

The logo for SWORD, featuring the word "SWORD" in a bold, blue, italicized sans-serif font. A yellow brushstroke underline is positioned beneath the letters.

UPGRADE YOUR BUSINESS

# GOVERNANCE CHARTER

UPDATED ON 3 MARCH 2016

SWORD GROUP SE

SWORD GROUP is a European IT public limited liability company, specialised in the supply, at a global level, of software and services to regulated industries. The Company proposes high-added value applications to the largest companies around the world. For further information on the activities of SWORD GROUP, we invite you to consult the Company's Internet site at the following address: [www.sword-group.com](http://www.sword-group.com)

Following the transfer of the Company's Headquarters to the Grand Duchy of Luxembourg, the Board of Directors of SWORD GROUP adopted the present Governance Charter on 28 August 2012. The Charter presents the governance framework for the activities of SWORD GROUP, in furtherance of the ten corporate governance principles of the Luxembourg Stock Exchange which the company subscribed to voluntarily with the exception of certain principles mentioned in the present charter. Its aim is to clarify the powers and responsibilities of the different entities that comprise the governance of SWORD GROUP.

The Board of Directors of SWORD GROUP updated the present Governance Charter on 6 November 2014 following changes introduced by the Luxembourg Stock Exchange on 1 May 2013 to the ten principles of governance of companies.

The present Governance Charter completes the following documents that already exist:

- An administrative handbook that specifies all the internal monitoring/control procedures, a staff handbook for each member of staff, specifying their rights, their duties and their place in relation to the way in which SWORD GROUP operates,
- A manual of the IFRS accounting principles, drafted by an independent firm,
- A technical handbook for each country that includes the quality standards in force (CMM, ISO or ISOPRO method),
- An ethical charter that was approved by the SWORD GROUP Board of Directors on 20 December 2010.

The present Charter will be regularly updated according to the developments of the governance of SWORD GROUP as well as legislative and regulatory developments. It is available on the SWORD GROUP Website.

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## **1. Structure and Organisation of the Company and the Group**

SWORD GROUP is organised so that it is able to be responsive while conserving all the legal structures that are in line with consistent control and management. The role of the following major management structures should we feel be mentioned.

### **1.1. THE MANAGEMENT STRUCTURES**

#### **1.1.1. The Board of Directors**

##### **- Composition**

The Memorandum and Articles of Association of SWORD GROUP provide for a Board of Directors which shall have a minimum of three members and a maximum of eighteen members, except when the temporary derogation provided for mergers applies, appointed for a maximum duration of four years. The Board of Directors is comprised of competent and well-informed persons who have been chosen taking into account the specific features of the Company and its activities. The Board is currently comprised of six persons: Jacques Mottard, Nicolas Mottard, Frédéric Goosse, François Régis Ory, François Barbier and PACBO Europe (represented by Patrice Crochet).

In compliance with the recommendations set out by the Luxembourg Stock Exchange, 50% of the Board of Directors are “Independent Directors”, namely, François Barbier, François Régis Ory and PACBO Europe (represented by Patrice Crochet). Moreover, none of the above Board Directors have a significant holding in the share capital of the clients or suppliers of SWORD GROUP, or in the subsidiaries of the latter.

There is no Director elected by the staff.

Should a member of the Board of Directors of the Company have or own any form of personal interest in one of the Company’s transactions, the member in question shall inform the Board of Directors as to this personal interest and cannot decide or vote in relation to such a transaction.

This transaction as well as the personal interest of the Director in question in the transaction shall be the subject of a special report to the next General Shareholders’ Meeting before any vote may be expressed by the said Director concerning any other resolution.

Taking account of the size of the Company, and in order to improve the efficiency of the Board’s decisions, the functions of the Chairman and Chief Executive Officer are not separate. For the same reasons, the appointment of a “compliance officer” is not considered necessary.

##### **- Board Meetings – Functioning of the Board**

The Board shall meet, carry out its functions and take decisions in compliance with applicable statutory and regulatory provisions, as completed by the provisions of SWORD GROUP’s Memorandum and Articles of Association. To date there are Rules of Procedure and there is no censor.

In the absence of a Works Council, no staff representative of the Company or the Group takes part on a regular basis in the Board of Director’s meetings.

The budgets are forwarded to the Board annually. The Board also receives the analytical accounts on a monthly basis and the general accountancy every quarter.

