

SWORD

UPGRADE YOUR BUSINESS

AUDIT COMMITTEE RULES OF PROCEDURE

The Audit Committee Rules of Procedure specify, on the one hand, the composition, the powers and the operation of this Committee.

1. COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is comprised to date of two members appointed for the duration of their terms of office as Directors, in other words, Messrs François BARBIER and François-Régis ORY, Chairman of the Audit Committee, both qualified as independent Directors. They have the necessary competence and resources for the effective exercise of their role.

2. ATTRIBUTIONS OF THE AUDIT COMMITTEE

The Audit Committee is in charge of the follow-up of the questions relating to the establishment and control of the accounting and financial information and notably of:

- ensuring the follow-up of the process to establish the financial information,
- ensuring the follow-up of the efficacy of the internal control and risk management systems,
- ensuring the follow-up of the legal control of the annual and consolidated accounts by the Company's auditors,
- ensuring the follow-up of the independence and the objectivity of the Company's auditors and of issuing a recommendation on the Company's auditors and on the terms and conditions of their remuneration, in view notably of preventing any conflict of interests,
- dealing with any other question with regard to the development and control of the relevant accounting and financial information.

3. FUNCTIONING AND INTERVENTION PROCESS OF THE AUDIT COMMITTEE

The Audit Committee meets as often as necessary and at least twice a year.

After each Audit Committee Meeting, its Chairman makes a report to the Board of Directors and identifies the questions for which he considers that an action or an improvement is necessary and makes recommendations on the measures to be implemented.

The Audit Committee associates with its work and invites to take part in its meetings any other person whose contribution it deems useful.

Within the scope of the missions described above, the "typical" intervention process of the Members of the Audit Committee is as follows:

- As soon as possible, communication of the timelines of the operations scheduled prior to the approval of the accounts by the Annual Ordinary General Meeting or the closing of the half-yearly accounts by the Board,
- Communication of the information on the accounts by the CFO who will be called upon to provide all the necessary explanations by telephone or during the course of an appointment,
- Following the completion of the information and the accounts, informal interviews with the Company auditors to discuss any salient points, possible weaknesses in the accounting treatment as well as anomalies and possible dysfunctions,
- A meeting of the members of the Audit Committee would take place prior to the meeting of the Board of Directors for the closing of the accounts, with a view to ruling on the procedure for establishing the accounts and the presentation of the financial statements,
- The members of the Audit Committee would establish a report that they would present to the Board prior to the meeting on the closing of the accounts.