



Corporate Responsibility Report

Extract from the 2022 financial
report

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MESSAGE FROM THE CHAIRMAN

MESSAGE FROM THE CHAIRMAN

Our Group is constantly working with all its stakeholders to improve its environmental, social and societal commitments.

We are concerned about the ecosystem in which our Group operates and the consequences of its activities on the environment, our employees' quality of life at work and our ability to improve the company's performance and profitability in a transparent way.

2023 is a new challenge, at every level, and we are ready to meet the challenges that lie ahead..



Jacques Mottard
Chairman and Founder of Sword Group



01 ABOUT THE GROUP

1 ABOUT THE GROUP

1.1 The Group and its activities as at 31 December 2022

Sword Group is a world-leading IT and digital transformation partner that helps streamline its clients' businesses, improve quality and reduce costs.

One of the key factors in Sword's success is the local service it fosters with its clients. Sword provides its clients with high-value-added know-how, a high production capacity and an optimised economic approach.

To meet its clients' strategic challenges and their need both to make changes to their technological environments and to update their business processes, Sword is divided into specialist competence centres (Business Units).

As at 31 December 2022, Sword Group employed over 2,700 people and had a consolidated revenue of €272.3 million.

1.1.1 Services business

Creating value through technology and innovations



Services: Sword advises companies on implementing innovative solutions, technically develops and integrates these solutions, and accelerates internal and external digital transformation programmes.

1.1.2 Software Components business

Adding value through innovative software solutions. The revenue from this business is included in the Services division as it is not yet significant enough in terms of volume.

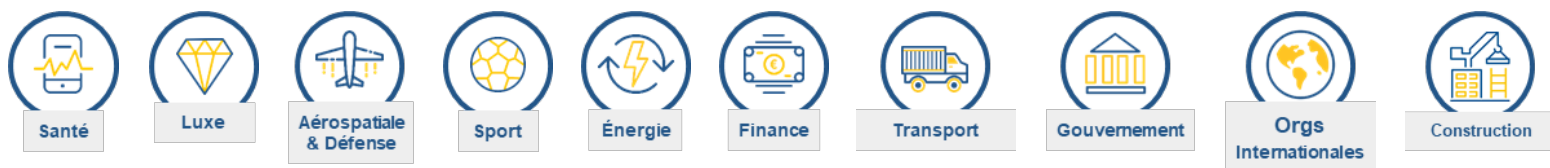


- Sword Aequos | Set of SharePoint web parts for any person or company wanting to create a flexible and customisable data viewing and search experience.
- Sword Phusion | Software to model, capture and manage information in a single, accessible and reliable form.
- Sword Tell | CAD software for watch manufacturers.
- Sword Venue | Digital collaborative solution with a toolbox to help you plan and deliver your venues better and faster while reducing risk and cost.

1.1.3 Markets

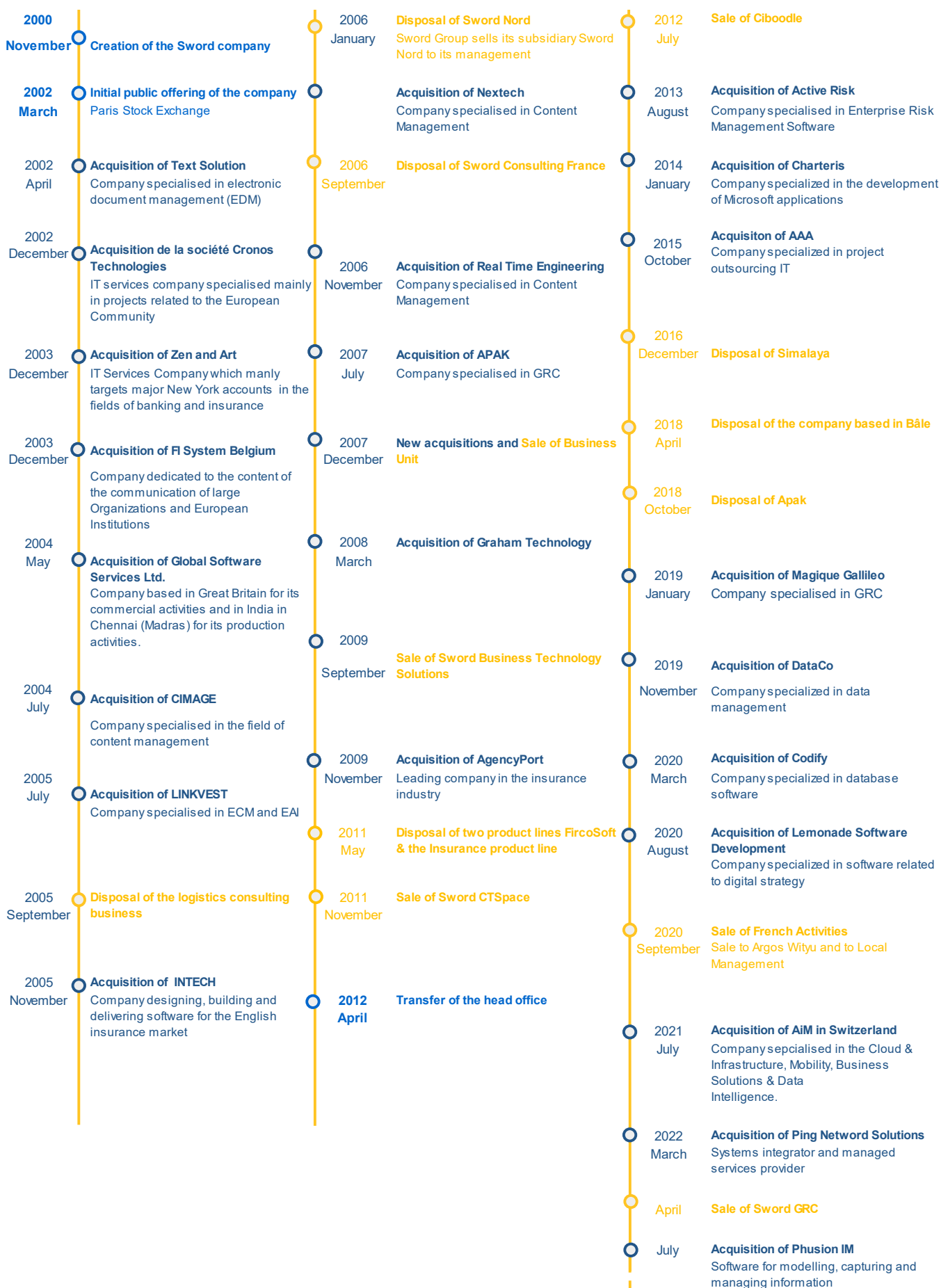
Sword's range of services is designed for the local and international operations of all key accounts and public institutions. With its technological and methodological expertise, Sword is a market leader in a number of countries.

