

SWORD

UPGRADE YOUR BUSINESS

RULES OF PROCEDURE OF THE BOARD OF DIRECTORS

The Rules of Procedure of the Board of Directors specify on the one hand, the composition, the powers and the functioning of the Board of Directors, the roles and powers of the Executive Chairman and the representatives in charge of the daily management and on the other, the obligations that the Directors must comply with within the scope of their functions.

1. MODE OF ORGANISATION OF THE BOARD OF DIRECTORS

A. GENERAL RULES CONCERNING THE BOARD OF DIRECTORS

1 – The Company is administered by a Board that is composed of a minimum of three members and a maximum of eighteen members, except when the temporary derogation provided for mergers applies, for a maximum duration of four years.

2 – Any legal entity may be appointed as a Director. At the time of appointment, the latter is obliged to appoint a permanent representative to take part in the Board's decisions and generally speaking to fulfil their term of office as Director. The term of office of the permanent representative is granted for the same duration as that of the legal entity serving as a Director and must be confirmed at the time of each renewal. Unless in the case of an emergency, the invitations to attend are sent to the Directors at least two days prior to the day of the Board of Directors' meeting.

In the case of revocation by the legal entity of their permanent representative, or death or resignation, the said entity is obliged to inform the Company of this event without delay and to provide the identity of the new permanent representative.

3 – A member of staff from the Company may be appointed as a Director. However, the number of Directors linked to the Company by an employment contract cannot exceed a third of the Directors in office.

4 – Directors are appointed or renewed in their functions by the General Shareholders' meeting.

However, should one or more Directors' seats become vacant due to death or resignation, the Board of Directors may, between two General Meetings, make provisional appointments. Such appointments are subject to ratification of the next General Meeting.

In the event that the Shareholders' Meeting does not confirm a provisional appointment, the acts accomplished previously by that Director and the resolutions adopted by the Board of Directors shall remain valid nevertheless.

The Director co-opted to replace another Director only remains in office for the time remaining of the term of office of his predecessor.

The appointment of a new member of the Board in addition to the current members may only be decided by the General Meeting that fixes the duration of the term of office.

5 – Given the size of the Company, the appointment of a "Compliance Officer" was not deemed necessary.

6 – Criteria and procedure for the appointment of the members of the Board of Directors

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. In compliance with the recommendations set out by the Luxembourg Stock Exchange, the Board of Directors is composed for 40% of "Independent Directors".

B. GENERAL MANAGEMENT OF THE COMPANY

The Board of Directors shall choose a Chairman from among its members, and the latter will be allocated the title of "Executive Chairman". He can also choose a secretary who does not need to be a Director and who will be responsible for keeping the Minutes of the meetings of the Board of Directors.

If the Chairman of the Board of Directors is unable to attend, the Board appoints, among its members who are present, a Chairman of the Board of Directors, who is delegated temporarily to assume this role. In the event of a tie, the Chairman of the meeting shall cast the tie-breaking vote.

C. PROCEDURES FOR MEETING AND MAKING DECISIONS

The Board meets following an invitation to attend from its Chairman as often as the interests of the Company require and a minimum of at least once every three months, in order to effectively fulfil its obligations and monitor the development of the Company's activities. Directors, who account for at least a third of the members of the Board may ask the Chairman to call a Board meeting on an established agenda if the aforementioned has not met for over two months.

Any Director may confer upon any of his fellow directors by ordinary letter, or fax, the power to represent him at a session of the Board Meeting.

For the decisions of the Board of Directors to be valid, the presence of at least half of the Directors in office or their representatives is sufficient. For the calculation of the quorum and the majority, the Directors who participate in the Meeting of the board by way of a videoconference, as established by the texts in force, are said to be present.

However, the effective presence or presence through representation will be required for all decisions of the Board concerning:

- The appointment and the revocation of the Chairman of the Board of Directors,
- The appointment and the revocation of the person in charge of daily management (Managing Director or the person delegated to take charge of daily management),
- The closing of the annual and consolidated accounts,
- The establishment of the management report and if relevant, that of the group.

These categories of transactions listed above require an express decision of the Board of Directors.

Decisions are made by a majority vote of the members present or represented, each Director having one vote. In the event of a tie, the President shall have the casting vote.

The Directors, and any person called to attend meetings of the Board of Directors, are obliged to maintain confidentiality with respect to privileged information indicated as such by the Chairman.

