



Sword Group

Communication on Progress Report

March 2018

The Group

Sword Group is a European IT company specialised in the global supply of software and services aimed at regulated industries.

Sword Group builds its growth based on values and principles implemented by its management and staff.

The aim of the present document is to formalise the essential shared values and principles common to Sword Group and its staff so that each person complies and refers to this document.

These values and principles clearly assert Sword Group's ethical commitment and responsibility in all the Group's activity fields, towards its shareholders, company members, clients, suppliers and diverse partners.

Furthermore, this document seeks to federate around the Group's values and principles so that staff commits to comply as essential participants in Sword Group's life.

Fast growing, sustainable and profitable, Sword Group pursues a development pattern based on specialisation, proximity and the quality of the services it provides.

By working with organisations that have been rigorously selected, we continue to propose innovative ideas to our clients while sustaining our business knowledge, our technical expertise and our innovation capacity.

Our permanent objective to achieve excellence and leadership aligns with the Group's core values:

Respect, rigour and involvement.

The Company confirms its ambition to pursue its commitment in compliance with the 10 principles set out by Global Compact.

Jacques Mottard
Chairman and CEO

1 General Behaviour

In 2011, Sword Group joined the United Nations Global Compact, thereby undertaking to comply with the ten principles related to Human Rights, the workplace, the environment and anti-corruption.

Through this membership, the company is keen to show that it is a socially responsible company within a global economy.

We chose Global Compact for its guarantees, both, as an internationally recognised framework and its sustainability.

Sword Group hence ensures that it complies with the ten principles laid down by the United Nations Global Compact.

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



www.unglobalcompact.org

The Social Responsibility of Sword Group is to consider the company not only as a production site and as a profit centre but as an entity that has a responsibility towards its environment (at a human level both internal and external, respect for the environment, etc.)

This general framework is concretely applied through multiple actions tailored to the specific features of Sword Group, its businesses and its subsidiaries.

2 The Human Aspect

Education, apprenticeship and ongoing training

Since Sword is a specialised services business, the added value that the company proposes to its clients is largely determined by the quality of the training and the specialisation of its human resources. This is one of the most important development areas for Sword and the reason why the company pays particular attention to, both, competence management and team management. The company has introduced specific procedures for:

- Maintaining competence levels and the pooling of knowledge thanks to the implementation of training processes, capitalisation and sharing of knowledge. These processes are in line with the specialised fields of each of our centres of expertise. They facilitate the growth and development of our staff so that they become specialists in their field. To achieve this, the various pedagogical resources made available by Sword are: a specialised set of shared documentation, a listing of the tutorials available for each specialised field, the guidance of new staff through tutorship and mentoring, introduction of internal or external training, and introduction of certification training programmes.
- Sustaining team motivation throughout the duration of a contract based essentially on small-sized centres of expertise, proximity management, strong involvement of the centre of expertise management team, internal mobility and individualised training plans, Change management: arrival and departure of a new member of staff in the team, taking into account project constraints and objectives.

In consequence, Sword invests continuously in training programs.

This investment is not limited to staff training. The training also extends as far as universities and French engineering schools through different types of actions:

- Internships: these are defined in compliance with the opportunities offered by Sword and the student's expectations.
- Integration of students who combine work and training into Sword's teams
- Regular participation in training programmes aiming to create a bridge between schools and companies:
 - Lectures since 2011 at Université Paris X - Paris Descartes within the scope of the *DEFI* Master diploma (Electronic Documents and Information Flow) on the subject of Semantics and Systems Integration, "Why? How? Proof Through Examples"
 - Lectures since 2012 at Université Claude Bernard in Lyon on "Data Optimisation: What and Why?"
- Participation in research and development projects that link fundamental research and companies.

Managerial Excellence

Given the nature of Sword's business activities (specialised services) and the nature of the undertaken contracts (80% of fixed-price contracts), the group has been tailored for the organisation and success of this type of activity, notably at the management level:

- **Profit centre organisation:** Company organisation into autonomous federated centres of excellence each having their own management. Each specialised service centre is a profit centre responsible for its production and results.
- **Project know-how and expertise:** All managers in charge of the specialised centres of excellence are trained in technical and IT fields, and as such, have extensive experience in IT project management on a fixed-price basis. Most managers are experts in their specific field.
- **Reinforcement of the technical management:** Each centre of excellence relies on a technical management team directly integrated within the strategic management of the centre to the same extent and with the same decision-making power as the sales management team.
- **Specialist sales approach:** Sword's sales approach is above all based on our know-how and capacity to innovate and manage core and innovative projects in our different specialised fields. The managers in charge of the sales portion report directly to each centre of excellence having a good technical understanding of the core business, thus ensuring their relevance in our specialised fields.

