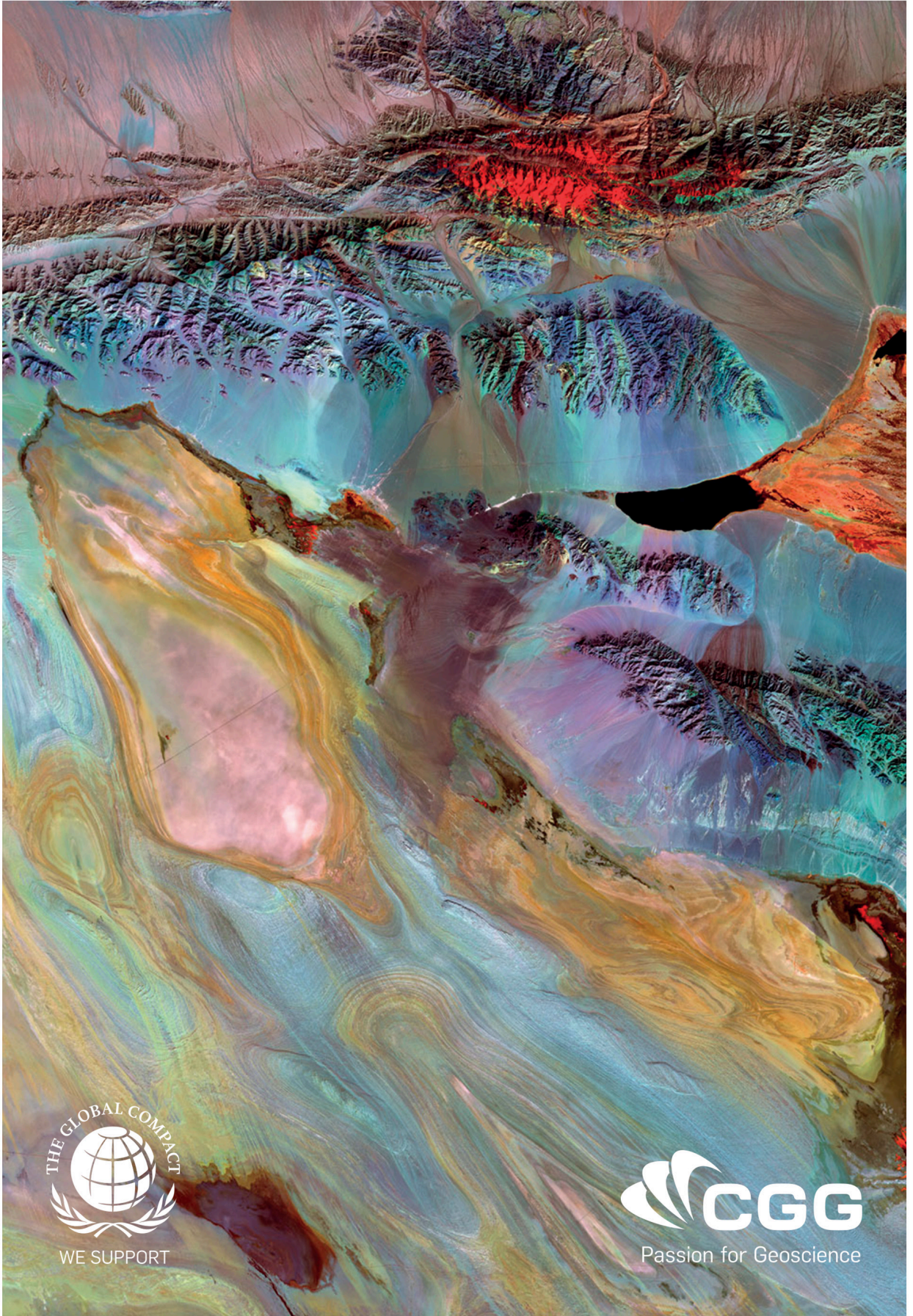


# 7<sup>TH</sup> COMMUNICATION ON PROGRESS



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**Cover:** Qinghai Province in China - False-color satellite imagery aids understanding of geological structure, lithological composition and the nature of the terrain. In this image, the major Altyn-Tagh wrench fault runs E-W to the south of “Gold Mountain” (Altun Shan; 5,830m) which, due to vegetation, appears bright red. Much of the image contains highly folded and eroded thin bedding layers cross-cut by yardang landforms. Satellite imagery worldwide is available from NPA Satellite Mapping, part of CGG’s GeoConsulting Business Line.

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Paris, July 15, 2015

His Excellency Mr. Ban Ki-Moon  
Secretary General  
United Nations  
Global Compact Office  
First Avenue & 46th Street  
New York, NY 10017  
United States of America

Dear Mr. Secretary General,

As a leading geoscience company, CGG creates value by helping its clients optimize the discovery and the development of natural resources. Our activities around the world bring a wealth of opportunities for positive action and progress.

Our adherence to the United Nations Global Compact affirms our belief that sustainable development can only be achieved if collectively we deliver long-term value in financial, social, environmental and ethical terms. While CGG faced serious deterioration of its market environment in 2014, we did not compromise our responsibilities and ambitions.

Last year, I highlighted the progress made in governance and conduct, one of the results being the certification by a third party of our anti-corruption program. This year, I would like to highlight our environmental responsibility. Despite the unfavorable market conditions, we maintain a strong R&D program and a drive to innovate; we are developing the seismic methods and products of tomorrow that will minimize the impact of sound on the marine environment. As an example, we brought QuietSea™ to the market, an integrated passive acoustic monitoring technology that enhances the industry's ability to accurately detect cetaceans during marine seismic operations, leading to timely shutdowns of seismic sources where necessary.

For the past eight years, we have supported, implemented, trained our personnel and promoted the Principles of the United Nations Global Compact. I am proud to renew our commitment in 2015. We know that what CGG and its partners do today will have an impact far into the future. We act to meet the needs of society today, while respecting the needs of future generations, leaving only a fond memory wherever we work.

Most respectfully yours,

A handwritten signature in black ink, appearing to read "J. Malcor".

Jean-Georges Malcor  
Chief Executive Officer

**CGG**

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A French Public Limited Company with registered capital of €70,826,076 - 969 202 241 RCS PARIS  
VAT UE code: FR 16 969 202 241 – APE Code: 7010Z  
Registered Office: Tour Montparnasse, 33, avenue du Maine, 75015 Paris, France

**CORRESPONDANCE TABLE FOR TOPICS**  
**2014 ADDITIONAL INFORMATION – FISCAL YEAR ENDED DECEMBER 31, 2014**  
**UNITED NATIONS GLOBAL COMPACT'S 10 PRINCIPLES**

This index provides the concordance between:

- the 10 principles of the United Nations Global Compact: [www.unglobalcompact.org](http://www.unglobalcompact.org)

- the attached "2014 Additional Information" CGG report. This document is a free translation from French into English of information from the *Document de Référence* that is not included in the 2014 Annual report on Form 20-F. It is available on the CGG website: [http://www.cgg.com/data/1/rec\\_docs/3004\\_Additional\\_information\\_final.pdf](http://www.cgg.com/data/1/rec_docs/3004_Additional_information_final.pdf).

UNITED NATIONS GLOBAL COMPACT	2014 ADDITIONAL INFORMATION	Ref. document page #
<b>- Adherence to the United Nations Global Compact</b>		<b>13, 21, 31</b>
<b>Human Rights</b>		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> <li>- Adherence to the Universal Declaration of Human Rights</li> <li>- Business Code of Conduct, establishment of a Compliance Committee and employee reporting line (EthicsAlert hotline)</li> <li>- Work of the Ethics Committee</li> </ul>	<p>21, 31</p> <p>14, 52</p> <p>14, 33, 52</p>
Principle 2: make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> <li>- Internal HSE and sustainable development audits that include a questionnaire on aspects of human rights</li> <li>- Supplier's code of conduct: minimum social standards expected by CGG from its suppliers, in particular with regards to compliance with human rights</li> <li>- Training activities related to the promotion of ethics, the understanding of the Business Code of Conduct and the fight against discrimination and harassment</li> <li>- External recognition as shown by Socially Responsible Investment indexes (SRI)</li> </ul>	<p>15, 21, 23, 31</p> <p>23, 31</p> <p>33</p> <p>24</p>
<b>Labour rights</b>		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> <li>- Adherence to the principles and rules of the International Labour Organization's (ILO) core conventions</li> <li>- Business Code of Conduct, establishment of a Compliance Committee and employee reporting line (EthicsAlert hotline)</li> <li>- Work of the Ethics Committee</li> </ul>	<p>21, 31</p> <p>14, 52</p> <p>14, 33, 52</p>
Principle 4: the elimination of all forms of forced and compulsory labour;	<ul style="list-style-type: none"> <li>- Internal HSE and sustainable development audits that include a questionnaire on aspects of rights at work</li> <li>- Training activities related to the promotion of ethics, the understanding of the Business Code of Conduct and the fight against discrimination and harassment</li> </ul>	<p>15, 21, 23, 31</p> <p>33</p>

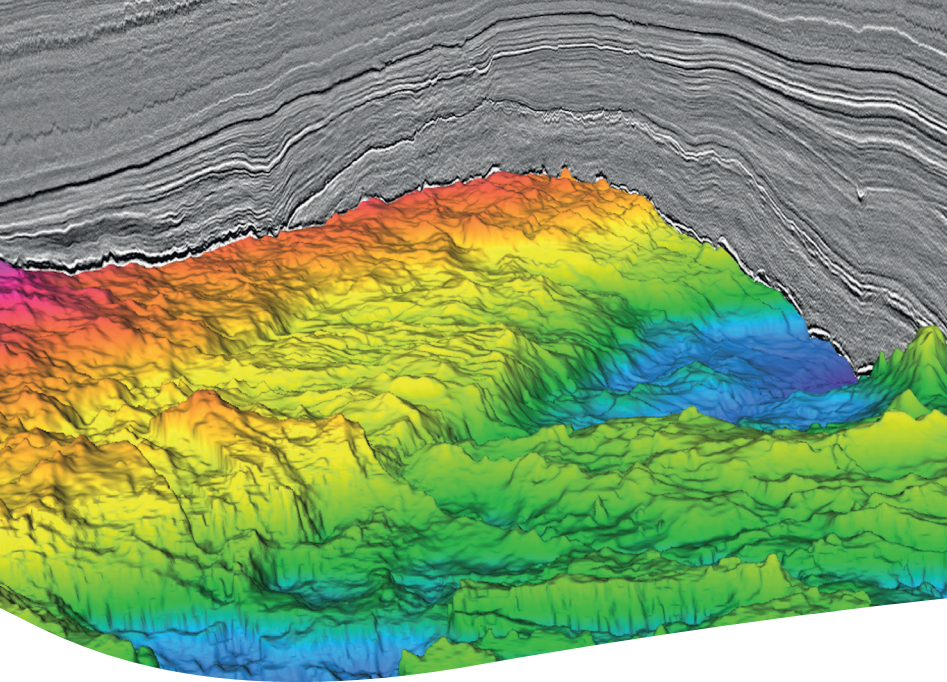
Principle 5: the effective abolition of child labour; and	- Employee representatives' committees	31
	- Number of different nationalities amongst the permanent staff and percentage of national staff in main CGG sites	22, 27
	- Supplier's code of conduct: minimum social standards expected by CGG from its suppliers, in particular with regards to compliance with international conventions on labor rights	23, 31
Principle 6: the elimination of discrimination in respect of employment and occupation.	- Provision of non-discrimination in recruitment and equality of opportunity and treatment in the Human Resources Policy	31
	- Employee gender distribution and breakdown by type of activities, geographical areas, and entries/exits	27-29
	- Age structure and breakdown by contract type	27
	- Agreements on gender equality	31
	- External recognition on the "feminization" of the SBF 120 companies' governing bodies	31
	- Measures to promote the employment and integration of people with disabilities	31
	- Fair remuneration and performance-related bonus implemented uniformly across the Group	32
	- Application of the principle of a balanced representation of men and women on the Board of Directors	42

<b>Environment</b>		
Principle 7: Businesses should support a precautionary approach to environmental challenges;	- Fostering scientific research and industry knowledge to better understand the impact of sound and marine life	19
Principle 8: undertake initiatives to promote greater environmental responsibility; and	- Environmental training, from on-the-job training to more comprehensive courses	18
	- Internal HSE and sustainable development audits that include a questionnaire on environmental aspects	15,18, 23, 31
	- Supplier's code of conduct: minimum environmental standards expected by CGG from its suppliers	23, 31
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	- Ecodesign and delivery of fuel-efficient support vessel fleet tailored to meet seismic survey challenges	18
	- Sercel ecodesign approach: launch of Nomad 15 vibrator designed to access sensitive ecosystems	18
	- Sercel ecodesign approach: launch of QuietSea™ integrated passive acoustic monitoring technology to detect cetaceans in marine seismic operations	18

<b>Anti-Corruption</b>		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	- Agreement to abide by the applicable regulations and ethic codes in force in the Group, including in those countries known for governmental and administrative corruption	14, 52, 56

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	- Business Code of Conduct, establishment of a Compliance Committee and employee reporting line (EthicsAlert hotline)	14, 52
	- Work of the Ethics Committee	14, 33, 52
	- Internal HSE and sustainable development audits that include a questionnaire on aspects of fight against corruption	15, 21, 23, 31
	- Training activities related to the promotion of ethics, the understanding of the Business Code of Conduct and the fight against discrimination and harassment	33
	- Campaign to strengthen anti-corruption efforts	14, 52
	- Review of CGG's Anti-Corruption Program by Mazars-ADIT to examine compliance with the applicable national and international statutory and regulatory provisions (French Law, UK Bribery Act, FCPA, OECD and the tenth principle of the United Nations Global Compact)	14-15, 52
	- Sought-after limited assurance report (the Anti-Corruption Certificate) in which no major discrepancies were noted between the CGG Anti-Corruption Program and the Mazars-ADIT Anti-Corruption Framework®	15, 52
	- Exposure to corruption risk in the supply chain	23
	- Board of Directors' Code of Ethics applicable to the Chairman, the Chief Executive Officer, the members of the E-Com and the Disclosure Committee (section 406 of the Sarbanes Oxley Act)	52

Community relations		
	- Business Code of Conduct, establishment of a Compliance Committee and employee reporting line (EthicsAlert hotline)	14, 52
	- Training programs and partnerships with local universities	22
	- Purchasing through local suppliers	22
	- Community relations management plan	22-23
	- Initiatives and actions in favor of corporate social responsibility in the local communities	23-24



# 2014 Additional Information

[cgg.com](http://cgg.com)



## **EXPLANATORY NOTE**

The information contained in this document, together with that set forth in the 2014 Annual report on Form 20-F filed with the U.S. Securities and Exchange Commission, both of which documents are in English, is equivalent to the information provided in French in the “*Document de Référence*” filed with the *Autorité des Marchés Financiers* on April 13, 2015.

This document is a free translation from French into English of some information from the *Document de Référence* that is not included in the 2014 Annual report on Form 20-F. Should there be any difference between the French and the English versions, only the text in French language shall be deemed authentic and considered as expressing the exact information published by CGG.

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# 1. FINANCIAL RESULTS OF CGG SA (GROUP HOLDING COMPANY) OVER THE LAST 5 YEARS

<b>FIVE YEAR PARENT COMPANY FINANCIAL SUMMARY</b> (Articles 133,135 and 148 of the executive order n° 67-236 dated March 23, 1967)					
In Euros					
	2010	2011	2012	2013	2014
<b>I - Financial position at year-end</b>					
a) Capital stock	60 602 443	60 744 773	70 556 890	70 756 346	70 826 077
b) Number of shares outstanding	151 506 109	151 861 932	176 392 225	176 890 866	177 065 193
c) Maximal number of shares resulting from convertible bonds	Nil	Nil	Nil	Nil	Nil
d) Net equity	1 941 004 513	2 500 504 944	3 055 018 985	2 392 170 912	1 122 589 689
<b>II - Earnings</b>					
a) Sales net of sales tax	10 901 400	10 532 594	78 050 986	83 453 121	92 140 684
b) Earnings before taxes, employee profit sharing, depreciation & reserves	170 640 435	552 459 666	63 067 618	92 708 863	143 398 567
c) Employee profit sharing	-	-	-	-	-
d) Income taxes	(17 302 801)	(32 673 568)	(38 921 264)	(19 662 650)	57 118 390
e) Income after taxes, employee profit sharing, depreciation & reserves	225 424 526	557 170 625	149 612 368	(663 879 383)	(1 269 581 222)
f) Dividends	-	-	-	-	-
<b>III - Earnings per share</b>					
a) Earnings after taxes and profit sharing but before depreciation and provisions	1,24	3,85	0,58	0,64	0,49
b) Earnings after taxes, depreciation and provisions	1,49	3,67	0,85	(3,75)	(7,17)
c) Net dividend per share	-	-	-	-	-
<b>IV - Personnel</b>					
a) Average number of employees	39	36	36	40	39
b) Total Payroll	6 539 847	10 132 120	6 651 660	6 488 564	6 862 431
c) Employee benefits (social security, etc)	3 129 785	4 486 883	2 799 497	3 089 229	4 729 717

## 2. CONSOLIDATED FINANCIAL RESULTS OF THE GROUP OVER THE LAST 5 YEARS

<b>GROUP FIVE YEAR FINANCIAL SUMMARY</b> (Articles 133,135 and 148 of the executive order n° 67-236 dated March 23, 1967)					
In millions of US\$					
	2010	2011	2012	2013	2014
<b>I - Financial position at year-end</b>					
a) Capital stock in millions of U.S.\$	79.6	79.8	92.4	92.7	92.8
b) Number of shares outstanding	151,506,109	151,861,932	176,392,225	176,890,866	177,065,192
c) Maximal number of shares resulting from convertible bonds	None	None	None	None	None
<b>II - Earnings in millions of U.S.\$</b>					
a) Sales net of sales tax	2,904.3	3,180.9	3,410.5	3,765.8	3,095.4
b) Earnings before taxes, depreciation & reserves	614.8	656.3	880.4	1,043	690.4
d) Income taxes	-18.5	-63.1	-99.2	-82.9	-123.8
e) Income after taxes, depreciation & reserves	-59.4	-13.2	92.4	-691.2	-1,146.6
f) Dividends	-	-	-	-	-
<b>III - Earnings per share</b>					
a) Earnings after taxes but before depreciation and provisions	3.94	3.91	4.43	5.43	3.20
b) Earnings after taxes, depreciation and provisions	-0.39	-0.09	0.52	-3.91	-6.48
c) Net dividend per share	-	-	-	-	-
<b>IV - Personnel</b>					
a) Average number of employees	7,264	7,198	7,560	9,688	8,540

### 3. POST CLOSING EVENTS

There was no post-closing event to be reported.

### 4. INFORMATION ON TERMS OF PAYMENT

As of December 31, 2014, the outstanding debt of the Company towards its suppliers amounted to €4.2 million. The breakdown of this outstanding debt per maturity date was as follows:

- due date not exceeding 30 days : €1.6 million;
- due date not exceeding 60 days: €2.5 million;
- due date exceeding 60 days: €0.1 million.

As of December 31, 2013, the outstanding debt of the Company towards its suppliers amounted to €6.0 million. The breakdown of this outstanding debt per maturity date was as follows:

- due date not exceeding 30 days : €2.1 million;
- due date not exceeding 60 days: €2.1 million;
- due date exceeding 60 days: €1.8 million.

### 5. INFORMATION ON THE UTILIZATION OF FINANCIAL INSTRUMENTS

As mentioned in Item 3 of our report on Form 20-F ("Risk factors"), as that the Group derives a substantial amount of its revenues from sales internationally, we are subject to risks relating to fluctuations in currency exchange rates.

More than 74% in 2014 and 2013 of our turnover is denominated in US dollars and to a more limited extent in Brazilian Real, Canadian Dollar, Renminbi-Yuan and in the other Western European currencies such as Euro, British pounds and Norwegian kroner.

Most of our expenses in 2014 are paid in US dollars, Euro, British pounds and Norwegian krone. We attempt to match foreign currency revenues and expenses in order to balance our net position of receivables and payables denominated in foreign currencies. Nevertheless, during the past five years, such dollar-denominated expenses have not equaled dollar-denominated revenues principally due to personnel costs payable in euros in France and Europe.

In order to improve the balance of our net position of receivables and payables denominated in foreign currencies, we maintain our financing primarily in US dollars. At December 31, 2014 and 2013, our total outstanding long-term debt denominated in US dollars was US\$1,567 million and US\$1,493 million and, respectively, representing 57% and 55% of our total financial debt outstanding at such dates.

In addition, our policy generally is to hedge major currency cash exposures through foreign exchange forward contracts or other foreign exchange currency hedging instruments. These contracts are entered into with major financial institutions, thereby minimizing the risk of credit loss.

As of December 31, 2014 and 2013, we had US\$26 million and US\$5 million, respectively, of notional amounts outstanding under U.S. dollars against euro forward exchange contracts. As of December 31, 2014 and 2013, we had US\$24 million and US\$11 million, respectively, of notional amounts outstanding under US dollars against British pounds forward exchange contracts.

We do not enter into forward foreign currency exchange contracts for trading purposes.



## 6. RATINGS OF THE CREDIT AGENCIES FOR CGG

We receive from the Credit Agencies a ratings outlook, which assesses the potential direction of credit rating over time. In determining a ratings outlook, consideration is given to any changes in the economic and/or fundamental business conditions of a company.

Ratings of the Credit Agencies for CGG as of the date of publication of the annual report:

	STANDARD & POORS	MOODYS
Outlook	Negative	Negative
Corporate Credit Rating	B	Ba3
Senior Secured Debt	B+	Baa3
Senior Unsecured Debt	B	B1

## 7. PROSPECTS

### 7.1. Market environment

2013 was a contrasting year with the first half of the year seeing growth in the oil services segment and, hence, the seismic sector, followed by a significant slowdown during the second half of the year, chiefly due to the majors deciding to cut investments in exploration and production projects to improve cash generation on a short-term basis. This trend should be considered in the global exploration and production context: projects were becoming increasingly costly due to their complexity; oil and gas prices remained relatively stable; and oil and gas companies were under constant pressure to maintain the expected level of dividends for their shareholders.

This situation escalated during 2014 with oil and gas companies pursuing their efforts to reduce costs in order to preserve their ability to maintain shareholder revenue. Global exploration and production spending in 2014 was steady but fell by 10% in seismic.

During the second half of 2014, after Saudi Arabia decided to maintain its market share and let supply-and-demand fix the market price, oil prices fell sharply and quickly. In the space of seven months, the Brent oil price fell by 59% from US\$115 per barrel (mid-June 2014) to US\$47 per barrel (mid-January 2015). This severe reduction had a huge impact on the 2015 budgets that oil and gas companies were in the process of preparing. In this context, we expect a 15-20% cut in exploration and production spending for 2015, with a 30% cut in the US for shale production. We therefore expect the seismic market to follow a similar trend.

For the mid-term, the oil reserves replacement rate remains insufficient to cover the year-after-year replacement of extracted and consumed oil and gas combined with natural depletion. As has been the case for the last ten years, the need to discover new reserves in increasingly challenging environments and enhance the oil and gas recovery rate continues to confirm high expectations of growth for the mid-term in the geophysics and geoscience sector.

### 7.2. A commercial strategy based on technology differentiation

The Group will continue to focus its strategy on delivering high-end seismic services, equipment and integrated solutions in the geophysics, geology and reservoir characterization disciplines. We develop solutions based on a cross-disciplinary approach, integrating the cutting-edge technologies developed in each area of our expertise and adapting or upgrading these technologies to meet client needs, such as our StagSeis multi-client program in the Gulf of Mexico or our "Bedias Creek" survey for the US unconventional industry which combined equipment, data acquisition, subsurface imaging and geological expertise. Along with high quality of service and technology, sound management of health, safety and environmental factors is crucial for establishing lasting relationships between clients and service providers.

CGG believes that long-term differentiation will result from acquisition technologies powered by high-end seismic equipment and combined with sophisticated subsurface imaging solutions. This combination will significantly improve seismic image quality while maintaining reasonable lead time, in line with the exploration and drilling decision process of our clients. This technological differentiation will be enhanced by our upstream geological consulting expertise and downstream reservoir characterization software and services to provide our clients with reliable static and dynamic reservoir modeling solutions to enable more accurate assessment of known or future reserves and improved oil and gas recovery rates in producing fields.

In general, our clients are increasingly focused on the positioning and configuration of their drilling sites very early on in the production cycle. This translates into a growing interest in the technological content of geophysical data to extract highly specific reservoir properties to feed their development decision-making process. Our clients want to predict stress and fractures and need to ensure safe and predictable drilling and completion operations while optimizing their return on investment. These requirements will strongly influence key aspects of the seismic imaging and reservoir characterization technology market and significantly increase the geoscience content of the seismic market.

### Innovative solutions from Sercel targeting emerging market segments

In the Equipment sector, Sercel continues to maintain a high level of research and development given the high technological content of seismic equipment, such as wireless technology, broadband seismic, miniaturized electronics as well as optical and acoustic technologies.

At the end of 2013, Sercel launched its latest-generation land acquisition system, the 508<sup>XT</sup>, which is a state-of-the-art system offering unique functionalities that combine the best of cable and cable-less technologies. Thanks to its intelligent grid, the 508<sup>XT</sup> allows users to access real-time data while reducing utilization cost for the client. Industry interest in the 508<sup>XT</sup> product grew during 2014.

Sercel launched a number of additional products in 2014, including:

- The Nomad 65 Neo vibrator that allows the generation of a wider range of seismic wave frequencies and is therefore the ideal source for broadband seismic land surveys;
- QuietSea, a passive acoustic monitoring system for detecting the presence of marine mammals during marine seismic surveys;
- GeoWave, the first digital multi-level array specifically designed to withstand high temperatures (up to 400°F/205°C) and high pressures (up to 25,000 psi/1,725 bars) and deploy up to 120 levels on a standard wireline.

## Developing and improving land and offshore acquisition technologies

The Group believes industry demand for geophysical services will continue to be linked to new technologies. The Group predicts that high-end surveys (such as high-definition 3D, BroadSeis broadband, 3D full-azimuth, 4D (with time as the fourth dimension) and multi-component (3C or 4C), etc.) will play a key role in exploration and production, especially for the offshore sector. With respect to the onshore sector, increased demand for ultra-high density surveys should result in one hundred-thousand-channel crews appearing in the field in the next five years. This trend will require a complete redesign of the land acquisition chain. Current development efforts focus on low-cost sensors, automated spread deployment and automated data quality control.

## Improving imaging and developing integrated solutions for reservoir simulation

To anticipate the exponentially increasing flow of data ("Big Data"), considerable research and development ("R&D") effort is focused on seismic data processing, data storage and management as well as new solutions for highly parallelized computer architectures to process data in a reasonable timeframe while lowering energy consumption. The Group also believes that by continuously improving its subsurface imaging software, it will maintain its position as one of the leading suppliers of high-end seismic services for land and offshore surveys. Its R&D work will continue to focus on improving imaging in complex zones for seismic exploration and production as a technology for characterizing and monitoring reservoirs. Lithological prediction (identification of rocky layers surrounding an oil and gas accumulation) and reservoir characterization applications, in particular 3D prestack depth imaging, subsalt depth imaging (full azimuth), BroadSeis broadband imaging, multi-component and 4D surveys will continue to progress.

### 7.3. Outlook for Group activities in 2015

#### Commercial outlook

Seismic markets which are strongly correlated to exploration activity will decline year-on-year in 2015 across the world, based on our clients' statements. The fall in crude oil prices from July 2014, and more sharply in November and December 2014, just at the time when oil companies were planning their budgets, prompted them to adopt bearish positions on their future investments, and to concentrate more on production than on exploration in their exploration and production expenses. We believe that the different worldwide areas will be impacted as follows:

- Saudi Arabia's position is partly aimed at reducing shale production in the US; this will have limited impact on CGG's business;
- The Middle East is likely to pursue high-end seismic activity to enhance recovery from existing fields;
- The gradual opening of previously non-accessible countries (particularly Mexico) to international seismic companies should generate a high level of seismic activity during the second half of 2015.

CGG's total backlog amounted to US\$1,000 million as of January 1, 2015.

#### Industrial outlook

CGG remains focused on the development and promotion of high-end geoscience solutions, both upstream with our equipment offering and downstream with services linked to geological and geophysical data. A strong presence in the data acquisition business remains essential for maintaining our traditionally strong and global relationship with the major players in the oil and gas industry. In addition, the high level of expertise developed in each of our businesses and the integration of these business activities within one company enables CGG to engage collaborative R&D and partnerships with clients who value the technological leadership of CGG in all areas of geoscience.

In the difficult market conditions prevailing at the start of 2015, the Group will focus on the resiliency of the GGR and Equipment Divisions, while continuing with its strategy to rightsize the Acquisition Division.

#### ✓ **Equipment - preserving market share through technology and a strong customer base**

The seismic equipment market will be impacted by the current environment. The land market should remain stable in 2015 but at a low level, as a result of high-channel-count crews in the Middle East. The marine market should face a further decrease in activity due to reduced capital investments by key clients.

Overall, the geophysical market has been characterized by increasing demand for technological advances both in land and marine for high-resolution imaging and we anticipate that this trend will continue in 2015. Given our strong reputation and past success, Sercel should be able to maintain its leading position in the seismic equipment market by capitalizing on the application of new technologies to its product range as well as its diversified geographical presence that includes key emerging markets.

#### ✓ **Rightsizing our acquisition activity**

In 2014, the industry showed discipline in facing up to the downturn in the market for contract marine seismic. CGG was the first company to announce, early 2014, its decision to reduce its fleet size by five vessels from 18 to 13 3D high-capacity vessels. In December, Schlumberger and its subsidiary WesternGeco took similar action with the withdrawal of six 3D vessels. PGS, another major contractor, chose to delay the arrival of two newbuilds and convert two of its seismic vessels into "source vessels." CGG completed its plan to downsize by five vessels by the end of 2014 and, despite earlier predictions that the supply of seismic vessels would increase, supply in the end fell 10% by the end of 2014 and will not increase in 2015.

In parallel, shrinking market demand led to a 10% average fall in prices in 2014. Early 2015 should be marked by increasingly difficult market conditions where priority is given to positioning vessels rather than considerations of profitability, in an environment where clients take time to make their decisions and favor short-term projects. This will lead to both an under-utilization of the existing production capability and a further significant drop of market prices.

As for CGG, the roadmap for the Marine Acquisition Business Line is to continue with the repositioning and reformatting of the fleet to both make it more competitive in terms of operational costs and focus it on the key high-end vessels, which include the four recently acquired modern C-class vessels, and on the high-technology market segments. In this regard, and to further align our fleet with current market conditions, CGG will cold-stack in 2015 the two vessels that are the less performing with regard to the productivity / cost curve and operate a total of 11 3D high-capacity vessels. This fleet reduction will lead to another significant reduction in fixed costs and investments, following the one implemented in 2014, and hence reduce the volatility of marine earnings to improve cash generation throughout the cycle. We will maintain a critical size to retain a world-leading position, address the global regional markets and consolidate CGG's leadership in the high-end broadband and global-solution marine market.

In Land Acquisition, CGG will continue to target niche and high-technology markets, focusing on differentiation and operational excellence rather than market share, and avoiding as much as possible commoditized markets. Our strategy is to serve the increasing demand for high-resolution land seismic acquisition and high-end technology already visible in the Middle East and North Africa through the expanded use of UltraSeis broadband solutions. CGG will continue to implement long-term partnerships in key regions when possible, as has been done in the Middle East with TAQA. Achieving a recovery in the financial situation of the Seabed Geosolutions BV joint venture, owned 40% by CGG and 60% by Fugro, is one of the priorities for the Acquisition Division in 2015.

As for our Multi-Physics Business Line, our priority for 2015 will be to finalize implementation of our restructuring plan, build a sustainable cost base adapted to current market conditions, and continue our program to rationalize our aircraft fleet with the aim of reducing aircraft types to maximize efficiency. The Group will also further explore the complementarity of electromagnetic and high-resolution gravity measurements with seismic data.

✓ ***Focusing on a healthy geoscience business***

Although GGR will not be protected from the lower commodity price environment projected for 2015, we see the demand for GGR products and services continuing to be healthy.

Subsurface Imaging activity in 2015 should remain sustained, driven mainly by the increasing complexity of the geologies to be illuminated, which require additional sophisticated and high-end algorithms, an area in which the Group enjoys a unique leadership position. In addition, oil and gas companies are now asking for more reprocessing to benefit from new and less costly (in terms of computing power) imaging algorithms, as the success of their exploration efforts in challenging areas relies heavily on the best possible seismic images.

CGG also sees continued demand for its software and consulting services. These products and services are inexpensive when compared to the value they provide and especially when compared to overall exploration budgets; they might reasonably be unaffected by budget cutting. The Group is committed to expanding the geographical scope of its consulting service as well as adding to the number of services offered. In its GeoConsulting activity, CGG should benefit from the increased focus of its clients on projects designed to enhance recovery from existing reserves and the partnership CGG has developed with Wood Mackenzie. In the GeoSoftware activity, the Group should benefit from increasing demand for integrated software from seismic to reservoir simulation, and the leverage of external partners such as Baker Hughes International.

