



8TH COMMUNICATION ON PROGRESS





This document serves as our 8th Communication on Progress.
In it we report according to the "Advanced Level" of the United Nations Global Compact.
Previous reports available on www.cgg.com > Sustainability > UN Global Compact

CONTACTS

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Cover photo: On the north coast of Western Australia, the Pentecost and Ord Rivers flow into the Cambridge Gulf. False-color satellite imagery indicates coastal mangrove and wetland vegetation, in bright red, intermixed with intertidal mudflats revealed twice daily, in pale blue. The structural history (Proterozoic metamorphic block to the west and overlying sedimentary Paleozoic units to the east and southeast) may explain the orientation of tributaries. Satellite imagery worldwide is available from NPA Satellite Mapping, part of CGG's GeoConsulting Business Line.



Paris, July 15, 2016

Our ref.: JGM/DRA/18072016/152

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,

Our industry is experiencing a profound, extended and in many ways unprecedented crisis. As we navigate through these difficult times we have not compromised on our social and environmental responsibilities and ambitions. All our employees and subcontractors have been mobilized to maintain good health & safety practices and to continue to operate in a responsible manner towards the environment and the communities hosting our sites and operations. Our results in this regard are compelling.

In order to continue to weather an enduring industry crisis, in 2015 we accelerated a far-reaching strategic transformation plan whose aim is to rebalance our portfolio of activities and make the company less sensitive to the cyclical nature of our industry. We have had to make some tough decisions, including a significant reduction in the number of employees.

Our company values and our adherence to the United Nations Global Compact become even more important in such times. I am proud to re-affirm our belief that sustainable development can only be achieved if collectively we deliver long-term value in financial, social, environmental and ethical terms.

We know that what CGG and its partners do today will have an impact far into the future. We act to meet the energy needs of society today, while respecting the needs of future generations, leaving only a Proud memory wherever we work.

Most respectfully yours,

A handwritten signature in black ink, appearing to read "J. Malcor", with a stylized flourish at the end.

Jean-Georges Malcor
Chief Executive Officer

CGG

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VAT UE code: FR 16 969 202 241 – APE Code: 7010Z

CORRESPONDANCE TABLE FOR TOPICS
2015 ADDITIONAL INFORMATION – FISCAL YEAR ENDED DECEMBER 31, 2015
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
- the attached "2015 Additional Information" CGG report. This document is a translation from French into English of information from the *Document de Référence* that is not included in the 2015 Annual report on Form 20-F. It is available on the CGG website www.cgg.com > Investors > Financial Information > Quarterly and Annual reports > 2015 > Additional Information or directly via this link: http://www.cgg.com/data/1/rec_docs/3227_AI_-_Vdef_avec_couverture.pdf.

UNITED NATIONS GLOBAL COMPACT	2015 ADDITIONAL INFORMATION	Ref. document page #
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- Adherence to the United Nations Global Compact	14, 26, 27
- External recognition as shown by Socially Responsible Investment indexes (SRI)	14, 34
- Business Code of Conduct, appointment of a Compliance Officer in charge of implementing the corruption prevention program and employee reporting line (EthicsAlert hotline)	15, 26, 53-54, 57, 62-63
- Role and work of the Ethics Committee to apply the Business Code of Conduct (communication, training, regular meetings including referrals on grievances stemming from employees, reporting to CEO and the Board of Directors' Audit Committee)	15, 30, 52, 53, 54
- Training activities related to the promotion of ethics, the understanding of the Business Code of Conduct and the fight against discrimination and harassment	15, 24, 53
- Social Responsibility is a distinct domain in CGG's new HSE Operating Management System launched in 2015	16, 26

Human Rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	- Adherence to the Universal Declaration of Human Rights	14, 20, 26
	- HSE-OMS training courses including a component about Human Rights	26
Principle 2: make sure that they are not complicit in human rights abuses.	- Internal HSE and sustainable development audits that include a questionnaire on aspects of human rights	16, 26, 27, 31
	- Supplier's code of conduct: minimum social standards expected by CGG from its suppliers, in particular with regards to compliance with human rights	27, 57
	- 15 cases reported to Ethics Committee, no violations of human rights were among them	30

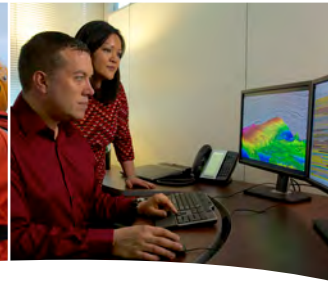
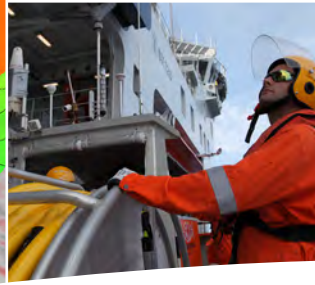
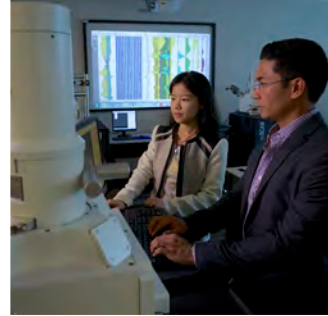
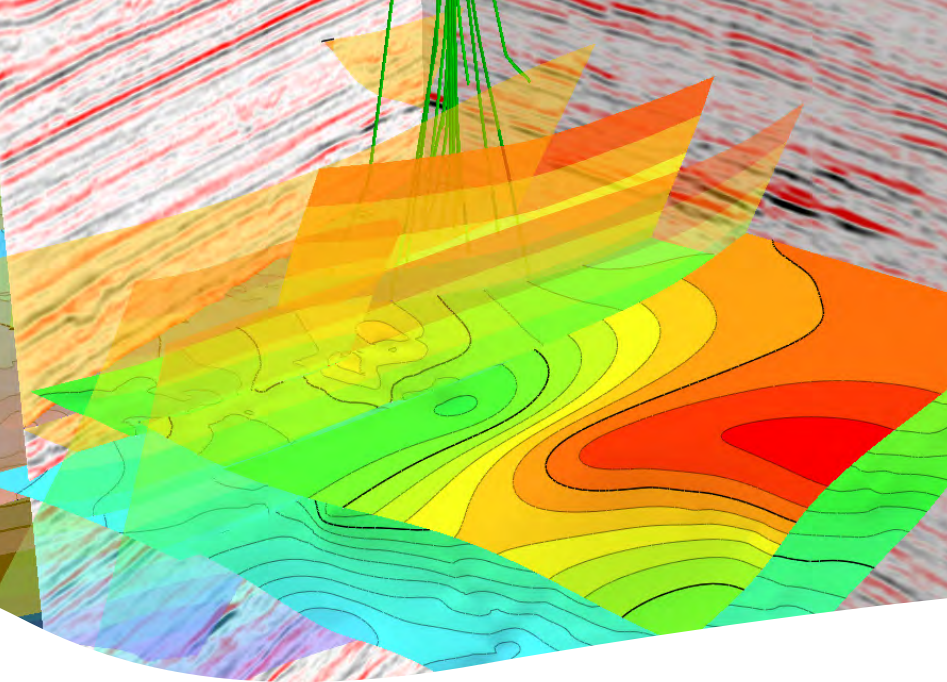
Labor Rights		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	- Adherence to the principles and rules of the International Labor Organization's (ILO) core conventions	14, 20, 26
	- Employee representative bodies' committees and meetings'; number of employees covered by a collective agreement	20, 29
	- Number of different nationalities amongst the permanent staff and a percentage of national staff and managers in main CGG sites	22, 29, 33
	- Measures to promote the employment and integration of people with disabilities	21
Principle 4: the elimination of all forms of forced and compulsory labor;	- Fair remuneration and performance-related bonuses implemented uniformly across the Group	21
	- Employee gender distribution; average age and average seniority gender distribution; employee gender distribution per contract type, divisions, assignment location; employee gender distribution of entries/leavers; agreements on gender equality	21-22, 25-26, 29
	- Provision of non-discrimination in recruitment and equality of opportunity and treatment in the Human Resources Policy	21, 22
Principle 5: the effective abolition of child labor; and		22-23, 26
	- Age and seniority structures and breakdown per contract types	25
	- External recognition on the "feminization" of the SBF 120 companies' governing bodies	26
	- CGG Human Resources policy about child labor and precautionary additional measures for young workers	26
Principle 6: the elimination of discrimination in respect of employment and occupation.	- HSE-OMS training courses including a component about International Labor Rights	16, 26, 27, 31
	- Internal HSE and sustainable development audits that include a questionnaire on aspects of rights at work	27, 57
	- 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	30
	- 15 cases reported to Ethics Committee, among them 7 cases qualified as "discrimination and harassment"	43
	- Application of the principle of a balanced representation of men and women on the Board of Directors	

Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges;	- Business model implemented with a respect for the environment	14
	- General approach of environmental footprint avoidance and minimization	17
	- Applying industry risk mitigation measures in the absence of regulations regarding sound and marine life	17

Principle 8: undertake initiatives to promote greater environmental responsibility; and	- Fostering interdisciplinary research with independent researchers to better understand the potential impact of sound on fish and develop protocols to qualify the environmental risk of new marine seismic sources	19
	- Supporting the Joint Industry Program "Sound&Marine Life" recognized by environmental authorities as a significant contribution to sound risk management	19
	- Launching an environmental management e-learning enabling a more effective outreach of the environmental training program	19
	- Ecomax program covering the marine seismic fleet to advance fuel efficiency	32
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	- Deployment of QuietSea, an integrated system capable of locating marine animals more accurately than conventional systems	19
	-Expansion of oil immersion cooling in CGG's largest data center, leading to further improvements of the Power Usage Effectiveness (PUE)	32

Anti-Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	- Anti-Corruption program has since 2014 received a 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, 54
	- Commitment to manage suppliers to ensure their respect for anti-corruption standards and policies	27, 57
	- Responsible procurement: 78% of products and services sourced by CGG stem from countries with a low corruption index	28, 35
	- 15 cases reported to Ethics Committee, among them 4 cases qualified as "conflict of interest" and 1 as a "compliance" case	30
	- Strict selection and management of commercial consultants to ensure they comply with the Business Code of Conduct and applicable international conventions and national regulations against corruption	53

Community relations		
	- Training programs and partnerships with local universities, including donation programs	23, 27, 28, 33
	- Community relations management	27, 28, 33
	- Local employment and field trainings	27, 28, 31, 33
	- Procurement through local suppliers	27, 33
	- Initiatives and actions in favor of corporate social responsibility in the local communities	27, 28, 33



2015 Additional Information

CGG – 2015 ADDITIONAL INFORMATION

EXPLANATORY NOTE

The information contained in this document, together with that set forth in the 2015 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 15, 2016.

This document is a free translation from French into English of some information from the *Document de Référence* that is not included in the 2015 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

<i>In Euros</i>	2011	2012	2013	2014	2015
I. Financial position at year-end					
a) Capital stock	60,744,773	70,556,890	70,756,346	70,826,077	70,826,077
b) Number of shares outstanding	151,861,932	176,392,225	176,890,866	177,065,192	177,065,192
c) Maximal number of shares resulting from convertible bonds	12,949,640	24,150,635	24,150,635	11,200,995	26,372,016
d) Total Equity	2,500,504,944	3,055,018,985	2,392,170,912	1,122,589,689	1,728,884,020
II. Earnings					
a) Sales net of sales tax	10,532,594	78,050,986	83,453,121	92 140 684	73,984,308
b) Earnings before taxes, employee profit sharing, depreciation and reserves	552,459,666	63,067,618	92,708,863	143 398 567	2,005,006,600
c) Employee profit sharing	—	—	—	—	—
d) Income taxes	(32,673,568)	(38,921,264)	(19,662,650)	57,118,390	(106,127,156)
e) Income after taxes, employee profit sharing, depreciation and reserves	557,170,625	149,612,368	(663,879,383)	(1,269,581,222)	606,294,331
f) Dividends	—	—	—	—	—
III. Earnings per share					
a) Earnings after taxes and profit sharing but before depreciation and provisions	3.85	0.58	0.64	0.49	11.92
b) Earnings after taxes, depreciation and provision	3.67	0.85	(3.75)	(7.17)	3.42
c) Net dividend per share	—	—	—	—	—
IV. Personnel					
a) Average number of employees	36	36	40	39	37
b) Total payroll	10,132,120	6,651,660	6,488,564	6,862,431	6,486,844
c) Employee benefits (social security, etc)	4,486,883	2,799,497	3,089,229	4,729,717	2,797,478

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

	2011	2012	2013	2014	2015
I — Financial position at year end					
a) Capital stock in millions of US\$	79.8	92.4	92.7	92.8	92.8
b) Number of shares outstanding	151,861,932	176,392,225	176,890,866	177,065,192	177,065,192
c) Maximal number of shares resulting from convertible bonds	None	None	None	None	None
II — Earnings, in millions of US\$					
a) Sales, net of sales tax	3,180.9	3,410.5	3,765.8	3,095.4	2,100.9
b) Earnings before taxes, depreciation and reserves	656.3	880.4	1 043.0	690.4	409.4
c) Income taxes	(63.1)	(99.2)	(82.9)	(123.8)	(77.0)
d) Income after taxes, depreciation and reserves	(13.2)	92.4	(691.2)	(1,146.6)	(1,446.2)
e) Dividends	—	—	—	—	—
III — Earnings per share (in US\$)					
a) Earnings after taxes, but before depreciation and provisions	3.91	4.43	5.43	3.20	1.88
b) Earnings after taxes, depreciation and provisions	(0.09)	0.52	(3.91)	(6.48)	(8.17)
c) Net dividend per share	—	—	—	—	—
IV — Personnel					
a) Number of employees	7,198	7,560	9,688	8,540	7,277

3. POST CLOSING EVENTS

Share capital increase in CGG S.A.

On January 13, 2016, CGG launched a share capital increase through the distribution of preferential subscription rights to fund the implementation of a new step of its transformation plan. The final gross proceeds amounted to €350,589,080.16, corresponding to the issuance of 531,195,576 new shares.

Total demand for this capital increase amounted to approximately €343 million, corresponding to a subscription rate of approximately 97.8 %. 485,948,856 new shares were subscribed by irrevocable right (*à titre irréductible*), representing approximately 91.5 % of the total number of new shares. 33,314,234 new shares were requested and subscribed on a reducible basis (*à titre réductible*), representing approximately 6.3% of the total number of new shares.

The balance of non-subscribed shares (11,932,486 new shares, which represent approximately 2.2 % of the total number of new shares) was sold in the market by the bank syndicate underwriting the transaction.

The issuance of new shares took place on February 5, 2016. As from that date, the share capital of CGG is composed of 708,260,768 shares with a nominal value of €0.40 each, for a total nominal share capital of €283,304,307.

Upon completion of the capital increase and taking into consideration the subscriptions by irrevocable right for all of the preferential subscription rights attached to their respective shares, Bpifrance and IFP Energies Nouvelles will hold together 10.62% of CGG's share capital, comforting their shareholders position.

Amendments to our credit agreements

In order to soften some of our financial covenants, we amended in September 2014 certain terms in several of our credit facilities, namely our French and US revolving facility agreement, our US\$200 million facility and our US\$45 million facility. Pursuant to such amendments, the maximum leverage ratio (defined as total net financial debt to EBITDAs) was increased from a constant ratio of 3.00x to a ratio of 3.75x for each rolling 12-month period ending on or before September 2015, 3.50x for each such period ending on or before September 2016, 3.25x for each such period ending on or before September 2017 and 3.00x for each such period thereafter.

On December 16, 2014, we completed the amendment and extension of the US\$200 million Nordic credit facility. The credit amount was increased to US\$250 million and the maturity extended from May 2018 to December 2019.

In June 2015, in order to increase our financial flexibility, and following unanimous consent from the 16 different financial institutions involved, we have revised certain terms in several of our credit facilities, Pursuant to such amendments,

- the maximum leverage ratio (defined as total net financial debt to EBITDAS) was increased to a ratio of 4.00x for each rolling 4-quarter period ending on or before June 2016, 3.75x for each such period ending on or before June 2017, 3.50x for each such period ending on or before June 2018, 3.25x for each such period ending on or before June 2019, and 3.00x for each such period thereafter; and
- the minimum interest cover ratio (defined as EBITDAS to total interest costs) was reduced from 4.00:1 to 3.00:1.
- in exchange of extending the security package under the existing US and French revolving facilities, the Group has obtained the ability to raise secured indebtedness ranking *pari passu* and sharing the same security package. The Group used this ability by issuing on December 22, 2015, the term loans due 2019.

On November 4, 2015, CGG obtained consent to waive the maximum leverage ratio covenant (defined as total net financial debt to EBITDAS) at year-end 2015 under all the credit facilities which include such financial covenant.

In December 2015, we revised our financial covenants, effective on February 4, 2016 (see note 30 to our 2015 consolidated statements).

There was no other post-closing event to be reported.

4. INFORMATION ON TERMS OF PAYMENT

As of December 31, 2015, the outstanding debt of the Company towards its suppliers amounted to €3.1 million. The breakdown of this outstanding debt per maturity date was as follows:

- due date not exceeding 30 days : €2.6 million;
- due date not exceeding 60 days: €0.5 million;
- due date exceeding 60 days: € 0 million.

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.

5. INFORMATION ON THE UTILIZATION OF FINANCIAL INSTRUMENTS

More than 74% in 2015 and 2014 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 2015 are paid in US dollars, Euro, British pounds, Norwegian krone and Renminbi-Yuan. 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, 2015 and 2014, our total outstanding debt denominated in US dollars was US\$1,874 million and US\$1,571 million and, respectively, representing 66% and 57% 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, 2015 and 2014, we had US\$5 million and US\$26 million, respectively, of notional amounts outstanding under U.S. dollars against euro forward exchange contracts.

As of December 31, 2015 and 2014, we had US\$14 million and US\$24 million, respectively, of notional amounts outstanding under US dollars against British pounds forward exchange contracts.

As of December 31, 2015 and 2014, we had US\$26 million and US\$17 million, respectively, of notional amounts outstanding under US dollars against Norwegian Kroner 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 (report dated November 16, 2015)	Moody's (report dated December 16, 2015)
Outlook	Negative	Negative
Corporate credit rating	CCC+	B3 ⁽¹⁾
Senior secured debt	B-	Ba3 ⁽¹⁾
Senior unsecured debt	CCC+	Caa1 ⁽¹⁾

⁽¹⁾ under review for possible downgrade.

7. PROSPECTS

7.1. MARKET ENVIRONMENT

The growth of the oil services sector, and therefore of the seismic sector, slowed down significantly from the middle of the year 2013 because of the major international oil companies cutting back on exploration projects, and more broadly on Exploration & Production investment expenses, in order to generate greater cash flow in the short term and maintain the expected level of dividends for their shareholders. This trend was confirmed during the year 2014, with overall Exploration & Production expenses finally stabilising and seismic expenses falling by 10%. During the second part of 2014, the price of a barrel of oil fell sharply and swiftly following the decision of Saudi Arabia to maintain its world market share and let supply and demand fix the fair market price. Thus, in the space of seven months, oil prices fell by 59%, going from US\$115 per barrel (middle of June 2014) to US\$47 per barrel (middle of January 2015), which led to oil companies drastically reducing their Exploration & Production spending forecasts for 2015.

In 2015, the average Brent oil price settled at nearly US\$53, down by 45% from 2014. At this pricing level, the International Oil Companies (IOC) do not generate positive cash flow after payment of the dividend and Exploration & Production investment expenses, even after having reduced such expenses significantly (by about 20% between 2014 and 2015). As far as the National Oil Companies (NOC) are concerned, the priority is the management of the oil income and the rate of decline of their fields. In this respect, Exploration & Production investments in 2015 went down by about 25% compared to 2014, with the Middle East, where such investments continued to increase by about 5%, being the notable exception. Finally, for shale oil producers, these investments went down significantly, by about 35% compared to 2014, since some of the wells are no longer profitable at the current average price of a barrel of oil. In terms of production, the supply of oil is still on the rise because the main producers in the Middle East are continuing to hold their position in terms of maintaining market shares, and because, in the United States, the production of shale oil has been a lot more resilient than expected, only starting to reduce in the second half of 2015. In terms of demand for oil, this has turned out to be stronger than anticipated, particularly in the United States, Europe or India, encouraged by low prices. The oil market is however still unbalanced, with supply outstripping demand by 1.5 to 2 mb/d.

For 2016, the fall in crude oil prices in the second half of 2015 has led to the oil companies predicting a further drop of 25% in Exploration & Production investments. This would be the first time since 1986-87 that these investments would experience two years of consecutive reduction, and the oil companies think that the price per barrel would need to return to between US\$60 and 70 per barrel to see such investments increase again. The Exploration investment expenses (which bolster the majority of the CGG Group's activity), are even more in decline with a ratio of Exploration expenses to Exploration & Production expenses at the lowest for 15 years – proof of the reluctance of the majority of oil companies to invest in long-term projects. As for the offshore activity segment, many exploration or development projects have been frozen or stopped, since the cost price per (future) barrel extracted from an area of deep or ultra-deep water is still often well above the current average price per barrel, which leads a lot of oil companies to give priority to other projects. In fact, this segment should see its investments still fall heavily in 2016.

