

# CORPORATE GOVERNANCE REPORT

General Meeting on June 12, 2018

**PARROT**

174-178, QUAI DE JEMMAPES - 75010 PARIS - FRANCE  
PARIS TRADE AND COMPANIES REGISTER: 394 149 496  
[WWW.PARROT.COM](http://WWW.PARROT.COM)

# CONTENTS

<b>1. GOVERNANCE CODE: DETAILS OF RECOMMENDATIONS AND GROUP COMPLIANCE .....</b>	<b>2</b>
1.1 Details and application of recommendations from the MiddleNext Governance Code .....	2
<b>2. CORPORATE OFFICERS.....</b>	<b>5</b>
2.1 Corporate officers' compensation .....	5
2.2 Commitments of any kind made by the Company for its corporate officers .....	10
2.3 Offices and positions held by corporate officers in 2017 .....	11
2.4 Director biographies .....	14
2.5 Corporate officer interests in the Company's capital.....	17
<b>3. AGREEMENTS AND DELEGATIONS .....</b>	<b>18</b>
3.1 Agreements between corporate officers or one of the shareholders owning at least 10% of a company and another company in which the first company directly or indirectly holds more than half of the capital .....	18
3.2 Summary of current delegations granted by the General Meeting relating to capital increases (and use made of these delegations) in 2017 .....	18
<b>4. EXECUTIVE MANAGEMENT .....</b>	<b>23</b>
<b>5. BOARD OF DIRECTORS .....</b>	<b>23</b>
5.1 Composition of the Board of Directors, conditions for the preparation and organization of its work .....	23
5.2 Application of the principle for the balanced representation of men and women within the Board of Directors.....	26
5.3 Rules governing the appointment and replacement of members of the Board of Directors, as well as amendments to the Company's bylaws .....	26
5.4 Board of Directors' powers for issuing or buying back shares .....	27
5.5 Agreements providing for compensation for members of the Board of Directors or employees if they resign or are dismissed without just cause or if their employment ends as a result of a public takeover bid or exchange offer .....	28
<b>6. CAPITAL AND SHAREHOLDERS.....</b>	<b>30</b>
6.1 Capital structure.....	30
6.2 Bylaw restrictions concerning the exercising of voting rights and transfer of shares or clauses from agreements brought to the Company's attention .....	30
6.3 Direct or indirect interests in the Company's capital that the Company is aware of in accordance with Articles L. 233-7 and L. 233-12 of the French commercial code.....	31
6.4 List of holders of any securities with special control rights and description of them.....	31
6.5 Planned control mechanisms with a potential employee shareholding system when control rights are not exercised by the latter .....	31
6.6 Agreements between shareholders that have been brought to the Company's attention and may result in restrictions concerning the transfer of shares and exercising of voting rights .....	31
6.7 Agreements entered into by the Company that would be amended or terminated in the event of a change of control over the Company .....	31
6.8 Specific conditions for shareholder participation in General Meetings or bylaw provisions setting out these conditions.....	31
<b>7. APPENDIX.....</b>	<b>33</b>

## 1. Governance code: details of recommendations and Group compliance

The Company refers to the recommendations from the MiddleNext corporate governance code. The MiddleNext corporate governance code for small and mid caps is available on the MiddleNext site ([www.middlenext.com](http://www.middlenext.com)).

The code was revised in September 2016. To comply with the new provisions, the Board's bylaws were amended at the start of 2017.

### 1.1 Details and application of recommendations from the MiddleNext Governance Code

#### ■ Recommendation 1: Directors' ethics

*(Summarized outline of the recommendation) Each director should observe ethical guidelines (see MiddleNext Code) and, when they have an "executive" office, they should not accept more than two other appointments as directors in listed companies, even when they are located in countries other than France, that are outside of their group.*

The Company is compliant with this recommendation

#### ■ Recommendation 2: Conflicts of interests

*(Summarized outline of the recommendation) The Board of Directors should ensure that all necessary procedures are in place to identify and manage conflicts of interests.*

The Company is compliant with this recommendation

#### ■ Recommendation 3: Composition of the Board – Independent directors

*(Summarized outline of the recommendation) The Board should have at least two independent directors.*

The Company is compliant with this recommendation

#### ■ Recommendation 4: Board member information

*(Summarized outline of the recommendation) The company should provide the directors, within a sufficient timeframe, with all necessary information between Board meetings when justified by the Company's latest developments and events. The Rules of Procedure should provide the practical terms for supplying this information and should set reasonable timescales.*

The Company is compliant with this recommendation

#### ■ Recommendation 5: Organization of Board and Committee meetings

*(Summarized outline of the recommendation) The frequency and duration of meetings should allow in-depth examination of the themes that are addressed. A minimum of four Board meetings per year is recommended. Minutes are prepared for each Board meeting, summarizing the discussions.*

The Company is compliant with this recommendation

**■ Recommendation 6: Creation of committees**

*(Summarized outline of the recommendation) Each Board should decide, depending on its size, its requirements and its latest developments and events, to organize itself with or without specialized ad hoc committees (compensation, appointments, strategic, CSR, etc.). It is important that some of these specialized committees, particularly the audit committee, should be chaired by independent directors.*

The Company is compliant with this recommendation

**■ Recommendation 7: Introduction of Board rules of procedure**

*(Summarized outline of the recommendation) Rules of procedure should be defined for the Board with the following eight sections as a minimum: Board's role and, if applicable, operations subject to prior authorization from the Board; composition of the Board / criteria for the independence of its members; definition of the roles of any specialized committees set up; duties of members; functioning of the Board and committees; conditions for protecting executives: executive liability insurance; rules for determining compensation for directors; succession planning for the executive manager and key people. It is recommended that the rules of procedure or significant extracts should be available on the website and, if applicable, clearly presented in the Chairman's report.*

The Company is compliant with this recommendation

**■ Recommendation 8: Selection of each director**

*(Summarized outline of the recommendation) Sufficient information concerning the biography, particularly the list of offices, experience and skills provided by each director, should be published online on the company's website prior to the General Meeting ruling on their appointment or the renewal of their terms of office.*

The Company is compliant with this recommendation

**■ Recommendation 9: Directors' term of office**

*(Summarized outline of the recommendation) The Board should ensure that the statutory term of office is adapted to the specific features of the company, within the limits set by the law. The renewal of directors' terms of office should also be staggered. The duration of offices should be clearly indicated in the chairman's report.*

The Company is compliant with this recommendation

**■ Recommendation 10: Directors' compensation**

*(Summarized outline of the recommendation) A minimum level of attendance fees should be awarded, particularly to independent directors. The breakdown of attendance fees is determined by the Board and notably takes into account the actual level of attendance by directors and the time they devote to their role, including their potential participation in committees.*

The Company is compliant with this recommendation

**■ Recommendation 11: Introduction of Board evaluation**

*(Summarized outline of the recommendation) Once a year, the chairman of the Board should call upon the directors to express themselves on the working of the Board, any committees and the preparation of its work. This discussion is recorded in the minutes of the session. In his report, the chairman confirms that this procedure has effectively taken place.*

This evaluation is carried out informally on a regular basis.

**■ Recommendation 12: Relations with shareholders**

*(Summarized outline of the recommendation) Outside of the General Meeting, opportunities for exchanges with significant shareholders should be organized to establish the conditions needed for productive dialogue. Prior to the*

*General Meeting, the executive manager should endeavor to meet with any significant shareholders that would like to do so.*

The Company is compliant with this recommendation

■ **Recommendation 13: Definition and transparency of executive compensation**

*(Summarized outline of the recommendation) The Board should determine the level and conditions for its executives' compensation, as well as its disclosure, in accordance with legislative and regulatory requirements. The assessment of the performance achieved takes into account both quantitative criteria – financial and non-financial – and qualitative criteria.*

*The level and conditions for executive compensation are based on the following seven principles: exhaustive, balanced, benchmarked, consistent, clear rules, measured and transparent.*

The Company is compliant with this recommendation

■ **Recommendation 14: Succession planning for "executives"**

*(Summarized outline of the recommendation) The issue of succession should be regularly included on the agenda for Board or specialized committee meetings to check that the issue has been addressed or that it has been monitored annually. Depending on the situations, it may be relevant to change governance structures and switch from a single-tier structure to a dual-tier structure, or vice versa, or to review the allocation of roles between the chairman and the chief executive officer.*

The Company is compliant with this recommendation

■ **Recommendation 15: Combining employment contracts and corporate offices**

*(Summarized outline of the recommendation) Subject to compliance with the regulations, the Board should assess whether or not to authorize managers to have employment contracts when they are serving as corporate officers. The General Meeting report explains the reasons for this decision.*

The Company is compliant with this recommendation.

