, the AMF wrote to **two issuers** that had not assessed the actual contribution of the directors to the board's work. In its 2025 URD, **the first company states that it assessed the role of the chair and the individual contribution of each member** to the work of the Board in 2024, in accordance with the HCGE guide. The second company **now identifies**, among the positive points to emerge from the assessment of the board, **the fact that the directors are competent and experienced, and that the discussions within the board are structured and meaningful, with valuable points of view.**

In addition, **two other issuers** did not inform their shareholders that they had assessed the actual contribution of the directors to the work of the board. One of them asserted that, as the chair of the board had been appointed during the year, their contribution had not been assessed during the year. Following an exchange with the AMF, **both companies state in their corporate governance reports that they have specifically assessed the contribution of each director, including the chair of the board, as part of the assessment of its work in 2024.**

<sup>201</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

Consequently, these four issuers have now complied with Article 11.2 of the AFEP-MEDEF Code, as interpreted by the HCGE.

- [Results and main areas for improvement](#)

The AMF sent observations to two issuers concerning the lack of information on the results of the assessment and the main areas for improvement in the board's operation.

- ✓ *Reminder of the applicable rules*

**Applicable text**

Article 11.3 of the AFEP-MEDEF Code states that *"the shareholders should be informed each year in the report on corporate governance of the evaluations carried out and, if applicable, of any steps taken as a result"*.

In particular, the AMF encourages companies *"to provide sufficiently detailed information on the results of this assessment, as well as on any follow-up action and, more specifically, any areas for improvement that the company may be considering"* and recommends that *"the information provided on the results of the assessment of the board and on any desirable changes expressed at the time should include the discussions held on the issue of diversifying the composition of boards"*<sup>202</sup>.

- ✓ *Compliance with the AFEP-MEDEF code*

In its last two reports on corporate governance, the AMF noted that the quality of the information provided by **one issuer** to its shareholders on areas for improvement or follow-up to the assessment of its board's performance could be improved in light of the AMF's recommendations. **The AMF invited the company in question to address these points in**

**the section on the assessment of the board's operation, the results and areas for improvement in the board's operation and participation in its advice work, and to indicate the follow-up to previous board assessments, when the next formal evaluation is carried out in 2025.**

**Another issuer**, which did not describe the results of the assessment or the areas for improvement in the board's operation, as well as the follow-up on previous board assessments, **now states that an annual assessment has been carried out on the basis of an anonymous questionnaire**, analysed by the nominations committee and discussed at a board meeting. The company expressly mentions the topics covered on this occasion:

In 2025, the Board of Directors decided to entrust an external service provider with the assessment of its ways of working, based on an online questionnaire and individual interviews conducted in the first quarter of 2025 with all of its members, the Chief Financial Officer and the General Counsel. This assessment shows that the ways of working of SMCP's Board of Directors are satisfactory despite the context of the Group's complex shareholder situation; certain points are the subject of a strong consensus on the part of the directors (including the leadership of its Chairman, cohesion and good understanding between its members, and a good level of efficiency and formality at its meetings). The priority areas identified for improvement are related to the Board's ability to increase the time devoted to discussions related to the Group's strategy and to supporting its operational transformation, against a background of very rapid changes in the competitive landscape. A presentation summarising the key points of the assessment and the recommendations to be taken into account was made by the external service provider to the Nominations and Compensation Committee on March 20, 2025, and to the Board of Directors on March 25, 2025. A comprehensive report was also submitted to the Board, containing the minutes of the conclusions and recommendations suggested for the attention of the Board, the analysis of the results of the online questionnaire and the comments made during the interviews as well as the assessment of the compliance of SMCP's governance with best governance practices.

Source: SMCP URD 2024.

**The AMF notes that the areas for improvement generally point to the need for directors to obtain in sufficient time the information they need to carry out their duties, and to be given the time they need to debate the company's strategic financial and sustainability issues.**

<sup>202</sup> AMF, Recommendation DOC-2012-02 (only available in French).

▪ Formal assessment of the operation of the board of directors or supervisory board

Between 1 September 2024 and 31 August 2025, the AMF sent observations to three issuers concerning the formal assessment of the operation of the board.

✓ *Reminder of the applicable rules*

Applicable text

Under Article 11.3 of the AFEP-MEDEF Code, *"there should be a formal evaluation at least once every three years. This can be undertaken under the leadership of the appointments or nominations committee or of an independent director assisted by an external consultant"*.

The use of an external consultant is optional. The AMF recommends that companies should *"carry out an assessment of the board's operation wherever possible and explain how this assessment was carried out, particularly if an external party was involved"*<sup>203</sup>. The AMF notes that the practice of using an external consultant is widespread at companies that refer to the AFEP-MEDEF code.

As a reminder, the AMF also recommends that *"if an external consultant is used, the company should ensure they are independent and provide details in this regard in its corporate governance report. This independence must be assessed in relation to the company and to its directors"*<sup>204</sup>. In fact, transparency as to the links that the consultant may have with the company and its corporate officers makes it possible to prevent and manage any current or future conflicts of interest, and therefore to meet the objectives of the AFEP-MEDEF code.

✓ *Information on the formalised assessment of the board*

**One company** states that it has not carried out a formal board evaluation in the past three financial years. The explanation given is based on the stability of the composition of the board, the proximity between its members and their in-depth knowledge of the company. This explanation is not detailed, substantiated nor adapted to the company's specific situation. Following an exchange with the AMF, **in its 2023-2024 annual report, the company publicly undertook to carry out its first formal assessment, led by an independent board member, during the 2024-2025 financial year.** This explanation meets the requirements of Article 28.1 of the AFEP-MEDEF Code, which states that *"If a company intends to implement a recommendation in the future from which it has provisionally deviated, it must state when this temporary situation will come to an end"*.

✓ *Independence of the external consultant*

In their URDs filed in 2024, **two companies** indicated that they had used an external consultant to assess the operation of their board. However, no mention was made as to the consultant's independence in their report on corporate governance. **One of them now confirms that the board has ensured that the external consultant is independent:**

For 2024, on the recommendation of the Nominating, Compensation and Corporate Governance Committee, and in compliance with applicable regulations in the area of corporate governance, the Board of Directors decided on 5 November 2024 that the assessment of its operating procedures and those of its committees would be carried out by Heidrick & Struggles, whose independence has been ensured, as it has not recruited any new members for the Board of Directors over the past three years. In this context, individual interviews of each director, including the Chairman and Chief Executive Officer, were conducted based on a guide that was drawn up in advance and specifically tailored to Arkema and to the objectives set for the performance of this external assessment and approved by the Secretary of the Board of Directors. Prior to the interviews, each director was invited to complete an online questionnaire.

Source: Arkema URD 2024

<sup>203</sup> AMF, Recommendation DOC-2012-02 (only available in French).

<sup>204</sup> AMF Report 2023 on corporate governance and executive compensation in listed companies, pg. 31.

In light of its abovementioned recommendation, the AMF urges companies that use the services of an external consultant to state in their corporate governance report that the board has ensured the consultant's independence vis-a-vis the company and its executives, and to provide details in the report on how this independence has been assessed.

### 3.3 Non-executive sessions of the board

The AMF has sent observations aimed at improving disclosures about non-executive sessions to three companies that adhere to the AFEP-MEDEF code, including one CAC 40 company. Only the latter company has improved its disclosures on this subject.

#### OECD principle

In their principles of corporate governance published on 11 September 2023<sup>205</sup>, the G20 and the OECD state that the board of directors must be in a position to make objective and independent judgements on the conduct of the company's business. In particular, "*independent board members can contribute significantly to the decision-making of the board. They can bring an objective view to the evaluation of the performance of the board and management. In addition, they can play an important role in areas where the interests of management, the company and its shareholders may diverge such as executive compensation, succession planning, changes of corporate control, take-over defences, large acquisitions and the audit function*". To this end, the OECD reports that "*some jurisdictions also require **separate meetings of independent directors on a periodic basis***". This practice, commonly referred to as "non-executive sessions" aims to strengthen the Board's independence, prevent potential conflicts of interest and ensure that executive directors are assessed freely and without influence.

#### ▪ Holding of non-executive sessions

Between 1 September 2024 and 31 August 2025, the AMF sent observations to two of these three issuers concerning the failure to hold a meeting without the executive corporate officers being present.

#### ✓ *Reminder of the applicable rules*

#### Applicable text

Under Article 12.3 of the AFEP-MEDEF Code, "*It is recommended that at least one meeting not attended by the executive officers should be organised each year*".

The HCGE guide states, among other things, that "*this recommendation applies to companies whose Executive Directors are members or, though not members, attend Board meetings. For two-tier formula companies, the same rule applies when members of the Management Board attend Supervisory Board meetings*". In practice, "*it is up to each Board to define who attends these meetings. The Board will be made up of all its members, with the exception of the Executive Directors, when the evaluation of the performance of Executive Directors referred to in Article 27.1.1 of the Code is carried out*"<sup>206</sup>.

<sup>205</sup> OECD (2023), *G20 and OECD Principles of Corporate Governance 2023*, OECD Publishing, Paris, <https://www.oecd.org/content/dam/oecd/en/publications/repo>

[https://www.oecd.org/content/dam/oecd/en/publications/repo/2023/09/g20-oecd-principles-of-corporate-governance-2023\\_60836fcb/ed750b30-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/repo/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb/ed750b30-en.pdf), pg. 40.

<sup>206</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

In this regard, the AMF recommends that companies “specify in their corporate governance report which board members participate in the executive sessions, with the board being free to determine the composition, provided that no executive corporate officers are present”<sup>207</sup>. In addition, “participants must be able to speak freely”<sup>208</sup>.

✓ *Compliance with the AFEP-MEDEF code*

Of the two issuers to which the AMF sent observations regarding the lack of information about a non-executive session having been held in 2023, only one complied and stated that it had held non-executive sessions, specifying the dates of these meetings and the various topics discussed, particularly in connection with the assessment of senior management:

Two meetings reserved for non-executive directors also took place in October and December 2024. In addition, the Vice-Chairwoman of the Board and Senior Independent Director proposed sessions at the end of each Board meeting in the absence of management. These sessions cover governance issues, in particular the succession plan and the functioning of the Board of Directors.

Source: *Accor URD 2024*.

Conversely, the other issuer states that it does not organise non-executive sessions on the grounds that such meetings serve no useful purpose given the group's shareholding structure, i.e. the presence of a majority shareholder. The explanation provided, which consists in challenging the relevance of the rule, is not convincing within the meaning of Article 28.1 of the AFEP-MEDEF Code, and the company does not describe any action making it possible to maintain compliance with the objective pursued by the provision in question. In fact, this explanation runs contrary to the OECD principles, since the presence of executive directors, particularly when they have been appointed by the controlling shareholder, does not make it possible to ensure the objectivity and independence of the board, to prevent potential conflicts of interest, or to

<sup>207</sup> AMF, Recommendation DOC-2012-02 (only available in French).

guarantee a free and uninfluenced assessment of the executive directors and, more generally, of the company's operations. Nor does it ensure that the interests of minority shareholders are protected. The AMF therefore urges listed companies, especially those with a controlling shareholder structure, to organise non-executive sessions.

▪ [Debate on the performance of the executive corporate officer and deliberations on executive corporate officer remuneration](#)

The AMF also sent observations to two of these three issuers as regards the fact that the **board** was unable to **debate the performance of executive corporate officers** in the absence of the parties concerned, **nor to deliberate executive compensation** in the absence of the latter.

✓ *Reminder of the applicable rules*

**Applicable legislation**

Under Article R. 22-10-14 of the Commercial Code, “the remuneration policy sets out [...] the way in which it respects the company's interests and contributes to the business strategy and long-term survival of the company”, as well as “the decision-making process used to determine, review and implement the policy, including measures to avoid or manage conflicts of interest and, where appropriate, the role of the remuneration committee or other relevant committees”.