But this situation of under-investment in oil exploration, and particularly in offshore exploration, is not sustainable over the long-term. Currently, the growth in production from conventional onshore deposits (Iran, Iraq, etc.) and the productivity gains from non-conventional deposits (shale oil in the United States) allow both the growth in worldwide demand and the natural depletion of deposits being operated to be addressed. In the medium-term, this continuous and rapid depletion of conventional onshore deposits will result in a renewal of producers' seismic imaging needs, particularly in the Middle East, China or Russia. Over the long term, it will not be possible to satisfy the growth in worldwide demand without the development of new offshore deposits, which will only become profitable again after a significant reduction in the costs of oil services, resulting in particular from better collaboration between the service companies and the oil companies across all stages of a deposit's operating chain and the development of an integrated vision for the reservoir. Consequently, these changes allow us to glimpse favourable long-term growth prospects for geophysics and geosciences.

7.2. A COMMERCIAL STRATEGY BASED ON TECHNOLOGY DIFFERENTIATION

The Group will continue to focus its strategy on high-end seismic equipment and services, and on integrated solutions in the geology, geophysics and reservoir characterisation disciplines. The aim is to develop solutions based on a cross-disciplinary approach, integrating the most innovative technologies of each area of the Group's expertise whilst improving or adapting these technologies to its clients' needs. This is particularly the case with the StagSeis multi-client programme in the Gulf of Mexico or the "Bedias Creek" survey in respect of shale oil hydrocarbons in the United States, which combined the Group's equipment, acquisition, subsurface imaging and geological expertise activities. In addition to the high quality of its services and technology, for CGG, attention to the sound management of health, safety and environmental matters (HSE) is crucial to establish lasting relationships with its clients.

CGG believes that its long-term differentiation will result from developing acquisition technologies using high-end seismic equipment and combined with sophisticated subsurface imaging. This combination will significantly improve image quality and maintain reasonable product lead times, in line with its clients' exploration and drilling decision-making process. This technological differentiation will be enhanced upstream by the Group's geological consulting expertise and downstream by its reservoir characterisation software and services to provide its clients with reliable static and dynamic reservoir modelling solutions to enable better assessment of known or future reserves and higher recovery rates in producing fields.

In general, the Group's clients are still focused, very early on in the production cycle, on the future positioning of the drilling wells and their configuration. This translates into a steady interest, on the part of the oil and gas companies, in the technological content of seismic data in order to extract highly specific reservoir properties from it in advance of their investment decision-making process. The Group's clients want, in particular, to predict stress fields and fractures to ensure the safety and accuracy of the well drilling and the extraction operations while optimising their return on investment. These requirements could strongly influence seismic processing and reservoir characterisation activities and thus significantly increase the geoscience component of the seismic market.

Sercel's innovative solutions

In terms of equipment, Sercel maintains a high level of research and development which is justified by the high technological content of seismic equipment which includes numerous cutting-edge technologies, such as wireless transmission, high- and low-frequency transmission or miniaturised electronic technologies, and also optical or acoustic technologies.

Sercel launched several new products in 2014 and 2015, including:

- ▶ The Nomad 65 Neo and Nomad 90 Neo vibrators that allow the generation of a wider range of seismic wave frequencies and are therefore the ideal source for broadband seismic land surveys;
- ▶ GeoWave® II, the first digital multi-level downhole array tool specifically designed to withstand high temperatures (up to 400°F/205°C) and high pressures (up to 25,000 psi/1,725 bars), and which allows for up to 120 levels to be deployed on a standard wireline;
- ▶ QuietSea™, a passive acoustic monitoring system for detecting the presence of marine mammals during marine seismic surveys;
- ▶ GeoTag, the acoustic positioning solution of choice for seabed seismic acquisition, allowing the accurate positioning of all types of cable (OBC) or autonomous systems, on seabeds or in transition zones, for seismic surveys in depths up to 500 metres.

Developing and improving land and marine acquisition technologies

The Group believes that the growth in 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, 3D Full Azimuth, and also 4D (with time as the additional dimension) and multi-component (3C or 4C) surveys, will play a key role in the future in Exploration & Production, especially in the sea deposits sector. With respect to the land sector, increased demand for ultra-high density surveys of sensors should result in teams deploying more than one hundred thousand channels appearing in the field in the next five years. This trend should transform the entire land acquisition chain, with developments focusing on low-cost sensors, more mechanised deployments and more automated data quality controls.

Improving imaging and developing integrated solutions for reservoir simulation

To anticipate the exponentially increasing in data acquired (*Big Data*), considerable research and development efforts will be necessary for seismic data processing, data storage and management, and also investigating new parallel computer architectures which should enable such data to be processed in a reasonable time frame whilst making energy savings. The Group believes that, by continually improving its seismic data processing software, it will remain among the leading suppliers of high-end land and marine seismic services. Its research and development work will therefore continue to focus on improving imaging in complex zones to help exploration and production as a technology for characterising and monitoring reservoirs. The Group will also continue to develop lithological prediction (identification of rocky layers surrounding the accumulation of hydrocarbons) and reservoir characterisation and content applications, in particular 3D prestack depth imaging, subsalt depth imaging, broadband depth imaging, multi-component acquisition imaging and differential imaging unique to 4D surveys.

7.3. OUTLOOK FOR GROUP ACTIVITIES IN 2016

Commercial outlook

The Group's seismic activity (equipment, acquisition and imaging) is strongly correlated to the exploration activity and should therefore decline over the year 2016. More generally, the geosciences activity should also be on the decline since the oil companies should continue to lower their expenses and reduce their investments, which will result in an even more difficult market than the one currently faced for the entire oil-related sector. It is in this environment that CGG recently launched a new stage in its Transformation Plan.

Industrial outlook

In 2016, the Group will focus on the management of its Transformation Plan, in particular the implementation of the changes announced in November 2015. In general terms, CGG will continue to develop and promote high-end solutions: upstream with its equipment offering; then in the acquisition field, which is essential for maintaining a strong and global relationship with the main ordering parties; and finally downstream with the services linked to the use of geological and geophysical data. It is because of the high level of expertise developed in each of its activities and their integration within the same company that the Group can forge both R&D collaborations and partnerships with its clients who value its technological expertise in all geoscience areas.

Equipment: Maintaining the Group's market share through technology and a strong client base

The Group feels that the seismic equipment market will remain at a low level overall, particularly affected by a significant weakness in demand for marine seismic equipment (which should represent only approximately 35% of the equipment market 2016) because of the very sharp reduction in industrial investments of the Group's main clients and the withdrawal from service of numerous seismic vessels (including those of the Group). With respect to the land seismic equipment market, the Group thinks that it will continue to decrease in 2016 due to the cost cutting programs launched by clients. However, the subsidiary Sercel could be supported by growing sales of the 508^{XT}, its next-generation land acquisition system, whose quality and functionality were demonstrated in the field throughout 2015. In the medium-term, the land equipment market should be spurred by the need for better imaging of conventional onshore reservoirs that are currently being operated particularly intensively (with the increase in volumes produced aiming to offset the drop in prices as best as possible) in order to control their depletion better.

Overall, the geophysics market is characterised by ever increasing demand for new technologies, both in land and marine, to achieve high-resolution imaging. The Group predicts that this trend will continue in the coming years. Because of its strong reputation and past success, Sercel should be able to maintain its leading position in the seismic equipment market, capitalising on its installed base, the implementation of new technologies in its full product range and also its diversified geographical presence.

Contractual Data Acquisition: Retaining expertise and limiting exposure

In 2014, the marine seismic industry had to demonstrate discipline in view of the deteriorating conditions in the marine contract activity, with prices having dropped by more than 10% on average. CGG announced its decision to reduce the size of its fleet from 18 to 13 3D high-capacity vessels and this step was followed by the other principal players in that market. By the end of 2014, the market contracted even more sharply as a result of the drastic reduction in offshore Exploration & Production budgets by oil companies. The utilisation rate for the fleets of all market players also decreased significantly in the first half of 2015. Against this background, CGG ceased operating 2 3D vessels at the start of 2015, keeping no more than 11 in operation. Despite this adjustment and those of other players, prices dropped to levels which had never been seen in the past, as, since the second quarter of 2015, the revenue generated by a vessel is close to the cash cost for operating it.

In such an environment CGG announced, at the start of November 2015, an additional step in its Transformation Plan for the marine seismic acquisition activity, with its decision to withdraw 6 additional vessels from its fleet, in order to operate no more than 5 3D high-capacity vessels. In fact, the Group noted that the contractual marine seismic acquisition activity should be depressed for a long time with very low price conditions generating heavy losses. This poor pricing is due to lower demand following the sharp reduction of exploration programs, less appetite for frontier exploration and a structural oversupply linked to a large number of good cold-stacked vessels which can quickly come back, at a low cost. Furthermore, in the event of an improvement in demand, CGG's competitors would be able to increase again their capacity quickly by bringing back to the market cold stacked vessels, thereby limiting the chances of a price recovery. The Group has therefore decided to drastically reduce its exposure on the marine contract market and to reposition the size of its fleet towards its needs in the area of the production of multi-client studies that are sufficiently pre-funded (at above 70%), which means operating 5 3D vessels for the next 2 years. The marine seismic acquisition activity will therefore be mainly a technological tool for the acquisition of multi-client data.

Thus, the worldwide 3D high-capacity seismic fleet, which stood around 33 active vessels at the end of 2015 compared to 63 vessels at the end of 2013, will continue to decrease in 2016 in the light of the announcements made by the different contractors.

In land acquisition, CGG continues with its development strategy in niche and technological markets, focusing on differentiation and operational excellence, avoiding as much as possible the commoditised part of this market. Its strategy, by mean of the UltraSeis broadband solution, is to meet the increasing demand for high-resolution land seismic acquisition or using a high-end technology, as is already the case in the Middle East and North Africa. CGG will continue to put long-term partnerships in place in key regions or markets, as has been done in the Middle East with TAQA and with Seabed Geosolutions BV joint venture, owned 40% by CGG and 60% by Fugro.

In multi-physics acquisition, the priority in 2016 will be to take advantage of the 2015 restructuring plan which reduced the cost base, and also to continue with the aircraft fleet rationalisation programme with the aim of reducing the number of different aircraft models to optimise their management. The Group has also planned to further pursue the synergies of electromagnetic and gravimetric measurements with the seismic data.

Finally, with a reduced seismic fleet, the revenue generated by the Contractual Data Acquisition segment (including both land and marine acquisition) should now represent in the future less than 15% of the CGG Group's turnover.

Geology, Geophysics & Reservoir: Developing an integrated geoscience activity

Investments in the multi-client activity went down by more than half in 2015 compared to those in 2014 (US\$713 million), since the IBALT programme launched in 2012 in the Gulf of Mexico, and based on the StagSeis technology, was completed in mid-October 2014. It continues to attract increased interest from major oil companies active in that region, notably in advance of the many lease block auctions scheduled for the 2015-2017 period, and it should generate significant after-sales in upcoming years. For 2016, investments are expected between US\$300 million and US\$350 million with a pre-funding rate of over 70%, spurred by the undiminished appetite of oil companies for good quality multi-client seismic data in zones that they know well (Brazil, the North Sea, etc.) which can capitalize on their existing infrastructures and reduce the marginal investment cost. Moreover, CGG should benefit from interest in new prospecting zones, such as the Mexican part of the Gulf of Mexico, where the Group's expertise is acknowledged.

The Group will now dedicate most of its seismic fleet utilisation to it, i.e. 3 vessels out of 5 on average for the marine multi-client activity, with contractual seismic acquisition taking up the remainder. Thus, the multi-client activity may continue to be an integrating factor for all of the Group's technologies (equipment, acquisition, imaging and geoscience), by creating products that will use the different areas of expertise developed in each of its product lines and which will allow its clients to prepare for their exploration programs and developments in the related basins as best as possible.

The Subsurface Imaging activity was more resilient in 2015 than the Equipment and Contractual Data Acquisition activities, driven by the increasing complexity of the geologies to be imaged, which requires sophisticated and high-end algorithms, an area in which the Group has an unequalled position. In addition, the oil companies, wanting to obtain the best possible images to maximise their exploration efforts, are asking for more reprocessing of previous data in order to benefit, at a lower cost, from developments of new imaging algorithms. Despite that, the subsurface imaging market is following the global trend of reducing Exploration & Production spending by its clients, as the drop in the number of marine or land seismic acquisition projects directly results in a significant fall in the volumes of new data to be processed. As for the software sales and consulting activity, this was also resilient in 2015, with a smaller decrease in turnover than that in the Exploration & Production spending by its clients. In fact, the cost of these products and services for clients is well below the value that they bring, particularly with regard to the amounts of the Exploration or Production budgets. Overall, the Subsurface Imaging and Reservoir activity saw its turnover erode in 2015 (a decrease of 20% compared to 2014), a trend that should continue in 2016.

Looking forward, the Group in this new format will get around 60% of its revenue generated by the Geology, Geophysics & Reservoir (GGR) activity.

Financial outlook

In 2016, the Group does not expect an improvement in the seismic and geoscience market compared to 2015. Against this background, the Group's priorities will be strict cash management, cost reduction, operational and commercial efficiency and dynamic debt management. Industrial investments (excluding capitalized development costs) should be between US\$100 million and US\$125 million in 2016. Multi-client cash investments should be between US\$325 and US\$375 million in 2016 with a pre-funding rate greater than 70%. Finally, the Group could also sell non-strategic assets in 2016, the income from which would be used for the general funding of its activities.

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

8.1. TECHNOLOGICAL INNOVATION AND RESEARCH & DEVELOPMENT POLICY

CGG's capacity to remain competitive on a depressed market while building toward the future is largely dependent on its capacity for permanent technological innovation. The Group believes that the future of the seismic industry relies on seismic equipment and services with high technological content. With the market for products and services being subject to such downward pressure on prices, the development of new solutions - from initial design through to market launch - must make cost reduction the number one objective. Capitalizing on its integrated approach, CGG has the capacity to reduce the cost of new solutions at each step in the value chain.

CGG is convinced that the seismic industry will put in place new solutions that will have an impact on exploration and production. The major areas of oil exploration - Arctic, offshore pre-salt layer structures at sea, and mountain ranges or jungles on land - are hard to survey and constitute sensitive and complex environments ("frontiers"). In production, increasingly precise monitoring of reservoirs, in terms of both recovery (maximizing oil recovery) and the risks associated with production ("geohazards"), requires our industry to conduct more repeated seismic surveys (4D) and improve the accuracy of the data acquired in the shortest possible time. Lastly, as the common denominator in all this, reducing the costs of new solutions is vital to the short-term survival of all players in the industry.

With its experience, expertise and involvement in every aspect of the seismic industry, CGG is ideally placed to design and implement new solutions.

To implement this vision, CGG focuses its efforts on the entire exploration-production chain, including reservoir characterization, development of multi-component seismic data processing techniques, structural imaging, and improved operational performance. These efforts are focused on improving geophysical target illumination during data acquisition, while increasing efficiency and safety. With more than 700 employees, the R&D teams are spread around the world and cover a broad range of areas of expertise.

CGG also has access to new technologies through strategic alliances with equipment manufacturers, oil and gas companies, universities, and by acquiring technologies under license.

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

	2015		2014		2013	
	in MUS\$	as % of net revenue	in MUS\$	as % of net revenue	in MUS\$	as % of net revenue
Gross research and development expenditure	143.1	6.8%	189	6.1%	181	4.8%

8.2. KEY TECHNOLOGICAL INNOVATION AND R&D EVENTS IN 2015

Group expenditure on R&D (including capitalized development costs) amounted to USD 143.1 million in 2015, or 6.8% of revenue.

In the difficult environment experienced by the seismic industry in 2015, and which will persist into 2016, CGG has only slightly reduced its R&D investments compared to 2014, thereby demonstrating its resiliency in technological innovation as well as its continuing desire to differentiate itself from the competition with the high technological content of its different solutions.

The BroadSeis / BroadSource solution continues to be the seismic "broad frequency content" benchmark. This combination provides an acquisition system capable of obtaining up to six frequency content octave bands (2.5 - 200 Hz) which are key to creating subsurface images of unparalleled resolution. The most remarkable part of this acquisition system combined with specific processing algorithms is the restitution of very low frequencies (under 5 Hz). These very low frequencies provide essential information for both profiling deeper targets and characterizing hydrocarbon reservoirs using seismic data. The innovation and the expertise of CGG's GGR segment once again received strong client praise in 2015.

This technological achievement has placed CGG in a class apart on the "broad frequency content" seismic market segment, widening the gap with its direct competitors, and putting this market out of the reach of businesses with inferior R&D capabilities.

The StagSeis multi-client acquisition campaigns make it possible to obtain very long distance (up to 20 km) seismic data with 360° azimuthal distribution and very dense sampling. StagSeis data sold well in 2015, demonstrating that StagSeis is a solution that is perfectly suited to addressing imaging difficulties, particularly in the Gulf of Mexico.

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 experts, our imaging experts and equipment provided by Sercel. This type of approach makes it possible both to develop high-value-added customized solutions and to propose innovations optimizing the use of imaging resources combined with substantial reductions in the final cost of the solution.

Other land or marine seismic acquisition systems using drones are currently being assessed by CGG and could be developed over the next few years.

Building on EmphaSeis vibrator operation technology using a wide frequency band and on CGG's experience with land acquisition systems involving a large number of channels (up to 600 million traces per km²), the UltraSeis program is now able to offer efficiently and economically broadband technology (6 octaves) for acquisition projects using a very large number of channels. The capacity of these systems will continue to grow: today up to 200,000 channels, with the objective of reaching one million channels in five years' time. This development is greatly supported by Sercel's new 508^{XT} acquisition system. Given the huge volumes of data required for the seismic imaging of reservoirs in the Middle East, these acquisitions with a very large number of channels are intended to provide solutions to near-surface and noise problems by increasing the density of the source / receiver pairs. UltraSeis is also based on an optimized operational model designed to provide major productivity gains, and its integrated character ensures that the image provided is optimal for the quantitative characterization of the reservoir.

In depth imaging, CGG has pursued its development efforts to provide more accurate seismic images acquired in zones of complex geology. The research and development programs relate to the second-generation migration algorithms (Reverse Time Migration) and Full Waveform Inversion, taking into account absorption phenomena in anisotropic environments. These technologies operate high resolution seismic velocity models, critical for the production of high-precision images. CGG is now a technology leader in this field. Also to be noted in 2015 is the significant effort that has gone into optimizing the calculation time for key algorithms.

CGG is also working on the combined processing of multiphysics and seismic data in order to exploit synergistically these two types of measurement that are not sensitive to the same geological property variations. As in 2014, CGG continued in 2015 to provide results of exceptional quality and recognized by the industry, and produced by a combination of seismic, resistivity, and gravity data to better characterize the near subsurface.

Concerning equipment, Sercel's need to maintain a high level of research and development 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 cutting edge 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 underwater acoustics. The Nautilus (lateral and vertical streamer positioning controller) and SeaProNav (Integrated Navigation System) systems have reached industrial maturity and are now the industry standard used to equip CGG's fleet.

In marine, Sercel deployed its first Quietsea aquatic activity monitoring systems, enabling passive detection of sea mammals during exploration campaigns.

In 2015, Sercel continued to market its Sentinel streamers, including its latest product, the Multi-Sensor (MS) Sentinel which provides an acoustic vector sensor composed of a group of accelerometers arranged around a hydrophone.

Sercel deployed its 508XL land acquisition system, combined with new, highly sensitive Quietseis sensors, on crews in the Middle East deploying a large number of traces with extremely high productivity.

The 508^{XT} 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.

The market launch of the Geowave 2 system was initiated. Through its currently unrivalled temperature and pressure performance, Geowave 2 enables seismic acquisition in deep, high-temperature boreholes.

8.3. PROSPECTS FOR TECHNOLOGICAL INNOVATION AND R&D

On the production side, improvements in monitoring techniques both in acquisition equipment and seismic data processing serve to optimize shallow reservoir production. These also improve recovery rates, 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 an important avenue of study for developing seismic surveys 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 prospective fields that are increasingly difficult to detect and reduce the associated drilling risks. 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 regular reprocessing of previously acquired data and, increasingly, the acquisition of new seismic data on surfaces that have already been surveyed in the past. In this way, technical progress directly affects the activity, in particular multi-client activity or the reprocessing of old data with new algorithms.

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

Anticipating the difficult market conditions in 2016, CGG will be redirecting parts of its R&D efforts to the development and optimization of the costs of its solutions so as to provide a sustainable response to the low price of the barrel. In this context, two major lines of development stand out: cost reduction, to address the short-term context; and high value-added technological differentiation, in order to maintain technological leadership.

Reducing and optimizing the costs of the solutions:

- Reducing and optimizing the cost of its solutions by capitalizing on its capacities as a mainstream player in geoscience. As part of an integrated approach, CGG will be looking to define the optimum quality/price ratio across the entire geophysical value chain, and thereby reduce costs while guaranteeing the necessary information for decision-making.
- The mechanization and automation of land and marine acquisition is a second avenue of cost reduction on which CGG is acting. This approach necessarily requires the redefinition of the existing operational models.

Technological leadership:

- 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 detect 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 picture of the subsurface possible, as well as its porosity and permeability, and fluid content (water and hydrocarbons)

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

Despite the unfavorable context in 2016, CGG will continue to invest in research and development in order to support the Group's capacity for innovation, with regard to both geophysical services and equipment.

8.4. INVESTING ACTIVITIES

In 2013 and 2014, our total capital expenditures – industrial, capitalized development costs and multi-client cash capital expenditures - amounted respectively to US\$826 million (US\$834 million excluding asset suppliers' variance) and US\$865 million (US\$862 million excluding asset suppliers' variance). In 2015, they sharply decreased at US\$430 million (US\$415 million excluding asset suppliers' variance).

In 2013, 2014 and 2015, our industrial capital expenditures amounted respectively to US\$290 million (US\$298 million excluding asset suppliers' variance), US\$225 million (US\$222 million excluding asset suppliers' variance) and US\$104 million (US\$89 million excluding asset suppliers' variance).