■ **Recommendation 16: Severance benefits**

*(Summarized outline of the recommendation) If severance benefits are applicable under conditions that comply with the law, their maximum amount, after taking into account any severance pay under the terms of an employment contract, should not exceed two years of compensation (fixed and variable), except when the "manager's" compensation is clearly below the market median levels.*

*It is also recommended to exclude any payment of severance benefits to an executive officer if they leave the company on their own initiative to take on a new position or change positions within a group. Any artificial increase in their compensation during the period prior to their departure should also be avoided.*

The Company is compliant with this recommendation.

■ **Recommendation 17: Supplementary retirement schemes**

*(Summarized outline of the recommendation) In addition to applying the authorization procedures in accordance with legislation, the company should indicate in its report to the shareholders any defined-benefit supplementary retirement plans that it has set up for its managers and should provide justification for them, in the interests of transparency.*

The Company is compliant with this recommendation.

■ **Recommendation 18: Stock options and bonus shares**

*(Summarized outline of the recommendation) Conditions for awards: awards of stock options or bonus shares should not be excessively concentrated on executives. Stock options or bonus shares should not be awarded to executives in connection with their departure.*

*Conditions for exercising and vesting: the exercising of all or part of the stock options or the vesting of all or part of the bonus shares for executives should be subject to relevant performance conditions reflecting the company's medium to long-term interests assessed over a significant period.*

The Company is compliant with this recommendation.

#### ■ **Recommendation 19: Review of points to be monitored**

*(Summarized outline of the recommendation) Any adoption of the Middledenext Corporate Governance Code engages the Board to take note of and regularly review any points to be monitored.*

The Company is compliant with this recommendation.

## **2. Corporate officers**

### 2.1 Corporate officers' compensation

#### **2.1.1 Principles**

The Board of Directors determines the compensation for the Company's executive officers in accordance with the guidelines set by the MiddleNext Governance Code:

- Exhaustive: items of compensation for executive officers are determined on an exhaustive basis, taking into account the fixed component, the variable component (bonus), potential items of medium-term compensation (stock options, bonus shares), attendance fees, retirement conditions and specific benefits;
- Balanced: a good balance is ensured between the various items of compensation for corporate officers. Each item of compensation must be justified and aligned with the Company's general interests;
- Benchmarked: the positioning of compensation for the Company's corporate officers and Management Committee members is regularly reviewed in relation to companies operating on a comparable market, based on research by specialist external consultancies;
- Consistent: compensation for executive officers is determined in line with that of the Company's other managers and employees;
- Clear guidelines: the performance criteria used to determine the variable compensation component are assessed based on performance objectives that are demanding, explainable and, where possible, sustainable;
- Measured: the determination of compensation and awards of stock options or bonus shares is balanced and takes into account the company's interests, market practices and the corporate officers' performance;
- Transparent: the annual information for shareholders concerning all the compensation and benefits received by executives is provided in accordance with the regulations applicable.

Short-term compensation (annual basis) comprises a fixed component and a variable component.

Fixed compensation is determined primarily based on the following criteria:

- Type of office and level of responsibility;
- Executive's interest in the Company's capital;

- General experience;
- Experience in executive positions;
- Experience in the business sector concerned;
- Market practices in France and other countries.

The variable compensation components must be sources of motivation, aiming to reflect the core aspects of Parrot's strategy and ensure alignment with the rapid changes on the markets covered by Parrot. When objectives are achieved, they represent a significant portion of the overall compensation package.

Bonus shares and stock options may be awarded to eligible corporate officers individually or collectively based on the objectives set in connection with the long-term incentive plan, as applicable. More specifically, this type of compensation aims to motivate and reward the loyalty of the Company's key players.

Exceptional compensation may be awarded when required by specific circumstances.

Variable compensation is paid annually and includes a scale combining various criteria in line with the budget strategy for the year, such as the level of revenues achieved in relation to the budget, the gross margin, certain types of expenditure or the change in the Group's cash position. These criteria are weighted to effectively reflect the strategy and ambitions set for a given year. The objectives set for corporate officers are quantitative for a significant portion, but may also be qualitative; in the latter case, they must be simple and understandable (e.g. completion of a specific operation).

In accordance with Articles L.225-37-2 section1 (ex-ante) and L.225-100 II (ex-post) of the French commercial code, the fixed, variable and exceptional components of the overall compensation package and benefits of any kind available and awarded to the Company's executive officers are submitted for approval at the General Meeting.

The proposed resolutions prepared by the Board of Directors in accordance with the aforementioned provisions are appended to this report.

### 2.1.2 Items of compensation for 2017 (ex-post)

The General Shareholders' Meeting on June 21, 2017 approved the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the overall compensation package and benefits of any kind to be awarded to the Company's executive officers in accordance with Article L.225-37-2 of the French commercial code (8th resolution).

#### ■ **Compensation for the Chairman and Chief Executive Officer of Parrot S.A.**

Mr Henri Seydoux was reappointed as Chairman of the Board of Directors and Chief Executive Officer on June 30, 2015.

The items of compensation for Mr Henri Seydoux were approved by the Board of Directors during its meeting on February 28, 2017, after consulting with the Appointments and Compensation Committee, which met on the same day.

During its meeting on March 14, 2018, and after consulting with the Appointments and Compensation Committee, the Board of Directors approved the variable and exceptional compensation components for 2017, with their payment subject to the 2018 Ordinary General Meeting approving the items of compensation for the person concerned in accordance with Article L. 225-100 of the French commercial code.

**In his capacity as a member of the Board of Directors:**

- Attendance fees (per year): €25,000

**In his capacity as an executive corporate officer:**

- Fixed annual compensation: €240,000
- Variable annual compensation: €295,984. The variable compensation for 2017 was determined by the Board of Directors during its meeting on March 14, 2018 based on a sliding scale combining a criteria for achieving revenues (25% weighting) and a financial performance criteria (75% weighting)
- Multi-year variable compensation: NA.
- Exceptional compensation: NA.
- Long-term variable compensation (including stock options and bonus shares): NA.
- Compensation, allowances or benefits due or likely to be due for commencing duties: NA.
- Severance benefits or benefits for changing positions (severance pay, non-compete benefits, supplementary pension) covered by the Company itself or one of its controlled or controlling companies: NA.
- Collective retirement plans: general social security system and ARRCO and AGIRC supplementary pensions.
- Protection benefits plan: protection insurance plans in place within the Company.
- Compensation for other offices held within the Group: NA.
- Benefits in kind: NA.

**■ Compensation for the Executive Vice President of Parrot S.A.**

Mr Gilles Labossière, the Company's Chief Financial Officer since September 2008, was appointed as the Company's Executive Vice President on May 13, 2017, as proposed by Mr Henri Seydoux. On this date, his employment contract was suspended.

The items of compensation for Mr Gilles Labossière in his capacity as an executive officer were approved by the Board of Directors during its meeting on May 13, 2017, after consulting with the Appointments and Compensation Committee, which met on May 11, 2017.

During its meeting on March 14, 2018, and after consulting with the Appointments and Compensation Committee, the Board of Directors approved the variable and exceptional compensation components for 2017, with their payment subject to the 2018 Ordinary General Meeting approving the items of compensation for the person concerned in accordance with Article L. 225-100 of the French commercial code.



- Fixed annual compensation: €310,000
- Variable annual compensation: €129,143. The variable compensation for 2017 was determined by the Board of Directors during its meeting on March 14, 2018 based on a sliding scale combining a criteria for achieving revenues (25% weighting) and a financial performance criteria (75% weighting). As proposed by the Appointments and Compensation Committee, the Board decided that the amount of the variable component will not be prorated, but paid in full.
- Multi-year variable compensation: NA.
- Exceptional compensation: NA.
- Long-term variable compensation (including stock options and bonus shares): 10,000 bonus shares awarded on May 13, 2017.
- Compensation, allowances or benefits due or likely to be due for commencing duties: 25,000 bonus shares awarded on May 13, 2017.
- Severance benefits or benefits for changing positions (severance pay, non-compete benefits, supplementary pension) covered by the Company itself or one of its controlled or controlling companies: unemployment benefits insurance (benefits plan for business leaders with 70% over two years).
- Collective retirement plans: general social security system and ARRCO and AGIRC supplementary pensions.
- Protection benefits plan: protection insurance plans in place within the Company
- Compensation for other offices held within the Group: NA.
- Benefits in kind: company car.

### 2.1.3 Items of compensation for the current year (ex-ante)

During its meeting on March 14, 2018, and after consulting with the Appointments and Compensation Committee, which met on the same day, the Board of Directors approved the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the overall compensation package and benefits of any kind to be awarded to the Company's executive officers. Note that the payment of items of variable and exceptional compensation is dependent on the Ordinary General Meeting in 2019 approving the items of compensation for the person concerned in accordance with Article L. 225-100 of the French commercial code.

