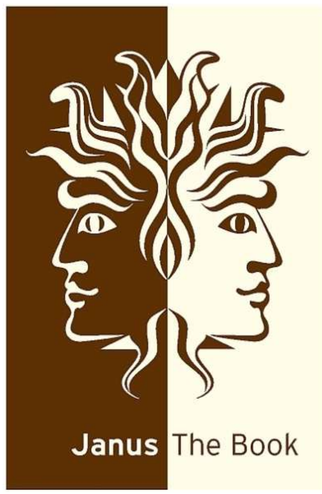
PUBLICIS GROUPE




# Janus
## Volume 1

The Publicis way
to behave and to operate

April 2015

Approved by the Chairman & CEO

Maurice Lévy

Janus – Volume 1

PUBLICIS GROUPE

# Contents

# Contents

## I. Our *raison d'être*

Our *raison d'être* is above all to help our clients being successful and transforming their company to pre-empt the future. We want to be the go-to partner for the best clients globally.

We have assembled incredible assets in all areas: creative, media, specialized, digital, technology and consulting. We must offer those services with dedication, competency and commitment to deliver against our clients' most demanding objectives.

**No silo, no solo, no bozo.**

This is the place where people must enjoy working together, with their differences, their culture and their personality, having fun while working hard. A place where people love working together, believe in teams, in human relationships and in being the best bar none in thinking, creating, developing, digitizing, ... servicing our clients.

We want to be the best in what we do, to have the best talents and to give our best helping our clients pre-empting the new age and building their brands, their growth – through ideas, technology and creativity.

With the same powerful energy and commitment, we want Publicis Groupe to be the best place to work in, the fastest growing company with the healthiest profitability.

Marcel Bleustein-Blanchet, the founder of Publicis, not just decided to build himself a job out of his imagination. He also established a strict sense of professional ethics that has inspired Publicis for nine decades. Following his guidance and personal example, Publicis has always acted with integrity, loyalty and great respect. In fast-changing and uncertain context, it is worth recollecting these founding principles that will continue to guide all of us.

## I – CREATIVITY

Creativity is this unique ability to connect with people and inspire. It means being able to leave the beaten track, be original and know how to surprise and engage consumers in order to sell the product, brand or service. Creativity is not limited to campaign. It should permeate everything the Groupe does, its strategies and everything it produces, at every level and in all sectors. There is no room for mediocrity in the work that we produce. Our work should make life a little bit better. Each our people should choose to work in advertising out of love.

## II – ENTREPRENEURSHIP

We are born out of an entrepreneur: Marcel Bleustein-Blanchet. We have built our company through a number of initiatives, risks and acquisitions – all reflecting that spirit of entrepreneurship. We must strive to keep that spirit alive and give the opportunity to take risks, to take initiatives in everything we do while respecting our most important rules. We must also offer to "intrapreneurs" the possibility of Groupe investments.

## III – ADD VALUE

Publicis is an enterprise with clients, people and shareholders. To prosper and to grow, it must keep adding value:

- To its clients in the context of the Digital transformation tsunami. We shall demonstrate on a daily basis our decisive competitive edge in terms of value chain. Publicis should remain a unique blend of consulting, content, connections and technology powered by creativity that transforms its clients' business, organization, marketing, sales and communication.
- To its personnel, the talents who form our community, we offer a place where people can succeed, achieve a fulfilling career and benefit from the growth of the company.
- To its shareholders: we must deliver a solid return on their investment in us.

## IV – OUR COMMITMENT TOWARDS CLIENTS

It is a story of deep mutual respect. Publicis' *raison d'etre* is to best serve its clients: to that end, we must listen carefully to their issues, advise them and make bold propositions, courtesy of a complete focus on its clients' brands, products, people and histories – whatever the size of the company. We must be constantly available to respond swiftly and effectively to their requests and be able to anticipate their expectations. We must help our clients solving their problems, transforming their business for the new age, and growing their brand both in terms of image and sales.

Clients' interest will always be our priority. Hence our utter respect of contracts – be it about deadlines, roadmaps, or "Chinese walls". Hence our discretion: we must remain constantly vigilant in order to ensure that any information we have in respect of our clients, remains strictly confidential. Hence our relentless quest of best measurable performance for minimum cost in the shortest possible time. We must reject complacency and be uncompromisingly critical in the evaluation of our work and services and improve them continuously. We should never forget that we create for our clients. Not for us.

Likewise, we expect to be respected by clients for this commitment and to be fairly compensated.

## V – COMMITMENT TOWARDS OUR PERSONNEL

*Nous croyons en l'Homme* – Publicis believes in Mankind. Our talents are our most precious asset and they lay the foundation of business future. They must be chosen for their personalities, their ethics and professional qualities without any exclusion, preferential treatment or discrimination.
As a fulfilling environment, Publicis abides by three rules:

- Commitment to work environment. Publicis notably fosters good professional relationship, mutual respect and diversity.

- Commitment to personal development. Publicis is committed to the development of the skills and professional abilities of its employees through training, enabling them to attain the highest standard of quality in their job and increasing their "employability". Publicis Groupe aims to be the best employer in our industry and to create the best place to work for people in our industry throughout the World.

- Commitment to solidarity: We must work together and communicate among ourselves in a professional, respectful and confident manner.

**No silo, no solo, no bozo.**

The Groupe is made of separate entities for legal, professional or historical reasons. This should not lead to silo mentality. Clients', Groupe's interests must prevail. Solo behaviors are often a selfish expression. Teamwork is always superior. No one is bigger than a team. No team is bigger than the company. We want people to have fun, to enjoy working together. But this is above all a serious place to work in and to deliver against our clients' or company's objectives with enthusiasm, passion and laughs... There is no room for bozos.

## VI – COMMITMENT TOWARDS OUR SHAREHOLDERS

Our shareholders by investing in our company create the conditions for the development of our business. In order to continue to exist and grow, Publicis must add value and generate profit for its shareholders who expect a solid return on their investment.
It is our duty to be profitable in order to compensate our shareholders for their financial commitment and the confidence they have placed in us. To that end, we must grow faster than the market, control strictly our costs, deliver great margins.
We owe our shareholders information that is regular, reliable, precise, honest and in compliance with the regulations of the Paris stock exchange on which our shares are listed. The accuracy of our financial reporting, and more generally all information that we provide to our shareholders, is of paramount importance as it determines our credibility among analysts, investors and shareholders. It is the responsibility of all Groupe employees to contribute to ensuring accuracy of the Groupe's accounts and financial reporting.
It is also our responsibility to treat all our shareholders equally.

## VII – RESPONSIBILITIES TO THE COMMUNITY

Publicis aims to be a good citizen everywhere it operates. Publicis strictly respects the culture of the countries in which it operates and is careful not to offend local values or moral codes. It is always ready to put its communications and advertising expertise at the service of the local community, in both a social and an economic sense.

## VIII – RESPONSIBILITIES TO OUR SUPPLIERS

Our suppliers are our partners. We have a duty to demand that our suppliers meet the highest standards in terms of quality, service, performance and price. This duty is in fact an obligation to be uncompromising and to only deal with the best suppliers at best conditions in all areas.

In return, all of our suppliers are considered by Publicis to be partners with respect for their professionalism, autonomy and independence. Our choice of partners must be solely driven by a desire to ensure that Publicis obtains the best service at the most favorable market price. All other considerations must be eliminated. Relationships are subject to tender procedures under which each supplier is placed on an equal footing, with the same terms of reference, constraints and brief. All supplier orders must be issued in written form.
Suppliers' discounts must be in line with applicable regulations and legislation. They may only be requested or accepted if they form part of the normal business relationship and conform with the contracts that bind us to our clients.
The terms of our contracts with our suppliers must be transparent and cover all obligations and commitments entered into by both parties.
Any advantage given to any of our employee will bring an end to both collaboration (the supplier as well as the employee).

## IX – A REFUSAL TO ENGAGE IN PARTISAN CAMPAIGNS

We believe in fairness. Although we are always ready to place our talent for communication at the disposal of advertisers, the community and the public interest through NGOs, we refuse to work for any political party, sect or organization spreading ideological or denominational propaganda.

## X – ONE SIZE DOES NOT FIT ALL

We need rules, values and that all our people, all our units, respect strictly these rules and values. If the latter is compulsory, we must recognize that some rules, some processes, are not applicable to some small or specific units. The business units, which feel that some aspects are not applicable to them, will bring the issue to the General Secretary who may decide, together with the Groupe CFO, exceptional exemptions.

## II. The Publicis way to do business

Our values, aforementioned, remain at the core of our way to do business. This could be summarized into three principles:

- The highest level of ethics;

- Responsibility towards our consumers, our talents, our suppliers and our shareholders;

- The deepest respect for our clients and our talents.

In accordance with these overarching principles, we detail in this chapter:

1. Key Groupe Executives Standards
2. Client Contracts
3. Performance Guarantees
4. Issuance of Parent Company Guarantees or Comfort Letters
5. Barter Transactions
6. Compliance
7. Fraud & Fraud in the Context of Financial Reporting
8. Anti-Bribery & Anti-Corruption
9. Data Privacy
10. Corporate Social Responsibility

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to do business**

# Key Groupe Executives Standards

PUBLICIS GROUPE

**II.1**

## Why?

We expect the Key executives of the Groupe to have high ethical standards in the way 1) they conduct business, deliver on our goals to our clients, shareholders and community at large; 2) they lead, inspire and develop all our talents.

## For whom?

The Groupe CEO, the Groupe CFO, the Groupe General Secretary, the Groupe Officers, Brand CEOs & CFOs, members of P12 and SLT.

## What?

1. The Key officers are first and foremost responsible for helping the Groupe reach its objectives and deliver the strategy that have been approved by its shareholders. They must constantly focus on delivering the best solutions to all our clients. This is job #1.
2. They are responsible for creating the best place to work in for all our talents.
3. They are responsible for inspiring, mentoring, developing talents within the Groupe and offering best career opportunities.
4. They are responsible for delivering the highest organic growth and margin within the industry. Publicis aims at being best-in-class.

They are responsible for full, fair, accurate, and timely disclosure in the periodic reports required to be filed by the Groupe with the French Financial Markets Authority (AMF). Any hurdle shall be brought immediately to the attention of the Groupe General Secretary and Audit Committee:

a) significant deficiencies in the design or operation of internal controls which could adversely affect the Groupe’s ability to record, process, summarize and report financial data, or

b) any suspected fraud, whether or not material, that involves management or other employees who have a significant role in the Groupe’s financial reporting, disclosures or internal controls;

c) any violation of Janus, including any actual or apparent conflicts of interest;

d) evidence of a material violation of the securities or other laws, rules or regulations applicable to the Groupe and the operation of its business, by the Groupe or any agent thereof, or of violation of the Groupe’s Standards of Conduct and Behavior or of these additional rules.

Please note that any appointment to the Brand’s executive committee level must be pre-approved by the Groupe General Secretary.

## Who?

Key Groupe executives aforementioned.

| Approved by the Chairman & CEO<br>Maurice Lévy | The Publicis way to do business<br>**Client Contracts** | PUBLICIS GROUPE<br>II.2 |
|---|---|---|

### Why?

In a world of tough competitiveness and procurement competition, we want to have clear and well defined contracts with fair and respectful compensation.

### For whom?

All Business Units and Brands.

### What?

Business relations must be conducted with all clients with a written agreement (be it a contract, a letter or a written order). If a contract cannot be signed before work begins, the Business Unit should send the client an interim letter of agreement incorporating our terms and conditions.

Local contracts should follow the Brand or Publicis Groupe standard form and should be negotiated in accordance with approved guidelines. Some clients impose their own contracts. In such cases we must ensure that the client-imposed contract adequately protects our interests.

Client contracts should comply with local legislation and regulations and should be in line with best practice in the Business Unit's market(s).

Contracts should be negotiated at CEO or CFO level with the support of the legal department and they are co-signatories of the contract. Contracts should be signed at Business Unit level by the CEO or the CFO. All client contracts with annual revenues greater than Euro 5,000,000 must be approved by the Brand CEO and the Brand CFO.

All new client contracts or amendments to existing contracts with annual revenues greater than Euro 20,000,000 should be approved by the Groupe CFO and the Groupe General Secretary. A contract summary must be submitted to the Groupe CFO and Groupe General Secretary within a reasonable time period prior to execution of the contract to allow them to perform a proper review of the contract and provide their comments (See Appendix 2 for the Contract Approval template).

Contract guidelines are shown in Appendix 1. Please note that client contracts should, as a minimum, cover the following matters:

- Nature and scope of services.
- Responsibilities of the parties.
- Copyright and ownership of creative work produced by the Business Unit.
- Consideration for services provided.

- Terms of payment: Client contracts should systematically plan for terms of payment: fees should be paid in advance, and invoices for media costs and third party production costs must be paid by clients before we have to pay our suppliers. Business Units should always ensure that all payments from clients under the contract are to be made by wire transfer:
  a) Such transfers are to be made to one of the Group's core banks.
  b) No cash payment can be made.

  Terms of payment for contracts with annual revenues in excess of Euro 5,000,000 must be approved by the Country Treasurer. Where annual revenues under the contract exceed Euro 10,000,000, the Groupe Treasurer must approve the terms of payment.
  The Business Unit CFO should play a central role in respect of financial aspects of client contracts, particularly in the area of terms of payment (see VII.3 – Treasury and Financing).
- Entity to be billed for services.
- Duration and procedures for termination (including an acceptable notice period).
- Reimbursement of production, media and all out-of-pocket expenses.
- Procedures for settling disputes and claims.
- Legal liability for content, indemnification, etc.

**Individuals**
No client contracts should be contingent on the continued service of a named individual or group of individuals. If such a clause is a pre-requisite for a client, the Business Unit CEO must obtain the approval of the Brand CEO before signing the contract and if it is a global contract, the request must be made to the Groupe CEO.

**Help**
If negotiations get complicated or if the business unit is facing unknown clauses or unexpected requests, the business unit's CEO should ask help from General Secretary.

**Position concerning global contracts:**

Global contracts are those that involve the activity of Business Units in more than one region or Brand and cover annual revenues greater than Euro 10,000,000.

All new global contracts, and significant changes to terms of existing global contracts (other than in respect of scope of work), must be reviewed and approved by the related Brand CEOs and the Brand CFOs. Then such contracts must be approved by the Groupe CFO and the Groupe General Secretary.
A contract summary must be submitted to the Groupe CFO and Groupe General Secretary within a reasonable time period prior to execution of the contract to allow them to perform a proper review of the contract and provide their comments (see Appendix 2 for the Contract Approval template).

# Client Contracts

When dealing with existing global contracts, Business Unit CEOs and CFOs should inform the Worldwide Account Director or, if none exists for the client, the Brand CEO:

- before proposing a contract to the client,
- if the local client refuses to sign a required local contract,
- if the local client requests conditions that contradict those of the global contract.

If a global contract is intended to cover business transacted by more than one Business unit and particularly if these Business Units are in different countries in a region, the Worldwide Account Director should be consulted before conditions are submitted to the client.

The Groupe Tax Director must validate any tax clauses in global contracts.
The Groupe Insurance Director must validate any insurance clause in global contracts.

## Who?

It is the responsibility of the Business Unit CEO and CFO to ensure this policy is applied for all clients. Brand CFOs are responsible for ensuring that their Business Units comply with this policy and that the approvals required above are sought and obtained.

**Appendix 1: Client Contracts Guidelines**

In negotiating client contracts, Business Units should endeavor to the maximum extent to ensure that each contract complies with the following guidelines:

- The maximum liability exposure from the contract bears a rational correlation to the size of the client relationship and is subject to standard limitations and caps in accordance with best practices.
- To the extent permitted by law, the contract does not entitle the client to seek consequential, punitive, or similar damages without a maximum limit (except to the extent embedded in a third party claim covered by our indemnification obligation).
- The Agency does not make representations or warranties or assume indemnity obligations with respect to patent infringement other than knowing infringement.
- The Agency retains ownership in all intellectual property developed outside of the specific client engagement.
- The Agency has the right to terminate the contract with or without cause, the client is bound by confidentiality obligations.
- The client must indemnify the Agency for third party claims including patent infringement claims related to the client's products or services.
- Insurance coverage requirements must be approved by the Groupe's risk & insurance management department.
- Dispute resolution under the contract are resolved in an appropriate forum.

In addition:

- Before production, all advertising materials created by Business Units must have been cleared and in particular, (i) all necessary licenses or releases of third party rights must have been obtained and (ii) all advertising materials must be in compliance with applicable laws, regulations and codes.
- Exclusivity/non-competition clauses should be avoided. If any, they need to be very clear and should be limited to the Business Unit (or division/office – especially where the same legal entity includes more than one Brand) involved, the geographic coverage of the Business Unit, and only to a directly competitive product (which should be defined as narrowly as possible). Under no circumstances may Business Unit enter into a contract with an exclusivity or non-compete clause which is applicable to the whole Brand or another Groupe entity without the prior written approval of the appropriate Brand CEO. Exclusivity will not be granted to a client at Groupe level without Groupe Chairman & CEO approval.
- No performance or other guarantees should be granted to cover the Agency's obligations under the contract (see II.3 – Performance Guarantees). Client contracts with joint liability clauses potentially committing a Groupe holding company, or an entity which is not part of the Brand benefiting from the contract, are considered to be equivalent to Parent Company Guarantees (see II.4 – Issuance of Parent Company Guarantees or Comfort letters). All such commitments require the approval of the Groupe CFO prior to signature.
- Inclusion of clauses in client contracts committing Groupe Business Units to purchase goods or services from our clients are not allowed unless approved by the Global Procurement Team.

- Travel should be booked through the Groupe's travel tool and in conformity with the Group's travel policy. Client contracts should not include clauses requiring Groupe employees to use any client's supplier and in particular a client's travel management company unless such clauses have been accepted by the Groupe General Secretary after full review of the financial and legal terms offered by the client.
- Client audit rights should be limited to specific client costs only, and to one audit every twelve months and should not survive beyond a maximum of 12 months post-termination of the contract. It should be clearly stated that clients cannot have access to confidential Business Unit financial records.
- Client contracts should include commitments under which the client undertakes not to hire the employees of the Business Unit without prior specific agreement.
- Clauses in client contracts must not allow client access to IT-related documentation prepared in or for the Groupe, unless approved by the Groupe General Secretary.
- No client contracts should be contingent on the continued service of a named individual or group of individuals. If such a clause is a pre-requisite for a client, the Business Unit CEO must obtain the approval of the Brand CEO before signing the contract and if it is a global contract, the request must be made to the Groupe CEO.

**Appendix 2: Contract Approval template**

## 1. GENERAL INFORMATION

1.1 Agency Name and Client

1.2 Nature of Services and Projected Annual Value

1.3 Contract Period

1.4 Market

1.5 Brands Concerned

1.6 Account Manager

## 2. GENERAL CONTRACT TERMS

2.1 Description of key contractual terms, highlighting deviations from the Contractual Guidelines (see Janus 1.04.01 Definition)

2.2 Description of payment terms

For contracts with annual revenues in excess of Euro 20,000,000, provide the following detail:

- Type of client remuneration
- Details of any performance based compensation
- Acting as agent (net revenue) or principal (gross revenue)
- Anticipated annual profitabiltiy (Revenue & OI%)
- Payment terms
- Result of credit assessment
- Confirmation that tax team have made reviewed tax issues and provisions
- Confirmation that insurance teams has reviewed insurance issues and provisions

## 3. CONTRACT NEGOCIATION TEAM

*List names and titles of Publicis members of the contract negotiation team*

## 4. VERIFICATIONS AND APPROVALS

4.1 Legal review made by

4.2 Financial review made by

4.3 Form prepared by

_______________________________________

Name:
Title:

Date:



## 5. SPECIFIC APPROVALS

5.1 Contracts with annual revenues in excess of Euro 5,000,000

Brand CEO______________________________
Date:

Brand CFO______________________________
Date:

Country Treasurer *______________________
Date:

*With respect to payment terms

5.2 Contracts with annual revenues in excess of Euro 10,000,000

Brand CEO______________________________
Date:

Brand CFO______________________________
Date:

Groupe Treasurer *_______________________
Date:

*With respect to payment terms

5.3 Contracts with annual revenues in excess of Euro 20,000,000

Brand CEO______________________________
Date:

Brand CFO______________________________
Date:

Groupe CFO_____________________________
Date:

Groupe Secretary General_________________
Date:

Groupe Treasurer *_______________________
Date:

*With respect to payment terms

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | The Publicis way to do business<br>**Performance Guarantees** | PUBLICIS GROUPE<br>II.3 |

## Why?

Some clients demand performance guarantees, particularly in the media and digital field.

## For whom?

All business units and Brands.

## What?

This is not about success fees or incentive revenues. It is about penalty for failing to deliver the performance metrics promised by contract by a business unit or a Brand. The penalty means to forgo revenue or compensate the client for all or part of the shortfall

As a principle, this kind of performance guarantee should be avoided and, when impossible to avoid, should be exceptional. All contractual performance guarantees must be approved by the Brand CEO and CFO prior to executing the contract. When approved by Brand CEO and CFO, they must be clearly documented and avoid risk of interpretation.

The following require Groupe CFO and Groupe General Secretary approval:

- Contracts with Performance Guarantee clauses where annual revenue is in excess of 5,000,000€,
- Or contracts with an annual Guarantee of 500,000€,
- Or any contract where Performance Guarantees can exceed 20% of the compensation.

If applicable, any financial penalty should be linked to business unit compensation and must not exceed 50% of the revenue received from client.

**Performance Evaluation and Reporting Financial exposure:**

Performance criteria should be mutually agreed with the client and the evaluation process clearly documented:

- Objective evaluation must occur at each Hard Close at a minimum.
  If applicable, financial exposure must be recorded at the hard close when a reliable estimate of the amount of any liability can be made.
- Any financial exposure should be communicated to Brand CFO and any financial exposure greater than 500,000€ should be communicated to the Groupe CFO.

**Contract Clauses:**

Please note that the contracts should, as a minimum, cover the following matters:

- Definition of the performance guarantee including the time period and amount of exposure.
- Client obligations: which should generally include:
  - Conditions depending on client's obligations.
  - Client expenditure (volume and/or profile by medium, period and geographic region).

  - A statement that if any client (or partner or affiliate) obligations under the contract are not met, the guarantees will not apply.

- Business Unit obligations: which must be precisely defined and cover both quantitative and qualitative metrics:
  - Quantitative measures: whether based on performance versus average market and/or fixed price, and/or improved price versus previous year and/or against third party benchmarks or other criteria and how this will apply by medium and/or across all media.
  - Qualitative measures: Specific agreed parameters including day part and programming requirements (i.e. TV, radio), placement, ratings, positioning and editorial content.
  - A calculation formula to be used to determine whether the guarantee has been met.
  - Changes in buying parameters (quantitative and/or qualitative) or budgets that would require modification of the price guarantee.

- A *force majeure* clause that takes account of 'exceptional market circumstances' which would result in the guarantees not leading to a penalty for the business unit. For example, the media being affected by industrial action or government legislation affecting advertising.
- Economic risk clause where guarantees would not lead to a penalty in the case of economic downturn triggered by exceptional circumstances (eg. Lehman Brothers 2008).
- Basis of calculation of performance guarantee in the event that the contract termination clause is invoked part way through the guarantee period.
- Right of the Business Unit to terminate the Performance Guarantee on termination of the contract.

### Who?

It is the responsibility of the Business Unit CEO and CFO to ensure this policy is applied for all clients.
Brand CFOs are responsible for ensuring that their Business Units comply with this policy and that the approvals required above are sought and obtained.

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to do business**

# Issuance of Parent Company Guarantees or Comfort Letters

PUBLICIS GROUPE

II.4

## Why?

In certain circumstances (client pitches, agreements with suppliers for media buying, statutory shareholders' equity issues, bank borrowings, etc.) Business Units, or their External Auditors, may request Parent Company Guarantees or Comfort Letters. Here are the rules for such guarantees or letters.

## For whom?

All Business Units and Brands.

## What?

**Definition of Parent Company Guarantees or Comfort Letter**

At the request of a client or a supplier, a guarantee might be given either through a comfort letter or a formal guarantee. The majority of Parent Company Guarantees are given by the holding company (MMS country holding companies). In very exceptional circumstances Parent Company Guarantees are given by the Groupe's ultimate parent company (Publicis Groupe SA) – see below. Joint liability clauses in contracts with clients and suppliers are equivalent to parent company guarantees. The procedure set out below must thus be followed for such contracts.

**Issuance of Parent Company Guarantees**

Parent Company Guarantees or Comfort Letters should not be issued except in situations where their issuance is an absolute legal or operational necessity (for example, media guarantees or guarantees for the lease of premises).

Guarantees to or on behalf of employees and non-media suppliers are never an absolute legal or operational necessity. Issuance of such letters or guarantees in other circumstances (for example, to support local external audit reports) should be extremely rare.

Under no circumstances can a Groupe entity give a Parent Company Guarantee on behalf of an entity which is not managed or controlled by the Groupe.

## How ?

No Comfort Letter or Parent Company Guarantee can be issued (and no commitments can be made to issue such Letters or Guarantees) without the prior written approval of the Groupe CFO.

Business Unit management must establish the existence of a legal or operational necessity to the satisfaction of the Groupe CFO and the Groupe General Counsel. All documentation supporting this necessity must be provided to the Groupe CFO and the Groupe General Counsel at least one month before the deadline for issuance of the guarantee or letter.

# Issuance of Parent Company Guarantees or Comfort Letters

Parent Company Guarantees are charged at a rate of 1% per annum. In the case of guarantees for real estate leases, the annual charge of 1% is calculated on the total outstanding commitment to the first break date of the lease.