Sword has developed unique expertise in the following targeted markets:

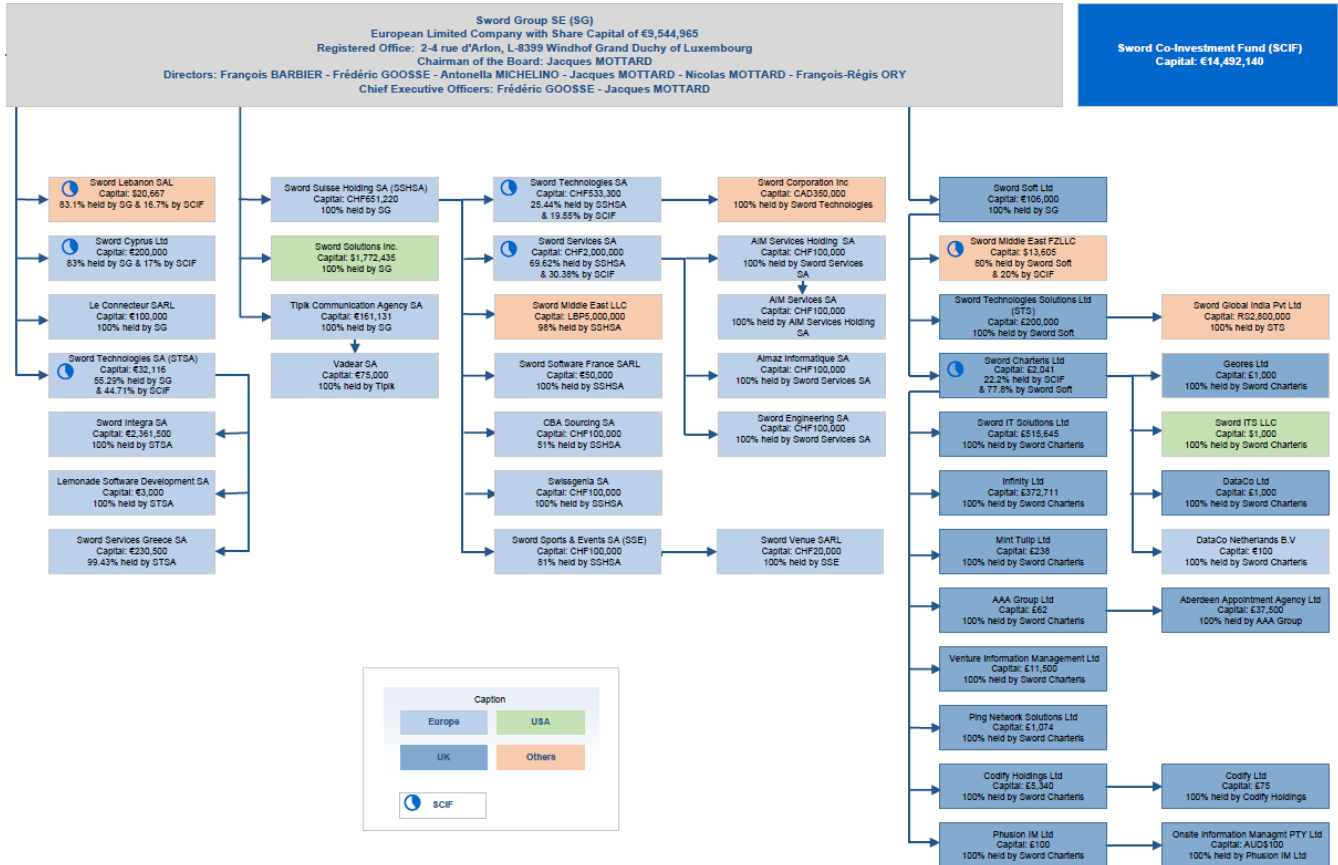


In these markets Sword is a day-to-day partner for these organisations across its entire range of services, providing them with support for their IT strategy and key operational issues. As a rule of thumb, Sword operates in highly regulated markets where knowledge of current regulations is critical.

1.2 History



1.3 Group organisation chart as at 31 December 2022



As at 31 December 2022, the Group has offices in 17 countries (Australia, Belgium, Canada, Cyprus, England, France, Greece, India, Lebanon, Luxembourg, the Netherlands, Saudi Arabia, Scotland, Spain, Switzerland, the United Arab Emirates and the United States) and is working on projects in some 50 nations.

1.4 Key data and indicators 2022

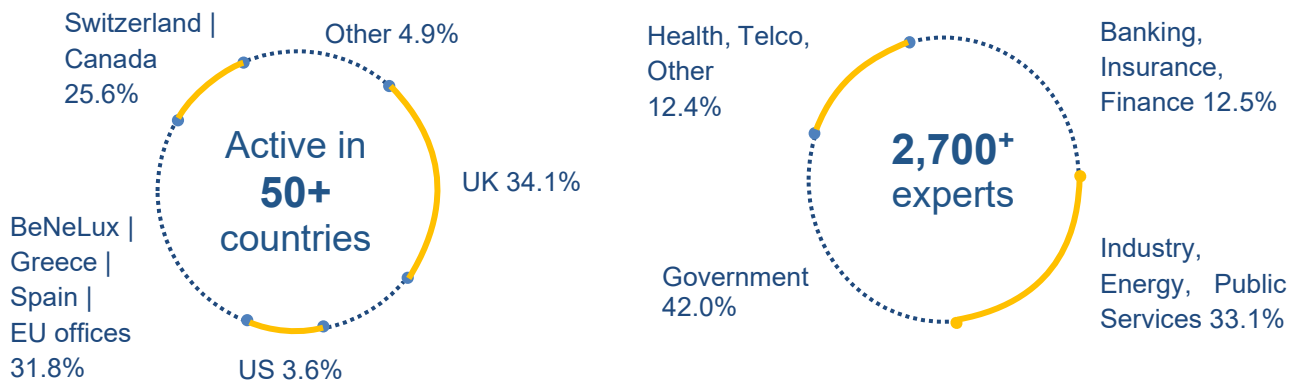
A sustainable, growing, financially secure company listed on Euronext Paris.



1.4.1 2022 | Performance



1.4.2 Breakdown of 2022 revenue | By country & by market



1.4.3 Consolidated financial statements | Condensed

In thousands of €	31/12/2022	31/12/2021	31/12/2020
Revenue	272,257	214,564	212,534
EBITDA	35,059	29,274	29,476
Profit for the year	109,778	17,874	53,397
Non-current assets	97,819	101,063	82,340
Cash and cash equivalents	57,138	55,295	105,842
Equity	101,544	94,328	135,942
Balance-sheet total	244,696	225,676	235,255

Consolidated revenue stood at €272.3 million in 2022 with profitability of 12.9% (EBITDA).

The backlog as at 31 December 2022 was 20.1 months of revenue vis-à-vis the budgeted revenue for 2023 on a like-for-like basis.



02 CORPORATE GOVERNANCE

2 CORPORATE GOVERNANCE

2.1 Introduction

From 11 April 2012 onwards, the Board of Directors decided to adhere voluntarily to the X Principles of Corporate Governance of the Luxembourg Stock Exchange.

2.2 Corporate Governance Charter

The Governance Charter presents the governance framework for the activities of Sword Group, pursuant to the X Principles of Corporate Governance of the Luxembourg Stock Exchange which the Company has subscribed to. Its aim is to clarify the powers and responsibilities of the different entities that constitute the governance of Sword Group.

This Governance Charter complements the following existing documents:

- a management manual that sets out all of the Group's internal control procedures, a welcome manual for each employee, detailing his/her rights, obligations and position in the operations of Sword Group;
- 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);
- charters for each operational function (entity director, technical director, sales director, project manager, etc.);
- an Ethical Charter that was approved by Sword Group's Board of Directors on 20 December 2010;
- an Audit Committee Charter;
- an Anti-Bribery Policy;
- a Data Protection Policy;
- a Whistle-Blower Policy.