CGG's marine multi-client capital expenditure is forecast to shrink due to the completion, in October 2014, of its IBALT multi-client program launched in 2012 in the Gulf of Mexico and based on its StagSeis technology. It should lead to increased interest from major oil companies in the region, notably in advance of the many lease block auctions scheduled for the 2015-2017 period. New multi-client seismic data is also required by our clients to solve complex geological problems in the pre-salt basins offshore Brazil and in analogous plays off the coast of Africa where exploration is a very long-term commitment, and unlikely to be stopped due to temporary falls in commodity prices. The opening up of Mexico's oil fields to foreign investment may also create an excellent opportunity for multi-client projects, such as the deployment of StagSeis technology in the deepwater subsalt plays.

## **Financial Outlook**

Looking ahead, for 2015 we anticipate market conditions to remain tough throughout the year with a low first quarter. In this context our priorities will continue to be tight cash management, cost reduction, operational and commercial efficiency and dynamic debt management. Industrial capital expenditure should decrease from US\$175 million to US\$200 million. Multi-client cash capital expenditure should be in the range of US\$375 million to US\$425 million with a prefunding rate of over 70%.



## 8. RESEARCH & DEVELOPMENT ("R&D")

### 8.1. Technological Innovation and Research and Development Policy

CGG's ability to effectively measure up to the competition and maintain a strong market position relies heavily on its capacity for continuous technological innovation. The Group believes that the future of the seismic industry relies on seismic equipment and services with high technological content. As the market for products and services is subject to continuous and rapid technological developments, development cycles, from initial design to market launch, can extend over several years.

CGG believes that the seismic industry is on the brink of a major technological shift which it intends to pursue in both exploration and production. The main areas of oil exploration — Arctic, offshore pre-salt structures, and mountain ranges or jungles on land — are sensitive and complex environments (called "frontier" environments) that are difficult to survey. In production, increasingly precise monitoring of reservoirs, from both recovery (maximize oil recovery) and production risk (geohazard) points of view, requires our industry to conduct more repeated seismic surveys (4D) and improve the accuracy of the data acquired in the shortest possible time.

In a few years, seismic acquisition techniques will be revolutionized to cope with these new challenges.

CGG, with its experience and expertise, along with the integration of all the elements of the seismic chain, is in an ideal position to meet them.

To implement this vision, CGG focuses on the entire exploration to production chain, including reservoir characterization, development of multicomponent seismic data processing techniques, structural imaging, and improved operational performance. These efforts are focused on geophysical target illumination during data acquisition while increasing efficiency and safety. With around a thousand employees, R&D teams are based worldwide and cover a broad range of areas of expertise.

Innovation is not confined within the boundaries of the CGG Divisions; innovative schemes leading to integrated solutions with high added value for both the Company and its customers are also being developed. The agreement with BP to develop marine vibratory sources is a good example of this.

CGG also has access to new technologies through strategic alliances with equipment manufacturers, oil and gas companies, universities, and by acquiring technology under licenses. In addition, CGG continues to undertake joint research programs with partners such as *IFP Energies Nouvelles* and MIT in the United States.

R&D gross expenditure trends over the past three years, including capitalized development costs, are as follows:

	2014		2013		2012	
	in US\$M	in % of turnover excl. tax	in US\$M	in % of turnover excl. tax	in US\$M	in % of turnover excl. tax
<b>Gross R&amp;D expenditure</b>	189	6.1%	181	4.8%	135	4.0%

### 8.2. Key Technological Innovation and Research and Development Events in 2014

Group expenditure on R&D (including capitalized development costs) reached US\$189 million in 2014, or approximately 6.1% of turnover.

In the difficult environment experienced by the seismic industry in 2014, CGG slightly increased its R&D investments compared to the 2013 level, demonstrating its resilience in technological innovation as well as its continued desire to differentiate itself from the competition through the high technological content of its various offerings.

The BroadSeis / BroadSource duo continues to be the seismic industry broadband benchmark. This combination provides an acquisition system capable of obtaining up to six frequency octaves (2.5 - 200 Hz), thereby providing our customers with unparalleled subsurface image resolution. The most remarkable part of this acquisition system combined with specific processing algorithms is the return of very low frequencies (under 5 Hz). These very low frequencies provide essential information to both image deep targets and characterize hydrocarbon reservoirs using seismic data.

This technological achievement has put CGG on another level on the "broadband" seismic market segment, widened the gap with its direct competitors, and put this market out of the reach of businesses with less significant R&D capacity.

In 2013, the StagSeis acquisition method, which permits very long distance seismic data acquisition (up to 20 km) with 360° azimuthal distribution and very dense sampling, was selected as the most suitable solution for imaging difficulties in the Gulf of Mexico. The quality of the data acquired using this method is ideally suited to unlocking the potential of highly complex geological basins and, in particular, the Gulf of Mexico salt structures in response to this new and growing demand from our customers. The popularity of our "StagSeis" multi-client library in 2014 serves as proof. StagSeis' success confirms CGG's ability to develop unique and highly innovative acquisition designs to help meet the imaging challenges of our customers with solutions tailored to their needs. These innovations are possible thanks to cooperation between our acquisition and imaging experts and the equipment provided by Sercel.

CGG is currently evaluating other land and marine seismic acquisition systems using drones which could be developed over the next few years.

Building on the experience of land acquisition systems implementing a large number of channels and the EmphaSeis vibrator operation technology using a broadband solution, the UltraSeis project is now able to extend broadband technology to major mega-channel crew acquisition projects, starting with systems with a capacity up to 200,000 channels in 2014-2015 with a target of one million active channels in five years. This development is mainly supported by Sercel's new 508<sup>XT</sup> acquisition system. On the scale of the huge volumes of reservoirs in the Middle East, mega-channel acquisitions are intended to provide solutions to near surface and noise problems by densifying the number of source/receiver pairs. UltraSeis is also based on an optimal operating model allowing a major increase in productivity.

In parallel, we now use the Sercel Unite cableless system in Europe to meet the difficulties of access for seismic surveys in obstructed or sensitive areas. This system significantly increases productivity, even if data is no longer streamed.

The use of active continuous monitoring systems, such as Seismovie, confirms its attractiveness on the Canadian market with very promising initial results in heavy oil fields. This system is designed to continuously and permanently monitor the spread of the water vapor front, which improves hydrocarbon recovery.

The value of this technology has been confirmed for the Saudi Arabian company, Saudi Aramco, for deep carbonate reservoirs in complex geological environments. This resulted in a development program related to sources and sensors adapted to this particularly challenging environment. Feasibility studies are underway to define the outlines of a solution specifically addressing the colossal production stakes of the largest reservoirs in this country.

CGG continued its development efforts in depth imaging to provide more accurate seismic images acquired in complex geology zones. R&D programs focus on migration algorithms (*Reverse Time Migration*) and *Full Waveform Inversion* which is used to obtain very high resolution seismic velocity models and is essential for high-precision images. CGG is now a technological leader in this field. Note that major progress in tomography technologies was made in 2014.

CGG is also working on the combined processing of multi-physics and seismic data to synergize these two types of measurements, which are not sensitive to the same variations in geological properties. In 2014, CGG continued to achieve results that were recognized as being of exceptional quality by the industry, produced by a combination of seismic, resistivity, and gravity data to better characterize the near subsurface.

In the field of equipment, Sercel's need to maintain a high level of R&D is justified by the high technological content of its seismic equipment for land and marine acquisition. This intense R&D activity has put Sercel at the forefront of technology for wireless data transmission, the design and manufacture of sensors with low noise levels, and the design of miniaturized electronics that withstand extreme environmental conditions. Sercel's research also applies to optics and acoustics. The Nautilus (lateral and vertical streamer positioning controller) and SeaProNav systems (*Integrated Navigation System*) have reached industrial maturity and are now the industry standard used to equip CGG's fleet. In 2014, SeaProNav demonstrated its capacity to manage an entire fleet in an integrated way.

The RD (Reduced Diameter) version of the Sentinel streamer with reduced drag and easier winch winding is emerging as the new standard. In 2014, Sercel continued to market its latest streamer, the Multi-Sensor (MS) Sentinel which provides an acoustic vector sensor composed of a group of geophones disposed around a hydrophone. The new 508<sup>XT</sup> (XT for "cross technology") Sercel land acquisition technology was put into operation in 2014 following the announcement of start of production in September 2013. The 508<sup>XT</sup> should gradually be standardized in the seismic industry in 2015.

The 508<sup>XT</sup> is the epitome of what is done best in seismic data acquisition with a simultaneous recording capacity of one million channels. This system also includes new features facilitating increasingly complex land seismic exploration operations.

Sercel also marketed state-of-the-art land acquisition products in 2014 including the new QuietSeis sensor, which provides a signal-to-noise ratio that has been improved by 10 dB. Combining this system with the UNITE system allows acquisition in "frontier" environments to be envisaged.

A new seismic borehole acquisition chain was announced late 2014. The Geowave II, through its currently unrivalled temperature and pressure performance, allows seismic acquisition in deep high-temperature boreholes.

### **8.3. Prospects for Technological Innovation and Research & Development**

Regarding production, improvements in monitoring techniques, both in acquisition equipment and seismic data processing, optimize shallow reservoir production, improve recovery, and extend the life of fields through appropriate management. In major oil-producing regions such as the North Sea and the Middle East, these issues are of crucial importance for operators. However, they remain a strong area of study to develop seismic as a core discipline in deep reservoir production where resolution and reliability need to be improved.

In the field of exploration, R&D seismic achievements help identify increasingly difficult prospects and reduce the risks associated with drilling. Accordingly, the success rate of exploration wells tends to increase even though the easy targets were drilled first. The contribution of new technologies justifies the frequent reprocessing of previously acquired data and, increasingly, the acquisition of new seismic data in areas that have already been covered. Therefore, technical progress directly affects activities, in particular, multi-client activity.

Meanwhile, the need to renew drilling areas has led oil companies to take an interest in regions that are increasingly difficult and complex due to their geology or access constraints and/or environmental fragility (transition, jungle, Arctic, foothills, etc.). These new requirements represent new challenges for the R&D teams of major seismic companies.

Finally, as in most fields related to the seismic industry, the concepts of "cloud" and "big data" will be increasingly used to process seismic data, while the use of marine and land drones should change current and medium-term operational models.

In 2015, CGG will continue its efforts to integrate multi-physics and seismic data with regard to acquisition and processing.

In this context, several areas for improvement have been identified, including:

- Improving data quality, including expanding the range of recorded frequencies (high frequencies for better resolution and therefore better geological characterization of reservoirs, low frequencies ensuring better penetration to track increasingly deeper targets);
- Increasing the amount of data through greater density of acquisition and increased azimuthal coverage to explore the geological target from all possible angles;
- Associating increasingly diverse data types (secondary waves, well data, electromagnetic and gravity data in particular) to obtain the most accurate possible picture of the subsurface, as well as its porosity and permeability characteristics, and fluid content (water and hydrocarbons).

This quest for improved data will ultimately result in positioning seismic instruments increasingly closer to the reservoir.

Total research and development spending for 2015 to support Group innovation in both geophysical services and equipment should be equivalent to that of 2014.

## 9. ENVIRONMENT & SUSTAINABLE DEVELOPMENT

CGG is committed to being an industry leader in Health, Safety, Security, the Environment, and Sustainable Development by pursuing balanced economic development through its human capital and responsible environmental management. This approach allows CGG to play a positive role in providing access to energy.

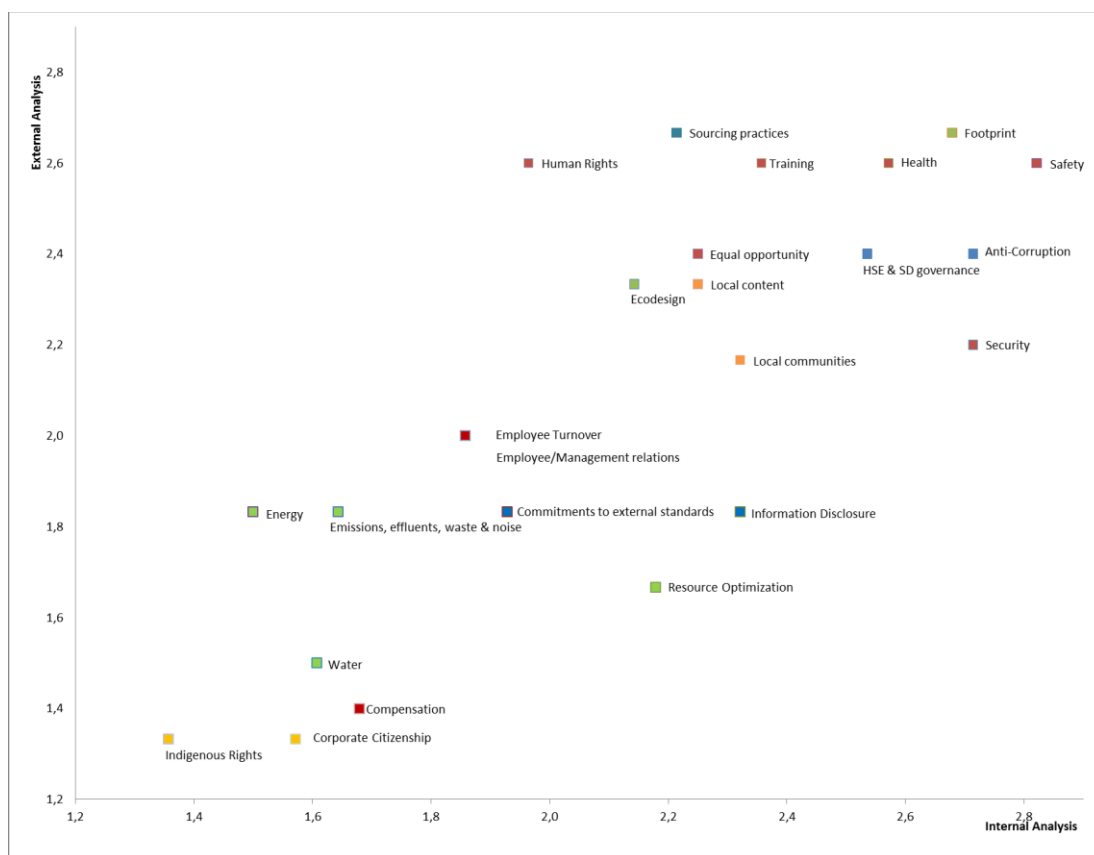
The CGG has been a member of the United Nations Global Compact since 2007 and it reaffirms every year at the highest level its commitment to respecting the environment and human rights, to promoting international labor standards, and to combating all forms of corruption.

### 9.1. Priority sustainable development issues

For CGG, sustainable development primarily consists in successfully and sustainably providing geoscience products and services to the market while respecting and protecting our employees, local communities, and the environment around our operations.

CGG ranks its priority sustainable development issues in a materiality analysis based on extensive consultation involving the management, a panel of employees from different Divisions, and external stakeholders (clients, investors, NGOs, and the International Association of Geophysical Contractors).

Relative importance of sustainability issues for CGG





## 9.2. Ethics

### 9.2.1. CGG Ethics

CGG has the following values:

*"Powered by people, around the world, we:*  
 ▶ *have a passion for innovation*  
 ▶ *operate safely and with integrity*  
*in order to deliver sustainable performance"*

Our values are the foundations of CGG Ethics. They commit us to complying with laws and regulations and the principles of our Business Code of Conduct with regard to our clients, shareholders, employees, and partners.

The Business Code of Conduct sets out the rules and expected behavior to enable the Group to conduct its business with integrity.

In 2014, the Group established a Compliance Committee to provide high level oversight and coordination of Group activities in the areas of Ethics, Anti-Corruption and Data Privacy.

### 9.2.2. The work of the Ethics Committee

The CGG Ethics Committee is responsible for publishing and disseminating the Code of Ethics and the Business Code of Conduct. The Ethics Committee assures that the Groups policies and guidelines concerning Ethics positions are well disseminated across the Group. The Ethics Committee works with CGG University and with General Secretary to promote training on Ethics throughout the Group. Training is further described under the "Employees" section of this chapter.

The Ethics Committee meets during the year to plan and coordinate its activities. Most of the Committee's work consists in making recommendations and answering questions from management and employees on ethical issues. Ethics cases are worked by Committee teams and then validated by the Committee through virtual meetings. The Ethics Committee was contacted on an increasing number of occasions in 2014:

- ▶ at various instances on topics, including conflicts of interest where managers or employees had questions upstream of a decision that could have caused a conflict or during a relationship between CGG and a related party.
- ▶ increasingly in support of operational or functional departments to answer questions from CGG's clients about the Group's ethics policy, including our efforts to prevent corruption.

The increase in the number of ethics cases and requests for guidance give us confidence that our ethics promotion campaigns and training are getting through and that there is good appropriation of these concepts by Group employees.

### 9.2.3. CGG EthicsAlert Hotline

A whistle-blowing system was implemented in 2009. This whistle-blowing procedure complies with the specifications of the Sarbanes-Oxley law of July 31, 2002 (Article 301-4) and the provisions of the Safe Harbor Act and has also been submitted for approval by the CNIL (French Data Protection Authority); employees are reminded of its existence in every communication regarding Ethics.

### 9.2.4. Prevention of Corruption

CGG's sustainable development materiality study underlined the significant risk of corruption inherent to our sector of activity. Over the last two years, CGG has carried out a campaign to strengthen anti-corruption efforts. We examined our processes, such as the due diligence procedures for intermediaries and suppliers, and we made anti-corruption processes and procedures more robust. To support our Program, we launched a worldwide anti-corruption communication and training program for Group employees worldwide.

In 2013 and 2014, to obtain formal recognition of the significant progress made in strengthening CGG's Anti-Corruption Program, to benchmark our Program, and to identify areas for further improvement, CGG had its Anti-Corruption Program reviewed by ADIT - Mazars. The Mazars-ADIT Anti-Corruption Certification framework is approved and recognized by international independent experts and authorities and by the French Central Corruption Prevention Department (SCPC), an inter-ministerial department reporting to the French Ministry of Justice.

The external independent review evaluated the adequacy of the CGG Anti-Corruption Program against the benchmark Mazars-ADIT Anti-Corruption Framework® and examined its implementation. The review encompassed key issues related to corruption prevention and examined compliance with applicable national and international statutory and regulatory provisions (French Law, *UK Bribery Act*, FCPA, OECD and the tenth principle of the United Nations Global Compact). The review, based on industry best practices, focused on five key areas:

- Control Environment: corporate culture, management team involvement in the program, ownership, awareness and commitment related to the anti-corruption effort.
- Risk Management: identifying and assessing corruption risks and communicating the results of those assessments.
- Control Activities: preventing and detecting potential corruption related to commercial consultants, gifts, entertainment, and events, facilitation payments as well as political or charity donations.
- Monitoring: regular monitoring of incidents and the functioning of corruption controls.

- Communication and Training: company-wide communication of policies and *guidelines* training and awareness programs to support anti-corruption policies.

The Anti-Corruption Program review provided CGG with a solid benchmark for its Program. Specific areas of organization, procedures, standards, and documentation were identified to further strengthen the Program. Work to improve all of these areas has been substantially completed.

In May 2014, CGG received the sought-after limited assurance report, "the Anti-Corruption Certificate", in which no major discrepancies were noted between the CGG Anti-Corruption Program and the Mazars-ADIT Anti-Corruption Framework®.

### 9.3. HSE management system

CGG's structured approach to Health, Safety, and the Environment is based on a HSE management system. This system complies with Oil and Gas Producer Recommendations (*International Oil & Gas Producers* - IOGP) for the Development and Application of Health, Safety and Environment Management Systems which have become a *de facto* standard in the industry. The HSE management system applies to all of the Group's activities in the areas of Health, Safety, and Security as well as the protection of the Environment in all our projects and installations; its scope extends to our permanent staff, seasonal employees, and subcontractors operating within our prevailing influence on.

The Group's Management plays a key role in establishing the conditions under which the HSE management system works. Our leadership in HSE is established at the highest level by formulating specific expectations on HSE performance, regular communication on HSE issues, performance monitoring throughout the year, and implementing necessary changes following periodic formal reviews.

CGG HSE expectations are established by the Chief Executive Officer and are included in HSE, Health and Well-being, Safety, Environment, and Sustainable Development policies which are available to all employees on the Intranet. These are also widely communicated and displayed in all the Group's sites around the world. Policies are supported by HSE and Sustainable Development Objectives. For 2013-2015, our Chief Executive Officer established objectives based on the three year "*Care and Protect*" initiative. These objectives are based on leadership and visibility, risk management, subcontracting management, operational and staff safety, health, the environment, and skills and training. These objectives are cascaded through lower levels within the organization to ensure that each level is clearly informed on expected results setting personal goals for the entire management team. CGG employs more than 100 HSE professionals to support the HSE system.

Risk management is at the core of the HSE management system. The Group implements a structured approach to identify, assess, and control risks based on a common risk management methodology and model for the entire Group. Risks are assessed for each project or permanent installation. They incorporate incident history drawn from the Group's database and the database shared with the *International Association of Geophysical Contractors* (IAGC) which covers several decades of incidents.

CGG believes that managing risks related to Health, Safety, Security, and Environment requires transparent reporting and rapid communication. We have developed effective reporting systems to ensure that incidents anywhere in the world are reported, communicated to the relevant level of management, and recorded to help us analyze and improve Group performance. All incidents occurring anywhere in the world are reported and communicated to the Management. With a few exceptions, incidents are reported within 24 hours.

A robust audit program ensures that the Group's HSE policies and key processes are implemented and complied with in all our activities. Audits are supplemented by cross audits and facilities and projects are inspected. In 2014, internal HSE audits were conducted in each Division or Product Line as follows: 21 in Marine, 10 in Land, 6 in Airborne, 4 in Subsurface Imaging, and 6 in Equipment for a total of 47 HSE audits. Over 110,000 department and cross-department inspections supplemented these audits.

The Group's HSE Management System cycle is completed by management reviews at Division, Corporate Committee and Board HSE & Sustainable Development Committee levels to ensure the system's proper functioning, to identify areas for improvement and the corrective measures to be applied, and finally to ensure that adequate resources are available to achieve good results.

In 2014, CGG inaugurated the Above & Beyond / Care+Protect award. This annual award recognizes and rewards teams which have achieved HSE and sustainable development excellence through technical innovation, team performance, or the results of an original initiative. A special prize is also awarded to a subcontractor who has demonstrated excellence in HSE on one of our projects.

#### 9.3.1. Safety

The Group's HSE management system integrates all the necessary aspects of accident prevention and protection of our employees and those of our subcontractors. The HSE program is built around the idea that all accidents can be avoided.

Through the identification of high-risk activities and systematic risk assessments, we determine the necessary controls to manage safety risks. These controls include procedures, work instructions, specific risk management training, job safety analyses, and daily HSE meetings in the field. The Group ensures the implementation of these controls through line management, inspections, and task observations. We conduct our safety program through a combination of these controls, monitoring activities, and a culture of individual and line management responsibility.

As road transport is the Group's highest risk activity, CGG has continued the transport program by focusing on driving skills and assessments. CGG uses In Vehicle Monitoring Systems (IVMS), Speed Limiting Devices (SLD), Roll-over Protection, and there are always trainers in defensive driving on our crews. Our Motor Vehicle Crash (MVC) rate improved in comparison with 2013. In 2014, drivers assigned to our operations drove over 26,000,000 km.

	MVC rate
2012	0.45
2013	0.88
2014	0.60

Individual risk awareness and personal responsibility are essential elements of our HSE management system. The Group's behavioral safety program entitled "Rules to Live By" and "Things We All Must Know" is still in force. This program, focused on the Group's key safety risks, is deployed across all activities and in several languages and these rules are supported by clear procedures, an incentives program, and visible posting on the workplace.

CGG HSE training programs are provided on all company sites, at CGG University, and in the field. Specialized programs were launched in 2014 to strengthen risk management in working at height and the use of equipment under tension offshore. In 2014, CGG provided over 140,000 hours of HSE training.

CGG measures safety performance by the frequency of occupational accidents with Lost Time Injury. These indicators include permanent and seasonal Group employees and subcontracted staff working under our authority.

	Lost time injury frequency rate (LTIF)	Total Recorded Cases Frequency (TRCF)	Severity rate	Cases of permanent total or partial disability	Hours (millions)
2012	0.46	2.76	0.011	0	72.1
2013	0.60	2.16	0.013	1	68.4
2014	0.42	1.79	0.01	0	54.8

In 2014, one employee died during a drilling operation.

In 2014, the Group noted a decrease in the frequency of Total Recorded Cases and the Lost Time Injury frequency. The frequency of HSE incidents with high potential severity (potentially fatal incidents including near misses), which is followed worldwide, remained stable.

CGG continued to play an active role in the HSE committee of the *International Association of Geophysical Contractors* (IAGC) and participated in a number of working groups organized by *Oil and Gas Producers* (IOGP).

### 9.3.2. Health

CGG has had a robust occupational health management system that ensures that well-being / quality of life at work is integrated into our operations since 2013, this system is based on:

- Group policy and objectives which express:
  - a commitment by CGG's management to providing a healthy work environment without tobacco or alcohol in the workplace
  - CGG's compliance with occupational health and safety laws and regulations wherever the Group operates or is represented
- Management of risks and impacts on health, adapted to the environment and taking into account the new challenges of very isolated areas or high risk exposure such as the Ebola prevention plan with a health monitoring cell we implemented
- Solutions that are sometimes innovative to reduce risk to as low a level as reasonably possible:
  - prevention of vector borne diseases in tropical areas
  - prevention of food poisoning and outbreaks
  - prevention of occupational diseases related to exposure to hazardous and CMR chemicals<sup>1</sup> (1)
- Occupational health program related to public health and well-being at work:
  - determining medical fitness for the work
  - screening for drugs and alcohol abuse (increase from five to ten tested substances)
  - smoking cessation support and elimination of second hand smoke
  - vaccination program (adapted by region, taking into account local health risks and practices)
- Implementation of rescue and assistance resources for our staff exposed in the field:
  - assistance in preparing medical evacuation contingency plans
  - medical and assistance services subcontracting

<sup>1</sup> CMR: Carcinogenic, Mutagenic, and Reprotoxic.

- medicalization of all sites and seismic vessels
- possibility of reinforcing medical equipment for diagnosis and specific medical skills
- Workplace First Aid training in accordance with IOGP rules
- Organizing medical evacuations:
  - from the workplace to the closest hospital
  - medical repatriation if necessary for casualty evacuation or return home
  - mobilization of specific resources dedicated to the prevention of post-traumatic stress.

The Group publishes the figures for occupational diseases ("OD") excluding the Equipment Division, in the table below consolidated according to IOGP rules. The OD frequency and severity rates decrease.

	OD with days lost Frequency rate (LTIF)	Recordable OD frequency rate (TRCF)	Severity rate LTI lost days * 1,000/Exposure hours	Hours (millions)
2012	0.13	1.00	0.005	63.7
2013	0.20	0.71	0.002	60.8
2014	0.12	0.35	0.001	48.5

$LTIF = (FAT + LTI) * 1,000,000 / \text{Exposure hours}$ .

$TRCF = (FAT + LTI + RWC + MTC) * 1,000,000 / \text{Exposure hours}$ .

### 9.3.3. Security

The Group's security system is based on prevention and deterrence. CGG has implemented a security intelligence and monitoring system to identify and assess risks to security in areas prone to maritime piracy and potentially unstable areas onshore. Projects in potentially at risk areas are reviewed at the highest level and supported by assessments of security experts.

All staff receive safety information on destination countries, and, when necessary, are included in the local security plan. Audits and exercises are used to assess the effectiveness of these plans.

Threats related to terrorism require the application of precautionary measures to ensure the security of the Group's operations in North Africa and the Middle East and our security plans established in high risk countries have been updated.

In 2014, CGG noted a decline in piracy in the Indian Ocean reducing the size of the corresponding risk area. The opposite phenomenon was observed in the Gulf of Guinea.

### 9.3.4. Environment

#### Environmental management

The need to protect the environment in the conduct of the Group's business is defined by the Chief Executive Officer in the Group's environmental policy. The policy explains the approach used to continuously improve CGG's environmental performance. It relies on regulatory compliance, dialogue with stakeholders, and systematic management of risks of impact on the environment, training, and management reviews to achieve this. This management approach supports the development of best practices implemented on our operations and integrated into our research and development efforts.

Environmental management is fully integrated into the HSE Management System. It is explained in a general instruction detailing the following key stages: planning, risk assessment and management, reporting, monitoring, training, communication, performance review, and corrective actions.

Operational managers responsible for the HSE performance of Group sites and crews are supported by a community of HSE advisors and managers in the field, HSE specialists of their Business Line and a Group Environment Manager. This community defines environmental management procedures in line with the specific risks of the activities of the various Product Lines.

Environmental management is taken into account at the survey tendering stage. Proposals are made for non-invasive and non-destructive seismic acquisition methods that are best suited to the environment of the survey.

Upstream of the acquisition project, our teams review the *Environmental Impact Assessment* (EIA) for the area when it has been done by the authorities or the client and propose a suitable Environmental Management Plan. This assessment provides a basis to better understand the risks of impact on the environment specific to the survey and consider measures and procedures to eliminate or minimize risk. This risk and impact assessment is formalized in the *Project Risk Assessment* (PRA) which results in an Environment Management Plan that is tailored to the context of the survey or the site concerned.

Three and five day training courses on the HSE management system for HSE Advisors, HSE managers, and operational managers include an environmental component detailing Group standards and practices focusing on tools developed by the HSE Department. They are delivered at CGG University in Houston, Singapore and Massy.

Daily toolbox meetings within the Product Lines are used to review the areas of environmental management applicable to the various tasks with the workforce.

Environmental practices are regularly assessed during site crew and vessel inspections as well as during HSE Management System audits. The Group's PRISM HSE and Quality database helps monitor the allocation and implementation of action points implemented following observations made during audits.

## Ecodesign

As shown by the materiality analysis, CGG's environmental footprint or, in other words, its impact on the fauna, flora and soil, is a major concern for the Group. The inclusion of environmental criteria in the design stage of our geophysical equipment minimizes environmental impact risks upstream of the value chain. CGG is also convinced of the great potential for innovation of this area.

### EQUIPMENT DIVISION

Sercel takes environmental aspects into consideration when establishing Product Development Charters. This ecodesign approach defines the environmental objectives of a product, the impact of its use on in the field, its composition, and specifications. The Nomad 15 vibrator and the QuietSea Passive Acoustic Monitoring (PAM) system placed on the market in 2014 are perfect examples of this.

The Nomad 15 is more compact, lighter, and quieter than the Nomad 65 and 90. It was designed to image the subsurface in areas difficult to access and/or ecologically sensitive such as forests, sebkha deserts, and urban areas, replacing or partially substituting explosive sound sources. The integration of an intelligent power management system in the vibrator reduces fuel consumption by 15%, as demonstrated by over 10,000 hours of testing. Note that this automatic power management system is also now available on the Nomad 65 and 90. Nomad 15 engines also meet the most stringent fine particle and NO<sub>x</sub> standards (American Stage 3b standard and European Tier 4 standard, representing a 90% reduction in NO<sub>x</sub> and 95% in fine particles compared to the standards in force in 1999).

QuietSea a Passive Acoustic Monitoring system fully integrated with Sentinel seismic streamers, has been developed to identify and locate marine mammal vocalizations in real time. The associated dedicated software analyses the data collected by the hundreds of sensors already deployed on streamers. This geophysical equipment therefore also fulfills an environmental observation mission. The integrated QuietSea system therefore perfectly fits into internal and international protocols for the protection of marine life during marine acquisition missions. The effectiveness of these protocols depends indeed on effective monitoring of marine mammals.

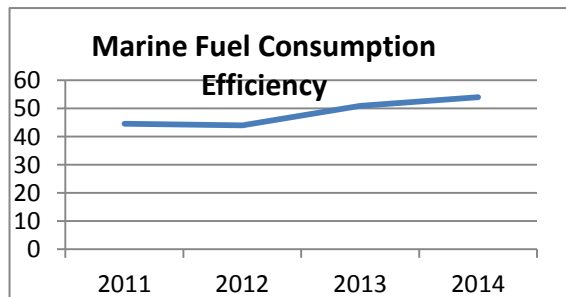
### ACQUISITION DIVISION

CGG established a program specifically for its chartered fleet of support vessels in 2011 in parallel with the policy to modernize and streamline the fleet. Designing these support vessels to meet the specific needs of seismic operations was a first in the industry. These vessels carry out refuelling as well as equipment and personnel transfer to CGG seismic vessels in addition to ensuring the safety of their operations. In 2014, the last three of the six vessels ordered were chartered with Bourbon. In the interests of environmental protection and cost control, they are equipped with hybrid propulsion for optimized fuel consumption management. Diesel-electric propulsion is favoured during escort while mechanical propulsion is favoured for transit or operation ensuring maximum power. This technical choice saved about 20% fuel and close to US\$2 million in 2014.

### GEOLOGY, GEOPHYSICS AND RESERVOIR DIVISION

The GGR Division continued to deploy innovative solutions, such as oil cooling, in its main data centres. The widespread use of this pioneering technology has helped to validate its ecological and economic benefits. IT hardware manufacturers have now adapted their equipment to provide optimized hardware meeting the specific requirements of oil bath cooling.