If the decision is taken to provide such a guarantee or letter, Business Unit and Brand management should note that:

- Such letters or guarantees should be issued at the lowest level possible in the Groupe structure (i.e., the Business Unit's immediate parent company) and in total accordance with Groupe CFO;
- the legal instrument (letter, guarantee, etc.) must be crystal clear as to its purpose, maximum amount, currency and maturity date. All guarantees must be limited in time and amount;
- when the guarantee relates to contractual obligations' implementation rather than to cash payment, a legal opinion in respect to the maximum cost at risk must be provided to the Groupe General Counsel;
- the legal entity receiving the guarantee must indemnify the guarantor against all losses resulting from the guarantee and must compulsorily, for tax reasons, pay a guarantee fee to the guarantor; and
- the CFO of the legal entity receiving the guarantee must inform Groupe Treasury, the CFO of the guarantor entity, the Groupe General Counsel and the Groupe CFO in respect of all relevant future events concerning Parent Company Guarantees or Comfort Letters until such time as they expire.

Comfort Letters, a less onerous form of guarantee, should be preferred to Parent Company Guarantees. The Groupe's standard comfort letter must be used (cf. Appendix 1). Any modification, however slight, to this standard letter must be approved in writing by the Groupe General Counsel and the Groupe CFO.

In the case of letters of comfort to auditors for the purpose of complying with local statutory filing requirements, the only template that can be used, when absolutely necessary, is attached as appendix 2 to this policy.

**<u>Issuance of Parent Company Guarantees by Publicis Groupe SA (exceptional circumstances only)</u>**

In the particular case of a guarantee required from Publicis Groupe S.A. – the Groupe parent company - three to four months' notice are necessary as the Supervisory Board, whose approval of such guarantees is required under the parent company's by-laws, generally meets only four times a year. The approval of the Directoire is also required

## Who ?

Business unit and Brand CFOs.

Appendix 1

**Publicis Groupe – Model letter of comfort**

[ON LETTERHEAD OF ISSUER]

Dear Sirs,

We refer to the agreement dated [ ] regarding [ ] and entered into with our subsidiary [ ……..] (the "Company") for a maximum amount of [ ] (the "Agreement").

Following your request, we hereby confirm you that our company holds, directly or indirectly, [ ] % of the share capital of the Company.

We understand that our shareholding in the Company was part of the consideration for your entering into the Agreement.

If, for whatever reason, we were to reduce our shareholding in the Company to less than [50] %, we would immediately notify you in writing, as far as applicable non-disclosure rules allow us to provide such notice.

We hereby confirm that, in our capacity as majority shareholder of the Company, we shall oversee the business of the Company and shall exert our best efforts to ensure that the Company is in a position to carry out by its own means its obligations towards you.

This letter, which is not to be considered as a guarantee, shall be governed and construed in all respects in accordance with the laws of [France] and the Commercial Court ["Tribunal de Commerce"] of [Paris] shall have exclusive jurisdiction for all disputes arising from or in connection with this letter.

Yours faithfully,

**Publicis Groupe – Model letter of comfort to auditors**

[ON LETTERHEAD OF ISSUER]

Date

Auditors

Dear Sir,

This letter is provided to you solely for the purposes of filing the financial statements, year ended … (insert year).

In connection with your audit of the financial statements of … (insert name of Business Unit) for the year ended … (insert year), we, the undersigned, hereby confirm our commitment to provide financial support to … (insert name of Business Unit), to the extent of our ownership, to ensure that it will have sufficient resources to meet its financial commitments for 12 months following the date of the financial statements.

Sincerely yours,

Signed on behalf of:

# Barter Transactions

## Why?

To outline Groupe rules in respect of Barter Transactions.

## For whom?

All Business Units and Brands.

## What?

Barter transactions are economic transactions without the use of a monetary medium.

The Groupe discourages entering into Barter Transactions as they are often ambiguous, difficult to evaluate in terms of revenue and profit, and they become complicated to administer.
As a result all Business Units must obtain the approval of the Groupe CFO before entering into any Barter Transactions.

## How?

The Business Unit or Brand's submission to the Groupe Finance department for approval must be accompanied by:

- the draft contract,
- the proposed accounting treatment, and
- a summary of any tax implications and/or risks related to the transaction.

In valuing any Barter transaction, all Groupe services, including time or third party costs shall be valued under standard charge out rates applicable to the client company in a normal business transaction.

## Who?

Business Unit CFOs and Brand CFOs.

# Compliance

## Why?

We comply with all compulsory legislation and regulation in all the countries where we work, and with our internal rules (Janus) when they are of higher standard than local regulation.

## For whom?

All legal entities that are controlled, either directly or indirectly, by the Groupe and to their employees. It must be applied by all Business Units and Brands.

## What?

All Groupe rules and procedures whose application is required under the terms of this manual are to be applied in a manner consistent with local legislation and regulations.
All Groupe Brands and Business Units and their employees must comply with all legislation and regulations in the countries in which they operate.

It is possible that specific local situations, or changes in legislation and regulations, could result in the application of Janus being in breach of local legislation and regulations. In such cases the Groupe General Secretary, the Groupe CFO and the Groupe General Counsel must be informed, as soon as possible. Where local legislation is more stringent than Janus it must be applied.
Violations of the law by employees will be dealt with by the Groupe in accordance with the principles and procedures set out in the foreword to Janus.

## Who?

It is the responsibility of Key Executives to ensure that Groupe rules and procedures are applied in a manner consistent with Janus and local legislation and regulations.

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to do business**

PUBLICIS GROUPE

II.7

# Fraud & Fraud in the Context of Financial Reporting

## Why?

We are liable for the security of the goods of the company and we must prevent fraud. If it occurs, we want to be able to detect, report and eventually punish it in the most effective possible way.

## For Whom?

All Business Units and Brands.

## What?

Fraud is defined as "the theft or improper use of company resources, or client resources, by management, employees or outside individuals; the intentional misrepresentation of the company's financial position or the intentional misrepresentation of information leading to financial loss or misleading financial reporting."

Two types of Fraud therefore exist for Groupe purposes:

- theft or improper use of company or client resources. If proved through investigation, this constitutes serious misconduct and will give rise to disciplinary proceedings, generally leading to the employee's dismissal for cause and, if appropriate, to criminal and civil proceedings
- fraudulent financial reporting (includes auditing, financial reporting and accounting matters)

All reporting of financial information must be accurate, honest and timely, based on properly held books of account. Business Unit and Brand CFOs must ensure that their financial reporting systems are designed in such a manner as to render any fraudulent financial reporting:

  - extremely unlikely, and
  - susceptible to be identified through implementation of proper controls and segregation of duties within their departments.

Business Unit CEOs and CFOs must make formal written representations (representation letters and management certification letters) to the Groupe CFO at year-end as to the adequacy of their financial reporting systems for the prevention of fraudulent financial reporting.

All theft and improper use of company resources or client resources and all fraudulent financial reporting, if proved through investigation, constitutes serious misconduct and will give rise disciplinary proceedings, generally leading to the employee's dismissal for cause and, if appropriate, to criminal and civil proceedings.

Any person knowing elements that are considered as fraud or false information should submit a good faith complaint to the Groupe General Secretary without fear of dismissal or retaliation. Strict confidentiality will be applied. The Groupe's Audit Committee will oversee treatment of concerns in this area

# Fraud & Fraud in the Context of Financial Reporting

## How?

**Reporting of Fraud to appropriate authorities in the Groupe**

Employees may forward complaints on a confidential, or should they wish, anonymous basis, to the Groupe General Secretary (by fax + 33 1 44 43 69 91 , e-mail anne-gabrielle.heilbronner @publicisgroupe.com or regular mail to Publicis Groupe, 133, Avenue des Champs-Elysées, 75008 Paris, France).

**Investigation of reports of Fraud**

Groupe Internal Audit will analyze the matters brought to its attention by the Groupe General Secretary who will decide on the extent of potential investigations.

Under no circumstances should Brand or local management attempt to conduct its own investigations into incidents of suspected fraud. If local management is aware of such events, they should immediately inform the Groupe General Secretary who will take relevant actions.

On completion of the investigation, the Groupe General Secretary will inform the Groupe CEO, the Groupe CFO, and, as deemed relevant, any other Groupe or Brand management function that would be required to implement remediation and Groupe Internal Audit will follow up the incident with local management to ensure a sufficient level of internal control exists to safeguard against further incidents of a similar nature.

Complaints relating to accounting and financial reporting matters will be reviewed by a limited number of persons bound by strict confidentiality obligations under Audit Committee direction and oversight by the Groupe General Secretary. Appropriate corrective action will be taken by the Management Board under the supervision of the Audit Committee.

**Notification and Access Rights of Persons Subject to a Complaint**

Persons subject to a complaint pursuant to this procedure will be notified when personal data concerning them are recorded, unless protective measures must be implemented.

Persons whose personal data is recorded will have the right to consult and rectify their personal data, subject to certain restrictions pertaining to applicable laws and the protection of the rights and freedoms of other persons involved in the matter or its investigation. Under no circumstances will the concerned persons have access to the identity of the person who submitted the complaint.

## Who?

All employees, particularly Business Unit and Brand CEO's and CFO's and Groupe General Secretary.

| | | | |
|---|---|---|---|
| Approved by the Chairman & CEO<br><br>Maurice Lévy | | **The Publicis way to do business**<br><br>**Anti-Bribery & Anti-Corruption** | PUBLICIS GROUPE<br>**II.8** |

## Why?

All our employees in all business units must behave with highest level of ethics and must be respectful of the interests of our clients, our company and our reputation.

## For whom?

Publicis Groupe and all Brands and Business Units, employees and third party representatives.

## What?

This policy applies in all countries to gifts (not in excess of 500 euros), entertainment (not in excess of 500 euros on any single occasion or 3,000 euros in any one year) or value provided or received by employees and third party representatives of Publicis Groupe and its Brands and Business Units. When local laws are stricter, they will be applied.

### 1) <u>Definition of bribery and corruption</u>

**"Bribery"** and a **"Bribe"** mean: "the offering, promising, giving, accepting or soliciting of an advantage (whether financial or otherwise) as an inducement for an action which is illegal or a breach of trust".
**"Corrupt"**, **"Corruption"** and **"Corrupt Activities"** mean: "the abuse of entrusted power for private gain".

### 2) <u>General anti-corruption and bribery obligations</u>

Commitment includes a zero tolerance approach towards all forms of Bribery and Corruption.
The Groupe, its Brands and their employees must not engage in any form of Bribery or other Corrupt Activities or request any third party to do so on their behalf. The payment or receipt of Bribes by or on the behalf of the Groupe, or its Brands or clients, or public officials, or candidates for office, etc, or encouraging, asking or arranging for anyone else to pay or receive Bribes, is prohibited. Hospitality or gifts may not be provided to any public official without the prior approval of the regional CFO or Brand CFO.
Any employee who violates this policy will be subject to disciplinary action in accordance with the Groupe's or the relevant Brand's disciplinary policy or local laws, which may result in serious sanction, including dismissal.

### 3) <u>Significant areas of risk</u>

The following areas have been identified as being potential areas of risk:

- The presence of Business Units in certain high-risk countries.
- The provision of hospitality and gifts by the Brands to clients and suppliers.
- Dealings between the Brands and foreign governments and foreign public officials.
- The use of third party representatives.

**4) Hospitality and gifts**

Under no circumstance should entertainment or gifts be offered or provided during the course of negotiations, or while tendering for the award of any work, where the recipient may have any influence over the negotiations or award.

**a) Entertainment**

Entertainment, if any, must be reasonable, appropriate and within a normal business relationship. Following rules must be respected:

i. The entertainment is not inappropriately lavish, costly or adult entertainment;
ii. The entertainment is paid for directly by the Brand;
iii. No cash allowance is provided;
iv. A Groupe or Brand representative is present;

The total cost of any entertainment provided to or received by any individual must not exceed 500 euros on any single occasion or 3,000 euros in any one year, without prior written consent of the applicable regional CFO or Brand CFO.

**b) Gifts**

Gifts may only be provided to third parties so long as:

i. The gift is not inappropriately lavish or costly, and is of nominal value;
ii. No cash gifts or cash equivalents is provided;
iii. And gifts are only given to persons dealing with the Groupe or Brands, on a normal course of business

The total cost of gifts given to any one person in any year must not exceed 500 euros without the prior written consent of the applicable regional CFO or Brand CFO.

**5) Facilitation payments are prohibited**

In certain countries it may be customary to make small payments to local officials in order to obtain the performance of "non-discretionary or clerical routine government actions" such as obtaining visas or securing customs clearance.  Such payments (known as "facilitation payments") are prohibited.

**6) Use of third party representatives**

Brands may deal with third parties (such as agents, consultants, intermediaries…) who may act on their behalf or otherwise be perceived as being connected with the Brands. The business units must not ask third parties to do anything that is prohibited by Janus and third parties who may misrepresent the business unit's will no longer work with the Groupe.

**a) Due diligence to be undertaken**

Before entering into any business arrangement with a third party who will be acting on the behalf of or representing a Brand, appropriate enquiries must be made into their background, capabilities and reputation. In particular, consideration must be given as to whether there is any suggestion or risk that the third party in question might be particularly susceptible to engaging in Bribery or other forms of Corrupt Activities. If there is a risk or a sign that a third party may be engaged in bribery, it is firmly recommended to stop working with them or hiring them.

**b) Compliance undertaking**

All third party representatives must undertake in writing to comply with this policy and all applicable anti-corruption laws before they are engaged to provide services.

**c) Payments to third parties to be strictly in line with rendered services**

Payments to third party providers must be commercially reasonable, commensurate with the goods or services provided.

Payments must be made directly to the third party providing goods or services and remitted to a bank account located in the same country in which that third party is established. Payment in cash is not permitted.

**d) Concerns must be reported**

If employees are aware (or have reason to suspect) that any third party acting on the behalf of the Groupe or a Brand has committed any violation of this policy, then it must immediately be reported as provided in this policy. Failure to do so may result in exposure to personal criminal liability.

**7) Charitable and political donations**

Donations to political parties on the behalf of the Groupe or Brands are prohibited.

**8) Financial reporting**

All transactions must be recorded in a timely and accurate manner including in terms of the accounting period and accounting classification.

**9) Compliance**

The Groupe General Secretary is responsible for reporting on compliance with this policy to the Groupe Audit Committee. See Audit section on good faith reporting (direct, indirect or anonymous) with no adverse consequences.

## Who?

Brand and Business Unit CEO's and CFO's are responsible for compliance with this policy.
The Groupe General Secretary will monitor the effectiveness and review the implementation of this policy regularly, considering its suitability, adequacy, and effectiveness.

| | | | |
|---|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | The Publicis way to do business<br><br>**Data Privacy** | PUBLICIS GROUPE<br>II.9 |

### Why?
Beyond legal framework of data privacy, we must lead in that sensitive issue.

### For whom?
All employees.

### What?
Data privacy is a very important topic in our business, and it has become especially relevant in the digital arena. We must comply with the existing rules in each country and with our own policies. We must always apply the strictest rules.

Data include data about employees, clients, prospects, suppliers, and other business contacts, as well as consumer-related data collected by us, or obtained from clients or third party providers. The data may be specific to individuals ("Personal Data") or anonymous. Sensitive Personal Data, such as data that relates to an individual's health, sexual, racial or religious status, trade union membership, or political affiliations, should be avoided. If delivered by any supplier, it should be treated with the highest degree of protection and in accordance with law.

### How?
The IT department in each region must ensure that the systems and infrastructure in place are sufficient to secure data, and must adopt procedures and protocols for handling any unauthorized disclosure.

Brands and Business Units must make sure that treatments of data are made lawfully and in accordance with best industry standards and seek appropriate expert advice in the case where there is any doubt regarding lawful treatment. All employees dealing with data must be aware of the strict laws and regulations that apply to the collection, use, storage, and processing of personal data. As the laws and regulations vary according to jurisdiction, they should seek advice from the legal department in case of doubt.

Brand and Business Unit contacts with clients and vendors must anticipate and adequately address legal and business issues related to personal data, including placing appropriate restrictions on the collection, treatment and use of data, applying confidentiality requirements, and identifying the rights in and restrictions associated with the data.
Group General Counsel must be promptly informed of any formal enquiry from a data protection authority or of any unauthorized disclosure of information to third parties.

### Who?
Brand and Business Unit CEOs and CFOs and SSC Legal Department (or appropriate external lawyers).

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to do business**

PUBLICIS GROUPE

**II.10**

# Corporate Social Responsibility

## Why?

Sustainability is part of our company responsibility, in interaction with all our stakeholders. Business Units and Brands need to act in accordance with the French and European regulation. The Groupe strategy embraces all aspects of Corporate Social Responsibility (CSR). The annual CSR Report, publicly available, disclose data and information.

## Whom?

The Groupe CSR Department is responsible for CSR Reporting, under the Groupe CEO authority and in cooperation with the Groupe CFO and the Groupe General Secretary. All Business units and Brands must participate in sustainability (CSR) reporting.

## What?

Groupe Corporate Social Responsibility policy is built around 4 main areas:

- **Social**: what we are doing for and with our employees (i.e. Training, Gender equality, Diversity Programs, Career evolution, Health and Safety prevention…).
- **Pro bono/Charities**: BUs CEOs are free to choose how they will serve the community, aligned with Publicis Groupe values.
- **Governance/Ethics**: the Janus Code including Publicis Groupe Values, Commitments towards our people, Anti-bribery policy, Data privacy policy, including our trade Code reference (www.iccwbo.org/Advocacy-Codes-and-Rules).
- **Environment**: Impacts' evaluation is mandatory (Carbon Footprint calculation). The Groupe environmental policy is: "Consume Less & Better".

**The Groupe commits to United Nations Global Compact** (signed in 2003) and its four-area values that are derived from:

- Universal Declaration of Human Rights,
- International Labor Organization's Declaration on Fundamental Principles and Rights at Work
- Rio Declaration on Environment and Development,
- United Nations Convention Against Corruption

**The ten United Nations Global Compact principles are:**

1. Businesses should support and respect the protection of internationally proclaimed human rights;
2. Make sure that they are not complicit in human rights abuses;
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labor;
5. The effective abolition of child labor;
6. The elimination of discrimination in respect of employment and occupation;
7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility;

9. Encourage the development and diffusion of environmentally friendly technologies;
10. Businesses should work against corruption in all its forms, including extortion and bribery;

Publicis Groupe signed in 2007 the United Nations pledge "Caring For Climate". Publicis Groupe voluntarily follows the GRI framework (Global Reporting Index), the ISO 26 000 guidelines; and the Groupe participates to the CDP (Carbone Disclosure Project) and other sustainability index.

### Who?

Brand & Business Unit CEOs, Groupe CSR Department.

## III. The Publicis way to work together

To fulfill our commitment to our clients, our talents and our stakeholders means to set clear and ambitious goals while ensuring that we can meet these targets. Quality and reliability of financial forecasts and shared services centers are two cornerstones for such a successful journey.

This chapter will detail the tools that have been designed to help you and the Groupe perform better

1. Annual Commitment
2. Rolling Forecasts
3. Governance – Subsidiary, JVs and Minorities
4. Shared Services Centers: Re:Sources
5. Procurement
6. Real Estate Management and Leases
7. Insurance
8. Information Technology
9. CSR Reporting

# Annual Commitment

## Why ?

Our quality assets and talents allow us to set ambitious goals: growing faster than the industry and posting best-in-class margins. Annual commitment, budgets and strategies should lead to deliver against these goals. We thrive for continuous improvement in order to stay competitive and regularly, year on year, improve our performance.

## For whom ?

All business units and Brands.

## What ?

The Annual Commitment is agreed upon between Brand management and Groupe management.
Annual Commitment for a Brand is only final when it is approved in writing by the Groupe CEO, after the Actual results of the previous year have been finalized by the Groupe.
Achieving commitment is the most important role of any Brand or Business unit's management.
Bonuses are calculated based on the commitment's execution.

## How ?

**Principles for preparation of Commitment**

1. Commitment is a bottom-up process.
2. Brands / business units revisit each year the strategy to deliver above-market growth
3. Brands / business units revisit the organization and the cost base to align with:
    - Market evolutions and necessary changes
    - Revenues likely to be delivered at minimum. Advanced expenses should be banned as long as certainty of revenues is not guaranteed.
    - Headcount, personnel costs and other related costs should be adjusted in line with revenues and productivity.
4. While preparing Commitment, brands / business units must notably respect the following guidelines:
    - Commitment should target a year on year improvement in performance on all of the following metrics : revenue growth, Fixed PC and freelancers ratio, OI% and cash
    - Increase in bonus provision to be funded through Fixed PC and freelancers productivity.
    - Maintain specific capex approvals (even if Commitment capex has been approved).

**Executive summary / template of Annual Commitment**

All Brands should complete an Executive Summary describing their business plan for the coming year to support their Commitment. These documents are sent to the Groupe Chairman and CEO and Groupe CFO for approval (with a copy to Brand management where relevant).

The Executive Summary is split into 4 chapters:

- comments on economic environment in the region,
- financial highlights: latest rolling forecast for current year, Commitment for the coming year, comments on main financial drivers for the coming year, and
- presentation of the Brand/Region: vision for your Brand over the next three years, current strengths and weaknesses of your Business Units/Brand (internal factors affecting competitiveness, creative reputation, personnel skills, etc),
- key issues and action points for each Business Unit.

Brands should request similar executive summaries from their Business Units

**Specific points for preparation of Commitment**

The effective tax rate of the previous year must be used, unless there are exceptional circumstances for it not to be used.

The Commitment must integrate the effect on financial (expense) income of the payment of a dividend to the Groupe representing at least 75% of net income of the prior year or 100% of the amount distributable if 75% of net income cannot be distributed due to tax or statutory limits.

Business Units must clearly disclose all intercompany revenues and expenses included in Commitment to Brand management.

**Cash Commitments**

The Groupe sets Commitments for cash and trade working capital. Brands (and in consequence Business Units) are required to justify plans for:

- improved trade working capital management, and
- overdues.

Trade working capital and overdues form part of Business Unit performance appraisal.

**Commitment process**

Specific guidelines and timetables are published annually, by the Groupe CFO. The general organization of the process follows a number of key phases:

- Groupe instructions with annual Executive Summary template as necessary,
- initial Commitment submission from Business Units to Brands. This should be accompanied by an Executive Summary explaining all key variances and identifying opportunities or risks,
- review meetings between Brands and their Business Units (leading, if necessary, to alterations to Business Unit Commitments),
- second Commitment submission by Business Units to both Brand and Groupe management,

- review meetings between Groupe HQ management and Brand management (Note: Brand management represent their constituent Business Units at these meetings and provides feedback to Business Units on any modifications required to their second Commitment submissions),
- presentation to the P12 and subsequent approval of Commitment by the "Directoire", and submission of monthly phasing of revised Business Unit Commitment to Groupe (NB: The Commitment is such than each month and each quarter in the phased Commitment is expected to be achieved. Dividing the revenue evenly by 12 months, or similar lack of analysis, is unacceptable).

Proforma comparison for the first Commitment submission is September Rolling Forecast and November Rolling Forecasts for the second submission. The efficiency of the Annual Commitment is dependent on the high quality of Rolling Forecasts from the Brands.

Final approval of Annual Commitment will only be given when the actual results of the previous year have been finalized by the Groupe.

The key components of the final Commitment are: organic growth rate, fixed personnel costs and freelancers ratio, operating margin improvement (Basis Point), cash targets and capital expenditure amounts. Final Commitment figures are agreed by February at the latest.

To be noted that no spending such as salary increase, severance costs and/or capex will be approved before final Commitment figures are agreed. Monthly phasing of the Annual Commitment must be formally signed off by Business Units and Brands and approved by the "Directoire".

## Who?

Brand CFOs and CEOs

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way to work together**<br>**Rolling Forecasts** | PUBLICIS GROUPE<br>**III.2** |

### Why ?
Rolling forecasts are a tool to help you better managing your operations and to provide accurate information to the Groupe for communication with the board, shareholders, etc.

### For whom ?
All Business Units and Brands.

### What ?
Rolling forecasts are not new commitments. They are used to manage precisely our business and take actions so that Annual Commitment can be attained. The rolling forecasts must be accurately broken down on a month-by-month basis.

Forecast figures must be reliable as they may be used to guide external communications, but more importantly, to help each executive to take corrective actions.

Rolling forecasts are submitted to the Groupe by all Business Units on a quarterly basis at the end of March, June and September and at the end of November, although any significant discrepancies with Commitment must be signaled as soon as possible by the Business Unit CEO or CFO to the Brand CFO, the Brand CEO and the Groupe CFO. They are prepared by Brand / Business unit CFOs and must be approved by brand / business unit CEOs.

Good management starts with good forecasts. Spending must be in line with revenues and controlled strictly in order to avoid unnecessary restructuring which are often costly.

When rolling forecasts show a drift in costs, margin, or difficulties to attain revenue growth commitment, executives (business unit CEO & CFO, Brand CEO & CFO) must immediately take corrective actions:

- At once, look at options to generate new revenue growth.
- Stop all costs that are controllable: hiring, G&A costs and free lancers.
- Use restructuring as last resort only.

Make sure commitments will be delivered. If sudden cuts or loss of business happen, make sure that immediate alert is flagged, along with appropriate measures proposals.

The Groupe Finance department automatically updates the rolling forecast for the year. In all cases, the Brand CFO must validate the updated Brand rolling forecast.

Bonus provisions in each rolling forecast must be determined in line with the level of performance in the rolling forecast (See Janus II.02.04 - Personnel Costs).

### Who ?
Brand and Business Unit CFOs.

# Governance - Subsidiaries, JV and Minorities

## Why?

We want to have a clear framework for dealing with partners that are minority shareholders in our entities (Publicis Groupe Subsidiaries or joint ventures)

## For Whom?

- Subsidiaries :entities over which the Groupe exercises control
- Joint Ventures and Minority Owned Entities, entities where the Groupe's shareholding does not allow to control it and warrants membership on the board.

