



Supervisory Board: Internal rules

Wavestone

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Forward

Wavestone (hereinafter referred to as "the Company") is a public limited company governed by a Management Board ("the Management Board") and a Supervisory Board (the "Supervisory Board").

To exercise its duties and in accordance with the MiddleNext Corporate Governance Code for small and midcap companies (hereinafter referred to as the "MiddleNext Corporate Governance Code") adopted by Wavestone, the Supervisory Board chose to draw up, and complete a set of organizational and operational rules as required by law, the regulations in force and the Company's Articles of Association, and to determine a code of ethics for its members.

Accordingly, the Supervisory Board has drawn up and implemented a set of internal rules of procedure and an ethical code which integrate the principles (recommendations and "points to be watched") of the MiddleNext Governance Code to which it adheres.

The present set of internal rules is for internal use only and is not binding on Shareholders or stakeholders.

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1 Role of the Supervisory Board

1.1 General mission: to exercise permanent control

The Supervisory Board ensures the permanent monitoring of the management of the Company by the Management Board.

The Supervisory Board may conduct as many audits and controls it considers opportune at any time during the year and ask the Management Board to provide the documents it considers necessary to carry out its mission.

At least once every quarter, the Management Board reports to the Supervisory Board on the main actions and events that have occurred concerning the management of the Company and provides all the elements necessary to keep the Board informed on the Company's business trends, as well as its interim financial statements.

After the close of the fiscal year, and within the regulatory deadlines, the Management Board submits the annual and consolidated financial statements to the Supervisory Board for verification and control, as well as the Management Board Report to the Shareholders' Meeting.

The Supervisory Board presents its comments on the Management Board Report and the full-year consolidated and annual financial statements to the Annual General Meeting.

The Chairman of the Supervisory Board also reports to the AGM on the conditions for preparing and organizing the work of the Board, as well as on the internal-control procedures implemented by the Company.

In compliance with the law and the Articles of Association, this monitoring cannot, under any circumstances, give rise to the accomplishment of any acts of management carried out directly or indirectly by the Supervisory Board or its members, or more generally, cause any interference with the management of the Company.

1.2 Verification of the proper exercise of executive powers

For reasonable governance, the Supervisory Board verifies that all conditions are met to ensure that the Management Board may exercise its executive power without encountering any malfunction which could jeopardize the sustainability of the Company.

In other words, while Management is bound by a performance obligation related to the proposed strategy, Supervisory Board members are obliged to provide the means to ensure the executive function is accomplished without having a negative impact on the Company.

Accordingly, the role of the Supervisory Board is to:

- / Verify the absence of any serious malfunction in the exercise of the executive function and the choice of strategic decisions that could call the sustainable performance of the Company into question.
- / Participate in good governance by applying the "four points to be watched" as specified in the MiddleNext Governance Code and defined for the executive power, namely: manager skills, isolation, compensation and succession.
- / Report to shareholders on the Board's supervisory duties by way of the Supervisory Board Report on the annual financial statements and the Report of the Chairman of the Supervisory Board on the preparation and organization of the work carried out by the Board, as well as internal controls and risk management, and assume responsibility.

1.3 Limitation of powers of the Management Board

Pursuant to Article L.225-68 of the French Commercial Code, the following transactions require prior approval from the Supervisory Board:

- / Sale/transfer of real estate
- / Total or partial sale/transfer of equity investments
- / Creation of sureties, pledges, security deposits and guarantees

The Supervisory Board may give the Management Board prior approval to conduct one or more of the above-mentioned transactions under the conditions, and within the limit of the amounts and time frame determined by the Board.

2 Composition of the Supervisory Board and independence criteria of its members

2.1 Conditions for appointment of members to the Supervisory Board

In compliance with Article 18 of the Company's Articles of Association, the Supervisory Board comprises a minimum of three members and a maximum of eighteen, subject to dispensations granted by law in the case of mergers.

The members of the Supervisory Board (individuals and corporate entities) are appointed by the Ordinary Shareholders' Meeting, unless when the position of one or more board members becomes vacant. In this case, the board itself may appoint replacements by co-optation, each replacement officer being appointed for the remaining period of office of his/her predecessor, and subject to ratification by the next General Meeting.

The proposed appointment of every new Supervisory Board member is subject to a separate resolution, and details concerning their experience and expertise must be communicated to the General Meeting.

Eligibility of Supervisory Board members to exercise their duties is subject to conditions governing the accumulation of mandates as determined by law.

The number of members serving on the Supervisory Board who are over 70 years old cannot be more than one third of the total number of members serving on the Board. When this percentage is exceeded, the oldest member (other than the Chairman) must resign at the next Ordinary Shareholders' Meeting.