## Minimizing the footprint of our services

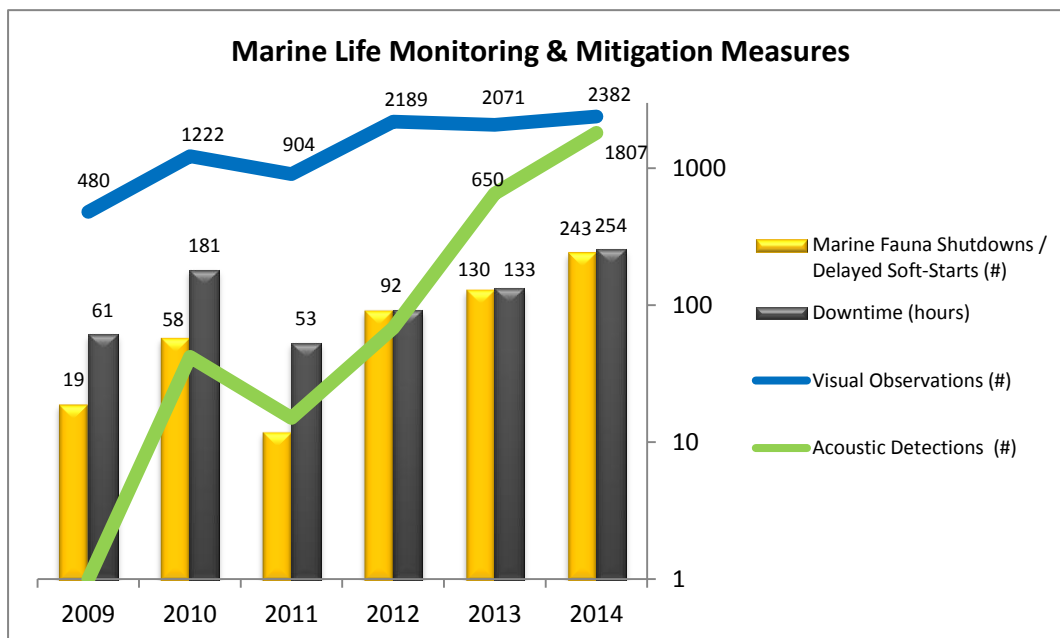


The increasing industrialization of the oceans raises more questions and concerns about potential human impact on marine life. In this regard, the geophysical industry's commitment to minimize the impact of its operations on marine wildlife is not new.

Prevention and mitigation measures have been implemented on marine surveys for over fifteen years. On ships, marine mammal observer (MMO) teams ensure compliance with applicable regulations stipulated by the country in which we are operating. In areas that are not governed by any specific regulations, CGG follows the measures to reduce risk on cetaceans recommended by the *International Association of Geophysical Contractors* (IAGC) issued in June 2011. Crews follow internal online training on the protection of marine fauna which familiarizes them with the diversity of marine species and key regulations governing the protection of the marine environment.

Soft starts are used to alert marine mammals and sea turtles of our presence before starting a survey, giving them enough time to leave the immediate vicinity of our operations before our sources reach full power. Once the risk assessment has been conducted and in accordance with applicable regulations, the MMOs monitor a 500 to 3,000 meter exclusion zone around sources.

In 2014, marine mammals and sea turtles, individually or in groups, were spotted about 4200 times during our surveys, in 76% of cases outside the exclusion zone; 242 delayed soft starts and production stops were observed, totalling 254 hours of production downtime.



As a member of the IAGC, CGG supports the *Joint Industry Project* (JIP), Sound and Marine Life. This project targets priority needs of scientific research to better assess and reduce the potential impact of sounds produced by humans on marine wildlife. This ambitious program has awarded over US\$32 million in grants for research focusing on:

- ▶ sound source propagation and characterization,
- ▶ physical and physiological effects and hearing,
- ▶ behavioural reactions and biologically significant effects,
- ▶ mitigation and monitoring,
- ▶ research tools.

In 2013 and 2014, CGG led the IAGC's Committee on Sound and Marine Life. This group analyses scientific and regulatory developments relating to the impact of sound on the marine world. It also develops industry recommendations. By way of example, in the absence of guidelines from regulatory authorities, the committee developed Passive Acoustic Monitoring (PAM) guidance early 2014 intended to help the geophysical industry ensure the continued quality of this technology. In November 2014, CGG organized an IAGC seminar on sound and marine life at its Paris head office and invited representatives of the oil industry to reflect about their strategy to preserve the marine environment. CGG and its peers also presented case studies measuring the progress made in terms of marine life monitoring and the protection of marine life since 1998 as well as improving relations with the fishing communities.



## GEOLOGY, GEOPHYSICS AND RESERVOIR DIVISION (GGR)

Most of the GGR Division's work is performed in a conventional office environment. However, the Robertson and Data Management Services product lines also manage chemicals and therefore hazardous waste. These two entities have had ISO14001 certified environmental management systems for a long time ensuring an independent opinion on their environmental performance.

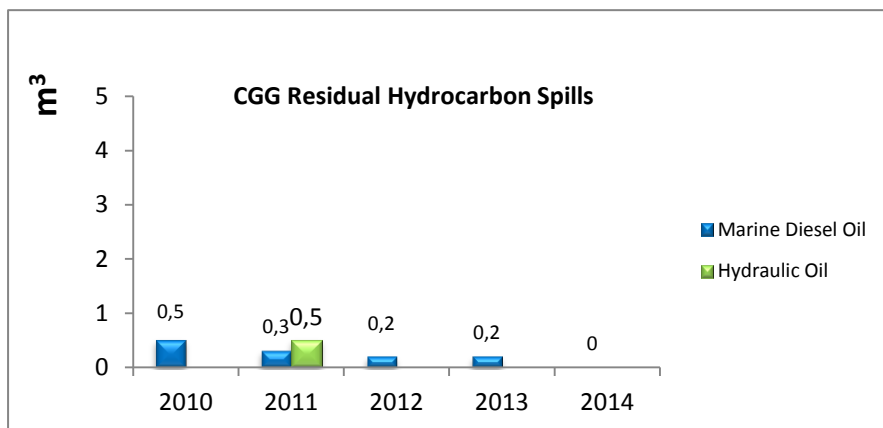
Satisfying our strong demand for computing power while efficiently managing our total energy use is an on-going challenge. *Power Usage Effectiveness* (PUE) which is a measurement of the total energy used by the data centre divided by the energy only required for calculations<sup>2</sup>, remains one of the key performance indicators in GGR Division data centres. In 2014, the average PUE resulting from the total energy used to power the three main CGG data centres divided by the total energy consumption of their equipment slightly improved again with 1.4 against 1.41 measured in 2013 and 1.44 in 2012.

Controlling of energy consumption is also the major environmental challenge of other GGR product lines. Therefore, when Data Management Services (DMS) responded to Norway's National Petroleum Directorate's (NPD) tender to renew the management of the national oil and gas data directory for five years, it chose to partner the Norwegian data centre offering excellent energy efficiency performance. Nearly 600 terabytes of digital seismic, well, and production data have been stored in Green Mountain, a former NATO ammunition storage site converted into a data centre on the island of Rennesøy near Stavanger are since the contract was signed in 2014. Enjoying the thermal inertia of a nuclear shelter and the supply of hydropower from the neighbouring fjord, the Green Mountain PUE manages to be under 1.2.

## Environmental incident management

Project or site-specific *Emergency Response Plans* (ERP) are designed to handle a wide variety of emergency situations. Drills are conducted periodically. Each environmental incident or near miss is recorded and rated according to its level of risk. This is used to establish a basis for analysis and take corrective actions in the field as well as to inform other operations during weekly HSE meetings.

The environmental impact of our operations is generally very limited. Any non-compliance with the environmental stipulations on seismic acquisition permits and any spills exceeding 0.2 m<sup>3</sup> and other types of hazardous impacts on the natural environment (such as tracks, fires, etc.) are considered recordable incidents. The Marine Acquisition Business Line suffered one recordable incident in 2014 which however did not have the potential to significantly affect the environment.



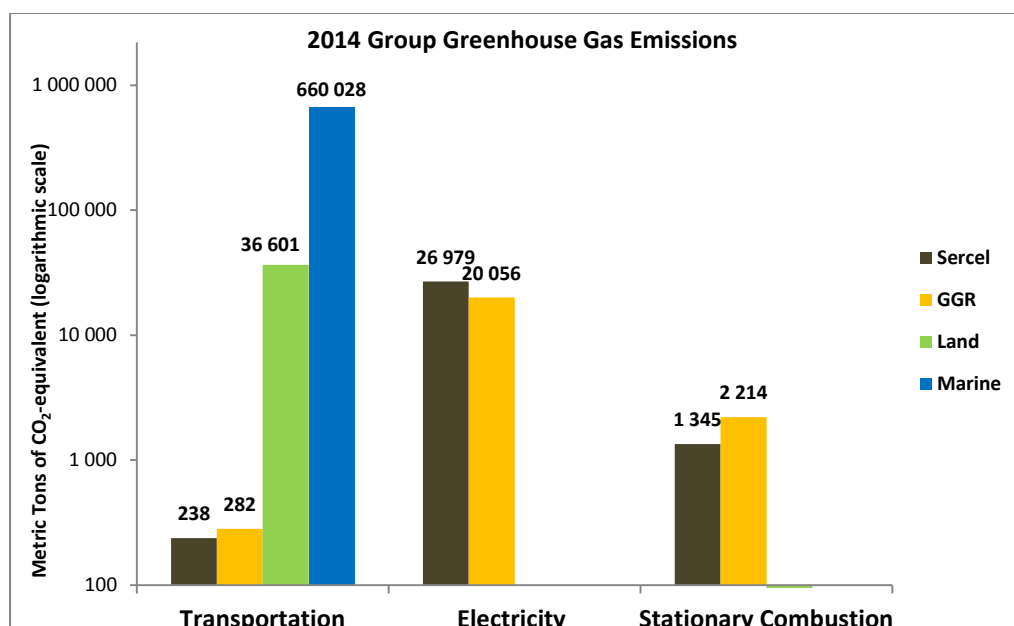
Note: includes all spills over 0.2 m<sup>3</sup> that could not be remediated

## Energy consumption and emissions

### GROUP - GREENHOUSE GAS EMISSIONS

Group direct and indirect emissions are directly related to its energy consumption. The Group directly and indirectly emitted a total of 747 kt of CO<sub>2</sub> equivalent. This 25% decrease over 2013 is largely caused by the reduced activity in marine acquisition. Marine surveys are indeed the most energy-intensive.

<sup>2</sup> CGG calculates the PUE based on Energy Star's Recommendations For Measuring and Reporting Overall Data Centre Efficiency Version 2 - Measuring PUE for Data Centers, May 2011



## 9.4. Social Responsibility

Despite the nomadic nature of some of its activities, CGG strives to develop long term relationships with its partners and clients. In 2014, the Group was based in 43 countries on a permanent basis. The Group strives to develop local content where possible, notably by recruiting local staff and maximizing local purchases to support its seismic acquisition operations onshore. For a number of years, CGG has developed its internal competencies and methods for managing relations with local communities hosting the Group.

The materiality study presented in the "Priority Issues for Sustainable Development" section confirmed CGG major societal challenges.

### 9.4.1. Respect of human rights and labour rights in our operations

As mentioned in the Group Sustainable Development Policy, CGG is a member of the United Nations Global Compact and recognizes the ten principles derived from it including the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. In 2014, CGG achieved the GC Advanced level of the Global Compact again, level achieved in 2013, demonstrating its advanced level of implementation and higher degree of engagement concerning these critical issues. HSE management system training for the HSE community and Managers all include a component related to these critical issues.

In 2014, the Group conducted 47 HSE audits which included a questionnaire on aspects of human rights and rights at work to check that operations comply with these principles mentioned in our policies.

Country	Percentage of national employees 31.12.2014	Percentage of national employees 31.12.2013
Australia	53%	53%
Brazil	79%	82%
Canada	81%	79%
China	100%	100%
France	95%	94%
Holland	74%	71%
Norway	65%	73%
Singapore	44%	46%
United Kingdom	77%	79%
USA	75%	79%

## 9.4.2. Local content

### Employment

Maintaining long-term relationships with national partners is key to CGG sustainable development approach. This is demonstrated by the Group partnership established in Saudi Arabia with 48 years of shared experience. Our permanent sites principally employ national employees as shown by the ten main CGG sites listed above.

Regarding short-term employment for Land Acquisition, locally hired staff and continuation of employment over several successive surveys is favored whenever possible. In 2014, CGG carried out land acquisition operations, either directly or through its participation in the ARGAS joint venture, in eight non-OECD countries (Algeria, Egypt, Oman, Papua New Guinea, Saudi Arabia, South Africa, Thailand, and Tunisia) for a total of 1.42 million workdays done by workers of the nationality of those countries employing personnel who are nationals from those same countries.

Efforts have been implemented for several years through training programs and partnerships with local universities. To this end, CGG signs a number of cooperation agreements worldwide providing for academic purposes the granting of Hampson Russell reservoir characterization software or *geovation* seismic data processing software licenses free of charge. Below are mentioned donations or license renewals identified by Hampson Russell in 2014:

Number of partner universities (OECD countries)	Number of universities (non-OECD countries)	Estimated market value (US Dollars)
53	30*	132,526,000

\*Countries concerned: Angola, Brazil, China, Egypt, Ghana, India, Iraq, Malaysia, Nigeria, Pakistan, Qatar, Russia, Saudi Arabia, South Africa, South Korea, Taiwan, Thailand, UAE and Ukraine.

In 2014, *geovation* licenses were granted free of charge to three universities, bringing the number of universities which received free *geovation* licenses to eight (including four located in non-OECD countries). The total market value of these nine licenses is estimated at US\$4,160,000.

In 2014, CGG committed itself with Wits University in South Africa by offering a multi-user *geovation* license free of charge to the University Geosciences department. This donation was accompanied by two weeks of on-site training for three people, including the head of the research department. It aims to develop research and capacity in seismic data processing in a country where the mining community has no internal resources to promote seismic benefits. In addition to training future South African geophysicists, the project will also help the university to conduct an academic research project on 2D seismic data processing for mining exploration.

### Training

The Group systematically trains its employees on fixed-term contracts and subcontracted employees on HSE issues.

In 2014, close to 59,000 training hours were provided on land surveys worldwide.

### Local procurement for land surveys

During land acquisition surveys, CGG is particularly committed to contributing to the development of the acquisition region by sourcing locally even if volumes of local purchases represent a small percentage of the annual volume of CGG Services purchases (see the "Responsible Procurement" section below). To properly conduct land operations in 2014, over US\$35 million of supplies were purchased from local suppliers in non OECD countries thereby contributing to the economic development of these countries. The main categories were personnel, transport, and overheads (camp, catering, telecom, travel...) respectively representing 29%, 20%, and 19% of those expenses.

## 9.4.3. Community Relations

Developing and maintaining harmonious relations with local communities is paramount to the success of the Group's operations, especially with regards to geophysical acquisition. The evaluation of the risks and opportunities related to our community relations is part of a Project Risk Assessment Plan (PRA). Additionally, the Sustainable Development Department continued to promote documentation developed to support acquisition activities in managing community relations. The "Community Relations Management Plan" (CRMP) and its four associated guidelines (Managing fishery activities, Managing permitting and land access activities, Managing temporary local personnel on land acquisition crews, and Implementing a Sustainable Development project) complement the PRA in assessing and minimizing project risks in areas where CGG seismic acquisition surveys could significantly impact life and activities of local communities. This is, for example, the case for Marine surveys in heavy fishing areas or land surveys in urban or very isolated areas.

Clients frequently expect us to participate in the CRMPs they have already initiated. Under client responsibility, the Group contributed to a significant number of community relations management plans: in Canada, Indonesia, South-Africa and the USA for Land Acquisition and in Columbia, Kenya, Morocco, Mexico, Nicaragua, Peru and Tanzania for Marine Acquisition.

At the same time, on certain seismic surveys, CGG takes sole responsibility of managing the community relations process, including in Algeria, Brazil, Gabon, India, Papua New Guinea, South Africa, Thailand, and Tunisia this year.

CGG continued the CRMP initiated in Brazil in 2012 (Pernambuco) which is intended to compensate several fishing communities. Training on sustainable fishing techniques, first aid, and safety was provided to Carmo local fishermen and their families in 2013. Eleven different themes were addressed with an average of twenty-two participants per training session. The renovation work on the fishermen association headquarters in Tamandaré was completed in March 2014. Similarly, renovation projects for the headquarters of the Itamaracá and Gaibu-Cabo fishermen associations as well as the project to rehabilitate a fish market in Paulista were completed in 2014 and should be delivered to the local communities in early 2015.

#### *The example of Thailand operations*

CGG land acquisition missions in Thailand all required a CRMP. The configuration of these surveys in rural agricultural areas with no land registers required the systematic compensation of thousands of land owners for each survey. A public relations department and a permitting department, totalling thirty people, handle daily interactions with public institutions, local communities and their representatives (village chiefs) before, during, and sometimes even after surveys, if necessary. CGG conducted two seismic acquisition surveys in Thailand in 2014. CGG organized over 8,500 public meetings with local communities to explain its activities, the schedule, and compensation process. On behalf of our clients, more than 18,000 landowners were individually compensated for the impact of our activities on their crops for a total of US\$887,000. 98% of CGG employees in Thailand are Thai and over US\$9,4 million was spent on local procurement. Eleven Sustainable Development projects, identified as necessary by the community liaison teams, were implemented in 2014. These initiatives (donations to a nature conservation centre as well as to various local cultural festivals, support for a school road safety campaign...) aim to improve long-term living standards of our host communities in Thailand.

CGG regularly implements corporate social responsibility projects with local communities on whose land we have the privilege to operate. In 2014, CGG conducted the most acquisition surveys in Tunisia. Several projects were developed as a result of discussions with local communities:

- Renovation of sanitation facilities in schools near a survey site as well as an association for the disabled;
- Purchase of tires for buses used to transport disabled people;
- Implementation of a waste management process that served as an example in the region: local authorities visited the camp and drew on CGG practices;
- Rehabilitation of a water pump;
- Establishment of a "green" team that collected waste from the villages throughout the survey (seven weeks).

Various donations to schools were also made in Oman. In Papua New Guinea, CGG teams built a bridge to connect the two halves of a village separated by a river. A water tank was also given to local communities.

### **9.4.4. Responsible Procurement**

Goods and services purchases for the Group (1.88 BUS\$) represented more than 61% of the Group turnover.

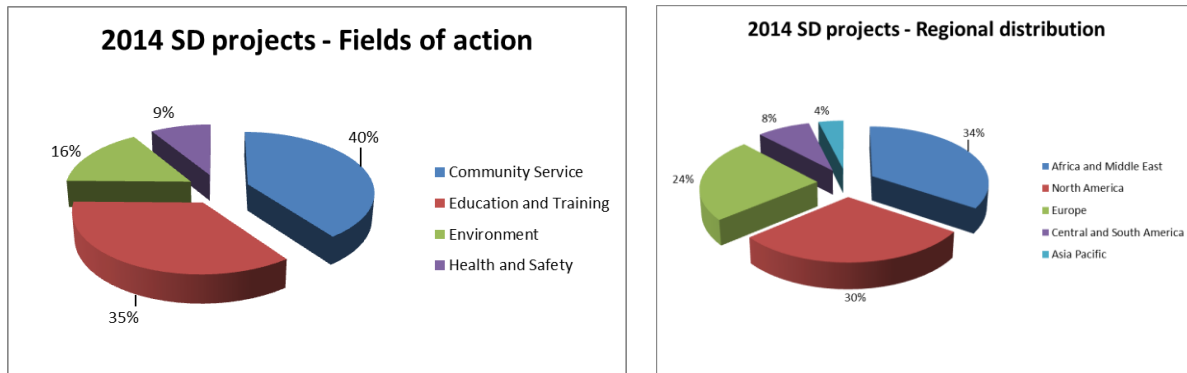
Exposure to environmental and social risks in CGG supply chain is limited. In 2014, the Group purchased 79% of its products and services from suppliers in countries with a corruption perceptions index higher than 60 meaning that they are considered as low risk countries by Transparency International. Most of these countries are OECD countries that have legislation on the environment and are committed to International Labour Organization ("ILO") principles.

This is due to the fact that most of the purchases made by CGG are intended meet the needs of the Acquisition Division which has the most capital and operational expenditure. The Acquisition activity involves successive and random short-term contracts (a few weeks to a few months) for maritime or land areas in different countries. These temporary and nomadic activities therefore do not lend themselves to the concept of sustainable procurement in a given country. The majority of purchases for these activities corresponds to long-term vessel chartering contracts, vessel fuel, and the purchase of specialized equipment (seismic and computer) from suppliers mainly based in France, Norway, and the United States. The share of local purchases for Acquisition survey requirements is therefore small compared to the total procurement volume.

In its HSE policy, CGG is committed to managing suppliers and subcontractors in its area of prevailing influence to ensure their compliance with Group policies and standards. The Corporate Purchasing department continues to deploy its methods and tools to support this commitment. Among these is the Supplier Code of Conduct which describes the minimum social and environmental standards expected by CGG from its suppliers, in particular with regards to compliance with international conventions on labor rights and human rights. Compliance with these rules is monitored during HSE and Sustainable Development audits. The scope of these audits covers direct and subcontracted employees.

### **9.4.5. Sustainable development sponsorship**

The Group supports and contributes to community actions to advance education/training (with special focus on promoting Earth Sciences), community service, environmental protection, health, and safety. A network of company sustainable development correspondents ensures the monitoring, promotion, and reporting on local projects in coordination with the Group Social Responsibility Manager. Some countries such as Australia, Brazil, the United States, and Mexico have a Sustainability Committee composed of volunteers who suggest and monitor local initiatives. In 2014, CGG and its employees led initiatives in 25 countries for a value of US\$961,000.



When selecting projects to support, the Group favors initiatives in which employees take an active part. In 2014, 78% of the budget for sustainable development initiatives was awarded to initiatives involving employees. These projects are located in countries where the Group operates and close to CGG's main sites. They promote the Group's integration in local communities which receive it either temporarily or for the long term.

Among the projects sponsored in 2014, 57 (equivalent to 79% of the total budget) were initiatives that the Group has supported for at least two years in a row.

This year, CGG worked closely with Planète Urgence. This French state-approved association offers the opportunity for individuals to engage in a *Congé Solidaire®* assignment (called as STVA – Short-term volunteering assignment). These two-week international assignments, taken from personal leave, allow people to put their expertise at the service of small local associations in countries with low human development index. CGG has been a partner of Planète Urgence since 2010. From the beginning, 33 CGG employees have performed 47 *Congé Solidaire®* assignments for a total of US\$185,000 of sponsorship from CGG. In 2014, CGG employees represented 4.5% of all *Congé Solidaire®* funded by an employer.

The social responsibility initiative conducted in our Subsurface Imaging Centre in Crawley (UK) should also be mentioned. Since 2010, a team of volunteer employees (19 in 2014) work with the English STEMNet association to promote Science, Technology, Engineering, and Mathematics to children, to *in fine* fight against the decrease of students studying these subjects at university. As part of its partnership, every year since its inception in 2011, CGG has been the main sponsor of the Crawley STEMfest, an educational exhibition that brings together many professionals in the region. In 2014, over 5,300 school children and college students came to the exhibition. CGG's involvement in this exhibition as well as in all the workshops and school visits organized throughout the year by its "STEM ambassador" employees was recognized during a STEMnet ceremony at the House of Lords where it was awarded the "UK most dedicated and inspiring company."

#### 9.4.6. Socially Responsible Investment Indices ("SRI")

SRI Indices select and rate companies based on their sustainable development performance. In 2014, the Group was once again the only geoscience company to be included in the Dow Jones Sustainability World and Europe, ASPI Eurozone, Ethibel Excellence, and Vigeo Europe 120 indexes.

The Group maintained direct dialogue with SRI brokers through a road show dedicated to SRI in Amsterdam but also during meetings with investors targeting ESG (Environment, Social and Governance) issues. CGG also provided regular updates of its ESG profile to extra-financial rating agencies.

### 9.5. Reporting method and scope

#### 9.5.1. Method

CGG's HSE reporting procedures HSE CGG are based on the Group's Event Reporting, Recording and Classification Guidelines.

#### 9.5.2. Scope

Health, safety, and environmental reporting concerns all employees and contractors working in CGG's sphere of influence, namely all of our sites and acquisition activities that are at least 50% owned by CGG and consolidated in the Group's financial statements.

As an exception to this rule, HSE reporting also covers the operations of:

- ▶ Argas in Saudi Arabia (encompassing also Ardiseis activities since June 30, 2014),
- ▶ *Amadeus*, the ship operated by CGG through the PTSC CGGV Geophysical Survey Company Limited Joint Venture in Vietnam,
- ▶ *Binh Minh*, the ship that CGG has operated through the PTSC CGGV Geophysical Survey Company Limited Joint Venture in Vietnam since October 4, 2013.

Operations performed by Seabed Geosolutions BV joint venture ("SBGS") in which CGG holds a 40% interest are not included in the scope of this report even when contracted through CGG. This is explained by the fact that these operations are now managed by SBGS's own HSE system.

Only the most significant HSE indicators of the Airborne Business Line are provided in this report. Its fuel consumption, which is negligible compared to Land and Marine seismic Acquisition consumption was not consolidated at the end of 2014.

Unless otherwise specified, all statistics provided in this report include this scope which accounted for close to 55 million hours worked in 2014.

Every Services Division site, team, or ship records its HSE activities and incidents in PRISM which is CGG's integrated tool for HSE and Sustainable Development reporting and risk assessment. The Equipment Division has its own reporting tool.

Data associated with acquisitions is recorded as soon as possible and no later than January 1 of the following year; sales activities are recorded in the month following their actual output.

### 9.5.3. Selection and pertinence of indicators

Published data is intended to inform stakeholders of CGG's HSE and Sustainable Development results for the current year. It is in line with OGP, EPCM, and Global Reporting Initiative (GRI) recommendations on information transparency regarding social responsibility and the environment.

Indicators were selected to monitor:

- CGG's HSE and Sustainable Development commitments and policies integrated in management systems,
- Performance relating to CGG's main risks and impacts,
- Regulatory obligations (the French Commercial Code which was updated in 2012 by decree implementing Article 225 of the Grenelle II Law).

The 42 themes mentioned in the decree are handled as transparently as possible. Some are not reported on in great detail for the following reasons:

- ▶ *Measures for consumer health and safety.*
  - » CGG mainly provides services to its clients and is not in contact with consumers. The Equipment Division trains its clients to use its products and provides all information about the components used. To date, the Group has not been informed of any adverse effects.
- ▶ *Consumption of raw materials and measures to improve efficiency in their use*
  - » Given the Group's core business (acquisition and marine and land seismic data processing / imaging services and equipment production), the Group does not use much raw material. However, the Equipment Division's ecodesign initiative aims to minimize their use. A due diligence has been conducted to determine whether the minerals used in our manufacturing facilities are from the Democratic Republic of Congo and its neighbouring countries.
- ▶ *Water use and supply according to local constraints*
  - » Given the Group's core business, CGG does not use much water (volume estimated at about 850,000 m<sup>3</sup> in 2011). Issues associated with water management and supply for the Group lie more in limiting the environmental footprint of its operations. Environment risk assessment and management plans established before the start of each land acquisition survey include a section on water resource management and protection.
- ▶ *Prevention, recycling and waste disposal measures*
  - » Permanent sites, ships, and Land acquisition projects have developed waste management systems that all include the same principles: avoid, reduce, reuse, and treat/recycle. The PRISM database and Sercel also provide information on the categories and quantities of generated waste. Waste, including hazardous waste, is not material enough at Group level to require detailed reporting.
- ▶ *Adaptation to climate change*
  - » Climate change should not have a significant impact on the Group's activities in the short-term. The Group also strives to continuously reduce its environmental footprint and improve the use of resources such as energy.
- ▶ *Measures to enhance biodiversity*
  - » The Group is particularly committed to reducing the environmental impact on biodiversity of its activity.
- ▶ *Amount of provisions and guarantees for environmental risks*
  - » CGG has not established any provisions for environmental risk. The amount of guarantees is considered confidential.



► *Use of renewable energy sources*

» Most of the energy used by CGG is for the marine or land transport of Marine and Land Acquisition activities. These activities lend themselves poorly to the use of renewable energies, especially as seismic vessels or vibrators are refuelled during surveys to minimize trips to port or seismic camp. CGG permanent office locations do consider the use of renewable energy where available on a case by case basis. For example, all British CGG sites are supplied with electricity produced from a mix of wind, wave, solar, biomass, and hydro power.

#### **9.5.4. Consolidation and internal control**

HSE and Sustainable Development data is analysed every week by HSE and Sustainable Development support functions. This data is then consolidated every month at Division and Group level. Data on specific indicators is directly calculated by the Divisions. These processes are subject to regular internal audits.

#### **9.5.5. External audits**

For the third consecutive year, CGG's HSE and Sustainable Development performance indicators were audited in accordance with the French Grenelle 2 regulation. Corporate, social, and environmental information to be published was selected by the HSE, Sustainable Development, and HR Departments and audited by the Environment and Sustainable Development Department of Ernst & Young, one of the Group's Auditors. Their observations are presented in the Assurance Report in section 11 below.

## 10. HUMAN RESOURCES

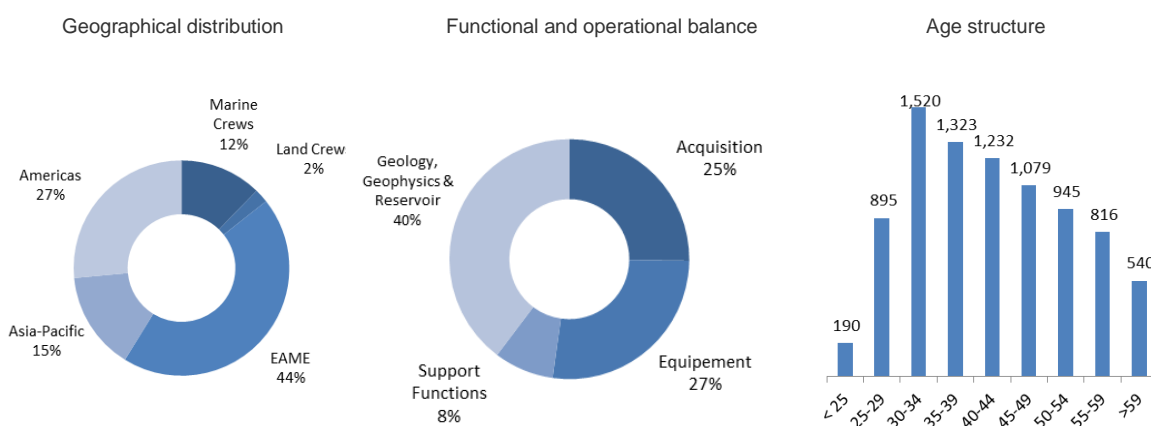
### 10.1. Human capital

#### 10.1.1. Distribution

In the difficult economic environment of 2014, the Group made structural adjustments, including reducing the size of its fleet of seismic vessels, the sale of its North America Land Contract business, and the creation of the new ARGAS Group with more capital (51% held by TAQA and 49% by CGG). This context resulted in reducing the direct employee workforce by about 10%.

On December 31, 2014, the Group employed 8,540 permanent employees (against 9,688 on December 31, 2013). The following are the main indicators of human capital for the Group:

- **8,540** employees
- over **90** nationalities
- over **70** locations worldwide



Of the Group's 8,540 permanent employees, 27 % are women who are employed in the various business lines as follows:

- Equipment 30%,
- Acquisition 13%,
- Geology, Geophysics and Reservoir 28%,
- Support functions 53%.

The detailed breakdown of permanent employees by age is as follows:

Contract type	<25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	>=60	Total
Expatriates	1	16	40	49	40	34	26	35	24	265
Land Crews	1	21	37	20	24	18	15	30	21	187
Marine Crews	3	61	214	200	185	180	120	62	25	1,050
Local Office Staff	185	797	1229	1054	983	847	784	689	470	7,038
<b>TOTAL</b>	<b>190</b>	<b>895</b>	<b>1520</b>	<b>1323</b>	<b>1232</b>	<b>1079</b>	<b>945</b>	<b>816</b>	<b>540</b>	<b>8,540</b>

The detailed breakdown of men and women by activity and geographic area is as follows:

	Equipment Division		Acquisition Division		Geology, Geophysics & Reservoir Division		Support Functions		Total 2014		Total 2013	
	F	H	F	H	F	H	F	H	F	H	F	H
Europe	240	875	94	280	463	1117	202	187	999	2 459	1056	2545
Africa and the Middle East	4	8	22	83	40	169	4	8	70	268	81	327
Asia Pacific	245	325	34	99	126	340	55	34	460	798	495	875
North America	206	400	46	176	277	680	81	59	610	1 315	719	1575
Latin America	1	4	18	77	45	134	26	31	90	246	118	280
Marine Crews	0	0	64	981	0	0	0	1	64	982	74	1168
Land Crews	0	0	2	177	0	0	0	0	2	177	3	372
Total	696	1612	280	1873	951	2440	368	320	2 295	6 245	2546	7142

The Group employs 1,898 people through its companies in France, of which 1,893 have permanent contracts and 5 have fixed-term contracts. These people are employed by CGG SA, CGG Services SA, or one of the Sercel Group's subsidiaries in France.

This workforce includes 68 people with expatriate status and 111 people with field personnel status in Marine and Land activities. The parent company, CGG SA, employs 37 permanent employees. CGG Services SA employs 925 permanent employees and 4 have fixed-term contracts. Sercel employs 931 permanent employees and 1 employee with fixed-term contracts.