## What?

**Composition of Subsidiary Boards:**

Two key criteria govern the appointment of Subsidiary Board members and the composition of such Boards:

- control of the Board must in all circumstances be held by trusted Groupe employees, and
- this controlling majority must be determined without counting local Business Unit managers or employees who are Board members.
- subsidiary Boards should generally be comprised of the following Groupe employees:
  - Business Unit CEO
  - Brand or Regional CEO or COO
  - Brand or Regional CFO

The Groupe General Secretary appoints board members for a renewable term of one year. Any exceptions to the above rule are subject to a yearly review with the Groupe Chairman & CEO. Brand Boards must be submitted to, and approved by, the Groupe Management Board ("Directoire").

Under no circumstances should a Business Unit CFO who is directly responsible for the subsidiary be a member of the Board of such a company. This also applies to SSC Managing Directors.

In general, the CEO of the entity should be the only employee appointed to the Board. Any exception should get the prior approval of Groupe General Counsel. Any vacant position on a Board should be filled immediately. The Groupe reserves the right to change Subsidiary Board membership at any time.

In the case of wholly owned Subsidiaries in the United States, the Boards shall be composed of the CEO of the relevant Business Unit and the CEO of the relevant Brand. In addition, the following officers shall be appointed to such Subsidiaries:

- President : CEO of the relevant Business Unit
- Treasurer: CFO of the relevant Business Unit
- Secretary: Brand Lead Counsel or CEO of the relevant Brand

Each Subsidiary must also appoint certain "slate officers" (one or more Assistant Secretaries and Assistant Treasurers) designated by the Groupe to facilitate company secretarial work.

**<u>Composition of Joint Venture and Minority Owned Entities' Boards:</u>**

A shareholders agreement will usually determine the composition of the Board of Joint Ventures and Minority Owned Entities. Any Groupe vacancy on the Board should be filled immediately. The Groupe General Counsel must approve all appointments and removals of Groupe representatives on such Boards.

For Joint Ventures, attendance at, and active participation in, Board meetings, with formal agendas and minutes, are particularly important to protect the Groupe's interests and to ensure the smooth running of the business.

**<u>Responsibilities of Board members</u>**:

Subsidiary, Joint Venture and Minority Owned Entity Board members are expected to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Groupe. In particular, they are responsible for ensuring that:

- the entity is being run both profitably and professionally;
- the entity has appropriate systems and controls in terms of reliable financial information and applicable laws and regulations;
- strict confidentiality is observed;
- the Board acts in good faith and in the best interests of its shareholders.

When Board members appointed by the Groupe cannot fulfill their responsibilities, they should immediately inform the Groupe General Secretary.

**<u>Organization of Subsidiary Board meetings:</u>**

Board meetings must be held in accordance with local legislation or the entity's articles of association or when a matter requires Board approval. Where permissible, the Groupe encourages adopting resolutions by signing written consents in lieu of holding a meeting, especially in cases where holding formal meetings would involve significant travel time and cost. The use of "deputy" or "alternative" Board members to fill Groupe Board positions is prohibited.

**Remuneration of Board Members:**

In wholly owned subsidiary, no director's fees are allowed. In units where the Groupe owns a majority, the same rule should apply, if possible.

Director's fees must be disclosed and approved by Groupe General Secretary. In operations where the Groupe is a minority holder, the same rule applies.

**Subsidiary Board Secretary:**

A Subsidiary Board Secretary must be appointed for each legal entity. This person must be a Groupe employee.

Where a Shared Service Center provides company secretarial services, the Board secretarial function will normally be performed by the Shared Service Center's Legal department.

Where a Shared Service Center does not provide company secretarial services, the Subsidiary Board Secretary will generally be the CFO of the entity or relevant Business Unit, or the head of the relevant Brand or Business Unit Legal department, if one exists.

**Proxies for attendance at Shareholder Meetings**:
Where the shareholder of a Subsidiary is a Groupe company and a proxy is required from the shareholder to attend a shareholders meeting, the notice of the meeting and the requested proxy should be in French or English and addressed to the Groupe General Counsel together with all information and documentation necessary to enable the Groupe company to instruct the proxy holder how to vote on its behalf. If the shareholders are being asked to approve the annual statutory accounts of the company, a copy of the annual statutory accounts should accompany the notice, in French or English if possible. If no French or English version of the statutory accounts is readily available, the statutory accounts should be sent in their original language. Proxies must be requested within the notice period required under local law, but at least two weeks before the shareholders meeting. Legal aspects of issuance of proxies are dealt with by the Groupe General Counsel. Review of any annual statutory accounts requiring approval is performed by the Groupe CFO.

## Who?

The Chairman of the Board of each legal entity is responsible for ensuring implementation of this policy.
The Chairman of the Board and the Subsidiary Board Secretary are each responsible for reporting any infringement of this policy, or any action, right or benefit inappropriately granted to or acquired by a Board member, to the Groupe General Counsel.

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to work together**

## Shared Service Centers: Re:Sources

PUBLICIS GROUPE

III.4

### Why ?

Shared Services Centers (Re:Sources) are strategic to our Groupe's performance and compliance.

### For whom ?

All Business Units and Brands in countries that have SSCs

### What ?

Re:Sources is a separate independent organization, focused exclusively on the provision of various administrative functions to Business Units, which comply with the Groupe Shared Service Model and the Global SLAs without exceptions.

Re:Sources' development allows:

- Business units to concentrate on clients and products, on growth, people and talent development, and ultimately on profitability.

- Best-in-class delivery on all services, which can be consolidated (IT, accounting, legal, administration, real estate, procurement, tax, treasury, etc.).

- Savings by delivering high quality services at effective costs.

- Ensuring compliance with all legal local aspects, best practices and Janus' principles, philosophy and procedures.

Re:Sources is above all a shared services provider and, as such, it must deliver best-in-class services to Publicis Groupe's units at most effective costs. In countries covered by Re:Sources:

- All units, without exception, aill transfer all tasks and functions defined by the Groupe as SSC to Re:Sources and eliminate all duplications within this business unit.

- Re:Sources is a resource to the business units to execute tasks and offer services on IT, administration, legal, HR, etc. In no way the business unit is losing its responsibility or accountability.

- Business units using Re:Sources remain accountable and responsible for financial reporting, P&L and other statements, and cash management.

Re:Sources and business units meet twice a year to evaluate the services: quality, delays, costs, KPIs…and to take corrective actions when needed.

## How ?

SSC Costs are allocated to Business Units according to the following methodology:

**For all non-IT allocations from the SSC**

The methodology depends upon how long the Business Unit has been on the SSC platform; more than one full calendar year or less than one full calendar year.

**1. For Business Units on the SSC platform for more than one full calendar year, a rate approach is used:**

**Calculation of the rate:**

This rate is normally derived from the first full year in the SSC. It is based on the ratio of the Business Unit's Non-IT SSC costs to Total Operating Expenses (net of IT and Non-IT SSC costs) for this base year.

For example, if in the base year the Business Unit's SSC non-IT allocation is Euro 1 million, its SSC IT allocation is Euro 2 million and its Total Operating Expenses are Euro 50 million, then its rate would be 2.1%, calculated as follows:

| | |
|---|---|
| IT SSC costs | 2m€ |
| Non-IT SSC costs | 1m€ |
| Other Operating Expenses | 47m€ |
| Total Operating Expenses | 50m€ |

Non IT SSC allocation base rate: 1m€ / (50m€ – 3m€) = 2.1%.

**Application of the rate:**

A Business Unit's Non-IT SSC allocation is calculated by applying calculated base rate (eg as above, 2.1%) to the current year Total Operating Expenses (net of IT and Non-IT SSC cost allocations).The application of this rate is first computed on the Business Unit's initial budget with adjustments at subsequent rolling forecasts, if material, with a true-up to actual at the end of the year (which for practical purposes is year to date actual results as of November plus December forecast).

**2. For Business Units on the SSC platform for less than one full calendar year:**

A specific cost allocation based upon metrics such as time spent, headcount serviced, etc, must be agreed between RE:SOURCES and the Business Unit.

Once this methodology has been in place for a full calendar year, the rate method set out above is employed.

**The Costs allocation components**

A specific costs allocation is based upon costs incurred by the Business Unit to provide the current services. These costs include, but are not limited to:

- The total personnel costs of the individuals providing or managing the current services, whether full FTE's or allocations for partial FTE's (which personnel may or may not be transferred to the SSC).
- All external cost such as contractors, outside/temporary help, maintenance agreements, service contracts, etc.
- An allocation of Business Unit management time required to manage the people who perform full FTE's or allocation for partial FTE's (which personnel may or may not be transferred to the SSC).
- Direct overhead costs such as occupancy costs, telephone, stationary, training, IT equipment and maintenance, travel if needed, office equipment costs / depreciation, etc.

For the sake of transparency a template listing all costs should be detailed and agreed upon between the Business Unit and the SSC. If agreement cannot be reached locally, the matter should be escalated to SSC Regional management.

**IT allocations** are segregated into two categories; core services and a-la-carte services.

- Core IT services allocations are set on a fixed cost per user basis (or comparable equivalent).
- A-la-carte IT services allocations are based upon specific Business Unit needs.

Once SSC allocations have been agreed the rate (%) and the cost per user remain fixed for the year (unless there is a change in the scope of service) and invoices in respect of these allocations must be paid in accordance with intercompany policies.

**Transition of General Ledger to the SSC:**

At the time of the transfer of the general ledger processing, account analysis and reconciliation functions from Business Units to the SSC, a determination will be made as to the propriety of such analyses and reconciliations including the adequacy of supporting documentation.

If it is determined by the SSC that the Business Unit's accounts are not properly analyzed or reconciled, or if the supporting documentation is not adequate, the SSC shall work with the Business Unit to resolve the issue.

If after 90 days the matter is still not resolved to the satisfaction of the SSC, the Managing Director (or CAO where they exist) of the SSC will communicate the necessary journal entries to adjust the accounts and submit these journal entries to the Brand CFO for their review and approval and follow-up with their Business Unit.

If the matter is not resolved between the SSC and the Brand finance after an additional 30 days the matter will be escalated to Groupe Finance to facilitate resolution and adjust accounts as necessary.

The Brand CFO shall be kept apprised of the situation during the 90 day period, and notified of any adjusting entries after the 90 day period has elapsed.

**<u>Regional SSC organization</u>**
A Regional SSC organisation has been set up for North America, LATAM, EMEA and APAC. Regional Managing Directors have been appointed for each of these regions.

The Regional MDs are supervising the Shared Service Centers which exist in each country in their region. They will also progressively coordinate in their region the services of an SSC in the countries where there is no SSC.

In countries where an SSC does not exist:

- For Accounting, Treasury, Tax, Legal, Real Estate, Procurement and IT activities, the Regional MDs of the SSC will nominate a representative to provide support and expertise for these services.
- For Real Estate, lease renewal or new lease contracts can only be signed with the co-signature of the Real Estate representative nominated by the MD of the regional SSC.
- For Accounting matters, the role is limited to:
    - provide technical support to the agency CFOs,
    - advise agencies on Janus compliance,
    - review whether statutory accounts (when required) are prepared and filed on a timely basis,
    - liaise with Groupe finance.
- For Treasury matters, the role is limited to:
    - provide support in banking relationship,
    - advise agencies on Janus compliance,
    - advise on preparation of funding request,
    - provide expertise on foreign exchange hedging,
    - liaise with Group finance.
- For Tax matters, the role is limited to:
    - review whether tax returns are prepared and filed on a timely basis,
    - liaise with Group finance.

## Who ?
Regional Managing Directors and Managing Directors of SSCs are responsible for compliance with this policy. Business Unit CFOs are responsible for compliance with this policy.
Brand CFOs are responsible for ensuring that Business Units under their authority make full use of the Groupe SSCs in the countries in which they operate.

**Appendix 1**

## Shared Service Centers (SSC)

The Groupe has SSCs in the following countries:

- Argentina
- Australia
- Austria (covered by Germany)
- Belgium
- Brazil
- Canada (covered by United States)
- Chile (covered by Costa Rica)
- China
- Colombia
- Costa Rica
- Czech Republic
- Ecuador & Dominican Republic (covered by Costa Rica)
- France
- Germany
- Greece (covered by Italy)
- Guatemala (covered by Costa Rica)
- Hong-Kong (covered by China)
- Hungary
- Iberia (Spain & Portugal)
- India
- Indonesia
- Israel (2015)
- Italy
- Korea
- Latvia (covered by Poland)
- Lithuania (covered by Poland – 2015)
- Malaysia
- Mexico
- Middle East
- The Netherlands
- New Zealand
- Nordics (Sweden, Norway, Denmark, Finland)
- Panama & Peru & Puerto Rico (covered by Costa Rica)
- Philippines
- Poland
- Russia
- Singapore
- South Africa
- Switzerland (covered by Italy & Germany)
- Taiwan
- Thailand
- Turkey (covered by Italy)
- United States
- UK
- Venezuela
- Vietnam

## Why ?
Procurement is both a tool and a policy to reduce our costs and remain competitive.

## For whom ?
All Business Units

## What ?
Procurement must leverage the scale of our purchase of goods or services to get best prices and terms. Contracts signed with suppliers should be leading to real savings with minimum commitments from the Groupe or the business unit. They should avoid:

- Groupe guarantee at any level
- Volume commitment (indication should suffice)
- Exclusivity
- Terms more favorable than those of our clients (payments, etc.)

All Groupe procurement contracts are signed by Head of Procurement, General Secretary and Groupe CFO. When approved and signed, contracts are to be applied by all units without exception.

Groupe Procurement or the SSC must discuss with the Brands and Business Units in order to assess precisely the needs of the business units. They must also make sure that the contract will not lead to increased costs in some business units in some particular areas. If, by exception, such situation happens, solutions must be found.

The Shared Service Center team and the Global Procurement Team will endeavor to render Business Unit co-operation straightforward through use of simplified intranet consultation of preferred supplier lists, information and training sessions, catalogues of products and services, etc.

Purchasing and sales sides of our business should not be mixed. The Groupe encourages including our clients in the list of bidders, however the client's product must only win the contract on its own merits (price, quality, terms and conditions, etc.)

## How ?
Procurement maintains handbooks on:

- Groupe contracts- an overview of the major vendors mandated by the Groupe.
- Employee offers and discounts – specific employee benefits included in procurement deals.

These are available for both Global and Local contracts and are updated periodically. They can be obtained through SSC Procurement or Global Procurement.

**Procurement in countries where there is no Shared Service Center**

For countries where SSCs are not in place, the procurement function will be covered by procurement managers based in the largest SSCs in the region and Business units must use Groupe contracts set up by the Global Procurement Team.

Business Units should also organize procurement at country level so as to achieve the best price/quality ratio.

## Who ?

Business Unit CFOs, Global Procurement Team, SSC procurement teams acting under the responsibility of the Managing Director of the SSC and under the functional responsibility of the Head of Procurement.

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to work together**

# Real Estate Management and Leases

PUBLICIS GROUPE

III.6

## Why ?

We must offer good working conditions in an environment that is pleasant for our employees and in line with our image. Costs must be kept as low as possible: office space is our second line of cost and we need to reduce it as much as we can.

## For whom ?

All business units and Brands.

## What ?

The following guideline occupancy ratios (based on average m² per person) should be used:

- For buildings <1,000 m²: 15 m² per person
- For buildings >1,000 to 5,000 m²: 12 to 15m² per person
- For buildings >5,000 m²: 12 m² per person

Space should be effectively allocated and maintained with care by Business Units in order to avoid one-off dilapidation costs (re-instatement or "make-good") at the end of the lease term. It is both a question of cost and of good behavior: we must be respectful of the space as well as of all the assets of the Groupe.

Business Units and Brands should target total real estate expenses (annual rent, service charge and amortization of capex and dilapidation costs) at less than 6% of revenues (industry benchmark), especially to gain approval of a Lease Transaction.

## How ?

Brands present every year as part of their commitment their real estate projects for the year to come including capex associated.

The Groupe should be made aware of all expirations and pending alterations on existing leases, vacant space offered to sublet or intention of signature of new leases and sets out the approval process required for such transactions.

We must find a good balance between offering the best possible working environment and the cost of leases. A good approach to achieve such objective is to use as often as possible one single building for many Brands. This allows to move space from one Brand to another, to use common facilities, to negotiate good deals with landlords, to have a good level of security for our people, IT infrastructure, etc. This approach should be respected by all Brands and units.

It applies to both operating and finance leases (see II.03.04) – note: all finance leases in respect of real estate require the prior approval of the Groupe CFO. Any purchase of real estate also requires the written approval of the Groupe CEO.

# Real Estate Management and Leases

Leases are long term commitments that require strict rules.

These rules are intended to address all transactions (i.e., there is no threshold) involving Groupe Real Estate leases ("Lease Transactions"), as follows:

- renewing or recasting of current lease at current location under any circumstances, including simply renewing the existing lease without changes,
- entering into a new lease at a new location,
- committing to lease, or occupy, additional space either at current location or at a new location,
- offering of vacant space for sublet,
- surrendering space to a landlord, terminating space or allowing a lease to expire, and
- any other transaction that involves a change in the Total Lease Commitments previously under contract. Total Lease Commitments are defined as the total fixed costs (rent, operating expenses, taxes, service charges) due under a lease between a Groupe Business Unit and a landlord. They are calculated over the entire lease term.

The risks associated with long term contracts impose that lease agreements must be reviewed by:

- Groupe legal representatives (Groupe or country legal departments or local legal counsel),
- Head of Real Estate Management in SSC, or SSC Managing Director if none,
- And in any case, the Groupe Head of Real Estate Management.

## Preliminary notification of future Lease Transactions

In order to ensure that the objectives are met and Groupe rules followed, Groupe Real Estate Management must be involved from the earliest stage in the study of all Lease Transactions.
At least nine months before entering into a Lease Transaction, the Business Unit CFO must submit a signed Preliminary Lease Notification Form to the following individuals in order to notify them of the impending transaction: the Brand CFO, the Head of Real Estate Management in the SSC, or the SSC Managing Director if none, the Groupe Head of Real Estate Management and for Lease Transactions involving Total Lease Commitments greater than Euro 500,000, the Groupe CFO.
Failure to involve Groupe Real Estate Management in the study at the earliest stage and to submit this form on time will be viewed as serious misconduct.

**Process for approval of Lease Transactions**

Before signature of all Lease Transactions, Business Units must obtain the prior authorization of:

- the Brand CFO,
- the Head of Real Estate Management in the SSC, or the SSC Managing Director if none,
- the Groupe Head of Real Estate Management,
- for Lease Transactions involving Aggregate Lease Commitments greater than Euro 500,000, the Groupe CFO.

In order to obtain this approval, a fully completed lease approval form ("L Form" - template in Appendix) must be sent to the relevant individuals referred to above for their signature at least one month before the Lease Transaction is due to be signed. If the lease proposal also includes capex, the L-form should be accompanied by a signed C-form with detailed backup for the expenditure. A C-form is still required even if the assets are to be funded through landlord capex incentives. Entering into a Lease Transaction without the formal written approval of the relevant Groupe managers referred to above will be considered to be serious misconduct.

**General rules for the L-Form**

Information must be clearly mentioned in the L-Form to give sufficient detail for approval.
The first part of the L-form must detail the reasons of the new lease and must include the following information:

- Full site address (address, city…) must be specified.
- The L-Form must be completed in EUROS. In case local currency is used during negotiations of the lease, L-Form in local currency must be joined to the L-Form in EUROS and the currency rate should be clearly indicated on the local currency L-Form.
- Capex split must be included in the first part of the L-Form as well as in the C-Form.
- If any key lease terms have been negotiated with the Landlord, they must be detailed (Rent-Free period, Landlord Incentive, other)
- First break option as well as penalties must be indicated.
- If the Landlord asks for a guarantee, it must also be indicated in the L-Form. No Commitment can be made to any form of guarantee.
- There should be no indexation of a non local currency. If it exists exceptionally, it must be indicated and reported immediately and in all cases to the Groupe CFO.
- Any Write-off of LHI or equipment.
- Agency revenues: this revenue only refers to the revenue of the Business Unit which is directly linked to the new lease;

Business Units must allow 10 working days for the Groupe Real Estate Department to review the L-Forms. Acceptance of the approval request must be in writing to be valid. Absence of a response within 10 days does not imply that the L-Form is accepted.

**Real estate advisers/brokers**

No broker or adviser should be hired by business units. Only Groupe Head of Real Estate management or Head of Real Estate Management in the SSC should hire brokers or advisers. Under no circumstances they should be involved in intra-Groupe relocation.

**Other matters**

**1) Negotiation of lease contracts**

In negotiating leases, Business Units (in co-ordination with the Head of Real Estate Management in the SSC, or the SSC Managing Director if none) should endeavor to:

- obtain a rent-free period to cover time for renovation,
- obtain a right to sub-let part of the premises,
- obtain a right of first refusal on additional space if the Groupe does not occupy the entire floor,
- attempt to avoid reinstatement or "make-good" obligations where possible (dilapidations).

Any incentives such as rent-free periods must be amortized over the period of the lease. Any capex inducements paid by the landlord must be declared as per the policy on capex (V.3).

**2) Signature of lease contracts**

Any lease should be signed with two signatures; the business unit CFO or CEO, along with the SSC managing director where an SSC exists or a representative person named by the regional managing director of the SSC where an SSC is not present in the country where the lease is signed.

**3) Principles applicable for leases between two Groupe Business Units**

All leases entered into between Groupe Business Units should comply with the following principles: They should be entered into for a period identical to the length of the head lease with the third party, and their terms should directly reflect the terms of the head lease (on the basis of the proportion of the total area being sub-let to the tenant Business Unit). In practical terms:

- The Business Unit holding the lease should charge the tenant Business Unit a cost per square meter equal to the total cost per square meter under the head lease (including rent, annual service charge, other operating costs, etc) – no profit or loss should be made,
- If dilapidation costs are payable under the head lease, the cost per square meter should include a best estimate of the annualized cost of dilapidation on the sub-let premises (the Business Unit holding the lease remains fully liable to the third party for dilapidation). Full transparency is essential between the two Business Units to justify the costs, in particular legitimate cost increases (Rent review, rate charges, Utility cost) must be fully supported by the Business Unit holding the lease and accepted by the tenant Business Unit. Advance notice of envisaged increases should be provided where possible to enable cost changes to be included in forecasts.

**4) Cases where a Business Unit terminates an intra-Groupe lease prior to its due date.**
Unless agreed at the outset by both parties and validated by the Head of Real Estate Management in the SSC, if a Groupe tenant Business Unit terminates the lease for any reason, it must compensate the Business Unit holding the head lease for the lower of:

- the cost that the Business Unit holding the head lease will incur as a result of the termination (leasehold improvement write off, rent free period for the new tenant, leasehold cost to prepare the space for a new tenant, occupancy cost of the vacant space until rented), and
- the amount of indemnification payable under the lease between the two Business Units.

**5) Cases where a Business Unit has to move at the request of another Business Unit**
Where the "two doors" policy is being followed, and an expanding Business Unit requests that another Groupe Business Unit subletting space from it moves in order to accommodate the expanding Business Unit, the Business Unit making the request should indemnify the Business Unit which is moving in order to ensure that the income statement of the departing Business Unit is not adversely affected. The Groupe principle is that the indemnification should be cost neutral for the moving Business Unit and should approximate:

- twelve months of the rent differential (NB: the rent differential is limited to the amount of rent on an equivalent number of square meter) that will be borne by the departing Business Unit,
- all incremental costs (moving costs that are borne by that Business Unit and facility management costs), and
- any leasehold improvement write-offs directly attributable to the request to depart.

**6) Rules where the Groupe acquires a Business Unit**
When the Groupe acquires a Business Unit, two specific scenarios require close attention and control:

- where the acquired Business Unit owns its premises, they should be sold as soon as possible,
- where the Business Unit's premises are owned by managers, minority shareholders or former owners of the Business Unit, all steps should be taken to terminate this situation as quickly as possible.

When such instances arise, an action plan should be established to exit these arrangements under the leadership of the Business Unit CFO, the Brand CFO and the SSC.

**<u>Annual real estate road map</u>**
An annual report detailing all leases of Business units is submitted each year to the Groupe Head of Real Estate Management by October 31st. It is also shared with Brand CFO's.
This information is gathered as of September 30th each year by the SSC in markets where it exists and by Brand CFO's in the other markets.
The annual report covers each country (and each city in the US).

## Who ?

Business Unit and Brand CFOs

PUBLICIS GROUPE

| Form L |
|---|
| EURO |

# Lease Approval Form

| | | | |
|---|---|---|---|
| Request | | | |
| Requestor (Agency CFO) | | | |
| Group Agency | | HFM Code | |
| Date of request | | | |

**Currency rate :**

Please Prepare Lform in Local Currency and one in Euro

**I Description of the project MUST include:**

1 - Nature of the project: Renewal, Relocation, Consolidation, Termination, Space extension, Sub-Lease
2 - The full address of the site - include Floor No. Building name and full street address
3 - In case of a sub lease of an existing Groupe lease (agency or SSC), confirm that it is agreed with the relevant Groupe agency or SSC
4 - Describe in FULL key lease parameters (rent-free period, special discount, etc.)
5 - Describe in FULL Capex split. Include average costs per sqm used for LHI. Detail all costs in the C-Form.
6 - Justify when the annual expenses are over 6% of the agency revenue or/and when the square meter per employee ratio is over 12

**II Description of Break Conditions (first break and related penalties, subsequent breaks and penalties):**

Clearly indicate first break option and potential penalties

**III Declaration of absence of available Group Office Space in ............. (City in question)**

We declare that we have made enquiries to all other Publicis Groupe Brands as well as to Re:Sources based in ............ and they do not have space available in which we could base our operations instead of taking out the new lease.