#### ■ Compensation for the Chairman and Chief Executive Officer of Parrot SA

##### In his capacity as a member of the Board of Directors:

- Attendance fees (per year): 25,000 €.

##### In his capacity as an executive corporate officer:

- Fixed annual compensation: €240,000.
- Target variable annual compensation: €320,000. For 2018, variable compensation will be determined based on a sliding scale combining a criteria for achieving revenues (50% weighting) and two financial performance criteria (25% weighting each).
- Multi-year variable compensation: NA.
- Exceptional compensation: NA.
- Long-term variable compensation (including stock options and bonus shares): NA.
- Compensation, allowances or benefits due or likely to be due for commencing duties: NA.

- Severance benefits or benefits for changing positions (severance pay, non-compete benefits, supplementary pension) covered by the Company itself or one of its controlled or controlling companies: NA.
- Collective retirement plans: general social security system and ARRCO and AGIRC supplementary pensions.
- Protection benefits plan: protection insurance plans in place within the Company.
- Compensation for other offices held within the Group: NA.
- Benefits in kind: NA.

#### ■ **Compensation for the Executive Vice President of Parrot SA**

- Fixed annual compensation: €310,000.
- Target variable annual compensation: €140,000. For 2018, variable compensation will be determined based on a sliding scale combining a criteria for achieving revenues (50% weighting) and two financial performance criteria (25% weighting each)
- Multi-year variable compensation: NA.
- Exceptional compensation: NA.
- Long-term variable compensation (including stock options and bonus shares): 20,000 bonus shares awarded on March 14, 2018.
- Compensation, allowances or benefits due or likely to be due for commencing duties: NA.
- Severance benefits or benefits for changing positions (severance pay, non-compete benefits, supplementary pension) covered by the Company itself or one of its controlled or controlling companies: unemployment benefits insurance (benefits plan for business leaders with 70% over two years).
- Collective retirement plans: general social security system and ARRCO and AGIRC supplementary pensions.
- Protection benefits plan: protection insurance plans in place within the Company.
- Compensation for other offices held within the Group: NA.
- Benefits in kind: company car.

#### 2.1.4 Items of compensation for directors

Each director receives a gross annual total of €25,000 in attendance fees, based on a fixed component for €9,000 and a €16,000 variable component, prorated to their effective presence (including conference calls or video conferences) in the Board's four meetings when the agenda concerns the approval of the quarterly accounts.

When they chair a committee, directors receive an additional gross annual amount of €15,000, based on a €5,000 fixed component and a €10,000 variable component, prorated to their effective presence (including conference calls or video conferences) in the meetings of the Committees which they chair.

When directors resign from or join the Board during the year, their attendance fees are prorated to the duration of their term of office during the year.

<b>Name</b>	<b>Office</b>	<b>Compensation and benefits in 2017</b>
Henri Seydoux	Company director Chairman and CEO	Attendance fees: €25,000 Benefits in kind: NA Reimbursement of expenses: NA
Jean-Marie Painvin	Company director	Attendance fees: €25,000

		Benefits in kind: NA Reimbursement of expenses: NA
Olivier Legrain	Company director (until June 21, 2017)	Attendance fees: €18,750 Benefits in kind: NA Reimbursement of expenses: NA
Geoffroy Roux de Bézieux	Company director and Chairman of the Compensation Committee	Attendance fees: €25,000 for his participation in the Board €15,000 for chairing a specialized committee. Benefits in kind: NA Reimbursement of expenses: NA
Jean-Yves Helmer	Company director (until June 21, 2017)	Attendance fees: €18,750 Benefits in kind: NA Reimbursement of expenses: NA
Stéphane Marie	Company director and Chairman of the Audit Committee	Attendance fees: €25,000 €15,000 for chairing a specialized committee. Benefits in kind: NA Reimbursement of expenses: NA
Natalie Rastoin	Company director	Attendance fees: €25,000 Benefits in kind: NA Reimbursement of expenses: NA
Marie Ekeland	Company director	Attendance fees: €25,000 Benefits in kind: NA Reimbursement of expenses: NA
Bpifrance Participations	Company director	Attendance fees: €25,000 €15,000 for chairing a specialized committee. Benefits in kind: NA Reimbursement of expenses: NA
Agnès Bureau- Mirat	Company director (since June 21, 2017)	Attendance fees: €6,250 Benefits in kind: NA Reimbursement of expenses: NA
Anne Samak de la Cerda	Company director (since June 21, 2017)	Attendance fees: €6,250 Benefits in kind: NA Reimbursement of expenses: NA

## 2.2 Commitments of any kind made by the Company for its corporate officers

During 2017, the directors were not awarded any benefits in kind, specific pension plans or severance benefit provisions, irrespective of the reasons for departure (dismissal, retirement, etc.).

When he was appointed as Executive Vice President, the Board of Directors, during its meeting on May 13, 2017, awarded Mr Gilles Labossière 10,000 bonus shares for his long-term variable compensation and 25,000 bonus shares for his appointment.

As his employment contract has been suspended, an amendment states that in the event of his dismissal that does not follow his resignation from his position as Executive Vice President, his

redundancy benefits in accordance with the Collective Agreement for Executives from the Metalworking Industry will be calculated based on the following elements:

- The seniority taken into account will be Mr Labossière's length of service since September 1, 2008, including any period when his employment contract has been suspended for any reason whatsoever and particularly in connection with a corporate office;
- The compensation taken into account will be the total average compensation (fixed and variable) received in any capacity (employment contract or corporate office) by Mr Labossière over the 12 months or three months prior to the date when he receives notice of his dismissal or the date when his employment contract is terminated, retaining the most favorable of the average figures.

If Mr Labossière's redundancy follows his resignation from his position as Executive Vice President, his seniority would still be calculated as indicated above, but the compensation taken into account to calculate his redundancy benefits would be the total average compensation (fixed and variable) received during the 12 months or three months prior to the date when his employment contract was suspended, retaining the most favorable of the average figures.

### 2.3 Offices and positions held by corporate officers in 2017

Director's first name, surname, age and professional or personal address	Office and term	Other offices and positions	Company name	
Henri Seydoux 57 years old 29 rue de la Faisanderie 75116 Paris, France	Chairman of the Board of Directors and Chief Executive Officer	Chairman	Horizon SAS	
		Director	Schlumberger NV	
		Director	Sigfox	
	Term of office: six years from June 2015  Date first appointed: Jan 31, 1994	Chairman and Director	Chairman and Director	Parrot Inc.
			Chairman and Director	Micasense Inc.
			Chairman and Director	Parrot UK Ltd
			Chairman and Director	Parrot Asia Pacific Ltd
			Chairman and Director	Parrot Iberia, SL
			Chairman and Director	Parrot Italia Srl
			Chairman of Board of Directors	SenseFly SA
			Chairman	Parrot Faurecia Automotive
			Chairman	Parrot Drones SAS
			Chairman	Parrot Shmates SAS
			Chairman	Parrot ANZ Ltd
			Manager	Parrot Air Support SAS
			Manager	Parrot GmbH
			Manager	Chez Parrot SARL
Manager	Parrot Invest 4 SARL			
Manager	Parrot Invest 5 SARL			
Director	Parrot Japan KK			
Director and Vice-Chairman	Pix4D			
Director	Airinov SAS			
Director	Parrot Automotive Asia Pacific			
Gilles Labossière		Chairman and CEO	Republic Alley SA	

57 years old 17-19 rue Baudet 75015 Paris, France	Executive Vice President  Date appointed: May 13, 2017	Majority Manager Republic Alley's representative on the Board  Director and CEO Director Director	LM-FI SARL La Cantoche SAS  Parrot Inc. Planck Aerosystems Inc. Micasense Inc.
Jean-Marie Painvin 66 years old 201 West 17th Street New York, NY 10011 USA	Director  Term of office: six years from June 2015  Date first appointed: Jan 31, 1994	Founder and CEO Director Director Director Director Director Director	JMC Investment Neuflyze Monde Selection Golf du Médoc JTI Ode à la Rose Keosys SiO2 IH Hospitality
Jean-Yves Helmer 72 years old 121 boulevard Haussmann 75008 Paris, France	Director (until Jun 21, 2017)		
Olivier Legrain 65 years old 19 place de la Résistance 92200 Issy-les- Moulineaux, France	Director (until Jun 21, 2017)	Chairman Board member Director Director Director Supervisory Board member Strategy Board member	Solaire SAS Financière K2 (Kiloutou) Mécénat Balas CPI ARP SA LBO France Qualium
Geoffroy Roux de Bézieux 55 years old 42 rue Edouard Nortier 92200 Neuilly sur Seine, France	Director Term of office: six years from June 2012 Date first appointed: Sep 14, 2006	Chairman and founder Chairman Supervisory Board member Deputy Vice President, Treasurer	Notus Technologies Oliviers & Compagnie Peugeot SA MEDEF