In particular, Article 19.3 of the AFEP-MEDEF Code states that “when the report on the work of the compensation committee is presented, the Board should deliberate on issues relating to the compensation of the company officers in the absence of the latter”.

Article 26.1.1 of the AFEP-MEDEF Code also recommends that “the Board must debate the

<sup>208</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

*performances of the executive officers in the absence of the interested parties”.*

✓ *Deliberations on corporate officer remuneration*

At the first company, it is specified that when the board discussed the remuneration of the Chair and CEO, the latter did not take part in the vote. However, based solely on the information published by the company in its corporate governance report, it is not possible for shareholders and other stakeholders to know whether the Chair and CEO participated in the prior deliberations on their remuneration, thereby guiding the discussions and influencing the Board's final decision.

The AMF urges companies to specify whether or not executive corporate officers have taken part in discussions on their own remuneration, not only in the vote itself, and whether the board has taken measures to prevent and manage conflicts of interest.

✓ *Debate on executive corporate officer performance*

At the second company, the board does not hold any non-executive sessions, including to discuss the performance of executive corporate officers, as these officers are also the majority shareholders. Once again, such an explanation does not ensure that the company's interests are respected nor that the interests of minority shareholders are safeguarded.

The AMF therefore calls on listed companies, especially those with a controlling shareholder structure, to specify whether the board has deliberated the performance of the executive corporate officers in the absence of the parties concerned.

<sup>209</sup> AMF, 2024 Report on corporate governance and executive compensation in listed companies (only available in French).

<sup>210</sup> OECD (2023), *G20 and OECD Principles of Corporate Governance* 2023, OECD Publishing, Paris,

### 3.4 Board member independence

In its last report on corporate governance and executive compensation<sup>209</sup>, the AMF stated that it had sent 36 observations to 27 companies asking them to justify, in more detail, the independence of their board members.

This year, between 1 September 2024 and 31 August 2025, the AMF sent 27 observations to 21 companies regarding their application of the independence criteria set out in the AFEP-MEDEF code.

#### OECD principle

*“While national approaches to defining independence vary, a range of criteria are used, such as the absence of relationships with the company, its group and its management, the external auditor of the company and substantial shareholders, as well as the absence of remuneration, directly or indirectly, from the company or its group other than directorship fees. The board may also be required to make an affirmative finding that a director is independent of the company because they have no material relationship with the company or that the director has no relationship which would interfere with the exercise of independent judgement in carrying out the responsibilities of a director. Many jurisdictions also set a maximum tenure for directors to be considered independent<sup>210”.</sup>*

For companies that adhere to the AFEP-MEDEF code, a board member is considered to be independent when *“he or she has no relationship of any kind whatsoever with the corporation, its group or its management that may interfere with his or her freedom of judgement. Accordingly, an independent director is understood to be any non-executive director of the corporation or the group who has no particular bonds of interest (significant shareholder, employee, etc.) with them”<sup>211</sup>.*

The OECD principles provide a number of criteria for assessing a director's independence:

[https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023\\_60836fcb/ed750b30-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb/ed750b30-en.pdf), pg. 50.

<sup>211</sup> Article 10.2 of the AFEP-MEDEF Code.

OECD principle	AFEP-MEDEF code reference	AFEP-MEDEF code recommendation
No close business ties	10.5.3 (significant business relationships)	<p>Not to be a customer, supplier, commercial banker, investment banker or consultant:</p> <ul style="list-style-type: none"> <li>- That is significant to the corporation or its group;</li> <li>- Or for which the corporation or its group represents a significant portion of its activity.</li> </ul> <p>The evaluation of the significance or otherwise of the relationship with the company or its group must be debated by the Board, and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the report on corporate governance.</p>
No family ties	10.5.4 (family ties)	Not to be related by close family ties to a company officer.
No professional ties	10.5.1 (intra-group mandates)	<p>Not to be and not to have been within the previous five years:</p> <ul style="list-style-type: none"> <li>- An employee or executive officer of the company;</li> <li>- An employee, executive officer or director of a company consolidated within the corporation;</li> <li>- An employee, executive officer or director of the company's parent company or a company consolidated within this parent company.</li> </ul>
	10.5.2 (cross mandates)	Not to be an executive officer of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive officer of the corporation (currently in office or having held such office within the last five years) holds a directorship.
	10.5.5 (statutory auditor)	Not to have been an auditor of the corporation within the previous five years.
With its substantial shareholders	10.7 (major shareholder)	Directors representing major shareholders of the corporation or its parent company may be considered independent, provided these shareholders do not take part in the control of the corporation. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the nominations committee, should systematically review the qualification of a director as independent in the light of the make-up of the corporation's capital and the existence of a potential conflict of interest.
No remuneration other than directorship fees	10.6 (variable remuneration or remuneration linked to the performance of the company or the group)	A non-executive officer cannot be considered independent if he or she receives variable compensation in cash or in the form of securities or any compensation linked to the performance of the corporation or group.
Term of office limited in certain cases to preserve independence	10.5.6 (seniority/12 years)	Not to have been a director of the corporation for more than twelve years. Loss of the status of independent director occurs on the date when this twelve years is reached.

- Clear information on board member independence

- ✓ *Reminder of the applicable rules*

#### Applicable legislation

To promote clarity in the information provided to shareholders and other stakeholders about the outcome of the analysis of board member independence conducted by the board or the nominations committee, the AFEP-MEDEF code refers companies to a template for presenting the situation of each board member with regard to the independence criteria, in its Appendix 3.

With regard to how the percentage of independent board members is calculated, "directors representing the employee shareholders and directors representing employees are not taken into account when determining these percentages"<sup>212</sup>.

The AMF recommends that companies "*clearly identify the members who have been qualified as independent by the board, whether or not they are members of specialised committees*" and "*clearly specify how they comply with the criteria laid down by the AFEP-MEDEF code to define the independence of board members and, where the company deviates from one of these criteria, provide a detailed justification of why. To this end, the AMF recommends that companies present this information in a summary table specifying the situation (compliance or non-compliance) of the board members with regard to the criteria used by the AFEP-MEDEF code to define board member independence*"<sup>213</sup>.

- ✓ *Compliance with the AFEP-MEDEF code*

The AMF has issued observations to three issuers regarding the clarity of their disclosures about board member independence.

Following discussions with the AMF, two issuers now set out a summary table showing the situation of each board member with regard to the independence criteria of the AFEP-MEDEF code.

The AMF reiterates that this summary table should not be used as a substitute for a detailed analysis of board member independence, particularly with regard to close economic, family or professional ties with the company, its management or its substantial shareholders.

The last issuer presented several ratios of independent board members in its corporate governance report, sometimes including board members representing employees in the calculation of the ratio of independent directors on the board. The company has changed its calculation method and now expressly excludes board members representing employees, as well as the non-voting member.

To avoid any ambiguity arising from a change in the regulations, the AMF urges companies to be vigilant and to set out the methods used to calculate the proportion of independent board members, mentioning, where applicable, that board members representing employees and board members representing employee shareholders have been excluded, in accordance with Article 10.3 of the AFEP-MEDEF Code.

- Compliance with the independence criteria of the AFEP-MEDEF code

With regard to compliance with the independence criteria set out in the AFEP-MEDEF Code, the main observations made by

<sup>212</sup> Article 10.3, third sentence of the AFEP-MEDEF Code.

<sup>213</sup> AMF, Recommendation DOC-2012-02 (only available in French).

the AMF during the reviews conducted between 1 September 2024 and 31 August 2025 concern the criteria relating to intra-group offices and the length of directors' terms of office.

- [Exercise of intra-group offices](#)

- ✓ [Reminder of the applicable rules](#)

#### Applicable text

Article 10.5.1 of the AFEP-MEDEF Code sets out the first criterion for assessing a director's independence, i.e. the existence of a professional relationship with the company or its substantial shareholders within the meaning of the OECD, and more specifically the fact of *"not to be and not to have been within the previous five years:*

- *an employee or executive officer of the company;*
- *an employee, executive officer or director of a company consolidated within the corporation;*
- *an employee, executive officer or director of the company's parent company or a company consolidated within this parent company".*

With regard to holding an office at a subsidiary, the HCGE guide states that *"the expression "Company consolidated " refers to the various consolidation hypotheses listed in Article L. 233-16 of the French Commercial Code. Indeed, the duty of loyalty that the corporate Officer of a subsidiary has towards the subsidiary may create situations of conflict of interest during certain deliberations of the parent Company board where he also sits. This must be considered when assessing his/her independence".*

Still according to the HCGE and as regards the exercise of an office at group companies, Article 10.5.1 of the AFEP-MEDEF Code applies *"when the Director of a Company also holds a directorship in a Company in which the former holds a non-majority but significant interest, or in a sister Company.*

*At the very least, if the Board wishes to maintain the qualification of independence, it could be specified that the person concerned will refrain from participating in the decisions of the parent Company's board in the event of a conflict of interest between the parent Company and the subsidiary"*<sup>214</sup>.

In its 2023 report on corporate governance and executive compensation, the AMF suggested changes to the AFEP-MEDEF code with regard to the independence criterion relating to intra-group offices. In 2025, the HCGE took up this issue and now states, in its application guide to the AFEP-MEDEF Code:

*"If the situation leads to a permanent impediment, the abstention rule may prove ineffective or insufficient because it would lead the Director to shirk his or her duty of diligence. In such cases, the Director must then draw the necessary conclusions regarding his or her status as an independent Director"*<sup>215</sup>.

- ✓ [Compliance with the AFEP-MEDEF code](#)

In 2024, the AMF noted that nine issuers described a director as being independent despite the fact that they held an office within the group. In 2025, the AMF identified another six non-compliant companies.

<sup>214</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

<sup>215</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

Three issuers now comply with Article 10.5.1 of the AFEP-MEDEF code. At two of these issuers, the AMF notes that the director(s) concerned had regained their independence as the five-year waiting period set by the AFEP and the MEDEF had expired. At one issuer, which stated that a director held an office at a consolidated company or a company in which the company has a significant participating interest, the AMF considers that, once this interest is no longer significant, the director will regain their independence within the meaning of Article 10.5.1 of the AFEP-MEDEF Code. At the same issuer, the AMF notes that the board's internal rules require each board member to refrain from taking part in deliberations and voting on matters concerning companies in which they hold an interest.

✓ *Relevance of companies' explanations as regards the provisions of the AFEP-MEDEF Code*

Another issuer deviates from the criterion relating to intra-group offices and qualifies a board member who holds an office at a subsidiary as being independent. However, this has no impact on the composition of the board and its committees, for which the company complies with the proportion of independent directors laid down by the code.

Of the remaining five issuers that deviate from the intra-group office criterion, one issuer describes three directors as independent even though they hold or have held an office at a company consolidated by the parent company over the past five years. The company explains this on the basis of the restructuring of the group and the existence of procedures for preventing and managing conflicts of interest.

Such an explanation is not relevant, detailed or substantiated nor adapted to the company's particular situation, within the meaning of Article 28.1 of the AFEP-MEDEF Code. The AMF

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<sup>216</sup> [AMF, 2024 Report on corporate governance and executive compensation in listed companies](#) (only available in French).

invites the issuer to improve the quality of the information provided in its next corporate governance report.