The Board is informed ahead of time of any acquisition or activity creation project and more generally speaking of all significant financial operations.

For each Board of Directors' meeting, the relevant documents in relation to the agenda are sent to the members prior to the meeting. The Directors may request, at any moment in the year, any information that they consider useful on the way in which the company goes about its business.

All the Directors, executive or otherwise, have the same access to the information and resources that are necessary for the fulfilment of their terms of office.

SWORD GROUP's Memorandum and Articles of Association provide for the holding of a Board of Directors' meeting as often as appears necessary.

The Group uses its law firm to send out the invitations to attend the Board Meetings. The Board generally meets at the Headquarters and the law firm assists the Chairman for the editing of the Minutes.

Within the scope of the reinforcement of the governance rules, SWORD GROUP has set out a set of Rules of Procedure that specify the ways in which the Board of Directors functions as well as the obligations of the Directors within the scope of their functions, notably the ethical obligations.

#### **- Remuneration of the Senior Management and Administrative Bodies**

The Managing Directors are paid according to their experience and their know-how specifically within the context of the European and Global market.

The remuneration package of the Board of Directors and Senior Management may be composed of various elements such as the granting of shares, stock options or any other right to acquire shares, attendance fees, retirement and departure conditions and other specific benefits, whether they are granted by SWORD GROUP or its subsidiaries or companies within the Group.

The fixed and variable parts of the remuneration package are determined in a balanced manner.

If stock options are granted, the Board of Directors fixes performance conditions as well as the number of shares resulting from each option that must be kept by the Managing Director until the end of his or her term of office.

#### **- Assessment of the Board of Directors**

The Board of Directors completes its assessment every year. The Directors consider to date that the current functioning of the Board of Directors enables them to fulfil their role under good conditions.

#### **1.1.2. The Executive Management Committee (EMC)**

The EMC sets out the annual guidelines, monitors the business activity and defines the long-term strategy. It is currently composed of:

- Jacques Mottard Chairman and CEO
- Frédéric Goosse, in charge of day-to-day management
- Tony Allen, "Chief Executive Officer"

#### **1.1.3. The Operational Committee**

The Operational Committee aims to define the policy for the year, manage the annual budget and monitor/control the profit centres called Business Units. It is made up of the Executive Management Committee plus eight Operational Directors.

Each Operational Director is at the same time Director of a Business Unit. To date there are 26 Business Unit Directors.

#### **1.1.4. The Management Committee**

It is composed of the Operational Committee and all the Business Unit Directors.

The philosophy chosen for the Group's organisation is based in practice on the notion of a flat hierarchy with only two levels: on the one hand that of Business Unit Director and on the other that of Executive Management.

#### **1.1.5. The persons in charge of the day-to-day management**

Mr Jacques Mottard and Mr Frédéric Goosse have been appointed as the persons in charge of day-to-day management for a duration that expires on the day of the General Meeting that is called upon to approve the Company's accounts for the year ending on 31 December 2015. They may also go by the title of COO.

### **1.2. THE BUSINESS UNIT, A PROFIT CENTRE AROUND WHICH THE GROUP IS ORGANISED**

The Business Unit is a profit centre that is managed according to principles that are set out in an internal administrative handbook. The main management axes of the Business Unit are the following:

#### **1.2.1. The analytical axis that is supported by:**

- A budget that is presented before the beginning of the year and analytical reporting that is completed at the end of the month and sent to the Executive Management and includes a breakdown of the activities, a summary of the projects, the distribution of the business activities, a summary of the "work in progress" and the work that has been "invoiced ahead of schedule," as well as analytical follow-up of the projects.
- The feedback from the Executive Management to the Business Unit concerning the analytical profit and loss account.

#### **1.2.2. The General accountancy axis**

- The entities that have their own accountancy department report directly to the Administrative and Financial Department.
- The Financial Department manages the cash flow needs of the different companies in the Group centrally: if the cash flow from one subsidiary serves the financing needs of another, the holding manages the remuneration of the capital lent so that the subsidiary with the excess cash receives the interest on its loans.

### **1.2.3. The Commercial axis**

Each month, all the actors of each of the committees complete the same weekly report as the Sales Engineers, associated with the report on the sales contacts made during the week, and send it to their respective line managers.