The breakdown by occupational category is as follows:

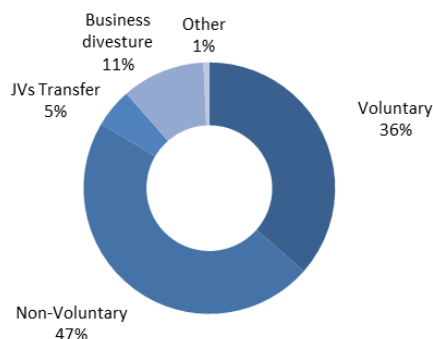
Permanent employees as of December 31, 2014	CGG & CGG Services	Sercel
Executives and Engineers	822	379
AM/T	53	296
Workers and employees	87	256

### 10.1.2. Developments in 2014

In 2014, 587 entries and 1,727 exits were recorded for the Group's permanent employees.

Entries include 525 employments and 62 re-employments.

Exits include both voluntary departures (retirement, resignations, etc.) and non-voluntary departures (redundancies, disposal of businesses, etc.). The breakdown of departures is as follows:



The number of departures was due to natural attrition inherent to the Group's businesses (particularly field personnel) and a geoscience job market that remains competitive in several countries in which the Group operates, as well as transfers to "joint ventures" (JVs), the downsizing of our seismic fleet, and the sale of our North America Land Contract business in 2014.

The tables below show the distribution of entries and exits according to the type of activity:

New comers 2014	Equipment Division	Acquisition Division	Geology, Geophysics & Reservoir Division	Support Functions	Total 2014	Total 2013
Women	21	13	129	20	183	918
Men	68	30	285	21	404	2 493
Total	89	43	414	41	587	3 411

Leavers 2014	Equipment Division	Acquisition Division	Geology, Geophysics & Reservoir Division	Support Functions	Total 2014	Total 2013
Women	73	116	151	88	428	286
Men	204	687	346	62	1 299	866
Total	277	803	497	150	1 727	1 152

Net 2014	Equipment Division	Acquisition Division	Geology, Geophysics & Reservoir Division	Support Functions	Total 2014	Total 2013
Women	-52	-103	-22	-68	-245	632
Men	-136	-657	-61	-41	-895	1 627
Total	-188	-760	-83	-109	-1 140	2 259

Our international activity led us to recruit fewer employees in 2014. Most of the recruitment was for the GGR business lines. We continually look for experienced technical profiles as well as a high proportion of young graduates, especially for the Geology, Geophysics, and Reservoir Division. The talents we integrate, coupled with the expertise of our teams, enable us to be at the forefront of innovation. We therefore strongly encourage internal mobility of our teams to develop their experience, skills, and understanding of our various businesses.

Internal and external recruitment is spread evenly across all Divisions and geographical areas through the use of a common internet-based tool.

Our employer brand is deployed in all countries in which we operate and is represented by our three key messages:

- "Explore our world",
- "Focus your energy", and
- "Achieve together".

We focus on teamwork, a sense of responsibility and results, understanding of our global organization, and customer orientation to succeed in our organization. These points form the basis of our integration process which aims to foster ownership of our corporate culture and the sharing of our policies and values for our newcomers.

The Group maintains close relations with schools and universities which can provide it with the talent it needs. Promotional actions with students include strong participation in forums and educational programs allowing university students to learn about geosciences. These programs are notably implemented by trade associations such as SEG (Society of Exploration Geophysicists) and EAGE (European Association of Geoscientists & Engineers).

This promotion initiative is combined with a wider range of work placement opportunities and first experiences abroad in a number of forms: school work placements, apprenticeships and vocational training contracts, Industrial Research Training Agreements (CIFRE), contracts, IVP, etc.

Seasonal workers are employed for the duration of specific land seismic acquisition projects. The "seasonal" name originally applied to the North American workforce (data acquisition is done in winter) and is now used for all field workforce, since it fluctuates a lot according to contracts (assignments varies in duration, nature and location).

The number of seasonal employees considerably dropped (1,372 in 2013 against 92 in 2014) following the sale of the Group's North America Land Contract business and the restructuring of the ARGAS JV.

In France, 67 new people were employed in 2014 (1 by CGG SA, 29 by CGG Services SA, and 37 by Sercel). These people were employed under permanent contracts. The use of fixed-term contracts and temporary workers is only intended to cover long absences and occasional increases in activity.

There were 107 departures (4 from CGG SA, 73 from CGG Services SA, and 30 from Sercel) recorded in France at the end of 2014.

These figures do not include internal transfers, but they do include fixed-term contracts that were changed to permanent contracts.

## 10.2. Working conditions

### 10.2.1. Working environment

Employees are subject to compliance with the working times stipulated in the social regimes of their countries of assignment.

"Field personnel" contracts are contracts that provide for rotational work arrangements, such as five weeks of work for five weeks of rest in Marine acquisition. Land acquisition rotations are more flexible according to the nature and duration of projects.

In France, Group working conditions are governed by a specific company labor agreement whose terms have been adopted in consultation with social partners. This agreement is common to the parent company as well as CGG SA and CGG Services SA as part of the economic and social unit ("ESU") implemented. It does not include Sercel, which is subject to the collective bargaining agreement for the metallurgy industry.

Four types of work regimes are provided for in this collective bargaining agreement:

- two regimes are for employees working in offices or workshops (hourly rate, daily rate)
- one is for annualized field personnel (a set number of days of work per year) who work in rotation
- one is for non-annualized field personnel who acquire rest days based on the number of days worked in the field.

The employee work schedule is governed by an agreement about the reduction of working hours signed on August 27, 1999 and implemented by an agreement dated February 17, 2000, following an "annualization" principle.

A work time account was established in parallel with the implementation of the 35-hour work week. Similar schemes regarding work time planning have been implemented on Sercel's French sites.

A total of 38 people work part-time under schemes ranging from 17.50 to 33.72 hours a week, namely 20 people for the ESU and 18 people employed by Sercel.

## Absenteeism

The CGG Group's Absence Management tool generates statistics for key countries within the limits of local laws and data reliability which is continuously improved. It is important to note that these figures are difficult to compare as the concepts of work and absence are diverse and long-term absences are not taken into account in the same manner by the various local laws.

The adjusted rate of absenteeism for 2014, excluding long-term absences was:

- USA<sup>(\*)</sup>: 1.56%
- Singapore<sup>(\*)</sup>: 1.07%
- United Kingdom<sup>(\*)</sup>: 1.00 %
- India: 1.58%
- Malaysia: 1.38%
- Australia: 1.67 %
- Canada: 1.14%
- CGG SA and CGG Services SA ESU France: 0.95% (excluding maternity leave and to which 1.86% is added for medical leaves of absence of over 100 days)
- France Sercel: 1.48% (excluding maternity leave and to which 0.89% is added for medical leaves of absence of over 100 days)

(\*) : Sercel excluded

## Employee assistance

The Employee Assistance Program was renewed with ComPsych, in 2012 for a term of five years until 2017. This program, provided by a third party, guarantees confidentiality for the employee and aims to provide personal and individual assistance in case of need: medical, social, professional, or legal.

In France, this program co-exists with other more conventional forms of employee assistance implemented under French labor regulations: social assistance, Workers Health & Safety Committee (French CSHCT), and recourse to elected representatives. In countries where the structure or laws do not require such recourse, our Employee Assistance program primarily applies.

## Measures to promote the employment and integration of people with disabilities

The Group, as specified in its Human Resources Policy, rejects all forms of discrimination in employment or during the career of its employees. This particularly concerns people with disabilities. The Group complies with national legislation on the subject and does not publish statistics on the subject due to the nature of its activities and constraints relating to the collection and analysis of information that might exist in some countries which prevent us from recording this information in our databases.

In France, the Group is subject to the law of February 11, 2005 on equal rights and opportunities (including people with disabilities).

## Institutional social relations

In order to promote cooperation and information exchange, CGG SA - CGG Services SA ESU and Sercel have representative bodies with which they organize a number of official meetings (Works Committee, Staff Representative Meetings, Committee on Health, Safety and Work Conditions (CHSCT) and various commissions) as well as trade union organizations with which agreements have been signed in France. Within the CGG SA - CGG Services SA ESU, employee rights are guaranteed by a company labor agreement which was amended in December 2007. Five ordinary and four extraordinary CHSCT meetings were held in 2014.

Similarly, staff representatives are elected for our field personnel and CGG International's expatriate employees under the aegis of the Swiss Code of Obligations. Marine Commission elections were held in 2012 and led to the formation of a new Commission in 2013. The Land Commission was renewed for three years in 2013.

In Singapore, 34 employees are represented under the aegis of the collective bargaining agreement of December 31, 2012. These employees are represented by the SISEU (Singapore Industrial and Services Employees Union) which is affiliated to the National Trade Union Congress.

### 10.2.2. HR Policies, international rights and ethics issues

#### Compliance with international labor agreements

The Group adheres to the principles and rules of the International Labour Organization's ("ILO") core conventions. In addition, the Group has adhered to the principles of the United Nations Global Compact since 2007 and CGG undertakes to respect and promote the United Nations Universal Declaration of Human Rights and to report on its progress.

ILO agreements cover the freedom of association and the right for employees to organize themselves to participate in collective bargaining within the legal framework of the law of each country in which the company employs people.

The elimination of forced labor and child labor is also concerned. In this regard, the Group's Human Resources Policy prohibits employing children under the age of sixteen in its activities and the Group published a circular in 2012 stating the terms of recruitment and employment of young workers under eighteen. This initiative is supplemented by the Supplier's Code of Conduct which binds goods and service providers to not having recourse to child labor, supervising the work of young workers, and respecting fundamental human rights.

Since 2012, all internal HSE (Health, Safety, and Environment) audits have also included a human resources section covering human rights and the Labor Law (child labor, forced labor, freedom of association, right to collective bargaining, discrimination, disciplinary practices, remuneration, and working hours). For the Acquisition activity, this inspection applies to both CGG employees and the employees of third party companies working in our influence zone (e.g., maritime personnel on our support ships or catering staff working in land seismic acquisition bases).

#### Agreement on gender equality

In France, out of a total 1,893 permanent employees, 25% are women. The breakdown by company is as follows:

- CGG SA: 18 women for a total of 37 employees
- CGG Services SA: 242 women for a total of 925 employees
- Sercel: 211 women for a total of 931 employees

CGG is making a special effort to promote greater gender balance in managerial functions through promotions and targeted recruitment.

In France, the agreement on gender equality signed on December 21, 2011 as part of the CGG SA - CGG Services SA ESU expired on December 21, 2014. New negotiations started in 2014. This agreement provided for a budget to correct the gender wage gap of 0.8% for female employees concerned, applicable with retroactive effect from October 1, 2011. This action was implemented as planned. In 2014, the gender wage gap fell by 1.30% (excluding Sercel and site personnel).

This agreement also provided for the monitoring of recruitment for the future and gender equality awareness programs for staff, particularly management staff.

An agreement on gender equality for Sercel was also negotiated and signed on October 23, 2012. This agreement provides for specific actions on job desegregation, access to training, career paths, and pay equity.

This type of agreement only exists in the French regulatory framework. To overcome this deficiency worldwide, the HR function has implemented a monitoring analysis on men / women ratios for the various activities of the Group in its main countries of operation. The percentage of women has increased from 26.3% to 26.9%.

Note that the Group Human Resources Policy, published in 2010 and amended in 2012, explicitly provides for non-discrimination in recruitment and equality of opportunities and treatment.

CGG has moved up from 21<sup>st</sup> to 17<sup>th</sup> in the ranking of the "feminization" of the SBF 120's governing bodies published by the Ministry of Women's Rights.



### 10.3. Remuneration, benefits, training, and development

#### 10.3.1. Remuneration policy

The CGG Group's policy in this regard closely links remuneration to performance in line with its business strategy. This policy includes the following parameters:

- Remuneration intended to improve CGG's performance:
  - aligned on the Group's strategic objectives, and
  - aiming at business performance improvement
- A remuneration policy in line with CGG's corporate culture and values:
  - simple and fair
  - designed to actively encouraging personal involvement, teamwork, innovation, and commitment to HSE, and Sustainable Development issues.
- A competitive remuneration policy intended to attract, motivate, recruit, and retain skills needed by the Group.
- A remuneration policy that is consistent with market practices regarding base salary, variable share (short and long term), and benefits.

CGG ensures that its overall remuneration policy is competitive within the oil and gas sector.

These general principles apply within the legal framework of each country in which CGG has employees, where CGG complies with the legal and / or contractual framework.

Our policy is consistently implemented in France in line with this perspective. It is described by the following elements.

- With regards to the CGG SA - CGG Services SA ESU, wage negotiations with social partners in 2014 did not result in the conclusion of an agreement. Excluding the contractual adjustment regarding seniority for certain professional groups, the salary increase in 2014 was 2% of the total payroll distributed on merit basis (excluding GGR) and 2.5% for GGR employees.
- Wage negotiations in Sercel did result in an agreement on March 7, 2014. Salary increases amounted to 2.75% of the total payroll, including a 2.45% general or on merit increase according to professional group, all applicable on January 1. In addition, the amount for promotions during the year is estimated at 0.3%.
- For the ninth consecutive year, a performance-related bonus for all employees was paid in March 2014. This variable portion of remuneration is implemented uniformly across the Group. It comes in two forms. One, for support and management entities (GPIP or Global Performance Incentive Plan), is equally based on collective financial performance and individual performance. The other, for production units, is based on achievements compared to production targets.
- In France, the three-year incentive agreement signed on June 30, 2007 between the CGG SA - CGG Services SA ESU and social partners which had lapsed was renewed for another three years on June 20, 2012. A similar agreement, also for a period of three years, was renewed by Sercel on June 6, 2012.
- On the same perimeter as the CGG SA - CGG Services SA ESU, the profit-sharing agreement signed on June 30, 2007, was terminated. The 2013 results were not sufficient to allocate a budget for the legal basis of the year (payable in 2014). Similarly, no provision for 2014 was made.
- Regarding Sercel, existing agreements remained in force in 2014 generating payments under incentive and profit sharing plans for 2013.
- Supplementary saving and retirement plans (CSP and CPSP) implemented for CGG SA - CGG Services SA ESU and Sercel remain in force (extended for an additional period of three years in 2012). In late December 2014, 590 employees joined the CSP and 631 joined the CPSP from CGG SA and CGG Services SA and 766 employees joined the CSP and 577 employees joined the CPSP from Sercel.

#### 10.3.2. Training and development

##### Training

The training policy, as a lever of individual development and vocational training of employees, is one of the Group's priorities and thus motivated the creation of its own corporate university several years ago: CGG University.

CGG University provides training courses for the development of our employees in the Group's various activities and to accelerate the integration of new employees.

CGG University also provides technical training intended for both Group employees and customers. Once again this year, special focus was made on the implementation of new training modules for the roll out of the seismic processing software, *geovation*. In 2014, CGG University enriched its catalogue of courses in reservoirs studies and geoscience. Moreover, for the effective dissemination of knowledge, 38 conferences on topics relating to geoscience and management with a total of 1,230 participants were organized across the world.

CGG University also offers management training programs. In 2014, these programs continued to develop by building skills in line with our leadership model. The offerings of personal development and awareness programs in purchasing and procurement, negotiation, marketing, project management, and QHSE (Quality, Health, Safety, and Environment) policies were updated or expanded.

Training activities relating to the promotion of ethics, the understanding of the Business Code of Conduct, and the fight against discrimination and harassment continued to be deployed. During 2013, e-learning training on CGG Ethics, which was launched in March 2012, continued in our offices across the world and especially on Marine Acquisition ships and in Sercel plants. This deployment continued in 2014 and, more specifically, for employees who joined the Group following the acquisition of Fugro Geoscience. The rate of participation in this training was 81% of the target population (offices, processing centers, offshore and onshore surveying missions and Sercel plants) on December 31, 2014; this figure is to be compared to 68% on December 31, 2013 (with participants from offices, processing centers and vessel crews). These results show a strong interest from our employees and growing ownership of our managers regarding our ethical values.

The online version (e-learning) of the program against discrimination and harassment developed in partnership with the Sustainable Development Department was released in September 2013. The deployment of e-learning for marine field staff and its provision as a CD-ROM for land field staff and Sercel's plant workers began in 2014. In 2014, this training was also provided to employees who joined the Group following the acquisition of Fugro Geoscience. In late 2014, 83% of the population had followed this training course.

The concept of *Learning for Development* continues to be a part of the programs offered by CGG University. It reflects the need for the organization and each employee to continuously acquire the knowledge and skills they need to adapt to changing technologies and working methods. It also reflects the need to adapt to organizational change and new internal processes. CGG University is organized so as to adjust the internal training offer to operational needs.

CGG University provided 15,082 days of training in 2014, of which 2,985 were for external customers and 12,097 for CGG Group employees. The 2,985 days of training provided to external customers concerned data acquisition and processing techniques. The total of 12,097 days of training provided to our employees breaks down as follows: 2,413.5 introductory days on the basics of our businesses and geoscience, 4,113 experts technical training days, 889 training days focused on HSE, and 4,681.5 days devoted to management, leadership, and personal development programs.

In addition to the Group's corporate university, training programs are also offered by third parties (external training organizations). External training provided by specialized professional bodies or equipment suppliers concern the acquisition of specific technical skills or generic business skills and can lead to a certification. For example, HSE training, such as offshore safety induction, first aid, and fire-fighting, is mandatory for our field staff and employees visiting our seismic acquisition vessels. Training is also provided on site by operational staff which includes, amongst others, the continuous training of geophysicists or HSE and professional training for employees assigned to offshore and onshore seismic projects.

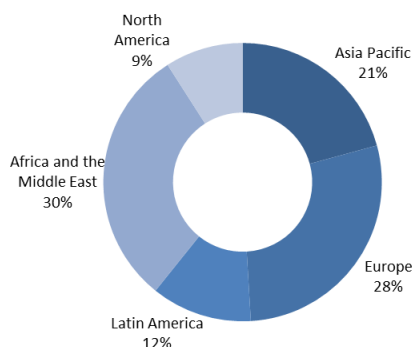
## HR developments

In addition to its training policy, the Group continued to use and roll out its HR development tools in 2014.

The annual interview tool encourages discussions about an employee's personal development and career.

An annual review process for employees is in place. In particular, it helps maintain a succession plan for key positions in the Group and identify promising talent. Following this identification, personal development plans are formalized for this category of staff to assist them in acquiring or developing skills.

International mobility is an integral part of the Group's business. The Expatriation Policy was reviewed and re-implemented in January 2014 to align and ensure consistency in our practices worldwide. For the operational needs and development of its employees, the Group has a relatively constant number of expatriates on assignment in the following percentages:



### 10.3.3. Analysis methodology and definitions

The figures presented have mainly been extracted from the Group's HR information system which is the HRMS (Human Resources Management System) database. This database has been rolled out in all of the Group's entities other than Sercel Group companies. Sercel data is therefore currently consolidated manually.

The indicators selected cover the Group's consolidated scope. The employees of equity-accounted companies (e.g., ARGAS) are not included in the calculations. In the case of acquisition or disposal, the scope is adjusted to the effective time of the transaction and variances are explained.

Consolidation and adjustment rules are defined by a protocol followed for each report to ensure the comparability and traceability of the information provided.

However, the information managed in this Group database does not contain all the data, mainly relating to payroll, recorded and stored in local databases. Note that these databases are outsourced in major countries, except in the USA and Canada. The Group database is not intended to replace the various national administrative data processing systems (typically payroll systems) which comply with the laws of the country concerned.

The structure of personal data collection and storage varies from one country to another depending on regulatory constraints. Some of the information collected, which is subject to monitoring in France, is illegal in other countries and vice versa, which is why some information cannot be consolidated at world level.

The data is recorded in HR information systems by local HR administration entities or through a service specially structured for this purpose (e.g., the Employee Service Centre for North America). This data is verified at three levels:

- a SOX level of compliance in the form of annual audits and the implementation of continuous control points for personal data: gender, dates of birth, seniority, wages, promotions, tax situations, contract types, etc.
- a level of compliance through payslips or monthly time-cards when the HRMS base is coupled to a payroll engine
- an organizational compliance level concerning reporting lines, membership to trade families, Division, Function, Product Line (Business Line), etc., through audits conducted on operational and functional HR for monthly and quarterly reports.

Specific global processes are implemented through tools directly connected to the HRMS database such as the annual performance evaluation, annual salary review, calculation of annual bonuses, which also allows ad hoc (at least annually) cross-referencing of information as well as its analysis and validation.

The data reported is based on the 2014 calendar year. Information regarding certain themes, including training hours and absenteeism data, is not based on the entire scope. The tools to consolidate these figures are currently being deployed or improved. However, we believe that the main scopes (countries or activities) are covered.

## Definitions

The following section provides definitions of the various names used in the Human Resources section of this report.

- Group: CGG Group, including all the activities in the various countries in which the Group operates.
- CGG SA: the Group's parent company, registered in Paris, France. CGG SA is part of the ESU.
- CGG Services SA: French company of the Group, registered in France with head offices in Massy, Essonne, specialized in geophysical services. CGG Services SA is part of the ESU.
- ESU: economic and social union constituted of CGG SA and CGGV Services SA.
- Sercel: Sercel Group, specialized in equipment manufacturing.
- Sercel France: all Sercel Group companies established in France.
- Equipment: Operational division grouping equipment manufacturing activities. This Division corresponds to the Sercel Group.
- Land: Operational division grouping land data acquisition activities. This Division became a Business Line in 2013.
- Marine: Operational division grouping marine data acquisition activities. This Division became a Business Line in 2013.
- IS: Operational division grouping data processing and seismic imaging activities. This Division became a Business Line in 2013.
- Geomarkets: Cross-department function intended to structure the marketing and promotion of our products to customers in the various countries in which the Group operates.
- Office-based staff: office or workshop staff working on a weekly basis.
- Field staff: staff working in rotation over several weeks on onshore surveying missions (projects) or on board seismic vessels.
- Permanent staff: staff employed under either a permanent or fixed-term part-time or full-time contract by a CGG Group entity.
- Seasonal employees: staff employed by a CGG Group entity for the duration of an onshore surveying mission (project).

## External audits

The Group had its corporate performance indicators audited in accordance with the regulations in force for the third consecutive year. Corporate information to be published was selected according to their relevance and audited by the Environment and Sustainable Development Department of Ernst & Young, one of the Group's auditors, whose conclusions are presented in the assurance report available in section 11 below.

## 11. INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION<sup>3</sup>

"To the shareholders,

In our quality as an independent verifier accredited by the COFRAC<sup>4</sup>, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company CGG, we present our report on the consolidated social, environmental and societal information established for the year ended on the December 31, 2014, presented in chapter 2 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial Code (*Code de commerce*).

### Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105-1 of the French Commercial Code (*Code de commerce*), in accordance with the protocols used by the company (hereafter referred to as the "Criteria"), and of which a summary is included in sections « 2.1.5 Reporting method and scope » and « 2.2.4 Reporting methodology and definitions » of chapter 2 of the Reference document including the management report, and available on request at the company's headquarters.

### Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial Code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

### Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial Code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in accordance with the Criteria;

Our verification work was undertaken by a team of 4 people between July 2014 and February 2015 for an estimated duration of 16 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000<sup>5</sup>.

### 1. Attestation of presence of CSR Information

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial Code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial Code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial Code (*Code de commerce*) with the limitations specified in the Methodological Note « 2.1.5 Reporting method and scope » and « 2.2.4 Reporting methodology and definitions » in chapter 2 of the Reference document.

Based on this work, we confirm the presence in the management report of the required CSR information.

<sup>3</sup> This translation of the independent verifier's report on consolidated social, environmental and societal information which is included in the French Document de Référence on fiscal year 2014 is included here for information purpose.

<sup>4</sup> Scope available at [www.cofrac.fr](http://www.cofrac.fr).

<sup>5</sup> ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

## 2. Limited assurance on CSR Information

### Nature and scope of the work

We undertook approximately twenty interviews with the people responsible for the preparation of the CSR Information in the different departments of Sustainable Development, Human Resources and HSE, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important<sup>6</sup>:

- At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report ;
- the level of the representative selection of sites that we selected<sup>7</sup>, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented 23% of Lost Time Accidents, 17% of total headcount, 8% of energy consumption.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

### Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

### Observations

Without qualifying our conclusion above, we draw your attention to the following point:

The information published on training hours (HSE trainings excluded) only covers trainings performed by CGG University. Trainings organized by Group divisions are not consolidated, nor reported, although they represent a significant part of total training sessions within the Group.

Paris-La Défense, April 1, 2015

*French original signed by:*

Independent Verifier  
ERNST & YOUNG et Associés  
Christophe Schmeitzky  
Partner, Sustainable development

Bruno Perrin  
Partner<sup>7</sup>

<sup>6</sup> Environmental, social and societal information: number of permanent employees, number of entries in the company, Lost Time Injury Frequency Rate (LTIF) and Total Recorded Cases Frequency (TRCF), number of training days provided by CGG University, minimization of the footprint of the Group's products and services, number of accidental spills of moderate or high level at sea or on land, Power Usage Effectiveness (PUE), amount of linear seismic data acquired per cubic metre of fuel consumed, marine fauna monitoring & mitigation measures (number of sightings, number of acoustic detections, number of hours of downtime, number of marine fauna shutdowns, number of delayed soft-starts, corrective measures, etc.), percentage of national staff by country of permanent implantation, corruption prevention actions undertaken, the share of purchases from suppliers in countries with low risk of corruption and the relationships with stakeholders.

<sup>7</sup> The site of Galileo in Massy (France), of Sercel Nantes in Carquefou (France) and a land acquisition mission in Egypt.

## 12. STOCK OPTIONS AND PERFORMANCE SHARES

In accordance with sections L. 225-184 and L. 225-197-4 of the French Commercial Code, the stock options and performance shares plans currently in force in the Company are described in separate special reports of the Board of Directors.

### 12.1. Stock-options plans

The table below summarizes the evolution, during fiscal year 2014, of the stock-options plans put in place by virtue of the authorizations granted by the General Meetings of May 11, 2006, April 29, 2008, May 4, 2011 and May 3, 2013, respectively.

	2007 Plan	2008 Plan	2009 Plan	2010 Plans		2011 plan	2012 plan	2013 plan	2014 plan	Total	
Date of the Board of Directors' meeting	03/23/2007	03/14/2008	03/16/2009	01/06/2010	03/22/2010	10/21/2010	03/24/2011	06/26/2012	06/24/2013	06/26/2014	
Number of beneficiaries	145	130	149	1	339	3	366	413	672	752	
Total number of shares that can be subscribed,	1,308,750 <sup>(1)</sup>	1,188,500 <sup>(1)</sup>	1,327,000	220,000	1,548,150	120,000	1,164,363	1,410,625	1,642,574	1,655,843	11,585,805
Out of which the number can be exercised by:											
Executive Officers :											
Robert Brunck (*)	200,000	200,000	200,000	0	200,000	0	66,667	0	0	0	866,667
Jean-Georges Malcor	—	—	—	220,000	162,500	0	133,333	200,000 (**)	200,000	200,000	1,115,833
Stéphane-Paul Frydman	50,000	40,000	40,000	—	60,000	—	45,000	100,000 (**)	100,000	100,000	535,000
Pascal Rouiller	50,000	40,000	40,000	—	60,000	—	45,000	100,000 (**)	100,000	100,000	535,000
Start date of options exercise	03/24/2008	03/15/2009	03/17/2010	01/07/2010	03/23/2011	10/22/2011	03/25/2012	06/27/2014	06/25/2015	06/27/2016	
Expiration date	03/23/2015	03/14/2016	03/16/2017	01/06/2018	03/22/2018	10/21/2018	03/24/2019	06/26/2020	06/24/2021	06/26/2022	
Subscription price (in €) <sup>(1)(2) (4)</sup>	28.89	30.95	8.38	13.98	18.47	16.05	24.21	17.84	18.47	10.29	
Exercise rules (when the plan provides for several batches of options) <sup>(5)</sup>	- Options accrue rights by third every year during the first three years;  - prohibition to sell or transfer his shares before March 24, 2011 for French tax residents.	- Options accrue rights by third every year during the first three years;  - prohibition to sell or transfer his shares before March 15, 2012 for French tax residents.	- Options accrue rights by third every year during the first three years;  - prohibition to sell or transfer his shares before March 17, 2013 for French tax residents.	- Options accrue rights by half immediately and by fourth every year during the two following years;  - prohibition to sell or transfer his shares before January 7, 2014.	- Options accrue rights by third every year during the first three years;  - prohibition to sell or transfer his shares before March 23, 2014 for French tax residents.	- Options accrue rights by third every year during the first three years;  - prohibition to sell or transfer his shares before October 21, 2014 for French tax residents.	- Options accrue rights by third every year during the first three years;  - prohibition to sell or transfer his shares before March 24, 2011 for French tax residents.	- Options accrue rights in three batches (50% after 2 years, 25% after 3 years and 25% after 4 years)  - prohibition to sell or transfer his shares before June 26, 2016 for French tax residents.	- Options accrue rights in three batches (50% after 2 years, 25% after 3 years and 25% after 4 years)	- Options accrue rights in three batches (50% after 2 years, 25% after 3 years and 25% after 4 years)	
Number of shares subscribed as at December 31, 2014 <sup>(3)</sup>	2,000	0	452,950	0	38,382	0	0	0	0	0	493,332
Cumulated number of stock-options which were cancelled or lapsed <sup>(3)</sup>	98,050	132,055	89,675	0	119,565	0	103,375	52,762	53,801	21,725	671,008
Remaining stock-options as at December 31, 2014 <sup>(4)</sup>	1,212,425	1,112,331	828,039	231,538	1,408,607	126,291	1,118,534	1,431,487	1,588,773	1,634,118	10,696,143
Out of which the remaining number is held by:											
Executive officers											
Robert Brunck (*)	210,490	210,489	189,429	—	210,493	—	70,165	0	0	0	891,066
Jean-Georges Malcor	—	—	—	231,538	171,026	—	140,329	210,484	200,000	200,000	1,153,377
Stéphane-Paul Frydman	52,623	42,098	37,072	—	63,149	—	47,361	105,243	100,000	100,000	547,546
Pascal Rouiller	52,623	42,098	0	—	63,149	—	47,361	105,243	100,000	100,000	510,474

<sup>(1)</sup> Considering the adjustments done further to the five-for-one stock split effective as of June 3, 2008.

<sup>(2)</sup> The subscription price corresponds to the average of the opening share prices of the share on the last twenty trading days prior to the meeting of the Board of Directors granting the options.

<sup>(3)</sup> Without taking into account the various adjustments that have occurred after the implementation of the plans.

<sup>(4)</sup> Considering the adjustments done further to the capital increase of October 23, 2012 for all plans except the 2013 & 2014 plans.

<sup>(5)</sup> In addition, certain performance conditions are applicable to the senior executive officers and the members of Executive Committee or Corporate Committee (see item 4 of 20-F Form)

(\*) Mr. Brunck has left the company since June 4, 2014.

(\*\*) For the senior executive officers, this plan is subject to performance conditions which havenot been met in 2014 for the first tranche. This tranche represented 50% of the allocation.



Individual information on stock-options allocated to the Executive Officers is set forth in item 4 of our report on Form 20-F.

As of the date of filing of our 2014 report on Form 20-F, the exercise price for all the plans is above CGG share market price.

## 12.2. Performance shares plans

For your information, the terms and conditions of the plans in force are summarized in the table below:

	Information relating to performance shares allocated by the Company (pursuant to article L.225-97-1 of the French Commercial code)		
Date of General Meeting	04/29/2008	04/29/2008	05/04/2011
Date of Board of Directors	03/22/2010	03/24/2011	06/26/2012
Total number of performance shares, allocated to:	509,925	513,331 <sup>(1)</sup>	542,711 <sup>(1)</sup>
<i>Robert Brunck</i>	27,500	14,446	n.a.
<i>Jean-Georges Malcor</i>	22,500	28,882	28,892
<i>Stéphane-Paul Frydman</i>	8,750	8,877	11,819
<i>Pascal Rouiller</i>	8,750	8,877	11,819
Performance conditions	Operating income EBITDAS	Operating income EBITDAS	EBI EBITDAS
Acquisition date	05/10/2012	05/03/2013	06/26/2014
Total number of shares finally allocated upon expiry of the acquisition period, allocated to:	67,575	376,080	174,326
<i>Robert Brunck</i>	8,694	12,423	n.a.
<i>Jean-Georges Malcor</i>	7,113	24,847	9,534
<i>Stéphane-Paul Frydman</i>	2,766	7,634	3,900
<i>Pascal Rouiller</i>	2,766	8,166	3,782
Cumulated number of shares as of December 31, 2014	442,350	137,251	368,385
Remaining performance shares as of December 31, 2014	67,575	376,080	174,326

<sup>(1)</sup> Adjusted after the capital increase dated October 23, 2012.

Individual information on performance shares allocated to the Executive Officers is set forth in Item 4 of our report on Form 20-F.

There was no performance shares allocated in 2013 and 2014.

## 13. CODE OF CORPORATE GOVERNANCE COMPLIED WITH BY THE COMPANY

The Company complies with the AFEP-MEDEF code of corporate governance for listed companies (the "AFEP-MEDEF Code"). This code is available on the website of the MEDEF ([www.medef.fr](http://www.medef.fr)).