**In addition, the AMF points out that in the event of holding several offices within the group, "care should be taken to ensure that a director is not too frequently in a situation of conflict of interest, which could lead them to abstain repeatedly, thereby calling into question the effectiveness of their office"<sup>216</sup>.**

Finally, four issuers belonging to the same group were cited by the AMF in its latest report on corporate governance and executive compensation <sup>217</sup> for non-compliance with Article 10.5.1 of the AFEP-MEDEF code: **COMPAGNIE DE L'ODET, COMPAGNIE DU CAMBODGE, FINANCIERE MONCEY and SOCIETE INDUSTRIELLE ET FINANCIERE DE L'ARTOIS**. This concerns six directors, each of whom holds between two and five offices within the Group. Since then, the situation has not changed and the companies maintain their explanation, based on the absence of participation in the decisions of the board of the parent company in the event of a conflict of interest between the parent company and the subsidiary, and the absence of a conflict of interest during the financial year. **The AMF points out that such an explanation is neither relevant or detailed, nor is it substantiated or adapted to the specific situation of each company. The AMF invites these four issuers to assess the independence of their directors and the representation of independent directors on their boards in light of the rules of the AFEP-MEDEF code to which they adhere.**

<sup>217</sup> [AMF, 2024 Report on corporate governance and executive compensation in listed companies](#) (only available in French).

- Seniority and exercise of an office for more than twelve years

- ✓ *Reminder of the applicable rules*

#### Applicable text

In application of the OECD principle that a limited term of office may, in certain cases, make it possible to preserve a director's independence, Article 10.5.6 of the AFEP-MEDEF Code stipulates that the criterion to be analysed when assessing a director's independence is the fact that they have not *"been a director of the corporation for more than twelve years. Loss of the status of independent director occurs on the date when this twelve years is reached"*. By way of comparison, the UK Corporate Governance Code sets this period at nine years<sup>218</sup>.

In its application guide, the HCGE states that *"if the Board wishes to maintain the independence of a member who does not meet this criterion, it should explain this position, which should be based on the particular situation of the Company and the Director, and not on a questioning of the relevance of the rule"*<sup>219</sup>.

Finally, the AMF recommends that *"any exclusion from the independence criterion relating to the holding of offices for more than 12 consecutive years should not be justified solely on the basis of the experience or competence of the director concerned"*<sup>220</sup>, nor *"simply by emphasising competence and an overarching vision, which are qualities expected of all directors"*<sup>221</sup>. In particular, *"the length of a director's term of office is likely to affect their critical thinking, especially when it comes to reflecting on the relevance of past decisions in*

*which they may have participated, or when they are likely to have forged close ties over time with the company, its executive management or other board members"*<sup>222</sup>.

- ✓ *Compliance with the AFEP-MEDEF code*

In 2024, the AMF noted that 15 issuers qualified a director who had served for more than twelve years as independent.

Of these fifteen issuers, one now applies the Code's independence criterion relating to length of service, and does not consider directors who have held their office at the company for more than twelve years to be independent.

- ✓ *Relevance of companies' explanations as regards the provisions of the AFEP-MEDEF Code*

Three issuers deviate from the criterion relating to length of service and qualify directors who have held their office at the company for more than twelve years to be independent. However, for two of them, this has had no impact on the composition of the board and its committees, for which the company complies with the representation of independent directors prescribed by the Code. For the third company, the application of the criterion relating to length of service would result in the chair of the audit committee losing her status as an independent director. As a result, the issuer no longer follows the AMF's recommendation whereby *"with regard to the composition of committees, in particular the audit committee, the AMF*

<sup>218</sup> UK Corporate Governance Code 2024, provision No. 10, pgs 8-9: *"Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director [...] has served on the board for more than nine years from the date of their first appointment"*.

<sup>219</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

<sup>220</sup> AMF, Recommendation DOC-2012-02 (only available in French).

<sup>221</sup> 2017 Annual report on corporate governance, executive compensation, internal control and risk management [pg. 35](#).

<sup>222</sup> [AMF Report 2023 on corporate governance and executive compensation in listed companies](#), pg. 52 (only available in French).

*encourages companies to appoint independent directors to chair them*"<sup>223</sup>.

In its last report on corporate governance<sup>224</sup>, the AMF cited nine issuers that did not comply with Article 10.5.6 of the AFEP-MEDEF Code and did not provide a relevant and detailed explanation.

Of these nine issuers, in a press release dated 13 March 2025, Carrefour complied with the recommendations of the AFEP-MEDEF code, stating: *"in view of the length of time he has been a director, and for this reason alone, the Board of Directors has decided that, with effect from the next Annual General Meeting, [the director in question] can no longer be described as an independent director within the meaning of the governance rules set out in the AFEP/MEDEF code and by the Autorité des marchés financiers"*. The AMF encourages this type of behaviour, unlike that of companies which, since 2023<sup>225</sup>, or even 2022 in the case of **BOLLORE**<sup>226</sup>, have been cited by name and have failed to comply with this provision of the code over the long term, usually providing the same explanations, based solely on the experience, competence or overarching vision of the directors concerned – qualities expected of all directors – or, more recently, on a need for continuity in the composition of the board: **COMPAGNIE DE L'ODET, CHRISTIAN DIOR**, and since last year **COMPAGNIE DU CAMBODGE, FINANCIERE MONCEY, SIF ARTOIS** and **THALES**.

**LINEDATA SERVICES**, which calculated the length of board members' service from the date of the change in governance structure, has improved its information and now mentions the date on which the office of board member began. However, it still appears that the company does not comply with the proportion of independent directors on the board of directors and specialist committees, as laid down by the code. In this regard, the HCGE guide stresses that *"some situations cannot be resolved immediately. In such cases, it must be planned to remedy the situation, at the time of the next board renewal for instance, and this intention must obviously be mentioned"*<sup>227</sup>.

Finally, the AMF has noted two instances in which a board member began their term of office less than 12 years ago, but has been attending board meetings and taking part in deliberations for more than 12 years. This is notably the case of a vice-chair, who has been a board member for eight years and is considered to be independent, even though he was a non-voting member for seven years, i.e. a total of fifteen years on the board, or of a board member who is considered to be independent even though she sat on the board as the representative of a legal entity board member for seven years and has now been a board member in her own name for seven years, i.e. a total of fourteen years on the board. In these two cases, the two board members have not been *"a director of the corporation for more than twelve years"*, in accordance with Article 10.5.6 of the AFEP-MEDEF Code. However, their length of service on the board is likely to affect their critical thinking, particularly if they have established close ties with the company, its management or other members of the board of directors.

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<sup>223</sup> AMF, Recommendation DOC-2012-02 (only available in French).

<sup>224</sup> [AMF, 2024 Report on corporate governance and executive compensation in listed companies](#) (only available in French).

<sup>225</sup> [AMF 2023 report on corporate governance and executive compensation in listed companies](#) (only available in French).

<sup>226</sup> [AMF, 2022 Report on corporate governance and executive compensation in listed companies](#) (only available in French).

<sup>227</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

### New area for developing the AFEP-MEDEF Code

The AMF calls on the AFEP, the MEDEF and the HCGE to clarify the scope of the independence criterion in relation to the length of the office, and to specify whether the board should also take into account the years during which the corporate officer attended board meetings and took part in deliberations, as a non-voting member or permanent representative of a legal entity board member, for example.

### 3.5 Proportion of independent members on the board and its committees

This year, between 1 September 2024 and 31 August 2025, the AMF made 12 findings concerning eight companies' compliance with the proportion of independent directors laid down by the AFEP-MEDEF code for the board of directors and specialised committees.

#### OECD Principles

In their corporate governance principles<sup>228</sup>, the G20 and the OECD emphasise that *"the board should be able to exercise objective independent judgement on corporate affairs"* and for this, *"a sufficient number of board members, as well as members of key committees, will need to be independent of management."*

In addition, the OECD considers that *"the board should consider establishing specific committees to consider questions where there is a potential for conflicts of interest. **These committees should require a minimum number or be composed entirely of independent members.** In some jurisdictions it is good practice **that these committees be chaired by an independent non-executive member**".*

In the light of these principles, the AFEP-MEDEF corporate governance code lays down the proportion of independent directors on the board of directors, taking into account the shareholder structure, and on the various specialised committees, namely the audit and risks committee, the nominations committee and the remuneration committee.

- [Independence of the board of directors or the supervisory board](#)

✓ *Reminder of the applicable rules*

#### Applicable text

Article 10.3 of the AFEP-MEDEF Code stipulates that *"the independent directors should account for half the members of the Board in widely held corporations without controlling shareholders. In controlled companies, independent directors should account for at least a third of Board members"*.

The HCGE guide states that *"if the Company does not comply with the proportions of independent Directors recommended by the Code within the board or the committees, it should indicate how the proper functioning of the Board is nevertheless ensured. Some situations cannot be resolved immediately. In such cases, it must be planned to remedy the situation, at the time of the next board renewal for instance, and this intention must obviously be mentioned"*<sup>229</sup>.

<sup>228</sup> OECD (2023), *G20 and OECD Principles of Corporate Governance 2023*, OECD Publishing, Paris, <https://www.oecd.org/content/dam/oecd/en/publications/repo>

[https://www.oecd.org/content/dam/oecd/en/publications/repo/2023/09/g20-oecd-principles-of-corporate-governance-2023\\_60836fcb/ed750b30-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/repo/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb/ed750b30-en.pdf), pg. 48 et seq.

<sup>229</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

✓ *Compliance with the AFEP-MEDEF code*

In 2024, the AMF sent observations to two companies, including one in the CAC 40, that did not comply with the proportion of independent directors on the board, as laid down by the code.

✓ *Relevance of companies' explanations as regards the provisions of the AFEP-MEDEF Code*

On the one hand, **EMEIS**, a company already quoted in the last AMF report on corporate governance, has not changed the composition of its board of directors and provides the following explanation: *"Non-compliance with this recommendation is due to the governance arrangements set up pursuant to the Investment Agreement entered into between the Company and the Groupement. The governance of the Company following the financial restructuring was guided by the Group's wish to be able to appoint the majority of directors (7 out of 13) to reflect its majority shareholding, while maintaining the Chief Executive Officer on the Board and keeping the size of the Board at a reasonable level in line with best practice"*<sup>230</sup>. As the AMF pointed out last year, *"the governance rules adopted as part of an accelerated safeguarding plan are not intended to apply long-term. Consequently, non-compliance with the recommendations of the AFEP-MEDEF Code as regards the proportion of independent directors on the board can only be temporary"*<sup>231</sup>. The AMF points out that, under Article 28.1 of the AFEP-MEDEF Code, a company that deviates from a rule of the code must *"state the alternative measures that have been taken, if applicable, and must describe the actions that allow the company to comply with the aims of the relevant provision of the code"*.

On the other hand, another issuer deviated from Article 10.3 of the AFEP-MEDEF Code and

gave the following explanation: *"The shareholders' agreement between the Public Sector and the Industrial Partner governs the composition of the Board of Directors and its Committees, to ensure the best possible balance and alignment on them between representatives of the Public Sector and the Industrial Partner, free float shareholders and senior management"*. However, as a result of the abovementioned failure to comply with the independence criterion linked to the length of time a director has held office, the proportion of independent directors on the board is 23% according to the AFEP-MEDEF code criteria (3/13), which is, in any event, lower than the proportion that could be achieved taking into account the constraints of the shareholders' agreement.

**Controlled companies should ensure a balanced representation of shareholders, including minority shareholders, on the board of directors, by complying with or coming as close as possible to the proportion of independent directors prescribed by the code. At the very least, the AMF calls on the companies concerned to comply with the requirements of Article 28.1 of the AFEP-MEDEF code by indicating any alternative measures adopted and describing the actions taken to ensure that the board functions properly.**

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<sup>230</sup> Emeis URD, pg.319.

<sup>231</sup> [AMF, 2024 Report on corporate governance and executive compensation in listed companies](#) (only available in French).