These reports, consolidated at Group level, make it possible to:

- Monitor the possible actions taken by the various actors for the same clients,
- Quantify the number of new projects for which a quotation has been prepared,
- Quantify the number of new contracts signed,
- Check the number of deals lost and what they were worth.

The Operational Committee is in charge of coordinating all the Sales actors including the Business Unit Directors.

### **1.2.4. The Technical axis**

The role of the Technical Director is a multifaceted role at SWORD. From a strategic perspective, he participates in devising the technological directions of the Company in direct collaboration with the Executive Management. As such, he manages part of the technological watchdog via a network of technical advisors within the Group. From an operational perspective, his role is divided between pre-sales (development of responses, value proposals in the upstream phase), development (contribution of an external viewpoint regarding the solutions implemented) and after-sales (follow-up of the services provided and of any future developments).

Each proposal is prepared by Project Managers and is checked by the Technical Director in terms of days and by the Business Unit Director from a financial point of view. The latter can undertake a financial commitment for up to € 400 000 (compared with € 1 000 000 for the Operational Director). Beyond this amount, the Executive Management must be consulted.

Each project is monitored by a Project Manager who produces the monthly reporting providing a summary with an update on the stage reached in the project and any differences compared with the initial estimate.

All the project follow-up forms are checked by the Technical Management. A summary of the project stages and the gaps is compiled at Group level on a per-operation basis.

Any delays (commercial concessions on project sites) must be debited when they occur throughout the project process. All the savings (ahead of schedule in relation to the initial estimate) are added at the end of the project.

Any project that is over 5% late forms the subject of an audit by the Technical Management of another operation.

All the days that are not invoiced by the billable staff may only in principle be allocated to the three following fields: training, management and commercial concession.

Any increase in the number of days not billed in a month by a Business Unit is subject to a detailed analysis in order to ensure that the commercial concessions have been allocated correctly.

### **1.3. REPORTING, MEETINGS, DELEGATIONS**

#### **1.3.1. Reporting**

A Business Unit prepares:

- Its draft salaries on the 10th day of each month,
- The analytical reporting on the last working day of each month before midday,
- The commercial situation on the fifth working day of each month,
- The monitoring of staff travel expenses on the 5th of each month.

Each Business Unit Director shall prepare a career management and wages summary of their staff every six months with assistance from the Technical Director with any proposals for a salary increase, for training or career development for each member of staff in order to prepare the twice-yearly remuneration committee.

Each case shall be reviewed with the Operational Directors and the Executive Management.

Each Business Unit Director shall prepare a budget proposal for the following year before 15 November of each year. This shall be reviewed in the annual budget committee meeting.

#### **1.3.2. Meetings**

Each week, the Business Unit Director shall hold a meeting with his/her technical and sales managers in order to review the management of their profit centre from a commercial, technical, and managerial perspective in the light of the weekly reports.

Each Operational Director shall hold a meeting with their Business Unit Directors once a month, together with the Sales and Technical Managers in order to check the action taken by each entity and to coordinate the Business Units.

Every month, the Executive Management Committee shall meet for a day in order to check all the information summaries received and propose any possible corrective actions to the Operational Committee and to define the acquisitions strategy.

Every two months, the Operational Committee and the Executive Management Committee meet in order to:

- Summarise the exchanges between the Executive Management Committee and the Operational Committee over the two previous months,
- Produce an update on the follow-up of the Business Units,
- Define the strategy for the year and any corrective actions.

Once a year, all the Group's staff must meet their Manager for an in-depth career and wages interview. This must take place outside the context of the daily exchanges between the Directors and their staff. Once every six months, the Executive Management Committee, the Operational Committee and the Management Committee shall meet for a "Career Committee Meeting".

Once a year, a Budget Committee Meeting shall be combined with the "Career Committee Meeting".

### **1.3.3. Powers to represent the company**

- The Commercial Engineer has delegated authority to represent the Company with clients and sign cost-plus contracts corresponding to the performance ratios of the Group.
- The Project Manager has the powers to technically manage his staff and manage the progress in days for each project, provided this has no adverse effect on the operating account.
- The Technical Director monitors the Project Managers and personally manages large projects (above € 400 000).
- The Business Unit Director has the power to hire staff, within the scope of his budget and according to the Group procedure, to incur the expenses provided for in his budget and to sign contracts with clients for up to € 400 000. If these expenses exceed the budget that has been allocated to him, the said powers shall be withdrawn until the situation returns to normal. The Business Unit Director must then ask the Executive Management Committee before incurring expenses or before recruiting staff.
- The Business Unit Director cannot incur investment expenses without a prior purchase request for approval sent to the Executive Management, nor expenses that are likely to have a long-term impact such as rent and that are subject to the equivalent procedure of approval from the Executive Management.
- The Operational Director may validly commit the Company on contracts up to a limit of € 1 000 000, and has the powers that were formerly granted to the Business Unit Directors following the loss of their powers.