Supervisory Board members are appointed for a term of four years, which may be renewed. Director mandates run until the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the previous fiscal year and held in the year when the Board member's term of office expires.

Legal entities appointed to serve on the Supervisory Board are required to appoint a permanent representative. These representatives are subject to the same conditions and obligations as individual members and assume the same civil and criminal responsibilities as if they served on the Board in their own name without prejudice to the joint liability of the legal entity they represent. Permanent representatives on the Board are subject to the same age-limit conditions as individual directors.

Mandates of permanent representatives appointed by legal entities to serve on the Supervisory Board are the same as the term of office granted to the latter.

Should the legal entity revoke the mandate of its representative, it must immediately notify the Company by registered letter and appoint a replacement. The same shall apply in the event of the death or resignation of the permanent representative.

2.2 Independence of Supervisory Board members

The Supervisory Board must comprise at least one independent director if the total number of members is five or less and at least two independent directors if the total is over five.

Independent-director status is determined by the absence of material financial, contractual or family connections that could impair the independence of the board member's judgment. Eligibility for independent-director status is based on a set of five criteria, whereby Board members must not:

- / be an employee of, or hold an executive mandate with the Company or a company in its Group, or have held any such position in the past three years
- / be a major client, supplier or banker of the Company or its Group, or for whom the Company or its Group represent a major part of its business
- / be a reference shareholder of the Company
- / have any family ties with another corporate officer or reference shareholder
- / have been an auditor of the Company during the previous three years.

It is the Supervisory Board's responsibility to assess the independent status of its members on a case by case basis and in accordance with the aforementioned set of criteria.

Subject to justifying its position, the Board may consider a member independent even if he/she does not fulfill these criteria. Conversely, it may also decide not to award independent-director status to a member who does meet all of these criteria.

3 Duties of Supervisory Board members

3.1 Loyalty and compliance with laws and the Articles of Association

Members of the Supervisory Board and other persons attending Board meetings may not undertake any initiative that could be detrimental to the interests of the Company and must act in good faith at all times.

They must exercise their rights and assume their obligations to the full and notably have knowledge of the laws and regulations relating to their function, as well as the rules applicable to the Company drawn from the Articles of Association and the internal rules of the Board.

Members of the Supervisory Board undertake to respect the decisions adopted by the Board in accordance with legislative and statutory rules in force.

Supervisory Board members exercising a "director" mandate may not accept more than three director mandates in other listed companies, in France or abroad, that do not belong to the Group.

In addition, Board members should consider themselves as the representatives of all shareholders, in particular minority shareholders, and undertake to ensure that the decisions of the Company do not favor one party or category of shareholders over another.

3.2 Confidentiality obligation

The members of the Supervisory Board are bound by professional secrecy and personally undertake to respect the confidential nature of all information received by word of mouth or in writing during Board or private meetings.

In general, Board members must not disclose information to external agents, notably the press.

3.3 Assiduity

Supervisory Board members must devote the time and attention necessary to accomplish their duties, participate regularly in Supervisory Board meetings, attend General Shareholder Meetings, be aware of the Company's businesses and the specific nature of its activities, its challenges and values, and ensure they have the requisite knowledge to perform their duties correctly.

3.4 Rules concerning trading in Company securities, including privileged information

3.4.1 Shareholding requirements

Supervisory Board members are legally obliged to own at least 500 registered Wavestone shares each, which must be acquired within the twelve-month period following the date they take up office.

3.4.2 Insider information

In accordance with Article 621-1 of the General Regulations of the French market regulator (AMF), insider information is specific information that has not been rendered public and concerns, directly or indirectly, one or several listed companies and which, if rendered public, could have a significant influence on the share price and the financial instruments issued by the company in general, or on investor decisions.

Information is considered public, once it has been released in the form of a corporate press release.

Supervisory Board members may only use insider information within the context of carrying out their mandate. In no event whatsoever, may board members communicate such information to third parties other than in the context of exercising their mandate as a member of the Supervisory Board, or for any other purpose or any other activity other than those for which they are responsible.

All Supervisory Board members with access to inside information concerning the firm are considered "insiders" and may not trade in Company shares, either directly or via an intermediary, for their own account or that of a third party until such information has been rendered public.

Accordingly, a list of the names of all Supervisory Board member insiders is compiled and regularly updated by the Company and made available to the AMF.

It is the personal responsibility of all directors to determine whether the information in their possession is privileged or not, and as such, to decide whether they may or may not use or transmit it, and trade or enable the trading in the Company's securities.