Our capitalized development costs amounted respectively to US\$57 million in 2013 and 2014, and US\$42 million in 2015.

In 2013, 2014 and 2015, our multi-client cash capital expenditures amounted respectively to US\$479 million, US\$583 million and US\$285 million.

In 2015, our industrial capital expenditures and capitalized development costs (excluding asset suppliers' variance) were committed by Contractual Data Acquisition, GGR and Equipment segments for respectively US\$34 million, US\$73 million and US\$23 million.

In 2016, our industrial capital expenditures (excluding capitalized development costs) are targeted to be in the range of US\$100-125 million while multi-client cash capital expenditures should be in the range US\$325-375 million.

From a general standpoint, industrial capital expenditures and capitalized development costs are financed through permanent funding (equity and financial debt) whereas multi-client cash capital expenditures are financed with funds from original participants. Original participants' funds are recognized as external revenues. The cash prefunding rate was of 102% in 2015 and is targeted to be above 70% in 2016.

9. ENVIRONMENT, SUSTAINABLE DEVELOPMENT AND HUMAN RESOURCES

CGG's major contribution to sustainable development is based on our capacity to deliver, over the long term, geoscience products and services which provide a clearer understanding of reservoirs, which help our clients reduce risk and which lead to a more efficient and effective production of energy resources. Our business model is implemented with a respect for the environment and with care for our employees and the communities in which we work.

CGG has been a member of the UN Global Compact since 2007 and each year, our Chief Executive Officer reaffirms our commitment to respecting the environment and human rights, to promoting international labour standards and to combating all forms of corruption.

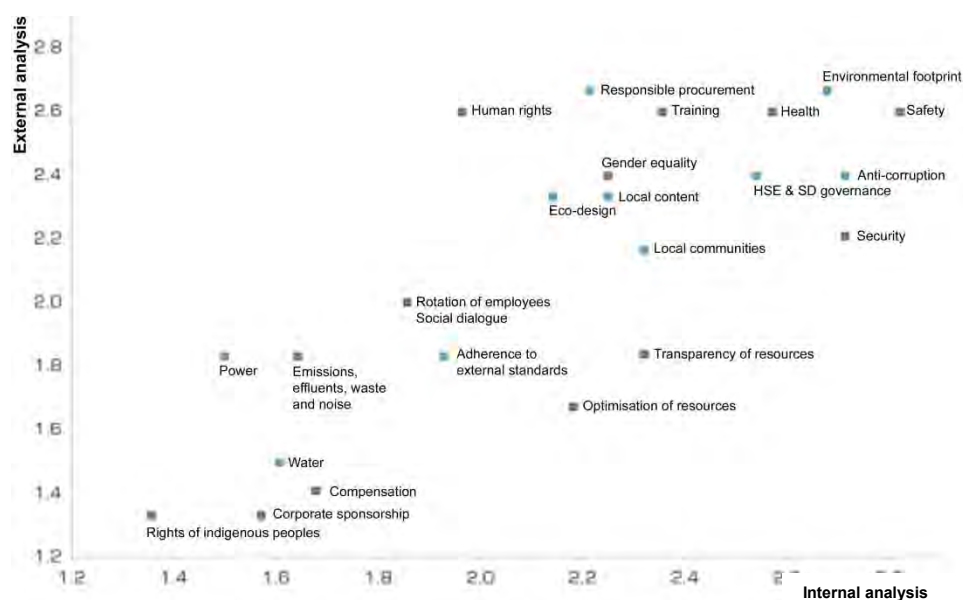
CGG is the only geoscience company whose performance has been recognised in the Dow Jones Sustainability Index (World and Europe) in 2015.

9.1. SUSTAINABLE DEVELOPMENT STRATEGY AND GOVERNANCE

9.1.1. Ranking the issues relating to sustainable development: a regular exercise carried out with CGG stakeholders

Dialogue with stakeholders is at the heart of CGG's sustainable development approach. Acknowledging the interest and contribution of its stakeholders in CGG's sustainable development, CGG listens to its stakeholders when validating its priority sustainable development issues. Every three years, CGG organizes an extensive consultation involving the Management, a panel of employees, clients, investors, NGOs and its trade association in order to highlight the most critical sustainable development topics for the Group. These priority issues are set out in the plot area of the following graph. Using a 0–3 scale of importance, the X-axis plots the priorities perceived within CGG, and the Y-axis plots the importance given to the issues by the external stakeholders, and hence their expectations. The graph below shows the results for the 2012–2015 consultation. Another consultation was carried out in late 2015 to guide the objectives and the actions to be undertaken during the period 2016 – 2018.

CGG sustainable development issues ranked by impact level



9.1.2. Sustainable development governance

9.1.2.1. **Promoting an ethical culture and conduct**

CGG's values and rigorous ethical standards are the foundations of development for the CGG Group. They require us to comply 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, available in nine languages, sets out the rules and expected behaviour to enable the Group to conduct its business with integrity.

The CGG Ethics Committee publishes and communicates the Business Code of Conduct, ensuring that our standards are widely distributed. The Ethics Committee promotes ethics training throughout the Group, which is described in greater detail in section 9.3. ("Employees") of this chapter.

The Ethics Committee is notified of any difficulty in interpreting or applying the Business Code of Conduct. In addition to direct channels to access the Ethics Committee, a whistleblowing procedure with hotline has been implemented in 2009. Employees are regularly reminded of ways to access the Ethics Committee. The Ethics Committee meets several times a year. It reports to the Chief Executive Officer and to the Audit Committee of the Board of Directors.

The number of referrals to the Ethics Committee in 2015 was comparable to that in 2014. The Committee was mainly contacted:

- on issues of conflicts of interest that led managers or employees to raise questions ahead of a decision that might cause a conflict or regarding a relationship between CGG and one of its stakeholders;
- on issues concerning relationships between the employees and the company, which were handled in conjunction with the Human Resources Department;
- by operational or functional departments, to answer questions from CGG clients about the Group's approach to ethics, including our efforts to prevent corruption in activities.

The level of referrals to the Committee, in particular requests for advice, show that the efforts undertaken in terms of communication and training are producing results.

9.1.2.2. **Anti-corruption program**

CGG's sustainable development materiality study underlined the significant risk of corruption inherent to our sector of activity. A strong compliance program within the Group is a major focus for the CGG management team and a demonstration of its commitment to sustain the Group's momentum in this area.

CGG continues its corruption prevention actions, for example through training activities (described in greater detail in item 2.3.3.3) and by bolstering its rules and procedures, especially in the contractual terms and management of its various partners and service providers.

In 2015, the Group appointed a Compliance Officer, who is mainly in charge of implementing the corruption prevention program within the Group. The Compliance Officer reports to the EVP General Secretary & Group General Counsel and is also a member and the secretary of the Ethics Committee.

A communications campaign was launched within the Group in December 2015, linked to the UN international anti-corruption day, aimed at raising the awareness of employees to this issue in particular and, more generally, to the importance of ethics within the CGG Group.

CGG's robust anti-corruption program has been recognized since 2014 every year by Anti-Corruption Certifications issued by Mazars-Adit. These certifications are based on a framework validated by the French Central Service of Corruption Prevention (a Ministry of Justice institution) and by a panel of international experts.

9.1.2.3. **Governance of sustainable development issues**

Responsibility for Health, Safety and the Environment (HSE) and human capital development lies with management. For this, it draws on HSE and Human Resources professionals in each Business Line and in the support functions.

The Group Executive Management plays a vital role in defining the terms and conditions under which CGG can develop its business while protecting its employees, local communities, and the environment. CGG's leadership in sustainable development is established at the highest level through specific expectations on HSE performance, regular communication, monitoring performance throughout the year, and implementing necessary changes following periodic formal reviews.

The Sustainable Development Committee assists management by defining the guidelines for the Sustainable Development program. Three times a year, this committee reports on the progress achieved to the Corporate Committee (C-Com) and to the HSE and Sustainable Development Committee of the Board of Directors. Regular reviews are also carried out by Business Lines, the Corporate Committee and the Sustainable Development Committee to check that the system is operating correctly. These make it possible to identify areas for improvement and corrective measures to be applied, and ensure that suitable resources are made available to achieve the expected results.

9.2. HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT

9.2.1. Material issues for health, safety, security and the environment (HSE)

CGG's primary sustainable development priority consists of preventing workplace accidents and occupational diseases among employees and subcontractors. Historically, the Group's main risk activities are road transport, helicopter operations, tree-felling, crossing lakes and rivers. CGG is also committed to providing a healthy work environment with no addictive substance in the workplace.

The security of its employees is another absolute priority for CGG. The Group is exposed to threats of burglary, assault, piracy and terrorism, which it counters through a system based on prevention and dissuasion.

CGG seismic acquisition operations cover wide land and marine areas. Sometimes our activities take us to areas almost devoid of human intervention. The acquisition can also occur within ecosystems that are already fragile. Consequently, CGG strives to develop geophysical methods and equipment that enable its clients to prevent or reduce their environmental footprint. In particular, CGG seeks to contribute to better knowledge of the potential impact of its sound emissions on the marine environment so as to adapt the necessary protection measures.

9.2.2. Policies applied to health, safety, security and the environment (HSE) issues

9.2.2.1. Policies and objectives

CGG's HSE program is based on the conviction that all accidents can be prevented.

HSE expectations are established by the Chief Executive Officer and are included in HSE, Health and Well-being, Safety, and Environment policies. Every employee can access these policies, either via the Internet or displays at the Group's sites. These policies are supported by three-year objectives set by the Chief Executive Officer and incorporated in the "Care+Protect" program.

Group objectives defined by the Management applying to the domains of health, safety, security and the environment target more specifically the management commitment and visibility on HSE topics, risk management, subcontractor management, competence and training. Each Business Line adopts these objectives and specifies them in annual programs so as to best respond to the issues characterising their activity. In this way, every level of the organisation is clearly informed of the expected results and called on to help achieve them. Group objectives also serve as a base for personal objectives for the management team.

9.2.2.2. The operational management system for health, safety and the environment (HSE-OMS)

CGG's structured approach to Health, Safety, and the Environment is based on an Operating Management System for Health, Safety and the Environment (HSE-OMS). This has recently been extensively reviewed to comply with the latest International Oil and Gas Producers (IOGP) *Guidelines for the Development and application of Health, Safety and Environment ("HSE") Management Systems*, which have become a *de facto* standard in the industry. The HSE-OMS applies to all of the Group's activities in the domains of health, safety, security, social responsibility and the protection of the environment in all our sites and projects. Its scope extends to our permanent staff, seasonal employees, and subcontractors operating within our prevailing influence. The social responsibility domain will be described more specifically in item 4 of this chapter.

Risk management is central to the Operational Management System for Health, Safety and the Environment (HSE-OMS). The Group maintains a structured approach aimed at identifying, assessing and controlling risks, based on a common group-wide methodology and model for risk management. 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.

Through systematic risk assessments, and in particular the targeted identification of high-risk activities, we determine the necessary controls to manage safety risks. These controls include procedures, work instructions, specific risk management training, site meetings and daily on-the-ground HSE inspections, supplemented by cross-department inspections. The cross-department inspections are carried out by a person external to the inspected entity. Drills carried out periodically at the installation and project level mean that the effectiveness of the emergency response plans can also be checked. At the site and project level, line management carries out its own inspections and observations. A robust audit program ensures that the Group's HSE policies and key processes are implemented and complied with in all our activities. The environment of controls and monitoring is coupled with a culture of individual responsibility.

Individual risk awareness and personal responsibility are essential elements of our Operating Management System for Health, Safety and the Environment (HSE-OMS). The Group's behavioural safety program, entitled "Rules to Live By" and "Things We All Must Know", is well rooted across the organization since 2011. 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 visible posters at the workplace and clear instructions.

The proper management of risks related to Health, Safety, Security, and the Environment requires transparent reporting and rapid, effective communication. Comprehensive notification of all incidents, near-misses and hazards is crucial to obtaining good results. Our PRISM system has been developed in-house for this purpose. PRISM is a software system that allows HSE, Quality and Social Responsibility files to be shared by all CGG sites and operational units. It also allows to produce reports, check performance, assess and manage risk and action points. All CGG employees can access PRISM. Incidents are assessed according to their actual and potential severity, and a subscription system allows the appropriate management level to be notified immediately, including the highest level Management for high-potential incidents.

The final element in our management system consists in management reviews conducted within Business Lines, Executive Committee and Board HSE and Sustainable Development Committee. These reviews ensure the system's proper operation, identification of improvement areas and corrective measures, and make sure that suitable resources are in place.

Health

CGG implements occupational health programs aimed at maintaining quality of life at work through fitness for work programs and the prevention of occupational diseases. The management of health risks and impacts is systematically adapted to the local environment. It therefore takes into account the issues specific to very isolated areas and adapts the means of protection, rescue and assistance for the staff exposed, especially in the case of land geophysical projects. Thus, in 2015 means for preventing malaria were bolstered in Angola, through an update of a procedure to improve in particular the information (posters, e-learning). In Algeria, the medical evacuation and repatriation plans were adjusted because of the site's extreme isolation, targeting the reinforcement of aircraft means.

Safety

Our risk analyses and prevention programs are directed first and foremost at high-risk activities (for example, road transport and offshore crew helicopter transfers). This year we bolstered these risk management and prevention programs through the development of e-learning training modules accessible to everyone and by producing a large number of posters and stickers covering all risk situations. We have also introduced U-Safe, a new educational tool to grasp more practically the risks at the workplace.

Security

CGG has implemented a security intelligence and monitoring system to identify and assess threats in areas prone to maritime piracy and potentially unstable areas onshore. Projects in areas at risk are reviewed at the highest level, supported by assessments from security experts. Local security plans, linked to projects, are produced and implemented before operations start. All staff also receive security information concerning their travel destinations.

Environment

CGG strives to avoid or minimize the environmental footprint of its operations. Historically, CGG's largest footprint concerned land acquisition activities, in particular from tree-felling linked to seismic line opening. Changes in seismic acquisition technology and equipment developed by our Equipment Business Line, in both sources and receivers, have significantly reduced this footprint. CGG implements environmental plans in all its Business Lines. These plans are aimed at eliminating or reducing the impact on the soil, water, fauna, flora and the atmosphere.

Assessing the actual impact of activities remains challenging in one area because of incomplete scientific knowledge: the effect of sound emissions from seismic acoustic sources on marine life. This is why CGG promotes research in this domain and has for over fifteen years implemented risk prevention and mitigation measures on vessels. Marine mammal observer teams ensure compliance with applicable regulations stipulated by the country in which we are operating. Where no regulations have been issued, CGG applies the risk mitigation measures recommended by the IAGC.

9.2.2.3. Promoting HSE excellence

For many years, acquisition projects implemented internal recognition measures rewarding proactivity with regard to HSE. The quality and quantity of notifications of dangers and near-misses reported at the project level are therefore generally linked to a system of material rewards and formal recognition by the local management.

At Group level, since 2014 CGG has also organised an annual competition: Above & Beyond/Care+Protect. The prizes reward CGG teams that have achieved HSE or sustainable development excellence through technological development, innovative behavioural practices, or the results of an original initiative. In 2015, the jury rewarded three excellence projects. The first recognized health and fitness voluntary actions implemented in Rio, Houston and Singapore, promoting original and effective initiatives to improve the health and physical fitness of employees. The second, awarded to HSE training developers, recognised the significant increase in quality acquired by the in-house HSE training courses thanks to the adoption of new learning formats described in the results in terms of skills and training below. The third rewarded QuietSea™, the new passive acoustic monitoring system integrated with the seismic streamers, described in the environmental results below. A special prize was also awarded to the most deserving subcontractor and joint-venture partner.

CGG also continued to play an active role on the HSE committee of the International Association of Geophysical Contractors (IAGC); CGG participated actively in a number of workgroups organised by International Oil and Gas Producers (IOGP). These committees facilitate the sharing of lessons learned from the management of major near-misses or accidents, the dissemination of best practices, and reviews and improvements to HSE standards in the Exploration & Production industry.

9.2.3. Main results achieved for health, safety, security and the environment

9.2.3.1. Health

Frequency rates for occupational diseases decreased and severity rate slightly increased.

The following table, drawn up according to IOGP standards, covers CGG Services occupational diseases (OD).

	OD with days lost frequency rate (LTIF)	Recordable OD frequency rate (TRCF)	Severity rate LTI lost days x 1,000/exposure hours	Hours (million)
2013	0.20	0.71	0.002	60.8
2014	0.12	0.35	0.001	48.5
2015	0.08	0.33	0.003	47.8

*LTIF = (Fatalities + Lost Time Incidents) * 1,000,000 / exposure hours.*
*TRCF = (Fatalities + Lost Time Incidents + Restricted Work Cases + Medical Treatment Cases) * 1,000,000 / exposure hours.*

9.2.3.2. Safety

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.

	Fatal accident rate (FAR)	Lost time injury frequency rate (LTIF)	Recorded accidents frequency rate (TRCF)	Severity rate	Cases of total permanent or partial disability	Hours (million)
2013	0	0.60	2.16	0.013	11	68.4
2014	1.8	0.42	1.79	0.01	00	54.8
2015	1.9*	0.29	1.38	0.003	1	52.1

**Security incident concerning an ARGAS JV subcontracted employee described below*

*LTIF = (FAT + LTI) * 1,000,000 / Exposure hours.*

*TRCF = (FAT + LTI + RWC + MTC) * 1,000,000 / Exposure hours.*

*FAR = Fatalities * 100,000,000 / Exposure hours*

The Group has also again noted a decrease in the frequency of Total Recordable Cases and again a decrease in the Lost Time Injury frequency. The frequency of HSE incidents with high potential severity (potentially fatal incidents including near-misses), which is tracked worldwide, has decreased.

In 2015, as in 2014, CGG noted improved compliance with "Rules to live by" and "Things we all must know", shown by a decrease in the frequency of breaches of these principles. This improvement was more visible in the Marine Business Line than in the Land Business Line where crews are renewed when they change locations.

CGG has maintained a high focus on its vehicle 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 still improved in 2015.

	MVC rate	Kilometres travelled (million)
2013	0.88	28.3
2014	0.60	26
2015	0.44	22.5

9.2.3.3. Security

Our security monitoring established a decrease in the threat level linked to maritime piracy in the Indian Ocean, but an increase in the jihadist threat in North Africa and the Middle East. In August 2015, one of our subcontracted employees working on an ARGAS Land acquisition project was taken by terrorists claiming to be from Daesh (Sinai branch, Egypt), who claim to have killed him. Government authorities have not yet confirmed his death.

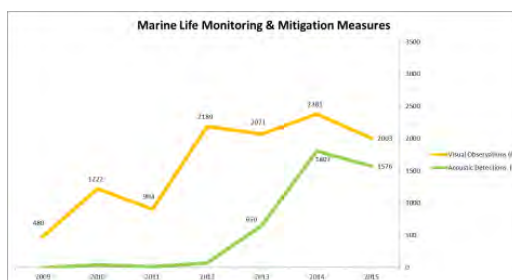
9.2.3.4. Environment

Environmental footprint

Land and Marine seismic acquisition covered more than 150,000 square kilometers in 2015, a surface equivalent to Florida. Airborne acquisition flew over an area equivalent to France. CGG suffered one significant environmental incident, namely a diesel oil spill caused by a fuel truck supplying a Land seismic camp in Saudi Arabia. In order to decontaminate the track impacted by the spill, a team collected all the contaminated soil and sent it to an approved waste treatment facility.

Sound emissions and the marine environment

Efficient monitoring is key to mitigating the risk of sound emissions impacting marine life in either physiology or behaviour. The graph below shows that Passive Acoustic Monitoring, a technology detecting and localizing marine mammals through their vocalizations, has over the last years been widely adopted as a monitoring tool.



CGG achieved significant progress in the efficiency of this monitoring technology thanks to QuietSea, the integrated Passive Acoustic Monitoring system launched by Sercel in early 2015. QuietSea has been deployed on five marine seismic surveys in the North Sea, Indian Ocean and the Atlantic. The system's robustness and its ability to locate marine mammals more accurately than conventional systems have been demonstrated. The improved marine mammal localizations around seismic sources allow for more efficient risk reduction procedures such as the soft-start or shutdown of seismic sources.

The end of 2015 also marked the completion of a two-year research project financed by CGG, whose aim was to better understand the impact of different types of sound emissions on fish development. For the first time, independent researchers exposed seabass to different types of sound emissions such as boat noise, pile driving and seismic operations over a long period and observed the resulting physiological effects on the fish. They showed that fish acquire a tolerance to prolonged sound emissions. The research results have been submitted to peer-reviewed scientific journals to ensure maximum transparency and value to the wider industry and research community (Radford et al, submitted). This project qualified a scientific methodological approach that can support R&D on marine seismic sources with the goal of minimizing their impact on the marine environment.

CGG also continues to support, through IAGC, the Exploration & Production industry's Joint Program "Sound and Marine Life" which, since 2006, has provided US\$55 million to support research. The results obtained by the various research projects are published on the site www.soundandmarinelife.org and have been recognised by several environmental authorities as a significant contribution to better risk management.

9.2.3.5. Skills and Training

CGG HSE training programs are provided on all company sites, at CGG University, and in the field. Substantial efforts were made in 2015 to develop e-learning courses supporting our HSE Operating Management System. 27 modules were developed. Topics previously available only in the form of procedures – such as preventing malaria, managing fatigue, safe business travel, environmental management, corporate social responsibility – are now covered in a more effective outreach program. The variety of formats available (educational films, e-learning courses, PowerPoint presentations) means that the way in which the training is delivered can be varied so as to optimise its assimilation. Quizzes test the acquisition of knowledge. In 2015, CGG delivered over 109,000 hours of HSE training on site to its employees and subcontractors.