Staff empowerment

The majority of the staff or sub-contractors who work for Sword Group are managers who have a high level of qualifications. Sword provides its staff with a wide range of tools in order to facilitate work on a day-to-day basis. 80% of the Group's engineers have the equivalent of the French "*BAC +4*" or "*BAC +5*" (four or five years of university study).

Sword incorporates numerous tools enabling know-how capitalizing. This permits teams to access relevant information in full autonomy and if necessary optimize access to the right specialists.

This requires tools adapted to each specific need:

- Portable computers for staff who are mobile, with external access to Sword's IT system. All staff benefit from one to two screens in addition to their portable PC, the aim being to improve their working comfort
- State-of-the-art collaborative tools (e-mail messaging, instantaneous messaging, collaborative spaces, standardised document reference frameworks, professional HR tools, customer relations management tools, each site is equipped with video conference rooms)
- Cutting-edge tools such as a federated semantic search engine for all of the company's resources
- Methods that favour staff empowerment, notably through the increasingly frequent use of Agile development methodologies
- Quality working environment: the offices are organised around small project teams and there are never more than five people per room. The accessibility of the management is also guaranteed thanks to the geographic proximity of the subsequent offices.

The improvement of the Information flow in the company

Sword's staff associates with the corporate strategy through short hierarchical chains of command and a frequent information flow.

At least twice a year, entity meetings are organised dealing with the following subjects in open discussion:

- The results and outlook for the Group globally and its strategic orientation
- The results and outlook for the relevant entity, the sales opportunities and the strategic orientation
- A global review of the projects underway, the difficulties encountered as well as the successes
- A highlighting of best practices

In 80% of cases the services provided by Sword are fixed-price services, hence, staff are present on Sword's premises most of their working time. Regarding in-house 'time and means' services, the duration of the service is limited to three years. Each service is regularly evaluated and updated between the staff member and its manager. This proximity among different teams favours informal exchanges and advantageous information flow.

The balance between work, family and leisure activities

Sword Group provides a certain number of opportunities enabling staff to achieve a better balance between their professional, family and leisure activities.

- Certain Sword sites enable staff to enjoy access to tennis courts, football pitches and participate collectively in sporting events, ...
- Staff who wish can establish part-time working schedules
- Geographic mobility is systematically subject to prior agreement from staff members. Sword's international presence also means the company is able to propose international opportunities to staff who so desire.

Equal opportunities

Sword applies a certain number of measures aimed at assuring, in the best way possible, equivalent professional opportunities for each individual. The measures are applied as follows:

- Annual individual interviews completed by company managers – interview support documents completed conjointly by the manager and the staff member.
- Variable compensation described on an annual mission task sheet – frequent assessment of results
- Annual training evaluation (detailed particularly between genders)
- Semester assessment (for France) highlighting the maximum and minimum remunerations according to each staff category (detailed particularly between genders)

When hiring, a particular attention is emphasized towards equal opportunity recruiting:

- Recruitment ads in France are systematically published on-line at the APEC site and on LinkedIn
- Standardised ad always drafted as follows: "We are looking for a person..."
- Standardised recruitment process featuring an essential test session with logical reasoning aimed at providing recruiters with objective decision-making criteria.

Sword has set in place regular monitoring of equal opportunities between staff. This process involves continuous monitoring of indicators such as wage distribution between genders by location with an average wage comparison between the year-in-progress and the prior year.

Disability

The Group has few disabled staff, applications being almost non-existent. Sword participates in finding work for those who suffer from a disability by calling upon companies that employ disabled people for example, for the sorting of archives or for the acquisition of office supplies.

Profit-sharing

Sword Group staff benefits from a profit-sharing configuration either through an annual share in profits or through the allocation of stock options, etc. (the formulae vary according to the laws and regulations in the different companies where the Group has subsidiaries).