Agency CEO | Agency CFO

| | IV Key Figures | New Lease | Existing Lease | Change (%) |
|---|---|---|---|---|
| A | Total lease commitment | 0 | 0 | #DIV/0! |
| B | Annual rent | | | #DIV/0! |
| C | Subsequent annual escalation (%) | | | |
| D | Annual Service Charge and/or Management Fee | | | |
| E | Lease term | | | |
| F | Area of offices being leased (state if sq. Meter or sq. ft) | | | #DIV/0! |
| G | Current Total Number of Employees | | | |
| | *Number of employees forecast for growth* | | | |
| H | Landlord Capex Required | | | |
| I | Total Group Capex Required (J+K+L) | 0 | 0 | |
| J | *1- Leasehold improvement Capex* | | | |
| K | *2 - Office Equipment & Furniture capex* | | | |
| L | *3 - IT Capex* | | | |
| N | Dilapidation/Restitution/Make Good costs on new lease | | | |
| O | Total Capex Required (H+I+N) | 0 | 0 | |
| P | Annual Depreciation Charge | #DIV/0! | #DIV/0! | #DIV/0! |
| Q | Write off of Leasehold Improvements | | | |
| R | **Total annual expenses (B+D+P)** | **#DIV/0!** | **#DIV/0!** | **#DIV/0!** |
| S | **Lease Guarantee** (only if preapproved by Groupe Treasury) | | | |

| V Secondary Analysis | New Lease | Existing lease | Change (%) |
|---|---|---|---|
| Rent + Service Charges per Sq. Meter or Sq.ft **([B+D]/F)** | #DIV/0! | #DIV/0! | #DIV/0! |
| Sq. Meter or sq. ft per employee **(F/G)** | #DIV/0! | #DIV/0! | #DIV/0! |

| VI Primary Analysis | New Lease | Existing lease | Change (%) |
|---|---|---|---|
| Agency Revenue (Current year budget per Hyperion) | | | |
| Total annual expenses **(R above)** | #DIV/0! | #DIV/0! | #DIV/0! |
| Annual Expenses as a percentage of Agency revenue | #DIV/0! | #DIV/0! | #DIV/0! |

| | | | |
|---|---|---|---|
| Agency CFO | Date: | SSC Head of Real Estate/ SSC MD | Date: |
| Agency CEO | Date: | Groupe Head of Real Estate | Date: |
| Brand CFO | Date: | Groupe CFO | Date: |

## Why ?

To protect our people, our goods and our interests by implementing the right insurance policy.

## For whom ?

This policy applies to all companies in which the Groupe has a, direct or indirect, ownership interest of more than 50%.

Entities that are managed directly by the Groupe, where the Groupe has an ownership interest of 50% or less, must apply this policy, however the benefit of Groupe "Umbrella" policies may not be available to such entities and specific declaration is required as a minimum.

## What ?

The Groupe will negotiate umbrella policies to protect all our people, goods and interests. These policies will apply to all business units. When the CEO or CFO of a business unit consider that the umbrella policy is not covering some specific cases or situations, it is his responsibility to discuss with Groupe General Secretary and to ask for complementary coverage. Discussion will lead to decide if it has to be covered locally or globally.

Business Units should subscribe certain insurance policies: some of them are compulsory ("Compulsory Business Unit insurance") hereafter and some are optional but can be justified from a cost-benefit perspective.

The Groupe Insurance department can instruct a Business Unit to take out additional Insurance if it considers that the Business unit is not adequately covered.

If insurance cover is being negotiated on behalf of a Business Unit by a Shared Service Center, the Shared Service Center must keep the Business Unit informed of the level of such insurance coverage on an annual basis.

### Compulsory Business Unit insurance:

Groupe Business Units must negotiate and agree local insurance policies:

- against the following risks in all cases and in all markets,
  - public/general liability (a minimum amount of US$ 1 million in the USA, Canada and Europe, US$ 500,000 in the rest of the world, with XL as far as possible),
  - property damage & business interruption (with XL as far as possible – note: a "Good Standard" of local coverage against such risks is necessary for the Groupe "Umbrella" policy – see below – to act),

- against the following risks as required by local legislation or market or business requirements,
  - motor vehicles – third party liability (in a statutory or minimum amount of US$ 1 million),
  - employers' liability (in a minimum amount of US$ 1 million).
- medical and life insurance for employees

**Optional Business Unit insurance**:
The following insurance policies can also be held locally if considered appropriate from a cost-benefit perspective: Travel insurance, Comprehensive motor vehicle–insurance, Key person insurance, Commercial production insurance, and specific fine art insurance.

**International insurance policies held at Groupe level**
Publicis Groupe S.A. has subscribed International "Umbrella" insurance policies at Groupe level in respect of the following risks:

- Public/General Liability,
- Professional Liability,
- Motor Vehicle Liability,
- Employers Liability,
- Directors' and Officers' Liability,
- Employment Practices Liability,
- Non owned Aircraft Liability (specific declaration obligatory),
- Property Damage & Business Interruption,
- Pension trustee liability,
- Credit insurance,
- Expatriate Insurance package,
- Cargo,
- Assistance & Repatriation insurance.

## How ?

**International Policy Claims**
Business Unit CFOs are responsible for initiating international policy claims by making contact with the relevant Groupe insurance department or Groupe legal department personnel. Any potential claims or circumstances that may give rise to a claim under international cover must be notified to the Groupe insurance department or the Groupe legal department. In this respect:

- If the claim is above Euro 300,000, the Groupe Insurance Manager and the Groupe General Counsel must be notified.
- If the claim is below Euro 300,000, local representatives of the Groupe Insurance department or the Groupe Legal department must be notified (in SSCs or Brands in the country). However if no such local representatives exist, the Groupe Insurance Manager or the Groupe General Counsel must be notified.

No admission of liability should be made without the written consent of the individuals required to be notified under this policy.
No remedial work should be undertaken without the written consent of the individuals required to be notified under this policy.
Local representatives of the Groupe Insurance department, where they exist, or the Groupe Insurance Manager, should be contacted with any queries in relation to Insurance.

## Who ?

Brand and Business Unit CFOs

### Why ?

IT is not only indispensable to run our operations and file our data, but it is also a tool to better organize our work, to communicate seamlessly, to reduce bureaucracy and to eliminate costs.

### For whom ?

All Business Units and Brands.

### What ?

All IT systems are assets of the Groupe including computer equipment, mobile devices, software, storage media, and network accounts providing electronic mail, voice mail, Internet, and file transfer services. These systems are provided for business purposes only in serving the Groupe and our clients during the course of normal business operations.

**IT Standards & Usage**

Groupe strategy and standards for applications and IT systems are defined by the Re:sources CEO who ensures that all IT expenditure is coordinated and aligned with global IT strategy.

Business Units should procure hardware and software that has been approved by the SSC that supports them, within the Global IT Catalog. If a new business request cannot be supported with existing standards, the request should be handled through a technology review and certification process by the SSC.

Business Units should respect the guidelines within the following table regarding the needs of hardware and software replacement.

| Component | Refresh Cycle |
|---|---|
| Desktop | 4 years |
| Laptop | 4 years |
| Server Hardware | 4 years |
| Desktop OS | Refresh with hardware |
| Desktop Productivity Suite | 2-3 years, dependent on business needs |
| Network Infrastucture | 6-7 years |

Business Unit and Brand CEOs and CFOs must work with their local IT Directors to ensure appropriate technology investment planning is included in annual plans and budgets.

Plans for IT investments should be submitted to the Re:sources CEO during the budgeting process. This should be accompanied by a documented business case including description, business justification and anticipated cost. The Re:sources CEO' approval is required for all IT projects involving IT spend, including purchase of packaged software, internal development initiatives and operational IT systems investments.

Computer hardware and software purchased outside of Groupe-approved methods is considered to be "personal use". This hardware and software will not be supported or maintained by the Groupe and it is not permissible to attach it to Groupe networks. In addition, Groupe data must not be transferred to any such device.

**Unacceptable use**

Under no circumstances is an employee of the Groupe authorized to engage in any activity that is illegal under local or international law while utilizing Groupe-owned resources. The list below is by no means exhaustive, but attempts to provide a framework for activities that fall into the category of unacceptable use:

- The Groupe's network, email or voicemail systems may not be used to solicit or promote any personal commercial ventures, political causes, or any other purpose that is determined illegal by the Groupe.
- Unauthorized duplication of and/or access to copyrighted material including, but not limited to, digitization and distribution of photographs from magazines, books or other copyrighted sources, or copyrighted music and/or video, software, source code, digital content or other intellectual property,
- Exporting software, technical information, encryption software or technology, in violation of international or regional export control laws.
- Unauthorized use, or forging, of message information.
- Intentional introduction of malicious programs into the network, or effecting other disruptions of network communication.
- Breaching security or circumventing user authentication or security of any host, network or account.
- An individual may not read nor access messages that are not addressed to them.
- Disclosure and/or sharing of Publicis Groupe owned or licensed software and/or associated serial numbers.
- Any attempt to circumventing any security mechanism and/or access limitation in place within Publicis Groupe IT systems.
- Derogatory, discriminatory, indecent, intimidating, or unlawful messages may not be sent or stored on the email, phone or voice mail systems.

**Data privacy:**

Data privacy should be considered for any data stored on any Groupe owned device or developed on Groupe time and/or with Groupe funding including Customer projects. Following are guidelines for proper management of data privacy.

- The use of data and information must comply with client and partner confidentiality agreements including client contractual protection requirements.
- For individual data and other categories of data that are closely protected by government regulation, the Groupe will comply and act in accordance with those regulations.
- All data transmissions of confidential and sensitive information outside of the Publicis Groupe network will use appropriate encryption technologies and techniques.
- Administrator access and use of data is limited to what is necessary through the normal course of their job. Accessing data for any other reasons is prohibited.

**IT risks & security**

Mitigation of IT risks through proactive action in identifying risks, rectifying known issues, preventative measures and appropriate technology investments is the responsibility of every Business Unit.

The identification and assessment of IT risks is supported through the Groupe Global IT Risk organization.

**Compliance**

As with all other Groupe investments, technology resources need to be properly used and safeguarded. All technology equipment must be clearly marked with internal asset tags and tracking numbers. All exchanges and disposition of IT assets and equipment must be coordinated through the authorized, responsible IT support group for your Business Unit.

All computers must have anti-virus software installed with current virus definitions. All software media owned by the Groupe must be stored in a secure location with limited access.

The business risks associated with non-compliance of Groupe, legal, regulatory or industry driven requirements include legal action, fines, inadequate technology or process, human error, malfeasance. It is therefore important that all computer software copyrights and licenses must be complied with, and all software must be licensed and registered in the name of the Business Unit, Brand, or Groupe.

Additionally, to ensure proper license usage, Groupe-owned software must not be installed on an employee-owned personal home computer, unless the license agreement specifically allows for this.

Special procurement arrangements have been made to provide optimal pricing for Groupe Business Units and employees.

The Groupe reserves the right to periodically audit and monitor computers and communications. Employees that store personal information on Groupe owned assets waive their individual and legal privacy rights to that information. This does not supersede any privacy laws in applicable countries. The Groupe will uphold and comply with all local and international laws regarding monitoring and accessing employee communications

## Who ?

Business Unit and Brand CEOs and CFOs, SSC & Re:Sources IT

# CSR Reporting

## Why?

To comply with the French and European regulation, in accordance with the Groupe CSR policy. CSR Reporting is externally verified and audited.

## For whom?

All Business units and Brands.

## What?

CSR reporting is the non-financial reporting about Groupe, Brands and Agencies sustainability topics, in 4 main areas: Social, Cultural & Communities, Governance & Ethics, Environment.

CSR reporting scope is the full Groupe and embraces ALL Business units.
The annual CSR Report, publicly available, discloses consolidated data and information. Business Units are not allowed to disclose local information. Specific requests have to be checked with the Groupe CSR Department.

CSR reporting process is explained each year in the CSR Reporting guidelines and distributed to all internal participants within this process. It is structured around two interfaced data flows:

1. Quantitative data are collected in accordance with financial rules and procedures through a dedicated module HFMCSRGRI. Data collection and control are under the responsibility of BUs and Brands CFOs.
2. Qualitative information are collected via NORMA, dedicated to qualitative information describing action plan and initiatives. Information collection and control are under the responsibility of BUs and Brands Heads of HR.

The Groupe CSR Department is responsible for CSR Reporting, under the Groupe CEO authority and in cooperation with the Groupe CFO and Brands CFOs, and the Groupe Secretary General and Brands Heads of HR.

Business units are responsible for local CSR Reporting. The FMC teams ensures that Business Units apply and improve the CSR Reporting.

External auditors verify data & information collection process at the Business Unit level and control consolidated data & information at the Groupe level. They run checks at two levels: 1) accuracy with CSR mandatory requirements; 2) alignment with international CSR framework.

## Who?

Brand & Business Unit CEOs, Groupe CSR Department

## IV. The Publicis way to take care of our people

*Nous croyons en l'Homme* – Publicis believes in Mankind. Our talents are our most precious asset and they lay the foundation of business future. They must be chosen for their personalities, their ethics and professional qualities without any exclusion, preferential treatment or discrimination.
As a fulfilling environment, Publicis abides by three rules:

- Commitment to work environment.
- Commitment to personal development.
- Commitment to solidarity.

This chapter will detail the way we take care of our people:

1. HR – General Policies
2. Specific Standards for Brand Heads of HR
3. Employee Contracts
4. Compensation
5. Bonus plans
6. Recruitment
7. Termination
8. Freelancers
9. Travel
10. Mobility
11. Expense Claims and Use of Corporate Credit Cards
12. Harassment and Workplace Violence

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way to take care of our people**<br>**HR - General Policies** | PUBLICIS GROUPE<br>**IV.1** |

## Why ?

We claim that our people are our most valuable asset. These procedures are meant to protect them, to treat them with respect and also with responsibility. They also owe us to behave with respect towards their colleagues, the Brands, our assets, our clients and their brands.

## For whom ?

All business units and Brands and all Groupe employees, whether full or part time.

## What ?

- Publicis Groupe is an equal opportunities employer and does not discriminate by reason of age, gender, race, sexual orientation, nationality, religion or disability or any other difference.
- Personal details about each employee must and will be treated with the utmost confidentiality.
- No employee should receive any advantage or be disadvantaged due to personal relationships or family relations with another person in the Groupe.
- Any complaints or issues raised by staff members in relation to the workplace, be it health and safety, sexual discrimination and/or harassment by staff, clients or suppliers, equal opportunities, unfair dismissal or any other type of work related issue must be immediately advised to a senior manager in their Business Unit of employment. Meetings on such matters with the staff members must be conducted in a fair and professional manner following the correct procedure (with two people present and documented where appropriate). The legal aspects of such procedures will have to be adapted to local legal rules.
- All local applicable legal and union agreements in relation to employment must be complied with, such as those concerning prohibition on employment of child workers, minimum wage and smoking in the workplace.
- Every member of staff must dedicate all of his/her time within working hours to the company, apart from exceptions which must be expressly agreed to by the Business Unit CEO. These exceptions may include teaching activities, military service as a reservist and taking part in work undertaken in professional, inter-professional or humanitarian organizations.

All Business Unit and Brand human resources rules and procedures must, as a minimum, incorporate Groupe human resources policies.

## Who ?

Business Unit CEOs are responsible for compliance with this policy with the assistance of Brand Heads of Human Resources.

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way to take care of our people**<br>**Specific Standards for Brand Heads of HR** | PUBLICIS GROUPE<br>**IV.2** |

## Why?

HR functions are paramount in our industry. Groupe policies must be applied in our world with multiple brands and offices. Brand's Head of Human Resources report to both Brand CEOs (solid line) and Groupe General Secretary (dotted line).

## For whom?

The Groupe General Secretary, the Brand CEOs and the Brand Heads of Human Resources.

## What?

Brand Heads of HR are expected to work closely with Brand CEOs and the Brand leadership team to design and roll-out a HR and Talent strategy, including a competitive recruitment strategy and an efficient talent management program (annual appraisals, training…) aiming at attracting and retaining key talent. They are responsible for defining a compensation policy in accordance with Group principles and for establishing robust HR processes in all markets. They are expected to partner with Brands CEOs and CFOs to support the brand financial performance.

- Brand Heads of Human Resources must keep the Groupe General Secretary aware of all matters of significance related to key executives and Groupe HR policies,
- They participate in regular HR meetings organized by the Group general secretary.
- They are responsible for ensuring compliance with Group HR standards and policies and for requesting the necessary authorizations and approvals as provided in Janus. Appointment, transfer, removal, salary package and subsequent adjustment, annual bonus and performance evaluation of Brand Heads of Human Resources must be agreed with the Groupe General Secretary. They are expected to implement Group tools, systems and programs when required.

## Who?

Groupe General Secretary, Brand CEOs and Brand Heads of Human Resources.

# Employee Contracts

## Why ?

We want our employees to receive a contract that respects local law and protects in a fair way both the Groupe and our employees.

## For whom ?

All business units and Brands and covers all Groupe employees.

## What ?

All Key Executives and employees of Groupe Business Units are required to have signed contracts, or "terms of employment", with their employer Business Unit. Signed employment offer letters are the strict minimum form of documentation permissible.
Employee contracts must not create any tax risks for the Business Unit or the Groupe.

**All Employees**

The content of the contract is defined at the Business Unit Level, in accordance with applicable regulations and legislation in the country of employment. Employee contracts (or "terms of employment") must however, as a minimum, include on top of the terms, conditions and role of the employee:

- confidentiality requirements in respect of client information,
- an obligation to fully comply with Janus,
- full details of remuneration of all kinds,
- non-compete and non-solicitation clauses appropriate to the position occupied by the employee.

**Additional requirements for Key Executives contracts:**

The entire compensation package for key executives must be approved by the Groupe General Secretary.

- termination terms (which should be limited to local legal entitlements unless the Brand CEO and the Groupe General Secretary approve otherwise),
- copyright and intellectual property rights clauses,
- agreement to disclose any existing or future conflict of interest in writing to the Brand CEO and the Groupe General Secretary (see VI.6 – Conflict of interests),
- agreement not to hold Board membership of any other enterprise (apart from political, religious and charitable enterprises) without the written authorization of the Brand CEO and the Groupe General Secretary,
- comprehensive non-compete and non-solicitation clauses restricting working on, or for, Publicis Groupe clients' business for a reasonable period after termination without the prior signed approval of the Business Unit (or Brand) CEO,
- Very specific details of all forms of remuneration (using the "total cost to company" approach).

## Employee Contracts

- Contracts or employment offer letters for Key Executives, and all changes thereto, must receive the prior approval of the Brand CFO, the Brand Head of Human Resources and the Groupe General Secretary.

**General matters**

- No terms of employment or contracts of employment shall have automatic salary increases or permanent guaranteed bonuses, except where provided for by local law,
- No terms of employment should refer to any currency other than local currency
- Employee contracts must not include any commitment to appoint the employee to a board of directors or to pay him a director's fee as opposed to a salary
- Business Units must not enter into service contracts with consulting companies owned by employees

Any exception to these rules must be approved by the Groupe General Secretary.

Any compensation by way of a sign-on bonus or similar upfront payment is not Groupe policy. In the event that such payments are deemed necessary, any proposed payment that exceeds Euro 50,000 must receive the prior approval of the Brand CFO, the Brand Head of Human Resources and the Groupe General Secretary.

### Who ?

Business Unit CEOs, Brand Heads of Human Resources

## Why ?

The compensation of our talents must be attractive, fair and competitive at each country and sector level. It is also our task to make sure disparity does not exist at a country level for the same kind of position.

## For whom ?

All Groupe employees, whether full or part time in all business units and brands..

## What ?

All employees are entitled to a regular performance evaluation (at least annually). Such evaluations should be clearly documented and should include elements such as the employees aspirations, need for training and potential for career paths. Employees who have not been evaluated should report the fact to HR Director who will make sure they are regularly and fairly evaluated.

Every salary increase must be approved in writing by the Business Unit CEO, on the basis of proposals by the Business Units' Head of Human Resources and the Business Unit CFO

For Key Executives, salary reviews should be conducted every two years and such reviews must take the individual's performance evaluation into account.

The Brand CFO, the Brand Head of Human Resources and the Groupe General Secretary have to give prior authorization for :

- Any change in the compensation package of Key Executives,
- All base salaries, and increases in base salary, of other employees where such salaries exceed Euro 250,000, and
- Salary increases of more than Euro 100,000 for any other employee
- Salary increases of less than Euro 100,000 for Business Unit CEOs who are not Key Executives must be authorized by the Brand CFO and the Brand Head of HR.

A key principle is compensation equality. It means that people should be compensated for their talent, their contribution and merits, irrespective of any other consideration (gender, etc.)

**<u>Non-salary compensation</u>**

Non-salary compensation includes all benefits and entitlements such as health benefits, company cars, pensions, etc. The approval process for non-salary compensation is identical to that set out for Contractual or Individual bonuses (the Brand CEO and the Groupe General Secretary must approve non-salary compensation for Key Executives, etc.). Employee contracts must comply with the Groupe car policy when relevant.

**Loans to employees**

- As a general policy no loans should be made to employees. Loans should thus only be made in exceptional circumstances and require the following approvals:

| Loan in excess of: | Approval required |
|---|---|
| Euro 1,000 | Brand CFO |
| Euro 100,000 | Brand CFO, Brand Head of Human Resources, Groupe General Secretary and Groupe CFO |

The above thresholds do not apply to key executives – **all** loans to key executives require the written approval of the Groupe General Secretary.
For all loans to employees, Business Unit CFOs are responsible for preparing a loan contract, stating how and when the loan will be reimbursed. Business Unit CFOs are also responsible for any local tax and legal implications in their markets.

## Who ?

Brand and Business Unit CEOs, Brand CFOs, Brand Heads of HR, Groupe General Secretary .

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to take care of our people**

PUBLICIS GROUPE

IV.5

# Bonus Plans

## Why ?

The incentives and fair share of success for our talents must also be attractive. The Brand bonus pool is designed to reward success with regards to financial commitment.

## For whom ?

All Groupe employees.

## What ?

**Bonuses**

Business Units' and Brands' Bonuses must be approved as part of the Commitment procedure and must be included in the Annual Commitment. Performance evaluation takes into account the Business Unit's or Brand's audited HFM™ Financial Reporting to the Groupe.

**Approval Procedure for Brand Bonuses**

The Brand Bonus pools should fund all bonus payments within the Brand.
For Brand Bonuses a three-step process is followed:

- the method for calculating the bonus is defined by the Groupe,
- the total bonus is calculated by the Brand on the basis of this method and the Brand's annual performance and submitted to the Groupe General Secretary and the Groupe CFO, and
- lastly the proposed individual breakdown is submitted to the Groupe General Secretary, who must judge the overall fairness of the allocation, for approval.

All aspects of Bonuses under Brand Bonus Pools must be approved by the Brand CEO and Brand CFO before submission to Groupe headquarters for approval.

**Approval Procedure for Contractual or Individual Bonuses**

All annual individual bonuses must be authorized in writing by the persons indicated below:

| Category of Employee | Approval procedure for bonuses |
|---|---|
| Key Executives | Brand CEO & Groupe General Secretary |
| Other employees: | |
| - Bonuses less than Euro 15,000 | Business Unit CEO |
| - Bonuses greater than Euro 15,000 | Brand CEO |
| - Bonuses greater than Euro 15,000 in aggregate for a Business Unit | Brand CEO |

All bonuses (whether granted as part of Brand Bonus pools or as contractual or individual bonuses) must obligatorily be accrued for in the Groupe financial reporting of the year to which they relate, otherwise they will not be paid. It is prohibited for Clients/Suppliers to give any compensation in any form (i.e. bonus) to the Groupe's employees (see II.8 – Anti-Bribery & Anti-Corruption policy).

**<u>Treatment of salary increases and bonuses in the payroll system</u>**

Business Units must ensure that they have controls to ensure that all alterations to salary payments (increases, bonuses, alterations to entitlements or packages, additions or deletions) are correctly authorized by the relevant manager as defined above prior to payment. These controls must be operated by employees with no responsibility for determination and payment of payroll.
Reconciliations between payroll and general ledger accounts must be performed monthly.

## Who?

Brand and Business Unit CEOs Brand CFOs, Groupe General Secretary .

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way to take care of our people**<br>**Recruitment** | PUBLICIS GROUPE<br>**IV.6** |

### Why ?
We want to attract and recruit the best talents.

### For whom ?
All business units and Brands and all Groupe employees, whether full or part time.

### What ?
1. We should first and foremost offer the open positions to our internal talents at Groupe level. To that end, we should use our internal tools.

2. We should offer jobs to external candidates when we cannot cover them with internal talents. We should use social networks, professional networks, specific job boards, rather than head hunters or recruitment firms.

3. When we cannot avoid using a recruitment firm, the business unit must ensure the following:
   - The use of recruitment firms with which Procurement has negotiated is compulsory for all support function (finance, HR, legal…) and strongly recommended in other cases ;
   - Any use of recruitment firms must be authorized by the Business Unit CFO and Business Unit HR if applicable or informed to Brand Head of Human Resources.
   - No use of recruitment firm can be authorized unless for a senior position.
   - Recruitment firms, where authorized, should be on a contingency basis/success based fees only, except in the case where the required skillset is specialist and unusual in nature

**Avoiding conflicts of interest**
While recruiting the best people, we must ensure that we prevent any conflicts of interest arising and must not:

- recruit employees from any Publicis Groupe client without the prior written approval of the CEO at the lead Groupe Business Unit of that client (who must also ensure that the client agrees),
- recruit employees to work on a Publicis Groupe client account from either one of that client's competitors or from a non-Groupe agency which already works for that client (or its competitors) unless the client agrees, and
- recruit spouses or close family members of current Groupe employees without the Brand CEO's prior approval. Recruitment of spouses or family members of executives of a Groupe client must follow a similar procedure as for recruitment of client employees themselves.

# Recruitment

Within our Groupe family spirit must prevail and, for example:

- recruitment of former employees of another Groupe Business Unit or Brand must not occur without a prior discussion with the other Groupe Business Unit's or Brand's management. If the former employee was dismissed, or if he received a severance payment, the written agreement of his former Brand CEO and Brand Head of Human Resources is required,
- intra-Groupe mobility is encouraged, however all transfers take place in a transparent family manner:
    - actively poaching staff from other Groupe Business Units (using headhunters for example) is not family.
    - intercompany transfers/promotions must be cleared in advance by the CEOs of both Business Units involved before contracts are signed (or, if they cannot agree, by the respective Brand CEOs).