- **Independence of the audit committee**

- ✓ *Reminder of the applicable rules*

**Applicable text**

Article 17.1 of the AFEP-MEDEF Code recommends that *"the proportion of independent directors on the audit committee should be at least equal to two-thirds"*.

In its recommendation DOC-2012-02 on the consolidated presentation of the recommendations contained in the AMF's annual reports, the AMF states that *"with regard to the composition of committees, particularly the audit committee, the AMF encourages companies to appoint independent directors to chair these and to increase the number of independent directors on all committees"*.

**As it stated in its last report on corporate governance and executive compensation <sup>232</sup>, *"the AMF notes that the HCGE does not mention, in its application guide of the AFEP-MEDEF code, that the audit committee may temporarily be comprised of 60% independent directors, provided that it has an independent chair, although it did mention this in its annual reports in 2014 and 2017 and some companies continue to apply this. The AMF calls on the HCGE to clarify its position on this point"*.**

**The December 2025 version of the AFEP-MEDEF Code application guide now states:**

*"When the Chairman of the committee is independent, the presence of 60% independent Directors instead of two-thirds constitute a relevant explanation for not applying the recommendation of the Code. It is then imperative to indicate the unapplied recommendation, as well as the related*

*explanations in the specific section or table provided for by the Code. It must be specified that this derogation can only be temporary"*<sup>233</sup>.

- ✓ *Compliance with the AFEP-MEDEF code*

In 2024, the AMF noted that five issuers did not comply with the proportion of independent directors on audit committees, as required by the code.

In 2025, Hermès and Renault, cited in the previous AMF report on corporate governance, changed the composition of their audit committees to comply with the recommendation in the AFEP-MEDEF code whereby audit committees should be composed of at least two-thirds independent directors.

- ✓ *Relevance of companies' explanations as regards the provisions of the AFEP-MEDEF Code*

Conversely, three issuers cited in 2024, including one from the CAC 40, did not take the AMF's observations into account and the proportion of independent directors on their audit committees is less than the two-thirds prescribed by the code.

Firstly, at **VIRBAC**, the proportion of independent directors on its audit committee is 33%. The company provides the following explanation <sup>234</sup>: *"The board of directors has taken due note of the terms of the letters dated October 14, 2024 received from the French financial markets authority (AMF) and from the High Committee on Corporate Governance on November 13, 2024 on this point. The board of directors considers that Philippe Capron's skills in financial and accounting matters on the one hand and his knowledge of the Virbac group and the animal-health sector on the other hand allow him to have an objective critical view, without the duration of his mandate affecting*

<sup>232</sup> [AMF, 2024 Report on corporate governance and executive compensation in listed companies](#) (only available in French).

<sup>233</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

<sup>234</sup> Virbac Annual Report 2024, pg. 162.

his work, recommendations or votes. The board of directors wished to maintain him within the audit committee to take full advantage of his critical, objective and valuable contribution". The AMF considers that this explanation is not relevant, detailed or substantiated nor is it adapted to the company's specific situation, given that, regardless of the presence of this director, the company could set up an audit committee that complies with the ratio laid down by the code.

Secondly, **THALES** states that the proportion of independent directors on its audit and accounts committee is 33%<sup>235</sup>, it being specified that the only director considered to be independent, who is also chair of the committee, does not meet the independence criteria of the AFEP-MEDEF Code.

Finally, at one of the SBF 120 companies mentioned above, the proportion of independent directors on the audit committee is 40%. The company has not changed the composition of the committee since last year.

Irrespective of the existence of a shareholders' agreement, these two issuers could appoint independent directors to the audit committee, and at the same time indicate any alternative measures adopted and describe the actions taken to ensure that the committee functions properly.

## ▪ Independence of the nominations committee

### ✓ *Reminder of the applicable rules*

#### Applicable text

In accordance with Article 18.1 of the AFEP-MEDEF code, the nominations committee "*must not include any executive officer and must mostly consist of independent directors*".

The HCGE application guide recommends that "*when the Chairman of the committee is independent, the presence of 50% independent Directors instead of a majority constitute a relevant explanation for not applying the recommendation of the Code. It is then imperative to indicate the unapplied recommendation, as well as the related explanations in the specific section or table provided for by the Code. It must be specified that this derogation can only be temporary*"<sup>236</sup>.

### ✓ *Compliance with the AFEP-MEDEF code*

In their 2024 universal registration documents, two CAC 40 issuers state that they deviate from Article 18.1 of the AFEP-MEDEF code as regards the proportion of independent directors on the appointments committee, which is separate from the remuneration committee.

<sup>235</sup> Thalès URD 2024, pg. 101.

<sup>236</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

- ✓ *Relevance of companies' explanations as regards the provisions of the AFEP-MEDEF Code*

One issuer provides an explanation based on compliance with the HCGE's interpretation, whereby the nominations committee is composed of 50% independent directors and chaired by an independent director. **The AMF points out that this derogation can only be temporary and calls on the company to take measures to strengthen the independence of the committee concerned.**

Another issuer, **CREDIT AGRICOLE S.A.**, which has already been cited in the previous two AMF reports on corporate governance, continues to deviate from Article 18.1 of the AFEP-MEDEF code in relation to the composition of the nominations committee and provides the same explanation based on constraints specific to the banking sector and its mutualist model. However, the AMF considers that such an explanation is not relevant. In fact, there are independent directors who could be appointed to the audit committee. The AMF calls on the company to indicate the measures that the board plans to adopt in order to comply with Article 18.1 of the AFEP-MEDEF Code or, failing that, the alternative measures adopted, where applicable, and the actions taken to ensure that the committee functions properly.

- **Independence of the remuneration committee**

- ✓ *Reminder of the applicable rules*

#### Applicable text

Article 19.1 of the AFEP-MEDEF Code states that the remuneration committee "must not include any executive officer and must mostly consist of independent directors. It is recommended that the chairman of the committee should be independent and that one of its members should be an employee director".

- ✓ *Compliance with the AFEP-MEDEF code*

The AMF notes that in 2025, one CAC 40 issuer states that it has deviated from Article 19.1 because the chair of the remuneration committee is no longer independent within the meaning of the AFEP-MEDEF code.

- ✓ *Relevance of companies' explanations as regards the provisions of the AFEP-MEDEF Code*

The issuer concerned provides an explanation based on the temporary nature of the situation, and mentions when this temporary situation will end, in accordance with Article 28.1 of the AFEP-MEDEF code.

- **Independence of the nominations and remuneration committee**

Some issuers have opted to combine their nominations and remuneration committees, rather than setting up two separate committees. When an issuer sets up a committee to oversee both nominations and remuneration, it must comply with the recommendations of the AFEP-MEDEF code relating to both the nominations committee and the remuneration committee.

✓ *Reminder of the applicable rules*

Applicable legislation

Articles 18.1 and 19.1 of the AFEP-MEDEF Code stipulate that *"it must not include any executive officer and must mostly consist of independent directors"* and *"it is recommended that the chairman of the committee should be independent and that one of its members should be an employee director"*.

The HCGE guide adds that *"when the Chairman of the committee is independent, the presence of 50% independent Directors instead of a majority constitute a relevant explanation for not applying the recommendation of the Code. It is then imperative to indicate the unapplied recommendation, as well as the related explanations in the specific section or table provided for by the Code. It must be specified that this derogation can only be temporary"*<sup>237</sup>.

✓ *Compliance with the AFEP-MEDEF code*

In its latest report on corporate governance<sup>238</sup>, the AMF cited two issuers who stated that they had deviated from Articles 18.1 and 19.1 of the AFEP-MEDEF code as regards the composition of the committee responsible for both nominations and remuneration.

✓ *Relevance of companies' explanations as regards the provisions of the AFEP-MEDEF Code*

In 2025, in line with its discussions with the AMF, and despite the existence of a demanding shareholders' agreement, Emeis changed the composition of its nominations and remuneration committee to bring it into line with the HCGE's interpretation that the committee may be comprised of 50% independent directors instead of a majority if it is chaired by an independent director. The AMF again points out that this derogation can only be temporary and calls on the company to take measures to strengthen the independence of the committee concerned.

One of the CAC 40 companies mentioned above states that the nominations and remuneration committee consists of only one-third independent directors, instead of the majority required by the code. **Once again, irrespective of the existence of a shareholders' agreement, the company could appoint independent directors to its governance and remuneration committee, or indicate the alternative measures adopted, where applicable, and describe the actions taken to ensure that the committee functions properly.**

<sup>237</sup> HCGE, Application guide of the AFEP-MEDEF corporate governance code of listed companies, December 2025.

<sup>238</sup> AMF, 2024 Report on corporate governance and executive compensation in listed companies (only available in French).

### 3.6 Other findings on corporate officer remuneration

- [Adjustment of the remuneration policy for executive corporate officers](#)

- ✓ [Reminder of the applicable rules](#)

#### Applicable text

Article 26.1.2 of the AFEP-MEDEF Code stipulates, among its principles for determining corporate officer remuneration the "understandability of the rules", i.e. "the rules should be simple, stable and transparent. The **performance criteria** used must correspond to the company's objectives, and be **demanding**, explicit, and, to the greatest extent possible, long-lasting".

The AFEP-MEDEF code only deals with the amendment of performance conditions in Article 26.3.3, in the context of the **long-term remuneration of executive directors**: "only under **exceptional circumstances (substantial change to scope, unexpected change in the competitive context, loss of relevance of a reference index or a comparison group, etc.)** is it permissible to modify the **performance conditions** during the period in question. In this case, these changes are made public following the Board meeting at which they were decided on. **In the event of a change to the performance conditions, the alignment of the interests of the shareholders with those of the beneficiaries must be maintained**".

As regards the remuneration policy, the AMF recommends that "**any adjustment clauses in the remuneration policy should be drafted with sufficient precision and approved with full knowledge of the facts by the general meeting of shareholders**, so that they can be easily applied by the board of directors if necessary. In particular, the remuneration policy should itself specify the legal framework applicable to the adjustments envisaged (simple application of the legal derogation or ad hoc adjustment clause), the nature of the exceptional

circumstances envisaged, the procedural arrangements to be applied by the board of directors, the **components of the remuneration policy from which derogations may be made and the extent of the margin of flexibility granted to the board of directors**"<sup>239</sup>.

As regards the allocation and payment of remuneration components, the AMF recommends that "**companies whose board of directors has decided, pursuant to adjustment clauses set out in the remuneration policy, to make adjustments to the application of the remuneration policy that affect the calculation or payment of certain remuneration components, provide clear and precise information on this implementation, in particular by explaining how the circumstances provided for by the adjustment clause were established, how the procedural terms and conditions were complied with, and which elements of the remuneration policy were deviated from and in what proportions. Finally, when companies publish additional information in advance of the general meeting, the AMF recommends that this information be presented as supplementary to the corporate governance report, and be numbered and presented not only in the section of the website devoted to "information for the general meeting" but also in the section devoted to the corporate governance report**"<sup>240</sup>.

<sup>239</sup> AMF, Recommendation DOC-2012-02 (only available in French).

<sup>240</sup> AMF, Recommendation DOC-2012-02 (only available in French).