However, with respect to the supplementary pension plan, the Company applies an exception to the provisions of the AFEP-MEDEF Code as follows:

AFEP-MEDEF Code	CGG's practice
Supplementary pension plan	<p data-bbox="521 522 1435 659">In some particular circumstances (in the event of the death, incapacity or dismissal of the beneficiary, except in case of gross or serious misconduct, after reaching the age of 55 and not followed by any other professional activity), a senior executive officer may still benefit from the supplementary pension plan in effect even though he is no longer an employee of the Group. Taking into consideration circular no. 105/2004 issued by the French Social Security Department on March 8, 2004, these exceptions are maintained with regard to the following elements:</p> <ul style="list-style-type: none"> <li data-bbox="570 684 1435 751">* the current supplementary pension plan may continue to apply on a uniform and identical basis to all the other executive officers also benefiting from this plan without further consequences; and</li> <li data-bbox="570 774 1435 911">* given the seniority of certain beneficiaries of this plan and in light of their service over the years, it would be unjustified for them to lose the benefit of the pension commitments made by the Company solely because of a departure arising under very special circumstances (death, disability) or occurring shortly before retirement, making it difficult to find further employment (dismissal without gross and serious misconduct, after the age of 55, not followed by any other professional activity).</li> </ul> <p data-bbox="521 924 987 945">This plan was closed to new comers on July 1, 2014.</p>
Time given to the Audit Committee to review financial statements	<p>The Audit committee usually meets before each session of the Board of Directors. For practical reasons that are linked to the presence of two directors residing abroad, meetings of the Audit committee are held in general on the eve of the Board of Directors. In order that this constraint does not prevent the proper functioning of the Committee, the Chairman of the Board and the Chief Executive Officer ensure that the members of the Committee receive the necessary documents and information sufficiently in advance in order to have sufficient time to be able to review the accounts.</p>

## 14. REPORT OF THE CHAIRMAN ON BOARD OF DIRECTORS' COMPOSITION, PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK, ON INTERNAL CONTROL AND RISK MANAGEMENT

In accordance with article L.225-37 of the French commercial code, the purpose of this document is to report on the composition, the conditions of preparation and organization of the meeting of the Board of Directors, on the limitations of the authority of the management as well as the internal control and risk management procedures put in place within CGG (hereinafter referred to as "the Company") and its consolidated subsidiaries (hereinafter collectively referred to as the "Group"). The Board of Directors approved this report in its session of February 25, 2015.

This report informs shareholders of the oversight assured by General Management and the Board of Directors of the activities of the Company. Such oversight involves assuring:

- on the one hand, that acts of management and transactions and the behavior of personnel adhere to guidelines established by corporate governance bodies, applicable laws and regulations, standards, and internal rules and procedures of the Company;
- on the other hand, that the accounting, finance and management information, provided to corporate governance bodies offers a reliable and sincere presentation of the activity and situation of the Company and the consolidated group.

One of the objectives is to anticipate and manage risks resulting from the activity of the Company and risks of errors or fraud, particularly in accounting and finance.

However, as with all control systems, there is no absolute guarantee that such risks can be entirely eliminated.

In accordance with article L. 225-37 of the French commercial code, this report is divided into three sections:

- Board of Directors' composition and preparation and organization of the Board of Directors' work (I),
- limitations imposed on Management authority (II),
- procedures of internal control and risk management implemented by the Company (III).

### 14.1. Board of Directors' composition and preparation and organization of the Board of Directors' work

#### 14.1.1. Code of corporate governance applied by the Company:

The Company complies with the AFEP-MEDEF code of corporate governance for listed companies (the "AFEP-MEDEF Code"). This code is available on the website of the MEDEF ([www.medef.fr](http://www.medef.fr)).

However, with respect to the supplementary pension plan<sup>8</sup>, the Company applies an exception to the provisions of the AFEP-MEDEF Code, according to which in some particular circumstances (in the event of the death, incapacity or dismissal of the beneficiary, except in case of gross or serious misconduct, after reaching the age of 55 and not followed by any other professional activity) a senior executive officer may still benefit from the supplementary pension plan in effect even though he is no longer an employee of the Group. Taking into consideration circular no. 105/2004 issued by the French Social Security Department on March 8, 2004, these exceptions are maintained with regard to the following elements:

- the current supplementary pension plan may continue to apply on a uniform and identical basis to all the other executive officers also benefiting from this plan without further consequences; and
- given the seniority of certain beneficiaries of this plan and in light of their service over the years, it would be unjustified for them to lose the benefit of the pension commitments made by the Company solely because of a departure arising under very special circumstances (death, disability) or occurring shortly before retirement, making it difficult to find further employment (dismissal without gross and serious misconduct, after the age of 55, not followed by any other professional activity).

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<sup>8</sup> This plan has been closed to new members since July 1, 2014.

## 14.1.2. Composition of the Board of Directors as of the date of the present report:

Name	Age	Positions	Initially appointed	Director's term expires
<b>Mr. Rémi DORVAL</b> <sup>(2)</sup> (independent director) Nationality: French	63	Chairman of the Board	March 8, 2005	2018 General Meeting
<b>Mr. Jean-Georges MALCOR</b> Nationality: French	58	Chief Executive Officer <sup>(*)</sup> and director <sup>(*)</sup>	May 4, 2011	2015 General Meeting
<b>Mr. Olivier APPERT</b> <sup>(1)(2)</sup> Nationality: French	65	Director	May 15, 2003	2016 General Meeting
<b>Mr. Loren CARROLL</b> <sup>(1)</sup> (independent director) Nationality: American	71	Director	January 12, 2007	2017 General Meeting
<b>Jean-Yves GILET</b> <sup>(2)(3)(**)</sup> Nationality: French	58	Director	July 31, 2014	2016 General Meeting
<b>Ms. Agnès LEMARCHAND</b> <sup>(1)(3)</sup> (independent director) Nationality: French	60	Director	September 21, 2012	2017 General Meeting
<b>Ms. Gilberte LOMBARD</b> <sup>(1)(4)(*)</sup> (independent director) Nationality: French	70	Director	May 4, 2011	2015 General Meeting
<b>Ms. Hilde MYRBERG</b> <sup>(1)(3)(*)</sup> (independent director) Nationality: Norwegian	57	Director	May 4, 2011	2015 General Meeting
<b>Mr. Robert F. SEMMENS</b> <sup>(2)(3)(*)</sup> Nationality: American	57	Director	December 13, 1999	2015 General Meeting
<b>Ms. Kathleen SENDALL</b> <sup>(3)(4)</sup> (independent director) Nationality: Canadian	61	Director	May 5, 2010	2018 General Meeting
<b>Mr. Daniel VALOT</b> <sup>(4)</sup> Nationality: French	70	Director	March 14, 2001	2016 General Meeting
<b>Mr. Terence YOUNG</b> <sup>(2)(4)</sup> (independent director) Nationality: American	68	Director	January 12, 2007	2017 General Meeting

<sup>(1)</sup> Member of the Audit Committee

<sup>(2)</sup> Member of the Technology/Strategy Committee

<sup>(3)</sup> Member of the Appointment & Remuneration Committee

<sup>(4)</sup> Member of the HSE/Sustainable Development Committee

<sup>(\*)</sup> The renewal of this office will be submitted to the approval of general meeting of May 29, 2015

<sup>(\*\*)</sup> The term of office was renewed by the Board of Directors on March 26, 2014 for a three-year period effective June 4, 2014

<sup>(\*\*\*)</sup> The ratification of the cooptation of Mr. Gilet will be submitted to the general meeting of May 29, 2015.

The positions held by the members of the Board of Directors in other companies are provided in paragraph of the in the management report (item 6 – Board of Directors – of our annual report on form 20-F). The allocation rules of directors' fees and the amount paid to each director for 2014 are set forth in the management report (item 6 – Directors' compensation – of our annual report on form 20-F).

## Independent directors:

The Appointment-Remuneration Committee and the Board review the qualification of the directors as independent on an annual basis before release of the annual reports.

In accordance with Article 9.1 of the AFEP-MEDEF Code, the Board of Directors considers that a director is independent when he or she has no relationship of any kind whatsoever with the company, its group or its management that may impair his or her freedom of judgment. The Appointment-Remuneration Committee and the Board of Directors rely on the criteria set out by the AFEP-MEDEF Code to assess the independence of each director. These criteria are the following:

- not to be an employee or an executive director of the corporation, or an employee or director of its parent or a company that it consolidates, and not having been in such a position for the previous five years;
- not to be an executive director of a company in which the corporation holds a directorship, directly or indirectly, on in which an employee appointed as such or an executive director of the corporation (currently in office or having held such office going back five years) is a director;
- not to be a customer, supplier, investment banker or commercial banker:
  - that is material for the corporation or its group;
  - or for a significant part of whose business the corporation or its group accounts ;
- not to be related by close family ties to an executive director ;
- not to have been an auditor of the corporation within the past five years ;
- not to have been a director of the corporation for more than twelve years;
- not to represent a significant shareholder of the company holding more than 10% of the voting rights)

As part of its review, and as an exception to the AFEP-MEDEF Code, the Appointment-Remuneration Committee and the Board of Directors estimated that the fact that Messrs. Loren Carroll and Rémi Dorval had been members of the Supervisory Board of CGG Holding B.V., a wholly-owned subsidiary of the Company, until September 1, 2010, does not impair their independence.

With regard to the criterion relating to business relations, the Appointment-Remuneration Committee and the Board of Directors confirmed that, to the best of their knowledge, there was no existing business relationship between the directors and the company or its group.

Finally, the Appointment-Remuneration Committee and the Board of Directors also confirmed that Mr. Remi Dorval, who qualified as independent before his appointment as Chairman of the Board, continued to meet all of the criteria set out by the AFEP-MEDEF Code.

In its meeting held on February 25, 2015, the Board therefore confirmed that seven out of the twelve directors who were sitting on the Board at that time qualified as independent (i.e. half of the Board members, which is compliant with the recommendation of the AFEP-MEDEF Code<sup>9</sup>): Mrs. Agnès Lemarchand, Mrs. Gilberte Lombard, Mrs. Hilde Myrberg and Mrs. Kathleen Sendall and Messrs. Loren Carroll, Rémi Dorval, and Terence Young.

## Update on the Company's application of the principle of a balanced representation of men and women on the board of directors:

Pursuant to a law dated January 27, 2011 and the AFEP-MEDEF Code, the Board of Directors has taken the initiative to better balance the women and men representation in the Board. As of the date of the present report, with four women on the board out of twelve directors, the number of women in the Board is exceeding 30%.

### 14.1.3. Activity of the Board of Directors:

#### 1. Role of the Board of Directors:

Pursuant to article L.225-35 of the French commercial code, the Board lays down the guidelines governing the Company's activity and sees to their application. Subject to the powers explicitly assigned to the shareholders' meetings and within the limits of the business purpose, it considers any question affecting the proper operation of the company and it settles the matters concerning it.

#### 2. Preparation of meetings:

The operating procedure of the Board is governed by internal rules and regulations (hereafter the "Internal rules and regulations of the Board of Directors") which are available on the Company's website ([www.cgg.com](http://www.cgg.com)). Their main provisions are summarized below.

<sup>9</sup> The AFEP-MEDEF Code recommends that independent directors should account for half the members of the Board of Directors in widely-held corporations without controlling shareholders.

### Information to be provided to Directors:

In preparation of every Board meeting, the Board's Secretary sends documentation to the Directors containing all useful information on each of the points appearing on the meeting agenda. This documentation is generally uploaded on the secured website of the Board of Directors and its committees to enable the directors to review it before the meeting.

Furthermore, Directors are kept informed and consulted by the Chief Executive Officer between Board meetings about all events or operations of importance to the Company.

A draft version of press releases related to quarterly, semiannual and annual financial statements and all events or operations of importance for the Company are sent to Directors sufficiently in advance of their publication so they can transmit their comments to the general management. Other press releases are systematically sent to them at the same time they are published by the Company.

In general, the Chairman of the Board ensures that Directors are able to fulfill their duties. For this purpose, he assures that each of them receives the documents and information necessary to perform their duties. In addition, Board members usually meet for a two-day annual strategic seminar generally held close to one of our operational sites. The agenda of this seminar is determined by the Chief Executive Officer, in close cooperation with the Chairman of the Board and the Chairman of each Board Committee.

#### 3. Board meetings:

At every meeting, the Board is informed of the evolution of the operating and financial performance of the main segments of the Group since the last meeting.

This information per segment is supplemented by a particular review of the consolidated financial situation of the Group in terms of debt, cash flow and financial resources available available on a short-term basis and in the light of forecasts.

All transactions with a material impact on the strategy of the Group such as acquisitions, partnerships, disposals or strategic investments are subject to the prior authorization of the Board after the Technology/Strategic Committee has issued its recommendation. The Board is regularly informed on the progress of the transaction in question.

The Board of Directors meets at least four times per year in the presence of the statutory auditors and whenever circumstances so require.

Pursuant to the Internal Rules and Regulations of the Board of Directors, Directors may participate in Board proceedings through videoconferences or telephone conferencing provided such telecommunication means permit the identification of participants and allow them to effectively participate to the meeting in the conditions set forth in article L.225-37 of the French commercial code. They are in such cases counted as present for the calculation of the quorum and majority in accordance with the rules of the Board of Directors. However, pursuant to law the said procedure may not be used in connection with the following decisions:

- establishment of the annual financial statements and of the management report;
- establishment of the consolidated financial statements and of the report on the management of the Group, if that is not included in the annual management report.

In addition, pursuant to the internal rules and regulations of the Board of Directors, this restriction also applies to decisions relating to the establishment of the half-year financial statements and related Board report.

#### 4. Rules applicable to Directors:

##### Duty of expression:

Each Director has a duty to clearly express his or her opinions and shall endeavour to convince the Board of the relevance of his or her position.

##### Diligence:

Each Director must devote the necessary time, care, attention to his or her duties. Before accepting any new position or office, he or she must consider whether he or she will still be able to fulfil this obligation. Unless he or she is genuinely unable to do so, he or she must attend all meetings of the Board of Directors and of any committees of which he or she is a member, and all general meetings of shareholders.

##### Conflicts of interest:

Each Director must inform the Board about any conflict of interest situation, even potential, that may involve him/her because of the duties he/she may hold in other companies.

In such a case, the director shall abstain from taking part in voting on the related resolution.

##### Share ownership:

Since March 26, 2014, the Board's internal regulations provide that each director is required to own at least 5,000 of our shares. Current directors have been given two years to comply with this new requirement.

Rules applicable to transactions carried on Company's shares by Directors:

The Directors may be led to hold information relative to the Company that has come to their attention because of their position as director and which, if made public, might have an appreciable effect on the Company's share price. The significant character of a piece of information is normally related to the influence it may have on the financial results of the listed Company. A significant piece of information can relate to operating revenues, financial or budgetary estimates, investments, acquisitions or divestments, main discoveries, stops of important manufacturing units, launching or withdrawal of products, significant changes in shareholding or management, transactions affecting the capital, the dividend, the appearance or the settlement of a dispute, etc.

In such a case, the internal regulations provide that the directors must refrain:

- from exploiting such information in their own behalf or in behalf of others, directly or through an intermediary, by purchasing or selling the Company's securities or financial products connected with the said issue;
- from communicating the said information for purposes other than and for an activity other than the one in connection with which it is held.

In addition to the above, Directors must abstain from carrying-out any transaction on the Company's shares, of whatever nature, during the 30-calendar days preceding the publication of quarterly, semiannual or annual results and until the day after the publication date. Such publications occur the last week of February, mid-May, the last week of July and mid-November.

In case of doubt, the Directors are invited to contact the Group Chief Financial Officer.

Pursuant to the provisions of the general regulation of the *Autorité des Marchés Financiers*, the Directors must notify directly to the *Autorité des Marchés Financiers* any transactions that they may carry out on the Company's shares, within 5 trading days as from the date on which they carried out such transactions. The obligation to notify such transactions is the direct responsibility of each Director.

Activity of the Board of Directors in 2014:

In 2014, the Board of Directors of the Company met twelve times. The average attendance rate of directors at these meetings was 83.80 %.

Statutory, consolidated and interim financial statements – Annual Shareholders' meeting:

The Board, among others, approved the Company's annual financial statements and the 2013 consolidated annual financial statements and reviewed the interim quarterly and half-year results for fiscal year 2014 and the 2014 forecasts and the 2015 pre-budget. The Board also convened the General meeting of shareholders held in June 2014 and approved the reports and resolutions to be submitted to shareholders' approval.

Governance:

The Board approved the modification of the composition of some committees of the Board and modified its internal rules and regulations accordingly. The Board reviewed the qualification of Directors as independent and modified the allocation rules of directors' fees. The Board also decided to maintain the split of the functions of Chairman of the Board and Chief Executive Officer, approved the appointment of the Chairman of the Board, the renewal of the term of office of the Chief Executive Officer and of its letter of protection.

Compensation:

The Board approved the compensation components of the senior executive officers for fiscal year 2014. The Board also decided to implement (i) a stock-options plan for certain employees of the Group and a specific plan for the members of the Corporate Committee (including the Chief Executive Officer and the two Corporate Officers), subject to performance conditions, and (ii) a performance units plan for certain employees of the Group members of the Corporate Committee (including the Chief Executive Officer and the two Corporate Officers), the allocation being subject to performance conditions.

The Board also determined that the performance conditions set out in the performance share plan dated June 26, 2012, in the stock option plan dated March 24, 2011 applicable to the senior executive officers (3<sup>rd</sup> batch) and in the stock option plan dated June 26, 2012 applicable to the senior executive officers and the Executive committee members (1<sup>st</sup> batch) were partially met.

Financial and strategic transactions:

The Board approved the strategic orientations of the group for 2014 and replied to the opinion issued by the works council on said orientations further to the information and consultation process of said council.

The Board also approved the contribution of the land contractual acquisition activity in North America to Geokinetics.

The Board also approved the following financial transactions:

- high yield bond denominated in euros for € 400 million ;
- high yield bond denominated in US\$ for US\$500 million ; repurchase of the 2016 bonds convertible into and/or exchangeable for new of existing shares ;
- amendments to the French and US credit facility agreements ;
- amendment and extension of its Nordea credit facility with a pool of lenders under the leadership of Nordea.

Finally, the Board also very thoroughly expertized and analysed the unsolicited approach by Technip on November 10, 2014 and subsequently the alternative solutions contemplated in lieu of the Technip pre-offer.



In this perspective, the Board organized a special committee composed of certain board members. This committee has been the day to day interlocutor of the general management and the board on all questions relating to the Technip offer. In this scope, the Committee reviewed the propositions made by the general management and assisted the Board in its assessment of the strategy to adopt vis a vis the Technip offer. It also participated to the evaluation of possible alternative solutions to the combination project with Technip in the scope of the orientations set by the Board.

#### Appraisal of the operation of the Board and its committees:

The Board of Directors organizes an annual appraisal of its operation and of its Committees'. It is a self-appraisal analyzed by an outside consultant and completed every three year by a more in-depth appraisal which includes individual interviews of each director with the outside consultant. The last full appraisal was performed in 2011.

In 2014, and the appraisal was completed by individual interviews of the Chairman of the Board, the Chief Executive Officer and the Chairman of each committee with the outside consultant.

The Directors have globally favorably assessed the way the Board and its committees operate. They underlined their satisfaction with the governance of the Group and the quality of the communication between the general management and the Board. They insisted on the quality of the discussions and work of the Board and indicated that they were satisfied with the way the Chairman was leading the Board's works and conducting its discussions.

They confirmed that, in 2014, they were able to deepen their review of the Group strategy whose long-term objectives are now well set. They indicated their wish to go deeper into their review of the group technology and services offer as well as its management of risks. Besides, with respect to human resources, they want to spend more time on the succession planning review. Finally, regarding the documentation package sent to them prior to each meeting, they have expressed the wish that presentations be more concise.

#### **14.1.4. Committees established by the Board of Directors:**

The Internal rules and regulations of the Board of Directors define the composition, duties and operating procedures of the Board committees. The Audit Committee and the Appointment and Remuneration Committee have their own charter. They are appended to the Internal Rules and Regulations of the Board of Directors and are available on the Company's website ([www.cgg.com](http://www.cgg.com)).

#### **Appointment-Remuneration Committee:**

##### **a) Responsibilities:**

The responsibilities of this Committee in terms of propositions and/or recommendations to be made to the Board of Directors relate to:

1. the compensation to be paid to the senior executive officers ("*mandataires sociaux*") to be appointed from time to time, including the procedures for setting the variable part thereof and the grant of possible benefits in kind;
2. all provisions relative to the retirement of the senior executive officers considered as "*mandataires sociaux*";
3. for the "*mandataires sociaux*", the deferred elements of the compensation packages (pension, severance payment) to be submitted to the shareholders' annual meeting;
4. the evaluation of financial consequences on the Company's financial statements of all compensation elements for *mandataires sociaux*;
5. the contracts between the Company and a "*mandataire social*";
6. the possible candidacies for filling Director's positions, positions as senior executive officer considered as "*mandataire social*" or positions as a member of a Board Committee.
7. the periodical review of the independence of Board members;
8. the Directors' fees level and their allocation rules;
9. the realization of capital increases reserved for the employees; and
10. the installation of cash and/or share compensation plans.

In addition to the assignments here above described, this Committee is also in charge of:

1. examining compensation of the Corporate Committee ("C-Com") members and its evolution;
2. carrying out performance evaluation of the Board and its Committees;
3. carrying out performance evaluation of the Chairman of the Board and the Chief Executive Officer;
4. reviewing the succession planning process of C-Com members;
5. ensuring compliance of compensation and benefits policies with all applicable regulations;
6. reviewing the compensation data and other related information to be publicly disclosed by the Company in its annual reports and any other reports to be issued pursuant to applicable laws and regulations; and
7. approving the policy and process of verifying and reimbursing expenses of the Directors and the senior executive officers ("*mandataires sociaux*").

The Committee may also consider any question submitted to it by the Chairman in connection with one of the matters mentioned above.  
The work of the Committee is recorded in its minutes. The Committee reports to the Board on its proceedings after each meeting.

**b) Composition:**

As of the date of this report, the members of the Committee are as follows:

Hilde Myrberg (Chairman)<sup>(\*)</sup>  
Jean-Yves Gilet  
Robert Semmens  
Agnès Lemarchand<sup>(\*)</sup>  
Kathleen Sendall<sup>(\*)</sup>

<sup>(\*)</sup> independent director

In compliance with the AFEF-MEDEF Code, this Committee is composed of a majority of independent Directors. The Chairman of the Board and the Chief Executive Officer are involved in the work of the committee relating to the appointment of directors.

**c) Activity:**

In 2014, this Committee met six times. The average meeting attendance rate was 93.30 %.

During these meetings, the Committee examined, inter alia, (i) the remuneration of the Chairman of the Board, of the Chief Executive Officer and of the Corporate Officers ("*Directeurs Généraux Délégués*") and their 2014 objectives, (ii) the compensation of the other members of the C-Com, (iii) the amount of the Directors' fees and their allocation rules, (iv) the implementation of the new LTI program<sup>10</sup>, (v) the report on the qualification of Directors as independent prior to its submission to the Board of Directors, (vi) the paragraphs in the annual reports' (including the management report, *Document de Référence* and our annual report on Form 20-F) regarding the compensation of the *mandataires sociaux*, (vii) the 2014 bonus plans, (viii) the succession planning of E-Com and M-Com members, (ix) the implementation of the evaluation process for the Board, the Chairman and the Chief Executive Officer, (ix) the composition of Board Committees.

Principles and rules to determine the remuneration of the executive officers:

Pursuant to article L. 225-37 of the French commercial code, it is specified that the compensation of the Chief Executive Officer and the Corporate Officers are determined by the Board of Directors upon proposal of the Appointment-Remuneration Committee in accordance with the principles and rules set out below.

The positioning of the compensation of the Chief Executive Officer and the Corporate Officers of the company is regularly reviewed against the company sector and comparable compensation markets on the basis of studies carried out by specialized external firms.

The Board of Directors and the Appointment-Remuneration Committee pay particular attention to ensure that the compensation policy applied is linked to the performance of the company and focuses on creating long-term value as well as achievement of individual objectives. Consequently, an important weight of the structure of their compensation is focused on the variable part of the compensation package, both short term and long term, whereas a lower weight is assigned to the fixed part compared to market practices.

Such aggregate compensation includes a fixed element and a bonus and benefits in kind (company car). The bonus for a given fiscal year is determined and paid during the first semester of the following fiscal year. The target amount of the short term variable incentive (the target being paid when 100 % of the financial and individual objectives are achieved) applied to the Chief Executive Officer and the Corporate Officers is expressed as a percentage of the fixed part of the compensation. It is equal to 100% of the fixed salary for the Chief Executive Officer and to 75% of the fixed salary for both Corporate Officers.

Finally, in case of financial overachievement, the allocation of short term variable incentive may involve:

- the financial criteria for a maximum of 133.3 % of the fixed salary for the Chief Executive Officer and of 100 % of the fixed salary for the Corporate Officers, and
- the individual criteria for a maximum of 66.6 % of the fixed salary for the Chief Executive Officer and of 50 % of the fixed salary for the Corporate Officers.

For fiscal year 2014, this variable part of the remuneration of:

- Jean-Georges Malcor, Chief Executive Officer, is based on the achievement of individual objectives (representing one third of the variable compensation) and financial objectives (representing two-thirds of the variable compensation). His individual objectives relate to Group governance, the implementation of the Group restructuring plan, shareholders and financial market our promotion and development in the industry, operational performance and human resources. The financial objectives are related to net earnings per share (25% weighting), Group free cash flow (15% weighting), Group external revenues (20% weighting), Group EBIT (20% weighting) and EBITDAS minus tangible and intangible investments made in the course of the fiscal year (20% weighting). His target amount was set as 100% of his fixed compensation.
- Stéphane-Paul Frydman, Corporate Officer, is based on the achievement of individual objectives (representing one third of the variable compensation) and financial objectives (representing two-thirds of the variable compensation). His individual objectives relate to Group governance, internal control, management of our financial resources, relations with investors and the financial market as a whole, strategy and management of our capital employed and human resources. The financial objectives are related to net earnings per share (25% weighting), Group free cash flow (15% weighting), EBITDAS minus tangible and intangible investments made in the course of the

<sup>10</sup> The description of the stock-option and performance unit plans implemented in 2014 are set forth in item 12. of the "2014 Additional Document" available on our website.

fiscal year (20% weighting), Group external revenues (20% weighting) and Group EBIT (20% weighting). His target amount was set as 75% of his fixed compensation.

- Pascal Rouiller, Corporate Officer, is based on the achievement of individual objectives (representing one third of the variable compensation) and financial objectives (representing two-thirds of the variable compensation). His individual objectives relate to HSE, our Group performance plan, technology, strategic development of the Equipment Division and human resources. The financial objectives are related to net earnings per share (25% weighting), Group free cash flow (15% weighting), Group EBITA minus tangible and intangible investments made during the fiscal year (10% weighting), Equipment EBITDAS minus tangible and intangible investments made during the fiscal year (10% weighting), Equipment Division production (20% weighting), Group EBIT (10% weighting) and Equipment Division EBIT (10% weighting). His target amount was set as 75% of his fixed compensation.

A detailed description of the compensations paid in 2014 to the senior executive officers are set forth in the management report (item 6 – Compensation – of our annual report on form 20-F). Information relating to deferred severance indemnity and supplementary retirement plan are also included.

### Technology/Strategy Committee:

Until July 31, 2014, the Board had a Strategic Planning committee and a Technology committee.

The responsibilities of the Strategic Planning committee included the study of the business plans and budgets, the strategic options for the Company, the organic development, and projects related to financial transactions. During 2014, the Strategic Planning committee met four times. The average attendance rate of committee members was 100 %. During its meetings, the committee was mainly consulted on the preparation and implementation of the 2014-2016 strategic plan of the Group, and on the associated cost reduction plan.

The Technology committee was responsible for assisting the Board in reviewing the technology offer from competitors and other oil service companies, the Group's development strategy in reservoir imaging including seismic and opportunities in other oilfield services and products, the main development programs in services and equipment, research and development budgets, and the protection of intellectual property. During 2014, the Technology committee met once. The attendance rate of committee members was 100 %. During its meeting, the committee reviewed the latest technological developments of the Group divisions, and certain specific technological projects.

Since July 31, 2014, the Technology and Strategy committees have been combined in a single Committee called Technology/Strategy committee. This committee will meet twice a year at least and its responsibilities will relate to:

- The company's strategic options and orientations in relation to technology, markets and business,
- The technologic development strategy in the various business of the Group,
- The broad lines of the Group's budget,
- The intellectual property protection policy,
- The main R&D programs,
- The strategic M&A transactions,
- The company's organic development,
- The projects related to financial transactions,
- The major investment transactions or disposal of assets.

As of the date of this report, the members of the Committee are as follows:

Rémi Dorval<sup>(\*)</sup> (Chairman)  
Olivier Appert  
Jean-Yves Gilet  
Robert Semmens  
Terence Young<sup>(\*)</sup>

<sup>(\*)</sup> independent director

During 2014, this committee met once. The attendance rate of Committee members in this meeting was 100 %. During this meeting, the Committee was presented an update on the current technological projects within the Acquisition division and reviewed the various businesses and portfolio of services currently existing within the GGR division.

## HSE/Sustainable Development Committee:

### a) Responsibilities:

The Committee's assignments are the following:

- Support General Management in developing a strategic approach to Health, Safety, Security and Environment ("HSE") & Sustainable Development ("SD"). Determine the main axes for the improvement of HSE performance on an ongoing basis. Encourage, assist and counsel General Management in maintaining and improving HSE & SD performance.
- Monitor the performance of CGG's HSE & SD systems and programs, and at the Committee's discretion, recommend any changes to the Board.
- Review CGG HSE & SD performance at each regularly scheduled meeting. Benchmark CGG performance against its peers in the industry.
- Review the Group's high rated HSE & SD operational risks and the controls put in place to manage these risks. Review high impact incidents and near misses such as fatalities and HPis.
- Review the Group's SD programs (principally environmental, social and ethical matters) and provide support and direction concerning the mid-term and long-term direction of CGG efforts in this area.
- Monitor the Group's compliance with applicable laws related to HSE & SD.
- Review the Group's crisis management preparedness. Monitor any major crisis and support the Board and General Management team as necessary in the event of such a crisis.
- Recommend to the Board and to General Management desirable policies and actions from its review and monitoring activity.

The Committee reports to the Board on its proceedings after each meeting, on all matters within its duties and responsibilities.

### b) Composition:

As of the date of this report, the members of the Committee are as follows:

Kathleen Sendall <sup>(\*)</sup> (Chairman)  
 Gilberte Lombard <sup>(\*)</sup>  
 Daniel Valot  
 Terence Young <sup>(\*)</sup>

<sup>(\*)</sup> independent director

### c) Activity:

In 2014, the Committee met three times. The attendance rate of Committee members was 83.30 %.

During these meetings, the Committee reviewed the following items: (i) the high potential incidents that occurred in the Land and Marine acquisition divisions as well the Group HSE indicators, (ii) the review of specific risks (helicopter transportation, airborne aviation, risks on flora & fauna), (iii) the HSE good practices implemented within the Group and the actions implemented in terms of sustainable development.

## Audit Committee:

### a) Responsibilities:

Pursuant to its Charter, the Audit Committee is responsible for assisting the Board of Directors and, as such for preparing its assignments.

In the scope of the duties of the Audit Committee as defined by law, the Audit Committee shall, inter alia:

- a. monitor the financial reporting process;
- b. monitor the effectiveness of the Company's internal control and risk management systems;
- c. monitor the statutory audit of the annual and consolidated accounts;
- d. review and monitor the independence of the statutory auditors.

In this scope, the Committee is specifically in charge of:

- Assignments relating to accounts and financial information:
  - Reviewing and discussing with General Management and the statutory auditors the following items:
    - the consistency and appropriateness of the accounting methods adopted for establishment of the corporate and consolidated financial statements,
    - the consolidation perimeter,
    - the draft annual and consolidated accounts, semi-annual and quarterly consolidated financial statements along with their notes, and especially off-balance sheet arrangements,
    - the quality, comprehensiveness, accuracy and sincerity of the financial statements of the Group,
  - Hearing the statutory auditors report on their review, including any comments and suggestions they may have made in the scope of their audit.
  - Examining the draft press releases related to the Group financial results and proposing any modifications deemed necessary,

- Reviewing the "*Document de Référence*" and the annual report on Form 20-F,
- Raising any financial and accounting question that appears important to it,
- Assignments relating to risk management and internal control:
  - Reviewing with the General Management (i) the Company's policy on risk management, (ii) the analysis made by the Company of its major risks (risk mapping) and (iii) the programs put in place to monitor them,
  - Reviewing with the General Management (i) the role and responsibilities with respect to internal control; (ii) the principles and rules of internal control defined by the Company on its general internal control environment (governance, ethics, delegation of authority, information systems...) and on the key processes (treasury, purchase, closing of the accounts, fixed assets...), (iii) the internal control quality as perceived by the Company and (iv) significant deficiencies, if any, identified by the Company or reported by the external auditors (article L.823-16 of the French commercial code) as well as the corrective actions put into place,
  - Reviewing (i) the Report of the Chairman on Board of Directors' Composition, Preparation and Organization of the Board of Directors' Work, and Internal Control and Risk Management and (ii) the conclusions of the external auditors on this report,
- Assignments relating to internal audit:
  - Reviewing with General Management and the SVP in charge of Internal Audit:
    - the organization and operation of the internal audit,
    - the activities and in particular the missions proposed in the scope of the internal audit plan approved by management and presented to the Committee,
    - results of internal audit reviews,
- Assignments relating to external audit:
  - Reviewing with the statutory auditors their annual audit plan,
  - Hearing, if necessary, the statutory auditors without General Management being present,
  - Monitoring the procedure for selection of the auditors and issuing a recommendation to the Board of Directors on the statutory auditors whose appointment is to be submitted to the shareholders' meeting,
  - Monitoring the independence of the statutory auditors on annual basis,
  - Discussing, possibly individually the audit work with the statutory auditors and General Management and reviewing regularly with management the auditors' fees. Within the framework of a procedure that it determines annually, the Committee has sole authority to authorize performance by the auditors and/or by the members of their network of services not directly relating to their auditing mission,
- Other assignments:
  - Reviewing with management and, when appropriate, the external auditors the transactions binding directly or indirectly the Company and its executive officers,
  - Handling, anonymously, any feedback concerning a possible internal control problem or any problem of an accounting and financial nature.