Stéphane Marie 54 years old 61 rue des Galons 92190 Meudon, France	Director Term of office: six years from June 2015  Date first appointed: Jun 18, 2009	Chairman Director, Chairman and CEO Director Director Director Manager Manager Manager	Corevise Expertise et Audit SA Fidus GIE RSM Paris Fidinter SARL ACMK Lakvest Expertise & Audit SCI Lakvest Paris
Natalie Rastoin 58 years old 45 bis rue Beaunier 75014 Paris, France	Director Term of office: six years from June 2017  Date first appointed: May 31, 2011	Chairman Director Supervisory Board member	Ogilvy France Pégase HighCo
Marie Ekeland 42 years old 269 avenue Daumesnil 75012 Paris, France	Director Term of office: six years from June 2014 Date first appointed: Jun 11, 2014	Director  Daphni's representative on the Board	Showroomprivé (SRP Group) Criteo Daphni Bibicheri Less
BPIFRANCE PARTICIPATIONS SA  Permanent representative: Paul-François Fournier	Director Term of office: six years from June 2016 Date first appointed: Jun 16, 2016	Director Supervisory Board Chairman	Sigfox Cornovum Eutelsat Prodways Younited
Agnès Bureau-Mirat 54 years old 7 avenue de Bretteville 92200 Neuilly sur Seine, France	Director Term of office: six years from June 2017  Date first appointed: Jun 21, 2017		
Anne Samak de la Cerde 43 years old 3756, 23 <sup>rd</sup> Street San Francisco USA	Director Term of office: six years from June 2017		

---

Date first  
appointed: Jun 21,  
2017

---

## 2.4 Director biographies

### ■ **Henri Seydoux**

Henri Seydoux founded the Company in 1994 and has served as Chairman and Chief Executive Officer since its creation. Self-educated, he began his career in 1978 as an intern with “Journal Actuel”, where he was later employed as a journalist from 1979 to 1980. In 1981, he joined the sales team at the “Matin de Paris” newspaper. Then, in 1982, he joined SSCI as an operating system software developer, before working for Microarchi from 1983 to 1984 in the same role. In 1985, he set up BBS, a company intended to market the micro archi operating system. In 1986, he created BSCA, a synthetic 3D imaging company, and became its Chairman and Chief Executive Officer from 1986 to 1990. In 1991, with three other partners, he founded the luxury goods company Christian Louboutin, serving as a director until 2013.

### ■ **Jean-Marie Painvin**

Jean-Marie Painvin was appointed as a Company director on June 24, 2003. After graduating from Rice University in Texas with a masters in mechanical engineering, he began his career in 1975 as a regional director for Traylor S.A., where he went on to become sales and marketing director between 1981 and 1988. In 1988, he became Chairman of Deutsch Relays, Inc. in the US, and was then appointed in 1994 to head up Compagnie Deutsch, serving as its Chairman and CEO from 1999 to 2013. In 2013, he founded JM Investment, where he is currently its Chairman.

### ■ **Geoffroy Roux de Bézieux**

Geoffroy Roux de Bézieux was appointed as a Company director on September 14, 2006. He also satisfies the criteria to be considered an independent director. After graduating from ESSEC and completing a postgraduate DESS at Dauphine in 1984, he spent two years in the special forces (Marine Commandos), with operations in Africa and Lebanon. He then joined the L’Oréal group, where he spent 10 years in various positions in both France and abroad, notably serving as head of marketing in the UK and then CEO for Poland. In 1996, he set up The Phone House, the first fully dedicated chain of mobile telephony stores. One year later, he brought the English group The Carphone Warehouse on board as a shareholder. In 2000, this group listed in London and took control of The Phone House. He became its Chief Executive Officer to develop Phone House in Europe from 2000 to 2004. In 2004, he set up the company Omea Telecom, which launched Breizh Mobile, the first alternative mobile operator (MVNO). In 2006, he convinced the Virgin Group to invest in this project and launched Virgin Mobile. In December 2014, Numéricâble bought out Omea Telecom for €325m. In January 2015, Geoffroy Roux de Bézieux set up Notus Technologies, an industrial group of innovative companies serving retail markets, including firms such as Inès de la Fressange and Crédit.fr. In January 2016, he bought out Oliviers et compagnie, a company that produces (in France) and sells olive oil and related products worldwide (60% export). From 2003 to 2008, he was Vice-Chairman then Chairman of Croissance Plus, the association for high-growth businesses. He has been a member of the Board at France Investissement and been part of the Attali and Levy-Jouyet Commissions. From 2008 to 2012, he was Vice-Chairman and Chairman of Unedic for MEDEF. Since

July 2013, he has been Vice-Chairman and Treasurer of MEDEF, in charge of its “Economy” section. He has been Vice-Chairman of the French telecoms federation (FFT). Lastly, with his wife, he has set up a charity foundation - the ARAOK Foundation - under the auspices of Fondation de France, providing funding for humanitarian associations.

■ **Stéphane Marie**

Stéphane Marie was appointed as a Company director on June 18, 2009. He also satisfies the criteria to be considered an independent director. Stéphane Marie is a chartered accountant and statutory auditor. He graduated from Dauphine and has an Executive MBA from HEC. He worked in international audit firms for nine years, including nearly three years in the US, before joining the Paris-based firm RSM in 1994. He is currently a partner and a member of the management committee, focused in particular on statutory auditing assignments for real estate, industrial and retail groups.

■ **Natalie Rastoin**

Natalie Rastoin was appointed as a Company director on May 31, 2011. She also satisfies the criteria to be considered an independent director. Since 2015, Natalie Rastoin has been Chairwoman of Ogilvy Paris. After starting off in strategic planning, she joined Saatchi & Saatchi in 1986 as Chief Development Officer, then, in 1991, she was appointed Vice-President in charge of European development. In 1992, she became CEO of the Paris branch of BDDP Conseil, before being appointed Chief Executive Officer of Ogilvy & Mather Paris in 1997 (1997-2005). Natalie Rastoin has worked with many high-tech clients, particularly on globalization issues for global brands (Cisco, Yahoo!, IBM, AOL, Google), as well as startups, particularly in collaboration with NUMA, which she advises. She is also a director of Pégase (Carel, Carvil and Accessoire brands) and a member of HighCo’s supervisory board.

■ **Marie Ekeland**

Marie Ekeland was appointed as a Company director on June 11, 2014. She meets the criteria to be an independent director. Marie Ekeland is the co-founder of Daphni, a venture capital fund focused on European digital startups. Marie is also Vice-Chairman of France Digitale, an association that brings together digital investors and entrepreneurs, and a member of France’s national digital council (Conseil National du Numérique). She began her career in 1997 as an IT engineer with the investment bank JP Morgan in New York. In 2000, she joined the innovation investment team at CPR Private Equity, which later became Crédit Agricole Private Equity. In 2005, she joined Elaia Partners, where she was notably involved in the investments in Criteo and Sigfox. Marie Ekeland also sits on the boards of directors of Criteo and Showroomprivé. Marie Ekeland has a degree in mathematics and IT engineering from Université Paris IX Dauphine, and a masters in economic policy and analysis from Ecole d’Economie de Paris.



■ **Bpifrance Participations S.A. (permanent representative: Paul-François Fournier)**

On June 16, 2016, Paul-François Fournier was appointed as the permanent representative of BPIFRANCE PARTICIPATIONS S.A., a Company director. A Polytechnique and Telecom ParisTech graduate, Paul-François Fournier joined the France Telecom-Orange group in 1994 as a sales engineer and spent seven years developing business services. In 2001, Paul-François Fournier was appointed head of broadband business at Wanadoo, ensuring the successful growth of ADSL offers in France. He was also involved in the group's international operations as a member of the Wanadoo Group executive committee. He led a number of strategic projects, including the launch of the Livebox and voice over IP, in partnership with Inventel and Netcentrex, two French startups. Paul-François Fournier has been Executive Director of Orange's Technocentre since 2011, in charge of product innovation. He has promoted more regional and decentralized organization methods, illustrated by the creation of the Technocentres in Amman and Abidjan. Since April 2013, Paul-François Fournier has been Executive Director of Bpifrance's Innovation Division.