9.3. EMPLOYEES

9.3.1. Employees' material matters

9.3.1.1. *Economic environment and related HR issues*

Despite difficult market conditions, respect for human rights and protection of employees remain priorities for CGG. The materiality analysis (conducted in 2012 for a period of three years) on internal (Management, employees) and external (Customers, investors, NGOs, IAGC) actors highlighted two HR themes confirming the company's position on its human resources: training and professional equality. These themes are still relevant in 2015.

9.3.1.2. *Training / HR Development*

In a globalized economy marked by the continuous creation of new trades, continuing training and professional development are emerging as true strategic challenges. This competitive lever is an essential driver of innovation and growth.

It must constantly adapt to the new needs of employees; this requires more and more personalization, immediacy and mobility.

9.3.1.3. *Professional equality*

Professional equality is also a strategic and economic issue and a performance asset for CGG. In France, legal obligations have steadily increased in recent years especially with the French Law of May 9, 2001 which introduced an obligation of negotiation in companies or branches, the French Law of March 23, 2006 on equal pay for men and women, Decree No 2008-838 of 22 August 2008 on indicators in the annual report on the comparative situation of general employment conditions and training of women and men in the company, and more recently Law No. 2014- 873 of August 4, 2014 for equality between men and women to combat inequalities in private, professional and public areas.

9.3.2. Human resources policies

9.3.2.1. *Environment*

CGG is committed to maintaining working conditions that are compliant with health, safety, and ergonomics standards to contribute to employee well-being and performance.

9.3.2.2. *Employee Assistance*

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

In France, this program co-exists with other more conventional forms of social assistance implemented under French labor regulations: social assistance, CHSCT (Health, Safety, and Working Conditions Committee) and recourse to elected representatives. In countries where legislation is less stringent, the program brings missing social assistance.

Institutional labor relations

In order to promote cooperation and information exchange, the CGG SA - CGG Services SA UES (social and economic grouping) and Sercel SA have representative bodies with which they organize a number of official meetings (Works Committee, Staff Representative Meetings, 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 UES, employee rights are guaranteed by a company labor agreement. Four ordinary and eight extraordinary CHSCT meetings were held in 2015. Twelve ordinary and seven extraordinary Works Council meetings were held in 2015. Twelve employee representative meetings were held in 2015.

Similarly, employee representatives are elected for prospectors and CGG International's expatriate employees under 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 another three years in 2013.

In Singapore, 51 employees are represented under 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 Trades Union Congress.

In Norway, offshore crews on Norwegian contracts (77 employees) are all part of a collective agreement, 31 office employees are covered by two different collective agreements.

In Switzerland, according to the law (Code of Obligations), employees' representatives are elected for a period of three years.

Compliance with international labor conventions

The Group adheres to the principles and rules of the core conventions of the International Labor Organization (ILO). See details in section 9.4.2.1 ("Social Responsibilities/Human rights") of this chapter.

Remuneration Policy

CGG guarantees the homogeneity of the remuneration system while ensuring compliance with local legal and contractual frameworks and practices. Rewarding the performance of each employee is at the heart of the implementation of mechanisms to share value created by the company.

This policy includes the following:

- Remuneration intended to boost CGG's performance, aligned with the Group's strategic objectives and likely to improve business performance.
- A remuneration policy in line with CGG's culture and values: simple and fair systems, and the wish to actively encourage personal involvement, teamwork, innovation, and commitment to health, safety, environment, and sustainable development issues.
- A competitive remuneration policy intended to attract, motivate, recruit, and retain skills needed by the Group.
- A remuneration policy consistent with market practices regarding base salary, variable share (short and long-term), and benefits.

These general principles apply in each country where CGG is represented by employees.

In 2015, a performance-related bonus was paid to all employees for 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 their achievements compared to their own production targets.

In France (CGG SA - CGG Services SA UES, and Sercel SA), the remuneration policy also includes the following specific elements:

- Mandatory Annual Negotiations: wage negotiations with social partners in 2015 did not lead to any signed agreements. The 2015 pay increase was 0.5% of the UES's total payroll and 0.3% of Sercel SA's total payroll (internal mobility and promotion support).
- Profit sharing: the agreement originally signed on June 30, 2007 and renewed on June 20, 2012 between the UES and social partners was not renewed in 2015. Sercel SA's profit-sharing agreement was renewed on June 18, 2015 resulting in a payment for 2014.
- Participation: the UES's results did not permit to release any payment. Regarding Sercel SA, existing agreements in force in 2015 continued to generate payments (for 2014).
- The supplementary savings and retirement plans (PEE and PERCO) remain in force. As of the end of December 2015, 367 employees joined the PEE and 549 joined the PERCO in CGG SA and CGG Services SA and 698 employees joined the PEE and 695 employees joined the PERCO in Sercel SA.

9.3.2.3. Training and career development training

The training policy, as a lever of individual development and vocational training of employees, is a priority of the Group which founded its own corporate university several years ago: CGG University.

The University provides training courses intended to foster the development of our employees and accelerate the integration of new employees in the Group's various activities. It offers internal programs covering our core technical activities: Seismic data acquisition, data processing and management, interpretation, geology and reservoirs, and seismic equipment. These programs are provided by CGG University or in conjunction with operational centers. It also provides technical training for our customers.

It is strategic for the company that our employees are prepared to handle business, managerial and social aspects of a technology company. This is one of the main drivers that allowed programs on commercial and interpersonal skills to be developed.

The Learning for Development concept continues to be part of the programs deployed. 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 changing internal processes. CGG University is organized to ensure that there is a close relationship between the internal training offer and operations.

9.3.2.4. Professional equality policy

Measures to promote the employment and integration of disabled employees

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

In France, the Group is subject to the law of February 11, 2005 on equal rights and opportunities as well as the participation and citizenship of people with disabilities

Agreement on gender equality

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 UES expired on December 20, 2014. New negotiations were initiated in 2014 but failed in 2015.

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

An agreement on gender equality was also negotiated for Sercel SA 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 monitoring analysis on the gender distribution in the Group's various activities and main countries of operation.

Note that the text of 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.

9.3.3. Main results relating to employees

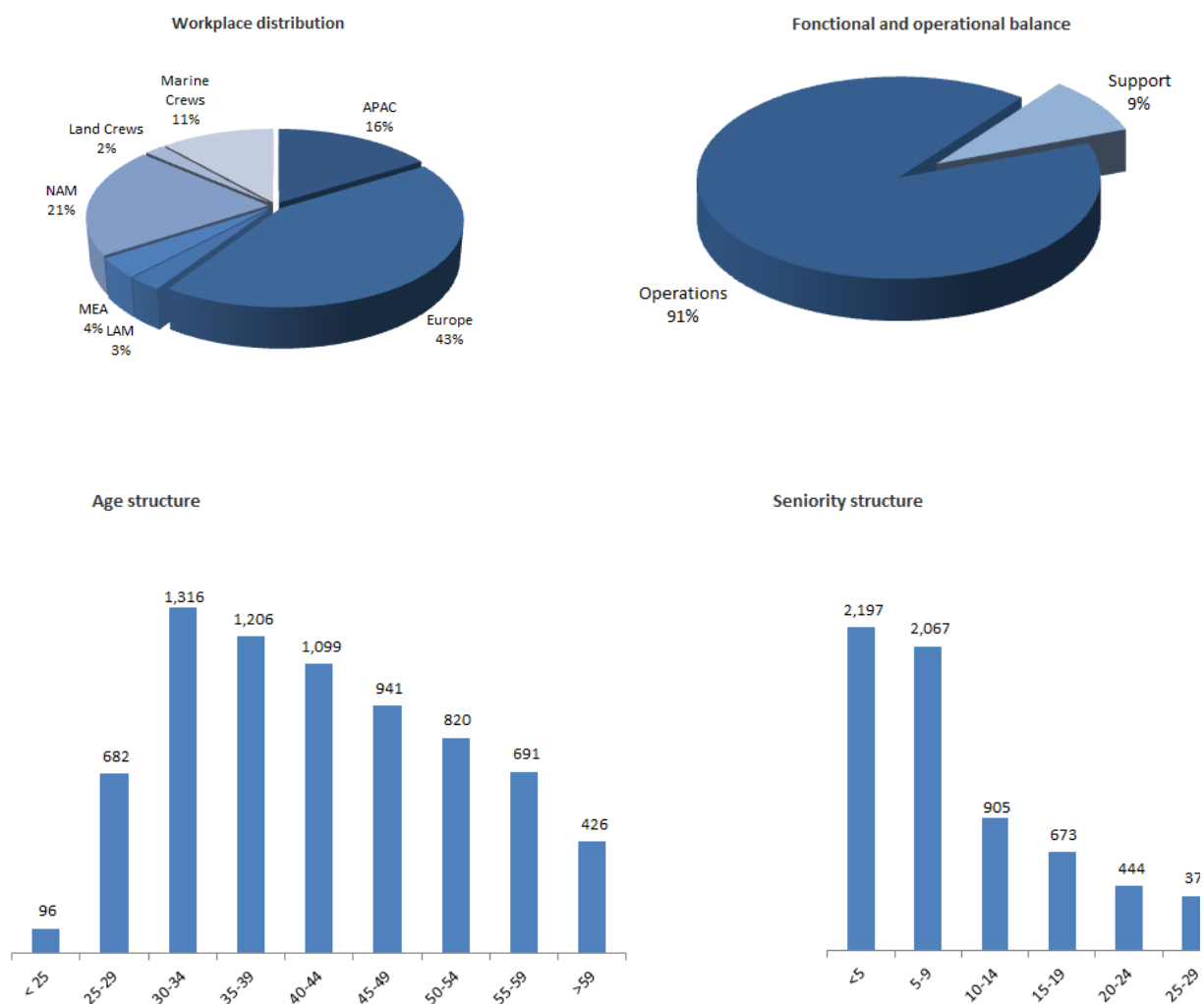
9.3.3.1. Situation and developments in 2015

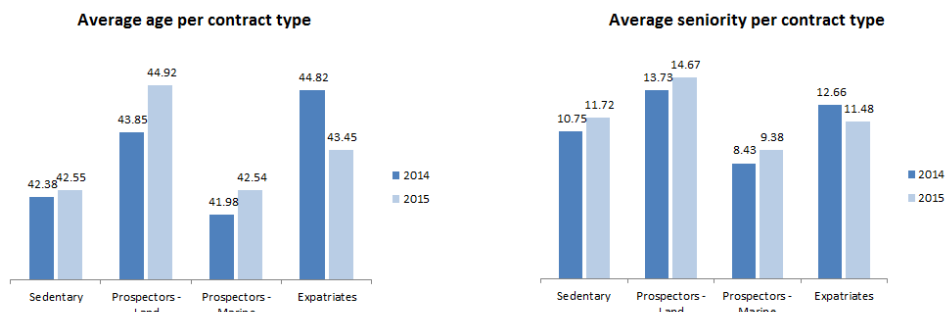
In 2014, the Group engaged in an ambitious transformation plan to adapt to very adverse market conditions and preserve the soul of the company while aiming to shift from a seismic acquisition company to an integrated geosciences group. The plan continued in 2015 with the following key events:

- Implementation of a more centralized, more effective, and more fluid governance and organizational structure
- Reduction of the Marine acquisition fleet to address supply and demand issues in the sector
- Announcement of an Employment Protection Plan in France

The figures provided below are for the CGG Group (world) (see methodology Section). On December 31, 2015, the Group employed 7,277 permanent employees against 8,540 on December 31, 2014). The following are the main indicators of the Group's human resources:

- 7,277 employees
- over 90 nationalities
- over 70 locations worldwide



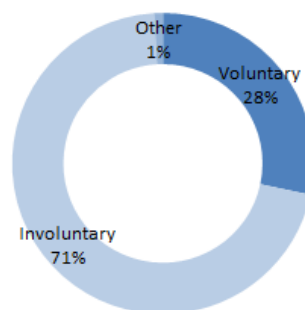


Reverse trend for Expatriates category is explained by the significant drop (38%) of number of employees in this category.

In 2015, 240 entries and 1,471 exits were recorded for the Group's permanent employees.

Entries include 212 employments and 28 re-employments.

Exits include both voluntary departures (retirement, resignations, etc.) and involuntary departures (redundancies). Departures break down as follows:



Over the whole of 2015 a balance of 32 people has been deducted for contract suspension or effective transfer to a joint venture.

The decrease in our activity resulted in us recruiting considerably fewer employees in 2015. Internal mobility was focused on via a global online tool, always in a consistent and unified framework on all Business Lines and geographic areas. CGG continues to be at the forefront of innovation and develop the experience and expertise of its teams.

The Group maintains close relations with schools and universities and continues to participate in forums and educational programs to inform schools and universities on geosciences. These programs are notably implemented by trade associations such as the SEG (Society of Exploration Geophysicists) and EAGE (European Association of Geoscientists & Engineers).

This promotion initiative is combined with 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.

9.3.3.2. Working environment

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

"Prospector" 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, CGG SA, and CGG Services SA as part of the implemented UES (Economic and Social Unit). It does not include Sercel SA which is subject to the collective bargaining agreements for the metallurgy industry.

Four types of working schedules are provided for in this collective bargaining agreement:

- two regimes are for people working in offices or workshops (time-sheets and time-by-day)
- one is for annualized prospectors (set number of days of work per year) who work in rotation
- one is for non-annualized prospectors who acquire rest days based on the number of days worked in the field.

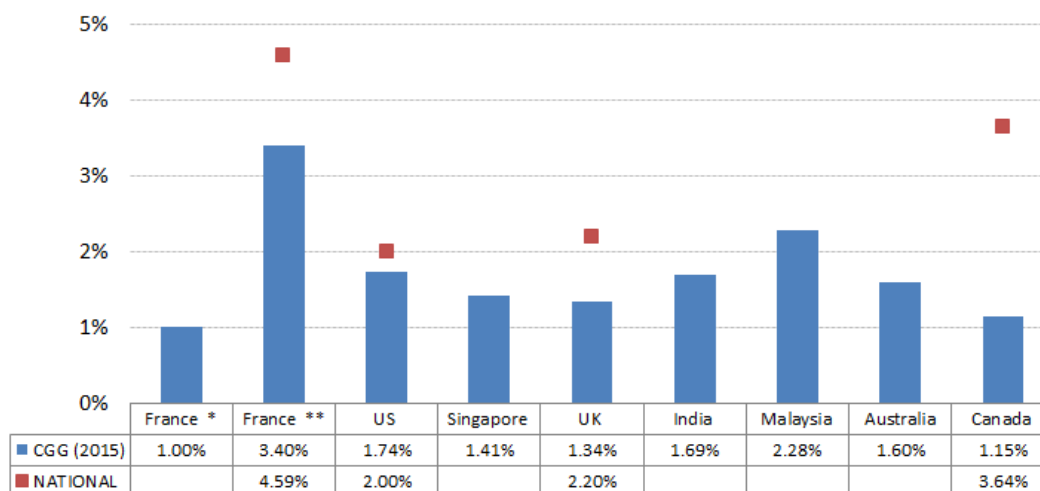
Employee working rhythm is governed by an agreement on the reduction of working hours signed on August 27, 1999 and implemented, following the principle of annualization, by the implementing agreement of February 17, 2000.

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

Absenteeism

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

In 2015, homogenized absenteeism rates (excluding Equipment and parental leave) are listed below and compared with available national statistics (year availability dependent on country, similar scope i.e. absences for illnesses and accidents only). CGG is well positioned with rates that are lower than the national averages available.



*: excluding long absences (>100 days) **: including long absences

Sources:

Canada (2015):

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2790038&pattern=&stByVal=1&p1=1&p2=31&tabMode=dataTable&csid=>

UK (2014): <https://www.eef.org.uk/resources-and-knowledge/research-and-intelligence/industry-reports/sickness-absence-survey-2015-sponsored-by-jelf>

USA (2014): <http://www.bls.gov/cps/cpsaat47.htm>

France (2014): <http://presse.almacg.com/communiqu/34695/7eme-barometre-de-l-Absenteisme-Alma-Consulting-Group-2015>

9.3.3.3. Professional training and HR development

CGG continues to implement a strategy which aims to help develop the skills of its employees and its organization. The knowledge and skills and competencies required for each job are regularly identified and assessed. Employee development through training, mentoring, and coaching and the broadening of assignments and experiences foster employee mobility and challenges. The development and a range of training courses tailored to our present and future needs, make CGG University a privileged partner.

Training

In 2015, CGG University continued to enrich its catalogue of courses in Reservoir and Geoscience. Moreover, for the effective dissemination of knowledge, 42 conferences on topics relating to geosciences and management with a total of 1,211 participants were organized worldwide.

CGG University also offers management training programs. In 2015, these programs continued to develop by building skills in line with CGG's leadership model. The offerings of personal development programs in negotiations, marketing, project management, and QHSE (quality, health, safety, and environment) policies were updated or expanded.

CGG University provided 10,968 days of training in 2015 of which 1,090 were for external customers and 9,878 for CGG Group employees. The 1,090 days of training provided to external customers concerned data acquisition and processing techniques. The 9,878 days of training provided to our employees break down as follows:

1,159 introductory days on the basics of our businesses and Geosciences, 2,156 in depth technical training days, 384 training days focused on health, safety, and the environment, 5,076 days devoted to management, leadership, and personal development programs and 1,103 training days for technical conferences.

Finally, 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 (e-learning). The attendance rate for this training was 92% of the company's total population on December 31, 2015.

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 qualification. Health, Safety, and Environment (HSE) training, such as offshore safety induction, first aid, and fire-fighting, is mandatory for our prospectors and staff visiting our seismic acquisition vessels. Finally, a third type of training is provided in situ by operations staff themselves which include, among others, the continuous training of geophysicists or HSE and professional training for employees assigned to offshore and onshore surveying missions.

To better direct training and improve the return on investment, CGG developed and has deployed the Course Tracker (CT) tool since 2013. Initiated by Subsurface Imaging division, this tool is currently being adapted and deployed Group-wide. This tool aims to group the training offer (internal and external) and serve as a single portal to record 100% of training received by employees. In 2015, use of CT by the university was 100% (Group) and Business Lines (Subsurface Imaging, GeoConsulting) continued to deploy the tool. Course Tracker has been improved to allow external training followed by the employee to be registered ('self-service' mode). This new feature is currently deployed in the USA. Course Tracker recorded 22,549 days of training in 2014 and 18,423 in 2015 (including the 10,968 days of training provided by the University).

CGG plans to continue deployment in the coming years to cover all training. Deployment in the USA is expected to be completed and deployment in France to begin in 2016. 2016 will also be the year where the CGG University Course Tracker data's reliability will be improved to only retain Course Tracker as a reporting tool.

Training data for 2015 is as follows:

CGG University tool (Lotus Domino)	10,968 days
Course Tracker tool	18,423 days (including the 10,968)
OLM tool (for Marine Prospector training)	1,568 days
CGG University e-learning tool	92% of employees

HR Development

The Group continued to use its Human Resources development tools in 2015 to encourage discussion on personal and career development for employees. The main aspects and tools are: annual performance interview, personal development plan, annual review, and succession plan.

The annual review process for employees 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 employees to help them acquire or develop skills.

International mobility is an integral part of the Group's business. In 2015, in parallel with the Group's restructuring effort, we continued to implement the expatriation policy (revised in 2014) and encouraged mobility, in particular, through the inclusion and development of local talent.

9.3.3.4. Professional equality

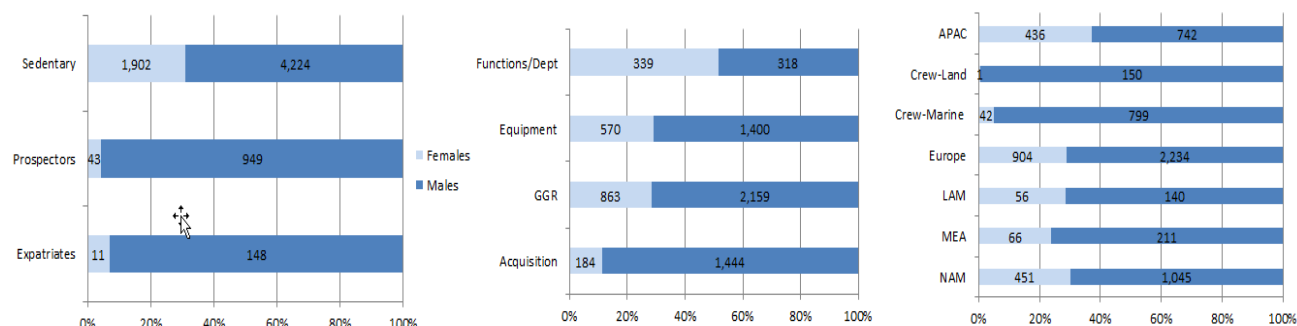
The percentage of women in the Group is stable at 26.9%.

In France, the wage gap between men and women decreased from 1.30% (2014) to 0.89% (excluding Equipment and prospectors).

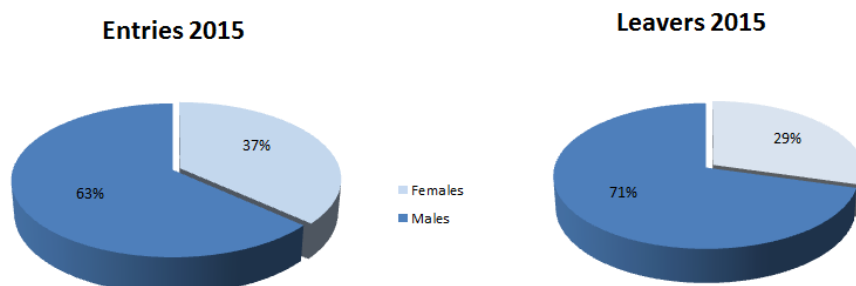
In 2015, CGG moved up to 15th (21st in 2013 and 17th in 2014) in the ranking of the 'feminization' of the SBF 120's governing bodies published by the Ministry of Women's Rights.