✓ *Compliance with the AFEP-MEDEF code*

The AMF notes that one issuer in the sample decided to implement an adjustment clause provided for in the executive director's remuneration policy during the last financial year whereby:

*"In the event of exceptional circumstances, such as a change in accounting standards, a material change in scope linked to the execution of a transformation operation, a substantial change in market conditions or a change in the competitive environment **having significant and unforeseeable consequences for the Group at the time this remuneration policy is approved by the board of directors for presentation to the general meeting**, the board of directors reserves the right to exercise its discretionary power to adjust, **either upwards or downwards**, one or more of the parameters attached to the performance criteria (weighting, trigger thresholds, objectives, targets, etc.) for the variable annual or long-term remuneration of the Chief Executive Officer. This adjustment clause is intended to **ensure that the results of the application of the said criteria reflect both the performance of the Chief Executive Officer and that of the Group.***

*These adjustments will be decided by the board of directors on the recommendation of its remuneration committee, and will then be published on the Company's website.*

*It should be noted that this option differs from that provided for in Article L22-10-8 III paragraph 2 of the Commercial Code.*

***There is no provision for the board of directors to be able to depart from this remuneration policy in the event of exceptional events other than those mentioned above".***

The company's board of directors decided, in 2025, for the remuneration due in respect of 2024, to activate the said adjustment clause, to take account of "*negative effects*", more precisely a behavioural bias on the part of the Group's clients in connection with a major event affecting one of its main areas of activity. The company refers to a "*phenomenon of avoidance of exceptional and unpredictable magnitude*".

Firstly, the triggering of an adjustment clause raises questions when it has the effect of **calling into question the demanding nature of the financial and sustainability performance criteria**. Performance criteria must be understandable and, in particular, **coherent with the company's objectives**, as defined in Article 26.1.2 of the AFEP-MEDEF code.

Next, any change in performance criteria must be **stipulated** in advance and therefore **approved by the shareholders**, and must be **justified by exceptional circumstances**. To recap, when an adjustment clause is exercised, the company must **disclose any changes in performance criteria**, as defined in Article 26.3.3 of the AFEP-MEDEF Code, while "*the alignment of the interests of the shareholders with those of the beneficiaries must be maintained*". On this last point, the AMF notes that the implementation of performance criteria adjustment clauses most often results in a relaxation of the performance criteria, which also raises questions.

▪ Award of variable remuneration to a non-executive corporate officer

✓ *Reminder of the applicable rules*

Applicable text

Under Article 26.2 of the AFEP-MEDEF Code, "in the same way as for executive officers, the Board of Directors, which appoints nonexecutive officers, is responsible for determining their compensation on the basis of proposals made by the compensation committee. The Board provides reasons for its decisions in such matters.

**It is not desirable to award variable compensation, stock options or performance shares. If, despite this, such awards are granted, then the Board must justify the reasons for this and the director cannot be considered to be independent".**

The AMF reiterates its recommendation that "insofar as they do not have managerial powers, the AMF considers that the chair of the board should not receive variable remuneration in cash or securities, **unless there is particularly detailed justification in terms of specific duties that go beyond those assigned by law.** In any event, the AMF considers that the qualification of "independent" implies the absence of such remuneration"<sup>241</sup>.

✓ *Compliance with the AFEP-MEDEF code*

SAVENICA's remuneration policy for the chair of the board of directors provides for variable annual remuneration expressed as a percentage of fixed remuneration. This variable portion "is for 60% linked to the company's economic performance" and "also includes, for 40%, measurable individual qualitative criteria, including criteria linked to Corporate Social Responsibility". The company states that "the majority family shareholding confers on the Chair of the board of directors a role [in particular as guarantor of the Group's long-term independence] that goes well beyond that of a company with a broad shareholder base and justifies the payment of variable remuneration"<sup>242</sup>. The fact that the shareholders are "majority family" does not, in itself, constitute a particularly detailed explanation justifying the award of variable remuneration to the chair of the board, nor does it imply, in itself, the performance of specific duties going beyond those assigned by law, which would make it possible to deviate from Article 26.2 of the AFEP-MEDEF Code.

<sup>241</sup> AMF, Recommendation DOC-2012-02.

<sup>242</sup> Savencia 2024 corporate governance report, pg. 25 (only available in French)



## **PART III: DISCLOSURES BY PROXY ADVISORS**

**This section is divided into six sub-sections:**

- 1. Role and governance of proxy advisors**
- 2. Changes in proxy advisor voting policies**
- 3. Development of voting policies and recommendations, and issuer interaction process**
- 4. Proxy and intellectual property advisor notes**
- 5. Conflicts of interest and services provided to issuers**
- 6. Use of new technologies and associated risks**

Pursuant to Article L. 621-18-4 of the Monetary and Financial Code, in its report on corporate governance and executive compensation, the AMF reports on the application of Articles L. 544-3 to L. 544-6 on proxy voting services, and may publish any recommendations it deems useful.

In France, the definition of a proxy advisor can be found in the Pacte law No. 2019-486 of 22 May 2019, which transposes Directive (EU) 2017/828 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, known as the "SRD II Directive"

#### Applicable text

Under Article L. 544-3 of the Monetary and Financial Code, *"a legal entity carries out a proxy voting service if it **analyses, on a professional and commercial basis, the corporate documents or any other information about companies whose shares are admitted to trading on a regulated market, with the aim of informing the voting decisions of the shareholders of these companies by providing research and advice or by making voting recommendations**"*.

## 1. ROLE AND GOVERNANCE OF PROXY ADVISORS

The central role of proxy advisors (1.1) warrants that particular attention be paid to the quality of their governance (1.2).

### 1.1. Role of proxy advisors

As a preliminary remark, in 2025, the AMF did not receive any direct reports from issuers about significant conflicts of interest that were not mentioned in voting recommendations and/or obvious factual errors that proxy advisors had failed to correct. For the purposes of this report, the AMF has held discussions with a number of stakeholders, in particular Cliff, on issues relating to the work of proxy advisors.

The concentration of the proxy voting market, which is primarily dominated by ISS and Glass Lewis, which together account for more than 90% of the European proxy voting market<sup>243</sup>, and, in France, Proxinvest<sup>244</sup>, has given rise to concerns or questions about the influence and practices of these players in an oligopolistic market. This central role of proxy firms has also been noted by the OECD, which states that *"proxy advisors who offer recommendations to institutional investors on how to vote and sell services that help in the process of voting are among the **most relevant from a direct corporate governance perspective**"*<sup>245</sup>.

In its latest activity report, the HCGE states that *"the voting policies of proxy firms have exerted increasing influence on shareholder governance over the last decade"*<sup>246</sup>.

<sup>243</sup> ESMA, *Implementation of SRD2 provisions on proxy advisors and the investment chain*, 2023.

<sup>244</sup> On 30 November 2022, Glass Lewis announced the acquisition of Proxinvest. In its statement published in December 2023, Glass Lewis set out its commitments and policies as regards conflicts of interest with Proxinvest. Commitment meetings with Proxinvest analysts are separate from meetings with the Glass Lewis research team. Proxinvest's analysts cannot comment or provide

information on Glass Lewis' benchmark policies, and vice versa (Glass Lewis, *BPPG Statement 2024*, pg. 15).

<sup>245</sup> OECD (2023), *G20 and OECD Principles of Corporate Governance 2023*, OECD Publishing, Paris, [https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023\\_60836fcb/ed750b30-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb/ed750b30-en.pdf), pg. 24.

<sup>246</sup> HCGE, Activity Report, December 2025, pg. 20.

Another report on proxy firms refers to their "indirect influence on companies' strategic decisions through the quasi-normative effects of their recommendations"<sup>247</sup>. This major role of proxy firms is amplified by the tendency of certain issuers to follow – in addition to the recommendations of the AFEP-MEDEF code, the HCGE and the AMF – the policies and recommendations of the main proxy advisors.

This is the case, for example, for the subject of corporate officer availability, for which the proxy firms have stricter recommendations than the Commercial Code or the AFEP-MEDEF Code. In this regard, it is recalled that Article L. 225-94-1 of the Commercial Code prohibits a **board member** from holding **more than five offices** at **French sociétés anonymes (public limited companies) and sociétés en commandite par actions (partnerships limited by shares)**. The AFEP-MEDEF code recommends that boards should ensure that a director does not hold **more than four other offices at listed companies outside the group**. Some proxy advisors are more demanding and recommend voting against the appointment or reappointment of a board member who is already an executive corporate officer and sits on the board of another listed company outside the group, on the grounds that there is a risk of the officer focusing on their duties as an executive corporate officer to the detriment of their role of board member at the company<sup>248</sup>.

For example, at the 2025 AGM of a CAC 40 company, some voting advisors recommended that their clients vote against the appointment of a new board member because the latter held an executive office and a non-executive office at two other listed groups. A large number of shareholders voted against this resolution, which received only 57% of the votes cast.

In addition, during the 2025 AGM season, proxy firms called for votes against resolutions on:

- The remuneration policy for corporate officers when it provided for an increase in fixed or variable remuneration, but the justification provided was "superficial" in terms of the principles for determining remuneration set out in the AFEP-MEDEF code; or
- The payment of remuneration to corporate officers due to a lack of clarity regarding the achievement rates of short- or long-term performance criteria.

At the same time, some shareholders voted against "say on pay" resolutions. In all, eight CAC 40 companies saw at least one of these resolutions challenged, i.e., in practice, they received less than 80% of the votes cast at the AGM.

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<sup>247</sup> C. Rozen, *Gouvernance des entreprises cotées : vertus et limites des proxy advisors* [Listed company governance: the virtues and limitations of proxy advisors], Institut Messine, May 2025, pg. 23.

<sup>248</sup> See, extract from the Glass Lewis voting policy 2025: "We typically recommend shareholders vote against a director who [...] serves as an executive officer of any public company while serving on more than one additional external public company board. Further, as executive directors will presumably devote their attention to the company where they serve as an executive, we will generally not recommend that shareholders vote against the

*election of a potentially overcommitted director at the company where they serve in an executive function. Similarly, we will generally not recommend that shareholders vote against the election of a potentially overcommitted director at a company where they hold the board chair position, except where the director [...] serves as an executive officer of another public company.*

*Nevertheless, we adopt a case-by-case approach on this issue, as described in our Continental Europe Benchmark Policy Guidelines".*

As has been observed, *“a vote won by a slim majority (less than 80%) poses political problems for management, who thus find themselves criticised by the shareholders on a sensitive issue in which they have a personal interest.*

*In reality, remuneration is a complex issue to assess. Packages include components that are variable, deferred, or indexed to financial or non-financial criteria, which make them difficult to compare against other companies. **Many institutional investors [...] therefore rely on the analysis grids prepared by proxy advisors***<sup>249</sup>.

Nonetheless, by ensuring that the governance framework in force is implemented, proxy advisors contribute to the general improvement of issuers' practices and to the quality of dialogue with shareholders and investors. In addition, the services offered by proxy advisors *“contribute to reducing the cost of analysing and processing information about listed companies and help professional investors, in particular those located far from the issuer's country of listing or who manage very diversified portfolios, to carry out their fiduciary and management duties*<sup>250</sup>.

In addition, the AMF notes the US government's desire to limit the prerogatives of proxy firms<sup>251</sup>, and the opening of an investigation by the US Federal Trade Commission to determine whether these agencies have infringed the rules of free competition<sup>252</sup>. In this context, Glass Lewis announced, in a press release dated 15 October 2025, that it would allow its clients to subscribe to its custom voting policy development services. These services will be offered to all its clients from 2027<sup>253</sup>. In France, the AMF notes that an increasing number of investors, particularly institutional investors, are opting to use a service that develops and implements a custom voting policy<sup>254</sup>. The Best Practice Principles Group (hereinafter "BPPG"), which was set up in 2013 on the initiative of ESMA to bring together industry participants, has a code of conduct in which it asks proxy firms to explain *“how and to what extent clients may customize their voting policies without revealing confidential information”*.

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<sup>249</sup> C. Rozen, *Gouvernance des entreprises cotées : vertus et limites des proxy advisors* [Listed company governance: the virtues and limitations of proxy advisors], Institut Messine, May 2025, pg. 25.

<sup>250</sup> R. Ophèle, Droit & Croissance conference "Corporate governance and shareholders engagement: the new normal conference", 18 October 2019.