■ **Agnès Bureau-Mirat**

Agnès Bureau-Mirat was appointed as a Company director on June 21, 2017. She also satisfies the criteria to be considered an independent director. An IEP Paris graduate, with a masters in human resources management from Université Paris IX Dauphine, Agnès Bureau-Mirat began her career in 1986 as an Internal Communications and Human Resources Development Manager for La Samaritaine. In 1990, she joined the Ciments Français-Italcementi group, where she held various international human resources management positions, in Paris and Bergamo. In 1999, she moved to the Vivendi Universal group as Director of HR Development for VU Publishing, before being appointed VP Human Resources for VU Santé. From 2003, she served as VP Human Resources for the Valeo group's aftermarket activities. In 2006, she became the Arjowiggins group's SVP Human Resources and a member of its executive committee. She joined Elior in 2009 as SVP Human Resources and CSR, as well as a member of the group's executive committee. She also sat on the board of Grupo Areas in Barcelona from 2011 to 2015, a market leader for concession catering and stores serving airports, stations and highways in Spain and the US. Since 2017, she has been a Senior Business Advisor with the Paris-based consultancy X-PM, specialized in transition management and part of the international Wil Group network. As a company director, Agnès Bureau-Mirat has been a chartered member of the French Institute of Directors in Paris and the Institute of Directors in London since 2016.

■ **Anne Samak de la Cerda**

Anne Samak de la Cerda was appointed as a Company director on June 21, 2017. She also satisfies the criteria to be considered an independent director. Based in San Francisco since Nokia's acquisition of Withings in 2016, Anne Samak de la Cerda is Chief Financial Officer for Digital Health activities. Since joining Withings as CFO in 2013, she has built its financial and legal teams and put in place its operational processes, against a backdrop of strong growth. Anne was previously with LeGuide.com as Chief Financial Officer, a position created after the company floated on the stock market. She led the raising of funds on Alternext and two international acquisitions, while structuring the financial and HR teams in an operational growth phase. After graduating from ESCP-EAP, Anne Samak de la Cerda began her career with PricewaterhouseCoopers in London, before moving to the Vivendi group. She has been a member of the French Institute of Directors and the Financial Executives International network since 2016.

■ **Olivier Legrain**

Olivier Legrain was appointed as a Company director on September 14, 2006. He also satisfies the criteria to be considered an independent director. Olivier Legrain graduated in civil engineering from the Ecole des Mines and from the Ecole Nationale de la Statistique et de l'Administration Economique (ENSAE). After various executive management positions within the Rhône Poulenc group, he served as Deputy CEO for the Basic Chemicals Division from 1986 to 1990, for the Fibers and Polymers sector from 1990 to 1991, and for the Organic Intermediates and Minerals sector from 1991 to 1993. In 1994, he was appointed Deputy CEO for the Lafarge group and a member of the executive committee. In 1995, he was appointed to head up the Specialty Materials branch, before also taking on responsibility for the group's strategic coordination in 1997. He was Chairman of Matéris from 2001 to February 2015.

Mr Olivier Legrain has no longer been a member of the Board of Directors since June 21, 2017.

#### ■ Jean-Yves Helmer

Jean-Yves Helmer was appointed as a Company director on June 4, 2007. Jean-Yves Helmer is a Senior Advisor at Banque Lazard. Until April 2013, he was a Managing Partner at Lazard Frères in Paris and Managing Director of Lazard LLC. In April 2001, he joined Lazard. He previously spent five years as the delegate general for armament at the French Ministry of Defense, where he was responsible for armament acquisitions, as well as a range of industrial activities, such as the naval construction division. Before being appointed as the delegate general for armament by the French government in March 1996, he had spent 18 years with the PSA Peugeot Citroën automobile group, where he held various positions, notably as the manager in charge of after-sales services and spare parts, the head of exports, the head of the Poissy production center and, from July 1988 to March 1996, the head of the automobile division, the group's number 2. Before joining PSA Peugeot Citroën, he began his career in the civil service, notably in the Ministry of Finance's treasury division and as an industrial affairs adviser for Prime Minister Raymond Barre from August 1976 to May 1978.

Mr Jean-Yves Helmer has no longer been a member of the Board of Directors since June 21, 2017.

## 2.5 Corporate officer interests in the Company's capital

Officers	Number of shares held at Dec 31, 2017	% of capital and voting rights	Number of shares on a diluted basis	% of capital and voting rights
<i>Number of Parrot shares taken into account for the calculation</i>	30,174,671		33,931,349	
Henri Seydoux, through the company Horizon <sup>(1)</sup>	10,893,751	36.10%	13,491,454	39.76%
Bpifrance Participations SA	1,552,188	5.14%	1,704,372	5.02%
Gilles Labossière	13,955	0.05%	20,336	0.06%
Jean Marie Painvin	100	0.00%	100	0.00%
Geoffroy Roux de Bézieux	1,754	0.01%	1,754	0.01%
Stéphane Marie	1	0.00%	1	0.00%
Natalie Rastoin	5,352	0.02%	5,947	0.02%
Marie Ekeland	27	0.00%	27	0.00%
Agnès Bureau-Mirat (since Jun 21, 2017)	200	0.00%	200	0.00%

Anne Samak de la Cerda (since Jun 21, 2017)	1	0.00%	1	0.00%
Olivier Legrain (until Jun 21, 2017)	20	0.00%	20	0.00%
Jean Yves Helmer (until Jun 21, 2017)	5,160	0.02%	6,120	0.02%

(1) Horizon has made a commitment to sell the Managers up to 20% of the Class 1 and Class 2 warrants that it holds.

### 2.5.1 Details of executive transactions to acquire, sell, subscribe for or exchange securities on the stock market

In 2017, Horizon SAS, the holding company owned by Henri Seydoux, acquired 300,000 Parrot shares on the Euronext Paris market: 283,000 shares were acquired on August 1 at a price of €10.50 and 17,000 shares were acquired on August 2 at a price of €10.7857. These filings are available on the AMF site.

### 2.5.2 Securities entitling holders to access the capital

Officer	Class 1 warrants	Equivalent shares	Class 2 warrants	Equivalent shares
<i>Number of Parrot SA shares taken into account for the calculation</i>	<i>17,575,278</i>	<i>1,464,607</i>	<i>17,575,278</i>	<i>1,883,066</i>
Henri Seydoux through the company Horizon <sup>(1)</sup>	13,637,943	1,136,495	13,637,943	1,461,208
Bpifrance Participations	798,964	66,580	798,964	85,603
Gilles Labossière	61,627	5,136	11,627	1,246
Jean Marie Painvin	0	0	0	0
Geoffroy Roux de Bézieux	0	0	0	0
Stéphane Marie	0	0	0	0
Natalie Rastoin	3,122	260	3,122	335
Marie Ekeland	0	0	0	0
Agnès Bureau-Mirat	0	0	0	0
Anne Samak de la Cerda	0	0	0	0
Olivier Legrain (until Jun 21, 2017)	0	0	0	0
Jean Yves Helmer (until Jun 21, 2017)	5,040	420	5,040	540

(1) Horizon has made a commitment to sell the Managers up to 20% of the Class 1 and Class 2 warrants that it holds.

## 3. Agreements and delegations

3.1 Agreements between corporate officers or one of the shareholders owning at least 10% of a company and another company in which the first company directly or indirectly holds more than half of the capital

NA.

3.2 Summary of current delegations granted by the General Meeting relating to capital increases (and use made of these delegations) in 2017

The following table summarizes the valid delegations granted by general shareholders' meetings, as well as their use in 2017.

■ **Extraordinary General Meeting on November 6, 2015**

<b>Delegation given to Board of Directors</b>	<b>Term of delegation</b>	<b>Maximum nominal amount of capital increase</b>	<b>Use made in 2017</b>
1 - Delegation of authority for the Board to issue ordinary Company shares and/or capital securities entitling holders to access other capital securities or the awarding of debt securities and/or marketable securities entitling holders to access capital securities to be issued, with preferential subscription rights maintained for shareholders	26 months from Nov 6, 2015, i.e. through to Jan 5, 2018	€3,810,000	NA
2 - Delegation of authority for the Board to issue ordinary Company shares and/or capital securities entitling holders to access other capital securities or the awarding of debt securities and/or marketable securities entitling holders to access capital securities to be issued, with preferential subscription rights waived for shareholders in connection with a public offering	26 months from Nov 6, 2015, i.e. through to Jan 5, 2018	€750,000	NA
3 - Delegation of authority for the Board to issue ordinary Company shares and/or capital securities entitling holders to access other capital securities or the awarding of debt securities and/or marketable securities entitling holders to access capital securities to be issued, with preferential subscription rights waived, in connection with an offer covered by Section II of Article L. 411-2 of the French monetary and financial code	26 months from Nov 6, 2015, i.e. through to Jan 5, 2018	20% of the capital/year	NA
4 - In the event of a capital increase with or without preferential subscription rights for shareholders, authorization for the Board to increase the number of securities to be issued	26 months from Nov 6, 2015, i.e. through to Jan 5, 2018	15% of the amount of the initial issue	NA
5 - Delegation of authority for the Board to issue ordinary Company shares and/or capital securities	26 months	€750,000	NA

entitling holders to access other capital securities or the awarding of debt securities and/or marketable securities entitling holders to access capital securities to be issued, with preferential subscription rights waived, in the event of a public exchange offer initiated by the Company	from Nov 6, 2015, i.e. through to Jan 5, 2018			
6 – Delegation of authority for the Board to issue ordinary Company shares in return for contributions in kind made to the Company and comprising capital securities or marketable securities with an equity component	26 months from Nov 6, 2015, i.e. through to Jan 5, 2018	10% of the capital on Nov 6, 2015		NA
7 – Delegation of authority for the Board to increase the Company's capital through the incorporation of reserves, profits or premiums	26 months from Nov 6, 2015, i.e. through to Jan 5, 2018	€750,000		NA

Overall cap on authorizations: €3,810,000.