Finally, the General Management of the Company must report to the Committee any suspected fraud of a significant amount so that the Committee may proceed with any verification that it deems appropriate.

The following persons attend the Committee meetings: the Chairman of the Board of Directors, the Chief Executive Officer, the Corporate Officers, the relevant members of the E-Com, the Chief Executive Officer, the Senior Vice President Group Chief Accounting Officer, the auditors, the Senior Vice-President Internal Audit who presents an update on significant missions at least twice a year.

The Audit committee usually meets before each session of the Board of Directors. For practical reasons that are linked to the presence of two directors residing abroad, meetings of the audit committee are held in general on the eve of the Board of Directors. In order that this constraint does not prevent the proper functioning of the Committee, the Chairman of the Board and the Chief Executive Officer ensure that the members of the Committee receive the necessary documents and information sufficiently in advance in order to have sufficient time to be able to review the accounts.

Minutes of each meeting are taken. Furthermore, the Chairman of the Committee reports on its work at every Board of Directors' meeting. This report is recorded in the minutes of the Board of Directors' meeting.

**b) Composition:**

As of the date of the present report, the members of the Committee are as follows:

Gilberte Lombard (Chairman) <sup>(\*)</sup>  
 Loren Carroll <sup>(\*)</sup>  
 Olivier Appert  
 Agnès Lemarchand <sup>(\*)</sup>  
 Hilde Myrberg <sup>(\*)</sup>

<sup>(\*)</sup> independent director

Gilberte Lombard was appointed as Financial Expert by the Board of Directors in 2013 pursuant to section 407 of Sarbanes Oxley Act.

Both Ms. Gilberte Lombard and Mr. Loren Carroll qualify as independent members of the Committee with specific competences in financial and accounting matters pursuant to article L.823-19 of the French Commercial Code.

Ms. Gilberte Lombard developed an extensive financial and accounting expertise through the various financial responsibilities she has held within the HSBC Group (previously *Crédit Commercial de France*), where she spent her career. After the privatization of *Credit Commercial de France* (1987), she was the Investor relations officer, in charge of the relation with financial analysts and institutional investors, and coordinated the information policy vis a vis the shareholders of the bank: major shareholders as well as individual shareholders. After *Credit Commercial de France* had been taken over by HSBC (2000), she was appointed as head of the financial transactions (*Directeur des Opérations Financières*) in charge of structuring and implementing sales, acquisitions, mergers for HSBC and managing HSBC industrial and financial portfolio. As part of her assignments, she was appointed as member of the board and the audit committee of several companies of the HSBC group in France. In 1990, she was also appointed secretary of the board and was in charge, in particular, of the relations with the main shareholders of the bank.

Mr. Loren Carroll, through the positions he held over 15 years within Arthur Andersen, developed an extensive accounting and auditing practice, especially for public companies. He then became Chief Financial Officer of Smith International, a supplier of products and services to the oil and gas, petrochemical, and other industrial markets. Within Smith International, he was in charge of investor relations, supervision of financial activities of Public Corporation (NYSE) and merger, acquisitions and strategic development.

Both Ms. Gilberte Lombard and Mr. Loren Carroll are therefore very familiar with the financial and accounting specificities of our industrial sector and those linked to our international activities.

In compliance with the provisions of the AFEP-MEDEF Code, two thirds of the Committee is composed of independent Directors. The Committee has relied upon the report issued by the French *Autorité des Marchés Financiers* on audit committees.

**c) Activity:**

In 2014, the Committee met nine times with an average attendance rate of committee members of 86.70 %.

During these meetings, the Committee reviewed draft versions of the annual consolidated financial statements for 2013 (and in particular the impairment tests), and the consolidated financial statements for the first quarter, the first semester and the third quarter of 2014. It also reviewed the 2014 forecasts. The Committee also provided to the Board its recommendations concerning these financial statements. The Committee reviewed the Chairman's report on Board of Directors' Composition, Preparation and Organization of the Board of Directors' Work and on Internal Control and Risk Management, the 2013 annual report on Form 20-F and the *Document de Référence*.

The Committee also met with the external auditors without General Management being present. During this meeting, the auditors and the Committee had an overview of the audit work performed for the closing of the 2013 financial statements.

The 2014/2013 risk mapping, before and after mitigation has been presented to the Audit committee. In this scope, the Committee also approved and implemented the annual review plan of the main risks of the Group and of certain specific risks that it determined. In this scope, in particular, the Committee reviewed the financial information systems and the information security, the Group policy with respect to ethics and the role and missions of the Ethics committee and the progress of the trade compliance action plan.

The Committee also examined the work to be performed by the statutory auditors in the scope of their audit on the 2014 financial statements and approved their fee estimates for this work. The audit reviews are mostly focused on significant risks which may impact the financial statements. In compliance with the Committee's procedures for its prior approval of non-audit services provided by the members of our auditors' network, the Committee reviewed such services performed in 2014 and approved them as necessary.

The Committee reviewed the activities of the internal audit team, which acts according to a plan established by the E-Com and submitted to the Committee. This plan is established in light of perceived operational and financial risks with the goal of systematically reviewing the major entities of each business division on a five-year basis. It includes a review of the risks identified in the risk mapping presented to the Committee by the Enterprise risk management department.

The Committee was also kept regularly informed on the assessment of internal control procedures pursuant to section 404 of the Sarbanes-Oxley Act and of the results thereof. The external auditors and the internal audit presented their respective conclusions.

The Committee also followed the evolution of the Group's legal perimeter and, in particular the rationalization program for the Group's legal structures.

In addition, the Committee was regularly kept informed of the Group's situation with respect to cash, debt, mid-term refinancing, cash flow forecasts and the Group's hedging policy. The Committee reviewed the multi-client activity including an in-depth review of its accounting principles.

Finally, the Committee examined the accounting consequences of the acquisition of Fugro Geoscience Division and renewed the preliminary assessment made with respect to risks' management and control within the Fugro entities recently integrated into the Group.



#### **14.1.5. Shareholders' attendance conditions at the shareholders' general meeting:**

Subject to the provisions of articles L.225-104 and seq. of the French commercial code, the shareholders' attendance conditions at the shareholders' general meeting are set forth in articles 14, 15, and 16 of the Company's by-laws.

#### **14.1.6. Information likely to have an influence in case of take-over bid:**

Information set forth in article L.225-100-3 of the French commercial code related to the information likely to have an influence in case of take-over bid are described in item 16 of the "2014 Additional Document" available on our website.

### **14.2. Limitations imposed on the powers of the Chief Executive Officer**

#### **14.2.1. General management organization**

##### **Split of the Chairman and Chief Executive Officer positions:**

Since June 30, 2010, the positions of Chairman of the Board and Chief Executive Officer have been split. The Board decided to keep the split of the functions when Mr. Remi Dorval was appointed Chairman of the Board, effective June 4, 2014. Since then, Mr. Jean-Georges Malcor has been Chief Executive Officer of the Company and since June 4, 2014, Mr. Remi Dorval has been Chairman of the Board. On this occasion, the Board of Directors also re-elected Mr. Malcor to his position as Chief Executive Officer for a three-year period as from June 4, 2014.

The Chief Executive Officer is assisted by two Corporate Officers ("*Directeurs Généraux Délégués*") who are appointed for a three-year period. They are respectively in charge of Strategy, General Secretary and Investor Relations and Risk Management, HSE and Sustainable Development.

##### **Role of the Chairman of the Board of Directors:**

The Chairman represents the Board of Directors and, except in exceptional circumstances, is the only one with the capacity to act and speak on behalf of the Board. He organizes and oversees the activities of the Board of directors and ensures that the corporate bodies operate in an efficient manner, in compliance with good governance principles. He ensures, in particular, that directors are in a position to fulfill their duties and are provided with sufficient information in this respect. He reports on annual basis to the shareholders' meeting on the board of directors' composition, preparation and organization of the board of directors' work, on internal control and risk management procedures implemented by the Company. The Chairman is regularly kept informed by the Chief Executive Officer of the significant events relating to the Group business and may request from him any information that may be necessary for the Board and its committees. He may meet with the external auditors of the Company in order to prepare the meetings of the Board. Upon request of the general management, he may represent the Company vis à vis top level representatives of governmental authorities and major partners of the group, whether in France or abroad.

##### **Role of the Chief Executive Officer:**

The Chief Executive Officer is in charge of the general management of the Company. He is granted the broadest powers to act on behalf of the Company in any circumstances in compliance with the corporate governance principles applied by the Company and except for those powers vested in the Company's general meeting or Board of Directors by applicable laws. He represents the Company vis-à-vis third parties. He is responsible for the financial information released by the Company and presents, on a regular basis, the Group's results and prospects to the shareholders and the financial market. He reports on significant events for the Group business to the Board and its Chairman.

#### **14.2.2. Limitations of authority of the Chief Executive Officer**

The Board of Directors imposed no restrictions on the powers of the Chief Executive Officer (*Directeur Général*). In consequence, in accordance with the law and article 10 of the Company's articles of association, the Chief Executive Officer is vested with the broadest powers to act in all circumstances in the name of the Company.

### **14.3. Internal control and risk management procedures implemented by the Company**

The Company's internal control and risk management, effected by the Board of Directors, the management and by other personnel is designed to provide reasonable assurance regarding the achievement of objectives in the following areas:

- completion and optimization of operations, including the safeguarding of resources,
- the reliability and sincerity of financial information, and
- compliance with applicable laws and regulations.

The principal objective of our internal control and risk management systems and processes is to identify and control risks related to the activities of the Company, as well as the risks related to errors in accounting and financial reporting.



The Company is listed both in France and in the US and is therefore subject to both the Sarbanes-Oxley Act and the French "*Loi de Sécurité Financière*". In the scope of implementation of the recommendations and provisions of the Sarbanes-Oxley Act relating to internal control, the Company decided to apply the 2013 COSO internal control integrated framework, established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013"). The *Autorité des Marchés Financiers* (AMF) has subsequently integrated the principle elements of COSO in its frame of reference.

Pursuant to the Sarbanes-Oxley Act, the Company must include in its annual report on Form 20-F (the "20-F Report") filed with the Securities Exchange Commission, a management report on internal control over financial reporting. This report along with the opinion of the auditors on the Company's internal control will be included in item 15 of the 20-F Report for fiscal year 2014. A translation of this item 15 into French will be included in the "*Document de Référence*" for fiscal year 2014.

### 14.3.1. Control Environment

The control environment is the foundation of all the components of internal control and risk management of the Group, providing discipline and structure. The discussion below describes the Group's Charts and Codes setting its expectations in integrity and ethics, it describes how the Group is organized and structured to assure internal control and risk management, and it describes how authority and responsibilities are delegated in the Group.

#### 14.2.1.1. Integrity and Ethics:

Integrity and Ethics are essential values for the group internal control.

The Company's standards and expectations in integrity and ethics are codified in its Chart of Ethics, in its Statement of Values and in its Code of Business Conduct that apply to all employees of our Group. These documents are widely distributed globally in the Group and they are also available to all staff on the Group's employee internet portal, *InSite*.

In addition, pursuant to section 406 of the Sarbanes Oxley Act, the Board of Directors implemented a code of ethics which is applicable to the Chairman, the Chief Executive Officer, the members of the E-Com and the Disclosure Committee. This code defines rules of conduct and integrity which the persons must follow in the performance of their function and obligations relating to disclosure.

#### Values and Chart of Ethics

The Group has developed and communicated widely to all its employees a statement of its Values – *Our Values*. This statement of values centers around the Group and its employees' commitment: *operate safely and with integrity, have a passion for innovation, be socially responsible*.

The Group's chart of ethics represents a commitment by the Group to its clients, its shareholders, its employees and its partners to comply with local laws and regulations and to respect the principles of its Code of Business Conduct.

#### Ethics and Business Conduct

The Group's Code of Business Conduct is a guide to appropriate conduct. In conjunction with the Group's statement of Mission, Vision and values it provides a framework for all employees to perform their jobs with integrity. The Business Code of Conduct addresses compliance with laws and regulations, prevention of conflicts of interest, respect for persons and the environment, protection of the Group's assets, financial security and transparency, internal verification and the role of Internal Audit. The Code is translated into eight languages. In addition, certain recommendations have been issued to the employees of the Group in order to draw their attention to unlawful behaviors and actions relating to payments, facilitations, gifts and invitations, contribution to political parties and donations to non-profit organizations. Besides, in June 2013, a business integrity booklet was released in order to help the employees to understand the concept of corruption and the associated rules, risks and red flags and to apply the Code of Business Conduct and determine the appropriate ethical behavior to adopt in every circumstance. Finally, the selection of the group commercial consultants and the management of their network is strictly monitored through a procedure defining precise and identical rules applicable within all entities of the Group in order to ensure, in particular, that the commercial consultants comply with our Chart of Ethics and Business Code of Conduct and the applicable international conventions and national regulations against corruption (such as but not limited to the conventions of the United Nations, the OECD, the US Foreign Corrupt Practices Act (FCPA) or the UK Bribery Act). This procedure is available on the Group's employee internet portal, *InSite*.

To support the Business code of conduct, the Group has established an Ethics Committee which can be contacted anonymously by employees concerning issues related to conduct. The Group has also established a global ethics alert phone line, *Ethics Alert*, which is operational 24 hours, 7 days a week. This reporting line is in compliance with SOX and with CNIL (*Commission Nationale de l'Informatique et des Libertés*) recommendations. Finally, the training program on ethics has been reinforced by the implementation of an e-learning for all the employees of the group. We have also put in place a training program on the prevention of corruption. This training session has been delivered in our main sites worldwide.

Finally, in May 2014, we received a moderate assurance report on CGG anti-corruption program issued by MAZARS, one of our statutory auditor and ADIT, an independent third party. The MAZARS-ADIT anti-corruption framework® is based on national and international laws and regulations (French Law, FCPA, UK Bribery Act 2010, OECD Convention, and UN Global Compact 10th Principle) and industry best practice. It covers five areas (Control environment, risk assessment, control activities, monitoring, information and communication) which are broken down into more than 200 control points. The framework has been validated by an International Advisory Board and by the French Central Corruption Prevention Department ("Service Central de Prévention de la Corruption"), an inter-ministerial department attached to the French Ministry of Justice. The purpose of this audit is to review the adequacy of our Program based on the MAZARS-ADIT anti-corruption framework®, and the implementation of such Program. This audit is carried out in two phases.

As a result of the first phase of this audit, MAZARS-ADIT confirmed that there were no major discrepancies have been noted between CGG Program and MAZARS-ADIT anti-corruption framework®. MAZARS-ADIT also made some recommendations regarding the implementation of certain aspects of existing procedures. In particular, the report recommends supplementing the anticorruption measures already in place within the Group by setting-up a cross-cutting committee independent from operational management to reinforce homogeneity, consistency and follow-up of anti-corruption processes and organization and their evolutions. This committee, called Compliance Committee, has been effective since July 2014. The Committee is chaired by the EVP General Secretary and is attended by the Chairman of the Ethics Committee and by the SVP ERM, HSE and SD.

The second phase of this audit has been launched and includes the entities acquired from Fugro in 2013. It should be completed during 2015 first semester.

#### 14.2.1.2. Organization of the Group:

The Group's organizational structure provides the framework within which its activities for achieving its entity-wide objectives are planned, executed, controlled and monitored. Within this framework, key areas of authority and responsibility, as well as appropriate lines of reporting, are established. The organizational structure relative to internal control and risk management is described below.

The Group is organized around three Divisions including eight Business Lines and with six Corporate Functions and five Group Departments.

The three Divisions cover better the exploration to production value chain which offers the Group many new opportunities to create value for its shareholders, clients, employees and partners.

The Divisions and Business Lines are the following:

- Equipment Division: this Division includes all the Sercel business entities, such as Metrolog, GRC and De Regt.
- Acquisition Division : this Division brings together the activities of the following Business Lines :
  - o Marine Acquisition (including Marine Gravity Magnetic Services),
  - o Land Acquisition (including Land EM and General Geophysics),
  - o Airborne Geophysics.
- Geology, Geophysics and Reservoir Division ("GGR") : this Division brings together the activities of the following existing Business Lines :
  - o Multi-Client and New ventures,
  - o Processing and Imaging,
  - o the GeoSoftware business line including the software sales and development of Jason and Hampson Russell;
  - o the GeoConsulting business line including the consulting activities of Jason and Hampson Russell combined with the consulting and geologic library business of Robertson.
  - o Data Management Services.

#### Corporate Functions:

These six Corporate functions, at the Group level, ensure a global transverse approach and provide support across all activities, i.e. : (i) the Finance Function, (ii) the Human Resources Function, (iii) the Global Operational Excellence Function, (iv) the General Secretary, (v) the Sales and Marketing and Geomarkets Function and (vi) the Technology Function.

#### Group Departments:

These five Group Departments are, respectively, in charge of (i) Internal Audit, (ii) Communication, (iii) Investor Relations, (iv) Strategy, Integration, Partnerships, and (v) Risk Management, Health, Safety and Environment & Sustainable Development.

#### 14.2.1.3. Group Governance:

##### **The Chief Executive Officer:**

The Chief Executive Officer is given wide authority by the Board of Directors<sup>11</sup> of the Company to manage the Company.

The Chief Executive Officer has ultimate ownership and responsibility for the internal control and risk management system. He ensures the existence of a positive control environment, and he is responsible for seeing that all components of internal control and risk management are in place. The Chief Executive Officer provides leadership and direction to the Executive Committee.

The Chief Executive Officer is assisted by two Corporate Officers ("*Directeurs Généraux Délégués*") who are appointed for a three-year period. They are in charge of Strategy, General Secretary and Investor Relations and Risk Management, HSE and Sustainable Development, respectively.

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<sup>11</sup> The structure and responsibility of the Board of Directors having been described in Section I, it will not be described further in this section.

The Chief Executive Officer and the Corporate Officers' responsibilities are cascaded to the Senior Executive Vice Presidents of each Division and Executive Vice Presidents of each Function and to the heads of the Group Departments. Thus they have responsibility for internal control and risk management related to their unit's objectives. They guide the development and implementation of internal control rules and procedures that address their unit's objectives and ensure that these are consistent with the Group's objectives.

To achieve the goals set by the Board of Directors, the Chief Executive Officer manages the organization through senior executives and through three main committees that he chairs:

Corporate Committee (C-Com)

The C-Com is chaired by the Chief Executive Officer and brings together the two corporate officers of the Group and the Senior Executive Vice Presidents of the Divisions. It is a decision body which meets every month, and more often if necessary, for the review and general conduct of the business of the Group. The C-Com monitors and controls each business's performance as well as the implementation of the group strategy and the carrying-out of its projects through the Divisions, Functions and Group Departments. The members are interfacing regularly with the Board, the market and participate in the financial and business roadshows.

Executive Committee (E-Com)

The E-Com meets every month and supports and complement the C-Com. The E-Com brings together the members of the C-Com and the head of each Corporate Function. It is mainly a discussion and proposition body between the Divisions and Functions for the Group, but also a decision body to validate and follow-up all projects and decisions with transverse impacts. It will in particular:

- Monitor and follow the execution of decisions taken at the C-Com level;
- Insure Group transverse initiatives consistency through the three Divisions;
- Monitor and follow the management of the support functions and shared services.

The E-Com shapes the values, principles and major operating policies that form the foundation of the Group's internal control system. The E-Com takes actions concerning the Group's organizational structure, content and communications of key policies and the planning and reporting systems the Group will use. The E-Com is directly responsible for internal control and risk management in the Group. It defines the orientations for internal control and it oversees its implementation. These obligations are cascaded through the organization in each Division and each Function.

Management Committee (M-Com)

The M-Com meets twice every quarter in order to exchange and discuss Group performance, business and budget information and discuss specific matters of Group interest as requested.

The M-Com brings together the members of the C-Com and E-Com as well as the Business Lines part of the Divisions and Group Departments heads.

In exercising their transverse roles, certain Functions and Group Departments play pivotal roles in internal control and risk management.

The Corporate Functions:

Corporate Functions report to the Chief Executive Officer, except the General Secretary which reports to the Corporate Officer in charge of Strategy, Integration & Partnerships, General Secretary and Investor relations.

**Finance Function:**

The Senior Executive Vice President Finance manages the Function and serves as the Group's Chief Financial Officer.

In the Finance Function, the following Departments play critical roles in internal control and risk management:

Group Financial Control: this department oversees the budgeting process as well as the monthly, quarterly and annual financial reporting. It prepares Group financial synthesis in close coordination with Divisions' financial controllers and is very closely involved in the preparation of the Board Committee's meetings (Audit Committee, Strategic Committee, Appointment and Remuneration Committee). Along with the Divisions' financial controllers, it ensures, on a regular basis, oversight of the Group's operations and follow-up of the action plans initiated at the Group level. Finally, on a case by case basis, it also provides the Strategy, Integration & Partnerships.

Accounting and Consolidation: headed by the Chief Accounting Officer, this department is, from a general standpoint, in charge of producing and supervising financial accounts within the Group, on an individual basis for each group legal entities and on a consolidated basis and as part of the annual and quarterly reports. In this perspective, it elaborates and ensures that through the organization accounting procedures are in place and makes sure, on a continual basis, that they are in accordance with legal and regulatory reporting requirements applicable to financial information to be publicly released. This Department also has oversight of Internal Control of the Group. It oversees the implementation of process and good practice to assure the effectiveness of Internal Control across the Group. This oversight is carried out under the Group's Compliance Officer. Finally, in connection with Group Financial Control, it oversees the department in charge of the supervision of the financial information systems.

Treasury: this department ensures management of Group available funds and their investment as well as Group long-term financial resources (bonds...) and the relationships with the banking community. It oversees and manages risks associated with currency fluctuations, credit and counterparty risks and commercial political risks. Treasury also manages a financial committee which reviews, on a monthly basis, the Group financial condition at the C-Com level.

Tax: from a general standpoint, this department is in charge of managing the Group tax obligations and supervising the associated risks. In this perspective, it oversees that all tax returns are filed in a timely manner all across the organization. On a case by case basis, it is involved by the operation teams ahead of significant projects in order to analyze and determine the most appropriate tax schemes.

The Finance Function carries out its missions according to the directives established by the Executive Committee in the *Internal Control Guide* and the *Internal Control Objectives*.

#### **Human Resources Function:**

The Human Resources Function plays a key role in implementing Internal Control and Risk Management. As a driver and center of expertise in recruitment, development and the motivation of the Group's employees, it assists the Group's in meeting its objectives.

The Human Resources Function develops and assures a coherent global vision in each HR area and thereby contributes to the attractiveness of the Group through employees' development, commitment and recognition.

Human Resources supports the Group's change and progress efforts within the organization, anticipating the Group's needs and assuring that competent, talented employees are available to fill the Group's needs and development.

Recruitment – Global recruitment is managed by a cell of professionals dedicated to putting in place processes and tools to assure that the Group is well positioned to attract talent and to assure that open positions are communicated throughout the Group. Human Resources Department supports Divisions, Functions and Group Departments in their recruitment and assessment efforts for specific posts in their countries of operations.

Development – Four key processes are structured to support individual development, allow performance improvement and anticipate any career or organization change: position and competency mapping, employee performance reviews and assessments, talent reviews and career plan reviews.

- The Group's positions, and functions, are mapped in the *Magellan* system on 9 levels in order to clarify the assessment of the Group's needs and ensure coherence between Divisions, Functions, and Group Departments on one hand, regions and countries on the other hand. The system also structures and facilitates the identification of development and competency requirements for specific positions.
- Individual performance evaluations are conducted globally, throughout the Group, based on an intranet based toolset provided by Human Resources department. Evaluations of performance and competency are reviewed between managers or supervisors and their direct reports.
- The specific needs of employees identified to have a significant potential for managerial or technical development are further evaluated and reviewed by the Group's senior management in Talent Review meetings.

Training – CGG University organizes training programs to respond to the needs of the organization. The University acts either alone or in partnership with external consultants for training session in particular in the areas of leadership, safety and acquisition of technical expertise. Training is made available to all levels from new hires to experienced senior managers. Specific training modules are offered on *Internal Control* and on *Governance and Performance*.

Succession Planning – The future needs of the organization and the potential of the Group's employees are reconciled through a succession planning exercise carried out in each Function, each Division and Group Departments. These reviews are consolidated by Human Resources to provide a global view of the Group's needs in key areas and to identify development and training required to prepare its employees for future responsibilities.

Compliance – Human Resources professionals follow-up local laws and regulations in their domain and ensure with concerned parties that the Group remains in compliance.

#### **Global Operational Excellence Function:**

The Global Operational Excellence Function plays an important role with respect to the optimization of resources, participate in the reliability and security of information and ensure compliance with applicable laws and regulations in its area of expertise. The following departments play key roles in Internal Control and Risk management.

Trade Compliance - The Trade Compliance department is set up to ensure that all levels of the Group are aware of and take the necessary steps to comply with laws and regulations regarding the export, re-export, import and transit of controlled goods and technologies. It plays a consulting role to operations and assists operations with import & export licenses and documentation.

Information Security - The Group's Information Security department puts in place a global framework to protect information. It sets standards and implements process to assure the availability, integrity, security and reliability of information systems in the Group.

The Information Security Department carries out its mission according to the directives established by the E-Com in the *Information Security Policy*.

Global Sourcing and Supply Chain Department - The Global Sourcing and Supply Chain department oversees the purchasing of all equipment, parts, supplies and services of the Group. It oversees quality and delivery of equipment, supplies and services in close cooperation with the Divisions and Functions, it manages and develops the Group's relationships with suppliers to optimize their performance and the Group's total cost of ownership while maintaining standards of quality and delivery.

Global Sourcing and Supply Chain oversees key processes including the creation of a new supplier, approved supplier list, sourcing and validation of supplier bids and contracts.

The Global Sourcing and Supply Chain Department carries out its mission under the *Purchasing Code of Conduct* and the *Selling to Sercel* directives. The *Purchasing Code of Conduct* is always included in the Group documentation for tender offers.

Quality Department - The Group's Quality Department focuses on a systematic approach to the management of key processes, thereby identifying and structuring the mitigation of process risk. It supports the Group's Divisions in this respect and helps reducing or eliminating the cost of non-quality, thus playing a critical role in the optimization of resources and operations.

The Quality Department carries out its mission according to the directives of the E-Com in the *Quality Policy* and in the *2014 Quality Objectives*.

#### **General Secretary:**

The General Secretary plays a key role in terms of Group Governance, compliance and risk management.

#### Group Governance:

The General Secretary assists General Management with the definition and implementation of corporate governance principles based on the best practices of the financial markets where the Company is listed. It represents the Group within organizations such as AFEP or IFA which are specialized in the field of governance.

The General Secretary ensures the legal management of the top holding Company of the Group, listed on Euronext and the New York Stock Exchange as well as the other Group legal entities. It acts as Corporate Secretary for the Board of Directors.

The General Secretary oversees all directorships within the Company and its subsidiaries. It drafts Group instructions relating to the management of legal entities and branches of the Group.

Finally, the General Secretary prepares the agenda of each meeting of the corporate committees and their minutes.

#### Compliance and risk management:

Through the legal department of each division and the Group legal department, the General Secretary provides legal support to the Corporate Functions the Group Departments and the Company's Divisions and Group legal entities.

The Group legal department has oversight of Group compliance with (i) securities laws and regulations and in particular on external reporting including filings and relations with market authorities, (ii) financial covenants and (iii) local laws and regulations in particular with respect to prevention of corruption. It also provides support for mergers and acquisitions, financing, and corporate law. It provides functional management of the trademark portfolio of the Group.

The Group Legal Department drafts the general instruction on delegation of authority and delegation of powers in the Company, oversees their implementation, assuring their adaptation in the event of changes in the organization.

The Legal department of each Division plays an active role in operations providing support to the Divisions and Sales & Marketing & Geomarkets in their day to day business to ensure:

- Timely delivery of business oriented solutions to operations;
- Prevention and management of legal risks;
- Compliance with laws and regulations and Company policies and instructions.

It drives the Company's bid and contract review process assuring that major risks related to bids and contracts, with both clients and sub-contractors, contain terms which protect the Company.

#### **Sales & Marketing & Geomarkets Function:**

The main responsibilities of the Sales & Marketing & Geomarkets Function are the following:

- Support the Division commercial strategies and share regional sales objectives;
- Represent and promote the full company portfolio of business to clients;
- Manage client relations at global and local levels such as they result in sales opportunities for Divisions through privileged client communications and customer intimacy;
- Collaborate with Divisions, Business Lines and group communication to ensure that a robust and consistent marketing plan is deployed;
- Manage the commercial consultant networks;
- Gather, manage and report to the Group Commercial Committee on regional targets, actions and results.

The Executive Vice-president in charge of this Function is assisted by:

- Geomarket Directors, in charge of a given country or group of countries, and their associated teams of Key Area managers overlooking sub-regions and local accounts;
- Key Account Managers, in charge of global clients with international footprint;
- The Technical Marketing Team, responsible for creating and delivering technology-oriented material in support of external engagements with clients;
- The commercial consultant manager, in charge of the supervision of the network of commercial consultants.

### **Technology Function:**

The major objectives of the Technology Function are the following:

- Develop a culture of technical excellence,
- Deliver a technology plan aligned with the business strategy,
- Provide geoscience & engineering expertise,
- Develop R&D talent,
- Provide the environment for innovation in order to identify & develop breakthrough concepts,
- Incubate breakthrough concepts on behalf of the Divisions,
- Manage Intellectual Property and ensure that it is respected worldwide,
- Coordinate R&D between Divisions,
- Contribute to the promotion of our technology.

The Executive Vice-President in charge of the Technology Function relies on the following organization:

- The CTO Core Team and R&D Division VPs constitute the backbone of the Technology Function,
- An internal CTO R&D work force, incubating concepts on behalf of the Divisions,
- Dedicated experts supporting each Division,
- An IP management team with correspondents in Divisions,
- Teams deployed in the Corporate Technology Centers (Saudi Arabia, Brazil, Canada) ensuring,
- Proximity to key trusted customers/partners.

### Group Departments:

#### **Internal Audit:**

The Group Internal Audit has direct access to the E-Com and to the Board's Audit Committee; it assists them in carrying out their oversight responsibilities on the effectiveness of the Group's risk management, internal control and enterprise governance. As of the date of this report, the Corporate Internal Audit function was staffed with ten auditors, reporting to the SVP Internal Audit.

Internal Audit evaluates internal controls on the basis of the COSO 2013 framework and tools and in compliance with the code of conduct of the Institute of Internal Auditors ("IIA"). Since May 2012, Internal Audit has a charter which governs its operating procedures. This charter has been approved by the audit committee. Finally, in June 2013, Internal Audit was certified by IFACI/IIA.

Internal Audit planning has been based on a five-year cycle since 2014. The Group's significant entities are reviewed every year. Priorities are established based on current operations and the supposed level of risk. The annual internal audit plan is defined by the Corporate Internal Audit department, approved by the E-Com and presented to the Audit Committee.

Internal Audit conducts financial and accounting audits as well as operational and compliance audits. Recommendations issued as a result of the audits are approved by the E-Com and the associated action plans are carried out by line management and monitored by Internal Audit until all open issues have been resolved. Also included in the scope of Internal Audit is the performance of conformity tests of internal controls as they relate to the Sarbanes-Oxley Act requirements.

Over the past three years, the units audited have accounted for approximately 90% of the average revenues of the Group. In 2014, the internal audit activities, excluding those linked to Sarbanes-Oxley, were mostly dedicated to the major scope of activities of the Group, in particular GGR and Acquisition Divisions entities and processes considered as being a priority based on the assessments of risks exposure especially for the Acquisition division and the support functions. The annual budget of Internal Audit is close to 0.1% of the Group revenues which is in compliance with the standards existing for companies in the same industrial sector.

This Department reports to the Chief Executive Officer.

#### **Investor Relations:**

This Department is mainly in charge of the relations and communication of the Group with the financial community, i.e. Group shareholders, Group lenders and generally speaking investors. Its missions include particularly the preparation of press releases related to the annual, semi-annual and quarterly financial results, the organization of roadshows and participation to investor conferences.

This Department reports to the Corporate Officer in charge of Strategy, Integration & Partnerships, General Secretary and Investor relations.



#### **Risk Management, Health, Safety & Environment (“HSE”) and Sustainable Development:**

The HSE management system provides governance, develops process and procedures in the areas of employee and stakeholder health, safety, environment and the security of our operations. The HSE organization provides oversight in these areas across all of the Group's operations.

The HSE organization also addresses the Group's reputation risk through its Sustainable Development (“SD”) programs.

The HSE & SD Group Department carries out its missions according to directives established by the E-Com in the *Quality, Health, Safety and Environment Policy*, as well as in specific policies addressing *Health and Wellness*, *Sustainable Development*, *Environment*, and *Security*. Its objectives are set over a three-year period and are cascaded within the Business Lines which adapt such objectives to their business needs and specify them so that each business line has clear and measurable objectives.

The missions of the Department in terms of Group risk management are described below under Risk Management.