Out of the Group's 7,277 permanent employees the gender distribution is as follows:

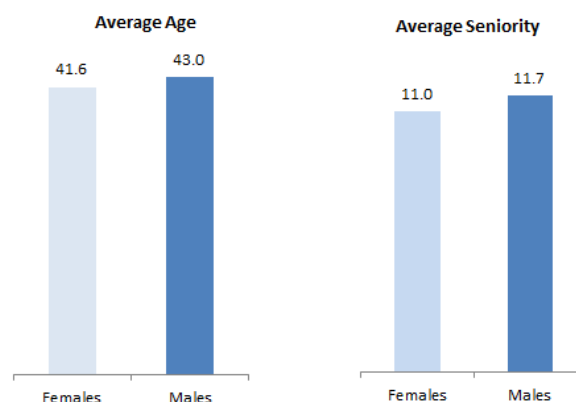
Gender distribution per contract type, divisions and assignment location



Gender distribution of entries and leavers



Gender distribution per average age and average seniority



9.4. SOCIAL RESPONSIBILITY

9.4.1. Main social responsibility focus areas

In the area of social responsibility, CGG focuses its efforts on the fight against corruption (described in section 9.1.2.2. of this chapter), respect for human rights, its relationships with local communities, as well as their development.

9.4.2. Policies applied to social responsibility

In the HSE-OMS introduced early 2015, social responsibility is a distinct domain covering all Group activities that could have an impact on the social environment of our operations.

9.4.2.1. *Human rights*

The Group's Sustainable Development Policy stipulates that CGG, as a member of the UN Global Compact, acknowledges and promotes the ten principles derived from the Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, the United Nations Convention against Corruption and the United Nations Declaration on the Rights of Indigenous People.

In addition, CGG Human Resources policy prohibiting child labour clearly states that the minimum age to work for CGG or for one of its service providers is 16. Young workers aged 16–18 are extremely rare at CGG and are subject to additional supervision and precautionary measures aimed at protecting their health, safety and integrity.

Training courses in the HSE-OMS system for the HSE community and managers all include a component related to these issues. This also applies to HSE-OMS audits, verifying that the principles adhered to by the Group are put into practice.

As a last resort, the whistleblowing procedure is available to any employee who wants to report a human or labour rights issue to the Ethics Committee. This mechanism is described in section 9.1.2.1 "Promoting an ethical culture and conduct" of this chapter.

9.4.2.2. Managing relations with local communities

Developing and maintaining harmonious relations with local communities is paramount to the success of the Group operations, especially for obtaining access to land in order to image their subsurface. CGG undertakes to respect and discuss with the local communities living close to its seismic acquisition projects.

On seismic acquisition projects relations with local communities are generally managed by the clients, who are likely to operate in the survey area for much longer than CGG. As a responsible partner, CGG nevertheless cooperates with the procedures implemented by its clients.

On all its multi-client seismic acquisition projects, CGG assumes sole responsibility for relations with local communities. Projects where there are frequent interactions with local communities are thus closely managed, and CGG applies its expertise acquired over many years through its permitting teams.

To safely complete acquisition projects, line management and the dedicated permitting teams identify the associated stakeholders and initiate a dialogue as early as possible in the project. They define the most responsible way of accessing their operating grounds to coexist with their activities, whether on land or at sea. The evaluation of the risks and opportunities related to our community relations is part of each Project Risk Assessment (PRA).

CGG continues to promote documentation developed to support seismic acquisition activities in managing community relations and highlight the best practices field-proven by the permitting teams. The "Community Relations Management Plan" (CRMP) and its four associated guides (Management of fishing activities, Management of permitting and access to land, Managing local temporary staff during onshore surveys, and Implementation of a Sustainable Development project) enable closer management in areas where CGG's seismic acquisition surveys could significantly impact life and activities of a community. This is, for example, the case for marine surveys in heavy fishing grounds or land surveys in urban or cultivated areas.

9.4.2.3. Local content

CGG's presence in 43 countries opens up tremendous opportunities for it to make a positive contribution in a number of areas to the social and economic environment of the communities hosting its operations.

Employment

Seismic acquisition, whether on land or at sea, is nomadic and temporary by nature. Consequently, CGG's ability to recruit and obtain supplies locally is a crucial factor for success. Our land survey projects therefore try as far as possible to continuously employ local staff during several successive surveys. The guide 'Managing local temporary staff during onshore surveys', associated with the CRMP described above, provides assistance for operations management on this critical issue.

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 (see the "Responsible Procurement" section below).

Partnerships with Universities and donations of software for educational purposes

In order to be able to recruit a qualified workforce from close to our centres, efforts have been implemented for several years through training programs and partnerships with local universities. Consequently, CGG has signed a number of cooperation agreements worldwide providing for the donation of Hampson-Russell reservoir characterisation software or *geovation* seismic data processing software licences.

9.4.2.4. Responsible Procurement

Procurement of goods and services is significant at CGG, representing 64% of the turnover in value. CGG is committed to managing suppliers and subcontractors to ensure their respect of HSE, human rights and anti-corruption policies, norms and standards. The Purchasing department has therefore developed methods and tools, among which the Supplier Code of Conduct, which describes the minimum social and environmental standards expected from our suppliers, in particular with regard to compliance with international conventions on labour rights and human rights. Acquisition projects make regular use of service subcontracting. The framework agreements that have been developed for these service provisions precise CGG expectations regarding respect for human rights. Respect of these rights is subsequently verified during audits of CGG's operational management system for health, safety and the environment (HSE-OMS).

The procurement procedure specifies the responsibilities and code of conduct that each employee interacting with a service provider is required to comply with. Other procedures specify the suppliers' management of HSE aspects and the way in which they are assessed.

9.4.3. Main results achieved for Corporate Social Responsibility

9.4.3.1. Human rights

Since 2013 CGG has been a "GC Advanced" member of the Global Compact, underlining its advanced level of implementation and higher degree of engagement concerning the issues of human rights and labour rights.

The 40 audits carried out in 2015 all verified the application of the fundamental rights at work, such as eliminating forced labour and child labour, non-discrimination and respect for freedom of association. Audit observations concerning respect for human rights are reported to management and are included in the project assessments.

9.4.3.2. *Managing relations with local communities*

In 2015, CGG was responsible for managing relations with local communities on marine surveys in Australia, Brazil, Colombia, Gabon, India, Malaysia, Norway, U.K. and Vietnam as well as in Algeria, Egypt, Saudi Arabia and Thailand land seismic acquisition projects. No significant detrimental consequences to the communities have been noted or reported. Good practices aimed at developing the community health or capacities have been identified. In Algeria, ten medical beds, two air conditioners, one resuscitation pack, twenty glucometers, twenty blood pressure monitors and other basic equipment have been offered to the nearest hospital to the land seismic camp. On the coast of the State of Barreirinhas, Brazil, 78 artisanal fishing vessels were equipped with deflectors. Local small-scale fishermen were offered training, during which they were taught about their use, which allow their boats to be detected by vessels operating in their fishing zone. With regard to the contribution to the community health, the most widespread best practice on the permanent sites consists in organizing blood donation drives. The Calgary, Houston, Massy, Mumbai, Perth and Rio de Janeiro sites have organized drives for several years.

CGG has also continued the community relations program initiated in 2012 in Brazil (Pernambuco) aimed at developing the abilities of several fishing communities. Operations already made possible by this plan include training the fishermen in the techniques of sustainable fishing and first aid, renovating the premises of several fishermen's organisations, re-establishing a fish market, and building a fish processing centre.

9.4.3.3. *Local content*

Employment

Maintaining long-term relationships with national partners is key to CGG's strategy. The ARGAS Joint Venture established with Taqa in Saudi Arabia has been in operation for 49 years. The PTSC Joint Venture in Vietnam was formed more recently, 4 years ago.

Our permanent sites principally employ national employees. Thus, among all CGG staff (prospectors excepted), 78% of employees are working in a country from which they are nationals. Additionally, among CGG Services centres exceeding 50 employees, 70% of managers are nationals of the country where they work.

Regarding short-term employment for Land Acquisition, locally hired staff and continuation of employment over several successive surveys is favoured whenever possible. In 2015, CGG carried out land acquisition operations, either directly or through its participation in the ARGAS joint venture, in seven non-OECD countries (Algeria, Angola, Egypt, Oman, Saudi Arabia, Thailand and United Arab Emirates), for a total of 1.44 million work days by employees who are nationals from those same countries.

Partnerships with Universities and donations of software for educational purposes

With donations or licence renewals by CGG GeoSoftware in 2015 of US\$450 million (estimated market value), the CGG GeoSoftware partnership university program encourages innovative educational approaches in geosciences. It therefore means that students can train on state of the art industry leading software systems and develop new techniques for characterising reservoirs, and allows them to practice on actual data examples. This program is international in scope: in 2015, CGG GeoSoftware was a partner with 116 universities throughout the world, including 32% located in countries considered to be emerging or developing (non-OECD countries). In most of these countries, software donations are very often accompanied by logistical assistance, donations of computer equipment and also, when this is possible, tutoring by CGG employees.

CGG Subsurface Imaging also maintains a partnership program with universities and scientific research institutes. To date, *geovation* licences have been granted to a total of 11 universities and research laboratories (including 4 located in non-OECD countries). The total market value of these licences is estimated at US\$5 million. For its most recent donation CGG has teamed up with the University of the Witwatersrand in South Africa, granting the Geoscience Department a multi-user *geovation* licence free of charge. This donation, accompanied by a donation of computer equipment and a 2-week on-site training course for 3 persons, including the head of the research department, has already produced results. It has allowed the first seismic research centre to be opened at the University, attracting a number of PhD students in seismic reflection. These students processed and interpreted existing seismic data, thereby contributing to improving knowledge and to the development of several South African energy basins.

Local procurement for Land surveys

To properly conduct Land operations in 2015, over US\$13 million benefited the local economy in non OECD countries. The main expenditure categories were personnel, overhead (camp, catering, telecom, travel, etc.) and equipment, respectively representing 33%, 23% and 15% of the expenditure.

9.4.3.4. *Responsible Procurement*

Although the volume of purchases by the Group is very large, exposure to environmental and social responsibility risks in its procurement chain is very limited. The Group purchased in 2015 78% of its products and services from suppliers in countries considered to have a low risk of corruption by Transparency International (corruption perception index higher than or equal to 60). Most of these countries are OECD countries which have issued environmental regulation and signed International Labour Organisation ("ILO") fundamental labour conventions.

A performance assessment program is implemented to monitor suppliers considered as critical to Marine operations. The first set of criteria being monitored pertains to health, safety and environmental matters. In 2015, 63 supplier performance assessments were realized.

9.5. SUSTAINABLE DEVELOPMENT INDICATORS

Employees

	2011	2012	2013	2014	2015	2015 external verification
Different nationalities	101	104	108	102	94	
Permanent employees (Total)	7,198	7,560	9,688	8,540	7,277	✓
Permanent employees (Female %)	25%	26%	26%	26.9%	26.9%	✓
Europe	2,787	2,581	3,601	3,458	3,138	✓
Female	25%	28%	29.3%	28.9%	28.8%	
Africa & Middle East	411	331	408	338	277	✓
Female	18%	20%	19.9%	20.7%	23.8%	✓
Asia-Pacific	1,070	1,108	1,370	1,258	1,178	
Female	38%	38%	36.1%	36.6%	37.0%	
North America	1,710	1,782	2,294	1,925	1,496	✓
Female	29%	33%	31.3%	31.7%	30.1%	
Latin America	281	258	398	336	196	✓
Female	28%	31%	29.6%	26.8%	28.6%	✓
Marine seismic crews	939	970	1,242	1,046	841	✓
Female	7%	7%	6%	6.1%	5%	✓
Land seismic crews	Distributed	530	375	179	151	
Female	per assignment location	2%	0.8%	1.1%	0.7%	
Employee hires & transfers	773	1,238	3,411	587	240	✓
Female (%)	28%	28%	26.9%	31.2%	36.7%	
Total Employee turnover rate	11.2%	10%	12.4%	17.83%	17.22%	✓
Including voluntary employee turnover	n.c.	n.c.	n.c.	6.5%	4.88%	
Employees covered by a collective bargaining agreement (France, Norway, Singapore)	1,940 (reported)	2,067 (reported)	2,242	2,120	1,901	✓
Training delivered by CGG University (hours)	111,440	139,160	115,255	120,656	87,744	✓

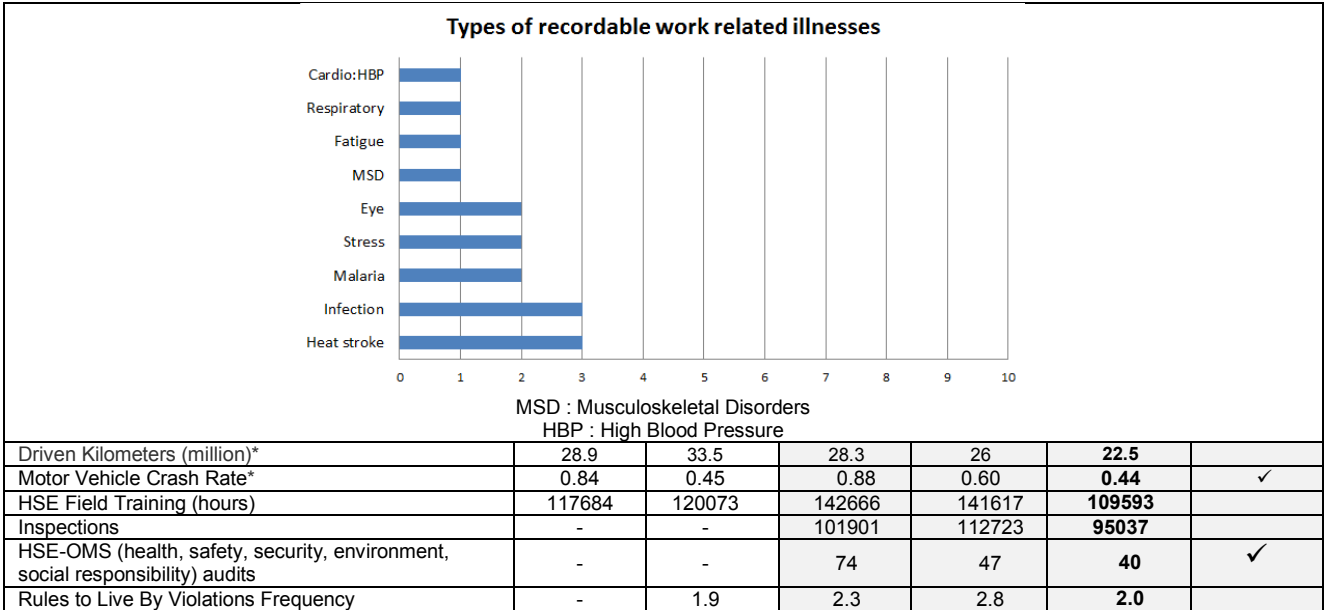
Ethics¹

	2015
Cases reported to the Ethics Committee (#)	15
<i>Personnel cases (#)</i>	3
<i>Discrimination and harassment cases (#)</i>	7
<i>Conflict of interest cases (#)</i>	4
<i>Compliance cases (#)</i>	1
<i>Human rights violations cases (#)</i>	0

Health & Safety

	2011	2012	2013	2014	2015	2015 external verification														
Exposure hours (million)	79.9	72.1	68.4	54.8	52.1	✓														
<div><table><thead><tr><th>Location</th><th>Percentage</th></tr></thead><tbody><tr><td>Land</td><td>56%</td></tr><tr><td>Marine</td><td>20%</td></tr><tr><td>GGR</td><td>11%</td></tr><tr><td>Equipment</td><td>8%</td></tr><tr><td>Support</td><td>4%</td></tr><tr><td>Multiphysics</td><td>1%</td></tr></tbody></table></div>							Location	Percentage	Land	56%	Marine	20%	GGR	11%	Equipment	8%	Support	4%	Multiphysics	1%
Location	Percentage																			
Land	56%																			
Marine	20%																			
GGR	11%																			
Equipment	8%																			
Support	4%																			
Multiphysics	1%																			
Fatalities	0	2	0	1	1	✓														
Fatality Rate	0	2.8	0	1.8	1.9	✓														
Partial or Permanent Disability Cases	1	0	1	0	1	✓														
Lost Time Incident Frequency	0.44	0.46	0.60	0.42	0.29	✓														
Total Recordable Cases Frequency	3.18	2.76	2.16	1.79	1.38	✓														
Severity Rate	0.010	0.011	0.013	0.01	0.01	✓														
Recordable occupational diseases with days lost frequency rate *	Not assessed	0.13	0.20	0.12	0.08	✓														
Recordable occupational diseases frequency rate *	Not assessed	1.00	0.71	0.35	0.33	✓														
Recordable occupational diseases severity rate *	Not assessed	0.005	0.002	0.001	0.003	✓														

¹ This information is not subject to third-party verification.



Health & Safety note:

- Frequency rates are computed on a million worked hours basis. The fatality rate is computed on a 100 million worked hours basis. Severity rates are computed on a 1000 worked hours basis.
- Indicators with an * do not include the Equipment Business Line (4.3 million worked hours in 2015)

Environment

	2011	2012	2013	2014	2015	
Territorial footprint of acquisition activities (Total covered surface in sq. km)					707,814	✓
Multiphysics coverage (sq. km)					552,000	
Marine coverage (sq. km)					135,243	
Land coverage (sq. km)					20,571	
Significant hydrocarbon spills (# of spills > 0.2 m³)	2	1	1	0	2	✓
Residual hydrocarbon spillage after clean-up (m³)	0,8	0,2	0,2	0	0,4	✓
<u>Energy consumption (Total in GWh)</u>					2,552	✓
Fuel oil (GWh)					2,360	
Natural gas (GWh)					41	
Electricity (GWh)					151	
Despite the reduction of marine seismic acquisition activities, the fuel consumed by the seismic fleet still accounts for 89% of the Group energy consumption. Vessels' energy efficiency is a key element in the relation between CGG and its ship managers. Ship managers formalize their commitments in their <i>Ship Energy Efficiency Management Plans</i> . CGG has been developing the <i>Ecomax</i> program in order to maximize opportunities to gain in efficiency. In 2015, Ecomax registered 1456 m³ of saved marine diesel oil, representing 3,9 tonnes CO₂ eq. not emitted in the atmosphere. Financially, this represents a saving of about a million dollars. Operationally, this fuel allows a seismic vessel to transit 2.5 times from Europe to the Americas.						
<u>Energy efficiency – Marine acquisition</u>						✓
Marine Fuel Efficiency Index (CMP-kms/m³ of fuel)	45	44	51	54	55	
Marine acquisition has constantly improved productivity while reducing its energy footprint, acquiring more data per unit of fuel consumed.						
<u>Energy efficiency – GGR</u>						✓
Power Usage Effectiveness (PUE)²	-	1.44	1.41	1.40	1.36	
Subsurface Imaging needs a high computing capacity. The energy efficiency of our data centers continues to improve, thanks among others to the expansion of the oil immersion cooling system in the Houston center. CGG's oil immersion cooled data center is the largest installation of this type in the world.						
<u>Greenhouse Gases (Total of Scope 1&2 emissions in kTonnes of CO₂ eq.)³</u>						✓
Direct emissions (Scope 1)	945	890	995	747	649	
Indirect emissions (Scope 2)					558	
					91	
CGG reduced its carbon footprint by 35% between 2013 and 2015. This is mainly due to the changed company profile. GGR emits far less greenhouse gases than acquisition activities.						
Significant fines for non-compliance in environmental matters (#)	0	0	0	0	0	✓
Grievances about <i>environmental</i> impacts filed, addressed, & resolved through formal mechanisms (#)	0	0	0	0	0	✓
Marine Mammal Observations (Total in #)	904	2,189	2,071	4,189	3,562	✓
Visual observations (#)					1,995	
Acoustic detections (#)					1,567	
Operational downtime linked to Marine Life Mitigations (hours)	53	92	133	254	204	✓

² 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. The presented data takes the three largest data centers into account, which account for 85% of the Group computing capacity.