#### ■ Extraordinary General Meeting on June 16, 2016

Delegation given to Board of Directors	Term of delegation	Maximum nominal amount of capital increase	Use made in 2017
1 - Authorization for the Board to reduce the capital through the cancellation of shares in accordance with Article L.225-209 of the French commercial code	18 months from Jun 16, 2016, i.e. through to Dec 15, 2017	10% per 24-month period (capital reduction)	NA
2 – Authorization for the Board to award stock options and/or warrants to employees and/or certain corporate officers of the Company or related companies	From Jun 16, 2016 to the General Meeting to approve the financial statements for the year ended Dec 31, 2016	1% of the capital on Jun 16, 2016	NA
3 – Authorization for the Board to freely award shares to employees and/or certain corporate officers of the Company or related companies	From Jun 16, 2016 to the General Meeting to approve the financial statements for the year ended Dec 31, 2016	2% of the capital on Jun 16, 2016	Awarding of 247,750 Company shares decided by the Board on May 13, 2017

#### ■ Extraordinary General Meeting on June 21, 2017

Delegation given to Board of	Term of	Maximum	Use made in 2017
------------------------------	---------	---------	------------------

Directors	delegation	nominal amount of capital increase	
1 - Authorization for the Board to reduce the capital through the cancellation of shares in accordance with Article L.225-209 of the French commercial code	18 months from Jun 21, 2017, i.e. through to Dec 20, 2018	10% per 24-month period (capital reduction)	NA
2 – Authorization for the Board to award stock options and/or warrants to employees and/or certain corporate officers of the Company or related companies	From Jun 21, 2017 to the General Meeting to approve the financial statements for the year ended Dec 31, 2017	1% of the capital on Jun 21, 2017	NA
3 – Authorization for the Board to freely award shares to employees and/or certain corporate officers of the Company or related companies	From Jun 21, 2017 to the General Meeting to approve the financial statements for the year ended Dec 31, 2017	2% of the capital on Jun 21, 2017	Awarding of 20,750 Company shares decided by the Board on Jul 27, 2017  Awarding of 14,500 Company shares decided by the Board on Nov 9, 2017
4 – Delegation of authority for the Board to issue ordinary Company shares and/or capital securities entitling holders to access other capital securities or the awarding of debt securities and/or marketable securities entitling holders to access capital securities to be issued, with preferential subscription rights maintained for shareholders	26 months from Jun 21, 2017, i.e. through to Aug 20, 2019	€2,299,000	NA
5 – Delegation of authority for the Board to issue ordinary Company shares and/or capital securities entitling holders to access other capital securities or the awarding	26 months from Jun 21, 2017, i.e. through to Aug 20, 2019	€750,000	NA

of debt securities and/or marketable securities entitling holders to access capital securities to be issued, with preferential subscription rights waived for shareholders in connection with a public offering

6 – Delegation of authority for the Board to issue ordinary Company shares and/or capital securities entitling holders to access other capital securities or the awarding of debt securities and/or marketable securities entitling holders to access capital securities to be issued, with preferential subscription rights waived, in connection with an offer covered by Section II of Article L. 411-2 of the French monetary and financial code

26 months  
from Jun 21,  
2017, i.e. through  
to Aug 20, 2019

15% of the  
capital/year NA

7 - In the event of a capital increase with or without preferential subscription rights for shareholders, authorization for the Board to increase the number of securities to be issued

26 months  
from Jun 21,  
2017, i.e. through  
to Aug 20, 2019

15% of the amount  
of the initial issue

NA

8 – Delegation of authority for the Board to issue ordinary Company shares and/or capital securities entitling holders to access other capital securities or the awarding of debt securities and/or marketable securities entitling holders to access capital securities to be issued, with preferential subscription rights waived, in the event of a public exchange offer initiated by the Company

26 months  
from Jun 21,  
2017, i.e. through  
to Aug 20, 2019

€750,000 NA

9 – Delegation of authority for the Board to issue ordinary Company shares in return for contributions in kind made to the Company and

26 months  
from Jun 21,  
2017, i.e. through  
to Aug 20, 2019

10% of the capital  
on Jun 21, 2017 NA

comprising capital securities or marketable securities with an equity component

10 – Delegation of authority for the Board to increase the Company's capital through the incorporation of reserves, profits or premiums	26 months from Jun 21, 2017, i.e. through to Aug 20, 2019	€750,000	NA
---	---	----------	----

---

Overall cap on authorizations:

- €2,299,000 (14th to 19th resolutions)
- €750,000 (15th to 19th resolutions)

#### 4. Executive management

During its meeting on June 30, 2015, the Board of Directors decided to renew the option to combine the roles of Chairman of the Board of Directors and Chief Executive Officer, and to renew the term of office of Mr Henri Seydoux, Chairman of the Board of Directors, as Parrot SA's Chief Executive Officer.

Unless there are changes to the way in which executive management is performed, this information will not be included again in subsequent reports.

Mr Gilles Labossière was appointed as Parrot SA's Executive Vice President on May 13, 2017.

The powers of Mr Seydoux and Mr Labossière were not subject to restrictions when they were appointed.

#### 5. Board of Directors

To comply with the new terms of the Middenext Governance Code, the Board of Directors' bylaws were amended in February 2017.

##### 5.1 Composition of the Board of Directors, conditions for the preparation and organization of its work

The Company's administration is entrusted to a Board of Directors with a minimum of three and a maximum of 12 members, subject to the exceptions provided for under French law in the event of a merger. Directors are appointed for a six-year term of office. The Board currently has nine members.

The Company is represented in relation to third parties by Mr Henri Seydoux, Chief Executive Officer, who also serves as Chairman of the Company's Board of Directors.

##### 5.1.1 Composition of the Board of Directors

- Mr Henri Seydoux, Chairman and Chief Executive Officer
- Mr Jean-Marie Painvin, Director
- Mr Geoffroy Roux de Bézieux, Independent Director
- Mr Stéphane Marie, Independent Director
- Mrs Natalie Rastoin, Independent Director



- Mrs Marie Ekeland, Independent Director
- BPIFRANCE PARTICIPATIONS S.A., Director (permanent representative: Mr Paul-François Fournier)
- Mr Olivier Legrain, Independent Director (until June 21, 2017)
- Mr Jean-Yves Helmer, Director (until June 21, 2017)
- Mrs Agnès Bureau-Mirat, Independent Director (from June 21, 2017)
- Mrs Anne Samak de la Cerda, Independent Director (from June 21, 2017)

Mr Olivier Legrain and Mr Jean-Yves Helmer tendered their resignations during the first half of the year, with effect from the General Meeting on June 21, 2017.

Mr Geoffroy Roux de Bézieux, Mr Stéphane Marie, Mrs Natalie Rastoin, Mrs Marie Ekeland, Mrs Agnès Bureau-Mirat and Mrs Anne Samak de la Cerda are considered to be independent directors in line with the criteria from the Middledenext Governance Code.

### 5.1.2 Board's operations

The Board's bylaws require the Board of Directors to meet at least four times a year, and it may hold additional meetings if required by the economic situation or any specific event.

In 2017, the Board met eight times:

- January 9, 2017
- February 28, 2017
- April 24, 2017
- May 11 and 13, 2017
- June 21, 2017
- July 27, 2017
- November 9, 2017

Meetings are held at the registered office or as conference calls.

Each director is invited to attend all Board of Directors meetings at least five days before the session in question. The agenda for the Board meeting and the draft minutes from the previous meeting are appended to each invitation to attend. Prior to each meeting, a file containing the documents relating to the various points included on the agenda is sent to each director.