The Department reports to the Corporate Officer in charge of Risk Management, HSE and Sustainable Development.

#### **Group Communication:**

This Department oversees the Company's communication processes and sponsorship. It develops mechanisms to strengthen two way internal communication. Group Communication is in charge of the Group internal communication, and in this scope manages the Group intranet. The Department regularly measures the quality of internal communications through a global survey of the Group's staff. This Department also oversees the Group's external communications, in particular commercial press releases, to assure their accurate and timely communication.

Group Communications carries out its mission according to the directives established by the E-Com in the *Media Release and Financial Communications Policy*, the *News Release Procedure* and the *Press Release Procedure*.

Group communication reports to the Chief Executive Officer.

### **14.3.2. Risk Management**

The Group has put in place organization, process and procedure as well as working practices to manage risks across the organization. The management of risk is fully integrated in the decision making process in the Group. The Group identifies and evaluates the principal risks that can impact the Group's operational and financial objectives or compromise compliance with laws and regulations. The Group manages risk through robust management systems, departments focused on specific risk areas and through cross Group processes.

The Group Department Risk Management, Health, Safety, Environment and Sustainable Development has established a risk management framework for the Group; it animates the implementation of this framework. Through the framework it provides a risk management methodology and identifies high level risks in the Group and defines, with Divisions, Functions and Group Departments, control and mitigation measures to manage these risks. It works through the Functions, the Group Departments and the Divisions, as described above, on the implementation of risk controls. It monitors the implementation and effectiveness of controls and provides to the E-Com a view of the high level risks faced by the Group.

The Group has implemented risk management flows throughout the organization to identify, assess and control risks:

- The identification of events that can have an impact on the Group comprises a combination of techniques and supporting tools including event inventories, internal analyses, risk interviews, process flow analysis, leading event indicators and loss event data methodologies.
- Risk assessments are conducted to determine the extent to which potential events may have an impact on the Group. Risks are evaluated in terms of impact and probability. In assessing risks, managers consider impacts on people, environment, financial situation, accounts, strategic and other business objectives, compliance with laws and regulations and the Group's reputation. The Group's risk assessment methodology comprises a combination of qualitative and quantitative techniques.
- Risks are controlled through robust processes allowing their avoidance, reduction, sharing or acceptance. The Group employs comprehensive processes to reduce risk probability or risk severity or both. Control activities flow from policies and procedures established to manage risks. Control activities occur throughout the organization at all levels and in all functions. Group policies, objectives, management instructions and procedures are available to all personnel in the *Document Management System (DMS)* available on the intranet.

The Group's Insurance department reports to the Group Department Risk management, Health, Safety, Environment and Sustainable Development to assure an integrated approach to risk in the Group. A robust Insurance program has been implemented at the Group level to share or transfer risk. Each high level risk is evaluated to determine whether the risk can be transferred through insurance policies within a practical cost structure.

#### Risk Mapping

One of the products of the Group's risk management program is the Risk Map. The Risk Map is a management tool which provides a shared view in the Group of the risks that have the potential of material impact on the Group. The risks in the Risk Map are organized by risk family: Operational risks, Technology risks, Accounting and Financial risks, HR risks and Communications risks.

The Risk Map is presented to both the E-Com and to the Audit Committee on an annual basis.



#### Risk Monitoring and Coordination Committee

The group has set up a Risk Monitoring and Coordination Committee in charge of following up the efficiency of the internal control and risk management systems. Its members are the SVP Internal Audit, the Chief Accounting Officer and the SVP Enterprise Risk Management. The Internal Controls & Compliance manager acts as secretary of the Committee. The Committee meets on a monthly basis. The main assignments of the Committee are the following:

- Information sharing on events and facts relating to the quality of risk control and internal control;
- Follow-up the reported risks and most particularly internal control incidents which are classified by the Committee;
- Recommendation and coordination of the mitigation or improvement actions taken in these fields;
- Ensure consistency between our risk assessment and the assessment made by the auditors.

### **14.3.3. Internal Control**

The Group has an internal control department reporting to the Chief Accounting Officer whose role is to support the organization in implementing and maintaining effective processes, and to ensure that that controls effectively mitigate the risks identified. It also maintains our internal control framework and coordinates the evaluation system of internal control over financial reporting (section 404 of the Sarbanes-Oxley Act).

The Group has an Internal Control guide based on the COSO 2013 internal control framework which provides Group staff with a single source of internal control guidance. This guide was rolled-out across all sites, divisions and support functions and aims at improving the Group risks management.

### **14.3.4. Financial Security Management**

Specific processes and controls have been put in place by the Group to assure that financial reporting is reliable and pertinent.

#### **Financial information**

- Key processes such as the preparation of consolidated financial statements, documents for the Board of Directors and the Audit Committee, preparation of budgets, etc., are formally described.
- Instructions of the E-Com with respect to Financial Security principles and objectives are regularly renewed to remind all financial and operational managers of each unit, the importance of internal control and the necessity to constantly see to its implementation, based on annual objectives and training at demand.
- The Group has an accounting manual which sets forth its accounting practices, instructions and reporting rules. The accounting manual applies to all Group entities and is designed to ensure that the accounting rules are applied across the Group in a reliable and homogeneous way. It details procedures for closing the books, preparation of the income statement, balance sheet, cash flow statement as well as the consolidation process. Additionally, it outlines the principles for producing the notes to the consolidated financial statements.
- To limit risks of fraud, processes of segregation of duties are in place from approval of the orders to payment of the vendors and suppliers.
- All Group entities process consolidated accounts in the format chosen by the Group using a standardized package. All reclassifications from the corporate accounts to the consolidated accounts are documented using a specific standard format.
- Intercompany transactions are carried out in various areas (different services, geophysical equipment sales, software licenses). The corresponding fees vary according to the nature of the transaction and in compliance with market conditions and transfer pricing policy.
- Management software packages implemented within the Company in finance, logistics and procurement are critical organizational components of the internal control system as they define in detail the processes to be applied in each of these areas.

#### **Information technology infrastructure and information systems security**

- Access to the internal networks of the Group's companies and information systems are regulated.
- The networks are protected by firewalls and antivirus systems. External access is possible through secure and encrypted connections.
- Users are duly authenticated before being granted access to the system.
- Data backup, archiving and recovery systems have been put into place. Procedures are created, modified and updated by competent personnel and approved by the appropriate management. Once a year, an internal audit is carried out to test the effectiveness of such procedures, including some intrusion tests with assistance of external IT experts.

#### **Control of the disclosure of information externally**

- The Group has a procedure which outlines rules for preparing, validating and approving press releases.
- The Group follows a pre-determined process for the preparation and distribution of its regulatory documents.

#### **Disclosure Committee**

Within the framework of the implementation of the Sarbanes-Oxley Act, the Chief Executive Officer and Chief Financial Officer of the Group created a Disclosure Committee in February 2003 to assure they will be able to properly issue the certificate provided for by section 302 of the Sarbanes-Oxley Act which must accompany annual financial statements filed by the Company with the Securities and Exchange Commission.

The principle functions of this Committee are to:

- analyze the importance of information and determine the appropriateness of a disclosure, and if so according to what schedule, and to this purpose:
  - review all information to be published and their draft wording,
  - oversee disclosure procedures and coordinate disclosures to external parties (shareholders, market authorities, investors, the press etc.).
- provide guidelines for internal control procedures to ensure the reporting of material information to be disclosed within the framework of quarterly, semiannual or annual communications to market authorities or destined for financial markets,
- inform the Chief Executive Officer and the Group Chief Financial Officer of any changes, deficiencies or material weaknesses pointed out by the Committee in the process of the reporting of information.

In 2014, the Committee was chaired by the Senior Vice President, Group Chief Accounting Officer and composed as follows:

- Senior Executive Vice President, Acquisition Division
- Senior Executive Vice President, GGR Division
- Senior Executive Vice President, Equipment Division
- Financial Controller, Equipment Division
- Financial Controller, Acquisition Division
- Financial Controller, GGR Division
- Senior Vice President, Group Internal Audit
- Senior Vice President, Investor Relations
- Senior Vice President, Group Tax Director
- Senior Vice President, Group Treasurer
- Senior Vice President, General Secretary and Group General Counsel
- Senior Vice President, Group Communication

The Committee meets quarterly before periodic disclosures of the Company are published. A self-evaluation is performed each year and is adjusted for ongoing improvement of the Committee functioning.

#### **Delegation of powers and areas of responsibility**

Delegations of Power are authorized by the Chief Executive Officer and the Senior Executive Vice Presidents and cascaded to successive levels of management through a formal, documented process that clarifies the responsibilities related to the delegation. The approval of offers and contracts as well as capital expenses and operating expenses are controlled through these delegations. Approval levels for investments, leases, sale-and-lease back transactions and other expenses are also defined.

Delegations of Authority are carried out according to directives established by the E-Com in the *General Instruction on Delegation of Authority and Delegation of Powers*.

The process for preparing offers, and controlling and approving contracts signed between the Group's legal entities on the one hand, and its customers, partners and subcontractors on the other hand, is managed through the bid and tender review process. The process includes authorization rules to be applied with respect to contractual commitments and in particular the limits where a prior review and authorization by the C-Com is required. This review process cuts across all Functions that contribute to the control of risks in bid and contract review including the Legal Department of the concerned Division, the Tax department, Treasury, and the HSE Department.

### 14.3.5. Control activities

Processes implemented by the Group to identify necessary control procedures are based on risk assessments and on the necessary processes required to fulfill the Group's objectives.

#### Internal control procedures

Control procedures of the Group are implemented according to the hierarchical levels of personnel involved and the principles of materiality and the separation of functions. Control procedures are implemented in light of the identification of risks.

#### System of evaluation of Internal Control

Internal Control in the Group is evaluated through self-assessment tools and through internal audits.

Financial security annual objectives are set requiring self-assessments of all active Company entities using the *Internal Control Assessment Form (ICAF)*. This questionnaire includes approximately 40 prerequisites defined for operating Divisions and support Functions. On an annual basis, the results of these reviews are consolidated, assessed and distributed to relevant managers; through these assessments, Internal Control improvement areas are identified.

Internal Control is continuously evaluated through a program of internal audits. In 2014, almost 40 audits were conducted by the Group Internal Audit Department in addition to SOX testing, 3 were compliance audits, 8 were operational audits and 26 general audits (financial and operational and performance). Audit findings and recommendations are in each case reviewed with relevant managers and are presented to the executive management of the Division if necessary, and action plans are agreed to assure continuous improvement. Audit reports and action plans are submitted to the E-Com whose members receive on a monthly basis, the Internal Audit dashboard to monitor progress on improvement actions.

Areas of improvement from ICAF assessments and from internal audits form the base of annual strategic plans (organizational changes) and annual Financial Security objectives.

Furthermore, hub-level controllers were put in place to assure better control of far reaching geographies.

#### Financial and accounting controls

Internal control procedures in force in the Group are designed principally to ensure that accounting, financial and management information communicated to corporate bodies of the Group provide a fair presentation of the activity and situation of the Group.

- The financial statements of all the Group's subsidiaries are reviewed by the Finance Function. Physical inventories are carried out on a regular basis at each site, comparing the balance sheet values of inventories with those of the physical inventories. Variances noted are then corrected.
- Access to the accounting information systems is formally restricted in accordance with the function and responsibilities of each user.
- Current management information systems make it possible to record transactions in a complete and exact manner, to trace them and regularly back them up.
- All Intercompany transactions are documented and reconciled on given dates according to the transactions.
- The Company monitors its off-balance sheet commitments.
- Comparisons and reconciliations are performed at various levels, particularly between reporting and consolidation. The consolidated financial statements are reviewed by the Chief Financial Officer at corporate level and the Chief Financial Officers of the divisions.

In accordance with requirements of the Sarbanes-Oxley Act, the Group has a system to evaluate the effectiveness of internal controls over financial reporting.

The E-Com fully supports this project as a contribution to a proper business control, which is also in line with the implementation of values and the application of the financial security program with our personnel.

### 14.3.6. Information and Disclosure

The Group's ability to meet its objectives depends on effective dissemination of information at all levels of the Group.

Quality standards, security requirements or legal and professional obligations demand that the procedures be documented and accessible. The Group encourages the sharing of knowledge and best practices. An intranet site provides all personnel with access to charters, Group policies, annual objectives, general instructions, procedures, standards and other documents on which the Group's Management System is based. Generally, the internet site of the Group allows the achievement of a better communication and cooperation between the Group entities and the operating and support functions.

The Group organizes annual seminars, for the C-Com, E-Com and M-Com, for Senior Management and for key managers around the globe.

The Group has implemented a weekly, monthly and quarterly reporting system according to the hierarchical levels and relevance, to obtain and exchange information necessary to carry out, manage and control operations. The data distributed concerns operations, finance, or legal and regulatory compliance issues. It includes not only data produced by the Group but also data related to the external environment.

Senior management evaluates the performance of the Group on the basis of both internal and external information.

#### 14.3.7. Monitoring and Management Review

The Group's business environment is by nature continuously changing and evolving. As a result, the internal control system is continuously adapted taking into account the environmental conditions and past experience.

Operations are managed and evaluated against performance criteria on a day to day basis and monitored by successive levels of management in the organization, finally being reviewed by the Executive Committee. Management carries out periodic evaluations, taking into account the nature and importance of any changes which may have occurred.

The Senior Vice President Internal Audit, the Chief Accounting Officer, the Compliance Officer and the Senior Vice President Risk Management, HSE and Sustainable Development meet every month for information and mutual coordination within the Risk Monitoring and Coordination Committee.

The monitoring of risks is built into our business review processes at the project level, at the Division level and at the E-Com level. Key indicators have been identified to signal risk environment changes and adverse trends. These are reviewed in management meetings at each level. Transverse Functions and Group Departments assist the Divisions in monitoring these indicators and when necessary focus attention on specific Group risks.

The Group has implemented a global incident monitoring system for round the clock alerts; actual incidents and High Potential Incidents (HPIs) anywhere in our operations must be reported within 24 hours to the relevant management level through our internet based system PRISM.

The E-Com regularly reviews the Group's key risks and the measures put in place to control these risks. The E-Com reviews the Group's Risk Map annually as well as the Insurance policies put in place to transfer the Group's risks. The E-Com establishes a schedule of key risks which it reviews in more depth during the year.

The Board, through its Committees regularly reviews key risks faced by the Group. The Board receives annually a mapping of the key risks facing the Group and is informed on the organization of the Group's risk management program as well as on the key risk controls put in place. Through the Audit Committee, the HSE and sustainable development Committee, the Technology Committee, the Appointment and Remuneration Committee and the Strategic Committee, specific risks in the domain of each Committee are reviewed.

#### 14.3.8. Reasonable Assurance

Every system of internal control, however well-designed and effective, has inherent limitations. Notably, there is an inherent risk that controls may be circumvented or bypassed. This means that the internal control system can offer only a reasonable assurance as to the reliability and sincerity of financial statements. Furthermore, the effectiveness of internal control procedures may vary over time, in response to new circumstances.

In order to evaluate the effectiveness of internal control procedures on a regular and formal basis and beyond the related actions undertaken by the internal audit management, the Group has put in place a tool for internal control self-evaluation for all units of the Group. At the Corporate level a compliance officer has been appointed thus showing the Group commitment to good corporate governance rules.

## 15. SENIOR EXECUTIVE OFFICERS' REMUNERATION COMPONENTS SUBMITTED TO THE VOTE OF SHAREHOLDERS

The following tables reflect the Company's senior executive officers' remuneration components that will be submitted to the vote of shareholders during the Combined General Meeting to be held on May 29, 2015.

### 15.1. Mr. Robert Brunck, Chairman of the Board of Directors until June 4, 2014

Remuneration components due or granted for the fiscal year	Amounts submitted to the vote	Presentation
<b>Fixed remuneration</b>	<b>€117,858.88</b>	The fixed remuneration of Mr. BRUNCK for fiscal year 2014, set at €275,000.00, was determined by the Board of Directors on March 26, 2014. It has remained unchanged since 2011. It is reminded that M. BRUNCK resigned from his office as Chairman of the Board and Director on June 4, 2014.
<b>Annual variable remuneration</b>	<b>N/A</b>	Mr. BRUNCK did not receive any variable remuneration.
<b>Deferred annual variable remuneration</b>	<b>N/A</b>	Mr. BRUNCK did not receive any deferred annual variable remuneration.
<b>Multi-annual variable remuneration</b>	<b>N/A</b>	Mr. BRUNCK did not receive any multi-annual variable remuneration.
<b>Exceptional compensation</b>	<b>N/A</b>	Mr. BRUNCK did not receive any exceptional compensation.
<b>Value of options / performance shares granted during the fiscal year</b>	<b>N/A</b>	Mr. BRUNCK has not been allocated any stock-options and performance shares since 2012.
<b>Directors' fees</b>	<b>N/A</b>	Mr. BRUNCK did not receive any Directors' fees.
<b>Value of benefits in kind</b>	<b>€5,220</b>	Mr. BRUNCK benefited from a company's car. This benefit was approved on March 26, 2014.

Remuneration components due or granted for the fiscal year that are or were submitted to a vote during a General Meeting as part of the Agreements and Commitments approvals	Amounts submitted to the vote	Presentation
<b>Severance pay</b>	<b>N/A</b>	Mr. BRUNCK did not benefit from any severance agreement.
<b>Non-compete clause</b>	<b>N/A</b>	Mr. BRUNCK did not benefit from any non-compete agreement.
<b>General benefits plan</b>	<b>N/A</b>	Mr. BRUNCK benefited from the Group general benefits plan until his resignation on June 4, 2014. In accordance with procedures applicable to related party agreements and provided for by section L.225-38 et seq. of the French Commercial Code, the Board of Directors approved the extension to Mr. BRUNCK of the benefit of the Group's general benefits plan applicable to all employees on June 30, 2010,. This agreement was ratified by the General Meeting held on May 4, 2011.
<b>Supplementary pension plan</b>	<b>N/A</b>	Mr. BRUNCK has been retired since 2010.

## 15.2. Mr. Remi Dorval, Chairman of the Board of Directors since June 4, 2014

Remuneration components due or granted for the fiscal year	Amounts submitted to the vote	Presentation
<b>Fixed remuneration</b>	<b>€66,314.36</b>	The fixed remuneration of Mr. DORVAL for fiscal year 2014 was set at €115,000 by the Board of Directors on July 31, 2014. This fixed remuneration was paid on a prorated basis as from June 4, 2014, the date on which his appointment as Chairman of the Board of Directors became effective.
<b>Annual variable remuneration</b>	<b>N/A</b>	Mr. DORVAL does not receive any variable remuneration.
<b>Deferred annual variable remuneration</b>	<b>N/A</b>	Mr. DORVAL does not receive any deferred annual variable remuneration.
<b>Multi-annual variable remuneration</b>	<b>N/A</b>	Mr. DORVAL does not receive any multi-annual variable remuneration.
<b>Exceptional compensation</b>	<b>N/A</b>	Mr. DORVAL does not receive any exceptional compensation.
<b>Value of options / performance shares granted during the fiscal year</b>	<b>N/A</b>	Mr. DORVAL does not benefit from any stock option or performance share plan.
<b>Directors' fees</b>	<b>€78,395.82</b>	The Board of Directors held on July 31, 2014 resolved that Mr. DORVAL would benefit from a fixed amount of Directors' fees, set at €65,000, as Chairman of the Board of Directors. For 2014 fiscal year, this fixed amount was paid on a prorated basis as from the date of his appointment as Chairman of the Board of Directors on June 4, 2014.  Prior to this date, Mr. DORVAL received an amount of Directors' fees calculated based on the common rules to be applied to all Directors (see Item 6 "Directors' compensation" of our annual report on Form 20-F).
<b>Value of benefits in kind</b>	<b>N/A</b>	Mr. DORVAL did not benefit from any benefit in kind.

Remuneration components due or granted for the fiscal year that are or were submitted to a vote during a General Meeting as part of the Agreements and Commitments approvals	Amounts submitted to the vote	Presentation
<b>Severance pay</b>	<b>N/A</b>	Mr. DORVAL does not benefit from any severance agreement.
<b>Non-compete clause</b>	<b>N/A</b>	Mr. DORVAL does not benefit from any non-compete agreement.
<b>General benefits plan</b>	<b>No amount is to be paid for fiscal year 2014</b>	Mr. DORVAL benefits from the general benefits plan applicable to all employees.
<b>Supplementary pension plan</b>	<b>N/A</b>	Mr. DORVAL does not benefit from any supplementary pension plan.

### 15.3. Mr. Jean-Georges Malcor, Chief Executive Officer

Remuneration components due or granted for the fiscal year	Amounts submitted to the vote	Presentation
<b>Fixed remuneration</b>	<b>€630,000</b>	The fixed remuneration of Mr. MALCOR for 2014 fiscal year was determined by the Board of Directors on March 26, 2014. It has remained unchanged since 2013.
<b>Annual variable remuneration</b>	<b>€233,100</b>	<p>The annual variable remuneration of Mr. MALCOR is based on the achievement of individual objectives (accounting for 1/3 of the variable compensation) and financial objectives (accounting for 2/3 of the variable compensation). His target amount is set at 100 % of his fixed compensation.</p> <p>The maximum percentage of the fixed remuneration that the annual variable remuneration can represent is disclosed in item 6 - "Compensation" - of our annual report on Form 20-F.</p> <p>For 2014 :</p> <ul style="list-style-type: none"> <li>– The financial objectives were related to net earnings per share (25% weighting), Group free cash flow (15% weighting), Group external revenues (20% weighting), Group EBIT (20% weighting) and EBITDA minus tangible and intangible investments made in the course of the fiscal year (20% weighting);</li> <li>– The individual objectives were related to the implementation of the Group transformation plan, Group governance, relations with our major customers, relations with our shareholders and financial community, our promotion and development in the industry, operational performance and human resources.</li> </ul> <p>On February 25, 2015, based on the achievement of the hereinabove qualitative and quantitative targets and the final 2014 results, the Board of Directors, upon the Appointment-Remuneration Committee's proposal, set this variable remuneration at €233,100. This corresponds to an overall achievement rate of 37% of the target amount of his variable remuneration and of his fixed remuneration.</p>
<b>Deferred annual variable remuneration</b>	<b>N/A</b>	Mr. MALCOR does not receive any deferred annual variable remuneration.
<b>Multi-annual variable remuneration</b>	<p><b>Performance units value : €287,100 (IFRS value)</b></p> <p><i>The final allocation of the performance units is subject to the achievement of the Group's objectives.</i></p>	<p>On June 26, 2014, the Board of Directors of the Company implemented a multi-annual bonus system in the form of performance units, replacing the performance shares plans with a twofold objective:</p> <ul style="list-style-type: none"> <li>– Implement a globally harmonized remuneration mechanism consistent with the growing internalization of our Group,</li> <li>– Establish a closer link between the remuneration of the main senior executives and the share price performance and the economic performance of the Group taken as a whole on a mid-term basis (3 years).</li> </ul> <p>The performance units vest upon the expiry of a 3-year period from the allocation date subject to a presence condition in the Group at the time of vesting and achievement of certain performance conditions.</p> <p>These performance conditions are based on the achievement of Group objectives related to the return on capital employed and balance sheet structure along with achievement of Divisions' financial objectives aligned with the Group strategic orientations over a 3-year period.</p> <p>The number of vested 2014 performance units is based on achievement of the Group objectives up to 60% of the global allocation. The balance is allocated based on the achievement of the Divisions' objectives.</p> <p>The valuation of each vested 2014 performance unit shall be equal to the average closing price of CGG shares on Euronext over the 5 trading days prior to the vesting date. The vested performance units will be paid half in cash and half in existing CGG shares.</p> <p>The Board of Directors allocated a maximum envelope of 27,500 performance units to Mr. MALCOR under this plan. Final allocation is subject to the achievement of the Group's objectives.</p>
<b>Exceptional compensation</b>	<b>N/A</b>	Mr. MALCOR does not receive any exceptional compensation.



<b>Value of options / performance shares granted during the fiscal year</b>	<b>Stock-options : €424,000 (IFRS book value)</b>  <i>The vesting of the options is subject to the achievement of the performance conditions and the final value will depend on the final number of vested options and the share price on the day of exercise of the options.</i>	On June 26, 2014, based on the 27 <sup>th</sup> resolution of the shareholders' meeting held on May 3, 2013, the Board of Directors allocated 200,000 options to Mr. MALCOR, i.e. 0.11% of the share capital of the Company.  The Board of Directors decided, in accordance with the provisions of the AFEP-MEDEF code that the rights to the options would be acquired in 3 batches during the first 4 years of the plan dated June 26, 2014 (50% of the options allocated in June 2016, 25% of the options allocated in June 2017 and 25% of the options allocated in June 2018) and that the acquisition of options would be subject to the following performance conditions: <ul style="list-style-type: none"> <li>– The average, over the 60 trading days preceding the date of allocation, of the ratio of the CGG ADS price over the PHLX Oil Service Sector<sup>SM</sup> (OSX<sup>SM</sup>) index shall equal at least 2/3 of the same average ratio over the same period of 60 trading days 3 years before the vesting date;</li> <li>– The average, over the 60 trading days preceding the date of allocation, of the ratio of the CGG share price over SBF 120 index shall equal at least 2/3 of the same average ratio over the same period of 60 trading days 3 years before the vesting date;</li> <li>– Over the vesting period, the market price of the CGG share shall have increased at least by 8% on an annual basis;</li> <li>– The Group results in average over a period of 3 years preceding the vesting date shall reach at least 90% of the average EBITDAS annual targets as determined by the Board of Directors.</li> </ul> The other conditions of the plan are disclosed in item 6 of our annual report on Form 20-F. Final vesting is subject to the achievement of the performance conditions hereinabove.
	<b>Performance shares</b>	The Board of Directors held a meeting on June 4, 2014 where it resolved that, for the plan of June 26, 2012, the condition for the achievement of the EBITDA for the Services sector had been met up to 87%, the condition for the achievement of the EBITDA for the Equipment sector had been met up to 82%, and the condition for the achievement of the EBITDA for the Group had been met up to 83%. Mr. MALCOR was thus allocated 9,534 shares under this plan, i.e. 0.005% of the share capital.
<b>Directors' fees</b>	<b>N/A</b>	Mr. MALCOR does not receive any Directors' fees.
<b>Value of benefits in kind</b>	<b>€11,880</b>	Mr. MALCOR benefits from a company's car. This benefit was approved by the Board of Directors on March 26, 2014.

<b>Remuneration components due or granted for the fiscal year that are or were submitted to a vote during a General Meeting as part of the Agreements and Commitments approvals</b>	<b>Amounts submitted to the vote</b>	<b>Presentation</b>
<b>Severance pay</b>	<b>No amount is to be paid for 2014 fiscal year</b>	Mr. Malcor benefits from a contractual termination indemnity only in case of a forced departure relating to a change of control or a change of strategy. Such indemnity shall be equal to the difference between: (a) a gross amount of 200% of the gross fixed compensation paid by the Company to Mr. MALCOR during the 12-month period preceding his departure date, to which is added the annual average of the variable compensation paid by the Company to Mr. MALCOR over the 36-month period preceding his departure date (hereinafter "the Reference Annual Compensation"), and (b) any sum to which Mr. MALCOR may be entitled as a result of such termination, including any sums to be paid further to the application of his non-competition commitment.

		<p>The indemnity global amount shall not exceed 200% of the Reference Annual Compensation. Pursuant to article L.225-42-1 of the Commercial Code, the payment of the special termination indemnity referred to hereinabove shall remain subject to the achievement of the following performance conditions, related to the Company's performance:</p> <ul style="list-style-type: none"> <li>- The average, calculated over the 60 trading days preceding the departure date, of the ratio of the CGG ADS price over the PHLX Oil Service Sector<sup>SM</sup> (OSX<sup>SM</sup>) index shall equal at least 2/3 of the same average ratio over the same 60-day period 4 years before the date on which Mr. MALCOR leaves the Group;</li> <li>- The average, calculated over the 60 trading days preceding the departure date, of the ratio of the CGG share price over the SBF 120 index shall equal at least 2/3 of the same average ratio over the same 60-day period 4 years before the date on which Mr. MALCOR leaves the Group;</li> <li>- The average margin rate of the Group EBITDAS over the 4 years preceding the date on which Mr. MALCOR leaves the Group shall be at least 25%.</li> </ul> <p>Payment of the full amount of the special termination indemnity is subject to the fulfillment of 2 conditions out of 3. In case only one condition is fulfilled, then Mr. MALCOR will be entitled to receive only 50% of the said special termination indemnity.</p> <p>In accordance with section L. 225-42-1 of the French Commercial Code, this commitment, which was approved by the Board of Directors on May 10, 2012 and ratified by the General Meeting on May 3, 2013, was renewed by the Board of Directors held on June 4, 2014 which also renewed the office of Mr. MALCOR as Chief Executive Officer. The renewal of severance pay commitment will be submitted to the General Meeting to be held on May 29, 2015 for ratification (15<sup>th</sup> resolution).</p>
<b>Non-compete clause</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>This non-compete agreement applies to any geophysical data acquisition, processing or interpretation services or the provision of equipment or products designed for the acquisition, processing or interpretation of geophysical data. Mr. MALCOR has agreed that he will not contribute to projects or activities in the same field as those in which he was involved at CGG for period of 18 months starting on the date on which he leaves the Group.</p> <p>In consideration for this undertaking, Mr. MALCOR will be entitled to receive compensation corresponding to 100% of his annual reference compensation as defined in the protection letters related to payment of the contractual indemnity in case of termination of his office.</p> <p>On June 30, 2010, the Board of Directors approved, in accordance with procedures applicable to related party agreements and provided for by section L.225-38 et seq. of the French Commercial Code, the signature of a non-compete agreement between the Company and Mr. MALCOR. This agreement was ratified by the General Meeting held on May 4, 2011.</p>
<b>General benefits plan</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>On June 30, 2010, the Board of Directors approved, in accordance with procedures applicable to related party agreements and provided for by section L.225-38 et seq. of the French Commercial Code, the extension to Mr. MALCOR of the benefit of the Group's general benefits plan applicable to all employees. This agreement was ratified by the General Meeting held on May 4, 2011.</p>
<b>Individual benefits plan</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>On November 30, 2011, the Board of Directors approved, in accordance with procedures applicable to related party agreements and provided for by section L.225-38 et seq. of the French Commercial Code, the entry into this benefits plan until December 31, 2014. This agreement was ratified by the General Meeting held on May 10, 2012.</p>
<b>Individual insurance covering loss of employment</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>Pursuant to the procedure applicable to related-parties agreement set forth by section L. 225-38 and seq. of the French Commercial Code, the Board of Directors authorized, on June 30, 2010, the Company to subscribe with GSC Gan, as from July 1, 2010, an individual insurance policy covering loss of employment, in favor of Mr. MALCOR. This agreement was ratified by the General Meeting held on May 4, 2011.</p> <p>The annual subscription fee payable by the Company amounts to €10,278.77 for 2014. This insurance provides for the payment of a maximum of 12.9% of his 2014 target compensation (corresponding to €162,941), for a duration of 12 months.</p>
<b>Supplementary pension plan</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>Mr. MALCOR benefits from the supplemental retirement plan for the members of the Executive Committee of the Group (as composed prior to February 1, 2013) and the Management Board of Sercel Holding (as composed prior to April 19, 2012).</p>

		<p>It is an additive defined benefit plan with a cap. Accruals are acquired per year of service, with a double limit:</p> <ul style="list-style-type: none"> <li>• Potential rights are applied in addition to the mandatory basic and supplementary pension schemes but cannot, however, procure in aggregate for all schemes, a replacement rate exceeding 50%;</li> <li>• Potential rights are calculated on the basis of seniority with an upper limit of 20 years. They are accrued up to: <ul style="list-style-type: none"> <li>- 1.5% of the remuneration used as reference, per seniority year within the company and up to 20 years, for the portion of remuneration below 20 times the Social security upper limit;</li> <li>- 1% of the remuneration used as reference, per seniority year within the company and up to 20 years, for the portion of remuneration above 20 times the Social security upper limit;</li> </ul> </li> </ul> <p>Further, to participate in the plan, the Beneficiaries must comply with the main following cumulative conditions:</p> <ul style="list-style-type: none"> <li>• have liquidated their social security pension and all possible other rights to pensions,</li> <li>• have at least five years of service as member of the Executive Committee of the Group (as composed prior to February 1, 2013) or of the Management Board of Sercel Holding (as composed prior to April 19, 2012) and until they were 55 years of age, and</li> <li>• end their professional career when leaving the Company.</li> </ul> <p>The conditions relating to the age and length of service are assessed taking into account the service continuity within the new governance bodies of the Group. This plan was closed to new comers on July 1, 2014.</p> <p>As of December 31, 2014, the Company's commitment under the supplemental retirement plan corresponds for Mr. MALCOR, to an annual pension equal to 16%, of his annual 2014 target compensation.</p> <p>The aggregate present benefit value of this supplemental plan as of December 31, 2014 was €13,402,035 of which €1,039,625 has been recorded as an expense for fiscal year 2014.</p> <p>Of such present benefit value, the portions relating to Mr. MALCOR are €1,750,150 and €334,176 respectively.</p> <p>Pursuant to the procedure applicable to related-parties agreement set forth by section L. 225-38 and seq. of the French Commercial Code, the Board of Directors authorized, on June 30, 2010, the extension of this supplemental retirement plan to Mr. MALCOR.</p> <p>This agreement was ratified by the General Meeting held on May 4, 2011.</p>
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#### 15.4. Mr. Stéphane-Paul Frydman, Corporate Officer

Remuneration components due or granted for the fiscal year	Amounts submitted to the vote	Presentation
<b>Fixed remuneration</b>	<b>€426,080</b>	The fixed remuneration of Mr. FRYDMAN for 2014 fiscal year was determined by the Board of Directors on March 26, 2014. Its components are as follows : <ul style="list-style-type: none"> <li>– €346,080 paid under his employment agreement (€336,000 in 2013);</li> <li>– €80,000 paid for his corporate office (<i>mandat social</i>) (unchanged compared to 2013).</li> </ul>
<b>Profit sharing</b>	<b>€5,055.55</b>	Mr. FRYDMAN benefited from the profit sharing plan dated June 20, 2012 applicable within CGG SA (please refer to item 6 of our annual report on form 20-F). Mr. FRYDMAN received an amount of €5,055.55 in 2014 for 2013 fiscal year.
<b>Annual variable remuneration</b>	<b>€131,020</b>	<p>The annual variable remuneration of Mr. FRYDMAN is based on the achievement of individual objectives (accounting for 1/3 of the variable compensation) and financial objectives (accounting for 2/3 of the variable compensation). His target amount is set at 75 % of his fixed compensation.</p> <p>The maximum percentage of the fixed remuneration that the annual variable remuneration can represent is disclosed in item 6 - "Compensation" - of our annual report on Form 20-F.</p> <p>For 2014:</p> <ul style="list-style-type: none"> <li>– The financial objectives were related to net earnings per share (25% weighting), Group free cash flow (15% weighting), Group external revenues (20% weighting), Group EBIT (20% weighting) and EBITDA minus tangible and intangible investments made in the course of the fiscal year (20% weighting);</li> <li>– The individual objectives were related to Group governance, internal control, management of our financial resources, relations with investors and the financial market as a whole, strategy and management of our capital employed and human resources.</li> </ul> <p>On February 25, 2015, based on the achievement of the hereinabove qualitative and quantitative targets and the final 2014 results, the Board of Directors, upon the Appointment-Remuneration Committee's proposal, set this variable remuneration at €131,020. This corresponds to an overall achievement rate of 41% of the target amount of his variable remuneration and 31% of his fixed remuneration.</p>
<b>Deferred annual variable remuneration</b>	<b>N/A</b>	Mr. FRYDMAN does not receive any deferred annual variable remuneration.
<b>Exceptional compensation</b>	<b>N/A</b>	Mr. FRYDMAN does not receive any exceptional compensation.
<b>Value of options / performance shares granted during the fiscal year</b>	<b>Stock-options : €212,000 (IFRS book value)</b> <i>The vesting of the options is subject to the achievement of the performance conditions and the final value will depend on the final number of vested options and the share price on the day of exercise of the options.</i>	<p>On June 26, 2014, based on the 27<sup>th</sup> resolution of the General Meeting held on May 3, 2013, the Board of Directors allocated 100,000 options to Mr. FRYDMAN, i.e. 0.05% of the share capital of the Company.</p> <p>The Board of Directors decided, in accordance with the provisions of the AFEP-MEDEF code that the rights to the options would be acquired in 3 batches during the first 4 years of the plan dated June 26, 2014 (50% of the options allocated in June 2016, 25% of the options allocated in June 2017 and 25% of the options allocated in June 2018) and that the acquisition of options would be subject to the following performance conditions:</p> <ul style="list-style-type: none"> <li>– The average, over the 60 trading days preceding the date of allocation, of the ratio of the CGG ADS price over the PHLX Oil Service Sector<sup>SM</sup> (OSX<sup>SM</sup>) index shall equal at least 2/3 of the same average ratio over the same period of 60 trading days 3 years before the vesting date;</li> <li>– The average, over the 60 trading days preceding the date of allocation, of the ratio of the CGG share price over SBF 120 index shall equal at least 2/3 of the same average ratio over the same period of 60 trading days 3 years before the vesting date;</li> <li>– Over the vesting period, the market price of the CGG share shall have increased at least by 8% on an annual basis;</li> <li>– The Group results in average over a period of 3 years preceding the vesting date shall reach at least 90% of the average EBITDAS annual targets as determined by the Board of Directors.</li> </ul>

		<p>The other conditions of the plan are disclosed in item 6 of our annual report on Form 20-F.</p> <p>Final vesting is subject to the achievement of the performance conditions hereinabove.</p>
	<b>Performance shares</b>	<p>The Board of Directors held a meeting on June 4, 2014 where it noted that, for the plan of June 26, 2012, the condition for the achievement of the EBITDA for the Services sector had been met up to 87%, the condition for the achievement of the EBITDA for the Equipment sector had been met up to 82%, and the condition for the achievement of the EBITDA for the Group had been met up to 83%.</p> <p>Mr. FRYDMAN was thus allocated 3,900 shares under this plan, i.e. 0.002% of the share capital.</p>
<b>Directors' fees</b>	<b>N/A</b>	Mr. FRYDMAN does not receive any Directors' fees.
<b>Value of benefits in kind</b>	<b>€4,800</b>	Mr. FRYDMAN benefits from a company's car. This benefit was approved on March 26, 2014.