<sup>251</sup> Jeffrey Sonnenfeld and Steven Tian, "The Trump administration gets it right on limiting the power of proxy advisory firms such as ISS and Glass Lewis", *Fortune*, 16 November 2025.

<sup>252</sup> Reuters, "US FTC investigating proxy advisors ISS and Glass Lewis, WSJ reports", 12 November 2025.

<sup>253</sup> *“First, Glass Lewis will help all clients move beyond standard policies, guiding them in creating voting frameworks that reflect their individual investment philosophies and stewardship priorities. A majority of the firm's clients already use their own custom policy guidelines or a specific thematic policy. **The goal is to enable all clients to vote according to their own policies.***

*Second, Glass Lewis will move away from singularly-focused research and vote recommendations based on its house policy and shift to providing multiple perspectives that reflect the varied viewpoints of clients. While still under development, the spectrum of perspectives could range from one that leans toward management and others that reflect more governance fundamentals. **Beginning in 2027, clients will be able to access any or all of these perspectives to inform their proxy voting decisions**”*.

<sup>254</sup> BPPG, Best Practice Principles for Providers of Shareholder Voting Research & Analysis 2019, pg. 18: *“Shareholders may assess investee companies' governance arrangements and make voting decisions based on their own view or “custom” voting policy. In this case, a shareholder may contract with a BPP Signatory to receive services based on the shareholder's own voting policies”*.

## 1.2. Proxy advisor governance

### Applicable legislation

Under Article L. 544-4, (1) of the Monetary and Financial Code, “*proxy advisors shall make public the code of conduct to which they adhere and report on its application. When a proxy advisor does not adhere to a code of conduct or, when it does adhere to such a code but deviates from some of its provisions, it shall specify the reason why and indicate the list of the provisions thus deviated from and, if applicable, the provisions adopted in substitution*”.

These provisions are supplemented by Article R. 544-1, I. of the same code, whereby “*an indication of the code of conduct to which the proxy advisor adheres, a report on its application and, where applicable, a list of the provisions from which it has deviated, together with the reasons for this and the measures taken in substitution, as referred to in the first paragraph of Article L. 544-4, shall be made available to the public free of charge on the proxy advisor’s website and updated annually*”.

As in previous years, two of the three proxy advisors issuing voting recommendations in France adhere to the BPPG Code of Conduct and publish a detailed compliance statement each year<sup>255</sup>. Proxinvest is no longer a BPPG signatory but continues to apply the BPPG recommendations. Proxinvest is now owned by Glass Lewis, which adheres to the BPPG code of conduct<sup>256</sup>.

<sup>255</sup> ISS and Glass Lewis.

<sup>256</sup> Proxinvest “Principes de de gouvernement d’entreprise et Politique de vote 2025” [Corporate governance principles and voting policy 2025] ([https://www.proxinvest.com/wp-content/uploads/2025/02/Politique\\_de\\_vote\\_Proxinvest\\_2025\\_final.pdf](https://www.proxinvest.com/wp-content/uploads/2025/02/Politique_de_vote_Proxinvest_2025_final.pdf)), only available in French.

<sup>257</sup> Oversight Committee, “BPPG signatories continue to improve best practice principle disclosures”, press release, 20 November 2025: “The BPP OC’s 2025 annual report includes details of its own governance, including steps to further safeguard its independence, together with a record of actions during its fifth year of operations as well as four key areas are likely to draw BPP OC attention and action over the coming year: regulatory trends, signatory compliance, stakeholder feedback and enforcement aspects”. BPPG, Best Practice Principles for Providers of Shareholder Voting Research & Analysis 2025:

This code of conduct is based on three general principles relating to:

- **Service Quality:** BPP Signatories provide services that are delivered in accordance with agreed client specifications. They should have and publicly disclose their research methodology and, if applicable, “house” voting policies;
- **Conflicts-of-Interest Avoidance or Management:** BPP Signatories should have and publicly disclose a policy for preventing conflicts of interest that may arise in connection with the provision of services, which will be implemented by an internal procedure;
- **Communications Policy:** Signatories should have and publicly disclose a policy for communicating with issuers, shareholder proponents, other stakeholders, media and the public.

An independent committee is responsible for overseeing the implementation of the BPPG Code of Conduct (“the Oversight Committee”). In its 2025 Annual Report, published on 20 November 2025, the Oversight Committee states that all the signatories are in compliance with the BPPG’s recommendations. The committee has identified several areas for improvement in terms of transparency<sup>257</sup>.

- **Statistics tracking:** “The Committee continues to advocate for more robust disclosures on internal controls over quality, reliability, independence, and accuracy, including data on alerts to clients concerning errors or revisions”.
- **Revenue sources:** “The Committee notes that Signatories reporting in this area is broadly the same as last year. The BPP OC continues to encourage Signatories to provide as much such data as possible”.
- **Staff diversity:** “The Committee continues to advocate for transparency and thoroughness of staff resources data, so that stakeholders have an understanding of how a Signatory structures its staff resources for research to address local, sectoral, or company specific issues. The Committee continues to encourage Signatories to include information on how teams organize”.

## 2. CHANGES IN PROXY ADVISOR VOTING POLICIES

### 2.1. "Attractiveness Law"

As in previous years, Glass Lewis, ISS and Proxinvest have changed their voting policies following a consultation process with their clients.

The main changes to their voting policy are linked to the entry into force of Law No. 2024-537 of 13 June 2024 aimed at increasing the financing of businesses and the attractiveness of France (known as the "Attractiveness Law"). In particular, the Attractiveness Law has relaxed the rules governing financial resolutions whereby the extraordinary general meeting may delegate to the board of directors the power to carry out capital increases without pre-emptive subscription rights by public offering at companies listed on the regulated market. Previously, if the offer exceeded 10% of the share capital, the price had to be at least equal to the weighted average of the prices quoted for the last three trading sessions prior to the start of the offer, possibly reduced by a maximum discount of 10%. Now, in the event of a **capital increase by public offering by a company listed on a regulated market**, the general meeting may delegate to the board of directors the task of setting the **issue price**, subject to the preparation of a supplementary report, certified by the statutory auditor and describing the terms and conditions of the transaction<sup>258</sup>.

<sup>258</sup> Commercial Code, Article L. 22-10-52. This article refers to an – expected – Conseil d'Etat decree to determine "the information that must appear in the reports provided for in the preceding paragraphs".

<sup>259</sup> Glass Lewis, 2025 France Benchmark Policy Guidelines: "Although we are sometimes concerned about the magnitude of the allowable discounts, we also believe this type of authority could allow a company to tap the capital markets in an expeditious fashion", pg. 37.

<sup>260</sup> See on this subject, R. Elineau, L.-M. Savatier, "Les résolutions financières des sociétés cotées après la loi Attractivité" [Financial resolutions of listed companies after the Attractiveness Law], *Bull.*

In their voting policy for 2025:

- While Glass Lewis says it is sometimes concerned about the magnitude of allowable discounts, it believes that "this type of authority could allow a company to tap the capital markets in an expeditious fashion"<sup>259</sup>. Glass Lewis does not expressly provide for a quantitative limit<sup>260</sup>.
- On the other hand, Proxinvest states that "any discount on the issue price for an operation in which shareholders are deprived of their pre-emptive rights must be seen as a gift to new entrants paid for indirectly by the shareholders. It should therefore be **limited to a maximum of 10% below the market price**"<sup>261</sup> (compared with 5% in the voting policy for 2024).
- In consultation with its clients, ISS goes further and recommends "vote for general authorities to issue shares without preemptive rights up to a maximum of 10 percent of share capital. When companies are listed on a regulated market, the discount on share issuance price proposed in the resolution must comply with a maximum of 10 percent for a vote for to be warranted"<sup>262</sup>.

*Joly Sociétés*, Jan. 2025, pg. 46. The authors note that "while expressing their concern as to the significant discounts that might be applied by boards after the Attractiveness Act, Glass Lewis does not appear to have formally opted for a quantitative limit, thus potentially leaving the door open to (total or at least) partial use of the freedom offered by the legislator".

<sup>261</sup> Proxinvest, Principes de gouvernement d'entreprise et Politique de vote 2025 [Corporate governance principles and voting policy 2025], January 2025, pgs 31-32 (only available in French).

<sup>262</sup> ISS, Continental Europe Proxy Voting Guidelines Benchmark Policy Recommendations, 9 January 2025, pg. 20.

In these last two instances, the proxy advisors are "reinstating" a maximum discount, which had been abolished by the legislator.

Against this backdrop, the proxy advisors noted that the major companies continued to propose resolutions involving financial exemptions with discounts on the issue price of capped shares, with the exception of a few controlled companies which reserved the right to apply discounts up to par value.

## 2.2. Diversity, equity and inclusion

In early 2025, the President of the United States issued executive orders requiring the abolition of Diversity, Equity and Inclusion (DEI) programmes within the US federal government and its federal contractors<sup>263</sup>.

In the wake of these executive orders, a number of French issuers have received letters<sup>264</sup> from the US Embassy in France about their diversity programmes, being "*strongly urged to withdraw their internal policies on ethics and the promotion of societal values*"<sup>265</sup>. According to the letters, "*Executive Order 14.173, ending unlawful discrimination and restoring merit-based opportunities, signed by President Trump, also applies mandatorily to all US Government suppliers and contractors, regardless of their nationality or country of operation*". The letters therefore asked the companies concerned to fill

in a "*certification of compliance with US federal anti-discrimination law*" form, which was attached to the letter in English.

On the whole, French issuers say they **are maintaining their diversity policy and, where necessary, adapting it to take account of local regulatory constraints**<sup>266</sup>. One issuer has chosen to include a detailed statement in its URD to the effect that "*for future periods, "global" performance metrics and descriptions of Group initiatives or ambitions exclude countries where such diversity, equity and inclusion metrics and initiatives are prohibited following changes to applicable law*"<sup>267</sup>.

Glass Lewis and ISS have issued a press release aimed at institutional investors **concerning US companies only**:

- In view of the legal risks for its investor clients, **ISS** has decided to halt consideration of certain diversity factors in making vote recommendations with respect to directors at U.S. companies. Specifically and for shareholder meeting reports published on or after 25 February, **ISS** will no longer consider the gender and racial and/or ethnic diversity of a company's board when making vote recommendations with respect to the election or re-election of directors at U.S. companies<sup>268</sup>.

<sup>263</sup>"Ending Radical and Wasteful Government DEI Programs and Preferencing", *Executive Order* 14151 of 20 January 2025, *Federal Register*, vol. 90, No. 18, 29 January 2025, pg. 8339; "Ending Illegal Discrimination and Restoring Merit-Based Opportunity", *Executive Order* 14173 of 21 January 2025, *Federal Register*, vol. 90, No. 20, 31 January 2025, pg. 8633.

<sup>264</sup> See, for example R. Honoré, S. Wajsbrot, D. Barroux, "Trump : la lettre qui fait trembler les patrons français" [Trump, the letter that makes French bosses tremble], *Les Echos*, 28 March 2025; A. Leparmentier, "Stupeur dans les entreprises françaises après une lettre de l'ambassade américaine à Paris exigeant qu'elles respectent la politique antidiversité de Trump" [Shock at French firms following a letter from the US Embassy in Paris requiring them to comply with Trump's anti-diversity policy], *Le Monde*, 29 March 2025.

<sup>265</sup> O. de Maison-Rouge, "Demande d'abandon des programmes Diversité, Équité, Inclusion (DEI): un nouvel enjeu d'extraterritorialité du droit américain?" [Request to abandon Diversity, Equity and

Inclusion (DEI) programmes: a new extra-territoriality challenge for US law?] *JCP E*, no. 17, 24 April 2025, act. 380.