### 5.1.3 Participation in the Board

The attendance rate within the Board of Directors remained constant over 2017, with seven or eight directors out of nine present.

In addition to the directors, the following people regularly attend Board meetings:

- The statutory auditors are invited to attend all Board of Directors meetings convened to review the annual or half-year financial statements.
- Two members representing the Works Council are also invited to attend all of the Board of Directors' meetings.
- Mr Gilles Labossière, Executive Vice President, is invited to and attends the Board of Directors' sessions.
- Mr Ludovic Floret, Chief Legal Officer, in charge of legal secretary aspects, serves as the Board's secretary.
- Mrs Marie Calleux, in charge of the Group's financial communications, is also invited to and attends the sessions.

During its meeting on June 21, 2017, the Board of Directors decided that part of the payment of the attendance fees for directors would now be dependent on them effectively attending the four Board meetings when the agenda concerns the approval of the quarterly accounts.

#### 5.1.4 Standing committees

The Board of Directors is made up of three permanent committees:

- The Appointments and Compensation Committee,
- The Audit Committee,
- The Strategy Committee.

##### ■ **Appointments and Compensation Committee:**

The Appointments and Compensation Committee is chaired by Mr Geoffroy Roux de Bézieux. The other directors serving on the Committee are Olivier Legrain and Jean-Yves Helmer (until June 21, 2017) and, since June 21, 2017, Agnès Bureau-Mirat and Jacques Bouchet (Group HRD). In accordance with the bylaws, at least two of the members are independent directors.

The Appointments and Compensation Committee meets twice before each of the Board's sessions is held in order to review matters relating to the policy for awarding stock options or bonus shares to Group staff, compensation for Management Committee members, as well as compensation for the Chairman and the Executive Vice President. The Appointments and Compensation Committee is also consulted concerning the recruitment of strategic profiles for the Group. The Head of Human Resources takes part in the Committee's meetings and prepares its minutes.

### ■ **Audit Committee**

The Audit Committee is chaired by Mr Stéphane Marie (appointed at the Board meeting on May 12, 2016). Mrs Marie Ekeland also sits on the Audit Committee.

The Audit Committee meets four times a year:

- For the approval of the audited accounts for the second and fourth quarters, the Chief Financial Officer and the statutory auditors attend the meetings. The primary objective with these meetings is to review the accounts.
- For the approval of the unaudited accounts for the first and third quarters, only the members of the Committee itself and the Chief Financial Officer attend. The primary focus for these meetings is internal control and risk management. The Audit Committee reports to the Board on its work at least once a year.

### ■ **Strategy Committee**

Considering the rapidly evolving markets and competitive landscape in which the Company operates, and its need to effectively anticipate and adapt for its markets and their changes, the Board wanted to reactivate the Strategic Committee, which it had decided to set up during its meeting on June 16, 2014, by making it a permanent committee, in the same way as the Audit Committee and the Appointments and Compensation Committee.

The Strategy Committee is chaired by Mr Paul-François Fournier. Mrs Marie Ekeland, Mr Stéphane Marie and Mr Henri Seydoux are also members of the Strategy Committee.

## 5.2 Application of the principle for the balanced representation of men and women within the Board of Directors

In accordance with the French law of January 27, 2011 concerning balanced representation in boards of directors, the proportion of the Company's directors of each gender may be no less than 40% since January 1, 2017.

The Company is compliant with this requirement, with four women on the Board: Mrs Natalie Rastoin, Mrs Marie Ekeland, Mrs Anne Samak de la Cerda and Mrs Agnès Bureau-Mirat (i.e. a proportion of 44%).

## 5.3 Rules governing the appointment and replacement of members of the Board of Directors, as well as amendments to the Company's bylaws

Directors are appointed by shareholders at a General Meeting. In accordance with Article 14 of the Company's bylaws, if one or more directors' seats become vacant following their death or resignation, the Board of Directors may, between two General Meetings, make provisional appointments as provided for under French law.

However, when the number of directors in office falls below the minimum legally required, the directors still in office or, failing that, the statutory auditors must immediately convene an ordinary general shareholders' meeting with a view to completing the Board's headcount. The provisional appointments made by the Board of Directors are submitted to be ratified at the next General Meeting. If provisional appointments are not ratified by the General Meeting, the deliberations and proceedings carried out by the directors appointed provisionally, or with their support, will nevertheless remain

valid. Directors appointed to replace another member will remain in office for the time left to run on their predecessor's term.

The Company's bylaws may be amended by the shareholders at a General Meeting.

#### 5.4 Board of Directors' powers for issuing or buying back shares

The General Meeting on June 21, 2017 renewed the authorization granted to the Board of Directors to implement a share buyback program, for an 18-month period ending December 20, 2018. Under this authorization, the Company buys back treasury shares in connection with a liquidity agreement on the one hand and allocations of shares to Group employees on the other.

The Company entered into a first liquidity agreement with Natixis on July 31, 2008, in accordance with the AFEI compliance charter, approved by the French securities regulator (AMF), for a one-year period, tacitly renewable subject to the renewal of the authorization given to the Board of Directors to implement a share buyback program by the aforementioned General Meeting.

Since the ordinary General Meeting on June 21, 2017 renewed the authorization for the Board of Directors to implement a share purchase program, the Board acknowledged during its meeting on June 21, 2017 this contract's tacit renewal from this same day. The latest mandate still in place with Natixis is due to end on the day of the General Meeting convened to approve the annual financial statements for 2017, i.e. in 2018.

As authorized by the General Meeting on June 21, 2017, the maximum purchase price for shares has been set at €40. Acquisitions made by the Company under these authorizations may not result in the Company directly or indirectly holding more than 10% of the shares comprising its capital (while noting that the number of shares acquired with a view to being issued again subsequently in connection with a merger, spin-off or contribution operation may not exceed 5% of the capital).

The shares bought back may be used with a view to:

- Continuing to implement the liquidity agreement;
- Allocating stock options and/or bonus shares;
- Being allocated in exchange, in payment or otherwise in connection with external growth operations;
- Reducing the Company's capital through cancellations.

The General Meeting on June 21, 2017 renewed the authorization given to the Board of Directors to reduce the capital by cancelling shares in accordance with Article L. 225-209 of the French commercial code.

The General Meeting on June 21, 2017 renewed the authorization given to the Board of Directors to award stock options and/or warrants to employees and/or certain corporate officers of the Company or related companies.

The General Meeting on June 21, 2017 renewed the authorization given to the Board of Directors to award bonus shares to employees and/or certain corporate officers of the Company or related companies.

The General Meeting on June 21, 2017 also delegated to the Board of Directors, for 26 months from the date of the General Meeting, its authority to decide (N.B. for details of the restrictions concerning authorizations given to the Board of Directors, see Section 3.2. above: "Summary of current delegations granted by the General Meeting relating to capital increases"):

- Issuing, either on a free basis or subject to payment, with preferential subscription rights maintained for shareholders, (i) ordinary Company shares and/or (ii) capital securities entitling holders to access other capital securities or the awarding of debt securities and/or (iii) marketable securities entitling holders to access capital securities to be issued, with subscriptions made either in cash or by offsetting receivables;
- Issuing, with preferential subscription rights waived for shareholders in connection with a public offering, (i) ordinary Company shares and/or (ii) capital securities entitling holders to access other capital securities or the awarding of debt securities and/or (iii) marketable securities entitling holders to access capital securities to be issued, with subscriptions made either in cash or by offsetting receivables;
- Issuing, with preferential subscription rights waived for shareholders in connection with an offer covered by Section II of Article L. 411-2 of the French monetary and financial code, (i) ordinary Company shares and/or (ii) capital securities entitling holders to access other capital securities or the awarding of debt securities and/or (iii) marketable securities entitling holders to access capital securities to be issued, with subscriptions made either in cash or by offsetting receivables;
- Increasing the number of securities to be issued, for up to 15% of the initial issue;
- Issuing ordinary Company shares or capital securities entitling holders to access other capital securities or the awarding of debt securities and/or marketable securities entitling holders to access capital securities to be issued, in return for securities tendered for a public offering with an exchange component initiated in France or abroad;
- Issuing ordinary Company shares in return for any contributions in kind made to the Company;
- Increasing the share capital through the incorporation of reserves, profits or premiums into the capital, followed by the creation and free allocation of shares or an increase in the par value of existing shares, or a combination of these two approaches;

#### 5.5 Agreements providing for compensation for members of the Board of Directors or employees if they resign or are dismissed without just cause or if their employment ends as a result of a public takeover bid or exchange offer

As Mr Gilles Labossière's employment contract was suspended when he was appointed as Executive Vice President, an amendment states that in the event of his dismissal that does not follow his resignation from his position as Executive Vice President, his redundancy benefits in accordance with the Collective Agreement for Executives from the Metalworking Industry will be calculated based on the following elements:

- The seniority taken into account will be Mr Labossière's length of service since September 1, 2008, including any period when his employment contract has been suspended for any reason whatsoever and particularly in connection with a corporate office;
- The compensation taken into account will be the total average compensation (fixed and variable) received in any capacity (employment contract or corporate office) by Mr Labossière over the 12 months or three months prior to the date when he receives notice of his dismissal or the date when his employment contract is terminated, retaining the most favorable of the average figures.

