

Sword Group

Audit Committee Charter

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

1. OVERALL OBJECTIVES

The Audit Committee of Sword Group SE is appointed by the Board of Directors to assist the Board in discharging its oversight responsibilities. The Audit Committee will oversee the accounting and financial reporting process and the audits of the financial statements of Sword Group SE to ensure the balance, transparency and integrity of published financial information.

The Audit Committee will also review:

- the effectiveness of internal financial control
- the effectiveness of risk management monitoring;
- the results of internal audit interventions;
- the independent audit process including recommending the appointment and assessing the performance of the external auditor,
- the process for monitoring compliance with laws and regulations affecting financial reporting.

In performing its duties, the Audit Committee will maintain effective working relationships with the board of directors, management, and the external and internal auditors. To perform his or her role effectively, each Committee member will need to develop and maintain his or her skills and knowledge, including an understanding of the Committee's responsibilities and of the company's business, operations and risks.

2. AUDIT COMMITTEE AUTHORITY

The Board authorizes the Audit Committee, within the scope of its responsibilities, to:

- Perform activities within the scope of its charter.
- Engage independent counsel and other advisers as it deems necessary to carry out its duties.
- Ensure the attendance of group CEO and CFO and other company officers at meetings as appropriate.

- Have unrestricted access to members of management, employees and relevant information.
- Advise on the appointment and compensation of external auditor and be directly responsible for the oversight of the work of the external auditor.
- Approve all audit engagement fees and terms as well as reviewing policies for the provision of non-audit services by the external auditors.
- Mandate third parties to perform internal audit interventions and be responsible for oversight of such works
- Ensure the Board is aware of matters that may significantly impact on the financial condition or affairs of the business.

3. COMPOSITION OF THE AUDIT COMMITTEE

The Board will nominate the Audit Committee members and the Chairman of the Audit Committee. The Chairman of the Audit Committee shall be independent in relation to the major shareholders and the Company and its management.

The Audit Committee will comprise at least 2 (two) members and the majority of the members of the Audit Committee are to be independent of the Company and its executive management. At least one of the audit committee members who are independent of the Company and its executive management is also to be independent of the Company's major shareholders.

At least 1 (one) of the Audit Committee member needs to have competence in accounting and auditing, and each Audit Committee member should have skills and experience appropriate to Sword Group's business in accordance with the Statutory Audit Directive (Directive 2006/43/EC as amended by Directive 2014/56/EU).

A quorum of any meeting will be 2 (two) members.

Members will be appointed for a 1 (one) year term of office subject to the normal renewal terms for Board members. Additionally, a member of the Audit Committee may not sit on more than two audit committees of other public companies, unless the Board determines that such commitments would not impair his or her effective service to Sword Group SE.

The Audit Committee is comprised to date of two members, 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.

The secretary of the Audit Committee will be nominated by the Audit Committee.

4. MEETINGS

It is mandatory for Audit Committee members to attend meetings. The Audit Committee may invite such other persons (e.g., the Chief Executive Officer, the Chief Financial Officer, external audit engagement partner, General Counsel) to its meetings, as it deems necessary.

The external auditors should be invited to make presentations to the Committee as appropriate and at least for the following purposes:

- Presentation of the yearly Audit Plan
- Conclusion on the Half-Year Review
- Conclusion on the Year-end Audit

Meetings shall be held not less than 4 (four) times a year and should correspond with the Sword Group's financial reporting cycle. 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.

Special meetings may be convened as required. The Chairman of the Audit Committee shall convene a meeting on receipt of a request by the external auditors.

The Secretary of the Audit Committee shall circulate the agenda and supporting documentation to the Audit Committee members a reasonable period in advance of each meeting.

The Secretary of the Committee shall make the minutes of meetings available to members of the Board and members of the Audit Committee.

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 should meet with the company's General Counsel on a regular basis. The Audit Committee is entitled to retain outside counsel of its choice if it deems it necessary.

The Audit Committee will meet with the external auditors at least once a year without management present and when deemed necessary.

5. 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:

a) Financial Reporting

- Ensuring the follow-up of the process to establish the financial information,
- Gain an understanding of the current areas of greatest financial risk and how these are being managed.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports.
- Oversee the periodic financial reporting process implemented by management and review the interim financial statements, annual financial statements and preliminary announcements prior to their release.
- Meet with management and the external auditors to review the financial statements, the key accounting policies and judgments, and the results of the audit.
- Ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practice are discussed with the external auditor.
- Review the annual report in advance of publication and consider whether the information is understandable and consistent with members' knowledge about Sword Group SE and its operations and lacks bias.
- Obtain regular updates from management that may have a material impact on the company's financial statements or compliance policies.
- Be satisfied that all regulatory compliance matters, related to the business of the company, have been considered in the preparation of the financial statements.
- Review the findings of any examinations by financial reporting regulatory agencies. (primarily CSSF)

b) Internal Control and Risk Function

- Ensuring the follow-up of the efficiency of the internal control and risk management systems,
- Evaluate whether management is setting the appropriate 'control culture' by communicating the importance of internal control and management of risk.

- Understand the internal controls systems implemented by management for the approval of transactions and the recording and processing of financial data.
- Understand the controls and processes implemented by management to ensure that the financial statements derive from the underlying financial systems, comply with relevant standards and requirements, and are subject to appropriate management review.
- Evaluate the overall effectiveness of the internal control and risk management, including evaluation of fraud risk, based on:
 - self assessment campaigns performed in every business units
 - Management letters issued by external auditors
 - Follow up of past years recommendations and discuss remediation plan with management
 - Discuss with the external auditor the characterization of deficiencies in internal control over financial reporting and any difference with management's assessment.

c) External Audit

- 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,
- Review the professional qualification of the auditors, including background and experience of the partner and auditing personnel.
- Review on an annual basis the performance of the external auditors and make recommendations to the Board for the appointment, reappointment or termination of the appointment of the external auditors.
- Review the external auditors' proposed audit scope and approach for the current year in the light of the company's present circumstances and changes in regulatory and other requirements.
- Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.
- Ensure that significant findings and recommendations made by the external auditors and management's proposed response are received, discussed and appropriately acted on.
- Discuss with the external auditor the appropriateness of the accounting policies applied in the Company's financial reports.

- Meet separately with the external auditors to discuss any matters that the Audit Committee or auditors believe should be discussed privately. Ensure the auditors have access to the Chairman of the Audit Committee when required.
- Review policies for the provision of non-audit services by the external auditor.
- Ensure the Company has appropriate policies regarding the hiring of audit firm personnel for senior positions after they have left the audit firm.
- Review compliance with rotation rules for signing partner as described in applicable laws.

d) Internal Audit

- Mandate third parties to perform internal audit interventions on a case by case basis on key areas of risks when appropriate.
- Participate in the appointment, promotion or dismissal of the internal audit third party companies supporting Sword Group SE
- Discuss with the external auditor the standard of work of internal audit interventions.
- Meet separately with the head of internal audit interventions to discuss any matters that the Audit Committee or internal auditors believe should be discussed privately.
- Ensure that significant findings and recommendations made by the internal auditors and management's proposed response are received, discussed and appropriately acted on.