From a general perspective, no-one may decide to incur expenses and, at the same time, make the corresponding payments. For instance, the head of the profit centre shall approve supplier invoices under his/her signature whereas the Financial Management will make the payment.

### **1.3.4. Management of the staff Committees**

Staff are recruited based on a defined procedure (definition of the profile, formalised interview with two different persons, tests). The new recruit is integrated on his first day during the course of which the entity assistant presents the welcome booklet and administrative handbook.

The new recruit is followed by the Project Manager and/or Technical Director who must periodically give an opinion on the person's potential for development.

Each quarter, the staff member takes part in an entity meeting that provides him with all the desired information on the Company. Every six months, his situation is studied at the Career Committee. Each year (at least once) the person has a formalised interview.

## **2. Structure of SWORD GROUP's shareholding and its control**

### **2.1. CAPITAL AND SHARES**

The share capital of the company is 9.414.965 euros (nine million four hundred and fourteen thousand nine hundred and sixty five euros). It shall be divided into 9.414.965 shares worth 1 euro each, fully paid up and all of the same class.

The authorised share capital of the company amounts to 4.875.000 euros (four million eight hundred and seventy-five thousand euros), represented by 4.875.000 shares with a nominal value of 1 euro each.

However, within the scope of new shares being issued under debentures giving rights to acquire shares in the capital, of the Company, the authorised capital shall be €100.000.000 (a hundred million euros) represented by 100.000.000 shares each with a nominal value of 1 euro.

Within the limit of the share capital amounts authorised above, the Board of Directors is authorised, for a period that expires five years after the publication date at Mémorial C, Recueil des Sociétés et Associations, de l'immatriculation de la Société au Registre de Commerce et des Sociétés Luxembourg, (Luxemburg Business and Companies Registry) to increase the share capital, in one or more instalments, by any means, in particular through the issue of ordinary shares or any securities that give access to the share capital, and through the increase in the nominal value of the shares issued. Subject to the conditions determined by the Extraordinary General Meeting, the Board of Directors may cancel or limit the preferential subscription rights.

Such share capital increases can be subscribed to by payment in cash or in kind provided that all the legal requirements that apply are complied with or through the incorporation of available reserves,, profits carried forward, dividend distribution or a share capital issue premium, in each case at an issue price that will be determined by the Board of Directors.

The Board of Directors may delegate to any authorised Director or holder of a power of attorney granted by the Company or to any other duly authorised person, the right to accept subscriptions and to receive the payment for the shares that represent all or part of the amount for such an increase in the share capital.

On the occasion of each increase in the Company's share capital decided by the Board of Directors within the limits of the authorised capital, the Memorandum and Articles of Association will be modified accordingly and the Board of Directors will take or authorise any person to take the necessary steps in order to implement and publish information concerning the said modification.

Shares may be registered or bearer shares at the discretion of the shareholder. If Luxembourg Law permits, shares may also be issued in paperless format.

As regards bearer shares, the Company shall issue bearer share certificates to the shareholders concerned, in a form and in accordance with statutory provisions. The Company may issue multiple bearer share certificates. Transfers of bearer shares shall be completed by delivery of the bearer certificate(s) to the bearer.

Shares issued in the name of the holder shall be recorded in a register of shareholders to be kept at the head-office of the Company which may be inspected by any shareholder. The said register shall contain the precise description of each shareholder as well as the number of shares held by each of them, an indication of the payments made for such shares, as well as share transfers and the relevant dates thereof. Each shareholder must inform the Company of any change of address or other change by registered post. The Company shall be entitled to take account only of the last address provided to it.

The ownership of nominative shares shall be proven by registration in the shareholders' register. Certificates of the matters registered in the shareholders register shall be issued in the name of the shareholders. The Company may issue multiple nominative share certificates.