3.4.3 Blackout periods

Moreover, without prejudice to the laws and regulations relating to "insider" operations, members of the Supervisory Board must refrain from carrying out any transactions in the securities of the Company (notably, the exercise of stock options, the sale of shares, including those resulting from the exercise of options or the attribution of free shares, as well as the purchase or contribution of shares) by respecting the "blackout" periods listed below, and suspending any personal trading in Company securities until the day following the publication of said inside information:

- / During the 30¹ calendar-day period preceding the publication of the Company's full-year and interim financial statements
- / During the 15¹ calendar-day period preceding the publication of the Company's Q1, Q3, H1 and full-year revenue press releases.

In the event of financial operations that could have a significant impact on the share price or the existence of privileged information on the activity of the Company (when the member of the Supervisory Board having "insider" status has knowledge of the information concerned).

In addition, the financial publications calendar is available and regularly updated on Wavestone's website.

All members of the Supervisory Board have been informed of the legislative provisions concerning insider information and insider trading: Articles 621-1 and seq. of the General Regulations of the AMF and Article L.465-1 of the French Monetary and Financial Code.

¹ AMF minimum blackout period (AMF recommendation n° 2010-07)

3.4.4 Obligation to declare transactions in company shares

In accordance with Articles L.621-18-2 and R.621-43-1 of the French Commercial Code and Articles 223-22 to 223-26 of the AMF General Regulations and AMF Instruction n° 2006-05 dated February 3rd, 2006 relating to operations carried out on Company shares by directors and the persons cited in Article L.621-18-2 of the French Monetary and Financial Code, the members of the Supervisory Board and persons closely associated with them must inform the AMF of all share purchases and disposals and financial instrument subscriptions and conversions, as soon as the aggregate amount of these transactions exceeds €5,000 for the calendar year in question.

Members of the Supervisory Board and the persons closely associated with them must transmit their declaration to the AMF on-line via declarationdirigeants@amffrance.org, within 5 trading days following the transaction carried out.

All persons filing a declaration with the AMF must transmit a copy of said declaration to the firm's Finance Department.

These declarations are subsequently published on the AMF website and included in the Company's annual management report presented to the Annual General Meeting.

3.5 Disclosure of conflicts of interest and obligation to abstain

The members of the Supervisory Board must inform the Board as soon as they identify any existing or potential conflict of interest arising after taking up their mandate which could implicate them either directly or indirectly. Board members finding themselves in this situation must abstain from taking part in any discussions related to, and voting on these issues, and if necessary, resign.

Thereafter, it is the responsibility of the Supervisory Board member concerned to act appropriately and in accordance with applicable law.

4 Functioning of the Supervisory Board

4.1 Frequency of Board meetings

The Supervisory Board meets as often as is required in the interests of the Company and at least once every quarter within the fifteen-day period following the presentation of the quarterly report submitted by the Management Board. Supervisory Board meetings may be held at Company headquarters or at another location specified in the convening notice to the meeting.

Special meetings are convened for matters related to strategy, organization, internal controls and risk management, etc. according to the degree of priority and needs.

4.2 Convocation of Board members

Supervisory Board members may be convened to Board meetings by any form of communication (including word of mouth).

In general, convocations to, and the agenda of Supervisory Board meetings are sent to members of the Board at least 48 hours, and if possible one week before the date of the meeting by post and email.

Supervisory Board meeting agendas are approved by the Chairman and members may submit proposals to include specific subjects in the agenda of future meetings.

4.3 Information concerning Board members

The Management Board transmits all necessary documents to Supervisory Board members in enough time before the date of the Board meeting to enable them to fulfill their mission.

These documents are transmitted by email to the Chairman of the Supervisory Board who duly forwards them on to the Board members.

Board members assess whether the information they have received is sufficient and can, if necessary, request any other documents they consider useful. Members address their requests for additional information to the Chairman of the Supervisory Board who assesses the relevance of the documents requested.

Before each Board meeting, members are sent in enough time, and subject to confidentiality requirements, documentation on items on the agenda requiring prior analysis and review.

In addition to assisting Board meetings, members regularly receive all important information concerning the Company and are notified of all events and changes having a significant impact on operations or information previously communicated to the Board.

In particular, they receive all press releases published by the Company as well as the main press articles and financial analysis reports. They also have access to the Company's intranet site.