<sup>266</sup> See, for example Thalès, "Answers to shareholders' written questions", Annual General Meeting of 16 May 2025, pg. 32 (only available in French).

<sup>267</sup> Alstom, Universal Registration Document 2024-2025, pg. 506.

<sup>268</sup> "*In light of these developments, ISS will indefinitely halt consideration of certain diversity factors in making vote recommendations with respect to directors at U.S. companies under its proprietary Benchmark and Specialty policies. Specifically and for shareholder meeting reports published on or after February 25th, ISS will no longer consider the gender and racial and/or ethnic diversity of a company's board when making vote recommendations with respect to the election or re-election of directors at U.S. companies under its Benchmark and Specialty policies*" ([ISS, Statement Regarding Consideration of Diversity Factors in U.S. companies](#)). Director Election Assessments, [11 February 2025](#)).

**In France**, if the composition of the board does not meet the legal requirements in terms of gender diversity, **ISS** recommends:

- voting **against** the appointment or reappointment of the **chair of the nomination committee**;
  - voting on a case-by-case basis on the appointment or reappointment of other directors<sup>269</sup>.
- Following the adoption of the anti-DEI orders by the US administration, Glass Lewis indicated that it had modified its voting policy on diversity at US companies. Since 10 March 2025, Glass Lewis has been reporting recommendations that are “*based, at least in part, on considerations of gender or underrepresented community diversity*” and is now offering two recommendations to its clients:
- one that applies its Benchmark Policy approach, as articulated in its 2025 Benchmark Policy Guidelines for the US market, and
  - one that does not consider gender or underrepresented community diversity.

<sup>269</sup> [ISS, Continental Europe Proxy Voting Guidelines Benchmark Policy Recommendations, 9 January 2025, pg. 13.](#)

<sup>270</sup> [Glass Lewis, Supplemental Statement on Diversity, March 2025: "For Proxy Papers published beginning on that date, we will flag all director election proposals at US companies in which our recommendation is based, at least in part, on considerations of gender or underrepresented community diversity and offer our clients two recommendations - one that applies our Benchmark Policy approach as articulated in our 2025 Benchmark Policy Guidelines for the US Market, and one that does not consider gender or underrepresented community diversity as part of the recommendation. As always, our clients will have the choice of which recommendation to consider, if any, in casting their proxy votes. \[...\]"](#)

*When confronted with outliers that do not meet these standards, we take a case-by-case approach and invite companies to provide sufficient rationale or context regarding the composition of their boards in disclosures to shareholders. Examples of relevant factors we regularly consider include, but are not limited to, the alignment of diversity in recent years to market standard, recent board*

Furthermore, when confronted with “*outliers*”, Glass Lewis states that it takes “*a case-by-case approach*” and invites companies to provide sufficient rationale or context regarding the composition of their boards in disclosures to shareholders<sup>270</sup>.

With regard to companies listed in France, in its latest voting policy, Glass Lewis discusses the “**Women on Boards**” Directive and the **limited future impact**, in particular the inclusion of board members representing employees and, to a lesser extent, board members representing employee shareholders in the assessment of board gender diversity requirements<sup>271</sup>.

In particular, where the issuer fails to disclose its diversity policy, or even its diversity objectives, Glass Lewis may recommend voting **against** the **re-election of the governance committee chair**<sup>272</sup>.

For its part, **Proxinvest** “*encourages companies to implement a **policy of non-discrimination and diversity** in all its forms, particularly with regard to the balanced representation of women and men in executive management. When assessing potential conflicts of interest, the **level of (gender) diversity**, in all its forms, in*

*composition changes, commitments and timelines to enhance diversity*”.

<sup>271</sup> [Glass Lewis, 2025 France Benchmark Policy Guidelines, pg. 9: "We have updated these guidelines to specify that from June 30, 2026, employee representatives and employee shareholders' representatives will be taken into consideration when assessing the board gender diversity requirements, under which at least 40% of board seats are held by directors of each gender".](#)

<sup>272</sup> [Glass Lewis, 2025 France Benchmark Policy Guidelines, pg. 16: "In cases where a large- or mid-cap company referring to the AFEP-MEDEF Code has failed to establish and report on forward-looking gender diversity targets for its governing bodies, we may recommend that shareholders vote against the re-election of the governance committee chair \(or equivalent\). \[...\]"](#)

*In egregious cases where a company referring to the Middlednext Code has failed to provide meaningful disclosure on its gender diversity policy, we may recommend that shareholders vote against the re-election of the governance committee chair (or equivalent)”.*

*the composition of the board is a favourable factor*"<sup>273</sup>.

### 3. DEVELOPMENT OF VOTING POLICIES AND RECOMMENDATIONS, AND THE ISSUER INTERACTION PROCESS

A published report notes that "*many issuers lament how difficult it is to have productive discussions with proxies to make them understand that the straightforward application of a rule does not, in some cases, take account of the specific nature of a given situation*"<sup>274</sup>. In particular, some issuers have reported difficulties in establishing contact with the dedicated contacts at certain proxy firms, in particular Glass Lewis<sup>275</sup>.

At the same time, one proxy firm told us that almost a quarter of SBF 120 issuers are unwilling to engage in dialogue, either because of a lack of interest in certain controlled companies, or a lack of resources at the smallest companies.

These findings call for reflection as to the conditions for effective dialogue between issuers and proxy firms, with a view to improving understanding of the issues they respectively encounter at the time of AGMs.

The Dutch Corporate Governance Code recommends that "*institutional investors that use the services of proxy advisors should encourage them to enter a dialogue with the company regarding the voting policy and ensure that their votes are cast in line with their own voting policy*"<sup>276</sup>.

In recent years, the AMF has noted that proxy advisors have proposed an upstream dialogue with issuers when drawing up their voting recommendations. For example, following a number of discussions with investors and proxy advisors, one CAC 40 issuer changed the justification for the remuneration of its chair and CEO. This change was well received by the proxy advisors and shows that issuers have taken into account the observations made by proxy advisors.

Some agencies, such as ISS, have adopted a more flexible approach in order to, temporarily, take account of the specific characteristics of certain issuers and adapt their analyses accordingly.

Experience shows that the dialogue between proxy firms and issuers can improve corporate governance and executive compensation practices.

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<sup>273</sup> [Proxinvest, Corporate Governance Principles and Voting Policy 2025, January 2025.](#)

<sup>274</sup> C. Rozen, *Gouvernance des entreprises cotées : vertus et limites des proxy advisors* [Listed company governance: the virtues and limitations of proxy advisors], Institut Messine, May 2025, pg. 41.

<sup>275</sup> Glass Lewis provides issuers with a platform for making appointments with its research team: <https://www.glasslewis.com/issuer-relations/meeting-requests>.

<sup>276</sup> OECD (2025), *Shareholder Meetings and Corporate Governance: Trends and Implications*, OECD Publishing, Paris, <https://doi.org/10.1787/2d36fa5c-en>, pg. 61: "*Moreover, according to institutional investors, most large shareholders*

*consider their proxy advisors' advice and vote in advance of the AGM. The Dutch Corporate Governance Code (Principle 4.3.1) specifies that shareholders, including institutional investors, should exercise their voting rights on an informed basis and as they deem fit. Institutional investors that use the services of proxy advisors should encourage them to enter a dialogue with the company regarding the voting policy and ensure that their votes are cast in line with their own voting policy. Further, the company should give shareholders and other persons entitled to vote the possibility of issuing voting proxies or voting instructions to an independent third party prior to the meeting (Code Principle 4.3.2)".*

Nonetheless, the AMF notes that difficulties remain, particularly **in terms of issuers' access to proxy advisors' analyses and reports and their ability to provide observations on these.**

**With regard to the dissemination by issuers of preparatory documents for general meetings,** the AMF recommends *"ongoing dialogue between issuers and investors, as well as their advisors, prior to companies publishing their draft resolutions and after the general meeting in order to resolve certain points of disagreement in relation to the voting policy of the various categories of shareholders"*<sup>277</sup>.

In this respect, the OECD considers that *"meeting materials should be distributed by companies sufficiently in advance to enable informed shareholder decisions. This would not only facilitate a more effective and informed exercise of shareholders' voting rights but could have positive effects on the entire proxy voting chain by giving more time for proxy advisor and shareholder analysis and research"*<sup>278</sup>. In this regard, Glass Lewis refuses to enter into discussions with issuers who have already published their draft resolutions, without prior consultation<sup>279</sup>.

The AMF notes that **issuers' access to preliminary analysis reports** varies. For example, ISS prepares preliminary analysis reports which it sends, free of charge, to issuers who request them<sup>280</sup>. Issuers have at least twenty-four hours to submit comments and, if necessary, correct any factual errors. The comments made appear, after each draft resolution, in the final version of the analysis report. At Glass Lewis, issuers can access their own data in order to correct any factual errors. However, access to the "Viewpoint" platform, and in particular to the analysis report containing the voting recommendations, is subject to a fee. Comments can be made *a posteriori* in the form of a "report feedback statement" attached to the analysis report. In this case, an alert appears directly on the voting platform, and clients can consult the report and read the issuer's comments before voting.

Glass Lewis' commercial policy, which offers issuers a choice between an individual offer and a combined offer including access to both Glass Lewis' and Proxinvest's reports, has led some issuers to question the actual separation of commercial activities at these two companies.

**In addition, some issuers complain that their observations are not always taken into account, either by proxy firms or by shareholders.**

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<sup>277</sup> AMF, AMF Position-Recommendation DOC-2016-08 (only available in French).

<sup>278</sup> OECD (2025), Shareholder Meetings and Corporate Governance: Trends and Implications, OECD Publishing, Paris, <https://doi.org/10.1787/2d36fa5c-en>, pg. 17: *"Meeting materials should be distributed by companies sufficiently in advance to enable informed shareholder decisions. This would not only facilitate a more effective and informed exercise of shareholders' voting rights but could have positive effects on the entire proxy*

*voting chain by giving more time for proxy advisor and shareholder analysis and research"*.

<sup>279</sup> Glass Lewis, *Issuer Relations Policy & Procedures*, pg. 4: *"We maintain our independence by not providing previews of our recommendations and by making no guarantees about the concerns we might raise in our research"*.

<sup>280</sup> <https://www.issgovernance.com/policy-gateway/french-market-engagement-disclosure/>

Proxy firm analysts are constrained by their firm's voting policy and by the customised voting policies of their clients.

The AMF notes that, in certain specific cases, an analyst may deviate from the firm's voting policy, provided that they can justify this. Such derogations can then contribute to enriching the agency's voting policy and enable it to adapt its voting recommendations to the needs of its clients and to market developments.

Some investors even go so far as to use automated voting services based on their customised voting policy.

However, practices do not appear to be uniform in this area. Commenting on the situation in one European country, the OECD notes that "*market participants have different views, with one noting that institutional investors follow proxy advisor voting advice without sufficiently respecting the Code recommendation to express votes on an informed basis subject to their own analysis. On the other hand, others suggested institutional investors tend to apply their own analysis before casting their votes*"<sup>281</sup>.

In any event, these factors suggest that **effective dialogue between proxy advisors and issuers from the stage when voting policies are being drawn up** would make it possible to anticipate upstream any difficulties that might arise during their implementation at the time of the AGM season.

## 4. PROXY AND INTELLECTUAL PROPERTY ADVISOR NOTES

On the occasion of a high-stakes general meeting, one issuer disclosed, in a press release dated 27 November 2024, the voting recommendations of Glass Lewis and ISS in favour of the adoption of a draft resolution submitted to a shareholder vote. The following day, a shareholder of the company reacted setting out the arguments of Glass Lewis and ISS, as well as the reservations expressed by Proxinvest.