These documents are regularly subject to a review procedure initiated by the Board of Directors.

The charters and policies are available on the company's website.

2.3 Board of Directors

2.3.1 Mission

The Board of Directors is the body responsible for the management of Sword Group. It meets as many times as is necessary to perform its duties.

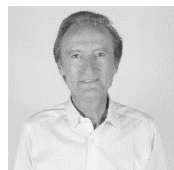
The Board of Directors is a collegiate body that is responsible for making all decisions and performing any actions that are necessary or useful for the achievement of the Company's corporate purpose, with the exception of powers explicitly reserved by law or the Memorandum and Articles of Association for the General Meeting of Shareholders.

The Board of Directors has the task of managing the general course of the organisation.
As such:

- it makes the Company's strategic decisions;
- it handles any issues that need to be addressed to ensure the proper operation of the Company;
- it checks and verifies all aspects that in its opinion require monitoring.

2.3.2 Composition

The Board of Directors has the following members:



| Jacques Mottard - Chairman
Term expires in: 2024



| François Barbier - Independent Director - member of the other two Committees
Term expires in: 2024



| François-Régis Ory - Independent Director - member of the other two Committees
Term expires in: 2024



| Frédéric Goosse - Director
Term expires in: 2024



| Nicolas Mottard - Director
Term expires in: 2024



| Antonella Michelino - Independent Director - Appointed in 2021
Term expires in: 2024

The members of the Board of Directors were chosen for their financial and/or technical expertise and their variety of professional backgrounds, ensuring that they bring a wealth of experience to the Board.

François Barbier, as CEO at 21 Centrale Partners, has acquired financial experience that is extremely useful for the Group, particularly in the context of our M&A strategy.

François-Régis Ory, as the founder of a listed company, has acquired through experience the operational expertise required by medium-sized companies that have to communicate with the market as listed entities.

Frédéric Goosse, as the founder of his own fiduciary company in Luxembourg, brings knowledge of the management of international holding companies in Luxembourg and the optimisation of financial flows between countries.

Nicolas Mottard, as an anaesthetist involved in several research programmes, brings to the Group essential know-how in the field of health.

Antonella Michelino, as CEO of Midas Wealth Management, brings to the Group expertise in the search for acquisition targets.

The Board of Directors' makeup reflects the Company's desire to have top-class directors on its Board with a varied skillset and proven expertise in a range of fields.

The Board has always taken care to maintain a balanced makeup, in particular by including independent directors.

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 comprises competent and well-informed persons who have been chosen based on the specific features of the Company and its activities.

In accordance with the recommendations of the Luxembourg Stock Exchange, 50% of the Board of Directors are independent directors. Moreover, none of the above Directors have a significant holding in the share capital of the clients or suppliers of Sword Group, or in the subsidiaries of the latter.

No Directors are elected by the staff.

Given 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.

2.3.3 Other offices held by corporate officers in listed companies

No members of the Board of Directors held offices or positions in listed companies other than Sword Group during the year in question.

2.3.4 Modus operandi

The Board meets, carries out its functions and takes decisions in compliance with applicable statutory and regulatory provisions, as complemented by the provisions of Sword Group's Memorandum and Articles of Association. Currently there are Rules of Procedure, which are published on the Group's website, but no teller.

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 Directors' meetings.

The budgets are forwarded to the Board annually. The Board also receives the analytical accounts on a monthly basis and the general accounting 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 meeting of the Board of Directors, the relevant documents in relation to the agenda are sent to the members prior to the meeting. The Directors may request, at any time of 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 performance of their duties.

Sword Group's Memorandum and Articles of Association provide for a Board of Directors' meeting to be held as often as the Company's interests require this.

The Group uses its law firm to send out the invitations to attend the Board meetings. The Board generally meets at the registered office and the law firm assists the Chairman with drafting the minutes.

Within the scope of the reinforcement of the governance rules, Sword Group has laid down a set of Rules of Procedure that specify how the Board of Directors works, set up a number of committees, and laid down obligations of the Directors within the scope of their functions, in particular their ethical obligations.

The Board of Directors completes its assessment every year. The Directors consider as at the reporting date that the current functioning of the Board of Directors enables them to perform their role properly.

In 2022, the Board met five times with an attendance rate of 93%.

2.3.5 Audit Committee

In specific domains, the Board of Directors may be assisted, in an advisory capacity, by specialist committees established by the Board, which also determines their role, responsibilities, composition and modus operandi.

As such, it established an Audit Committee.

The Audit Committee assists Sword Group's Board of Directors in its tasks of supervising the financial reporting, external audit and internal control processes.

The Audit Committee has the following members:

- François-Régis Ory, Chairman;
- François Barbier.

The Committee's main duties include:

- monitoring the process of preparing and processing accounting and financial information;
- reviewing the financial statements and off-balance-sheet commitments;
- monitoring the consistency and appropriateness of accounting policies;
- reviewing financial policy;
- assessing the effectiveness of the systems put in place by management to identify, assess, manage and control financial and non-financial risks;
- monitoring the operation of the internal control and risk management systems with respect to the preparation and processing of accounting and financial information;
- monitoring the operation of the internal control and risk management systems with respect to the prevention of bribery/corruption and influence peddling;
- periodically reviewing the various risk maps, bribery/corruption and influence-peddling risks, and social and environmental risks;
- monitoring Internal Audit and its work, particularly with regard to procedures for the preparation and processing of accounting, financial and non-financial information;
- monitoring the statutory audit of the statutory auditors;
- checking that the principle of the statutory auditors' independence is complied with;
- giving prior authorisation for services other than the certification of accounts;
- issuing a recommendation to the Board of Directors concerning the statutory auditors proposed for appointment by the General Meeting.

The issues dealt with by the Committee in 2022 included:

- the sale of the Group's software subsidiary;
- monitoring of the share deals;
- the acquisition of Ping Network Solutions in the UK;
- the improvement of control processes at Group level;
- the breakdown of goodwill;
- Pound | Euro financial hedging;
- risk management;
- cybersecurity;
- taxonomy;
- ESEF reporting.

2.3.6 Remuneration Committee and Appointments, Governance, Ethics and Corporate Responsibility Committee

These two committees are merged and have the following duties:

- recommending to the Board of Directors the remuneration policies applying to corporate officers;
- checking application of the rules used to calculate their variable remuneration;
- where applicable, making recommendations to the Executive Management about the remuneration of the Company's top executives;
- familiarising themselves with the salary policy and ensuring that it is compatible with the smooth running of the Company and the achievement of its objectives;
- preparing decisions on employee shareholding and employee savings plans;
- preparing the policy on allocation of performance shares;
- checking the quality of the information sent to shareholders concerning the remuneration, benefits and options granted to corporate officers as well as:

- the remuneration policy for the Company's senior executives;
- the remuneration of the Chairman as well as any commitment concerning him/her, the remuneration of the directors and, where applicable, of the other corporate officers;
- applications for directorships;
- the independence of directors;
- the evaluation of the Board of Directors and the functioning of corporate governance;
- that the values of the Group are respected, defended and promoted by its corporate officers, senior executives and employees;
- the existence of rules of good conduct in terms of competition and ethics, training, the whistle-blowing system and the disciplinary system relating to transparency, combating bribery/corruption, and the modernisation of business practice;
- the proper functioning of anti-bribery/corruption mechanisms and the suitability of the Company's Code of Conduct;
- the Company's policy on sustainable development and corporate responsibility and its consistency with Sword Group's commitments on human rights, international labour standards, the environment and the fight against corruption;
- the implementation of a non-discrimination and diversity policy.