**Specific approvals**

For the following individuals specific approvals must be obtained:

- for Key Executives, the entire compensation package must be approved by the Groupe General Secretary.
- recruitments to, and promotions to, Brand Executive Committees, the P12 and Groupe Officer positions must be cleared in advance by the Groupe Chairman & CEO,
- recruitment, promotion, or termination of certain Brand financial executives (Brand CFOs and their main "reports") must be cleared in advance by the Groupe CFO.
- recruitment, promotion, or termination of certain Brand HR executives (Brand Heads of HR and their main "reports") must be cleared in advance by the Groupe General Secretary.

## Who ?

Business Unit and Brand CEOs and Brand Heads of Human Resources.

| | | | |
|---|---|---|---|
| Approved by the Chairman & CEO<br><br>Maurice Lévy | | **The Publicis way to take care of our people**<br><br>**Termination** | PUBLICIS GROUPE<br>**IV.7** |

### Why ?

Sometimes we need for various professional reasons to ask people to leave the company. The procedure is meant to protect the company against risks and to act with human respect.

### For whom ?

All business units and Brands and all Groupe employees, whether full or part time.

### What ?

Difficulties, dissatisfaction, wrong doings and bad behavior must be documented all along. Our talents must know in advance when they are not working according to the rules or minimum level of satisfaction. They must be warned of the risks if they do not correct their behavior or quality of service.

- Dismissal of an employee must be undertaken in accordance with the legislation and employment regulations of the country in which the Business Unit operates,
- Dismissals should be conducted with compassion and professionalism,
- Business Units should ensure that there are always two people in the room representing the Business Unit during dismissal and related meetings and that full notes are taken in order to ensure that the content of such discussions can be supported in the event of any subsequent legal dispute,
- The employee should be allowed the option of having another person in the meeting to advise or counsel them when terminations are being undertaken,
- No employee may have his/her employment terminated by reason of age, gender, nationality, religion, sexual orientation or race (exception being applicable retirement age as defined by local laws and/or employment regulations),
- All termination payments for Key Executives must be authorized in writing by the Brand CFO, the Brand Head of Human Resources and the Groupe General Secretary,
- No contract or agreement should include change of control clauses.

## How ?

The different approvals required are summarized below:

| No. of persons | > Euro 100,000 | > Euro 300,000 | > Euro 1,500,000 |
|---|---|---|---|
| 1 person | Brand CFO and Brand Head of HR and Groupe General Secretary | Groupe General Secretary, Groupe CFO simultaneously | N/A |
| More than 1 person | Brand CFO and CEO under V.5 | Groupe CFO under V.5 | Groupe CEO and CFO |
| 1 or more persons > Euro 100,000 and restructuring plan > Euro 300,000 * | N/A | Groupe General Secretary, Groupe CFO simultaneously | Groupe General Secretary, Groupe CFO and Groupe CEO simultaneously |

* Example: 10 employees including one employee with severance of Euro 200,000, total plan Euro 700,000.

Terminations payments under a restructuring plan are also subject to rules in V.5.

Business Unit and Brand CFOs must ensure that costs of termination are correctly accounted for in the specific HFM™ accounts allocated for this purpose.

For employees previously transferred between Business Units, with a termination cost greater than Euro 150,000 and only up to 24 months after the date of transfer:

- Termination costs up to Euro 100,000 are borne by the current employer,
- the portion of termination costs in excess of Euro 100,000 is borne by each Business Unit in proportion to the period of employment.

Terminations in respect of Brand Executive Committee members, P12 members and Groupe officers must be cleared in advance by the Groupe Chairman & CEO and the Groupe General Secretary.

## Who ?

Business Unit CEOs, Brand Heads of Human Resources.

| Approved by the Chairman & CEO<br>Maurice Lévy | The Publicis way to take care of our people<br><br>**Freelancers** | PUBLICIS GROUPE<br>IV.8 |
|---|---|---|

### Why ?

We need to work with freelancers. We must respect them and their work and, at the same time, we must protect us by respecting rules and procedures.

### For whom ?

All business units and Brands.

### What ?

1. The use of freelancers must be in last resort. We must use our talents productively.
2. We must use our internal talents beyond the business unit, the brand, to the benefit of the extended Groupe.
3. If we absolutely need to use freelancers, some basic rules must be followed:
   - Freelancers must be used on a sporadic approach for a limited time or task. Anything that would give the impression that the job is permanent is forbidden as it creates serious social, legal and tax risks.
   - Freelancers are outside suppliers used for a limited period of time and cannot act on behalf of the business unit.
   - Freelancers must have an appropriate freelance contract reviewed by the legal department. Freelancers must be hired only for a specific task, mission on a temporary basis and there must be a period of vacancy of at least 3 months between each mission. They should not receive specific employee attributes such as company car, company e-mail…
   - No individual will have a double status as employee and freelancer (notably, no CEO nor CFO nor individual with administrative function can be freelancer).
   - No freelancer will have a delegation of power to represent the Business Unit or the Brand or a power to sign legal documentation on behalf of the Business Unit or of the Brand.
   - Freelancers must be given a complete understanding of the requirements for protection and disclosure of information as per the client contract and sign any appropriate non-disclosure either from the Groupe or from the clients.
   - Business Unit CFOs and Business Unit HR are both responsible to analyze and review together, on a case by case basis, the roles, contracts and status of freelancers and identify if they need to use freelancers or hire permanent employees. .

If there is a situation where it could be considered that a freelancer is acting as an employee, this must be shared immediately and simultaneously with Brand HR, Brand CFO, and the Groupe Tax Director in order to find the appropriate solution. In case the freelancer should be converted into an employee, the compensation package will have to be carefully reviewed by Business Unit HR and CFO and there should not be any automatic gross up of the compensation. Contracts must be aligned with the operating procedures set for employment contracts (see IV.3).

### Who ?

Business Unit CEOs, Business Unit CFOs and Business Unit HR.

# Travel

## Why ?
In a company of our size, with so many different brands, we need rules to protect our employees when they travel and harmonize travel conditions.

## For whom ?
All business units and Brands.

## What ?
American Express Business Travel (AEBT) is the mandatory Global Travel Management Company of the Groupe. Any general question regarding this partner should be addressed to Global Procurement Team.
All travel booked through AmEx (AEBT) and paid by the company must be for business purposes only.
The current geopolitical situation or health issues lead us to ban some destinations on a temporary basis. Please check the list before traveling. It is for the safety and security of our employees.
For business continuity purposes no more than three Key Executives can travel together on the same plane at any time. In addition no more than one P12 member shall travel on the same plane at any time, and there shall be no more than 10 employees of the Groupe on the same plane.
Economy Class must be purchased unless flights are for more than 4 hours. First Class air travel should never be purchased
Business Units may apply stricter policies.
Hotels must be booked below the cap rate set per market, a list of which are available from Global Procurement team.
Any request for travel must receive positive email or electronic approval from the employees named supervisor and there must be no travel advances, nor Per diems
(Per Diems are set amounts per day for people whilst traveling that receipts are not required for) unless required under local legislation.

Exception to these rules (requested by a client, for example), may only be accepted with the authorization of the Groupe General Secretary.

## Who ?
Brand CEOs and business unit CEOs.

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br><br>Maurice Lévy | **The Publicis way to take care of our people**<br><br>**Mobility** | PUBLICIS GROUPE<br>**IV.10** |

### Why ?

The complexity of managing a globally mobile workforce in the context of dynamic immigration and tax environment make it impossible to define a single mobility policy for all Business Units and Brands. The Groupe's objective is to ensure compliance with immigration, tax, social security, and employment regulations in all jurisdictions in which all Business Units and Brands conduct business.
We need to help best talents to move in order either to grow their experience or to develop skills in a different entity, different country.

### For whom ?

All business units and Brands and all Groupe employees, whether full or part time.

### What ?

All Groupe Brands and Business Units and their employees must:

- comply with all legislation and regulations in the countries in which they conduct business;
- follow these rules and procedures to protect the Groupe's valuable reputation;
- prevent exposing the Groupe, the local management and its employees to prosecution and fines due to noncompliance.

Regarding destinations, same restrictions apply to this policy as to the Travel policy (see IV.9).

In order to determine in advance any immigration requirements and whether the intended cross border travel will subject the Groupe to any immigration, legal, social security, personal or corporate tax compliance or exposure, as part of the travel initiation process, employees must provide Brand HR information about the planned travel.
Brand HR will then contact the host country Shared Service Center that will be in charge of assessing the ability to meet immigration requirements and to determine compliance requirements, risks and costs.

In cases where the cross border travel is to a country where the Business Unit or Brand does not have an established entity/branch, Brand HR will conduct a more comprehensive risk/reward assessment of the travel or project. In such cases, additional information may be requested.

### Who ?

Brand CEOs and Business Unit CEOs and all Key Executives are responsible for complying with this policy.

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to take care of our people**

# Expense Claims and Use of Corporate Credit Cards

PUBLICIS GROUPE

**IV.11**

## Why ?

We must make sure that expenses are rigorously claimed and justified.

## For whom ?

All Business Units and Brands.

## What ?

**Expense claims**

Expense claims must be approved by the employee's immediate superior in writing or through an electronic Travel & Expense tool where applicable. A Business Unit CFO or Brand CFO should authorize Key Executives' expenses.

Airline flights and rail trips must be purchased through American Express, the Groupe's global travel management company. All other expenses, including hotels, rental cars, etc, must be initially paid directly by the employee and reimbursed, following approval.

Appropriate receipts and documentation (sufficient for the purposes of local tax legislation) should be attached to expense claims permitting their control by in-house finance staff and, potentially, Groupe Internal Audit (for items where receipts are unavailable such as tips, a reasonable allowance will be undertaken).

Submission of falsified expense claims or charging a Groupe Business Unit for personal expenditure will lead to dismissal of employees. Global Procurement maintains the list of items allowed / not allowed for reimbursement, which is available to all.

**Use of corporate credit cards**

The Groupe has contracted with American Express Corporate Card (AMEX) which is the sole corporate credit card provider for all Groupe Business UnitsBusiness Unit CFOs must ensure that Business Unit personnel incurring significant travel expenses use this corporate credit card program.

Under Groupe rules, a corporate credit card is an individual liability credit card held by a Groupe employee, sponsored by a Groupe Business Unit that debits directly on the employee's personal bank account or, in any case, is paid directly by the employee to AMEX. It is strictly prohibited to open a corporate card for an individual who is not a permanent employee of the Groupe.

This program is for the sole use of the employee to which they are issued and may only be used for business expenses.

Business Units and Brands are formally prohibited from physically issuing any other form of corporate credit cards, i.e., those which debit directly on a Groupe bank account without the express written authorization of the Groupe CFO.

Any exception to this rule (Meeting Card, Purchasing card, Business Unit working for a competitor of AMEX) must be requested via the Global Procurement Team and must be approved by the Groupe CFO.

## Who ?

Business Unit CFOs with support from the SSC Procurement department if necessary.

# Harassment & Workplace Violence

## What?

We want all our operations to be the best place to work in. We must create a safe environment to avoid situations that can lead to harassment and workplace violence. We will strictly punish such behaviors.

## For whom?

All employees

## What?

**Harassment**

Publicis Groupe strictly prohibits any abusive, harassing or offensive conduct, whether verbal, physical or visual. Examples include comments based on gender, racial or ethnic characteristics and sexual advances.

Publicis Groupe forbids all forms of harassment whether the harasser is a supervisor, co-worker, consultant, vendor, client or other third party with a business relationship with a Business Unit. We ask all our people and partners to comply with those strict rules.

When presenting a complaint of harassment, employees should promptly contact their local HR department, the Legal department or their immediate supervisor. If they are not comfortable in doing so, they should contact the Groupe General Secretary. Prompt investigation of any report will be performed and prompt remedial action will result from any complaint if the investigation reveals that the complaint has merit. Business Units should set any additional specific rules in relation to harassment that are required in order to comply with local legislation or regulations.

**Workplace Violence**

Every employee, notably of Business Unit CEOs and HR Directors, must help identify situations in which workplace violence, such as threats or acts of violence against employees and/or property, is occurring or might occur. In front of a situation where there is a potential for or likelihood of violence, Business Unit CEOs and HR Directors must take suitable precautions to eliminate or minimize risks in preparing to handle it.

Any person who threatens to commit or actually engages in a violent action on Groupe property will be removed from the premises as quickly as safety permits, and will remain off Groupe premises pending the outcome of an investigation into the incident.

## Who?

Business Unit CEOs and Brand CEOs, Brand Heads of Human Resources.

## V. The Publicis way for change

Publicis is a growth success story in an ever-changing environment. We must be flexible enough to seize opportunities going forward. At the same time, we must have strict rules to protect our organization, both from a financial and legal standpoint.

This chapter will detail the way we remain flexible and we change:

1. Merger & Acquisition
2. Changes to Groupe Legal Structure
3. Capital Expenditure
4. Disposal of Tangible Assets
5. Restructuring

Approved by the Chairman & CEO

Maurice Lévy

## The Publicis way for change

## Mergers & Acquisitions

PUBLICIS GROUPE

V.1

### Why ?

We want to have an efficient M&A process that enables us to seize interesting opportunities and successfully integrate them, while ensuring strategic consistency.

### For whom ?

This policy applies to all legal entities that are either wholly or majority controlled by the Groupe. This policy addresses all transactions that involve the acquisition, divestiture, restructuring, transfer or valuation of equity, revenue-generating assets, client portfolios, business goodwill or legally registered intangible assets.

It does not apply to transactions involving the equity of entities which are 100% owned by the Groupe.

### What ?

The M&A strategy is determined by the Groupe's strategy.

Whether targets are proposed by a Brand or brought to its attention by the Groupe, the Brand must ensure that the potential acquisition is in line with its strategic plan, its commitment and the Groupe's strategy.

No external adviser (including for the purpose of screening relevant markets) can be appointed for M&A purposes without the approval of the M&A Department.

It is expressly prohibited for Brand management to make any commitments (verbal or in writing) to the potential target or to sign any documents whatsoever (confidentiality agreement, term sheet, etc.) before receiving approval from the M&A Department.

In particular, No side letter or commitments other that those contained in the M&A Transaction are authorized. Any exception to this rule must be approved by the M&A department, the Brand CEO, the Brand CFO and the Groupe CEO.

Any issuance of side letters or commitments that has not been approved as required under this rule may lead to the dismissal of the issuer and possible legal action

### How ?

**Step 1 - Notification**

As soon as a Brand or Business Unit intends to carry out an M&A transaction, it must notify the Groupe M&A department irrespective of the size of the transaction or any other criteria. Notification should include the name, location and a brief overview of the planned integration plan of the potential target before any contact with the potential target.

**Step 2 - Preliminary Target Evaluation (or "Deal review memorandum")**

Once notification has occurred, the Brand prepares a Preliminary Target Evaluation ("PTE").
The PTE is a brief description of the potential deal, the target company's marketing discipline and expertise, its size in relation to the market, its key people, its key clients and potential client conflicts, basic financial data, valuation range and description of how it will be integrated into the Brand's service offering, including an estimate of integration costs.
The Brand must allow 10 working days for M&A Department review of the PTE.
The M&A Department must consult with the Groupe Chairman & CEO to obtain his initial view concerning the appropriateness of the target and viability of the integration plan.
If approved, a Deal Team, including the Brand CEO (or his representative), the Brand CFO and, in all cases, a member of the M&A Department, is formed to pursue the transaction.

**Step 3 - Initial Exchanges of Documents and Business Due Diligence**

In the majority of cases the target will require that some form of contractual document be signed before entering into discussions or allowing business due diligence to occur (depending on the deal this may be a Confidentiality agreement, a Non-disclosure agreement, a draft non-binding term sheet or any combination of these or similar documents).
All such documents must be reviewed and approved in detail by the M&A Department prior to signature. Brands should allow seven working days for the M&A Department's review.
The deal team should then carry out business due diligence. The information gathered will guide the structure of the transaction, including valuation.
At the end of the business due diligence the Deal Team should be in a position to prepare a draft Letter of Intent subject to the decision made in Step 4.

**Step 4 - Go/No Go decision by Groupe headquarters**

On the basis of discussions with management, the PTE and business due diligence the Deal Team prepares information to enable a "Go/No Go" decision to be taken by Groupe CEO.
No binding correspondence should be entered into with the target company prior to the "Go/No Go" decision. If a "Go" decision is taken, the Groupe M&A Department informs the Groupe CFO of the likely timing and amount of future funding requirements.

**Step 5 - Negotiations with the target company**

After the "Go" decision, the Deal Team and/or the M&A Department will drive discussion for structuring final deal terms with the target and will work with Tax Director to determine the intended tax structure of the deal. This process will generally lead to an agreed Letter of Intent subject to financial, tax, legal and human resources due diligence.

**Step 6 –Financial, Tax, Legal and Human Resources due diligence and contracts**

Appointment of accountants to perform due diligence is systematic and external legal advisers will also generally be appointed. Any external accountants are appointed by the Groupe CFO at the request of the M&A Department. Groupe General Counsel appoints and negotiates the fees of any external legal advisers. Human Resources are covered by Groupe HR with assistance of Legal Department and specific Advisors as necessary.

Deal terms and valuation will be reassessed by the M&A Department in liaison with the Deal Team in the light of due diligence findings. The M&A Department will co-ordinate drafting of all contractual documentation, in liaison with the Deal Team, engaging local legal counsel as necessary (in coordination with the Groupe General Counsel).
Purchase agreements in respect of majority shareholdings should include clauses in respect of the following matters:

- paying Publicis Groupe Advisory Service Fees and dividends at the level set by the Groupe,
- reserving the right to relocate agency to a new location (including shared Groupe offices),
- moving administrative activities to a Shared Service Center (including timing on a commercially reasonable efforts basis),
- obligation to use products and/or services provided through Groupe procurement (including the purchase of hardware and software and the booking of travel),
- moving to cash pooling as and when the Groupe considers appropriate and to the extent possible, and
- ensuring that previous external auditors resign and that one of the two audit firms who perform the Groupe's statutory audit (on the basis of a Publicis Groupe Audit Committee or Groupe CFO decision) is appointed. Also agreeing to the audit scope determined by the Groupe and paying any incremental fees that any increase in audit scope may entail.

Employment or service agreements required to retain sellers who are also employees and, to the extent possible, non-selling key personnel, should be signed in conjunction with signing of the Purchase Agreement. Such employment or service agreements should contain non-competition, client and staff non-solicitation and confidentiality covenants.

**Step 7 - Signature of Purchase Agreement**
Signature of Purchase Agreement takes place after all parties have approved the legal documentation.
The purchase agreement cannot be signed until the Acquisition Check List (Appendix 1) has been completed by the M&A department and has been reviewed by Groupe Finance and Groupe HR. The Acquisition Check List covers financial, treasury tax and HR due diligence matters. Should any other specific accounting or tax issues (i.e. finance lease, commitment to purchase, guarantees to third parties,) arise, it should be added to the Acquisition Check List. The Acquisition Check List must be validated by the Groupe CFO before the Groupe CEO is requested to approve the transaction. The M&A Transaction Form (template attached as Appendix 2) must be signed off by the Brand CEO and Brand CFO, the M&A Department, the Groupe CFO, the Groupe General Counsel and the Groupe Chairman & CEO. It must be communicated to Groupe Treasury to enable treasury to prepare payments to be made on closing and the Groupe Communication and Brand Communication Departments to prepare announcements.

In the specific instances of earnouts and buyouts, there is no requirement to sign an M&A transaction form. In such instances, only an "Earnout and buyout form" must be signed.

**Step 8 - Closing**
Once all conditional clauses identified in the Purchase Agreement have been resolved closing can take place. After closing, the M&A Department will coordinate the filing of all legal, tax and accounting documentation, the completion of HR transitions, PR announcements and internal communications. No changes can be made to contractual agreements after the closing without the agreement of all of the Groupe officers referred to in step 7 above.

**Step 9 – Completion Accounts, Actual Reporting, and Commitment**
It is the Brand's responsibility to ensure all information is given to Groupe Finance in order to validate the creation of the newly acquired entities in HFM™. The creation must happen in the month of acquisition or latest 1 month after the acquisition.

It is the Brand's responsibility to ensure that newly acquired companies are integrated in a smooth fashion promptly following the closing. This includes (a) ensuring that Janus and the post-closing actions contained in the Share Purchase Agreement are applied, (b) coordinating the transition to the relevant Shared Service Center(s), (c) ensuring a seamless IT migration and (d) exploring whether to move the newly acquired agency to rationalize the use of shared Groupe space.

The Opening Balance Sheet of the first month of reporting should be based on the Balance Sheet of the Completion Accounts in the opening Balance Sheet for the first month of reporting. Based on the Share Purchase Agreement, the M&A Department ensures that the Net Asset Value review is performed by an external Audit firm and conclusions shared with Groupe Finance as to amend the Opening Balance Sheet accordingly, if necessary.
All adjustments to the Opening Balance Sheet must be approved by Groupe Finance Department. This specifically includes Intangible Assets (Janus II.03.01) and Goodwill (Janus II.03.02) recognition.

The first Commitment submitted by newly acquired entity must be at least aligned with the business plan approved by the Brand at the time of the acquisition.

Where there are differences between the local general ledger and reporting in HFM, an action plan should be put in place by the Business Unit, in liaison with the SSC where applicable, to clear the differences asap.

**<u>On-Going Monitoring</u>**
The Brand CFO will provide the Groupe CFO and the M&A Department with financial information relating to the management of the agreement going forward (i.e., Earn-Out, Buy-Out, etc.).

In liaison with the Brand CFO, the M&A Department will perform the following work in relation to completed deals:

- monitor the terms of the agreement, in particular critical notice periods for Put/Call options,
- confirm financial indicators (EBIT, EBITDA) that will be used as the basis for determining contractual payment of a performance related nature (earnouts, etc.),
- calculate and coordinate payments for any amounts due to the target company under the contract, and
- Co-ordinate with the Groupe CFO in analyzing any financial exposure on Put obligations and future contingent liabilities and in accounting for off-balance sheet commitments.

Commitments to the target not incorporated in the purchase agreement (side letters, etc).

### Who ?

Brand CEOs and CFOs , Groupe M&A Department.

**Appendix 1**

# Acquisition Check List

**Specific topics to be reviewed by Groupe Finance before signature of the M&A Transaction Form**
**(in addition to the standard Financial and Tax Due Diligence scope of work)**

**Project Name:**

**Brand / Country:**

**Reference to attachmen**

## Financial Due Diligence

**Revenue Recognition – Gross vs Net** ☐ __

- Review of main contracts in order to understand if the target acts as an agent or as a principal
- Bridge from the Billings to the Net revenue as follow:
  - \+ Billings
  - \+ < Cost of billings>
  - \+ < Out of pocket expenses>
  - \+ < Sales tax >
  - = Net Revenue

**Presentation of the P&L using Publicis Groupe / IFRS Format from Revenue to Net Income** ☐ __

In particular Operating Margin (value and % of revenue) which is equal the Operating Income excluding:

- Amortization of intangibles arising from acquisitions
- Impairment charges
- Gains and losses realized on the disposal of assets

**Share Based Payment, if any** ☐ __
**Defined Benefit Plan, if any** ☐ __

## Business Plan

**Existence of detailed integration plan – Description and associated costs** ☐ __
**Validation of the integration plan by Brand management** ☐ __
**Post-acquisition Capex plan (to be included in the Business Plan)** ☐ __
**Business Plan reviewed by the Brand including systematically the cost of integration plan** ☐ __
**Current year forecast including post acquisition adjustments (integration costs, severance, savings…)** ☐ __
**Rationalization of the acquisition price for 100% based on business plan validated by Brand management** ☐ __
**Calculation of Internal Rate of Return** ☐ __

## Share Purchase Agreement and other agreement signed at the time of acquisition

**Review of EO and BO clauses, if any** ☐ __
**Review of EO and BO clauses fortreatment in Operating Income, if any** ☐ __
**Review of shareholders agreement if any** ☐ __
**Review of clauses relating to the control of the entity post acquisition (voting rights, board structure…)** ☐ __

## Tax

**Validation by the Groupe Tax Director relating to the following items:**
**The Publicis acquirer** ☐ __
**The acquisition structure** ☐ __
**The tax guarantees** ☐ __

## Treasury – Funding

**Decision on funding type: equity / loan (internal or external)/shares** ☐ __
**The financing structure** ☐ __

## Human Resources

**Signature of employment contracts (for sellers employed by the company)** ☐ __
**Existence of non-competition and non-solicitation clauses** ☐ __
**Signed contracts in place to retain key employees** ☐ __

**M&A Form**

PUBLICIS GROUPE

## M&A Transaction Form

**1 - General information**

**1.1 Name of target entity**
**1.2 Nature of transaction**
**1.3 Acquisition price (or equivalent) and percent acquired**
1.4 Equity value (acquisition price/percent acquired)
1.5 Enterprise/Firm value (Equity value + net debt)
1.6 Approximate cash outlay — **At closing** (KE): **Year N+1** (KE): **Year ..** (KE):
1.7 Brand
1.8 Deal team: Brand CEO
Brand CFO
Other Members
1.9 Group corporate entity acquiring or merging

**2 - Summary of performance of diligence prior to Group "go - no go" decision**

| | Deal Team Signature | Date |
|---|---|---|
| 2.1 The envisaged transaction is in accordance with the brand's M&A strategy as approved by the Publicis Groupe CEO. | | |
| 2.2 The deal team notified the Group M&A Director of its consideration of the target before commencement of any evaluation, discussions or due diligence. | | |
| 2.3 A Preliminary Target Evaluation (as described in PCP I.04.01) was provided to the Group M&A Director prior to entering into any confidentiality agreement with the target. | | |
| 2.4 Adequate business due diligence was performed. | | |
| 2.5 A Deal Review Memorandum (as described in PCP I.04.01) was provided to the Group M&A Director prior to entering into any commitments with the target. This deal review memorandum is attached hereto. | | |

**3 - Brief summary of deal success factors and potential risk areas**

| Key Success Factors for Deal | Key Risk Areas for Deal |
|---|---|
| List major items and likelihood | List major items and any mitigating factors |

**4 - Brief summary of Key Financial indicators**

| | Previous year (actual) | Current year (budget) | Next year (forecast) |
|---|---|---|---|
| Revenues (Hyperion line RV40T) | | | |
| Net income before tax (Hyperion line NI102T) | | | |
| Net income after tax (Hyperion line NI101T) | | | |
| Cash Flow from operating and investing activties (Hyperion totals TAD &TDD) | | | |
| Enterprise/Firm value expressed as a multiple of revenues | x | x | x |
| Equity value expressed as a multiple of net income before tax | x | x | x |
| Equity value expressed as a multiple of net income after tax | x | x | x |
| Enterprise/Firm value expressed as a multiple of cash flow | x | x | x |

**5 - Summary of performance of diligence prior to signature of purchase agreement**

| | Deal Team Signature | Date |
|---|---|---|
| 5.1 Written agreement of the M&A Director to proceed was obtained before opening of any negotiations with the target company. | | |
| 5.2 External legal counsel and auditors were chosen or approved by the M&A Director and other Corporate officers | | |
| 5.3 Full due diligence was completed prior to signature of the purchase agreement | | |

**6 - Confirmation of accounting treatment of earnouts / buyouts**

| | Compensation | Acquisition price |
|---|---|---|
| Do payments for continued presence to sellers/key managers represent compensation or acquisition price? | | |

Sign off of Group consolidation department on accounting treatment to be adopted

Group consolidation department manager

**7 - Confirmation of completion of required diligence before signature of purchase agreement**

We understand the above information and attached documents to be accurate to the best of our knowledge. We acknowledge responsibility for the deal's financial and strategic rationale and for future integration of the target into the Group, including measuring the deal's returns. We confirm that all above diligence was performed before signature of the purchase agreement.