The shares may be registered in an account showing their fungible value opened with a bank or other professional depositaries or clearing houses.

The Company may at any time in accordance with statutory and regulatory provisions in force, ask any clearing house for the name (or corporate name in the case of a company), the nationality, and address of holders of shares with immediate or deferred voting rights in its own shareholders meetings as well as the number of shares held by each of them and, as appropriate, any restrictions to which they may be subject.

If Luxembourg Law permits the issue of paperless shares, the registered and bearer shares must be converted into dematerialised shares within two years, starting on the date on which the issue of dematerialised shares is authorised, in accordance with the conditions provided by law, and implemented by the Board of Directors.

Any shareholder, acting alone or in concert, who owns more than 5%, 10%, 15%, 20%, 25%, a third, half or two thirds of the capital or the voting rights is obliged to inform the Company of the total number of shares and voting rights held, by registered letter with acknowledgement of receipt, within four stock exchange trading days starting on the day where they became aware that they had exceeded these shareholding thresholds. The same will apply each time the person's holding becomes lower than one of the said thresholds.

This information will also be provided to the Financial Sector Supervisory Commission within (i) 6 trading days of any transaction and (ii) 4 trading days from the date the said shareholding thresholds are crossed due to an event that modifies the distribution of the voting rights.

If the shares have not been properly disclosed, the shares exceeding the fraction that should have been declared shall be deprived of voting rights until proper notification is made.

The shares are freely tradable, notwithstanding any legal or regulatory provisions to the contrary.

Any transfer of nominative shares must be recorded in the Company's shareholders' register with a declaration of the transfer entered in the register, dated and signed by the transferor and the transferee or their representative(s) and according to the rules that govern the transfer of debt claims as specified under Article 1690 of the Luxembourg Civil Code. Moreover, the company shall be able to accept and enter in the shareholders' register any sale that is referenced in any letter or other document that mentions the agreement between the transferor and the transferee.

## **2.2. MODIFICATIONS OF THE SHARE CAPITAL**

1 – The share capital may be increased by whatever means and according to all the procedures provided for by the law.

Payment for newly created shares may be made in cash, either by set-off against claims for liquidated amounts due by the Company or by incorporating reserves, profits or share premiums or by a contribution in kind or through the conversion of bonds.

Only the Extraordinary General Meeting shall have power to decide any increase in capital. It may also delegate this power to the Board of Directors within the amount of the capital authorised by the Memorandum and Articles of Association.

The Board of Directors may decide to restrict increases in capital only for payments in cash corresponding to the amount subscribed.

In the event of a capital increase through the issue of shares for cash, preferential subscription rights shall, in accordance with legal provisions, be given to the owners of the existing shares in compliance with the provisions laid down by the law. However, Shareholders may individually renounce their pre-emptive right of subscription during the General Meeting that resolves or authorises the share capital increase. In addition, the shareholders may, in the General Meeting, cancel this pre-emptive right in compliance with legal requirements.

2 – A capital increase may also arise following a request made by any shareholder to receive payment of all or part of the dividends to be distributed, in the form of shares when shareholders have been granted the right to do so by a resolution of the General Meeting or by the Board of Directors within the scope of a capital increase up to the amount of the authorised capital as defined under Article 8 of the Memorandum and Articles of Association and under Article 2.1 of the present charter.

In such a case, the Board of Directors, shall within the statutory time limit, record the number of shares issued by virtue of the previous paragraph and shall proceed to record changes to the Memorandum and Articles of Association by a Notarial deed.

The Extraordinary General Meeting may also delegate to the Board of Directors the implementation of the reduction of the share capital.

The Board of Directors may repurchase Company shares, within the limits provided by law and the authorisation given by the Extraordinary General Meeting.

### **2.3. SHARE LISTING**

The Company's shares are quoted on EURONEXT Paris (Compartment B). The number of shares in circulation amounts to 9 414 965.

Information concerning the Company's share price are available on its Internet site ([www.sword-group.com](http://www.sword-group.com))

SWORD GROUP SE shares are part of the following main indexes: ICB: 972 IT services - SBF 250 - IT CAC.

### **2.4. AUTHORISED CAPITAL**

The General Meeting of 26 March 2012 authorised the Board of Directors to increase the share capital in any manner, in particular through the issue of shares or any securities that give rights to shares in the capital of the Company with or without cancellation of preferential subscription rights.