The issues dealt with by the committees in 2022 included:

- the implementation of new share deals for each country;
- certification renewals for each division;
- the additional charters required by new regulations;
- the appointment of an independent expert to validate the Group's GDPR compliance;
- the 2022 review of the GDPR policy implemented within the Group and its application;
- monitoring of the ESG policy improvement plan;
- the Belgian subsidiary Tipik.

This committee comprises:

- Antonella Michelino.

2.3.7 Executive Management and Management Committee

The Board of Directors has delegated the day-to-day management of Sword Group and representation of the Company in this regard to two of its members, who make up the Executive Management.

Sword Group SE's Executive Management consists of Jacques Mottard, Managing Director, and Frédéric Goosse, Managing Director and Group CFO.

The Executive Management is assisted in its task by a Management Committee, also called the "extended Executive Management Committee" or "extended EMC".

The extended EMC has the following members:

- | | |
|----------------------|---|
| ■ Jacques Mottard | Chairman and Chief Executive Officer |
| ■ Dave Bruce | CEO UK US Services |
| ■ Frédéric Goosse | Chief Financial Officer |
| ■ Phil Norgate | CEO M&A |
| ■ Dieter Rogiers | CEO BeNeLux Greece Spain European Union |
| ■ Greg Anderson | Director of Scotland Operations |
| ■ Phil Brading | Director of Texas Operations |
| ■ Kevin Moreton | Director of UK Operations |
| ■ Craig Swinburn | Director of US Operations |
| ■ Michel Bonvoisin | Director of Luxembourg Operations |
| ■ Gregory Carayannis | Director of Greece Operations |
| ■ Michael De Groeve | Director of Spain Operations |
| ■ Gökçe Kalayci | Director of Tipik Operations |
| ■ Nasser Hammoud | Director of Middle East India Operations |
| ■ Guillaume Mottard | COO Switzerland Canada |
| ■ Olivier Perrotey | COO Switzerland |

The members of the EMC are selected for their managerial, technical and professional attributes and come from a range of countries and cultures, thereby providing the Group with a global outlook.

The EMC sets out the annual guidelines, monitors the business activity, defines the long-term strategy, sets the policy for the year, manages the annual budget and supervises the profit centres known as "Business Units".

Operational managers

They are responsible for all aspects of the subsidiaries they manage (administrative, accounting/finance, legal, operational), with a target of achieving above-market profitability and sustained double-digit growth over four years.

Share deals

The management teams and key personnel in Group entities have access to a plan whereby they invest, at their own risk, in the capital of their respective local company. Two exit scenarios are possible: either the shares are repurchased by the Group on one or more specified dates, or they are sold to an external party unrelated to the Group.

In the case of a share repurchase by the Group, the potential profit from an investment plan granted to minority investors generally corresponds to the cumulative surplus EBIT in the years covered by the plan over the EBIT in the year prior to the plan being granted. If the valuation is less than the initial plan valuation, the minority investor will incur a capital loss when the shares are repurchased by the Group.

2.3.8 Directors' remuneration and benefits

Corporate officers are paid according to their experience and their know-how specifically within the context of the European and global markets.

The remuneration package of the senior management and administrative bodies may be made up of various components 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 sets performance conditions as well as the number of shares resulting from each option that must be kept by the corporate officer until the end of his or her term of office.

2.3.9 Remuneration policy

Remuneration of the Chairman of the Board of Directors | Jacques Mottard

Jacques Mottard's personal remuneration consists of directors' fees and benefits in kind received in his capacity as CEO Switzerland. This remuneration should remain constant until 2025.

Financière Sémaphore S.à r.l., a company controlled by Jacques Mottard, Managing Director and Chairman and CEO of the Company, is the active holding company of the Company. As such, a variable remuneration may be granted depending on the strategies proposed and successfully implemented through the said company.

It covers the costs of Financière Sémaphore S.à r.l., whose services go beyond the role of Jacques Mottard alone.

The presentation of 2022/2021 remuneration for corporate officers below is consistent with the relevant recommendation (No. 8) of the Principles of Corporate Governance of the Luxembourg Stock Exchange relating to information on remuneration for such officers.

Table 1: Table setting out the remuneration and options and shares allocated to each corporate officer

Jacques Mottard	31/12/2022	31/12/2021
Remuneration due for the year <i>(detailed in Table 2)</i>	€32,748 ⁽¹⁾	€32,653 ⁽¹⁾
Valuation of the options allocated during the year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
TOTAL	€32,748 ⁽¹⁾	€32,653 ⁽¹⁾

⁽¹⁾ Financière Sémaphore S.à r.l., a company controlled by Jacques Mottard, billed Sword Group SE for services and recharged miscellaneous fees for a total amount of:

- €850,000 (excl. tax) for the year ended 31 December 2022;
- €550,000 (excl. tax) for the year ended 31 December 2021.

Nicolas Mottard	31/12/2022	31/12/2021
Remuneration due for the year	€30,000	€25,000
Valuation of the options allocated during the year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
TOTAL	€30,000	€25,000

Frédéric Gousse	31/12/2022	31/12/2021
Remuneration due for the year	€30,000	€25,000
Valuation of the options allocated during the year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
TOTAL	€30,000	€25,000

François Barbier	31/12/2022	31/12/2021
Remuneration due for the year	€30,000	€25,000
Valuation of the options allocated during the year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
TOTAL	€30,000	€25,000

François-Régis Ory	31/12/2022	31/12/2021
Remuneration due for the year	€30,000	€25,000
Valuation of the options allocated during the year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
TOTAL	€30,000	€25,000

Antonietta Michelino	31/12/2022	31/12/2021
Remuneration due for the year	€30,000	€25,000
Valuation of the options allocated during the year	N/A	N/A
Valuation of the performance shares allocated during the year	N/A	N/A
TOTAL	€30,000	€25,000

Table 2: Table providing a detailed breakdown of the remuneration of the Chairman and CEO

Jacques Mottard	Amount as at 31/12/2022		Amount as at 31/12/2021	
	Due	Paid	Due	Paid
Fixed remuneration	€0	€0	€6,400	€6,400
Directors' fees	€15,031	€15,031	€14,090	€14,090
Benefits in kind	€17,717	€17,717	€12,163	€12,163
TOTAL	€32,748	€32,748	€32,653	€32,653

Table 2 is only completed for Jacques Mottard because for the other officers the sums are solely made up of directors' fees.

Table 3: Share subscription or purchase options allocated during the year to each corporate officer by the Company or by any Group company

Not applicable

Table 4: Share subscription or purchase options exercised during the year by each corporate officer

Not applicable

Table 5: Performance shares allocated to each corporate officer

Not applicable

Table 6: Performance shares that became available during the year for each corporate officer

Not applicable

Table 7: History of allocations of share subscription or purchase options

No share subscription or purchase option schemes are currently in place.

Table 8: Share subscription or purchase options allocated to the top 10 employees who are not corporate officers and options they have exercised

Not applicable

Table 9: Other information about the corporate officer

	Employment contract		Top-up retirement plan		Allowances or benefits due or likely to be due as a result of termination or a change of role		Allowances related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Corporate officers								
J. Mottard – Chairman & CEO		X		X		X		X

Directors' fees

The directors' fees paid to members of the Board of Directors totalled €150,000.

