

5.1. GOVERNANCE IN 2017

Since August 2010, the company has been adhering to the MiddleNext Code of Corporate Governance for Mid-caps. This Code can be found on the Internet at www.middlenext.com.

The group's corporate governance complies with the MiddleNext Code. In addition, the Board of Directors has taken note of the items presented under the heading "Points to be watched", which are the key provisions of the Code.

The governance system is organised so that there is no overlap between the functions of a non-executive Chairman of the Board of Directors and a Chief Executive Officer, the only permanent representative with executive power. This report sets out in detail the three key governance powers, as defined in the MiddleNext Code.

All the rules of procedure for the Board of Directors are set out in an internal regulation establishing four specific committees:

- the Strategic Committee;
- the Compensation Committee;
- the Audit Committee;
- the Development Committee.

GOVERNANCE CHANGES IN 2017

Following the Annual General Meeting of 8 June 2017, Manitou's Directors elected the new Chairman of the Board of Directors, Jacqueline Himsworth, the former Deputy Chairman of the Board, as confirmed in the new Shareholder Agreement signed between the Braud and Himsworth family branches on 3 May 2017.

After more than 60 years devoted to developing Manitou, Marcel Braud, Manitou's founder, has retired from all administrative offices and has become Honorary President of the group.

Renewal of the Michel Denis' term of office as CEO:

At the meeting of the Board of Directors of Manitou BF on 5 December 2017, it was unanimously decided to renew early the term of office of Michel Denis as CEO. The new term of office will come into effect from the date of the 2018 Annual General Meeting convened to approve the financial statements for the financial year ended 31 December 2017 and is renewed for a term of four years, that is to say until the 2022 Annual General Meeting convened to approve the financial statements for the financial year ending 31 December 2021.

5.1.1. OPERATION OF THE BOARD OF DIRECTORS AND SPECIALIST COMMITTEES

OPERATION OF THE BOARD OF DIRECTORS

The internal regulation sets out the way in which the Board of Directors is organised and operates. In particular, it specifies the role and operational procedures of the Board of Directors and its specialist committees, established in accordance with the statutory provisions and the provisions of the Articles of Association. The regulation also details the roles and powers of the Chairman and the Executive Management, as well as their respective obligations. In this regard, it includes a Directors' Charter setting out the rights and obligations incumbent on Manitou's Directors to ensure good corporate governance. These principles are based on the duties of due diligence, independence, transparency and confidentiality.

In 2017, the members of the Board of Directors met ten times as a Board. During these meetings, the group's activities, strategic focuses and current projects were reviewed. Particular attention was focused throughout 2017 on the organisation for the new governance system, the proposed acquisitions of Terex Equipment Private Limited in India and Marpoll Pty Ltd (LiftRite Hire & Sales) in Australia, as well as the group's new strategic roadmap.

Meetings of the Board are held, when convened by the Chairman, at the head office or, on an exceptional basis and for a portion of the members, over a secure telephone link.

Each member of the Board of Directors, and all staff representatives convened, received, in advance of the meetings, all the documents and information required by law and necessary for them to accomplish their tasks.

Minutes are drawn up systematically for each Board Meeting and granted to each member for approval. The average attendance rate at Board of Directors meetings for 2017 was 95.8%.

The statutory auditors were convened to Board meetings involving the examination of the half-yearly and annual accounts, in accordance with Article L.823-17 of the Code of Commerce.

The Directors are remunerated in the form of attendance allowances, the allocation of which is decided by the Board of Directors on the advice of the Compensation Committee, based on the diligence of the Directors and the time they devote to their office, including attendance at specialist committees. The Chairman of the Board receives compensation in accordance with the provisions of article L.225-47 of the Code of Commerce as well as attendance allowances. Details of all such compensation are given in paragraph 5.3.

In accordance with its internal regulation and in accordance with Recommendation R7 of the MiddleNext Code, the Board undertook a formal self-evaluation of its operation. Each Director presented his own evaluation based on a questionnaire drawn from the MiddleNext Code of Governance. The evaluation cover the operation of the Board and its committees in terms of their preparation, proceedings and follow-up, the objective being to monitor the points for improvement identified in January 2017. These contributions were analysed and summarised by an independent director. Various exchanged during the Board meeting on 6 March 2018 led to an action plan being proposed and those points applying to the Board were unanimously approved by the Board of Directors and the group's Executive Management.

SPECIALIST COMMITTEES

The Board of Directors has set up four specialist committees responsible for investigating matters falling within their remit and for submitting advice and recommendations to the Board.

THE STRATEGIC COMMITTEE

Its principle responsibilities are to assist the Board in drawing up strategy. It prepares the work of the Board in relation to the strategic plan, to any proposal for a strategic agreement, technological cooperation, industrial partnership, diversification or the range of activities, and all major investment or disposal transactions.

The Strategic Committee met three times in 2017.

THE AUDIT COMMITTEE

The members of the Committee have special skills for dealing with financial or accounting matters. These skills are assessed on the basis of their training and professional experience.

The key tasks of the Audit Committee are to:

- Monitor the process of drawing up financial information and, where appropriate, to formulate recommendations to guarantee their integrity;
- Analyse the financial impact of investment or disposal transactions;
- Check the efficacy of internal control and risk management systems and, where appropriate, internal audit in terms of the procedures for drawing up and processing accounting and financial information, without this impinging on its independence;
- Issue a recommendation on the statutory auditors nominated by the Annual General Meeting. This recommendation, which is submitted to the Board, is drawn up in accordance with the law. The Committee also issues a recommendation to the Board when the renewal of mandate, or reappointment, of the statutory auditors is envisaged under the terms and conditions laid down by law;
- Monitor the performance by the Statutory Auditors of their mandate and to take into account the statements and conclusions of the French supervisory body for the auditing profession, the Haut Conseil du Commissariat aux Comptes, in the wake of any audits conducted pursuant to legislative and regulatory provisions;
- Ensure compliance by the statutory auditors with the criteria for independence in accordance with the terms and conditions laid down by law;
- Approve the provision of services other than certification of the accounts in accordance with the applicable legislation and regulations;