Brand CEO Date:
Brand CFO Date:

Mergers & Acquisitions Department Date

Groupe Chairman & CEO Date

Groupe General Counsel Date

Groupe CFO Date

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way for change**<br>**Changes to Groupe Legal Structure** | PUBLICIS GROUPE<br>**V.2** |

### Why ?

We want to actively reduce the number of legal entities within the Groupe in order to reduce compliance costs, reduce risks and allow tax planning.

### For whom ?

All legal entities in the Groupe, including all Business Units and Brands.

It does not apply to acquisition of businesses from third parties or to the recapitalization of subsidiaries with net equity problems.

### What ?

Merger, liquidations or any other reduction in number of legal entities are actively encouraged by the Groupe policy. Hence, the Creation of new legal entities and the registration of new branches or representative offices of existing legal entities, in another country, or registration of any other form of permanent establishment, must only be realized in case of absolute necessity.

### How ?

Before creating such entity, Brand CEOs and CFOs must check with the local SSC if another solution, can be implemented, using a Groupe's already existing entity,

If not, Brand or Business Unit management must obtain prior approval for incorporation or establishment from the Groupe CFO and the Groupe General Counsel.

The approval request for any new legal entity/branch/representative office must include the business rationale for such a separate entity (explaining why the proposed activity cannot be carried out by an existing entity), the proposed business plan and pro-forma accounts for the first three years together. Additionally, the following information will be needed: country of incorporation, proposed name, principal place of business, business locations, capital structure, shareholders, capital contributions (cash, property, business), number of shares, par value per share and proposed directors and officers.
As the choice of the new entities' parent company has important tax implications, this decision must be made by the Groupe Tax Director
Once the creation of a new legal entity/branch/representative office granted, the Groupe General Counsel will instruct local counsel to create the entity or register the branch or representative office in coordination with the relevant Brand or Business Unit CFO.

Transfers of entities or revenue generating assets (goodwill, etc.) within the Groupe should be kept to a strict minimum, as Groupe Financial Reporting is completely independent of the Groupe legal structure. The prior approval of the Groupe Tax Director is required regarding the principle of the transaction, its price, the proposed legal structure, etc.

### Who ?

Brand and Business Unit CFO's.

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way for change**<br><br>**Capital Expenditure** | PUBLICIS GROUPE<br>V.3 |

## Why ?

We want to make sure that capital expenditures are tightly controlled and focused on projects that bring value to the Groupe.

## For whom ?

All Business Units and Brands.

## What ?

Capital expenditures must be tightly controlled and limited. As a general guideline, capital expenditure should be less than 1% of revenues and Business Unit's depreciation expense should decrease, or, at worst remain stable, as a percentage of revenues on a year-on-year basis.

- The Groupe should leverage its purchasing power as much as possible,
- This policy applies to all Business Units except startups in their first 3 years of operation.

It also applies to assets obtained under Finance leases (lease under which substantially all the risks and rewards of ownership are transferred to the lessee)

Specific additional rules and authorizations exist for IT Capex and leases.

## How ?

**Commitment process**

Capital expenditure is part of the annual Commitment process.
Business Units must submit capital expenditure budgets to the Groupe Finance department at the first Commitment submission. Such budgets must be structured by project and are subject to the same levels of control (Brand, Groupe, "Directoire", etc.) as other components of the annual Commitment. The breakdown by project must include a ranking as to the relative importance of each capex project and the payback on each investment.
The approval of capital expenditure budget does not constitute a green light to spend. It is a budget that authorizes to work on projects. Then each project must receive appropriate authorization.

**Approval procedure**

Before committing capital expenditure on a project in an amount greater than Euro 100,000, Business Units must obtain approval from:

- the Regional SSC IT Director for IT expenditure,
- the Head of Real Estate management in the SSC for Leasehold Improvement (LHI) expenditure,
- the Brand's CFO for expenditure of between Euro 100,000 and Euro 300,000,
- the Groupe Finance department for expenditure of more than Euro 300,000.

These approval thresholds may be reduced by the Groupe at any time.

This is obtained through completing and signing the "Capital Expenditure Approval Form" which requires details concerning:

- the Business Unit making the request,
- the value and type of expenditure envisaged,
- risk and success factors,
- any incremental cash flows expected, etc.

Business Units must allow 10 working days for the Groupe Finance department to review Capital Expenditure Approval Forms. Acceptance of the approval request must be in writing to be valid. Absence of a response within 10 days does not imply that the capital expenditure request is accepted.

Disaggregating large projects into several small projects in order to lower, or avoid, the level of approval required under the above policy will be viewed as serious misconduct.

The Groupe discourages recourse to equipment leases as they are generally more expensive over time than actually purchasing the equipment. Use of equipment leases to avoid this approval procedure (through their being designated operating leases and not finance leases) is inappropriate.

Lastly the Groupe reserves the right to freeze commitment of capital expenditure in all Business Units and Brands at its sole discretion in cases where results and cash generation are not delivered or reset approval thresholds at any point of the year.

### Who ?

Business Unit CFOs Brand CFOs.

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way for change**<br><br>**Disposal of Tangible Assets** | PUBLICIS GROUPE<br>V.4 |

## Why ?

We want to protect our financial interests by setting clear policy for disposing of tangible assets.

## For whom ?

All Business Units and Brands.

## What ?

**Disposal of real estate assets**

Any disposal of real estate belonging to the Groupe must be conducted by the Groupe Head of Real Estate and the Groupe CFO. No negotiations to dispose of real estate should start without the formal approval of the Groupe CEO.

**Disposal of other assets**

Approval of disposals or write-offs of other tangible assets:

- must be obtained from the Brand CFO for assets whose original book value was greater than Euro 100,000 and
- must be obtained from the Groupe CFO for assets whose original book value was greater than Euro 300,000.

## How ?

For real estate assets, in order to obtain approval Business Units should submit:

- details of the estimated selling price, and resultant pre-tax capital gains or losses for Groupe reporting purposes,
- details of any tax charges which will arise,
- costing for alternative rental expenditure (if the property asset housed Business Unit activities), and
- at least two valuations by reputable international estate agents.

## Who ?

Business Unit CFO / Brand CFO.

### Who ?
We want to minimize the risks that can derive from a restructuring operation by setting the right rules.

### For whom ?
All Business Units and Brands.

### What ?
A restructuring plan is defined as a plan involving a cost of more than Euro 100,000 in aggregate under which employees are made redundant by a Business Unit. If other restructuring costs such as vacant space and leasehold write-offs bring the aggregate cost to over Euro 100,000, the plan is also considered to be a restructuring plan.

### How ?
The Groupe has defined specific authorization and reporting procedures for restructuring plans.

**Preparation and authorization of an "R form"**
The Business Unit CFO must prepare and sign an "R form" (first page attached in Appendix 1) summarizing:

- key Business Unit data and details of the headcount, severance, vacant space and write-offs covered by the plan,
- the plan's costs, details of severance by employee, estimated savings and payback over a three-year period, distinguishing between cash and non-cash items. **Projects that are mainly comprised of severance of employees should have a payback period of less than one year**. Detailed breakdowns of the plan's costs must be provided. **As regards severance, a clear distinction must be made between the individual's contractual/legal entitlements and any amounts over and above such entitlements**. All relevant pages of the appendices must be completed and submitted at the same time as the R form,
- amounts proposed by the Business Units for severance should be validated in terms of country / Groupe practices with the SSC MDs, in countries where the SSC exists.
- approval of the "R form" must be in accordance with the order of signatures on the "R form":
- approval of the Brand CFO and Brand CEO is required for restructuring plans with a cost of more than Euro 100,000.
- approval of the Groupe General Secretary for individual severance amounts above Euro 100,000.
- approval of the Groupe CFO is required for restructuring plans with a one-time or annual cumulative cost of more than Euro 300,000.
- approval of the Groupe Chairman and CEO is required for restructuring plans with a cost of more than Euro 1,500,000.

Business Units must allow one month for the Groupe headquarters to review the R forms.
Once the "R form" has been approved, Groupe Management, Brand and Business Unit management are committed to delivering the plan and its associated savings and payback. Execution of the plan should take place latest one month after approval.
No announcement to individuals should be made before the R form has been approved by Groupe Management and/or Brand Management (depending on the order of signatures).

**Accounting treatment of restructuring**

Provisions for restructuring are only recognized in the normal course of business (i.e. purchase accounting on acquisition is no longer possible). All restructuring costs are taken as a charge in the P&L, impacting operating income.

A notice period, during which the employee works, should be reported in Salaries. Non worked notice period should be reported in severance costs (see also Janus II.02.04).

Provisions for restructuring should be recognized by Business Units only once the restructuring has been approved and, in the case of severance, announced to the individuals concerned.

## Who ?

Brand CFOs.

Appendix 1 (First page RForm):

PUBLICIS GROUPE

R

**Strictly Confidential**

## Project Summary and Financial Estimates

Person responsible: Phone number: E-mail:

Project name: ____________________ Start date: ____________________
Entity: ____________________ End date: ____________________
Country: ____________________

SUMMARY

| Project key indicators | | Total Project Costs (in € 000) | Cash impact | P&L costs |
|---|---|---|---|---|
| Reduction in square feet | 0 | | | |
| Number of locations closed | 0 | 0 | | |
| Headcount reduction | 0 | | 0 | 0 |
| *Currency:* *€000s* | *Tax rate:* 30% | Exchange rate: 1.0000 | | |

| Brief description: | Major risks, Timing consideration : |
|---|---|
| | |

FINANCIAL ESTIMATES

| | Year ... | Year ... | Year ... |
|---|---|---|---|
| **P&L** | | | |
| **Costs** | | | |
| Severance costs | 0 | 0 | 0 |
| Lease termination costs | | | |
| Write-offs | | | |
| Loss on assets disposal | | | |
| Other costs | | | |
| Integration costs | | | |
| **1- Total costs** | 0 | 0 | 0 |
| **Savings** | | | |
| Personnel costs | 0 | 0 | 0 |
| Agency expenses (incl. depreciation) | | | |
| Other savings | | | |
| Gain on assets disposal | | | |
| **2- Total savings** | 0 | 0 | 0 |
| **P&L impact before tax (2)-(1)** | 0 | 0 | 0 |
| **P&L impact after tax [(2)-(1)] x (1 - Tax rate)** | 0 | 0 | 0 |
| **Cumulative P&L impact after tax** | 0 | 0 | 0 |
| **Cash** | | | |
| **Cash spent** | | | |
| Severance costs | 0 | | |
| Lease costs | | | |
| Others LEAVE BALANCES | 0 | | |
| Other costs | | | |
| Integration costs | | | |
| New capital expenditures | | | |
| **3- Total cash spent** | 0 | 0 | 0 |
| **Cash savings** | | | |
| Personnel costs | 0 | 0 | 0 |
| Agency expenses | | | |
| Disposal of assets | | | |
| Other cash items tax | 0 | 0 | 0 |
| **4- Total cash savings** | 0 | 0 | 0 |
| **Cash impact (4) - (3)** | 0 | 0 | 0 |
| **Cumulative cash impact** | 0 | 0 | 0 |
| **Payback (months)** | #DIV/0! | | |
| **Net headcount evolution** | | | |
| 1- Gross Headcount reduction at agency (+) | 0 | | |
| 2- Transfer to other group agency (-) | | | |
| 3- Other agency impacts (+ or -) | 0 | | |
| 4- Cumulative group impact | 0 | 0 | 0 |
| **Average lay-off cost per employee** | #DIV/0! | | |

| | | | |
|---|---|---|---|
| Agency CFO | Date: | Brand CEO | Date: |
| Agency CEO | Date: | Group CFO | Date: |
| Brand CFO | Date: | Group CEO | Date: |

## VI. The Publicis way to protect our interests

This chapter will detail the way we remain flexible and we change:

1. Groupe Communications
2. Financial Communications & IR
3. Litigation
4. Confidential Information
5. Insider Trading
6. Conflict of Interests
7. External Audit Process
8. External Auditors Independence
9. Internal Audit Charter
10. Groupe Internal Control

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way to protect our interests**<br><br>**Groupe Communications** | PUBLICIS GROUPE<br>**VI.1** |

### Why?
As a communication company, we want to excel in our own external and internal communication and ensure consistency between the Groupe, Business Units and Brands

### Whom?
All Business Units and Brands.

### What?
**External Groupe Communications**

Strict and written coordination is essential on the following which must be cleared by the Groupe VP Communications prior to issuance:

- win or loss of a major client account,
- changes in Key Executives of Brands or Business Units,
- restructuring or reorganization,
- all merger & acquisition activity
- generally all sensitive information.

**External Communications by Business Units and Brands**

Business Units and Brands manage their own communications and must comply with the exclusions and authorizations set out above.

The only quantified data or figures relating to the Groupe that may be used are those appearing in Groupe publications.

Every piece of communication broadcasted by a Groupe entity must always conclude with a standard text stating membership of Publicis Groupe).

### Who?
Brand & Business Unit CEOs.

# Financial Communications & IR

## Why?

Financial communications are key. They have an impact on our stock valuation and the confidence of shareholders, investors and, generally speaking, the financial marketplace. We must have strict policies and behaviors to deliver honest, true and transparent communication. We need a strict control of what is said to the market.

## Whom?

All business units and Brands.

## What ?

Only the Groupe CEO and the Groupe CFO have the authority to publish overall Groupe financial, strategic and commercial information.

Relations with financial markets (brokerage firms, sell-side analysts, asset management funds, buy-side analysts) are exclusively handled by Groupe headquarters (senior management and Investor Relations department).

Business Units are not allowed to get involved in any relationship with financial markets unless required to do so by Groupe IR. Any question or request for information from financial markets must be directed to the Groupe Investor Relations department in Paris. Participation by ALL Groupe employees as a speaker in meetings, conferences, workshops, roundtables etc. sponsored by securities firms or asset management firms (brokerage, investment firms, etc.) must be first submitted to the Investor Relations Department for approval by e-mail.
This is a strict rule, including when the issue at stake has apparently nothing to do with stock.

Regarding the Groupe of its Business Units or Brands, the only public financial information available for disclosure is that contained in Groupe's press releases and the annual report. All these documents can be found on the Groupe website (www.publicisgroupe.com). Any disclosure going beyond this level of information is not permitted or requires the formal written approval of the Groupe Investor Relations department.

In particular Business Units and Brands are not allowed to disclose their own individual financial performance (billings, revenues, operating profit, net profit, cash performance, etc.) or to comment on any of these subjects. Specific exceptions may be granted by the Brand CEO or the Brand CFO in the case of new business pitches and in response to requests from existing clients (however confidentiality undertakings should be obtained from recipients of such information).
The content of any external presentation (conferences, workshops, etc.) must be submitted to the Groupe Investor Relations department prior to the event and cannot express Publicis Groupe opinion nor disseminate any financial information but be restricted to technical or business matters.

## Who?

Brand & Business Unit CEOs, Groupe Investor Relations department.

# Litigation

## Why ?

We want to protect the Group from legal risks and we therefore need to be informed of any pending or threatened litigation.

## For whom ?

All business units and Brands.

## How ?

The Groupe Tax Director follows tax litigations at Groupe level. The Groupe General Counsel follows all other litigations ('Non-tax').

**Tax Litigations and Tax Litigation reporting**

The Groupe Tax Director must be informed immediately of tax litigations (see VII.9 – Tax : Audits, Advisers, Planning and Provisions).
No Tax litigations can be commenced without approval from the Groupe Tax Director.
Each SSC (or Business Unit where SSCs do not exist) should prepare a tax litigation report twice a year for existing litigations, as of the dates of the Groupe's half year and full year results. Each report is to be submitted to the Country Tax Manager and to the Groupe Tax Director.
The Groupe Tax Director presents the Tax litigations to the Groupe Chairman and CEO and the Groupe CFO, as needed.

**Non-tax Litigation instigated by a Groupe Business Unit**

Lawsuits, arbitrations, or similar proceedings may not be instigated by any Business Unit without the prior authorization of the Business Unit CEO and CFO. For a lawsuit including claims, or legal fees, greater than Euro 100,000, the authorization of the Brand CEO and the Brand CFO must be obtained.
No lawsuits can be instigated against international clients or their subsidiaries without informing the WAD and obtaining the agreement of the Brand CEO and no lawsuit can be instigated against one of the Groupe's top 50 clients without the agreement of the Groupe CEO.
Authorization of the Groupe General Counsel is required if the lawsuit or proceeding concerns a client, a former client or a Key Executive or if it includes a claim for Euro 300,000 or more. If the commencement of such a lawsuit or proceeding is authorized and the amount claimed exceeds Euro 300,000, the Groupe CFO and General Counsel must be kept informed of the action, its cost and its outcome.

**Non-tax Litigation brought against the Groupe by a "third party" or an employee**

If a lawsuit, arbitration, governmental investigation or similar proceeding is brought against any Business Unit of the Groupe, or if any Key Executive becomes aware of facts or circumstances that may reasonably give rise to such actions, the Brand CEO and/or CFO must be informed prior to any action or response being made.
The Business Unit CEO and CFO must closely supervise such action and legal advice must be taken in all cases.

# Litigation

The Groupe General Counsel (and the Brand Lead Counsel, if any) must be informed immediately of any 'non-tax' lawsuit, arbitration or investigation taken against a Groupe Business Unit or Brand if the amount claimed is Euro 300,000 or more. The Groupe General Counsel may request further information or require that his authorization be given prior to any further steps being taken.

If the action involves in any manner a Publicis Groupe client or information related to a client, careful consideration must be given to ensure that the Groupe complies with its contractual obligations (if any) to inform the client prior to the release of sensitive information to the courts or into the public domain.

**'Non tax' Litigation reporting**

A litigation report should be prepared four times each year by each Business Unit and submitted to the Brand lead counsel (or if there is no Brand lead counsel, to the Brand CFO), with a copy to the Groupe General Counsel. The report should be prepared as of the dates of the Hard Close and final close of the Groupe's half year and full year results. The Brand lead counsel (or Brand CFO) should send a consolidated litigation report to the attention of the Groupe General Counsel.

The Groupe General Counsel submits a consolidated Groupe litigation report to the Groupe Chairman and CEO, to the Groupe CFO and to the Groupe General Secretary, among others.

## Who?

Business Unit CEOs and CFOs are responsible for compliance with this policy. The Brand Lead counsel (or Brand CFO) and the legal department of the SSC are responsible for the preparation of the Brand litigation report. The SSC is responsible for the preparation of the country Tax Litigation report or the Business Unit CFOs in markets where there is no SSC. The Groupe General Counsel is responsible for the oversight of all 'non-tax' lawsuits claiming an amount greater than Euro 300,000 and for the preparation of the Groupe litigation report for submission to the Groupe Chairman and CEO, to the Groupe CFO, and to the Groupe General Secretary.

The Groupe Tax Director is responsible for the oversight of all Tax litigations and for the presentation of Tax litigations to the Groupe Chairman and CEO and to the Groupe CFO.

Approved by the Chairman & CEO

Maurice Lévy

## The Publicis way to protect our interests

PUBLICIS GROUPE

VI.4

# Confidential Information

### Why?

We need to protect our clients' confidential information. Strict guidelines must be respected.

### Whom?

All employees

### What?

Key Executives and employees may have access to confidential information (i.e., that is not part of the public domain) about the Groupe, its business, its clients or its current/potential suppliers and partners

**Confidential information concerning the Groupe: please see section VI.5 on "Insider trading" and section VI.2 for "Financial Communications and Investor Relations".**

**Confidential information concerning clients, suppliers and business partners**

Key Executives and all Groupe employees must not, under any circumstance, use such confidential information in their own personal interest or disclose it.

Prior to authorizing any such disclosure of such confidential information, it is necessary to ensure that the client has authorized such disclosure in writing and that such disclosure does not result in the breach by the Groupe of any contractual obligations.

In a situation where applicable law requires the release of confidential information, it is critical, prior to the information being released, that the client, supplier or business partner be made aware of such a requirement to the extent permitted by law and that all contractual obligations in connection with such disclosure be complied with. Any issue regarding disclosure of confidential information should be reported to the Brand lead counsel or Groupe General Counsel.

When developing a campaign for a client, we have access to confidential information regarding the product, its brand, launch dates, commercial or marketing objectives, etc. No one in our organization has the right to disclose these pieces of information without the written authorization of the client. As it is customary in our business, campaigns are often supported by communication campaigns. We must be cautious and limit our comments to our work only.

### Who?

All employees. Brand and Business Unit CEOs are responsible for compliance.

| Approved by the Chairman & CEO<br><br>Maurice Lévy | **The Publicis way to protect our interests**<br><br>**Insider Trading** | PUBLICIS GROUPE<br>**VI.5** |
|---|---|---|

## Why?

Insider trading is sensitive and may lead to wrong use of information. Strict rules are below.

## For whom?

Any Groupe employee that could possess "inside"information

## What?

**General Principle:**

For a Publicis Groupe employee who possesses "inside information" (an insider), the disclosure of, use of or trade (directly or indirectly, for his own account or for the account of another) based on such information could result in disciplinary action by Publicis Groupe, as well as investigations by market regulators and law enforcement authorities in France and in other countries which could lead to prosecutions resulting in substantial fines and imprisonment.

**Inside information** is any information of a precise nature that has not been made public, relating directly or indirectly to one or more issuers of financial instruments, or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the market price of the securities of the company. Information concerning Publicis Groupe is deemed to be public when it has been widely disseminated to the public by means of a press release issued by Publicis Groupe and made available on its website.

**1) Rules applicable to all employees of the Groupe**

In compliance with applicable French laws and regulations, any employee of Publicis Groupe who possesses inside information concerning Publicis Groupe must refrain from:

a. buying or selling, for his/her own account or for the account of others, directly or indirectly, the shares or other securities of Publicis Groupe, as well as from exercising options to purchase or subscribe to the shares of Publicis Groupe;

b. disclosing such inside information to any other person;

c. recommending that another person buy or sell, for his own account or for the account of others, directly or indirectly, the shares (or other securities) of Publicis Groupe, or exercise stock options.

These obligations to refrain apply to all employees, their spouses and children, and anyone else living in their households and continue until the information is no longer inside information.

**2) Supplemental rules for employees on the lists of permanent or temporary insiders of Publicis Groupe**

Publicis Groupe is required to establish, update, and make available to the AMF upon demand, a list of insiders – that is, a list of persons working in or for the Groupe who have access to Publicis Groupe's confidential information.

The Legal Department of Publicis Groupe has established and updates lists of insiders having either permanent or temporary access to such information, as follows:

**a) Permanent Insiders:**

Permanent insiders are persons who have regular access, as a result of their positions, to inside information about Publicis Groupe. Permanent insiders are divided into two categories:

- Persons who carry out the central supervisory and management functions of the Groupe or its global brands or otherwise have regular access to inside information about Publicis Groupe such as:
    1. members of the Supervisory Board, of the Management Board, of the "Directoire+", of the "P12", of the SLT, of Groupe's central functions,
    2. members of Brands Executive Committees, Brand CEO's, Brand COO's, Brand CFO's, Brand Regional CEO's, Brand Regional COO's, Brand Regional CFO's, and
    3. CEO's and Managing Directors, CAO's and Country Treasurers of the Shared Service Centers and their respective teams.
- Third parties who have an ongoing relationship with the Publicis Groupe which gives them access to inside information.

**b) Temporary Insiders:**

Temporary insiders are employees of Publicis Groupe or third parties (lawyers, banks, etc.) with intermittent access to inside information regarding Publicis Groupe. They may not trade in the securities of Publicis Groupe as long as they possess such inside information.

**3) Preventive measures: black-out periods**

Publicis Groupe has decided to set black-out periods during which permanent insiders working at Publicis Groupe are prohibited from buying, selling and/or conducting any transactions with respect to the securities of Publicis Groupe as well as exercising any stock options.

The black-out periods are as follows:

- From January 1 until the day after the publication of the annual results for each fiscal year (generally in mid-February);
- From April 1 until the day after the publication of the results for the first quarter of each fiscal year (generally in the second half of April);

- From June 15 until the day after the publication of the results for the first half of each fiscal year (generally in mid-July);
- From October 1 until the day after the publication of the results for the third quarter of each fiscal year (generally in the second half of October).