Financial risks

The Group adopts a cautious policy when it comes to managing its market risks, of which the main one is foreign-currency risk. The financial risks to which the Group is exposed and the policies to address them are detailed in Note 4 to the consolidated financial statements.



03 CORPORATE RESPONSIBILITY

3 CORPORATE RESPONSIBILITY

"The Group's primary expertise is in developing the talents of its employees"

Jacques Mottard
Chairman and Founder of Sword Group

Each year, Sword Group renews its commitment to the United Nations Global Compact on social, societal and environmental responsibility.

3.1 Background

- The company's managerial policy has always aimed to manage staff, clients and investors in a way that is both people-centred and efficient.

To this end, we have always prioritised local presence and operational aspects.

The initiatives have very often come from our teams, with the holding company increasingly focusing on two areas of expertise:

- empowering subsidiaries; and
- monitoring subsidiaries.

This policy has not only paid off in terms of the satisfaction of the teams we have managed, but has also been much more effective because it is much more dynamic.

- IT: From the outset, we opted for a broad, precise area that is easy to present: data management. Over the years, as technologies evolved, the terminology used has changed (data management, document management, digital, etc.) but the technological strategy has remained constant, albeit adapted to different markets in many countries and implemented through two arms: Software and Service. Throughout all this, our objectives have remained the same.

3.2 The Group's values

This project is based on strong values:

- Respect: When we talk about respect, we mean both respect for others and respecting our commitments.
- Rigour: This is the very foundation of a strong company – one that can retain its distinctive character and meet its long-term commitments over time.
- Involvement: Involving everyone shows the importance we attach to our people and their talents, and to keeping them in balance.

3.3 Materiality analysis and CSR risk management

Materiality for Sword Group refers to the importance of economic, environmental and social issues for the company and its stakeholders.

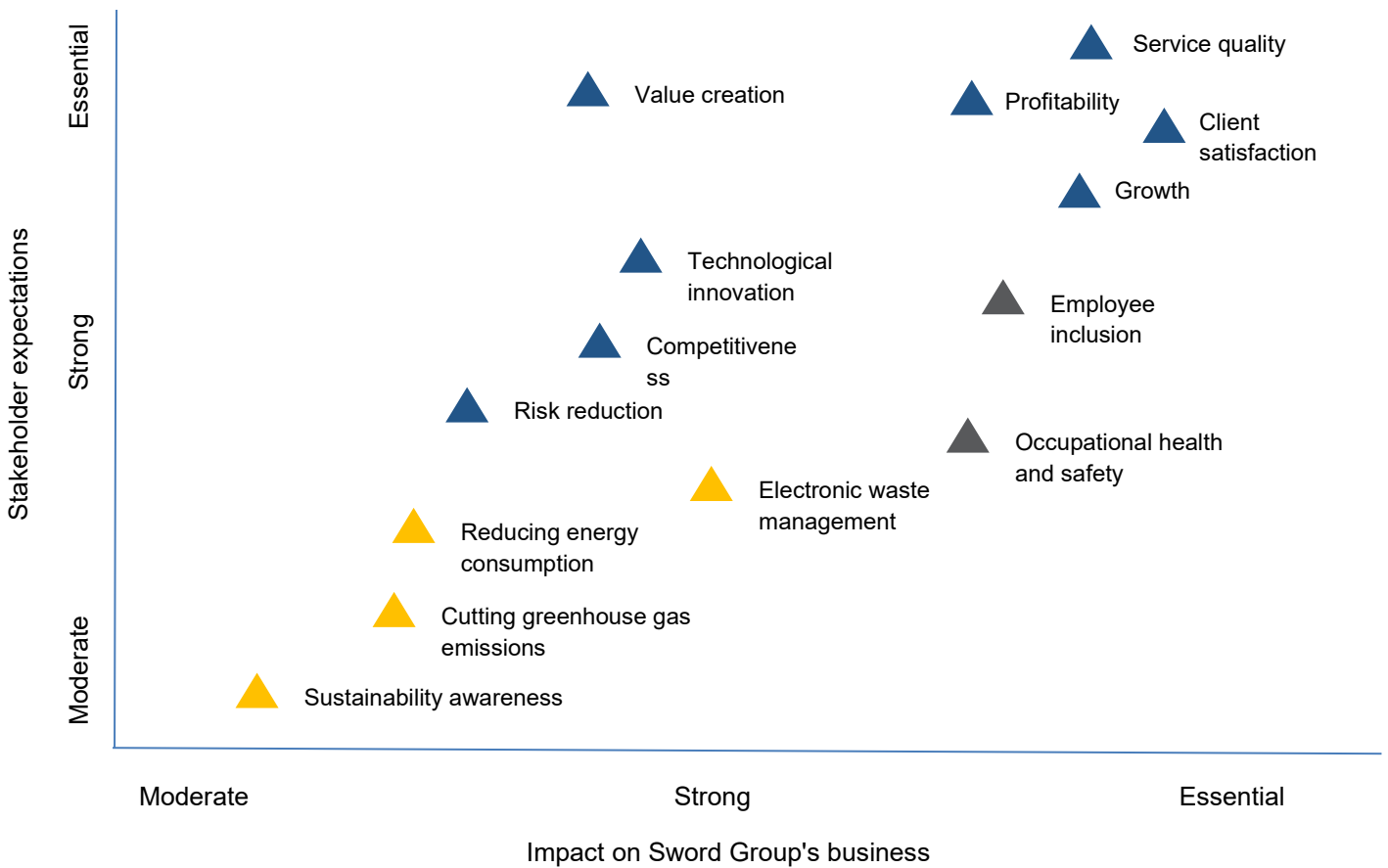
Sword Group is a digital services company that provides innovative solutions to help clients optimise their performance, manage their digital transformation and address their cybersecurity needs. To carry out a materiality analysis, it is important to identify the company's key stakeholders.

Sword Group's stakeholders include clients, employees, shareholders, business partners, suppliers, local communities and regulators. For each stakeholder, it is important to understand the issues that matter to them.

Economic issues: Sword Group must meet the needs and expectations of its clients, which may vary by industry and market. Important economic issues for Sword Group include service quality, client satisfaction, technological innovation, price competitiveness and business growth. Sword Group's shareholders are also an important stakeholder group, and the issues that matter to them include profitability, long-term value creation and risk reduction.

Environmental issues: As a digital services company, Sword Group has a limited environmental impact compared with other businesses, but it must always consider the environmental issues that matter to its stakeholders. Environmental issues for Sword Group include reducing energy consumption, managing electronic waste, cutting greenhouse gas emissions and raising awareness of sustainability.

Social issues: Social issues for Sword Group include employee diversity and inclusion, occupational health and safety, responsible supply chain management, community engagement and transparency. Sword Group must ensure that its employees are treated fairly and that their well-being is taken into account, while observing social and ethical standards.



- ▲ Economic issues
- ▲ Environmental issues
- ▲ Social issues

3.4 Sword a signatory to the United Nations Global Compact

As a signatory to the United Nations Global Compact since 2011, Sword is committed to upholding the 10 principles relating to human rights and labour, the environment and corruption.

Accordingly, we use the Sustainable Development Goals to guide our CSR strategy in order to better respond to the challenges of today's world.