³ The conversion of energy raw data into emissions was done according to the *Greenhouse Gas Protocol* developed by the World Resources Institute (WRI), 2015 edition

Social Responsibility


	2011	2012	2013	2014	2015	2015 external verification
Local content						
Employees working in a country from which they are nationals ⁴	Not assessed	Not assessed	Not assessed	Not assessed	78%	✓
Managers working in a country from which they are nationals ⁵	Not assessed	Not assessed	Not assessed	Not assessed	70%	✓
Partnerships with Universities and donations of software for educational purposes						
Number of Universities enjoying CGG GeoSoftware partnership and software donation program <i>Including Universities located in countries considered to be emerging or developing (non-OECD countries)</i>	Not assessed	Not assessed	Not assessed	50 30	116 37	✓
Responsible procurement						
Purchases of goods and services (billion USD) <i>Share realized with suppliers based in countries with a corruption perception index ≥ 60, considered by Transparency International as low corruption risk</i>	Not assessed	Not assessed	1.68 57% ⁶	1.88 79%	1.34 78%	✓
Local procurement on Land surveys During Land acquisition surveys, CGG contributes to the development of the acquisition region by sourcing locally.						
Supplies purchased from local suppliers in non OECD countries surveys (kUSD) under operational control of CGG ⁷	Not assessed	Not assessed	82,000	35,000	13,500	✓
Sponsorship of Sustainable Development Initiatives CGG supports community initiatives building capacity in education and training (including earth sciences), community service, environmental protection and health and safety.						
Total initiatives spend (kUSD)	477	757	760	961	405	✓
Initiatives (#)	Not assessed	Not assessed	Not assessed	101	58	✓
Initiatives with direct employee engagement (% of total spend)	29%	50%	76%	78%	80%	✓
Initiatives supported for at least 2 years (expressed in % of total spend)	Not assessed	Not assessed	69%	79%	83%	✓
Regional spread (%) - Europe - North America - Africa and Middle East - Latin America - Asia-Pacific - Worldwide initiatives	17% 35% 11% 9% 15% 13%	31% 29% 12% 7% 4% 17%	37% 32% 1% 7% 14% 10%	40% 25% 12% 8% 4% 7%	55% 6% 17% 4% 10% 8%	✓

⁴ Scope: CGG Group staff, marine and land prospectors excepted

⁵ Scope: CGG Group staff, Equipment staff excepted, sites exceeding 50 employees. Manager is understood as an employee having one or more reports

⁶ This figure of 57% should be considered as a minimum since purchases related to the Fugro Geoscience Division entities which joined CGG in 2013 were not able to be integrated in the 2013 purchase accounts.

⁷ CGG being now minority shareholder in ARGAS JV, purchases from the JV are not consolidated any more under the Group spend since mid-2014.

ESG Indices (Environment, Social and Governance) CGG anti-corruption, health, safety, security, environment and social responsibility best practices allow the Group to be listed in several ESG Indices. These indices select and rate companies according to specific methodologies, giving an idea of their sustainable development performance.	
ESG Indices listing CGG as of on December 31, 2015	<div>   </div> <p> Dow Jones Sustainability World Dow Jones Sustainability Europe Ethibel PIONEER and Ethibel EXCELLENCE Investment Registers </p>

9.6. REPORTING SCOPE AND METHOD

9.6.1. Selection and pertinence of indicators

Published data is intended to inform stakeholders of CGG's Sustainable Development results for the current year. It is in line with IOGP and Global Reporting Initiative (GRI) recommendations on information transparency regarding social responsibility and the environment. The information retained followed a materiality analysis process involving the consultation of internal and external stakeholders.

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 a 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 industry clients and is not in contact with consumers. The Equipment Division, which sells industrial seismic products, 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**

The consumption of raw materials within CGG is limited to the Equipment Business Line. The ecodesign approach to equipment manufacturing aims to minimize the use of raw materials. The reduced product weight is generally indicated on the product factsheet to inform the customer. In addition, a due diligence has been conducted to determine whether the minerals used in our manufacturing stem from the Democratic Republic of Congo and its neighboring countries.

- **Water use and supply according to local constraints**

CGG does not use much water (volume estimated at 347,000 m³ in 2015). Land acquisition projects in desert or water-stressed areas are also consuming a very limited amount of water (average of 160 Liters per employee per day on our 2015 Algerian operations). Environmental risk assessment and management plans established prior the start of Land acquisition projects integrate the protection of local water resources.

- **Prevention, recycling and waste disposal measures**

The PRISM and Sercel databases provide detailed information on the categories and quantities of generated waste. Waste, including hazardous waste, is however not material enough at Group level to require detailed reporting. About 12,000 tons of waste were generated in 2015; 75% of this waste was non-hazardous. Permanent sites, vessels and Land acquisition projects have developed waste management systems that all include the same principles: avoid, reduce, reuse, and treat/recycle.

- **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 minimizing the environmental footprint of its activities so as to not impact habitats and their related biodiversity.

- ***Soil use***

Most of CGG permanent sites are located in highly urban areas and have not caused any cropland loss. Land seismic acquisition projects that require to access crops or cultivable land are tightly managed by a permitting team in order to prevent or reduce potential damage. Compensation systems are agreed upon whenever necessary.

- ***Amount of provisions and guarantees for environmental risks***

CGG has not established any provision 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 refueled 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.

9.6.2. Methodology

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

Social reporting consolidation rules and adjustments are defined by a protocol to ensure comparability and traceability of the information provided.

9.6.3. Reporting scope

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

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

- ARGAS in the Middle East,
- Amadeus and Binh Minh, the ships operated by CGG through the PTSC CGGV Geophysical Survey Company Limited Joint Venture in Vietnam,

Unless otherwise specified, all statistics provided in this report include this scope which accounted for 52 million hours worked in 2015.

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.

9.6.4. Consolidation and internal controls

HSE data is reviewed on a weekly basis by HSE support functions. The data is then consolidated every month at Business Line and Group level. Data pertaining to certain specific indicators are calculated directly by the businesses. These processes undergo regular internal audits.

Social data is stored in the Human Resources information system by local Human Resources administrative entities, or through a special structure set up for this purpose (Employee Service Center for North America). This data is checked at three levels:

- A level of SOX compliance, via annual audits and setting up of control points for individual data such as; gender, birth dates, seniority, wages, promotions, tax situations, type of contract, etc.;
- A level of compliance via the pay slip or monthly time sheet, when the base is coupled to an HRMS payroll engine,
- A level of compliance regarding organizational reporting lines, belonging to a given business family, a Division, a Function, a Business Line etc. is done by checking made by operational and functional HR managers at the time of the monthly or quarterly reporting.

10. INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION⁸

CGG

Year ended the 31st December 2015

Independent verifier's report on consolidated social, environmental and societal information presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC⁹, 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 31 12 2015, 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 « 2.6 Methodological note » 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 according with the Criteria;

Our verification work was undertaken by a team of four people between July 2015 and the date of signature of our report 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 13 May 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 3000¹⁰.

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 (section 2.6) in chapter 2 of the Reference document.

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

⁸ 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 2015 is included here for information purpose.

⁹ Scope available at www.cofrac.fr

¹⁰ 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 fifteen 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 important¹¹:

- 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;
- At the level of the representative selection of sites that we selected¹², 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 for example 19% of total headcount, 7% of Lost Time Accidents, 6% 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.

Paris-La Défense, the 14th April 2016.

French original signed by:

Christophe Schmeitzky
Partner, Sustainable Development

Independent Verifier
ERNST & YOUNG et Associés

Bruno Perrin
Partner

¹¹ Environmental, social and societal information:

- *Indicators (quantitative information)* : information and indicators marked with a « tick » in the text of Chapter 2 « Environment, Sustainable Development and Employees », including: number of permanent employees, number of entries and exits 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.
- *Quantitative information*: employment (permanent employees and distribution, hires and layoffs, compensation and its evolution), work time organization, absenteeism, institutional labor relations (organization of social dialogue, overview of collective agreements), relationships with stakeholders, health and safety work conditions, work accidents, including their frequency and severity, occupational illnesses, training policy, diversity and equality policy (agreement on gender equality, measures to promote the employment and integration of disabled employees, rejection of all forms of discrimination), actions taken to prevent corruption, promotion and respect of the ILO core conventions (freedom of association, elimination of discriminations, of child and forced labor).

¹² The site of Crawley and Redhill in the United Kingdom, of Sercel Saint-Gaudens in France, and the GEO Caribbean ship in dock in Dunkerque (France).

11. 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.

11.1 STOCK-OPTIONS PLANS

The table below summarizes the evolution, during fiscal year 2015, 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, May 3, 2013, and May 29, 2015 respectively.

As of December 31, 2015:

	2008 Plan	2009 Plan	2010 Plans			2011 plan	2012 plan	2013 plan	2014 plan	2015 plan	Total
Date of the Board of Directors' meeting	03/14/2008	03/16/2009	40,330	03/22/2010	10/21/2010	03/24/2011	06/26/2012	06/24/2013	06/26/2014	06/25/2015	
Number of beneficiaries	130	149	1	339	3	366	413	672	752	749	
Total number of shares that can be subscribed,	1 188 500 ⁽¹⁾	1,327,000	220,000	1,548,150	120,000	1,164,363	1,410,625	1,642,574	1,655,843	1,769,890	12,046,945
Out of which the number can be exercised by:											
Executive Officers :											
Robert Brunck (*)	200,000	200,000	0	200,000	0	66,667	N/A	N/A	N/A	N/A	666,667
Remi Dorval	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jean-Georges Malcor	—	—	220,000	162,500	0	133,333	200 000 (***)	200 000 (****)	200,000	220,600	1,336,433
Stéphane-Paul Frydman	40,000	40,000	—	60,000	—	45,000	100 000 (***)	100 000 (****)	100,000	111,000	596,000
Pascal Rouiller	40,000	40,000	—	60,000	—	45,000	100 000 (***)	100 000 (****)	100,000	111,000	596,000
Sophie Zurquiyah (**)	—	—	—	—	—	—	—	120,000	60,000	79,500	259,500
Start date of options exercise	03/15/2009	03/17/2010	40,360	03/23/2011	10/22/2011	03/25/2012	06/27/2014	06/25/2015	06/27/2016	06/26/2017	
Expiration date	03/14/2016	03/16/2017	43,252	03/22/2018	10/21/2018	03/24/2019	06/26/2020	06/24/2021	06/26/2022	06/25/2023	
Subscription price (in €) ^{(1)(2) (4)}	30.95	8.38	13.98	18.47	16.05	24.21	17.84	18.47	10.29	6.01	
Exercise rules (when the plan provides for several batches of options) ⁽⁵⁾	- Options accrue rights by third every year during the first three years;	- Options accrue rights by third every year during the first three years;	- Options accrue rights by half immediately and by fourth every year during the two following years;	- Options accrue rights by third every year during the first three years;	- Options accrue rights by third every year during the first three years;	- Options accrue rights by third every year during the first three years;	- 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)	- 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)	
	- prohibition to sell or transfer his shares before March 15, 2012 for French tax residents.	- prohibition to sell or transfer his shares before March 17, 2013 for French tax residents.	- prohibition to sell or transfer his shares before January 7, 2014.	- prohibition to sell or transfer his shares before March 23, 2014 for French tax residents.	- prohibition to sell or transfer his shares before October 21, 2014 for French tax residents.	- prohibition to sell or transfer his shares before March 24, 2011 for French tax residents.	- prohibition to sell or transfer his shares before June 26, 2016 for French tax residents.				
Number of shares subscribed as at March 31, 2015 ⁽³⁾	0	452,950	0	38,382	0	0	0	0	0	0	491,332
Cumulated number of stock-options which were cancelled or lapsed ⁽³⁾	146,264	89,675	0	124,093	42,097	143,677	594,373	389,190	158,065	92,095	1,779,529
Remaining stock-options as at December 31, 2015 ⁽⁴⁾	1,098,122	828,039	231,538	1,404,079	84,194	1,078,232	889,876	1,253,384	1,497,778	1,677,795	10,043,037
Out of which the remaining number is held by:											
Executive officers											
Robert Brunck (*)	210,489	189,429	—	210,493	—	70,165	N/A	N/A	N/A	N/A	680,576
Remi Dorval	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jean-Georges Malcor	—	—	231,538	171,026	—	140,329	92,087	125,000	200,000	220,600	1,180,580
Stéphane-Paul Frydman	42,098	37,072	—	63,149	—	47,361	46,044	62,500	100,000	111,000	509,224
Pascal Rouiller	42,098	0	—	63,149	—	47,361	46,044	62,500	100,000	111,000	472,152
Sophie Zurquiyah (**)	—	—	—	—	—	—	—	75,000	60,000	79,500	214,500

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

⁽²⁾ 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.

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

⁽⁴⁾ Considering the adjustments done further to the capital increase of October 23, 2012 for all plans except the 2013, 2014 and 2015 plans.

⁽⁵⁾ 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.

(**) Ms. Zurquiyah has been appointed corporate officer of CGG SA with effective date September 1, 2015.

(***) For the senior executive officers and members of the Corporate Committee, this plan is subject to performance conditions which have not been met neither in 2014 for the first batch (corresponding to 50% of the allocation) nor in 2015 for the second batch (corresponding to 25% of the allocation).

(****) For the senior executive officers and members of the Corporate Committee, this plan is subject to performance conditions which have not been met in 2015 for the first batch (corresponding to 50% of the allocation).

As of March 31, 2016:

	2009 Plan	2010 Plans			2011 plan	2012 plan	2013 plan	2014 plan	2015 plan	Total
Date of the Board of Directors' meeting	03/16/2009	40,330	03/22/2010	10/21/2010	03/24/2011	06/26/2012	06/24/2013	06/26/2014	06/25/2015	
Number of beneficiaries	149	1	339	3	366	413	672	752	749	
Total number of shares that can be subscribed,	1,327,000	220,000	1,548,150	120,000	1,164,363	1,410,625	1,642,574	1,655,843	1,769,890	12,046,945
Out of which the number can be exercised by:										
Executive Officers :										
Robert Brunck (*)	200,000	0	200,000	0	66,667	N/A	N/A	N/A	N/A	466,667
Remi Dorval	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jean-Georges Malcor	—	220,000	162,500	0	133,333	200 000 (***)	200 000 (****)	200,000	220,600	1,336,433
Stéphane-Paul Frydman	40,000	—	60,000	—	45,000	100 000 (***)	100 000 (****)	100,000	111,000	596,000
Pascal Rouiller	40,000	—	60,000	—	45,000	100 000 (***)	100 000 (****)	100,000	111,000	596,000
Sophie Zurquiyah (**)	—	—	—	—	—	—	120,000	60,000	79,500	259,500
Start date of options exercise	03/17/2010	40,360	03/23/2011	10/22/2011	03/25/2012	06/27/2014	06/25/2015	06/27/2016	06/26/2017	
Expiration date	03/16/2017	43,252	03/22/2018	10/21/2018	03/24/2019	06/26/2020	06/24/2021	06/26/2022	06/25/2023	
Subscription price (in €) ^{(1)(2) (4)}	7.00	11.67	15.42	13.40	20.21	14.89	15.42	8.59	5.02	
Exercise rules (when the plan provides for several batches of options) ⁽⁵⁾	- 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)	- 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 March 31, 2016 ⁽³⁾	452,950	0	38,382	0	0	0	0	0	0	491,332
Cumulated number of stock-options which were cancelled or lapsed as at March 31, 2016 ⁽³⁾	93,359	0	130,462	42,097	148,268	601,115	400,256	179,261	107,406	1,702,224
Remaining stock-options as at March 31, 2016 ⁽⁴⁾	986,869	277,370	1,674,439	100,072	1,286,407	1,058,644	1,489,479	1,770,931	1,991,650	10,635,861
Out of which the remaining number is held by:										
Executive officers										
Robert Brunck (*)	226,774	—	252,128	—	84,052	N/A	N/A	N/A	N/A	562,954
Remi Dorval	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jean-Georges Malcor	—	277,370	204,854	—	168,103	110,331	149,725	239,581	264,104	1,414,068
Stéphane-Paul Frydman	44,380	—	75,640	—	56,735	55,167	74,862	119,791	132,891	559,466
Pascal Rouiller	0	—	75,640	—	56,735	55,167	74,862	119,791	132,891	515,086
Sophie Zurquiyah (**)	—	—	—	—	—	—	89,835	71,875	95,179	256,889

⁽¹⁾ Considering the adjustments done further to the capital increase of February 5, 2016.⁽²⁾ 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.⁽³⁾ Without taking into account the various adjustments that have occurred after the implementation of the plans.⁽⁴⁾ Considering the adjustments done further to the capital increase of October 23, 2012 for all plans previously granted and the adjustments done further to the capital increase of February 5, 2016.⁽⁵⁾ 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.

(**) Ms. Zurquiyah has been appointed corporate officer of CGG SA with effective date September 1, 2015.

(*** For the senior executive officers and members of the Corporate Committee, this plan is subject to performance conditions which have not been met neither in 2014 for the first batch (corresponding to 50% of the allocation) nor in 2015 for the second batch (corresponding to 25% of the allocation).

(****) For the senior executive officers and members of the Corporate Committee, this plan is subject to performance conditions which have not been met in 2015 for the first batch (corresponding to 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 2015 report on Form 20-F, the exercise price for all the plans is above CGG share market price.

11.2 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	05/04/2011
Date of Board of Directors	03/24/2011	06/26/2012
Total number of performance shares, allocated to:	513,331 ⁽¹⁾	542,711 ⁽¹⁾
<i>Jean-Georges Malcor</i>	28,882	28,892
<i>Stéphane-Paul Frydman</i>	8,877	11,819
<i>Pascal Rouiller</i>	8,877	11,819
<i>Sophie Zurquiyah</i>	n.a. ⁽²⁾	n.a. ⁽²⁾
Performance conditions	Operating income EBITDAS	EBI EBITDAS
Acquisition date	05/03/2013	06/26/2014
Total number of shares finally allocated upon expiry of the acquisition period, allocated to:	376,080	174,326
<i>Jean-Georges Malcor</i>	24,847	9,534
<i>Stéphane-Paul Frydman</i>	7,634	3,900
<i>Pascal Rouiller</i>	8,166	3,782
<i>Sophie Zurquiyah</i>	n.a. ⁽²⁾	n.a. ⁽²⁾
Cumulated number of shares which were cancelled or lapsed	137,251	368,385
Remaining performance shares as of the end of the year	376,080	174,326

⁽¹⁾ Adjusted after the capital increase dated October 23, 2012.

⁽²⁾ Ms. Zurquiyah joined CGG on February 4, 2013.

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 since 2012.

12. 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 March 2, 2016.

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).

I. Board of Directors' composition and preparation and organization of the Board of Directors' work

I.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).

However, the Company does not apply the following provisions of the AFEP-MEDEF Code:

AFEP-MEDEF Code	CGG's practice / Justification
<p>Supplementary pension plan (section 23.2.6 of the AFEP-MEDEF Code)</p> <p>"Supplementary pension schemes with defined benefits must be subject to the condition that the beneficiary must be a director or employee of the company when claiming his or her pension rights pursuant to the applicable rules."</p>	<p>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"> ➤ 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). <p>This plan was closed to new comers on July 1, 2014.</p>
<p>Time given to the Audit Committee to review financial statements (section 16.2.1 of the AFEP-MEDEF Code)</p> <p>"The time available for reviewing the accounts should be sufficient (no less than two days before by the Board.)"</p>	<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>

AFEP-MEDEF Code	CGG's practice / Justification
Evaluation of the Board of Directors (section 10.2 of the AFEP-MEDEF code) <i>"The evaluation should have three objectives: [...] - measure the actual contribution of each director to the Board's work through his or her competence and involvement in discussions."</i>	It is the Company's intention to apply this provision starting 2017.

In addition, as a listed company on the New York Stock Exchange, the Company is also subject to the Sarbanes – Oxley Act.

I.2. Composition of the Board of Directors as of the date of the present report:

Name	Independent (a)	Position	Age	Nationality	Initially appointed(c)	Term expires
Remi Dorval ⁽¹⁾	Yes	Chairman	65	French	2005	2018
Jean-Georges Malcor	No	Chief Executive Officer & Director ^(b)	59	French	2011	2019
Loren Carroll ⁽²⁾	Yes	Director	72	US	2007	2017
Michael Daly ⁽¹⁾	Yes	Director	62	English	2015 ^(d)	2017
Anne Guérin ^{(1)(2*)}	No	Director	47	French	2015 ^(e)	2016
Didier Houssin ^{(1)(3*)}	No	Director	59	French	2015 ^(f)	2016 ^(g)
Agnès Lemarchand ⁽²⁾⁽³⁾	Yes	Director	61	French	2012	2017
Gilberte Lombard ⁽²⁾⁽⁴⁾	Yes	Director	71	French	2011	2019
Hilde Myrberg ^{(3)(4*)}	Yes	Director	58	Norwegian	2011	2019
Robert Semmens ⁽¹⁾⁽³⁾	No	Director	58	US	1999	2019
Kathleen Sendall ⁽³⁾⁽⁴⁾	Yes	Director	63	Canadian	2010	2018
Daniel Valot ⁽⁴⁾	No	Director	71	French	2001	2016

(1) Member of Technology/Strategy Committee.

(2) Member of Audit Committee.

(3) Member of Appointment-Remuneration Committee.

(4) Member of Health, Safety, Environment & Sustainable Development Committee.

(*) Appointed as a member of this Committee on March 24, 2016.

(a) Independent director within the meaning of the governance Code of the Association Française des Entreprises Privées — Mouvement des Entreprises de France. See "Item 6: Directors, Senior Management and Employees — Board Practices".

(b) His term as Chief Executive officer expires in 2017.

(c) All current Directors have been appointed pursuant to article L.225-17 of French Commercial Code.

(d) Mr. Daly was appointed by cooptation by the Board of Directors' Meeting held on September 30, 2015 in replacement of Mr. Terence Young. Ratification of this appointment by cooptation was approved by Combined General Meeting held on January 11, 2016.

(e) Mrs. Guérin was appointed by cooptation by the Board of Directors' Meeting held on April 22, 2015 in replacement of Mr. Jean-Yves Gilet. Ratification of this appointment by cooptation was approved by Combined General Meeting held on May 29, 2015.

(f) Mr. Houssin was appointed by cooptation by the Board of Directors' Meeting held on July 30, 2015 in replacement of Mr. Olivier Appert. Ratification of this appointment by cooptation was approved by Combined General Meeting held on January 11, 2016.

(g) Renewal of this term of office will be proposed to the Combined General Meeting to be held on May 27, 2016.