This authorisation was granted for a period of five years starting on the date of publication at Mémorial C, Recueil des Sociétés et Associations, de l'immatriculation de la Société au Registre de Commerce et des Sociétés Luxembourg. (Luxemburg Business and Company Register). Within the scope of this authorisation, the Board of Directors has power to limit or cancel existing preferential subscription rights. The Board of Directors shall be able to determine all the terms of issue, in particular the place and date of the issue or successive issues, the issue price, with or without a share premium and the conditions and procedures of subscription and the issue of new shares or securities. The Board of Directors may in particular accept the subscription of shares in exchange for cash payments or payments in kind, subject to the conditions provided by law, and the issue of new shares through the incorporation of the reserves into the share capital and/or share premiums, and the allotment of free shares. The Board of Directors may also delegate the authority to accept the subscription of new shares.

The amount of the capital increases which may be made in this manner immediately and or subsequently within the scope of the authorisation granted by the General Meeting may not exceed a nominal value of 4.875.000 euros.

The par value of the shares or securities representing debt claims giving rise to a right to subscribe for shares that can be issued in this way in virtue of the power granted by the General Meeting shall not exceed 100.000.000 euros or its equivalent in foreign currency on the day of issue.

The Board of Directors may use this power for any purpose that contributes to the attainment of the Company's corporate objects, in particular to issue shares or any other instruments that give the right to subscribe for shares, to the benefit of the staff and/or Directors or office holders of the company

and/or companies that are included in the Company's consolidated accounts, up to a maximum number of 200.000 shares issued within the scope of the authorisation granted. The other conditions for the issue of these shares, in particular the determination as to who may be the beneficiaries of these shares and the individual and/or collective performance conditions shall be determined by the Board of Directors.

## **2.5. ACQUISITIONS AND DISPOSAL OF OWN SHARES**

SWORD GROUP may be in a situation whereby it holds its own shares and carries out transactions in relation to its own shares, within the limits provided by law and the authorisation granted by the Shareholders' General Meeting. The objectives provided for by this programme are the following:

Transactions on the market or in relation to the liquidity of the share by means of an investment service provider through a liquidity contract,

The purchase for retention and subsequent remittance of shares in exchange or in payment in connection with external growth transactions,

The granting of shares to employees or office holders of SWORD GROUP or its Group, in accordance with the conditions and according to the procedures provided for by the law,

Cancellation of shares, provided that in the latter case, the Extraordinary General Meeting has voted a specific resolution.

Detailed information on these operations is regularly provided to the CSSF and is featured on the SWORD GROUP Website.

## **2.6. SHAREHOLDERS**

### **2.6.1. Main shareholders**

Jacques Mottard, including the holding of FINANCIERE Sémaphore – globally owns 18.1% of the capital.

The floating shareholders represent more than 79.3% of the capital as of 31/12/2015.

### **2.6.2. Powers and General Meetings**

The shareholders shall be given notice to attend the General Meetings in compliance with the legal and statutory provisions. Article 19 of the Memorandum and Articles of Association provides general rules for the Shareholders' General Meetings.

#### **Notices convening general meetings**

The shareholders shall meet at the Annual General Meeting on 28 April of each year at 11am in the place where the Headquarters of the Company are located or at another place indicated in the notice to attend the General Meeting.

If the date of the meeting falls on a bank holiday, the meeting shall be scheduled on the first following working day.

Ordinary General Meetings may be called upon extraordinary notice at any time of the year by the Board of Directors.

One or more shareholders that together own 10% at least of the subscribed capital may request that a General Meeting be called. The notice to convene such a meeting shall state the items on the agenda.

The form of the meeting and the required notice period are as provided by law. Notices of meeting must indicate the location of the meeting, which may be held at the registered office or at any other location, and the agenda.

## **Agenda**

The agenda is set by the person who calls the meeting. It contains, if appropriate, the proposals made by one or several of the shareholders or the staff representative body in compliance with the conditions provided by law.

One or more shareholders that together own 5% at least of the subscribed capital may request that one or more new items to be included in the agenda of any General Meeting, subject to the time limits and procedures provided by law.

When a Meeting has not been able to deliberate validly in the absence of the required quorum, a second Meeting shall be convened in the same manner as the first and the notice of Meeting notice shall indicate the date of the first meeting.