By joining, the company was keen to show it was a socially responsible stakeholder in the global economy. The UN Global Compact was chosen as it provides a globally recognised framework as well as sustainability. Sword Group therefore complies with the 10 principles set out by the Compact. The Ten Principles of United Nations Global Compact are derived from:

The Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

Human Rights

- Businesses should support and respect the protection of internationally proclaimed human rights; and
- make sure that they are not complicit in human rights abuses.

Labour

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced and compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

Environment

Businesses should:

- support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility; and
- encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Businesses should work against corruption in all its forms, including extortion and bribery.










www.unglobalcompact.org

Sword Group's social responsibility means viewing the company not only as a centre of production and a profit-making entity but also as having a responsibility for its wider environment (people inside and outside the company, the natural environment, etc.).

This general principle is implemented through various actions tailored to the specific circumstances of Sword Group, its businesses, its employees and its subsidiaries.

Sword supports all the objectives but has identified those that are most relevant to it:

	<ul style="list-style-type: none"> ■ Staff Respect for others Internal promotion Empowerment Skills development
	<ul style="list-style-type: none"> ■ Training Employee training plan Partnerships with local schools
	<ul style="list-style-type: none"> ■ Increasing our proportion of female staff While we operate in what has traditionally been a very male-dominated sector, we are aiming for gender parity in our teams so that we can achieve parity at management level in the future, through internal promotions.
	<ul style="list-style-type: none"> ■ Supporting a cause that can unite all our cultures The Group is committed to promoting women's interests at all levels, and has invested in patronage and sponsorship in Europe and Africa aimed at encouraging women's sport and their integration through sport.
	<ul style="list-style-type: none"> ■ Applying our three core values every day To secure staff buy-in to our three core values, we have again avoided top-down management in favour of a less structured approach whereby we promote a range of local initiatives that support our goal. ■ Having a clear and quantified vision of our future Each entity has meetings and discussions with its teams. ■ Ensuring our Group's long-term future Since 2018, we have drawn up Business Unit risk analyses, which are consolidated at Group level then presented and discussed, and then finalised by the Board of Directors. We have also, through the Group's decentralisation, promoted independent BU directors, who are themselves managed by CEOs, thereby reducing the risk of isolation of these managers.
	<ul style="list-style-type: none"> ■ Management and operation Reducing paper consumption Recycling Reducing travel Promoting soft modes of transport
	<ul style="list-style-type: none"> ■ Combating climate change Since 2016, when the company introduced its electric vehicle policy, we have worked to constantly reduce our greenhouse gas emissions, bearing in mind the requirement of carbon neutrality by 2030.

Sword Group's CSR strategy was developed based on the main non-financial risks facing the company and taking into account the materiality analysis.

- Acting ethically and responsibly, from the governance of the company and its supply chain through to the impact on its stakeholders and support for communities.
- Empowering human capital by means of a strong corporate culture and a caring management style that fosters diversity and encourages employee training and mobility.
- Helping to protect the planet by curbing energy consumption, reducing and recycling waste, favouring soft modes of transport and taking account of the digital carbon footprint to minimise the impact on the environment.

3.5 Governance

THE BOARD OF DIRECTORS

In addition to compliance with laws and regulations, Sword incorporates financial and non-financial best practices into its governance in order to improve its performance and cement the trust placed in the company by both its internal and external stakeholders and so contribute to the long-term success of the business.

The composition and operation of the company's senior management and administrative bodies are detailed in Chapter 3 of the financial report.

THE AUDIT COMMITTEE

The Audit Committee assists Sword Group's Board of Directors in its tasks of supervising the financial reporting, external audit and internal control processes.

THE REMUNERATION COMMITTEE AND APPOINTMENTS, GOVERNANCE, ETHICS AND CORPORATE RESPONSIBILITY COMMITTEE (combined into a single committee)

These committees provide the Board of Directors with assistance regarding the following matters:

- company remuneration policy;
- appointment of new members to the Board;
- transparency and neutrality of the organisation;
- environmental, social, economic and ethical issues.

INVESTOR RELATIONS

To foster dialogue with shareholders and promote long-term engagement, Sword maintains regular contact with investors. The company's results are presented every six months, in English and French, to an audience of investors, analysts, journalists and anyone else interested in the company's activities. Quarterly revenue information is communicated to stakeholders. The company's management team also attends professional investor fairs. A dedicated website allows anyone to view the Group's latest figures and news and to contact the company's management.

KEY INDICATORS

- Over 50% of directors independent
- Board made up of 6 members, including 1 woman
- Very high Board member attendance (93%)
- Interim meetings held by phone

3.6 Suppliers and partners

SUPPLIER CODE OF CONDUCT

Sword has implemented a supplier code of conduct to ensure that its suppliers are committed to respecting detailed rules on the environment and human rights, including the prevention of discrimination, child labour and forced or compulsory labour, as well as compliance with wage-related legislation and the maintenance of a safe and healthy working environment.

RESPONSIBLE PURCHASING POLICY

Sword's responsible purchasing policy is based on fair treatment and transparent selection of suppliers as well as the consideration of social and environmental criteria in its choice of suppliers. The objective of this policy is to forge healthy commercial relationships with its suppliers and to have a positive impact on its ecosystem in terms of CSR practices. This includes respect for ethical principles regarding human rights and working conditions, environmental issues, the fight against corruption and unfair business practices.

KEY INDICATORS

- Formalisation of a responsible purchasing policy
- CSR Code of Conduct for suppliers

3.7 Social engagement

LOCAL ACTIONS

Sword undertakes actions locally in each country where it operates:

- employment of refugees for one-off contracts;
- partnerships with the Red Cross, Terre des Hommes, Médecins Sans Frontières and UNICEF;
- help for people with disabilities;
- coaching young students through a mentoring programme in three countries: the UK, Lebanon and Switzerland;
- targeted actions throughout the year, such as participation in charity races.

SPORT AND EDUCATION FOUNDATION

At Group level, a Sport and Education Foundation has been set up, which has been working with the Senegalese football club Dakar Sacré-Cœur (DSC) for the past two years. The project is a societal and sports project whose initiatives have so far mainly revolved around football and education.

It focuses in particular on recreational football, with a free football school and holiday courses for 100 girls, and solidarity in sport, including the promotion of women and the transfer of various skills.

KEY INDICATORS

- 3 trips to Dakar for exchanges and training
- Support provided to 100 women through education
- 10 women registered for Excel certification
- 30 young people trained in basic marketing

3.8 Data security

TEAM

Appointment of data protection officers

All Sword companies now have designated data protection officers and a central, standardised communication channel for raising data security concerns. Since the GDPR came into force in 2018, Sword has not received any complaints about non-compliance with the law.

Investment in tools

Sword has invested in licences for standardised tools that will be rolled out globally during 2023 to enable even more advanced data protection features on our core IT platform. Specifically, these features include automated data classification and labelling, data loss prevention (DLP), remote access revocation and scheduled deletion/expiration periods for data and files. These enhancements will make it easier for Sword to comply with new client and legislative requirements, and to keep pace with ever-evolving best practices.

CERTIFICATIONS

The majority of Group entities are ISO 27001 certified. ISO 27001 is the most widely recognised standard for information security management system requirements.

The certifications are up to date and renewed as and when they expire.

The global IT function also obtained ISO 27001 certification in late 2022.

To simplify this process, there was a major Group-wide standardisation of information security procedures, tools and policies worldwide.