If Mr Labossière's redundancy follows his resignation from his position as Executive Vice President, his seniority would still be calculated as indicated above, but the compensation taken into account to calculate his redundancy benefits would be the total average compensation (fixed and variable) received during the 12 months or three months prior to the date when his employment contract was suspended, retaining the most favorable of the average figures.



## 6. Capital and shareholders

### 6.1 Capital structure

At December 31, 2017, the Company's capital comprised 30,174,671 shares.

Holder	Shares held	% of capital and theoretical voting rights (1)	Source/Date	Diluted shares held (2)	% of capital on diluted basis
<i>Number of shares</i>	<i>30,174,671</i>	<i>100.0%</i>	<i>Outstanding at Dec 31, 2017</i>	<i>33,931,349</i>	<i>100.0%</i>
Horizon (Henri Seydoux's holding company)	10,893,751	36.1%	Date when this document was published	13,491,454	39.8%
Amiral Gestion	3,044,243	10.1%	Threshold disclosure on Feb 12, 2018	-	-
Moneta AM	2,233,235	7.4%	Threshold disclosure on Nov 20, 2017	-	-
Bpifrance Participation SA (3)	1,552,188	5.1%	Threshold disclosure on Dec 17, 2015	1,704,372	5.0%
Treasury stock	721,062	2.4%	Date when this reference document was published	-	-

(1) The theoretical voting rights are equal to the number of shares. The actual voting rights can be calculated by subtracting the treasury shares, which are not entitled to voting rights.

(2) The dilution is linked to the warrants and stock options.

(3) Bpifrance Participation SA sits on the Board of Directors.

### 6.2 Bylaw restrictions concerning the exercising of voting rights and transfer of shares or clauses from agreements brought to the Company's attention

Each Company share is entitled to one voting right. As such, the shareholders have a number of voting rights that is equal to the number of shares they hold.

- 6.3 Direct or indirect interests in the Company's capital that the Company is aware of in accordance with Articles L. 233-7 and L. 233-12 of the French commercial code

In a letter received on October 11, 2017, the simplified joint stock company (société par actions simplifiée) Amiral Gestion (103 rue de Grenelle, 75007 Paris, France), acting on behalf of funds which it manages, declared that it had exceeded, on October 9, 2017, the thresholds representing 10% of the capital and voting rights of the company PARROT and held, on behalf of said funds, 3,129,662 PARROT shares, representing the same number of voting rights, equivalent to 10.37% of this company's capital and voting rights. These thresholds were exceeded as a result of PARROT shares acquired on the market.

This letter included the following declaration of intent:

"The acquisition of PARROT securities by Amiral Gestion is linked to its normal activity as an investment management company, without any intention to apply a specific strategy in relation to PARROT or, in this respect, to exercise a specific influence over this company's management. Amiral Gestion is not acting in concert with a third party and does not intend to take control of PARROT or request its appointment or the appointment of one or more parties as directors or members of the management or supervisory boards".

- 6.4 List of holders of any securities with special control rights and description of them

NA.

- 6.5 Planned control mechanisms with a potential employee shareholding system when control rights are not exercised by the latter

NA.

- 6.6 Agreements between shareholders that have been brought to the Company's attention and may result in restrictions concerning the transfer of shares and exercising of voting rights

NA.

- 6.7 Agreements entered into by the Company that would be amended or terminated in the event of a change of control over the Company

To the best of the Company's knowledge, there are no agreements in place with the Company that would be likely to have a significant impact on the Company's business following a change of control.

- 6.8 Specific conditions for shareholder participation in General Meetings or bylaw provisions setting out these conditions

The conditions for shareholder participation in General Meetings are set in Article 20 of the Company's bylaws in the section entitled "Access to General Meetings – Powers", presented below:

1) The General Meeting comprises all the shareholders, irrespective of the number of shares held, provided that they have been fully paid-up. All shareholders are entitled to attend General Meetings



and take part in deliberations, either personally or through a proxy, irrespective of the number of shares held, upon justification of their status.

2) If shareholders are unable to attend General Meetings in person, they may choose one of the following three options:

- Be represented by another shareholder or their spouse, or by any other individual or legal entity of their choice; notice of the appointment and dismissal of representatives may be given electronically;
- Vote by correspondence using a paper or electronic form, in accordance with regulatory requirements, which may be obtained under the conditions indicated in the notice to attend for the meeting; paper correspondence voting forms will only be taken into consideration if they reach the Company at least three (3) days before the meeting date; electronic correspondence voting forms may be received by the Company up until 3 pm (Paris time) on the day before the General Meeting;
- Send a proxy form to the Company without indicating any representative; the chairman of the General Meeting will vote in favor of adopting the proposed resolutions put forward or approved by the Board of Directors, and will vote against adopting any other proposed resolutions; to vote in any other way, shareholders will need to select a proxy, who agrees to vote as indicated by the shareholders in question.

Holders of securities referred to in Paragraph 7 of Article L. 228-1 of the French commercial code may be represented by a registered intermediary under the terms and conditions required by French law.

3) The right to take part in General Meetings is subject to securities being registered in the name of the shareholder or their intermediary by midnight (Paris time) on the second working day before the meeting, either in the registered securities accounts held by the Company, or in the bearer securities accounts held by an authorized intermediary, as justified in accordance with the regulations in force.

Under this condition, all shareholders are entitled to take part in meetings, irrespective of the number of shares held, either in person, using videoconferencing facilities or any other electronic means of communication applicable under the laws and regulations in force, as mentioned in the notice to attend, by returning a correspondence voting form or appointing a proxy.

The Board of Directors may shorten or cancel the timeframes set out above.

The Board of Directors may, if it deems it relevant, provide shareholders with personal admission cards in their names and require them to produce these cards”.

In accordance with the provisions of Decree 2011-1473 from November 9, 2011, which came into force on March 1, 2012, Parrot is able to offer registered shareholders the option to receive electronic invitations to attend General Meetings.

## 7. APPENDIX

As indicated in 2.1.1 “Compensation for corporate officers”, the proposed resolutions prepared by the Board of Directors in accordance with the aforementioned provisions are presented below.

### ■ SEVENTH RESOLUTION

#### ***Approval of the items of compensation and benefits of any kind paid or awarded to the Chairman and Chief Executive Officer for 2017***

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, in accordance with Article L.225-100 of the French commercial code and having reviewed the corporate governance report provided for under Article L. 225-37 of the commercial code, approves the fixed, variable and exceptional components of the overall compensation package and benefits of any kind paid or awarded for the year ended December 31, 2017 to the Chairman and Chief Executive Officer, as presented in the section on “Items of compensation for 2017 (ex-post)” in the aforementioned report.

### ■ EIGHTH RESOLUTION

#### ***Approval of the items of compensation and benefits of any kind paid or awarded to the Executive Vice President for 2017***

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, in accordance with Article L.225-100 of the French commercial code and having reviewed the corporate governance report provided for under Article L. 225-37 of the commercial code, approves the fixed, variable and exceptional components of the overall compensation package and benefits of any kind paid or awarded for the year ended December 31, 2017 to the Executive Vice President, as presented in the section on “Items of compensation for 2017 (ex-post)” in the aforementioned report.

### ■ NINTH RESOLUTION

#### ***Approval of the principles and criteria for determining, distributing and awarding compensation and benefits of any kind to the Chairman and Chief Executive Officer***

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report provided for under Article L.225-37-2 of the French commercial code and the corporate governance report provided for under Article L. 225-37 of the commercial code, approves the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components comprising the total compensation and benefits of any kind presented in the section on “Items of compensation for the current year (ex-ante)” in the aforementioned report and to be awarded to the Company’s Chairman and Chief Executive Officer in connection with his office.

### ■ TENTH RESOLUTION

#### ***Approval of the principles and criteria for determining, distributing and awarding compensation and benefits of any kind to the Executive Vice President***

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report provided for under Article L.225-37-2 of the French commercial code and the corporate governance report provided for under Article L. 225-37 of the commercial code, approves the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components comprising the total compensation and benefits of any kind presented in the section on “Items of compensation for the current year (ex-ante)” in the aforementioned report and to be awarded to the Company’s Executive Vice President in connection with his office.