Remuneration components due or granted for the fiscal year that are or were submitted to a vote during a General Meeting as part of the Agreements and Commitments approvals	Amounts submitted to the vote	Presentation
<b>Multi-annual variable remuneration</b>	<p><b>Performance units value : €130,500 (IFRS value)</b></p> <p><i>The final allocation of the performance units is subject to the achievement of the Group's objectives.</i></p>	<p>On June 26, 2014, the Board of Directors of the Company implemented a multi-annual bonus system in the form of performance units, replacing the performance shares plans with a twofold objective:</p> <ul style="list-style-type: none"> <li>– Implement a globally harmonized remuneration mechanism consistent with the growing internalization of our Group,</li> <li>– Establish a closer link between the remuneration of the main senior executives and the share price performance and the economic performance of the Group taken as a whole on a mid-term basis (3 years).</li> </ul> <p>The performance units vest upon the expiry of a 3-year period from the allocation date subject to a presence condition in the Group at the time of vesting and achievement of certain performance conditions. These performance conditions are based on the achievement of Group objectives related to the return on capital employed and balance sheet structure along with achievement of Divisions' financial objectives aligned with the Group strategic orientations over a 3-year period.</p> <p>The number of vested 2014 performance units is based on achievement of the Group objectives up to 60% of the global allocation. The balance is allocated based on the achievement of the Divisions' objectives.</p> <p>The valuation of each vested 2014 performance unit shall be equal to the average closing price of CGG shares on Euronext over the 5 trading days prior to the vesting date. The vested performance units will be paid half in cash and half in existing CGG shares.</p> <p>The Board of Directors allocated a maximum envelope of 12,500 performance units to Mr. FRYDMAN under this plan. Final allocation is subject to the achievement of the Group's objectives.</p> <p>In accordance with section L.225-38 of the of the French Commercial Code, this commitment was approved by the Board of Directors on June 26, 2014 and will be submitted to the General Meeting to be held on May 29, 2015 for ratification (14<sup>th</sup> resolution).</p>
<b>Severance pay</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>Mr. FRYDMAN benefits from a contractual termination indemnity only in case of a forced departure relating to a change of control or a change of strategy. Such indemnity shall be equal to the difference between:</p> <ol style="list-style-type: none"> <li>a gross amount of 200% of the gross fixed compensation paid by the Company to Mr. FRYDMAN during the 12-month period preceding his departure date, to which is added the annual average of the variable compensation paid by the Company to Mr. FRYDMAN over the 36-month period preceding his departure date, (hereinafter "the Reference Annual Compensation"), and</li> <li>any sum to which Mr. FRYDMAN may be entitled as a result of such termination, including any sums to be paid further to the application of his non-competition commitment.</li> </ol>

		<p>The indemnity global amount shall not exceed 200% of the Reference Annual Compensation. Pursuant to article L.225-42-1 of the Commercial Code, the payment of the special termination indemnity referred to hereinabove shall remain subject to the achievement of the following performance conditions, related to the Company's performance:</p> <ul style="list-style-type: none"> <li>- The average, calculated over the 60 trading days preceding the departure date, of the ratio of the CGG ADS price over the PHLX Oil Service Sector<sup>SM</sup> (OSX<sup>SM</sup>) index shall equal at least 2/3 of the same average ratio over the same 60-day period 4 years before the date on which Mr. FRYDMAN leaves the Group;</li> <li>- The average, calculated over the 60 trading days preceding the departure date, of the ratio of the CGG share price over the SBF 120 index shall equal at least 2/3 of the same average ratio over the same 60-day period 4 years before the date on which Mr. FRYDMAN leaves the Group;</li> <li>- The average margin rate of the Group EBITDAS over the 4 years preceding the date on which Mr. FRYDMAN leaves the Group shall be at least 25%.</li> </ul> <p>Payment of the full amount of the special termination indemnity is subject to the fulfillment of 2 conditions out of 3. In case only one condition is fulfilled, then Mr. FRYDMAN will be entitled to receive only 50% of the said special termination indemnity.</p> <p>In accordance with section L. 225-42-1 of the French Commercial Code, this commitment, which was approved by the Board of Directors on February 29, 2012 and ratified by the General Meeting on May 10, 2012, was renewed by the Board of Directors held on February 25, 2015 which also renewed the office of Mr. FRYDMAN as Corporate Officer. The renewal of severance pay commitment will be submitted to the General Meeting to be held on May 29, 2015 for ratification (16<sup>th</sup> resolution).</p>
<b>Non-compete clause</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>This non-compete agreement applies to any geophysical data acquisition, processing or interpretation services or the provision of equipment or products designed for the acquisition, processing or interpretation of geophysical data. Mr. FRYDMAN has agreed that he will not contribute to projects or activities in the same field as those in which he was involved at CGG for period of 18 months starting on the date on which he leaves the Group.</p> <p>In consideration for this undertaking, Mr. FRYDMAN will be entitled to receive compensation corresponding to 100% of his annual reference compensation as defined in the protection letters related to payment of the contractual indemnity in case of termination of his office.</p> <p>On February 29, 2012, the Board of Directors approved, in accordance with procedures applicable to related party agreements and provided for by section L.225-38 et seq. of the French Commercial Code, the signature of a non-compete agreement between the Company and Mr. FRYDMAN. This agreement was ratified by the General Meeting held on May 10, 2012.</p>
<b>General benefits plan</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>On February 29, 2012, the Board of Directors approved, in accordance with procedures applicable to related party agreements and provided for by section L.225-38 et seq. of the French Commercial Code, the extension to Mr. FRYDMAN of the benefit of the Group's general benefits plan applicable to all employees. This agreement was ratified by the General Meeting held on May 10, 2012.</p>
<b>Supplementary pension plan</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>Mr. FRYDMAN benefits from the supplemental retirement plan for the members of the Executive Committee of the Group (as composed prior to February 1, 2013) and the Management Board of Sercel Holding (as composed prior to April 19, 2012). It is an additive defined benefit plan with a cap. Accruals are acquired per year of service, with a double limit:</p> <ul style="list-style-type: none"> <li>• Potential rights are applied in addition to the mandatory basic and supplementary pension schemes but cannot, however, procure in aggregate for all schemes, a replacement rate exceeding 50%;</li> <li>• Potential rights are calculated on the basis of seniority with an upper limit of 20 years. They are accrued up to: <ul style="list-style-type: none"> <li>- 1.5% of the remuneration used as reference, per seniority year within the company and up to 20 years, for the portion of remuneration below 20 times the Social security upper limit;</li> <li>- 1% of the remuneration used as reference, per seniority year within the company and up to 20 years, for the portion of remuneration above 20 times the Social security upper limit;</li> </ul> </li> </ul> <p>Further, to participate in the plan, the Beneficiaries must comply with the main following cumulative conditions:</p> <ul style="list-style-type: none"> <li>• have liquidated their social security pension and all possible other rights to pensions,</li> </ul>

		<ul style="list-style-type: none"> <li>• have at least five years of service as member of the Executive Committee of the Group (as composed prior to February 1, 2013) or of the Management Board of Sercel Holding (as composed prior to April 19, 2012) and until they were 55 years of age, and</li> <li>• end their professional career when leaving the Company.</li> </ul> <p>The conditions relating to the age and length of service are assessed taking into account the service continuity within the new governance bodies of the Group. This plan was closed to new comers on July 1, 2014.</p> <p>As of December 31, 2014, the Company's commitment under the supplemental retirement plan corresponds for Mr. FRYDMAN to an annual pension equal to 26% of his annual 2014 target compensation.</p> <p>The aggregate present benefit value of this supplemental plan as of December 31, 2014 was €13,402,035 of which €1,039,625 has been recorded as an expense for fiscal year 2013.</p> <p>Of such present benefit value, the portions relating to Mr. FRYDMAN are €1,551,588 and €124,996 respectively.</p> <p>Pursuant to the procedure applicable to related-parties agreement set forth by section L. 225-38 and seq. of the French Commercial Code, the Board of Directors authorized, on February 29, 2012 the extension of this supplemental retirement plan to Mr. FRYDMAN. This agreement was ratified by the General Meeting held on May 10, 2012.</p>
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15.5. Mr. Pascal Rouiller, Corporate Officer

Remuneration components due or granted for the fiscal year	Amounts submitted to the vote	Presentation
<b>Fixed remuneration</b>	<b>€426,080</b>	<p>The fixed remuneration of Mr. ROUILLER for 2014 fiscal year was determined by the Board of Directors on March 26, 2014. Its components are as follows :</p> <ul style="list-style-type: none"> <li>– €346,080 paid under his employment agreement including €12,000 for his corporate office in Sercel SA (€336,000 in 2013);</li> <li>– €80,000 paid for his corporate office (<i>mandat social</i>) (unchanged compared to 2013).</li> </ul>
<b>Profit sharing</b>	<b>€4,904.64</b>	<p>Mr. ROUILLER benefited from the profit sharing plan dated June 20, 2012 applicable within CGG SA (please refer to item 6 of our annual report on form 20-F). Mr. ROUILLER received an amount of €4,904.64 in 2014 for 2013 fiscal year.</p>
<b>Annual variable remuneration</b>	<b>€120,368</b>	<p>The annual variable remuneration of Mr. ROUILLER is based on the achievement of individual objectives (accounting for 1/3 of the variable compensation) and financial objectives (accounting for 2/3 of the variable compensation). His target amount is set at 75 % of his fixed compensation.</p> <p>The maximum percentage of the fixed remuneration that the annual variable remuneration can represent is disclosed in item 6 - "Compensation" - of our annual report on Form 20-F.</p> <p>For 2014:</p> <ul style="list-style-type: none"> <li>– The financial objectives were related to net earnings per share (25% weighting), Group free cash flow (15% weighting), Group EBITA minus tangible and intangible investments made during the fiscal year (10% weighting), Equipment EBITDA minus tangible and intangible investments made during the fiscal year (10% weighting), Equipment Division production (20% weighting), Group EBIT (10% weighting) and Equipment Division EBIT (10% weighting);</li> <li>– The individual objectives were related to HSE, our Group performance plan, technology, strategic development of the Equipment Division and human resources.</li> </ul> <p>On February 25, 2015, based on the achievement of the hereinabove qualitative and quantitative targets and the final 2014 results, the Board of Directors, upon the Appointment-Remuneration Committee's proposal, set this variable remuneration at €120,368. This corresponds to an overall achievement rate of 38% of the target amount of his variable remuneration and 28% of his fixed remuneration.</p>
<b>Deferred annual variable remuneration</b>	<b>N/A</b>	Mr. ROUILLER does not receive any deferred annual variable remuneration.
<b>Exceptional compensation</b>	<b>N/A</b>	Mr. ROUILLER does not receive any exceptional compensation.
<b>Value of options / performance shares granted during the fiscal year</b>	<p><b>Stock-options :</b> <b>€212,000</b> <b>(IFRS book value)</b></p> <p><i>The vesting of the options is subject to the achievement of the performance conditions and the final value will depend on the final number of vested options and the share price on the day of exercise of the options.</i></p>	<p>On June 26, 2014, based on the 27<sup>th</sup> resolution of the shareholders' meeting held on May 3, 2013, the Board of Directors allocated 100,000 options to Mr. ROUILLER, i.e. 0.05% of the share capital of the Company.</p> <p>The Board of Directors decided, in accordance with the provisions of the AFEP-MEDEF code that the rights to the options would be acquired in 3 batches during the first 4 years of the plan dated June 26, 2014 (50% of the options allocated in June 2016, 25% of the options allocated in June 2017 and 25% of the options allocated in June 2018) and that the acquisition of options would be subject to the following performance conditions:</p> <ul style="list-style-type: none"> <li>– The average, over the 60 trading days preceding the date of allocation, of the ratio of the CGG ADS price over the PHLX Oil Service Sector<sup>SM</sup> (OSX<sup>SM</sup>) index shall equal at least 2/3 of the same average ratio over the same period of 60 trading days 3 years before the vesting date;</li> <li>– The average, over the 60 trading days preceding the date of allocation, of the ratio of the CGG share price over SBF 120 index shall equal at least 2/3 of the same average ratio over the same period of 60 trading days 3 years before the vesting date;</li> <li>– Over the vesting period, the market price of the CGG share shall have increased at least by 8% on an annual basis;</li> <li>– The Group results in average over a period of three years preceding the vesting date shall reach at least 90% of the average EBITDAS annual targets as determined by the Board of Directors.</li> </ul>

		<p>The other conditions of the plan are disclosed in item 6 of our annual report on Form 20-F.</p> <p>Final vesting is subject to the achievement of the performance conditions hereinabove.</p>
	<b>Performance shares</b>	<p>The Board of Directors held a meeting on June 4, 2014 where it noted that, for the plan of June 26, 2012, the condition for the achievement of the EBITDA for the Services sector had been met up to 87%, the condition for the achievement of the EBITDA for the Equipment sector had been met up to 82%, and the condition for the achievement of the EBITDA for the Group had been met up to 83%.</p> <p>Mr. ROUILLER was thus allocated 3,782 shares under this plan, i.e. 0.002% of the share capital.</p>
<b>Directors' fees</b>	<b>N/A</b>	Mr. ROUILLER does not receive any Directors' fees.
<b>Value of benefits in kind</b>	<b>€5,280</b>	Mr. ROUILLER benefits from a company's car. This benefit was approved on March 26, 2014.

Remuneration components due or granted for the fiscal year that are or were submitted to a vote during a General Meeting as part of the Agreements and Commitments approvals	Amounts submitted to the vote	Presentation
<b>Multi-annual remuneration</b> <b>variable</b>	<p><b>Performance units value : €130,500 (IFRS value)</b></p> <p><i>The final allocation of the performance units is subject to the achievement of the Group's objectives.</i></p>	<p>On June 26, 2014, the Board of Directors of the Company implemented a multi-annual bonus system in the form of performance units, replacing the performance shares plans with a twofold objective:</p> <ul style="list-style-type: none"> <li>– Implement a globally harmonized remuneration mechanism consistent with the growing internalization of our Group,</li> <li>– Establish a closer link between the remuneration of the main senior executives and the share price performance and the economic performance of the Group taken as a whole on a mid-term basis (3 years).</li> </ul> <p>The performance units vest upon the expiry of a 3-year period from the allocation date subject to a presence condition in the Group at the time of vesting and achievement of certain performance conditions. These performance conditions are based on the achievement of Group objectives related to the return on capital employed and balance sheet structure along with achievement of Divisions' financial objectives aligned with the Group strategic orientations over a 3-year period.</p> <p>The number of vested 2014 performance units is based on achievement of the Group objectives up to 60% of the global allocation. The balance is allocated based on the achievement of the Divisions' objectives.</p> <p>The valuation of each vested 2014 performance unit shall be equal to the average closing price of CGG shares on Euronext over the 5 trading days prior to the vesting date. The vested performance units will be paid half in cash and half in existing CGG shares.</p> <p>The Board of Directors allocated a maximum envelope of 12,500 performance units to Mr. ROUILLER under this plan. Final allocation is subject to the achievement of the Group's objectives.</p> <p>In accordance with section L.225-38 of the of the French Commercial Code, this commitment was approved by the Board of Directors on June 26, 2014 and will be submitted to the General Meeting to be held on May 29, 2015 for ratification (14<sup>th</sup> resolution).</p>
<b>Severance pay</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>Mr. ROUILLER benefits from a contractual termination indemnity only in case of a forced departure relating to a change of control or a change of strategy. Such indemnity shall be equal to the difference between:</p> <ul style="list-style-type: none"> <li>(a) a gross amount of 200% of the gross fixed compensation paid by the Company to Mr. ROUILLER during the 12-month period preceding his departure date, to which is added the annual average of the variable compensation paid by the Company to Mr. ROUILLER over the 36-month period preceding his departure date, (hereinafter "the Reference Annual Compensation"), and</li> <li>(b) any sum to which Mr. ROUILLER may be entitled as a result of such termination, including any sums to be paid further to the application of his non-competition commitment.</li> </ul>

		<p>The indemnity global amount shall not exceed 200% of the Reference Annual Compensation.</p> <p>Pursuant to article L.225-42-1 of the Commercial Code, the payment of the special termination indemnity referred to hereinabove shall remain subject to the achievement of the following performance conditions, related to the Company's performance:</p> <ul style="list-style-type: none"> <li>- The average, calculated over the 60 trading days preceding the departure date, of the ratio of the CGG ADS price over the PHLX Oil Service Sector<sup>SM</sup> (OSX<sup>SM</sup>) index shall equal at least 2/3 of the same average ratio over the same 60-day period 4 years before the date on which Mr. ROUILLER leaves the Group;</li> <li>- The average, calculated over the 60 trading days preceding the departure date, of the ratio of the CGG share price over the SBF 120 index shall equal at least 2/3 of the same average ratio over the same 60-day period 4 years before the date on which Mr. ROUILLER leaves the Group;</li> <li>- The average margin rate of the Group EBITDAS over the 4 years preceding the date on which Mr. ROUILLER leaves the Group shall be at least 25%.</li> </ul> <p>Payment of the full amount of the special termination indemnity is subject to the fulfillment of 2 conditions out of 3. In case only one condition is fulfilled, then Mr. ROUILLER will be entitled to receive only 50% of the said special termination indemnity.</p> <p>In accordance with section L. 225-42-1 of the French Commercial Code, this commitment, which was approved by the Board of Directors on February 29, 2012 and ratified by the General meeting on May 10, 2012, was renewed by the Board of Directors held on February 25, 2015 which also renewed the office of Mr. ROUILLER as Corporate Officer. The renewal of severance pay commitment will be submitted to the General Meeting to be held on May 29, 2015 for ratification (17<sup>th</sup> resolution).</p>
<b>Non-compete clause</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>This non-compete agreement applies to any geophysical data acquisition, processing or interpretation services or the provision of equipment or products designed for the acquisition, processing or interpretation of geophysical data. Mr. ROUILLER has agreed that he will not contribute to projects or activities in the same field as those in which he was involved at CGG for period of 18 months starting on the date on which he leaves the Group.</p> <p>In consideration for this undertaking, Mr. ROUILLER will be entitled to receive compensation corresponding to 100% of his annual reference compensation as defined in the protection letters related to payment of the contractual indemnity in case of termination of his office.</p> <p>On February 29, 2012, the Board of Directors approved, in accordance with procedures applicable to related party agreements and provided for by section L.225-38 et seq. of the French Commercial Code, the signature of a non-compete agreement between the Company and Mr. ROUILLER. This agreement was ratified by the General Meeting held on May 10, 2012.</p>
<b>General benefits plan</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>On February 29, 2012, the Board of Directors approved, in accordance with procedures applicable to related party agreements and provided for by section L.225-38 et seq. of the French Commercial Code, the extension to Mr. ROUILLER of the benefit of the Group's general benefits plan applicable to all employees. This agreement was ratified by the General Meeting held on May 10, 2012.</p>
<b>Supplementary pension plan</b>	<b>No amount is to be paid for 2014 fiscal year</b>	<p>Mr. ROUILLER benefits from the supplemental retirement plan for the members of the Executive Committee of the Group (as composed prior to February 1, 2013) and the Management Board of Sercel Holding (as composed prior to April 19, 2012). It is an additive defined benefit plan with a cap. Accruals are acquired per year of service, with a double limit:</p> <ul style="list-style-type: none"> <li>• Potential rights are applied in addition to the mandatory basic and supplementary pension schemes but cannot, however, procure in aggregate for all schemes, a replacement rate exceeding 50%;</li> <li>• Potential rights are calculated on the basis of seniority with an upper limit of 20 years. They are accrued up to: <ul style="list-style-type: none"> <li>- 1.5% of the remuneration used as reference, per seniority year within the company and up to 20 years, for the portion of remuneration below 20 times the Social security upper limit;</li> <li>- 1% of the remuneration used as reference, per seniority year within the company and up to 20 years, for the portion of remuneration above 20 times the Social security upper limit.</li> </ul> </li> </ul>

		<p>Further, to participate in the plan, the Beneficiaries must comply with the main following cumulative conditions:</p> <ul style="list-style-type: none"> <li>• have liquidated their social security pension and all possible other rights to pensions,</li> <li>• have at least five years of service as member of the Executive Committee of the Group (as composed prior to February 1, 2013) or of the Management Board of Sercel Holding (as composed prior to April 19, 2012) and until they were 55 years of age, and</li> <li>• end their professional career when leaving the Company.</li> </ul> <p>The conditions relating to the age and length of service are assessed taking into account the service continuity within the new governance bodies of the Group. This plan was closed to new comers on July 1, 2014.</p> <p>As of December 31, 2014, the Company's commitment under the supplemental retirement plan corresponds for Mr. ROUILLER to an annual pension equal to 26% of his annual 2014 target compensation.</p> <p>The aggregate present benefit value of this supplemental plan as of December 31, 2014 was €13,402,035 of which €1,039,625 has been recorded as an expense for fiscal year 2014.</p> <p>Of such present benefit value, the portions relating to Mr. ROUILLER are €3,751,068 and €151,004 respectively.</p> <p>Pursuant to the procedure applicable to related-parties agreement set forth by section L. 225-38 and seq. of the French Commercial Code, the Board of Directors authorized, on February 29, 2013 the extension of this supplemental retirement plan to Mr. ROUILLER. This agreement was ratified by the General Meeting held on May 10, 2012.</p>
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## 16. FINANCIAL DELEGATIONS AND AUTHORIZATIONS

These tables summarize the financial delegations granted by the General Meeting to the Board of Directors, which are currently in force.

### SHARE CAPITAL INCREASES

	AUTHORIZATIONS IN FORCE DURING 2014 FISCAL YEAR			
	RESOLUTION NUMBER - GENERAL MEETING	PERIOD	MAXIMUM AUTHORIZED AMOUNT	USE OF THE AUTHORIZATION IN 2014
Increase of share capital through the issue of shares, or any other securities giving access to the share capital, with preferential subscription rights in favor of holders of existing shares	18 <sup>th</sup> - GM 2013 <sup>(2)</sup>	26 months	€35 million <sup>(1)</sup>	None
Increase of share capital through the issue of shares, or other securities, without preferential subscription rights in favor of the holders of existing shares through a public offer	19 <sup>th</sup> - GM 2013 <sup>(2)</sup>	26 months	€9 million <sup>(3)</sup>	None
Increase of share capital through the issue of shares, or other securities, without preferential subscription rights in favor of the holders of existing shares made by private placement	20 <sup>th</sup> - GM 2013 <sup>(2)</sup>	26 months	€9 million <sup>(3)</sup>	None
Increase of the number of shares issued pursuant to the three resolutions listed above	22 <sup>nd</sup> - GM 2013 <sup>(2)</sup>	26 months	12.5% of the initial issue	None
Increase of share capital by incorporation of reserves, profits or premiums	23 <sup>rd</sup> - GM 2013 <sup>(2)</sup>	26 months	€10 million <sup>(3)</sup>	None
Increase of capital in order to compensate for contributions in kind	24 <sup>th</sup> - GM 2013 <sup>(2)</sup>	26 months	10% of the share capital as of the date of the Board of Directors' decision	None
Issuance of securities giving right to debt securities	29 <sup>th</sup> - GM 2013 <sup>(2)</sup>	26 months	€1.2 billion	None
Increase of capital, reserving the subscription of the shares to be issued to members of a Company Savings Plan ("Plan d'Epargne Entreprise")	25 <sup>th</sup> - 2013 <sup>(2)</sup>	26 months	€2.5 million <sup>(3)</sup>	None

<sup>(1)</sup> Aggregate ceiling for share capital increases, any operations considered, to the exception of stock-options and performance shares allocations

<sup>(2)</sup> Cancels and replaces, for the non-used portion, the resolutions voted in this respect during the previous General Meetings

<sup>(3)</sup> Within the limit of the aggregate ceiling of €35 million

**STOCK-OPTIONS**

AUTHORIZATIONS IN FORCE DURING 2014 FISCAL YEAR				
	RESOLUTION NUMBER - GENERAL MEETING	RESOLUTION NUMBER - GENERAL MEETING	RESOLUTION NUMBER - GENERAL MEETING	RESOLUTION NUMBER - GENERAL MEETING
Stock-options	26 <sup>th</sup> (2) - GM 2013 / Allocation to the employees (excluding the Chief Executive Officer and the members of the Corporate Committee)	26 months	1.32% of the share capital as of the date the Board of Directors' decision, without exceeding 0.85% of the share capital over a 12-month period. No discount.	<u>June 26, 2014:</u> Allocation of 1,135,843 options
	27 <sup>th</sup> (2) - GM 2013 / Allocation to the Chief Executive Officer and the members of the Corporate Committee	26 months	0.68% of the share capital as of the date the Board of Directors' decision, without exceeding 0.43% of the share capital over a 12-month period. Subject to performance conditions. No discount.	<u>June 26, 2014:</u> Allocation of 520,000 options

<sup>(2)</sup> Cancels and replaces, for the non-used portion, the resolutions voted in this respect during the previous General Meetings

## 17. ITEMS LIKELY TO HAVE AN INFLUENCE IN THE EVENT OF A TAKE-OVER BID

Pursuant to article L.225-100-3 of the French Commercial Code, you will find below the elements which are likely to have an influence in case of a take-over bid.

### Capital structure of the Company:

#### Notice of crossing of a statutory threshold:

Pursuant to article 7.2 of the by-laws of the Company, any shareholder holding directly or indirectly a portion amounting to 1% of the stock capital or of the voting rights or a multiple of this percentage, within the meaning of article L. 233-7 of the French Commercial Code, shall give notice to the Company of the number of shares or voting rights he holds, within five trading days from the date on which one of these thresholds was exceeded.

In the event of failure to comply with this notification requirement, and upon request of one or several shareholders holding at least 1 percent of the capital, such request being recorded in the minutes of the General Meeting, those shares in excess of the fraction that should have been declared shall be deprived of their voting rights from the date of said General Meeting and for any other subsequent General Meeting to be held until the expiry of a two-year period following the date on which the required notification of the passing of the threshold will have been regularized.

Similarly, any shareholder whose shareholding is reduced below one of these thresholds shall give notice thereof to the Company within the same five-day period.

#### Double voting right:

As from May 22 1997, a double voting right has been allocated to all registered and fully paid-up shares registered in the name of the same holder for at least two years.

### Statutory restrictions concerning the exercise of voting rights and share transfers or clauses of agreements which the Company is aware of, in compliance with article L.233-11 of the French Commercial Code:

There is no statutory restriction to the exercise of voting right and share transfers. The Company is not aware of any agreement in compliance with article L.233-11 of the French Commercial Code.

### Direct or indirect shareholding in the share capital of the Company notified pursuant to sections L.233-7 and L.233-12 of the French Commercial Code:

See "Item 7: Principal Shareholders – Major Shareholders" of our report on Form 20-F.

### List of holders of any security with special control rights and related description:

There is no holder of securities with special rights.

### Control mechanism included in a potential system of employees share ownership, when control rights are not exercised by them:

Not applicable

### Agreements between shareholders which the Company is aware of and which are likely to restrict share transfers and the exercise of voting rights:

The agreement between Bpifrance (formerly named Fonds Stratégique d'Investissement) and IFP Energies Nouvelles is referred to in "Item 7: Principal Shareholders – Major Shareholders" of our report on Form 20-F.

### Rules applicable to the appointment and replacement of members of the Board of Directors as well as the modification of bylaws:

The rules applicable to the appointment and replacement of Board of Directors' members are described in article 14 of the by-laws. The rules applicable to the modification of by-laws are described in article L.225-96 of the French Commercial Code.

None of these rules is likely to have an influence in case of a take-over bid.



**Powers of the Board of Directors, in particular the issuance or re-purchase of shares:**

The Board of Directors does not have any specific power likely to have an influence in case of a take-over bid. The delegations of competence currently in force cannot be used by the Board of Directors in case of a take-over bid.

**Agreements entered into by the Company and modified or terminated in the event of change of control over the Company:**

The indentures governing our outstanding senior notes and certain of our credit facilities provide for an early redemption of the loans, at the option of the lenders, in the event of a change of control, pursuant to the terms specified in each agreement.

**Agreements providing for severance payments to employees who resign or who are dismissed without cause or employees whose employment is terminated in the event of a take-over bid:**

In addition to the agreements referred to in “Item 6: Directors, Senior Management and Employees – Contractual Indemnity in case of termination” of our report on Form 20-F, with respect to the Company's Executive Officers, we inform you that certain executives of the Group benefit from a protection letter providing for the payment of a severance payment in the event of dismissal or change of control. The amount of such severance payment depends upon the positions and classifications of each concerned persons.