KEY INDICATORS

- 43% of employees worldwide trained in the GDPR
- 0 complaints received for GDPR non-compliance
- Other certifications held within the Group: ISO 9001: 2015, ISO 20000-1: 2018
- Group-wide data breach procedure in place
- Penetration testing carried out with a successful outcome

3.9 EMPLOYEES

As at 31 December 2022, Sword Group had a headcount of 2,723:

- 1,958 onshore: England, Scotland, the Netherlands, Luxembourg, Switzerland, Canada, the Middle East, Saudi Arabia, Australia, France;
- 396 nearshore: Greece, Spain, Cyprus;
- 364 offshore: Lebanon, India;

including 511 freelancers and 5 employees at the holding company.

People values: internal promotions, respect for others, diversity, dialogue.

This strategy has been applied successfully for a very long time, and is integral to the nature of a wholly globalised and decentralised group with employees from all backgrounds.

Particular attention is paid to working conditions and periodic monitoring of employees.

Managers are made aware of the need to value their teams and recognise their contributions.

TRAINING

At Sword, staff training is vital, not only for employees' personal development but also to ensure that they remain at the right level over time.

In 2022, 48% of employees completed internal or external training. The average training time was nine days per person.

STAFF PARITY

This goal cannot be achieved at the expense of fairness. In other words, we have to recruit and promote female staff based wholly on merit and not on numbers.

With this in mind, we have followed our usual approach of implementing an improvement policy, which will allow us to move towards a better gender balance little by little and level by level.

Until the 2000s, the IT world was extremely male-dominated. This created a gender imbalance which is now being rectified.

The Board of Directors has decided on the following approach:

- where women and men have equal skill sets, prioritise the recruitment of the former in order to increase the proportion of women in the company from 46% to 50%;
- undertake internal promotions coupled with training, in order to achieve gender parity among BU directors within seven years;
- increase female representation on the Executive Management Committee, through either internal promotion or recruitment;
- propose female directors to the General Meeting.

GENDER EQUALITY

The Group has always observed total equality between men and women, in terms of both pay and the roles allocated to each.

The Finance Department closely monitors the remuneration of each category, and the Group's exceptional growth requires us to report approximate data to the market.

The pay of men and women at Sword is exactly the same, within a margin of 3%.

KEY INDICATORS

- At least 1 career interview per year for every employee
- Staff turnover of 9.9% in 2022
- 48% of employees given at least 1 training course in 2022
- 707 gross hires in 2022
- 32 nationalities in the workforce
- 46% women

3.10 Carbon footprint and energy efficiency

CARBON FOOTPRINT

Day-to-day actions of our employees

We have provided financial assistance to our employees wishing to switch to clean vehicles, with help to hire electric cars and/or bikes.

People management

We are in the process of systematically reducing journeys and investing heavily in all digital tools enabling remote communication. Examples include:

- paying for home-working facilities for our Indian staff;
- installing extensive and sophisticated videoconferencing systems at all our sites;
- taking into account proximity criteria, entailing an inherent reduction in energy consumption.

Premises management

We have taken a range of steps to reduce our energy consumption (presence detectors for switching power on and off, better office insulation, reducing unnecessary heating/air conditioning during staff absences, systematically reusing heat emitted by our data centres in order to cut our heating bills).

Operations management

We have put in place a management policy for all our material assets, including:

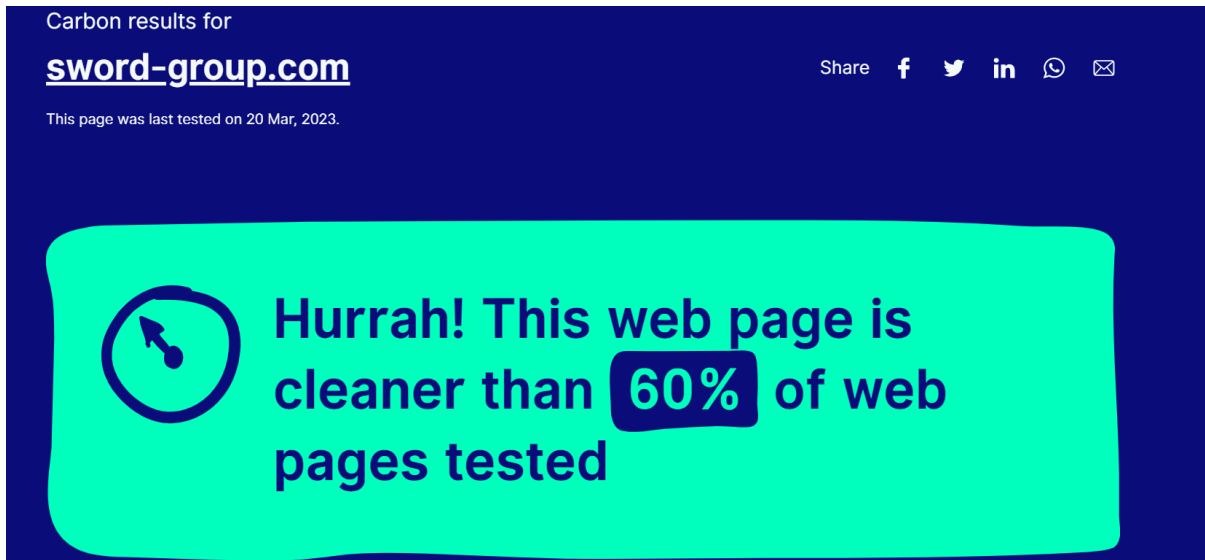
- increasing the lifespan of our equipment;
- managing electrical and electronic equipment waste;
- managing our paper/cardboard waste, with systematic recovery by specialised companies employing staff with disabilities;
- systematically reusing end-of-life equipment, primarily through donations to NGOs;
- maximising the use of digital tools, especially for communication, in order to reduce paper use.

Operations

We are moving towards server virtualisation and data centre hosting as standard, and are working with our clients and suppliers to decarbonise the Group's activities and the value chain as a whole.

KEY INDICATORS

- ISO 14001 certification for our subsidiary Sword Ping Network Solutions
- Overall carbon footprint: 2,668.2 t.CO₂.e per year
 - Scope 1: 16.9 t.CO₂.e per year
 - Scope 2: 219.2 t.CO₂.e per year
 - Scope 3: 2,432.1 t.CO₂.e per year
- 10.0 t.CO₂.e per million € of revenue for 2022



3.11 Phased-in implementation of Article 8 of the EU Taxonomy Regulation

Background

Article 8 of the Taxonomy Regulation aims to enhance transparency in the market and prevent greenwashing by providing investors with information on the environmental performance of the assets and economic activities of issuers subject to the Non-Financial Reporting Directive (NFRD) *.

The Taxonomy Regulation identifies economic activities that can be considered environmentally sustainable based on technical screening criteria set out in delegated acts adopted by the Commission in accordance with that regulation. The first delegated act establishing the technical screening criteria for economic activities considered as contributing substantially to climate change mitigation and climate change adaptation was formally adopted on 4 June 2021.

On 6 July 2021, the Commission adopted a delegated act supplementing Article 8 of the Taxonomy Regulation. The Disclosures Delegated Act specifies the content, methodology and presentation of information to be disclosed by both financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities.

Sword Group SE has an obligation to disclose this non-financial information in accordance with this regulation.

* Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large companies and groups

Eligibility of Sword activities under the Taxonomy

Annex 1 to the Commission Delegated Regulation of 6 July 2021 on taxonomy lists over 100 eligible activities contributing substantially to climate change mitigation. For Sword, the eligible activities identified are:

Revenue (turnover) part

- under section **"8.1 Data processing, hosting and related activities"**, i.e. storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing;
- under section **"8.2 Data-driven solutions for GHG emissions reductions"**, i.e. development or use of ICT solutions that are aimed at collecting, transmitting and storing data and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling greenhouse gas (GHG) emission reductions.

Investments (capital expenditure) part

- under section **"6.5 Transport by motorbikes, passenger cars and light commercial vehicles"**, i.e. purchase, financing, renting, leasing and operation of vehicles.

Annex 2 to the Commission Delegated Regulation of 6 July 2021 on taxonomy lists over 100 eligible activities contributing substantially to climate change adaptation. For Sword, the eligible activities identified are:

Revenue (turnover) part

- under section **"8.1 Data processing, hosting and related activities"**, i.e. storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing;
- under section **"8.2 Computer programming, consultancy and related activities"**, i.e. providing expertise in the field of information technologies: writing, modifying, testing and supporting software; planning and designing computer systems that integrate computer hardware, software and communication technologies; on-site management and operation of clients' computer systems or data processing facilities; and other professional and technical computer-related activities.

Based on this categorisation of activities, Sword's eligible revenue (turnover) under this regulation would amount to 59.68% of total consolidated revenue. The figures presented below are in euros.

Data processing and hosting	14,699,019
Solutions for reducing GHG emissions	1,371,766
Computer programming and related consultancy	146,404,469
TOTAL ELIGIBLE ACTIVITIES	162,475,254
TOTAL NON-ELIGIBLE ACTIVITIES	<u>109,781,276</u>
TOTAL CONSOLIDATED REVENUE (see Notes 7 and 8 to the consolidated financial statements)	<u>272,256,530</u>

Based on this categorisation of activities, Sword's eligible investments (capital expenditure) under this regulation would amount to 8.39% of total consolidated investment.

Transport by motorbikes, cars and light commercial vehicles	1,189,375
TOTAL ELIGIBLE INVESTMENTS	1,189,375
TOTAL NON-ELIGIBLE INVESTMENTS	<u>12,986,227</u>
TOTAL INVESTMENTS (see Notes 14, 15 and 16 to the consolidated financial statements)	<u>14,175,602</u>

As regards operating expenditure eligible under this regulation, Sword Group SE and its subsidiaries have not engaged in any significant eligible expenditure of this kind.

Alignment of Sword activities under the Taxonomy

Annexes 1 and 2 to the Commission Delegated Regulation of 6 July 2021 on taxonomy set out technical criteria for identifying whether an eligible activity is aligned with environmental objectives, i.e. an activity contributing substantially to climate change mitigation and climate change adaptation.

Based on the eligible activities identified for Sword, no Sword activity is aligned with the two environmental objectives. Based on the eligible investments identified for Sword activities, 3.55% of the total investments, representing a total value of €502,960.00, are aligned with one environmental objective, i.e. are investments contributing substantially to climate change mitigation. This 3.55% mainly relates to the operational leasing of new vehicles with emissions of less than 50 g of CO₂ per kilometre travelled.

In conclusion:

Considering that Sword Group SE and its subsidiaries are not detrimental to other environmental objectives, namely:

- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems;

and that Sword Group SE and its subsidiaries comply with the minimum safeguards, namely:

- the OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights;
- the principles and rights of the eight fundamental conventions identified in the ILO Declaration on Fundamental Principles and Rights at Work;
- the International Bill of Human Rights;

KEY INDICATORS

Sword Group SE presents the following "GREEN" consolidated key figures:

■ "Green" revenue (turnover)	0.00%
■ "Green" investments (capital expenditure)	3.55%
■ "Green" operating expenditure	0.00%



04 OFFICES AND CONTACT DETAILS

4 OFFICES AND CONTACT DETAILS

Sword in Bellshill	New Alderston House, 3 Dove Wynd, Strathclyde Business Park, Bellshill, ML4 3FB Scotland
Sword in Billingham	16 Earls Nook, Belasis Business Park, Billingham, Stockton on Tees, TS23 4EF England
Sword in London	We Work, 30 Stamford Street, Southbank Central London, SE1 9LQ England
Sword in Staines (London)	Staines One, Station Approach Staines-Upon-Thames, TW18 4LY England
Sword in Al-Baad'a	2 483 Alagar ibn yassaralomozni street 6644, Albadaa 49814 Saudi Arabia
Sword in Perth	Suite 3, Level 1, Ord Street West Perth, WA 6005 Australia
Sword in Brussels	Avenue de Tervueren 270, BE-1150 Brussels Belgium
Sword in Montreal	2 200, Rue Stanley Montreal, QC, H3A 1R6 Canada
Sword in Nicosia	121 Prodromou Str., Hadjikyriakion 1, 7th Floor, Office 401, 2064 Nicosia Cyprus
Sword in Aberdeen (1/3)	Deebridge House, 4 Leggart Terrace, Aberdeen AB12 5US Scotland
Sword in Aberdeen (2/3)	Johnstone House, 4th Floor, 50-54 Rose Street, Aberdeen, AB10 1UD Scotland
Sword in Aberdeen (3/3)	Migvie House, 23 N Silver St, Aberdeen, AB10 1RJ Scotland
Sword in Glasgow	3rd Floor, 20 Buchanan Street Glasgow, G1 3LB Scotland
Sword in Dubai	Dubai Internet City, Building 14, Office 411, PO Box 500406 United Arab Emirates
Sword in Barcelona	Carrer d'Ausiàs Marc 7, 4th Floor, 08010 Barcelona Spain
Sword in New York	30 Broad Street, 14th Floor, New York, NY 10004 United States

Sword in Houston	2925 Richmond Avenue, 14th Floor, Houston, Texas 77098 United States
Sword in Saint-Didier-au-Mont-d'Or (Lyon)	11 Rue Voie Lactée, 69370 Saint-Didier-au-Mont-d'Or France
Sword in Athens	Pyrna Complex, Building C, 3rd Floor, 15 Andrea Metaxa Street, 14564 Kifisia Greece
Sword in Chennai	Elnet Software City, 3rd Floor, TS 140, Block 2 & 9, Rajiv Gandhi Salai, Taramani, Chennai, 600 113 India
Sword in Beirut	Berytech Building (Mathaf), 6th Floor, Sodeco Road, Beirut Lebanon
Sword in Windhof (Luxembourg)	2 Rue d'Arlon, 8399 Windhof Luxembourg
Sword in Rijswijk (The Hague)	Monfor Offices, Sir Winston Churchillaan 299a 2288 DC, Rijswijk Netherlands
Sword in Eysin (Nyon)	Route de Crassier 7, Building A1, 1262 Eysins (Nyon) Switzerland
Sword in Plan-les-Ouates (Geneva)	Skylab, Chemin du Pré-Fleuri 5, 1228 Plan-les-Ouates Route de la Galaise 24, 1228 Plan-les-Ouates Switzerland
Sword in Renens (Lausanne)	Avenue des Baumettes 19, 1020 Renens Switzerland
Sword in Sion	Econopôle, Route de la Drague 18, 1950 Sion Switzerland

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