The black-out periods apply only to insider trading (the prohibition against disclosing inside information remains applicable throughout the year). At any other time of the year, permanent insiders may trade in Publicis Groupe and exercise stock options and sell the underlying shares, provided they are not in possession of inside information.

### 4) Sales of Publicis Groupe shares granted free of charge

Free shares granted to employees of the Publicis Groupe who are not permanent insiders must not be sold during a period beginning 10 trading days prior to the publication of Publicis Groupe's consolidated financial statements and ending 3 trading days following this publication; **and** as from the date on which the Supervisory Board and/or the Management Board were made aware of inside information (for example, about a potential acquisition) and until the expiration of the 10 day trading period following the publication of such inside information.

Free shares granted to permanent insiders must not be sold during the period beginning on January 1 and ending 3 trading days following the publication of Publicis Groupe's year-end results, or the period beginning on June 15 and ending 3 days following the publication of Publicis Groupe's first half results (sales after the publication of first and third quarter revenues are subject to the black-out periods set out in section 3 above); **and** as from the date on which the Supervisory Board and/or the Management Board were made aware of inside information (for example, about a potential acquisition) and until the expiration of the 10 day trading period following the publication of such inside information.

| Black-out periods | Starting | Ending | Estimated Dates |
|---|---|---|---|
| **Permanent Insiders :** | January 1 | the day after FY results release | Jan. 1 - mid Feb. |
| - buy / sell shares (except for sale of | April 1 | the day after Q1 revenues release | Apr. 1 - 2nd half Apr. |
| free shares - see below) | June 15 | the day after H1 results release | June 15 - mid July |
| - stock options | October 1 | the day after Q3 revenues release | Oct. 1 - 2nd half Oct. |
| **Holders of Free Shares :** | | | |
| - permanent insiders | January 1 | 3 days after FY release | Jan. 1 - 2nd half Feb. |
| | April 1 | the day after Q1 revenues release | Apr. 1 - 2nd half Apr. |
| | June 15 | 3 days after H1 release | June 15 - end July |
| | October 1 | the day after Q3 revenues release | Oct. 1 - 2nd half Oct. |
| - others | 10 days bef. FY release | 3 days after FY release | end Jan. - 2nd half Feb. |
| | 10 days bef. H1 release | 3 days after H1 release | end June - end July |

## Who?

Each employee is responsible for compliance with this policy. Brand and Business Unit CEOs must take reasonable precautions to ensure that employees who report to them understand and comply with this policy.

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to protect our interests**

PUBLICIS GROUPE

VI.6

# Conflict of interests

## Why?

We want to prevent conflict of interests in connection with related party and related party transactions.

## For whom?

All employees

## What?

Conflict of interest is a very sensitive issue and must be avoided: all business units, Brands CEO's and CFO's and Brands Executives members, must declare annually any related party as part of their employment in the Groupe.

A party is considered to be related if at any time during the reporting period, one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions. A related party transaction is any transaction directly or indirectly (through an intermediary connection) involving any related party that would need to be disclosed. It corresponds to a transfer of resources or obligations between related parties, regardless of whether or not a price is charged.
Related party transactions are extremely sensitive from a Groupe perspective as they could lead to conflict of interests and potentially fraud.
We listed below some examples of related party transactions

- When an employee holds any interest including financial interest in any firm, supplier or client with which he deals in the course of his employment.
- When an employee or a member of his family receives personal benefits from third parties as a result of his position in the Groupe.
- When an employee enters into a procurement deal with a company in which the employee or one or more of his family's members, has a financial interest, a directorship or a senior executive position.
- When an employee simultaneously works for the Groupe and outside the Groupe.
- When a Business Unit's premises are owned by an employee, including managers or minority shareholders.

## How?

The declaration is under the responsibility of the Brand and is part of the management certification process by Business Unit and Brand CEOs and CFOs each year. A brand summary of all related party and related party transactions declared by executives should be attached to the brand management certification letter sent to the Groupe CFO and also communicated to the Groupe General Secretary.

## Who?

All business units CEO's and CFO's, Brands CEO's and CFO's.

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way to protect our interests**<br>**External Audit Process** | PUBLICIS GROUPE<br>**VI.7** |

## Why ?

We want external audit to obtain a true, independent and fair opinion on the Groupe financial statements and the relevant subsidiaries in accordance with applicable auditing standards.

## For whom ?

All legal entities controlled directly or indirectly by the Groupe and all Business Units and Brands. The policy is based on our Groupe rules except where local legislation is stricter.

## What ?

Information on all aspects of the entity's business and finances must be made available to the external auditors. Auditors will require timely assistance and reasonable working space.

All audit conclusions will be shared with local and Brand management as well as with the Groupe CFO and Groupe VP Internal Audit & Risk Management.

A letter of representation will be required to be completed and signed by the Business Unit CEO and CFO that states that all information supplied is accurate to the best of their knowledge, and that all material disclosures have been made to the external auditors.

## How ?

**Groupe auditors**

Two audit firms perform the Groupe audit, currently EY and Mazars. Allocation of one of these firms to a Groupe Business Unit is a Groupe decision made by the Groupe CFO with the approval of the Audit Committee. No other firm can be authorized to perform an audit unless specifically instructed by the Groupe CFO in consultation with the Groupe Audit Committee.
Newly acquired Business Units must replace their previous auditors with Groupe auditors at the time of closing of the acquisition.

**Services that cannot be provided to Business Units by the Groupe's auditors**

For regulatory, legal and governance reasons, provision of services by the Groupe auditors or members of their networks is subject to severe restrictions and prohibitions. These are set out in VI.8 – External Auditors independence.

**Audit scope – Groupe Financial Reporting**

Groupe Business Units are divided into five categories for audit purposes:

- Scope 1: Require a final audit and an interim of half-year audit of Groupe Financial Reporting.
- Scope 2 & 2Bis: Require a final audit only of Groupe Financial Reporting.
- Scope 3 : A legal requirement for a Statutory Audit only (No Groupe Financial Reporting audit)
- Scope 4: No requirement for Groupe Financial Reporting nor Statutory Audit.

# External Audit Process

**Audit scope – Statutory accounts**

Statutory audits are performed only where required by law and in such cases they should be completed at the same time as the Groupe reporting package for Scope 1 and Scope 2 & 2bis entities. CFOs concerned by this requirement must organize their teams to deal with this need.

**External Audit fees**

Groupe Finance in Paris agrees audit fees on an overall Groupe basis with the Groupe's external auditors. This process is managed in two steps:

- first, an overall Groupe fee is set (which includes audit for statutory and Groupe reporting). This overall fee is presented to the Audit Committee for advice and overall recommendation. The overall fee is approved by the Groupe Chairman and CEO,
- second, the fee is allocated to individual Business Units on the basis of the scope of their audit, any statutory requirements and prior year fees. These fees are notified to the Brand by the Groupe Finance department.

Audit fees for local statutory needs and for Groupe Reporting purposes are paid by the subsidiaries. Overruns should be highly exceptional. Prior to payment of any overrun, written approval must be obtained from the Groupe CFO, who must be informed of any such overrun no later than 31 May of the following financial year.
Any separate work (NB: whose provision by the Groupe's external auditors has been authorized by the Audit Committee in accordance with VI.8 – External Auditors Independence) is not covered by the Groupe audit agreements and must be negotiated locally at a reasonable price. The Groupe CFO must be informed of the financial conditions under which such services are rendered.
Any fee disputes should to be brought to the attention of the Groupe CFO without delay.

## Who ?

CFO of each Business Unit / legal entity.

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to protect our interests**

# External Auditors Independence

PUBLICIS GROUPE

**VI.8**

## Why?

We want to guarantee Groupe auditors's independence in order to avoid severe consequences for our financial situation.

## For whom?

All legal entities (Business Units, Brands, SSCs and holding companies). Group rules apply except where local legislation is stricter.

## What?

**General Rule:**

The external auditors must be independent and be seen to be independent.

**Audit Committee Approval is required for all Engagements:**

No one in the Groupe has the authority to approve the start of any engagement (no financial threshold) by either of the external audit firms without receiving prior specific approval from the Groupe CFO who must get approval from the Groupe Audit Committee.

**Big 4 Engagement**

Engagement of any 'Big 4' firm, in any capacity, requires prior approval by Groupe CFO.

**Contingent Fees**

The external auditors cannot provide the Groupe with any service or product for a contingent fee or commission.

**Employment and Business Relationships:**

No Groupe employee should enter into any kind of conversation with employees or partners of the external audit firms concerning the possibility (and must not even suggest the possibility) of future employment in the Groupe without obtaining the prior written agreement of the Groupe CFO and the Groupe General Secretary.

Where Publicis Business units sell services to either of the Groupe auditors, EY or Mazars, the transaction must be at arm's length with notification to the client service partner of the audit firm, the Groupe CFO and the Groupe auditors.

**Non-Audit Services**

Other than the performance of audit work for the Groupe, the external auditors are very strictly limited in the type of additional services they can perform for the Groupe. The following categories of services cannot be performed by the external auditors on behalf of the Groupe (subject to certain exceptions that only the Groupe CFO, who must get Groupe Audit Committee approval, may authorize): services related to the accounting records or financial statements of the Groupe, design and implementation of financial information systems, appraisal or valuation services, actuarial advisory services, internal auditing, management functions, Human resources services, tax planning, broker-dealer services, investment advisor or investment banking services, legal services, and expert services unrelated to the audit.

In addition, the external auditors are not permitted to provide tax advice or tax services related to employees or directors of Groupe companies.

# External Auditors Independence



**Financial Relationships**

The external audit firms, audit engagement team members and any partner or employee of the external audit firms, with supervisory authority over the audit (or who otherwise has significant interaction with the Groupe), or their immediate family members, cannot have any direct investment in the Groupe, such as stock, bonds, notes, options or other securities.

## Who?

Business Unit CEOs and CFOs
Groupe CFO

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to protect our interests**

PUBLICIS GROUPE

VI.9

# Internal Audit Charter

## Why?

We want to ensure that our operations are in accordance with best practices, that our accounting records reflect the underlying reality of operations and that all procedures are correctly applied.

## For whom?

All Groupe functions, Brands, Business Units, SSCs and all legal entities controlled directly or indirectly by the Groupe.

## What?

Internal Audit captures stakeholders' expectations and specifically those formulated by the Audit Committee of the Supervisory Board to which it periodically reports. Internal Audit performs audit assignments in accordance with the Groupe's annual internal audit plan as approved by the Audit Committee.

Internal audit assignments include among others:

- Assessment of the risk management processes and internal controls covering the Groupe's strategic risks as well as controls over financial reporting.
- General compliance assignments: evaluation of compliance with applicable laws and regulations as well as Janus, other internal rules and clients' and suppliers' contracts,
- Assessment of the information systems relevance, integrity, access, availability and infrastructure,
- Assessment of the effectiveness of the Groupe investments and expenditures,
- Monitoring of the Groupe's control environment effectiveness and
- Providing guidance to Business Units in case of client audits.

Publicis Groupe being listed on the French stock exchange, the Groupe Internal Audit activity is subject to compliance with French laws and market regulatory requirements.
The internal audit plan is risk based, dynamic and allows for changes that would be required following unexpected events or at the Groupe Management's request. Changes to the Audit plan are decided by the Groupe General Secretary. Those changes are properly supported and presented to the Audit Committee.

The Internal Audit independence is guaranteed through the direct reporting line that the Groupe General Secretary has to the Groupe CEO, with a functional reporting line to the Chairman of the Audit Committee.

# Internal Audit Charter

## How?

The Internal Audit department will (providing reasonable notice) inform Business Unit management (CEO and CFO), or other Groupe management with functional responsibilities as applicable, of its intention to review the operating procedures and financial information.

The Internal Audit department shall be granted:

- Unrestricted access to all functions, records, property, and personnel,
- Immediate, proactive and unrestricted access to information pertaining to risks or issues identified at any level of the Groupe and Brand management and functions.
- The necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the Groupe.

Requested delays in commencement of Internal Audit reviews require the written approval of either the Groupe CEO or the Groupe General Secretary. Any relevant information regarding potential identified risks concerning the audited Business unit or its environment (Brand, market…) should be proactively brought to the attention of Internal Audit. All Groupe, Brand and Business unit functions must make sure this rule is complied with.
In certain cases, such as fraud, the Groupe General Secretary could launch investigations without providing notice and without granting any delays.

Any fees that are paid for specialized services from outside the Groupe such as for forensic experts, will be charged to the Brand to which the Business unit is aligned to, unless otherwise decided by the Groupe General Secretary.

Internal Audit results are presented to the local management of the Business Unit or the function which was subject to the audit. These are presented during a closing meeting to which the presence of upper line management, such as regional or Brand CEO and CFO, is also required. Physical presence is the only attendance mode; no phone attendance will be accepted.

Audit issues raised will require a formal written response from the Business Unit CEO and CFO (or the equivalent depending on the structure which has been audited) within a 15-day period and should use the web-based tool (TeamCentral™) put in place by the Internal Audit Department to track remediation efforts.

All recommendations must be implemented within six months of the issuance of Internal Audit conclusions (unless otherwise agreed in writing with Internal Audit). All remediation efforts should be tracked within TeamCentral™ in a timely manner, where applicable. Any recommendation that is not implemented within the six-month period should be subject to thorough and formal explanation addressed to Groupe VP Internal Audit & Risk Management.

## Internal Audit Charter

Internal Audit results and conclusions are shared as deemed appropriate by the Groupe General Secretary with the management of the Business unit's or function(s) audited, the Groupe CEO, the Groupe CFO, and the Brand CFO and CEO.

The Groupe General Secretary and Brand CFO should be informed of any client audits as soon as the Business Unit is aware of them and must be copied on any reports received following such audits.

### Who?

Compliance with this policy is the responsibility of Groupe functions, Business Units and Brand CEOs and CFOs, SSC Managing Directors and the Groupe General Secretary.

# Groupe Internal Control

## Why?

To allow the correct application of the Janus II procedures via the Groupe Internal Control Program (ICP) which is deployed in all the Groupe Business Units and SSCs.

## What?

The ICP consists of a set of key controls mainly focused on the correct application of the Janus I and II procedures. These key controls are known as the Financial Monitoring Controls (FMC).
The program deployment and monitoring takes place at different levels:

- Business Units report on their implementation of the key controls through a self-assessment process.
- FMC teams assess the design and operating effectiveness of the key controls.
- The Groupe Central Team, under the supervision of the VP Internal Audit & Risk Management, supervises the FMC teams, performs quality control reviews over their work and provides them with guidance and instructions.

This allows the Central Team to perform a global evaluation of the Internal Control over Financial Reporting within the Groupe. The ICP objectives and results are regularly presented to the Audit Committee by the Groupe General Secretary.

## For whom?

The Groupe Internal Control Program is applied in all Business Units, Brands and SSCs. If some aspects of the program are handled by SSCs on behalf of Business Units, the Business Unit and Brand CFOs retain ultimate responsibility for performance of all key controls included in the Program and the SSCs must provide them with the necessary documentation pertaining to the performance of controls on request.

## How?

Key controls are defined by management, under the supervision of the Groupe CFO, with Groupe VP Internal Audit & Risk Management having an advisory role. Key controls are available upon request to the Group VP Internal Audit & Risk Management.
The key controls are standard and cannot be modified by Business Units, Brands or SSCs. Their application is compulsory. However such parties are encouraged to bring any improvements and suggestions to the attention of the Groupe CFO.

Each Business Unit and Brand CEO and CFO is responsible for ensuring that adequate controls exist within his Business Unit or Brand – the key controls required by the Groupe constitute a strict minimum for the purposes of maintaining a strong internal control over financial reporting.

## Who?

Brand and Business Unit management, Business Unit CFOs and Brand CFOs. Their commitment in that respect to the Groupe is also shown through the submission of the Representation and Management Certification letters. Groupe CFO, Groupe VP Internal Audit & Risk Management, Groupe General Secretary.

## 7. The Publicis way to manage our money

This chapter will detail the way we optimize and control financial and cash management:

1. Specific Standards for Brand CFOs
2. Recapitalization of Subsidiaries
3. Treasury and Financing
4. Working Capital Management
5. Foreign Exchange Risk Management
6. Bank Relationships
7. Bank Transactions and Balances
8. Financial Commitments: Guarantees, Covenants, Pledges
9. Tax: Audits, Advisers, Planning & Provisions
10. Intercompany Transactions & Charges
11. Advisory Service Fees
12. Dividends

| Approved by the Chairman & CEO<br><br>Maurice Lévy | **The Publicis way to manage our money**<br><br>**Specific Standards for Brand CFOs** | PUBLICIS GROUPE<br>**VII.1** |
|---|---|---|

## Why?

Because of the double reporting (double cap concept) for Brand CFOs (to the Groupe CFO and to the Brand CEOs) in respect of all aspects of their work, we specify a dedicated code of conduct.

## For whom?

The Groupe CEO, the Groupe CFO and Brand CFOs.

## What?

Brand CFOs are responsible for supporting key client relationships (in liaison with WWADs) - revenue stream as well as client profitability -, effective & timely M&A integration, cooperating with the SSC organization, ensuring a robust internal control and primarily a strong cost control (PC, PC ratios to revenue, G&A to revenue).

More specifically, they are responsible to ensure the quality of Actual reporting even if Actual is prepared by SSCs. They should ensure good quality of forecasts (STF, Rolling Forecasts, and Commitments), and an accurate phasing of these forecasts. They manage funding requirements of Brands agencies in liaison with Groupe Treasury. They are also accountable for delivering TWC and Overdues target. They should ensure compliance regarding Tax matters in liaison with Groupe Tax Director and SSCs.

In order to support functional reporting by Brand CFOs to the Groupe CFO:

- Brand CFOs must keep the Groupe CFO aware of all matters of significance in areas such as financial reporting and internal control providing in-depth analysis of the financial performance of their Brands.
- Brand CFOs must keep the Groupe General Secretary aware of all matters with regards to fraud and significant internal control deficiencies.
- Appointment, transfer, removal, salary package and subsequent adjustments, annual bonus and performance evaluations of Brand CFOs must be agreed with the Groupe CFO. The same applies for the appointment of Regional CFOs and Business Unit CFOs

  In addition, Brand CFOs must obtain the Groupe CFO's prior approval for all major decisions in respect of their main "reports", defined as Regional CFOs and Business Unit CFOs of Business Units with Revenue in excess of 15m€. These include decisions to make redundant or rotate such individuals as well as decisions in respect of their salary packages and bonuses. Performance evaluations of such individuals must also be agreed with the Groupe CFO.

Groupe policy is that key finance personnel (Brand CFOs, Regional CFOs and CFOs of Business Units with revenue in excess of Euro 15 million) should be encouraged to rotate regularly to different positions within the Groupe, optimally every 5 years.

Additionally, for governance purposes, bonuses paid to the aforementioned finance personnel should not be more than 50% based on the financial performance of their direct area of responsibility (e.g., Brand financial performance for Brand CFOs).

The hiring or termination of any Business Unit CFO or legal entity CFO must be pre-approved in writing by the Brand CFO.

Brand CFOs always report directly to the Brand CEO. Similarly, Regional Brand CFOs always report directly to Regional Brand CEOs unless their direct reporting line is to the Brand CFO. In order to ensure that reporting lines are clear, COOs must never have direct responsibility over the finance function.

### Who?

Brand CFOs, Groupe CFO.

# Recapitalization of Subsidiaries

## Why ?
We want to set out guidelines in respect of recapitalization of subsidiaries with net equity problems.

## For whom ?
All legal entities and Business Units controlled directly or indirectly by the Groupe.

## What ?
Recapitalization of subsidiaries should only take place where it is absolutely necessary from a legal standpoint.

All subsidiary recapitalizations, whatever their form or the amount involved, must be ultimately approved by the Groupe CFO.

In this respect, at least 3 months before the decision is to be taken, Business Unit management must clearly inform the Groupe Tax Director and Groupe Treasurer: :
- why the capitalization is compulsory and no other choice exists,
- what is the maximum period that the Groupe can legally wait before recapitalizing its subsidiary,
- what is the minimum amount (in Euro) of recapitalization required,
- what the real risks of not recapitalizing are, and from whom,
- proposed means and amount of recapitalization (need to avoid cash transfers)

The Groupe's share of the recapitalization should not be greater than the Groupe's ownership share in the Business Unit being recapitalized, unless when increasing the Groupe's stake in a Business Unit is considered to be of strategic, commercial or financial interest. In this case the M&A process described in V.1 must be followed.

## Who ?
Business Unit and Brand CFOs.

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way to manage our money**<br><br>**Treasury and Financing** | PUBLICIS GROUPE<br>**VII.3** |

## Why ?

The Groupe has a single global financing and treasury strategy in order to control and improve debt management, working capital management and banking relationships.

## For whom ?

All legal entities and Business Units controlled directly or indirectly by the Groupe.

## How ?

**Groupe Treasury** is responsible for:

- defining the Groupe's overall strategy in respect of financing, working capital management, cash management and bank relationships,
- supervising the "Focus on Cash" program whose objectives include improved trade working capital management (including reduction of overdue receivables),
- driving reduction in the Groupe's overall level of financial expenses,
- supervising the Groupe's financial risks in respect of foreign currencies, interest rates, refinancing and counterpart credit risks,
- providing full assistance to Business Units on all treasury matters,
- controlling treasury activities and ensuring that all Business Units strictly apply treasury rules and procedures,
- managing the finance company (Publicis Finance Services) in charge of intercompany financing, international cash pooling, centralized interest rate management, and Groupe foreign exchange risk management,
- advising on all processes / organizations related to cash flows (cash in, cash out), especially in the context of the Shared Service Center model (including but not exclusively billings, collection, overdues, credit management, payment authorizations, etc.).

Country Treasurers (who are, or will be, appointed in the main countries in which the Groupe operates and are, or will be, based in the country's Shared Service Center) are responsible for:

- optimizing country working capital requirements,
- domestic cash management ("DCM"),
- optimizing liquidity, in particular ensuring the maximum available cash is sent up to International Cash Pooling ("ICP") in Publicis Finance Services,
- identifying financial risks in an accurate and timely manner,
- forecasting, monitoring and controlling the flow of funds using the treasury management system,
- managing local foreign exchange risk,

- managing bank relationships in accordance with Groupe strategy,
- fully co-operating with the accounting department in respect of accounting for treasury activities,
- monitoring client credit risks in co-ordination with the brands,
- managing the value dating on receipts and disbursements, and
- managing the relationship with Groupe Treasury.

In countries where there are no Country Treasurers, Business Unit CFOs are in charge of treasury and have the above responsibilities for their Business Units.

### Who ?

Groupe Treasury, Country Treasurers in SSCs and Business Unit and Brand CFOs.

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to manage our money**

# Working Capital Management

PUBLICIS GROUPE

**VII.4**

## Why ?

We want to continually improve working capital management and enhance Groupe cash generation.

## For whom ?

All legal entities, Business Units and Brands controlled directly or indirectly by the Groupe.

## What ?

The overriding principle is that cash belongs to the Groupe. The Groupe has the right, at any time, to utilize excess cash held by legal entities under its control for cash flow and pooling purposes.

Business units are prohibited to enter operations of securization, factoring or discounting with banks of Trade receivables **without the prior consent of the Groupe Finance Department.** This operation should be handled and controlled by the Groupe Treasury department.

Domestic Cash Management (DCM) has been implemented in the key countries in which the Groupe operates. In addition, an International Cash Pooling (ICP) has been implemented with Citibank to further concentrate cash pooled from local DCM (when it is feasible). Any entity controlled by the Groupe should enter into a centralization agreement with the pivot entity, usually the local Groupe country holding company, when a DCM does exist.
Any exception to this policy should be duly authorized by Groupe Treasury.
Conditions applicable to DCM and ICP are defined by Groupe Treasury and can be adapted according to the financial situation of the Groupe.

**Cash pooling**

Where a legal entity has multiple bank accounts, an umbrella or sweeping account should be established in order to avoid paying interest on one account due to use of an overdraft, whilst other accounts have excess funds.

Prior approval in writing of Groupe Treasurer is necessary for :

- any investment in marketable securities or in any fund ;
- external debt and credit facility ;
- Any incremental or additional loans or overdrafts obtained from any source ;
- Initiating any form of intercompany lending or funding (and granting any form of subordination or security in this process) ;
- any divergence with Groupe Treasury guidelines and policy (see VII.3 – Treasury and Financing) ;

## Working Capital Management

**Short terms investment of excess cash**

Excess cash that has not been subject to pooling should be invested in the core banks or in an authorized bank , in money market funds or monetary mutual funds subject to an insignificant risk of change in value (maturities less than one month). No investments that expose the Groupe to market fluctuations are authorized (government bonds, shares, etc.).

Business Units that are dealing with banks must manage their counterpart credit risk in compliance with Groupe Treasury guidelines. Business Units' counterpart credit limits are a subset of Groupe Treasury's counterpart credit limits for a given bank.

**External debt**

No external debt should exist without prior approval of Groupe Treasury. No credit facility should be negotiated without prior approval of Groupe Treasury, which needs to be provided with all contract documentation in respect of the proposed facilities prior to any signature.

**Total debt**

Maximum debt (or minimum cash) limits are set by Groupe Treasury. Any modifications to such limits must be formalized through a Funding Request/Cash Limit Adjustment Request to Groupe Treasury, signed by the Business Unit CFO copying Brand CFO, at least 10 working days before funds are required. The form to be completed when making this request is attached hereto as Appendix. It must be submitted along with a working capital Key Performance Indicators Report (KPI) report available in HFM™.
Any incremental or additional loans or overdrafts obtained from any source require the approval of Groupe Treasury.