The positions held by the members of the Board of Directors in other companies are provided in 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 2015 are set forth in 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 as follows:

<i>Name of the Director</i>	Criterion no 1	Criterion no 2	Criterion no 3	Criterion no 4	Criterion no 5	Criterion no 6	Criterion no 7	Qualification of independence established by the Board of Directors
Remi DORVAL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Jean-Georges MALCOR	No	No	Yes	Yes	Yes	Yes	Yes	No
Loren CARROLL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Michael DALY	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anne GUERIN	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Didier HOUSSIN	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Agnès LEMARCHAND	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gilberte LOMBARD	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hilde MYRBERG	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Robert SEMMENS	Yes	Yes	Yes	Yes	Yes	No	Yes	No
Kathleen SENDALL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Daniel VALOT	Yes	Yes	Yes	Yes	Yes	No	Yes	No

Yes = compliance with the AFEP-MEDEF Code in relation to independence criteria

No = non-compliance with the AFEP-MEDEF Code in relation to independence criteria

These criteria are the following:

Criterion no 1: 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;

Criterion no 2: 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;

Criterion no 3: 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 ;

Criterion no 4: not to be related by close family ties to an executive director;

Criterion no 5: not to have been an auditor of the corporation within the past five years;

Criterion no 6: not to have been a director of the corporation for more than twelve years;

Criterion no 7: not to represent a significant shareholder of the company holding more than 10% of the voting rights).

With regard to the criterion relating to the business relationship, there is no business relationship between on the one hand, directors and/or companies in which they hold an office and, secondly, the company or its group. Therefore, in the absence of such relationship, in 2015, the Board of Directors did not have to assess the significant nature of any business relationship with regard to criteria determined in relation with the characteristics of the company and the business relationship in question.

Finally, 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 March 2, 2016, 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. more than half of the Board members, which is compliant with the recommendation of the AFEP-MEDEF Code¹³): Mrs. Agnès Lemarchand, Mrs. Gilberte Lombard, Mrs. Hilde Myrberg and Mrs. Kathleen Sendall and Messrs. Loren Carroll, Remi Dorval and Michael Daly.

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 five women on the board out of twelve directors, the number of women in the Board is exceeding 40%.

¹³ 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.

I.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). Their main provisions are summarized below.

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 2015:

In 2015, the Board of Directors of the Company met twelve times. The average attendance rate of directors at these meetings was 88.89 %.

The table below summarizes the individual attendance rate of directors in office at December 31, 2015 to the board meetings.

Directors	Attendance rate to the board meetings in 2015
Remi DORVAL	100%
Jean-Georges MALCOR	100%
Loren CARROLL	91,67%
Michael DALY ⁽³⁾	60%
Anne GUERIN ⁽¹⁾	100%
Didier HOUSSIN ⁽²⁾	100%
Agnès LEMARCHAND	83,33%
Gilberte LOMBARD	100%
Hilde MYRBERG	83,33%
Robert SEMMENS	91,67%
Kathleen SENDALL	91,67%
Daniel VALOT	91,67%

⁽¹⁾ Director since April 22, 2015

⁽²⁾ Director since July 30, 2015

⁽³⁾ Director since September 30, 2015

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

The Board, among others, approved the Company's annual financial statements and the 2014 consolidated annual financial statements and reviewed the interim quarterly and half-year results for fiscal year 2015 and the 2015 forecasts and the 2016 pre-budget. The Board also convened the General meeting of shareholders held in May 2015 and approved the reports and resolutions to be submitted to shareholders' approval.

Governance:

The Board approved the cooptation of three directors. The Board reviewed the qualification of Directors as independent.

The Board also approved the renewal of the term of office of the Corporate Officers and of their letter of protection and the appointment of a new Corporate Officer.

Compensation:

The Board approved the compensation components of the senior executive officers for fiscal year 2015. 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 stock option plan dated June 26, 2012 applicable to the senior executive officers and the former Executive committee members (2nd batch) and in the stock option plan dated June 24, 2013 applicable to the senior executive officers and the other members of the Corporate Committee (1st batch) were not met.

Financial and strategic transactions:

The Board approved the strategic orientations of the group for 2015 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 transformation plan presented by the company on November 5, 2015 when the third quarter financial results were released.

The Board also approved the following financial transactions:

- Public exchange offer of 2019 bonds convertible into and/or exchangeable for new convertible bonds due 2020 issued at a more favorable coupon and parity;
- Exchange offer of the Senior Notes due 2017 whereby the Senior Notes due 2017 were exchanged for a senior secured term loan. Holders of Senior Notes due 2017 also holding Senior Notes due 2021 and 2022 were also given the opportunity to tender these 2021 & 2022 Notes; a first term loan project had been reviewed by the Board earlier in the year but was finally abandoned;
- Amendments to the French and US credit facility agreements (June and November 2015 and January 2016) and to the Nordea facility agreement;
- Planned capital increase for an amount of € 350 million (issue premium included) with preferential subscription rights and convening of an extraordinary general meeting.

The Board also approved the legal restructuring of the North American legal entities as well as the French ones.

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'. Up to 2014, this self-appraisal had been analyzed by an outside consultant. In 2015, the appraisal was carried out by the Chairman of the Remuneration-Appointment committee based on a questionnaire sent to all directors.

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 they intended to follow-up the implementation of the Group strategy whose long-term objectives are now well set but which must adapt to a very complicated market environment. They underlined their satisfaction with the progress made in risk management and their will to deepen their review in this respect and to follow-up the mitigating measures. Besides, they have also expressed the wish to be regularly updated on the situation of the competition. Finally, regarding the documentation package sent to them prior to each meeting, they have expressed the wish that presentations be more concise and sent well ahead of the meetings.

I.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).

1.4.1. 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 December 31, 2015, the members of the Committee were as follows:

- Hilde Myrberg^(*) (Chairman)
- Anne Guérin
- Robert Semmens
- Agnès Lemarchand^(*)
- Kathleen Sendall^(*)

^(*) independent director

In compliance with the AFEP-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 2015, this Committee met six times. The average meeting attendance rate was 96.67 %.

During these meetings, the Committee examined, inter alia, (i) the compensation of the Chairman of the Board, of the Chief Executive Officer and of the Corporate Officers (*Directeurs Généraux Délégués*) and their 2015 objectives, (ii) the compensation of the other members of the C-Com, (iii) the amount of the Directors' fees, (iv) the implementation of the new LTI program¹⁴, (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 2015 bonus plans, (viii) the succession planning, (ix) the implementation of the evaluation process for the Board and the Chief Executive Officer, (x) the composition of Board and its Committees, (xi) the appointment of new directors, (xii) the appointment of a new corporate officer.

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

Pursuant to article L.225-37 of the Commercial Code, the compensation of the Chairman of the Board, the Chief Executive Officer and the Corporate Officers (*Directeurs Généraux Délégués*) is defined by the Board of Directors upon proposal from the Appointment-Remuneration Committee.

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

Chairman of the Board of Directors

The compensation of the Chairman of the Board of Directors comprised a fixed element (from which is deducted the amount of his benefit in kind (company car) and a fixed amount of Directors' fees. He does not benefit from any other kind of compensation.

Chief Executive Officer and Corporate Officers

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 (quantitative criteria) and the achievement of individual objectives (qualitative criteria). Consequently, significant weight is given in the structure of their compensation to 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 practice.

Such aggregate compensation includes a fixed element, a variable 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 quantitative and qualitative 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 the three Corporate Officers.

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

- the quantitative criteria (financial objectives) 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 qualitative criteria (individual objectives) 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.

A detailed description of the compensations paid in 2015 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.

1.4.2. Technology/Strategy Committee:

a) Responsibilities :

The Technology/Strategy committee's assignments are to study:

- 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.

¹⁴ The description of the stock-option and performance unit plans implemented in 2015 are set forth in item 9.2. of the "2015 Additional Document" available on our website.

b) Composition:

As of December 31, 2015, the members of the Committee were as follows:

- Remi Dorval^(*) (Chairman)
- Michael Daly^(*)
- Anne Guérin
- Didier Houssin
- Robert Semmens

^(*) independent director

c) Activity

During 2015, this committee met five times. The attendance rate of Committee members in this meeting was 92 %. During these meetings, the Committee reviewed the Group strategic options, the market outlook and the 2015 budget. The Committee also examined the Group financing plan. The committee was also presented an update on the current technological projects within the Acquisition segment.

I.4.3. 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 December 31, 2015, the members of the Committee were as follows:

- Kathleen Sendall ^(*) (Chairman)
- Gilberte Lombard ^(*)
- Daniel Valot

^(*) independent director

c) Activity:

In 2015, the Committee met twice. The attendance rate of Committee members was 100 %.

During these meetings, the Committee reviewed the following items: (i) the high potential incidents that occurred in the Land and Marine as well the Group HSE indicators, (ii) the review of specific risks (health risks, small boat operations risks), (iii) the HSE good practices implemented within the Group and the actions implemented in terms of sustainable development.

1.4.4. 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 Financial 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 December 31, 2015, the members of the Committee are as follows:

- Gilberte Lombard^(*) (Chairman)
- Loren Carroll^(*)
- Didier Houssin
- Agnès Lemarchand^(*)
- Hilde Myrberg^(*)

^(*) 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.

c) Activity:

In 2015, the Committee met nine times with an average attendance rate of committee members of 82.22 %.

During these meetings, the Committee reviewed draft versions of the annual consolidated financial statements for 2014 (and in particular the impairment tests), the statutory financial statements for 2014 and the 2015 half-year statutory financial statements and the consolidated financial statements for the first quarter, the first semester and the third quarter of 2015. It also reviewed the 2015 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 2014 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 2014 financial statements.

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.

The 2015/2014 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 information security systems, the risk related to vessel propulsion, the tender and contractual risks, monitored the ethics committee's actions, the Group insurance policy. The Committee also follows the commercial consultants network of the Group on a regular basis.

The Committee also examined the work to be performed by the statutory auditors in the scope of their audit on the 2015 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 2015 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 lines 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.

I.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.

I.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 "2013 Additional Document" available on our website.

II. Limitations imposed on the powers of the Chief Executive Officer

II.1. General management organization:

II.1.1. 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.

The Chief Executive Officer is assisted by three Corporate Officers ("*Directeurs Généraux Délégués*") who have been appointed until February 25, 2018.

II.1.2. 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.

II.1.3. 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.

II.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.

III. 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 2015. A translation of this item 15 into French will be included in the "*Document de Référence*" for fiscal year 2015.

III.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.

III.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 and in January 2016, 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 has been carried out in two phases over 2014 and 2015, the second phase including the entities acquired from Fugro in 2013.

As a result 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, they have recommended 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. It was chaired by the EVP General Secretary and attended by the Chairman of the Ethics Committee and by the SVP ERM, HSE and SD. Since September 1, 2015, in order to clarify the role and responsibilities of the various bodies involved in the compliance function, we replaced the Committee by a Compliance Officer in charge of managing the anti-corruption program in all the countries where we operate, for all our Business Lines.

III.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.

Since September 1, 2015, to adapt to a very difficult market environment in the oil services industry, we have put in place a more centralized and streamlined management team and operational organization structure in order to address our business challenges.

This new organizational structure fulfills three main objectives:

- Align the management structure with the Group's new size and development strategy, taking into account the current business environment;
- Better address the new technological and commercial challenges of our markets;
- Be more agile and more efficient, allowing the Group to better face the current market conditions and be prepared for the future.

The Group is now organized around eight Business Lines, six Corporate Functions and four Group Departments.

Business Lines:

The Business Lines are the following:

- Equipment (including the Sercel business entities, such as Metrolog, GRC and De Regt);
- Marine exclusive Acquisition;
- Land Acquisition (including Land EM and General Geophysics);
- Multi-physics;
- Multi-Client and New ventures;
- Processing and Imaging;
- GeoSoftware (including the software sales and development of Jason and Hampson Russell) and;
- GeoConsulting (including the consulting activities of Jason and Hampson Russell, the consulting and geologic library business of Robertson and Data Management Services).

These activities are organized into three segments for our financial reporting: Equipment, Contractual Data Acquisition (which includes Marine Exclusive Acquisition, Land Acquisition and Multi-Physics) and Geology, Geophysics & Reservoir (“CGR”) (which includes Multi-Client and New Ventures, Subsurface Imaging, GeoSoftware and GeoConsulting) and Non-Operated Resources.

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

III.1.3 Group Governance:

The Chief Executive Officer:

The Chief Executive Officer is given wide authority by the Board of Directors¹⁵ 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 three Corporate Officers (*"Directeurs Généraux Délégués"*) respectively in charge of:

- Strategy, General Secretary and Investor Relations;
- Risk Management, HSE and Sustainable Development; and
- Technology and Global Operational Excellence.

The Chief Executive Officer and the Corporate Officers' responsibilities are cascaded to heads of the Business Lines, Function and 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 two main committees that he chairs:

Corporate Committee (C-Com)

The C-Com is chaired by the Chief Executive Officer and brings together the three corporate officers of the Group and the HR Executive Vice President. 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 Business Lines, Functions and Group Departments. The members are interfacing regularly with the Board, the market and participate in the financial and business roadshows. The General Secretary and Group General Counsel attends the C-Com meetings as Committee secretary.

Executive Committee (E-Com)

The E-Com meets every month and supports the C-Com. The E-Com brings together the members of the C-Com and the head of each Corporate Function and of the most significant business lines (Multi-clients, Subsurface Imaging, Land, Marine and Equipment). It is mainly a discussion and proposition body between the Business Lines 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,
- Conduct business review and reports on operational activities,
- Insure Group transverse initiatives consistency throughout the BLs,
- Manage the business review,
- 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 Business Line and each Function.

The Corporate Functions:

Corporate Functions report either to the Chief Executive Officer or to one of the Corporate Officers.

Finance Function:

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

¹⁵ The structure and responsibility of the Board of Directors having been described in item 6 of our report on form 20-F, it will not be described further in this section.

Business Lines' 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 financial support for any significant investment. Finally, in connection with the Chief Accounting Officer, it oversees the department in charge of the supervision of the financial information systems.

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 internal control manager.

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.

The Human Resources Function reports to the Chief Executive Officer.

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 Business Lines, 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 Business Lines, 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 *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 Business Line 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 Business Lines 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 Business Lines 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 *2015 Quality Objectives*.

The Global Operational Excellence reports to the Corporate Officer in charge of Technology and Global Operational Excellence.

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 C-Com and E-Com and their minutes.

Compliance and risk management: In order to fulfill its missions, the General Secretary is organized around a corporate legal department, a compliance department and a legal department in charge of operation.

- The Corporate 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. It 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.
- Through the Compliance Officer, the General Secretary is in charge of the management of our anti-corruption program ("Compliance Program") in all countries where the Company operates, for all our Business Lines. The Compliance Officer issues policies and procedures in term of Compliance, manage our intermediaries network and joint ventures from a Compliance perspective, ensuring they are compliant with applicable anti-corruption rules and regulations (FCPA, UK Bribery Act, OCDE regulation). The Compliance Officer issues standard Compliance provisions for contracts. The compliance Officer is a member and secretary of the Ethics committee.
- The Legal department in charge of operations plays an active role in operations providing support to the Business Lines 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.

This function reports to the Corporate Officer in charge of Strategy, General Secretary and Investors Relations.

Sales & Marketing & Geomarkets Function:

The major objectives of the Sales & Marketing & Geomarkets Function are the following:

- Support the BLs commercial strategies and share regional sales objectives;
- Represent and promote the full company portfolio of businesses to clients;
- Manage client relations at global and local levels such that they result in sales opportunities through "privileged" client communications and customer intimacy;
- Collaborate with Business Lines and Group Communication to ensure that a robust and consistent Marketing Plan is deployed;
- Manage the commercial consultants network;
- Gather, manage and report to the Co-Com 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 the 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 BLs;
- Manage Intellectual Property and ensure that it is respected worldwide;
- Coordinate R&D between BLs;
- Contribute to promote and to communicate our technology.

The Executive Vice-President in charge of the Technology Function is a member of the E-com and relies on the following organization:

- The CTO Core Team and the R&D BLs Heads (reporting on a dotted line to the EVP Technology) constitute the backbone of the Technology Function,
- An Internal CTO R&D work force, incubating on behalf of the BLs advanced and long term impact projects,
- Dedicated experts supporting each activities,
- An IP management team with correspondents in BLs.

The Technology function reports to the Corporate Officer in charge of Technology and Global Operational Excellence.

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 seven 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 IFAC/IIA which was confirmed in 2014 and 2015.

Internal Audit planning are now planned on the basis of the group risk analysis performed by Risk management. 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 2015, 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 Business Lines entities and processes considered as being a priority based on the assessments of risks exposure especially for the Acquisition Business Lines 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, 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.

III.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 Business Lines, Functions and Group Departments, control and mitigation measures to manage these risks. It works through the Functions, the Group Departments and the Business Lines, 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.

III.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, Business Lines and support functions and aims at improving the Group risks management and oversight.

III.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 2015 the Committee was chaired by the Senior Vice President, Group Chief Accounting Officer and composed as follows:

- Chief Operating Officer, Equipment & Acquisition business lines
- Chief Operating Officer, GGR Business Lines
- Financial Controller, Equipment Business Line
- Financial Controller, Marine & Acquisition Business Lines
- Financial Controller, GGR Business Lines
- 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, the Tax department, Treasury, and the HSE Department.

III.4. 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 Business Lines 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 2015, almost 30 audits were conducted by the Group Internal Audit Department in addition to SOX testing, 6 were operational audits and 21 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 Business Line if necessary, and action plans are agreed to assure continuous improvement of internal control and risks management. Audit reports are submitted to the C-Com and action plans 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 Business Lines.

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.

III.5. 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, generally on an annual basis, seminars for the C-Com, E-Com and for certain senior Management and 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.

III.6. 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 Business line 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 Business Lines 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.

III.7. 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.

13. 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 27, 2016.

Mr. Remi DORVAL, Chairman of the Board of Directors

Remuneration components due or granted for the fiscal year	Amounts submitted to the vote	Presentation
Fixed remuneration	€112,001.22	The fixed remuneration of Mr. DORVAL for fiscal year 2015 was set at €115,000 by the Board of Directors on March 26, 2015 less the cost borne by the Company for his company car.
Annual variable remuneration	N/A	Mr. DORVAL does not receive any variable remuneration.
Deferred annual variable remuneration	N/A	Mr. DORVAL does not receive any deferred annual variable remuneration.
Multi-annual variable remuneration	N/A	Mr. DORVAL does not receive any multi-annual variable remuneration.
Exceptional compensation	N/A	Mr. DORVAL does not receive any exceptional compensation.
Value of options / performance shares granted during the fiscal year	N/A	Mr. DORVAL does not benefit from any stock option or performance share plan.
Directors' fees	€65,000	The Board of Directors held on March 26, 2015 resolved that Mr. DORVAL would benefit from a fixed amount of Directors' fees, set at €65,000, as Chairman of the Board of Directors.
Value of benefits in kind	€ 2,560	Mr. DORVAL benefits from a company car. This benefit was approved by the Board of Directors on March 26, 2015.

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
Severance pay	N/A	Mr. DORVAL does not benefit from any severance agreement.
Non-compete clause	N/A	Mr. DORVAL does not benefit from any non-compete agreement.
General benefits plan	No amount is to be paid for fiscal year 2015	Mr. DORVAL benefits from the general benefits plan applicable to all employees.
Supplementary pension plan	N/A	Mr. DORVAL does not benefit from any supplementary pension plan.

Mr. Jean-Georges MALCOR, Chief Executive Officer

Remuneration components due or granted for the fiscal year	Amounts submitted to the vote	Presentation
Fixed remuneration	€630,000	The fixed remuneration of Mr. MALCOR for 2015 fiscal year was determined by the Board of Directors on March 26, 2015. It has remained unchanged since 2013.
Annual variable remuneration	€480,087	<p>The annual variable remuneration of Mr. MALCOR is based on the achievement of qualitative objectives (accounting for 1/3 of the variable compensation) and quantitative objectives (accounting for 2/3 of the variable compensation). The quantitative criteria are based on the achievement of Group budget objectives set by the Board of Directors. 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 2015 :</p> <ul style="list-style-type: none"> - The quantitative objectives were related to the Group free cash flow (25% weighting), Group external revenues (25% weighting), Group EBIT (25% weighting) and EBITDA minus tangible and intangible investments made in the course of the fiscal year (25% weighting); - The qualitative 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. <p>On March 2, 2016, based on the achievement of the hereinabove qualitative and quantitative targets and the final 2015 results, the Board of Directors, upon the Appointment-Remuneration Committee's proposal, set this variable remuneration at €480,087. This corresponds to an overall achievement rate of 76 % of the target amount of his variable remuneration and of his fixed remuneration.</p>
Deferred annual variable remuneration	N/A	Mr. MALCOR does not receive any deferred annual variable remuneration.
Multi-annual variable remuneration	<p>Performance units value : €129,000</p> <p>(IFRS value)</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 25, 2015, 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"> - Implement a globally harmonized remuneration mechanism consistent with the growing internalization of our Group, - 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). <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 the business segments' financial objectives aligned with the Group strategic orientations over a 3-year period.</p> <p>The number of vested 2015 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 business segments' objectives.</p> <p>The valuation of each vested 2015 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>
Exceptional compensation	N/A	Mr. MALCOR does not receive any exceptional compensation.
Value of options / performance shares granted during the fiscal year	<p>Stock-options : €245,000</p> <p>(IFRS book value)</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 25, 2015, based on the 28th resolution of the shareholders' meeting held on May 29, 2015, the Board of Directors allocated 220,600 options to Mr. MALCOR, i.e. 0.12% of the share capital of the Company on the day of allocation. This amount was adjusted following the share capital increase of February 5, 2016.</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 25, 2015 (50% of the options allocated in June 2017, 25% of the options allocated in June 2018 and 25% of the options allocated in June 2019) and that the acquisition of options would be subject to the following performance conditions:</p> <ul style="list-style-type: none"> – 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 SectorSM (OSXSM) 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; – 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; – Over the vesting period, the market price of the CGG share shall have increased at least by 8% on an annual basis; – 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. <p>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.</p>
	Performance shares	N/A
Directors' fees	N/A	Mr. MALCOR does not receive any Directors' fees.
Value of benefits in kind	€11,880	Mr. MALCOR benefits from a company's car. This benefit was approved by the Board of Directors on March 26, 2015.