## **Admission to the meetings – Powers**

All shareholders shall be entitled to attend the General Meetings personally or by proxy, whatever the number of shares that they own, on presentation of proof of identity and share ownership, in the form:

- Either of a nominative registration in their name,
- Or an entry of the shares in an account in the name of the shareholder or of the intermediary who is registered to represent them, on the third working day that precedes the General Meeting at midnight, Paris time, or in the registered share accounts held by the Company, or in the bearer share accounts held by the authorised intermediary.
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However, the Board of Directors may reduce or waive such a notice period provided that it is to the benefit of all the shareholders.

The shareholders may submit their vote by post and must in order to do so request a postal voting form from the Company. This form will include the information relating to the General Meeting in question and will be drafted in such a way that the shareholder shall be able to cast their vote for each of the resolutions proposed, in the order in which they are presented at the Meeting. The request for the form must be addressed to the Company by any means and must be deposited or received at the registered office at least six days prior to the Meeting.

The ballot paper to be acceptable, must contain the following information:

The indication of the surnames, first name and place of residence of the shareholder,

An indication of the form, registered or bearer, in which the shares are held, the number of shares held and the indication establishing the registration of the shares either in the registered nominative share accounts held by the Company, or in the bearer share accounts held by the authorised financial intermediary,

The signature of the shareholder or their legal representative.

The votes cast by post must, in order to be taken into account, reach the Company at least three days prior to the date of the General Meeting.

A shareholder can be represented by a third party in accordance with the conditions provided by regulations in force.

### **Holding of the Meeting – Bureau (Secretary of the meeting) - Minutes**

The General Meeting is presided by the Chairman of the Board of Directors or by a Director designated by the Board, if the invitation to attend emanates from the latter, or failing that, by a person appointed by the Meeting. It is presided by the statutory auditor or company auditor if necessary and by the court officer or by the liquidator in the other cases. The duties of the scrutineers are fulfilled by the two members of the Board who have the highest number of votes and who accept these responsibilities. The Bureau appoints a secretary who may be a shareholder or not.

The resolutions voted at the meeting are recorded in Minutes signed by the members of the Bureau and signed by the shareholders who request them.

Copies or extracts of these Minutes, to be submitted in court or elsewhere, are duly certified in the case of Ordinary General Meetings by the Chairman of the Board of Directors or a Director or the Secretary of the General Meeting and in the case of Extraordinary General Meetings, by the Notary who is the depository for the Minutes in question.

### **The conditions for exercising voting rights – Majority quorum**

1 - The quorum shall be calculated taking into account all the shares that comprise the share capital, less those shares that are deprived of voting rights under the provisions of the law.

For postal votes, only forms duly completed and comprising a reference to the certificate of deposit of the shares, received by the Company at least three days before the Meeting is held, will be taken into consideration for calculating the quorum.

2 – The Ordinary General Meeting cannot validly conduct business on the basis of the first notice convening the general meeting, unless the shareholders present, represented or voting by mail own at least a quarter of the share capital. In the absence of such a quorum, a second General Meeting will be called, without the necessity for a quorum, in the form provided for within the provisions of Article 67-1 of the Law dated 10 August 1915 as modified relative to commercial companies.

The Extraordinary General Meeting cannot validly conduct business on the basis of the first notice convening the extraordinary general meeting unless the shareholders present, represented or voting by mail own at least half of the share capital. In the absence of such a quorum, a second General Meeting will be called, without the necessity for a quorum, in the form provided for within the provisions of Article 67-1 of the Law dated 10 August 1915 as modified relative to commercial companies.

3 – In General Meetings, each member of the Meeting shall have the same number of votes as the number of shares he/she owns or represents without any limitation, with the sole exception of the cases provided for by law.

4 – At General Meetings, voting shall take place on a show of hands, by names being called out or by a secret ballot or through the use of telecommunications, such as videoconference systems and any other means of teletransmission that make it possible to identify the shareholder taking part in the General Meeting, as may be decided by the Bureau for the meeting or the shareholders.

Resolutions of Ordinary General Meetings shall be by a majority of the validly cast votes. The validly cast votes do not include those attached to the shares for which the shareholder has not taken part in the vote, abstained from voting or returned a blank or invalid vote.

Resolutions of Extraordinary General Meetings shall be by a majority of two thirds of the validly cast votes.