**Intercompany loans**

Intercompany financing should in general be from the country finance company (if any) and/or the Groupe finance company (managed by Groupe Treasury) and should not originate from other Groupe entities.
No inter-brand intercompany loans should be granted.. However where no cash pool exists in a country, Groupe Treasury may specifically instruct Business Units holding excess cash to provide funding to Business Units requiring cash. This process is monitored exclusively by Groupe Treasury
No cross border intercompany loans should be granted because of the foreign exchange risk that this creates. All intercompany loans must be at arms length conditions.
Business Unit CFOs must inform Brand CFOs of all intercompany loans made and received by their Business Units.
All intercompany loans must be fully documented from a legal perspective.

**Exceptions to this general policy require approval of Groupe Treasury.**

### Who?

Brands and Business Unit CFOs. SSC, country treasurers and Groupe Treasury.

Form F

PUBLICIS GROUPE

To : Group Treasury

Prepared by :
Date :

# Funding Request Form

Business Unit Name :
BU HFM Code :
Legal entity :

% of ownership:

AMOUNT REQUESTED: KCCY
KEUR

MATURITY:

Shareholders :

## 1 - UNIT (DEBT) CASH POSITION

All positions in equivalent *(K currency used - please precise here which currency)* and **AT END OF MONTH** (Debt = () and Cash = +)

| | June 2011 | July 2011 | **August 2011** | September 2011 | October 2011 | Novemebr 2011 | December 2011 |
|---|---|---|---|---|---|---|---|
| **TOTAL (DEBT) CASH POSITION** | #NEED_REFRESH | #NEED_REFRESH | #NEED_REFRESH | #NEED_REFRESH | #NEED_REFRESH | #NEED_REFRESH | #NEED_REFRESH |
| | | | | | | | |
| **Existing Bank Facilities** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Of which drawn | | | | | | | |
| Of which undrawn | | | | | | | |
| **Existing IC Financing** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash Pooling (authorized limit) | | | | | | | |
| IC Loans | | | | | | | |
| **Other Existing Financing** | | | | | | | |
| **TOTAL EXISTING FINANCING** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | |
| **Funding gap (=(Debt) cash - Exist. Financing)** | | | #VALUE! | #VALUE! | #VALUE! | #VALUE! | #VALUE! |

## 2 - MAIN REASONS FOR FUNDING NEED

WORKING CAPITAL SHORTFALL
(Explain your working capital key items (Overdues, DSOs, DPOs, WIP…) on specific issues (with a client, a vendor…)

CAPEX
(Budgeted or not budgeted? _ Please provide related C Form)

RESTRUCTURING
(Severance Costs… _ please provide related R Form)

OTHER (LEGAL / TAX REORGANISATION / REMOVAL)
(Explain in details )

## 3 - ACTION PLAN TO REPAY THE LOAN

Present key action plan to improve the operating situation:

IMPROVE MARGIN
(Detail here actions to improve your margin, for example action plan to increase your business or to reduce your costs)

IMPROVE TWCAP MANAGEMENT
(Detail here actions to improve your TWCAP, for example action plan on cash collection, on vendors, invoicing, setting up advanced payments, etc)

OTHER

## 4 - SOURCE OF FUNDING OVERVIEW

All positions in equivalent *(K currency used)* and at end of month (Debt =() and Cash = +)

| | | Existing Debt Limit | Request | Limit after approval |
|---|---|---|---|---|
| A | TOTAL BANK FACILITIES | | | |
| B | TOTAL INTERCOMPANY FINANCING | | | |
| C | TOTAL OTHER INDEBTEDNESS | | | |
| | **MAXIMUM POTENTIAL DEBT (A+B+C)** | - | - | |

## 5 - APPROVALS

DATE: BU CFO's APPROVAL:

DATE: CTR's APPROVAL:

DATE: GROUP TREASURY APPROVAL:

DATE : GROUP CFO's APPROVAL :

NB : next page CASH FLOW must be attached for all funding requests
NB: please do not forget to precise currency used on the top of the FR instead of "Kcurrency Used"
NB: please do not forget to replace Month-3, Month, Month+3…etc by Actual months

| Approved by the Chairman & CEO<br>Maurice Lévy | The Publicis way to manage our money<br><br>**Foreign Exchange Risk Management** | PUBLICIS GROUPE<br>VII.5 |
|---|---|---|

## Why ?
We want to ensure that the Groupe's profitability is optimally protected against foreign exchange losses arising from currency fluctuations.

## For whom ?
All legal entities and Business Units controlled directly or indirectly by the Groupe.

## What ?
Foreign exchange risk should be kept to a minimum. Therefore, Business Units and Brands must negotiate client contracts to the greatest extent possible in the currency in which their costs are denominated. All cash and debt should also be denominated in local currency.

Exceptions to this policy require the prior approval of Groupe Treasury, which must, in any case, be obtained before contracts are signed.

It is the role of the Business Unit CFO to identify foreign exchange risks and to protect his/her Business Unit against a loss in its reporting currency due to foreign exchange rate movements. It is the responsibility of the Business Unit CFO to explain any variances between the net open foreign currency positions and actual hedges placed.

Hedging of balances and flows below Euro 100,000 (in aggregate, by currency) is not compulsory. For countries experiencing inflation of more than 10% per annum, the monetary threshold for hedging is Euro 50,000.

If a Business Unit wishes to maintain an open foreign currency exposure it must obtain the prior approval of Groupe Treasury (through Country Treasurer if any).

Hedging transactions must only be entered into with banks included on the list of authorized banks provided by Groupe Treasury.

## How ?
All foreign exchange hedging transactions are to be conducted :
- through the Country or Regional Shared Service Center (where one exists), using authorized procedures for confirmations, acknowledgements and settlements
- directly by the Business Unit with prior approval from Groupe Treasury;
- By Groupe Treasury

**Specific rules for foreign exchange hedging**
No hedging must be performed before analyzing the global net open position of the Business Unit using the dedicated HFM™ schedule.

## Foreign Exchange Risk Management

In order to minimize transaction exposure, the Business Unit CFO should endeavor to net foreign currency payables and receivables by offsetting disbursements with receipts in the same currency, provided that their risk profile is the same: firm payables and firm receivables can be offset, but a unit cannot offset a firm payable with an estimated receivable or vice versa.

Use of any derivatives (other than FX spot, FX forward and short-term FX swap transactions) is strictly prohibited without the written approval of Groupe Treasury.

**Information to be provided by SSCs to Business Unit CFOs**

The Chief Accounting Officer of the SSC, where it exists, must provide the Business Unit CFO with a fortnightly report showing all foreign exchange transactions and balances (trade and intercompany receivables and payables), and all hedges already placed in respect of these foreign exchange transactions and balances in order to enable the Business Unit CFO to hedge net open positions is accordance with Groupe policy as stated above. This report must also indicate maturities.

**Policy in respect of cash and debt balances**

To avoid exposure to foreign exchange risk, Any exception to this rule requires prior approval from Groupe Treasury.

### Who ?

Business Unit CFOs, Brand CFOs, SSC, Groupe Treasury.

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way to manage our money**<br>**Bank Relationships** | PUBLICIS GROUPE<br>**VII.6** |

## Why ?

We want to organize our relationships with Banks and financial institutions, which are both service providers to the Groupe and strategic partners in the development of our business.

## For whom ?

All legal entities and Business Units controlled directly or indirectly by the Groupe.

## What ?

Groupe Treasury is in charge of defining a group of "core" banks which are deemed to be so closely connected to the Groupe that we can count on their support in all circumstances. This list, attached as appendix 1 hereto, will be subject to change with banks being added and removed, according to circumstances. Such strategic decisions are made by the Groupe CFO. A formal list of, additional, "authorized" banks is issued by Groupe Treasury in respect of most countries in which the Groupe operates.

**Rules governing Bank Relationships**

Written approval must be obtained from Groupe Treasury (through the Country Treasurer if one exists) before commencing, modifying, terminating a banking relationship (including credit facility).

No business should be transacted with banks that are neither core banks nor on the list of authorized banks for a country. Any exception to this rule requires the express written approval of Groupe Treasury.

Following acquisitions of Business Units, it is Groupe policy to immediately replace all previous banking relationships with "Core" Groupe banks.

The Business Unit CFO is responsible for:

- securing all necessary local approvals, such as authorizations from the Subsidiary Board of Directors, legal resolutions, legal and tax opinions, etc., prior to commencing transactions and relations with a bank,
- ensuring that banks are furnished with a complete set of documents evidencing the corporate powers of the Business Unit's officers and their powers of signature, and
- verifying the completion of the specific HFM™ bank relationship reports on a quarterly basis.

## Who ?

Groupe Treasury, Country Treasurers and Business Unit CFOs.

**Appendix 1**

## List of the Groupe's "Core" Banks

- CITI
- BNP PARIBAS
- Société Générale
- CACIB

- HSBC

- CIC
- Barclays
- Natixis

- JP Morgan

- ANZ
- Bank Of America
- Deutsche Bank
- INTESA
- Santander
- Standard Chartered
- Commerzbank

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way to manage our money**<br>**Bank Transactions & Balances** | PUBLICIS GROUPE<br>**VII.7** |

## Why ?

We want to ensure satisfactory internal control over bank transactions and balances through division of duties, clearly defined authorizations and secure systems.

## For whom ?

All legal entities and Business Units controlled directly or indirectly by the Groupe.

## What ?

**Bank Transactions**

Each Business Unit or SSC must ensure segregation of duties between responsibilities for payments and receipts.

Under no circumstances should one individual in a Business Unit or entity have the ability to authorize and execute payments alone, or be at the same time administrator and user of an electronic payment system.

All powers of attorney and delegations of authorization for whatever reason and in all forms should be duly documented and implemented in close relationship with the legal department to comply with the legal rules of each country.

Use of any derivatives (other than FX spot, FX forward and short-term FX swap transactions) is strictly prohibited without the written approval of Groupe Treasury.

Electronic payments (Treasury Management System, e-banking solutions, secure check printing solutions, ACH systems, etc.) are to be used to the greatest extent possible.

Issuance of manual checks or faxed wires should be an exception – only automatic check runs are acceptable. Cash settlement of invoices is strictly prohibited.

Intra group transactions must be paid exclusively by bank/wire transfer or through accounting entries on internal current accounts open with a local Groupe country holding company when applicable.

A Groupe goal is to reduce the number of its bank accounts to the greatest extent possible. Unused bank accounts must be closed to reduce the risks and maintenance costs (signatories, bank reconciliations, etc.). In particular, dormant accounts (ie. inactive for 12 months) must be closed.

## How ?

**Bank Signatories**

The Brand CFO, or Regional Brand CFO if one exists, must approve all signatories for all banking transactions.

# Bank Transactions & Balances

In countries where bank transactions are processed through a Shared Service Center, a delegation procedure must be defined in the Service Level Agreement between the Business Unit and the Shared Service Center. Such delegation only concerns authorization to process transactions within agreed parameters (check and wire signing is performed by the Shared Service Center) – Responsibility for approving payment and for all matters concerning Working Capital Management remains with the Business Unit.

Two signatures are required to be attached to all banking transactions, whether electronic or non-electronic. One of the signatories must be a senior financial manager. It is expressly prohibited that the two signatories be in the same direct reporting line below CEO level.

For payments in excess of Euro 300,000, the Business Unit CFO must be one of the signatories (note: when payment is centralized in a Shared Service Center a manager of equivalent authority must be one of the signatories under specific delegation from the Business Unit CFO).

Follow up of all authorized signatories should be managed carefully and on a regular basis. Specific procedures should ensure that any people leaving the company immediately lose signature and all other rights.

Circularization of authorized signatories should take place once a year minimum with all banks.

**Bank accounts and balances**

Bank reconciliations need to be prepared for all bank accounts on a monthly basis. For the purposes of internal control, strong segregation of duties must apply. Individuals involved in the review, control and approval of bank reconciliations should not report to the Treasury departments (however treasury personnel may assist in preparation of bank reconciliations).

Details of all existing bank accounts, overdraft limits and authorized signatories need to be regularly updated and held by the Business Unit and are reported on a quarterly basis using the appropriate HFM™ schedules.

## Who ?

Business Unit CFOs.

Approved by the Chairman & CEO

Maurice Lévy

## The Publicis way to manage our money

# Financial Commitments
## Guarantees, Covenants, Pledges

PUBLICIS GROUPE

VII.8

### Why ?
We want to strictly monitor off balance sheet commitments in order to avoid risks of undesirable financial exposure for the Groupe.

### For whom ?
All legal entities and Business Units controlled directly or indirectly by the Groupe.

### What ?
As a general policy, any guarantees, covenants, pledges or other financial commitments, or commitments related to financing, including guarantees between separate Groupe companies, are prohibited.

However, exceptions to this policy can be allowed by Groupe Treasurer, provided appropriate approval / documentation is obtained

Under no circumstances can a Groupe entity give a Guarantee to an entity that is not managed or controlled by the Groupe.

The above rules need no value threshold to be applied and any failure to comply with this policy will be considered as serious misconduct,

### How ?
**Types of guarantees, covenants, pledges or other financial commitments covered by these rules**

The following list of guarantees, covenants, pledges or other financial commitments covered by these rules is of an indicative and not an exhaustive nature:

- any commitments entered into by a company in the normal course of business which create a restricted cash balance i.e., where Groupe cash balances are not readily and freely available for Groupe purposes – for example deposits with a bank to cover payments to a supplier, any restricted cash commitments in client contracts, or deposits with a landlord covering more than three months rental,
- any surety given or extended to a bank or a third party to cover loans contracted by a subsidiary, an employee, a Key Executive or a third party,
- any lien on shares, inventory or receivables to guarantee a borrowing,
- any letter of comfort given by the company to guarantee - for instance - the payment of equipment for one of its suppliers or to enable a subsidiary or related company to obtain a loan or to be extended credit,
- any cash collateral or cash collateral commitment, any cash cover with trigger or not,
- any commitment subject to any financial covenant(s),
- any pledges - specifically where property is transferred as security for an obligation without transfer of title,

- any guarantee or surety given to cover the performance of a subsidiary, an employee, a Key Executive or a third party.

As regards comfort letters and parent company guarantees, reference should be made to section II.4 – Issuance of Parent Company Guarantees or Comfort Letters.
Groupe policy is that all parent company guarantees are charged at a rate of 1% per annum on the outstanding guarantee. In the case of guarantees for real estate leases, the annual charge of 1% is calculated on the total outstanding commitment to the first break date of the lease.
In cases where minority shareholders hold shareholdings in entities controlled by Publicis Business Units, it must be clearly understood that each shareholder must cover its own share of any guarantees. Any exception to this rule requires the prior approval of the Groupe CFO.
Business Unit CFOs must ensure that the dedicated HFM™off-balance sheet reporting schedules are completed.

### Who ?

Business Unit CFOs, Brand CFOs, Groupe Treasury Groupe CFO.

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br><br>Maurice Lévy | **The Publicis way to manage our money**<br><br>**Tax: Audits, Advisers Planning and Provisions** | PUBLICIS GROUPE<br>**VII.9** |

## Why ?
We want to manage effectively the Groupe tax position.

## For whom ?
All Business Units and Brands.

## What ?

**Tax audits**

The Groupe Tax Director must be informed of all tax audits which deal:

- with tax issues of an international nature (e.g., Advisory Service Fees, transfer pricing issues, etc.) once the amount at stake is greater than Euro 50,000 and,
- with national tax issues where the amount at stake is greater than Euro 100,000.

A tax litigation report for existing litigations should be prepared twice a year, as of the dates of the Groupe's half year and full year results, by each SSC (or Business Unit where SSCs do not exist), and submitted to the Country Tax Manager and Groupe Tax Director.

**Tax reassessments and negotiations with tax authorities**

All negotiation of corporation tax assessments or reassessments and any acceptance of tax reassessments involving tax liabilities greater than Euro 100,000 requires the approval of the Groupe Tax Director.

**Tax planning**

Any form of Groupe tax planning that could give rise to significant tax exposure (greater than Euro 100,000) requires the written approval of the Groupe Tax Director.

**Recognition of provisions for income taxes and other tax risks**

Provisions for tax risks should not be booked before the start of a tax audit.
Recognition of a provision for tax risks occurs when the risk becomes clearly identified during the audit or upon notification of the tax assessment. Recognition of provisions for an amount greater than Euro 100,000 cannot occur without the approval of the Groupe Tax Director.

**Tax advisers**

The Groupe Tax Director must approve the appointment of all tax advisers. The prior approval of the Groupe Audit Committee is required to retain an affiliate of one of the Groupe's external auditors as a tax adviser. (See VII.9 – Tax:Audits, Advisers, Planning and Provisions). No tax planning whatsoever can be performed or proposed by an affiliate of one of the Groupe's external auditors.

## Who ?
Business Unit CFOs.

| | | |
|---|---|---|
| Approved by the Chairman & CEO<br>Maurice Lévy | **The Publicis way to manage our money**<br>**Intercompany Transactions & Charges** | PUBLICIS GROUPE<br>**VII.10** |

## Why ?

We want to maximize efficiency within the Groupe by setting rules for intercompany relationships

## For whom ?

This policy applies to all Business Units and Brands.

## What ?

Compliance with Intercompany procedures is critical in our industry as any mismatch or dispute could have an immediate effect on Groupe results.

- the invoicing company invoices in its own functional currency (with the exception of intercompany fees for non-European entities),

- no bill/recharge for any intercompany amount under Euro 1,000 (or equivalent) should be implemented, except for Media price adjustments Charges less than Euro 1,000 can be allocated together on one invoice,

All intercompany procedures are set out in II.04.02 which should be consulted for a more complete information.

## How ?

- Invoices must be issued and sent on a monthly basis within the Intercompany deadlines specified below. When the amount of the invoice can't be determined precisely before these deadlines, an estimate must be made in order to be in a position to invoice on due dates and an adjustment made on the next invoice,
- cut-off for intercompany invoicing purposes must be completed by the 24th of each month. Invoices after this date will be recorded in the following month,
- the providing Business Unit (the seller) must not issue intercompany invoices unless it has the necessary documentation (annual agreement, purchase order or signed media plan),
- it is the responsibility of the SSC Chief Accounting Officer (CAO) to ensure that there is a corresponding debit and credit for all inter-company transactions between entities served by the SSCs. This rule applies irrespective of whether the two Business Units are members of different Brands. In this manner, the SSC CAO constitutes the primary level of the dispute resolution procedure and he or she must ensure that country-level differences are eliminated before submission of HFM™ monthly reporting to the Group.
- intercompany invoices must be paid within 30 days.

- as a specific procedure, when an SSC exists in the country, the Country Treasurer and the Chief Accounting Officer are responsible for paying all intercompany invoices after 30 days without consulting the Business Unit CFO, irrespective of whether the amounts are due to Business Units within, or outside, the country. The existence of a dispute must not stop or delay payment – rather the dispute resolution procedure set out in II.04.02 must be followed.

## Who ?

Business Unit CFO and the Chief Accounting Officers of SSCs where they exist. Brand CFO.

# Advisory Service Fees

## Why ?
We want to maximize efficiency within the Groupe by setting rules for headquarters remuneration

## For whom ?
All business units and Brands.

## What ?
Rules concerning Advisory Service Fees (ASF) and accounting for such fees are set out in II.02.05. Some of the more important rules are repeated below including, in particular, the specific responsibilities of Business Unit CFOs and Brand CFOs.

**Principle of Advisory Service Fees**

In remuneration for advisory services rendered by Headquarters to the Business Units, each Business Unit is required to pay to Groupe each year a service fee called ASF.
ASF represents the allocation, to all entities in the Groupe, of the direct and indirect costs incurred by Groupe Headquarters (i.e., Groupe and Brand Global Central costs) in the performance of specialized advisory services for the benefit of the Business Units. The qualified and experienced personnel of Groupe Headquarters carry out specific tasks and services or research for the Business Units. The Business Units thus benefit directly from the knowledge and expertise of such personnel.

## How ?
**Determination, payment and tax treatment of Advisory Service Fees**

Advisory Service Fees are allocated to Business Units on the basis of the proportion of their revenue to total Publicis Groupe revenue for Groupe-level costs, on the basis of the proportion of their revenue to total Brand revenue for Global Brand Central costs.
The Business Unit CFOs role is:

- to pay the amounts invoiced and to account for the fees in accordance with II.02.07,
- to ensure that the ASF charge is tax deductible in the local jurisdiction, and that, if local legislation requires, ASF contracts are registered with the local tax or banking authorities.

The Brand CFO's role is:

- to ensure that Business Units in the Brand pay their ASF at the due date (including new acquisitions) and more generally to ensure compliance by Business Units with ASF rules.

If the Business Unit or Brand CFO identifies any difficulties with the tax deductibility of Advisory Service Fees, the Groupe Tax Director should be consulted immediately.

**Advisory Service Fee Contracts**

Contracts in respect of Advisory Service Fees are the sole prerogative of The Groupe Tax Department. Groupe legal personnel at Brand, SSC or Business Unit level may under no circumstances alter such contracts or retain advisers in respect of such contracts.

## Who ?
Business Unit CFOs, Brand CFOs.

Approved by the Chairman & CEO

Maurice Lévy

**The Publicis way to manage our money**

**Dividends**

PUBLICIS GROUPE

VII.12

## Why ?

We want to make sure that we reach our financial objectives by setting rules for dividends

## For whom ?

All legal entities controlled directly or indirectly by the Groupe.

## What ?

Groupe policy is that a minimum annual dividend representing at least 75% of net income of the previous year, or 100% of the amount distributable if 75% of results cannot be distributed due to tax or statutory limits, must be payable.
Legal entities controlled by the Groupe must not under any circumstances pay dividends to minority shareholders without paying equivalent dividends (in proportion to each shareholder's interests) to the Groupe company holding the controlling interest in such entities.
At any time Groupe headquarters may also request that further dividends be paid out of retained earnings.
In setting dividend levels, no account is taken of the cash position of the legal entity. Funding will be analyzed and discussed with Groupe Treasury.

## How ?

The determination of the amount, form and timing of intercompany dividends flows from operating entities is primarily determined by the financial objectives of the Groupe holding company, Publicis Groupe S.A.:

- the Groupe CFO will inform the CFOs of all Brands, Business Units and legal entities of Groupe requirements in terms of dividends,
- these managers must give effect to these requests, and ensure that payment is made, within one month of receiving the request from the Groupe. In countries outside the Eurozone, dividend declaration and payment must happen in the same month to avoid FX risks.

All local legal obligations have to be fulfilled in this period to enable the local legal entities to be in a position to comply with this Groupe requirement.

Business Unit and legal entity CFOs should ensure, even before receiving a request for dividends from the Groupe CFO, that they are in a position to comply with a request for a dividend of this amount.

## Who ?

Business Unit CFO, Brand CFO, Groupe CFO.

Approved by the Chairman & CEO

Maurice Lévy

# Definition & Contact Details

PUBLICIS GROUPE

## Who ?

CEOs and CFOs are responsible for the application of Janus at three levels within the Groupe Organization: **Groupe, Brand,** and **Business Unit.** All responsibilities allocated to such individuals must be performed by the individuals in person and not delegated to their subordinates.

## Definitions

Groupe staff are those working in, or directly attached to, Publicis Groupe headquarters in Paris.

Authorisations: For the purposes of authorisations required under Groupe rules the key individuals are:

| | | |
|---|---|---|
| **Chairman & Chief Executive Officer** | Maurice Lévy | (maurice.levy@publicisgroupe.com) |
| **EVP - Groupe Chief Financial Officer** | Jean-Michel Etienne | (jean-michel.etienne@publicisgroupe.com) |
| - Groupe Controller | Jean-Michel Etienne (acting as) | |
| - Groupe Treasurer | Dominique Le Bourhis | (dominique.le.bourhis@publicisgroupe.com) |
| - Groupe Tax Director | Joëlle Meyer | (joelle.meyer@publicisgroupe.com) |
| - Capex & Leases (Cform & Lform) | Jean-Michel Etienne (acting as) | |
| - Restructuring (Rform) | Jean-Michel Etienne (acting as) | |
| - Investor Relations | Jean-Michel Bonamy | (jean-michel.bonamy@publicisgroupe.com) |
| | Stéphanie Constand-Atellian | (stephanie.constand@publicisgroupe.com) |
| **Groupe General Secretary** | Anne-Gabrielle Heilbronner | (anne-gabrielle.heilbronner@publicisgroupe.com) |
| - Groupe Human Resources | Anne-Gabrielle Heilbronner | |
| - Compensation & Benefits | Tammy Moulin | (tammy.moulin@publicisgroupe.com) |
| - Groupe VP Internal Audit & Risk Management | Jean-Marie Pivard | (jean.marie-pivard@publicisgroupe.com) |
| - Groupe General Counsel | Joseph Lasala | (joseph.lasala@publicisgroupe.com) |
| - Procurement | Rachid Assas | (rachid.assas@publicisgroupe.com) |
| - Insurance | Rachel Guibert | (rachel.guibert@publicisgroupe.com) |
| **Groupe Head Coach** | Kevin Roberts | (kevin.roberts@saatchiny.com) |
| **Chief Strategist** | Rishad Tobaccowala | (rishad.tobaccowala@publicisgroupe.com) |
| **Mergers & Acquisitions Director** | Stéphane Estryn | (stephane.estryn@publicisgroupe.com) |
| **Emerging Markets Development** | Axel Duroux | (axel.duroux@publicisgroupe.com) |

| | | |
|---|---|---|
| **Re:sources CEO** | Frank Voris | (frank.voris@publicisgroupe.com) |
| - Shared Services | Frank Voris | |
| - Information Technology | Frank Voris | |
| | | |
| **SVP Groupe Corp. Communications & CSR** | - | |
| - Groupe VP Communications | Peggy Nahmany | (peggy.nahmany@publicisgroupe.com) |
| - Groupe VP CSR | Eve Magnant | (eve.magnant@publicisgroupe.com) |
| | | |
| **Real Estate** | Charlotte Duthoo (acting as) | (charlotte.duthoo@publicisgroupe.com) |

In certain circumstances it may be appropriate to contact other Groupe staff. If in doubt queries and requests for authorization should be addressed to the Groupe CFO, Jean-Michel Etienne.