Ahead of another high-stakes general meeting, another issuer reported, on 22 September 2025, the recommendations of two proxy firms, while stating that it had neither sought nor obtained their authorisation.

The AMF wishes to draw issuers' attention to the fact that the transmission of the preliminary analysis report forms part of the dialogue between the firms and listed companies. The dissemination by an issuer of all or part of the voting recommendations issued by one or more proxy advisors considerably expands their reach. To ensure that the market is properly informed, the communication of such information to investors should, in any event, reflect the nuances and reservations that may have been expressed by the proxy firms, as well as the context in which they were drawn up.

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<sup>281</sup> OECD (2025), Shareholder Meetings and Corporate Governance: Trends and Implications, OECD Publishing, Paris, <https://doi.org/10.1787/2d36fa5c-en>, pg. 61: "*Market participants have different views, with one noting that institutional investors follow proxy advisor voting advice without*

*sufficiently respecting the Code recommendation to express votes on an informed basis subject to their own analysis. On the other hand, others suggested institutional investors tend to apply their own analysis before casting their votes*".

## 5. CONFLICTS OF INTEREST AND SERVICES PROVIDED TO ISSUERS

One report points out that “proxies are now remunerated both by investors for preparing voting recommendations and by issuers, to whom they offer advisory services – particularly in the areas of corporate governance, environmental compliance and the design of remuneration plans. [...] This dual commercial relationship casts doubt on the effective independence of the analyses produced. The risk is not theoretical: it directly concerns the ability of proxies to make objective recommendations, without being influenced by the interests of major clients”<sup>282</sup>.

### OECD principle

In their corporate governance principles published on 11 September 2023, the G20 and the OECD stress that “**the corporate governance framework should require that entities and professionals that provide analysis or advice relevant to decisions by investors, such as proxy advisors [...] where regulated, disclose and minimise conflicts of interest that might compromise the integrity of their analysis or advice. The methodologies used by [...] proxy advisors should be transparent and publicly available**”<sup>283</sup>.

The OECD mentions three mechanisms for establishing a governance framework for managing conflicts of interest: information about analyses, methodology and criteria (5.1), prevention of conflicts of interest (5.2) and the obligation to have the human and operational resources needed to carry out their functions effectively (5.3).

### Applicable legislation

In France, under Article L. 544-4 (2) of the Monetary and Financial Code, “*in order to inform their clients of the exact content and reliability of their activities, proxy advisors shall make public, at least annually, information about the preparation of their research, advice and voting recommendations*”.

These provisions are supplemented by Article R. 544-1, II. of the same code whereby “*The annual information about the preparation of research, advice and voting recommendations by proxy firms, referred to the second paragraph of Article L. 544-4, shall be made available to the public free of charge on proxy advisors' websites and shall remain accessible, free of charge, for at least three years after the date of their publication.*”

*This shall comprise:*

1° *The key elements of the methods and models applied;*

2° *The main sources of information used;*

3° *The procedures put in place to guarantee the quality of the research, advice and voting recommendations, as well as the professional qualifications of the staff concerned;*

4° *Whether or not specific national characteristics in terms of markets, legislation and regulations, as well as the characteristics of the company itself, are taken into account and, if so, how they are taken into account;*

<sup>282</sup> C. Rozen, *Gouvernance des entreprises cotées : vertus et limites des proxy advisors* [Listed company governance: the virtues and limitations of proxy advisors], Institut Messine, May 2025, pg. 38-39.

<sup>283</sup> OECD (2023), *G20 and OECD Principles of Corporate Governance 2023*, OECD Publishing, Paris, [https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023\\_60836fcb/ed750b30-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb/ed750b30-en.pdf), pg. 24.

5° The key characteristics of the voting policies applied for each market;

6° Whether or not dialogue takes place with the companies that are the subject of their research, advice or voting recommendations, as well as with the stakeholders of these companies and, if so, the scope and nature of this dialogue;

7° The policy for preventing and managing potential conflicts of interest”.

Under Article L. 544-4 (3) of the Monetary and Financial Code, "proxy advisors **shall prevent and manage any conflict of interest or commercial relationship that may influence the preparation of their research, advice or voting recommendations**. They shall inform their clients of these conflicts and relationships without delay. They shall make public and inform their clients of the measures taken to prevent and manage such conflicts and relationships”.

## 5.1. Information about analyses, methodology and criteria

The OECD observes that "many jurisdictions require or recommend that proxy advisors **disclose publicly and/or to investor clients the research and methodology that underpin their recommendations**, and the criteria for their voting policies relevant for their clients."<sup>284</sup>.

Some issuers report that the transparency surrounding the methods used to develop voting policies and recommendations remains insufficient. They feel that the information disclosed does not provide a clear understanding of the internal process for discussing and validating these policies and recommendations (use of “data”, decision-

making criteria, analysis comparison and internal debates, “Chinese walls”, etc.).

Given the important role played by proxy advisors, the AMF reiterates its recommendations on transparency, robust internal processes and rigorous management of conflicts of interest, in order to ensure the quality and independence of the recommendations issued.

## 5.2. Preventing conflicts of interest

The OECD notes that "in some cases, proxy advisors also offer corporate governance-related consulting services to corporations. [...] Considering the importance of – and sometimes dependence on – various services in corporate governance, the corporate governance framework should promote the integrity of regulated entities and professionals that provide analysis or advice relevant to decisions by investors, such as proxy advisors [...]"<sup>285</sup>.

In this context, "some jurisdictions require that proxy advisors **apply and disclose a code of conduct**, and disclose information on their research, advice and voting recommendations and **any conflict of interest or business relationships that may influence their research, advice or voting recommendations, and the actions they have undertaken to eliminate, mitigate or manage the actual or potential conflicts of interest**"<sup>286</sup>.

<sup>284</sup> OECD (2023), *G20 and OECD Principles of Corporate Governance 2023*, OECD Publishing, Paris, [https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023\\_60836fcb/ed750b30-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb/ed750b30-en.pdf), pg. 31.

<sup>285</sup> OECD (2023), *G20 and OECD Principles of Corporate Governance 2023*, OECD Publishing, Paris, [https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023\\_60836fcb/ed750b30-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb/ed750b30-en.pdf), pg. 24.

<sup>286</sup> OECD (2023), *G20 and OECD Principles of Corporate Governance 2023*, OECD Publishing, Paris, [https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023\\_60836fcb/ed750b30-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb/ed750b30-en.pdf), pg. 25.

The aforementioned report published by the Messine Institute notes that "*ISS, Glass Lewis and Proxinvest cite the measures they have taken to prevent and manage conflicts of interest or business relationships that might influence the preparation of their research, advice or voting recommendations. They highlight the existence of "conflict notes" informing their clients of the existence and nature of conflicts of interest likely to affect the independence and integrity of their services. Certain products or services offered by ISS may relate to subjects analysed by ISS itself in the course of preparing its research offers to issuers. However, in this case, the proxy systematically informs its clients. For its part, when Glass Lewis proposes to draw up remuneration plans for issuers' senior managers, this is mentioned in its conflicts of interest management policy, a mention that is furthermore required by the AMF. Both Proxinvest and ISS claim that "Chinese walls" have been put in place to avoid any conflict of interest*"<sup>287</sup>.

With regard to the provision of ESG rating services to issuers, the AMF reiterates the importance of clear and precise communication by rating agencies on the measures taken to prevent and manage conflicts of interest.

The AMF also recalls that Regulation (EU) 2024/3005 of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities, will soon come into force. This regulation introduces provisions to ensure the good governance and independence of ESG rating agencies, and introduces provisions to prevent and manage conflicts of interest. The regulation will apply from 2 July 2026 and it will be supervised by ESMA.

Additionally, **the AMF reminds issuers that it has set up an e-mail address**,<sup>288</sup>, so that they can report to it any material conflicts of interest that have not been mentioned in voting recommendations and/or any obvious factual errors that proxy advisors have not corrected. **The AMF received no such reports in 2025.**

### 5.3. The human and operational resources necessary for the effective exercise of functions

The OECD states that "*in some cases, requirements for proxy advisors include developing appropriate human and operational resources to effectively perform their functions*"<sup>289</sup>.

Monitoring shareholders' meetings and, more broadly, shareholder engagement, is a major challenge for issuers and investors alike, and requires detailed, in-depth analysis.

Given their essential role and their impact on the practices of French listed companies, the resources allocated by proxy firms to the human and operational resources of their staff responsible for corporate governance and executive compensation deserve particular attention.

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<sup>287</sup> C. Rozen, *Gouvernance des entreprises cotées : vertus et limites des proxy advisors* [Listed company governance: the virtues and limitations of proxy advisors], Institut Messine, May 2025, pg. 39.

<sup>288</sup> The address is: [conseillersenvote@amf-france.org](mailto:conseillersenvote@amf-france.org).

<sup>289</sup> OECD (2023), *G20 and OECD Principles of Corporate Governance 2023*, OECD Publishing, Paris, [https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023\\_60836fcb/ed750b30-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb/ed750b30-en.pdf), pg. 25.

## 6. USE OF NEW TECHNOLOGIES AND ASSOCIATED RISKS

The integration of new technologies constitutes an essential lever for enhancing the quality and effectiveness of the research and recommendations made by proxy firms. The automation of data processing saves a significant amount of time, which can be allocated to improving dialogue with investors and issuers.

The development and spread of new technologies can give rise to new market participants.

Against this backdrop, one consultancy firm has carried out a study to develop an artificial intelligence-based assistant to analyse, from an ESG perspective, the documents that CAC 40 issuers make available upstream of AGMs. This tool is designed to assist individual shareholders in their decision-making by providing them with an automated analysis grid<sup>290</sup>.

This study shows that artificial intelligence can be used to produce a rapid, structured summary of the documents analysed, confirming its usefulness as a first level of analysis, and demonstrating the accessibility of information processing.

However, the use of an artificial intelligence tool necessarily implies greater vigilance with regard to operational risks, particularly errors that may occur in automated processes. Robust control mechanisms and appropriate risk management systems therefore need to be put in place to guarantee the reliability and quality of the analyses and voting recommendations provided by these tools.

Finally, it is noted that "*the blockchain system is also revolutionising AGM voting by making it more transparent and secure through real-time vote monitoring and better decision traceability*"<sup>291</sup>.

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<sup>290</sup> Reputation Age, « L'IA vote aux AG du CAC 40: Quelles implications stratégiques pour les entreprises ? » [AI voting at CAC 40 AGMs: what are the strategic implications for companies?], 15 April 2025.

<sup>291</sup> C. Rozen, *Gouvernance des entreprises cotées : vertus et limites des proxy advisors* [Listed company governance: the virtues and limitations of proxy advisors], Institut Messine, May 2025, pg. 52.

## Appendix - List of the 53 companies comprising the sample for the thematic study

Accor	L'Oréal
Aéroports de Paris (ADP)	LVMH
Air France-KLM	Michelin
Air Liquide	Orange
Alstom	OVH Groupe
ATOS SE	Pernod Ricard
AXA	Publicis
BIC	Rémy Cointreau
BNP Paribas	Renault
Bouygues	Rubis
Bureau Veritas	Safran
Capgemini	Saint-Gobain
Carrefour	Sanofi
Crédit Agricole	Sartorius Stedim Biotech
Danone	Schneider Electric
Dassault Systèmes	Société Générale
Edenrec	Soitec
Engie	Téléperformance
Eramet	Thales
Essilorluxottica	TotalEnergies
Eutelsat	Unibail-Rodamco-Westfield
Forvia	Veolia
Gaztransport et Technigaz (GTT)	Vinci
Gecina	Virbac
Hermès International	Viridien
Kering	Worldline
Legrand	