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
Severance pay	No amount is to be paid for 2015 fiscal year	<p>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:</p> <ul style="list-style-type: none"> (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"> - 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 SectorSM (OSXSM) 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; - 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; - 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%. <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. It was ratified by the General meeting on May 29, 2015.</p>

Non-compete clause	No amount is to be paid for 2015 fiscal year	<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>
General benefits plan	No amount is to be paid for 2015 fiscal year	<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>
Individual insurance covering loss of employment	No amount is to be paid for 2015 fiscal year	<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 € 10,413.45 for 2015. This insurance provides for the payment of a maximum of 13.4 % of his 2015 target compensation (corresponding to €169,910), for a duration of 12 months.</p>
Supplementary pension plan	No amount is to be paid for 2015 fiscal year	<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"> • 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%; • 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"> - 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; - 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;

		<p>Further, to participate in the plan, the Beneficiaries must comply with the main following cumulative conditions:</p> <ul style="list-style-type: none"> • have liquidated their social security pension and all possible other rights to pensions, • 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 • end their professional career when leaving the Company. <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, 2015, the Company's commitment under the supplemental retirement plan corresponds for Mr. MALCOR, to an annual pension equal to 15 %, of his annual 2015 target compensation.</p> <p>The aggregate present benefit value of this supplemental plan as of December 31, 2015 was €10,375,432 of which €886,508 has been recorded as an expense for fiscal year 2015.</p> <p>Of such present benefit value, the portions relating to Mr. MALCOR are €1,856,905 and €381,533 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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[Mr. Stéphane-Paul FRYDMAN, Corporate Officer](#)

Remuneration components due or granted for the fiscal year	Amounts submitted to the vote	Presentation
Fixed remuneration	€426,080	<p>The fixed remuneration of Mr. FRYDMAN for 2015 fiscal year was determined by the Board of Directors on March 26, 2015. Its components are as follows :</p> <ul style="list-style-type: none"> – €346,080 paid under his employment agreement (unchanged compared to 2014); – €80,000 paid for his corporate office (<i>mandat social</i>) (unchanged compared to 2014).
Profit sharing		N/A

Annual variable remuneration	€243,522	<p>The annual variable remuneration of Mr. FRYDMAN is based on the achievement of qualitative objectives (accounting for 1/3 of the variable compensation) and quantitative objectives (accounting for 2/3 of the variable compensation). The quantitative criteria are based on the achievement of Group budget objectives set by the Board of Directors. 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 2015:</p> <ul style="list-style-type: none"> – The quantitative objectives were related to the Group free cash flow (25% weighting), Group external revenues (25% weighting), Group EBIT (25% weighting) and EBITDA minus tangible and intangible investments made in the course of the fiscal year (25% weighting); – The qualitative 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. <p>On March 2, 2016, based on the achievement of the hereinabove qualitative and quantitative targets and the final 2015 results, the Board of Directors, upon the Appointment-Remuneration Committee's proposal, set this variable remuneration at €243,522. This corresponds to an overall achievement rate of 76 % of the target amount of his variable remuneration and 57 % of his fixed remuneration</p>
Deferred annual variable remuneration	N/A	Mr. FRYDMAN does not receive any deferred annual variable remuneration.
Exceptional compensation	N/A	Mr. FRYDMAN does not receive any exceptional compensation.
Value of options / performance shares granted during the fiscal year	<p>Stock-options : €123,500</p> <p>(IFRS book value)</p> <p>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.</p>	<p>On June 25, 2015, based on the 28th resolution of the General Meeting held on May 29, 2015, the Board of Directors allocated 111,000 options to Mr. FRYDMAN, i.e. 0.06% of the share capital of the Company on the day of allocation. This amount was adjusted following the share capital increase of February 5, 2016.</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 25, 2015 (50% of the options allocated in June 2017, 25% of the options allocated in June 2018 and 25% of the options allocated in June 2019) and that the acquisition of options would be subject to the following performance conditions:</p> <ul style="list-style-type: none"> – 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 SectorSM (OSXSM) 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; – 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; – Over the vesting period, the market price of the CGG share shall have increased at least by 8% on an annual basis; – 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.

		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.
	Performance shares	N/A
Directors' fees	N/A	Mr. FRYDMAN does not receive any Directors' fees.
Value of benefits in kind	€4,800	Mr. FRYDMAN benefits from a company car. This benefit was approved on March 26, 2015.

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
Multi-annual variable remuneration	<p>Performance units value : € 59,000</p> <p>(IFRS value)</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 25, 2015, 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"> – Implement a globally harmonized remuneration mechanism consistent with the growing internalization of our Group, – 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). <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 the business segments' financial objectives aligned with the Group strategic orientations over a 3-year period.</p> <p>The number of vested 2015 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 business segments' objectives.</p> <p>The valuation of each vested 2015 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 25, 2015 and will be submitted to the General Meeting to be held on May 27, 2016 for ratification (8th resolution).</p>
Severance pay	No amount is to be paid for 2015 fiscal year	<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> <ul style="list-style-type: none"> (a) 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 (b) 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. <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"> - 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 SectorSM (OSXSM) 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; - 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; - 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%. <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 was ratified by the General Meeting held on May 29, 2015.</p>

Non-compete clause	No amount is to be paid for 2015 fiscal year	<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>
General benefits plan	No amount is to be paid for 2015 fiscal year	<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>
Supplementary pension plan	No amount is to be paid for 2015 fiscal year	<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"> • 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%; • 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"> - 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 French Social security upper limit; - 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 French Social security upper limit; <p>Further, to participate in the plan, the Beneficiaries must comply with the main following cumulative conditions:</p> <ul style="list-style-type: none"> • have liquidated their social security pension and all possible other rights to pensions, • 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

Supplementary pension plan		<ul style="list-style-type: none"> • end their professional career when leaving the Company. <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, 2015, the Company's commitment under the supplemental retirement plan corresponds for Mr. FRYDMAN to an annual pension equal to 31 % of his annual 2015 target compensation.</p> <p>The aggregate present benefit value of this supplemental plan as of December 31, 2015 was € 10,375,432 of which € 886,508 has been recorded as an expense for fiscal year 2015.</p> <p>Of such present benefit value, the portions relating to Mr. FRYDMAN are €1,726,795 and €153,637 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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Mr. Pascal ROUILLER, Corporate Officer

Remuneration components due or granted for the fiscal year	Amounts submitted to the vote	Presentation
Fixed remuneration	€426,080	<p>The fixed remuneration of Mr. ROUILLER for 2015 fiscal year was determined by the Board of Directors on March 26, 2015. Its components are as follows :</p> <ul style="list-style-type: none"> – €346,080 paid under his employment agreement, including €12,000 for his corporate office in Sercel SA (unchanged compared to 2014); – €80,000 paid for his corporate office (<i>mandat social</i>) (unchanged compared to 2014).
Profit sharing		N/A

Annual variable remuneration	€213,884	<p>The annual variable remuneration of Mr. ROUILLER is based on the achievement of qualitative objectives (accounting for 1/3 of the variable compensation) and quantitative objectives (accounting for 2/3 of the variable compensation). The quantitative criteria are based on the achievement of Group budget objectives set by the Board of Directors. 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 2015:</p> <ul style="list-style-type: none"> – The quantitative objectives were related the Group free cash flow (25% weighting), Group external revenues (12,5% weighting), Group EBITA minus tangible and intangible investments made during the fiscal year (12,5% weighting), Equipment EBITDA minus tangible and intangible investments made during the fiscal year (12,5% weighting), Equipment segment production (12,5% weighting), Group EBIT (12,5% weighting) and Equipment segment EBIT (12,5% weighting); – The qualitative objectives were related to HSE, our Group performance plan, technology, strategic development of the Equipment segment and human resources. <p>On March 2, 2016, based on the achievement of the hereinabove qualitative and quantitative targets and the final 2015 results, the Board of Directors, upon the Appointment-Remuneration Committee's proposal, set this variable remuneration at €213,884. This corresponds to an overall achievement rate of 67 % of the target amount of his variable remuneration and 50 % of his fixed remuneration.</p>
Deferred annual variable remuneration	N/A	Mr. ROUILLER does not receive any deferred annual variable remuneration.
Exceptional compensation	N/A	Mr. ROUILLER does not receive any exceptional compensation.
Value of options / performance shares granted during the fiscal year	<p>Stock-options : €123,500 (IFRS book value)</p> <p>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.</p>	<p>On June 25, 2015, based on the 28th resolution of the shareholders' meeting held on May 29, 2015, the Board of Directors allocated 111,000 options to Mr. ROUILLER, i.e. 0.06% of the share capital of the Company on the day of allocation. This amount was adjusted following the share capital increase of February 5, 2016.</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 25, 2015 (50% of the options allocated in June 2017, 25% of the options allocated in June 2018 and 25% of the options allocated in June 2019) and that the acquisition of options would be subject to the following performance conditions:</p> <ul style="list-style-type: none"> – 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 SectorSM (OSXSM) 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; – 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; – Over the vesting period, the market price of the CGG share shall have increased at least by 8% on an annual basis; – 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.

		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.
	Performance shares	N/A
Directors' fees	N/A	Mr. ROUILLER does not receive any Directors' fees.
Value of benefits in kind	€5,280	Mr. ROUILLER benefits from a company car. This benefit was approved on March 26, 2015.

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
Multi-annual variable remuneration	Performance units value : € 59,000 (IFRS value) <i>The final allocation of the performance units is subject to the achievement of the Group's objectives.</i>	<p>On June 25, 2015, 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"> – Implement a globally harmonized remuneration mechanism consistent with the growing internalization of our Group, – 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). <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 the business segments' financial objectives aligned with the Group strategic orientations over a 3-year period.</p> <p>The number of vested 2015 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 business segments' objectives.</p> <p>The valuation of each vested 2015 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 25, 2015 and will be submitted to the General Meeting to be held on May 27, 2016 for ratification (8th resolution).</p>

<p>Severance pay</p>	<p>No amount is to be paid for 2015 fiscal year</p>	<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> <p>(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</p> <p>(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.</p> <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"> - 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 SectorSM (OSXSM) 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; - 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; - 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%. <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 and was ratified by the General Meeting held on May 29, 2015.</p>
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Non-compete clause	No amount is to be paid for 2015 fiscal year	<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>
General benefits plan	No amount is to be paid for 2015 fiscal year	<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>
Supplementary pension plan	No amount is to be paid for 2015 fiscal year	<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).</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"> • 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%; • 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"> - 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 French Social security upper limit; - 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 French Social security upper limit. <p>Further, to participate in the plan, the Beneficiaries must comply with the main following cumulative conditions:</p> <ul style="list-style-type: none"> • have liquidated their social security pension and all possible other rights to pensions, • 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 • end their professional career when leaving the Company. <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, 2015, the Company's commitment under the supplemental retirement plan corresponds for Mr. ROUILLER to an annual pension equal to 26 % of his annual 2015 target compensation.</p>

		<p>The aggregate present benefit value of this supplemental plan as of December 31, 2015 was € 10,375,432 of which € 886,508 has been recorded as an expense for fiscal year 2015.</p> <p>Of such present benefit value, the portions relating to Mr. ROUILLER are €3,811,749 and € 162,369 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. ROUILLER. This agreement was ratified by the General Meeting held on May 10, 2012.</p>
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Ms. Sophie ZURQUIYAH, Corporate Officer since September 1, 2015

Ms. ZURQUIYAH has been appointed Corporate Officer of the Company with effective date September 1, 2015.

Remuneration components due or granted for the fiscal year	Amounts submitted to the vote	Presentation
Fixed remuneration	€475,583	<p>The fixed remuneration of Ms. ZURQUIYAH for 2015 fiscal year is composed as follows :</p> <ul style="list-style-type: none"> – €448,915 paid under her employment agreement¹⁶; – €80,000 paid for her corporate office (<i>mandat social</i>) in CGG SA¹⁷ (As Ms. ZURQUIYAH has been appointed Corporate Officer starting September 1, 2015, the amount paid for 2015 fiscal year in this respect was calculated on a prorata basis and amounted to €26,668).
Profit sharing	N/A	Ms. ZURQUIYAH does not benefit from any profit sharing agreement.
Annual variable remuneration	€248,073.81¹⁸	The annual variable compensation paid to Ms. ZURQUIYAH for 2015 relates to her employment agreement only. No annual variable compensation was paid to Ms. Zurquiyah in the course of 2015 pursuant to her position as Corporate Officer.
Deferred annual variable remuneration	N/A	Ms. ZURQUIYAH does not receive any deferred annual variable remuneration.
Exceptional compensation	N/A	Ms. ZURQUIYAH does not receive any exceptional compensation.

¹⁶ The fixed compensation of Ms. ZURQUIYAH pursuant to her employment agreement is paid in U.S. dollars by CGG Services (U.S.) Inc, a fully owned subsidiary of CGG SA. The above information is presented in euros, based on an average US\$/€ exchange rate of 0.8978 over the fiscal year 2015.

¹⁷ The fixed compensation of Ms. ZURQUIYAH pursuant to her corporate office was determined by the Board of Directors on July 30, 2015. This compensation is paid in euros by CGG SA.

¹⁸ The annual variable compensation paid to Ms. ZURQUIYAH for 2015 relates to her employment agreement only. No annual variable compensation was paid to Ms. Zurquiyah in the course of 2015 pursuant to her position as Corporate Officer.

Value of options / performance shares granted during the fiscal year Value of options / performance shares granted during the fiscal year	Stock-options: €88,500 (IFRS book value) <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 25, 2015, based on the 28th resolution of the General Meeting held on May 29, 2015, the Board of Directors allocated 79,500 options to Ms. ZURQUIYAH, i.e. 0.04% of the share capital of the Company on the date of allocation. This amount was adjusted following the share capital increase of February 5, 2016.</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 25, 2015 (50% of the options allocated in June 2017, 25% of the options allocated in June 2018 and 25% of the options allocated in June 2019) and that the acquisition of options would be subject to the following performance conditions:</p> <ul style="list-style-type: none"> – 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 SectorSM (OSXSM) 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; – 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 – Over the vesting period, the market price of the CGG share shall have increased at least by 8% on an annual basis; – 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. <p>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.</p> <p>Ms. ZURQUIYAH was not yet Corporate Officer of the Company on the date of allocation.</p>
	Performance shares	N/A
Directors' fees	N/A	Ms. ZURQUIYAH does not receive any Directors' fees.
Value of benefits in kind	N/A	Ms. ZURQUIYAH does not benefit from benefits 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
Multi-annual variable remuneration	<p>Performance units value: €47,000 (IFRS value)</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 25, 2015, 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"> – Implement a globally harmonized remuneration mechanism consistent with the growing internalization of our Group, – 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). <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 the business segments' financial objectives aligned with the Group strategic orientations over a 3-year period.</p> <p>The number of vested 2015 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 business segments' objectives.</p> <p>The valuation of each vested 2015 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 10,000 performance units to Ms. ZURQUIYAH under this plan. Final allocation is subject to the achievement of the Group's objectives.</p> <p>Ms. ZURQUIYAH was not yet Corporate Officer of the Company on the date of allocation.</p>
Severance pay	<p>No amount is to be paid for 2015 fiscal year</p>	<p>Ms. ZURQUIYAH 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> <p>(a) a gross amount of 200% of the gross fixed compensation paid by the Company and/or any of its affiliates to Ms. ZURQUIYAH during the 12-month period preceding her departure date, to which is added the annual average of the variable compensation paid by the Company to Ms. ZURQUIYAH over the 36-month period preceding her departure date, (hereinafter "the Reference Annual Compensation"), and</p>

		<p>(b) any sum to which Ms. ZURQUIYAH may be entitled as a result of such termination, including any sums to be paid further to the application of her non-competition commitment.</p> <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"> - 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 SectorSM (OSXSM) 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 Ms. ZURQUIYAH leaves the Group; - 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 Ms. ZURQUIYAH leaves the Group; - The average margin rate of the Group EBITDAS over the 4 years preceding the date on which Ms. ZURQUIYAH leaves the Group shall be at least 25%. <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 Ms. ZURQUIYAH 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 July 30, 2015 and will be submitted to the General Meeting on May 27, 2016 for ratification (10th resolution).</p>
Non-compete clause	No amount is to be paid for 2015 fiscal year	<p>Ms. ZURQUIYAH benefits from a non-compete agreement applicable 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. Ms. ZURQUIYAH has agreed that she will not contribute to projects or activities in the same field as those in which she was involved at CGG for a period of 18 months starting on the date on which she leaves the Group.</p> <p>In consideration for this undertaking, Ms. ZURQUIYAH will be entitled to receive compensation corresponding to 100% of her annual Reference compensation as defined in the protection letters related to payment of the contractual indemnity in case of termination of her office.</p> <p>Ms. ZURQUIYAH benefits from this non-compete provision in the framework of her employment contract with CGG Services (U.S.) Inc. dated February 4, 2013.</p>
General benefits plan	No amount is to be paid for fiscal year 2015	<p>Ms. ZURQUIYAH automatically benefits from the general benefits plan applicable to all employees of the Company since she receives a remuneration from the Company as Corporate officer.</p>
Supplementary pension plan	N/A	<p>Ms. ZURQUIYAH does not benefit from the supplementary pension plan that was implemented on December 8, 2004 and which is closed to new comers since July 1, 2014.</p> <p>Pursuant to her US employment agreement, she benefits from a US supplemental retirement defined contribution plan (401k).</p>

14. 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 2015 fiscal year or first quarter of 2016			
	Resolution number - General Meeting	Period	Maximum authorized amount	Use of the authorization in 2015 or 2016 first quarter
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	3 rd – GM 01/11/2016 (cancels and replaces the 23 rd resolution of the GM held on 05/29/2015)	6 months	€350 million	02/05/2016: Share capital increase amounting to €350,589,080 (including share premium)
	23 rd – GM 05/29/2015 ⁽²⁾	26 months	€35 million ⁽¹⁾	None
	18 th – GM 05/03/2013	26 months	€35 million ⁽¹⁾	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 th – GM 05/03/2013 ⁽²⁾	26 months	€9 million ⁽³⁾	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 th – GM 05/03/2013 ⁽²⁾	26 months	€9 million ⁽³⁾	None
Increase of the number of shares issued pursuant to the three resolutions listed above	22 nd – GM 05/03/2013 ⁽²⁾	26 months	12.5% of the initial issue	None
Increase of share capital by incorporation of reserves, profits or premiums	25 th – GM 05/29/2015 ⁽²⁾	26 months	€10 million ⁽⁴⁾	None
	23 rd – GM 05/03/2013	26 months	€10 million ⁽³⁾	None
Increase of capital in order to compensate for contributions in kind	24 th – GM 05/03/2013 ⁽²⁾	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 th – GM 05/03/2013 ⁽²⁾	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")	26 th – GM 05/29/2015 ⁽²⁾	26 months	€2.5 million ⁽⁴⁾	None
	25 th – GM 05/03/2013	26 months	€2.5 million ⁽³⁾	None
Issuance of bonds convertible into new shares and/or exchangeable for existing shares (OCEANE)	24 th – GM 05/29/2015	12 months	€11.35 million ⁽³⁾	06/26/2015: Issuance of 25,285,035 OCEANE due January 2020 - Subsequent share capital increase will amount to €10,114,014.

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

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

(3) Within the limit of the aggregate ceiling of €35 million of the corresponding General Meeting.

(4) Within the limit of the aggregate ceiling of €350 million mentioned in the 3rd resolution of the General Meeting held on January 11, 2016.

Stock-options and performance shares

Authorizations in force during 2015 fiscal year or first quarter of 2016				
	Resolution number - General Meeting	Period	Maximum authorized amount	Use of the authorization in 2015 or 2016 first quarter
Stock-options	27 th – GM 05/29/2015 ⁽¹⁾ / 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.	June 25, 2015: Allocation of 1,168,290 options ⁽²⁾
	28 th – GM 05/29/2015 ⁽¹⁾ / 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.	June 25, 2015: Allocation of 601,600 options ⁽²⁾
	26 th – GM 05/03/2013 ⁽¹⁾ / 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.	None
	27 th – GM 05/03/2013 ⁽¹⁾ / 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.	None
Performance shares	29 th – GM 05/29/2015 ⁽¹⁾ / Allocation to the employees (excluding the Chief Executive Officer and the members of the Corporate Committee)	26 months	0.76% of the share capital as of the date the Board of Directors' decision, without exceeding 0.50% of the share capital over a 12- month period.	None
	30 th – GM 05/29/2015 ⁽¹⁾ / Allocation to the Chief Executive Officer and the members of the Corporate Committee	26 months	0.08% of the share capital as of the date the Board of Directors' decision, without exceeding 0.05% of the share capital over a 12- month period. Special cap imposed upon the allocation to the Chief Executive Officer and the two corporate officers: 15% of the allocations implemented pursuant to the 29 th and 30 th resolutions.	None

(1) Cancels and replaces, for the non-used portion, the resolutions voted in this respect during the previous General Meetings.

(2) These numbers have been adjusted further to the share capital increase dated February 5, 2016.

15. 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.