3 The Environment

Management of the impact on the environment and on natural resources

Sword Group's business activities are of a tertiary nature, hence their impact on the environment remains limited. Nevertheless, within the scope of sustainable development we have implemented a simple and concrete policy for protecting the environment and reducing energy consumption.

- Efficient electricity management: turning off lights, computers and all electrical devices as soon as possible
- Organisation of buildings in compliance with insulation standards
- Generalisation of 'radar' switches to guarantee a reduction of superfluous electricity consumption
- Annual building audit by APAVE to assess the quality, performance and maintenance of the electrical installations
- Introduction of the virtualisation of all IT servers in 2007, hence reducing the KW/h consumption by a factor of 6
- Reduction of greenhouse effect gasses by controlling the use of 'air conditioners'
- Restriction of travel by optimising the use of modern communication technologies (Telephone, Video conference, etc.) including management meetings for client projects. Each Sword site has at least one meeting room equipped with a video conference system, hence allowing virtual meetings with external stakeholders
- Introduction of Microsoft Lync and/or Skype Enterprise instant messaging system between the Group's different international sites and the outside world, hence allowing for point to point discussions between staff or with clients based on Internet protocol telephone systems, instantaneous messaging, application sharing and video
- Maximum utilisation of public transportation for urban travel: in order to reduce fuel consumption, emissions and traffic.
- The company proposes and encourages the use electric transportation (bikes and cars)
- Encouragement of car-sharing for all professional journeys made by our engineers outside the city
- Use of rail transport whenever possible and in particular for travel between sites
- Limit as best possible the number of printed documents within the scope of projects. Engineers only print the final version of documents. All proof reading is done by computer. The Group's printing company is *Imprim'vert* (green printing) certified complying among other things with the principles dictated by the Forest Stewardship Council and the Programme for the Endorsement of Forest Certification
- Construction and extension of all Sword buildings according to the HEQ standard
- Continual reuse/recycling of paper
- Recycling of IT equipment and consumables (ink cartridges) by qualified companies
- Limitation of the engine rating of company cars, (average engine rating of the fleet in France, 6.7 horse power)
- Implementation of incentives to motivate de acquisition of electric automobiles.
- Introduction of an appropriate policy in each company.

4 The Community

Anchored in society

Sword's multiple sites play an active role in the life of their region undertaking diverse actions in each location:

- Sponsoring of social and cultural activities
- Participation in clusters that aim to help reinforce the economic attractiveness of the regions where Sword is present. Sword is a Director for the Health Cluster in the Rhône-Alpes region and is a member of the Cap DIGITAL competitiveness cluster in Paris
- Investment in the higher education sector through lectures within the scope of different academic courses, participation in student forums and internships proposed to students in collaboration with involved schools and students.
- Strict compliance with enforced labour laws.
- Recruitment in the local job basins or within the scope of chosen mobility
- Support for not-for-profit associations: Sword sponsors include the Léon Bérard Centre for the fight against cancer (CLB) in various accompanying actions, Sword provides equipment to associations that organise school support actions in Africa (Wassadou Pont Trambouze)

5 Measurement of outcomes

Annual Results

Education, apprenticeship and ongoing training

Continuing our commitment to encourage a bridge between school and companies, Sword carries on and increments the number of interventions (lectures and conferences) with key higher education institutions.

2015 CESI-EXIA : Ecole d'ingénieurs - Lyon
Université Claude Bernard – Lyon

2016 CESI-EXIA : Ecole d'ingénieur Lyon
Université Paris Nanterre (Paris X)
MIAGE – Méthodes Informatiques Appliquées à la Gestion des Entreprises : Université de Grenoble Alpes
Polytech - Tours

2017 CESI-EXIA : Ecole d'ingénieur Lyon
Université Paris Nanterre (Paris X)
Université Claude Bernard – Lyon
INSA - Institut national des sciences appliquées - Lyon
Ingésup - Formation supérieure d'ingénierie INFORMATIQUE – Lyon
Polytech - Lyon



- Ongoing Training

2016-2017 Slight reduction in formalised external training days due to a significant switch to in-house training for apprentices, trainees and internships.