### **2.6.3. Dividend Policy**

In accordance with Article 24 of the Memorandum and Articles of Association, there shall be deducted from the profits of the accounting year less any losses from the previous years, the following items:

-Five percent at least to constitute the legal reserve. Such a deduction will cease to be mandatory when the said reserves will have reached a sum equal to one tenth of the capital, but will resume if for any reason whatsoever this percentage is no longer reached,

-And any amounts to be allocated to the reserve account in accordance with the law.

The balance, plus profits carried forward, shall comprise the distributable profit that the General Meeting, on proposal from the Board of Directors, may resolve to distribute in whole or in part as dividends, or allocated to reserve accounts, capital amortization or carry forward.

The Extraordinary General Meeting may, subject to legal provisions, resolve the full or partial amortisation of the shares that will proportionally lose the right to a dividend and to the reimbursement of their nominal value.

This Meeting may also, subject to legal provisions, decide to convert into capital shares those shares that have been fully or partially amortised.

In general, SWORD GROUP shall follow a dividend distribution policy linked on the one hand to the profits of the year concerned and on the other, to the foreseeable development of the Group and its profitability.

## **3. Supervisory structures**

### **3.1. AUDIT COMMITTEE – OTHER COMMITTEES**

The Company has an Audit Committee, comprised of Messrs François BARBIER and François-Régis ORY, independent Directors, appointed as members of the Audit Committee for the duration of their term of office as Directors.

Mr François-Régis ORY is Chairman of the Audit Committee.

With regard to the creation of an Appointments and Remuneration Committee or the creation of other specialised committees, the decision has been made not to set up such committees within SWORD GROUP, given the size of the Company.

### **3.2. INTERNAL CONTROLS**

We remind you that the internal control procedures in force in our Company are aimed at the following:

On the one hand to ensure that the operational management, transactions and employees' conduct comply with the framework of the corporate activities as defined by the senior management and by the applicable laws and regulations and by the values, standards and internal rules of the company;

And on the other, to check that the accounting, financial and Management information provided to the Management of the Company accurately reflect the Company's operations and financial position.

One of the objectives of the internal control system is to prevent, monitor and manage the risks resulting from the Company's business activity, as well as the risk of errors and fraud, in particular in the accounting and financial field. As is the case for all audit systems, however, they cannot provide an absolute guarantee that these risks will be completely eliminated.

The internal control procedures are decided upon by the SWORD GROUP Board of Directors and an internal control officer was appointed to monitor the different risks identified by the Board of Directors in furtherance of the ten corporate governance principles of the Luxembourg Stock Exchange.

### **3.3. STATUTORY AUDITING OF THE ACCOUNTS**

Statutory auditing of the accounts is carried out by MAZARS S.A, company auditor since the transfer of the Company's Headquarters to Luxembourg.

## **4. The Conduct of business and transactions on SWORD GROUP shares**

### **4.1. CONDUCT OF BUSINESS AND ETHICS**

Positioned among the global leaders in the field of business process improvement solutions for the regulated sector, SWORD GROUP places its know-how, infrastructures and experience at the disposal of its clients to help them improve their performance, enhance their efficacy and maximise their returns on investment.

SWORD GROUP does business around the world in compliance with the laws and rules and regulations in force in the various countries where SWORD GROUP and/or the subsidiaries of SWORD GROUP are located.

On 20 December 2012, the Board of Directors of SWORD GROUP adopted an Ethical Charter. This charter notably aims to formalise the common values and principles that are essential to SWORD GROUP and to its staff and to affirm the ethical commitment of SWORD GROUP, in all its sectors of activity, vis à vis the shareholders, the members of the company, its clients, suppliers and various partners.

### **4.2. Transactions in SWORD GROUP' shares**

The Senior Management of SWORD GROUP comply with all the legislative and regulatory provisions with regard to the transactions in the shares of listed companies.

The Senior Management of SWORD GROUP regularly declare the transactions that they complete in the SWORD GROUP shares and abstain from any transactions in the SWORD GROUP shares whenever they have privileged information.

In order to warn the commission of any possible offences with regard to the holding of privileged information, SWORD GROUP has established, in compliance with the law, a list of insiders identifying these persons who hold privileged information, who work within SWORD GROUP, as well as third parties with access to such information within the scope of their professional relations with SWORD GROUP.