The decisions of Shareholders' Meetings are recorded in Minutes kept at the Headquarters of the Company, and signed by the Chairman of the session and at least one Director, in addition to the Secretary who is not a Director.

Copies or extracts of these Minutes are certified by the Chairman of the Board of Directors or the Chairman of the Board of Directors who has temporarily been delegated to serve as Chairman or a person duly empowered to this effect.

D. POWERS OF THE BOARD OF DIRECTORS

1 – The Board of Directors determines the business guidelines for the Company and ensures that they are implemented. Subject to the powers expressly conferred on Shareholders' Meetings and within the limits of the Company purpose, the Board of Directors concerns itself with all issues affecting the Company's operations and regulates the Company's affairs through its deliberations. The Board of Directors decides notably on the values and objectives of the Company, its strategy and key policies in order to implement them, as well as the level of risk that is acceptable for the Company. It establishes the annual and periodical accounts.

The Board of Directors shall entrust the day to day management of the Company as well as its representation within the scope of this daily management to (i) one or several Directors who are delegated to daily management and who will be given the title "Chief Operating Officer" and/or (ii) members of the senior management, managers, employees and other shareholder proxy holders who will be given the title "person responsible for day to day management".

Moreover, the Board of Directors shall be able to delegate special powers or proxies, or delegate specific tasks of a permanent or temporary nature to persons or proxies that the Board of Directors will have chosen.

2 –The Board of Directors carries out the controls and verifications that it deems necessary. Each Director is entitled to receive all the information required for the performance of his duties and may obtain any documents he considers useful.

The Board of Directors determines the amount of the fixed or proportional remuneration of the Managing Directors and the persons in charge of day to day management.

The Managing Directors in charge of daily management and the persons in charge of day to day management shall be authorised to grant sub-delegations or substitute powers of attorney for one or more transactions or determined categories of transaction. Any other officers or persons may be authorised to the same ends.

As regards third parties, the Company will be bound by the signature of the Chairman of the Board of Directors or the joint signature of two Directors, or the individual signature of a Managing Director, or by the individual signature of a person delegated to the daily management of the Company, within the scope of this daily management, or thorough the signatures of any person to whom such a signing authority shall have been delegated by the Board of Directors, but only within the limits of this power.

E. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Directors are entitled to attendance fees, the overall annual total of which is fixed by the General Meeting and is maintained until a new decision is made by the Meeting. The Board distributes this remuneration between its members in such a way as it sees fit.

2. ETHICAL OBLIGATIONS OF THE DIRECTORS

Each Company Director, whether they are a natural person or a permanent representative of a legal entity that serves as a Director, is held by a general duty of loyalty towards the Company and, within the scope of this, to comply with the following obligations:

- Before taking office, become acquainted with the general and specific obligations linked to the Director function as specified in the legal and regulatory texts and in the Articles of Association of the Company,
- Represent all the shareholders of the Company and act under all circumstances in the corporate interests of the Company,
- Maintain their independence of analysis, judgment, decision-making and action under all circumstances and reject any direct or indirect pressure that is exerted upon them by whoever it might be,
- Not search for or accept from the Company or from companies linked to the latter, either directly or indirectly, advantages that are likely to be considered as being of a nature to compromise their independence,
- Inform the Board of any conflict of interests situation, even potential, and abstain from participating in the vote on the corresponding decision,
- Dedicate to their functions the time and the attention necessary, it being specified that each Director:
 - Should only accept a limited number of terms of office as a Director in listed companies,
 - Shall not, if they exercise executive functions, exercise more than one non-executive term of office in limited companies in France or abroad, outside the Group, nor accept the chairmanship of the Board of Directors of a listed company in more than one company,
 - Shall inform the Secretary of the Board of Directors of any future change regarding their commitments.
- Insofar as possible be assiduous and participate:
 - In the Board Meetings;
 - In the Committee Meetings that they belong to should the case arise,
 - In the General Shareholder Meetings.
- Ask the Chairman of the Board in due time for all useful information required to effectively participate in meetings with respect to the matters on the Board's agenda.
- Personally protect the non-public information that they are familiar with within the scope of their functions, Directors having the obligation to consider themselves to be bound by a real obligation of professional secrecy,
- Respect the secrecy of the deliberations of the Board of Directors,
- Abstain from engaging in transactions in securities of the corporations, including derivatives, where (and insofar as) he or she as a result of his or her duties, has information not yet made public ,
- Declare any transactions entered into on the Company's shares, in accordance with the provisions of the law and regulations in force.