Balance between work, family and leisure activities

Continuing to enable staff to achieve a better balance between their professional, family and leisure activities, Sword and its Works Council carries on the programmes for staff to access sporting facilities (tennis courts, football pitches, gymnasiums and sporting events) and included for the current year, two new events and several more to come in 2018:

- visits of sightseeing
- theme soirée
- a botanical visit to a permaculture site
- and a group ski trip

Part-time working schedules increased 10% between 2016 and 2017 to accommodate particular needs to blend family and work.

No significant changes in geographic mobility, however, Sword is always ready to adapt and facilitate the needs of its employees.

Equal opportunities

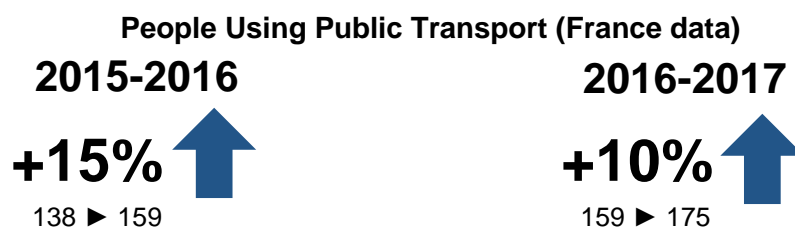
France maintains a stable “women to men” percentage at 23%.

Nonetheless, the number of women joining the France team augmented 16% while men only increased by 11%.

All new recruitment, hiring and remuneration is strictly based on knowledge, competencies and degrees achieved for all individuals regardless of gender.

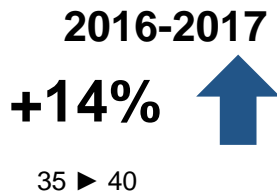
Management of the impact on the environment and on natural resources

- Public Transport



- Electric bikes

Electric bike use (France data)



Sword provides electric bikes to its employees.

The entire electric bike fleet was replaced in 2017 to assure the security of Sword's staff adding to an enhanced energy optimisation.

- Electric automobiles

Sword facilitates the acquisition of electric automobiles (automobiles having a maximum autonomy range of 400 km) for its employees. 18 electric automobiles were acquired in 2017 with at least 5 more arriving in 2018.

- Business Travel and Communication

Sword, based in 20 countries, installs new videoconferences systems whenever possible in order to reduce CO2 emissions caused by business travels. A new installation for 2017 in Eysins, Switzerland (worldwide data) and programmed installations on all new meeting rooms (4) in France for 2018.

In addition, Sword plans in 2018 to integrate all internal communications (phone, chat & video) through the application Skype for Business.

- Paper and Cardboard Recycling

Uninterruptedly, Sword recycled all its paper and cardboard residuals through the established public system.

However, the company has contracted a specialized collecting enterprise. In this manner, Sword assures a registered measurable and proper recycling system for its cardboard and paper.

In addition, Sword utilizes a specialized entity that certifies the destruction of its paper archives and their recycling.

- Coffee Capsules

Virtually all coffee capsules in the Lyon premises are sent by mail and recycled by the original coffee supplier.

- On-premise Coffee Dispensers

All on-premise coffee dispensers are programmed electronically to accept personal coffee mugs reducing the utilization of plastic cups. Sword continually motivates employees to use this option, currently at least 20% servings are done in this manner.

- Eco Carwash

Sword offers complimentary carwashing services to employees having an electric automobile. Sword contracted an ecological company who washes all vehicles with eco-friendly products without water.

- Cellular Telephone Recycling

Since 2012, Sword recycles its cellular telephones. To date Sword has recycled over 100 cellular telephones, recycling 22 units for the year 2017.

Anchored in society

Recruitment for difficult basins

Sword works actively with an association focused in IT training for people originating from difficult basins; the programme Simplon develops refugees, teenagers marginalised in the schooling system, long term unemployed individuals and retraining employees.

Similarly, Sword has initiated discussion to participate with Ecole 101, an establishment offering free IT skills training open and accessible to everyone from 18 to 30 years old.

6 Conclusion

Fast-growing, sustainable and profitable, Sword Group is pursuing a development pattern that is based on **specialisation, proximity and the quality of the expertise and services it provides**.

By working with organisations that have been rigorously selected, we continue to propose **innovative ideas** to our clients while sustaining our business knowledge, our technical expertise and our innovation capacity.

Our permanent objective to achieve excellence and leadership is built in line with the Group's core values: respect, rigour and involvement.