4.4 Recourse to video-conferencing or other means of telecommunication

In accordance with Article 19 of the Company's Articles of Association, except for operations referred to in Article L. 225-68 of the French Commercial Code (see section 1.3. above), Supervisory Board members attending the meeting by video-conferencing or other means of telecommunication enabling their identification and effective participation will be included in the quorum and majority calculations under the following conditions:

- / Participation via video-conferencing and other forms of telecommunication may be used for all Supervisory Board meetings, it being specified that, in accordance with Article L. 225-37, paragraph 3 of the French Commercial Code, these modes of participation cannot be used at meetings called to prepare the Company's annual financial statements and management report or its annual consolidated financial statements and management report.
- / Before the start of proceedings, a check must be carried out to ensure there are no third parties, microphones or any other items present that could compromise the confidential nature of the deliberations.
- / All Board members must be able to participate and hear what is said
- / The use of video-conferencing or other means of telecommunication must meet the technical requirements to provide an uninterrupted and simultaneous retransmission of the deliberations and thus ensure the real participation of all Board members.

If the Chairman of the session notices any malfunction in the video-conferencing or telecommunications material, the Supervisory Board may still deliberate and / or proceed with the meeting with the members who are present physically, provided the quorum has been met.

4.5 Deliberations of the Supervisory Board

Supervisory Board proceedings are only considered valid if at least half of the Board's members are present.

Decisions are taken by a majority vote of the members present and/or represented. Board members mandated to represent another member during the session have two votes.

The Vice-Chairman may act on behalf of the Chairman if the latter is unable to attend or has delegated his/her duties temporarily. In this case, the Vice-Chairman has the same responsibilities and prerogatives as the Chairman.

In the event of deadlock, the Chairman's vote will be decisive.

The minutes of each Supervisory Board meeting are drawn up, sent to all members of the Board for their approval and subsequently signed by two members of the Board and the Chairman or, in his/her absence, the Vice Chairman.

4.6 Assessment of the work carried out by the Board

Once a year, the Chairman convenes the members of the Board to discuss the functioning of the Board and the manner in which the work of the Board is prepared.

This discussion is recorded in the minutes of the meeting.

A more formal assessment is conducted every three years.

4.7 The Audit Committee

The Supervisory Board may decide to create an ad-hoc audit sub-committee or assume the role of the Audit Committee with the participation of all of its members.

As defined by law, the general mission of the Audit Committee is to monitor issues relating to the preparation and verification of accounting and financial information, and the role of the Audit Committee, notably with regard to monitoring:

- / The process of preparing financial information
- / The efficiency of internal-control and risk-management procedures
- / The independent auditing of the annual and consolidated financial statements by the statutory auditors
- / Statutory auditor independence

The Audit Committee should include at least one independent member with special accounting and/or financial skills.

The Audit Committee meets at least twice a year at Supervisory Board meetings convened to review the Group's interim and annual financial statements and as many times deemed necessary, notably in the case of events which are important for the Company.

To carry out its mission, the Audit Committee may meet with Company auditors, executives and directors responsible for the preparation of accounts, the treasury and internal controls, without the presence of corporate officers.

A summary of the work carried out by the Audit Committee is included in the minutes of the corresponding Supervisory Board meetings.

4.8 Censors

In accordance with Article 23 of the Company's Articles of Association, the Ordinary Shareholders' Meeting may appoint one or more individuals to serve as Censors and participate in Supervisory Board meetings in a consultative capacity.

Censors participate in the Supervisory Board meetings to which they are convened under the same conditions as the members of the Board and receive all documentation required for the meeting.

Nevertheless, the failure to convene Censors or to transmit the necessary documents to them before Supervisory Board meetings cannot, under any circumstances, constitute grounds for rescinding any decisions taken by the Supervisory Board.

Upon the discretion of the Supervisory Board, Censors may also sit on the Committees created by the Board (notably the Audit Committee).

Censors are bound to secrecy and, more generally, to an obligation of confidentiality regarding confidential information and data presented by the Chairman of the Board.

They are also required to carry out the same duties and to assume the same obligations as provided for under Article 3 of the present set of internal rules applying to members of the Supervisory Board.

Censors have no decision-making powers, but, if solicited by the Board may give their opinion on technical, commercial, administrative or financial issues.

Censors also take part in discussions in a consultative capacity only, but are not entitled to vote.

To fulfill their membership in accordance with these rules, all newly appointed Censors, will be requested to sign this set of internal rules when they take up office.

5 Rules governing supervisory board-member compensation

If appropriate, the Supervisory Board may receive a fixed annual compensation package for its members, in the form of attendance fees, the amount of which is approved by the General Shareholders' Meeting. Thereafter, the Board divides the allotted sum between its members.

This amount is not necessarily divided equally but may take into account the specific experience of Board members, their assiduity at Board meetings and the amount of time devoted to carrying out their respective duties.

The Board may also allocate exceptional compensation to members for carrying out specific Board missions and mandates, in accordance with statutory conditions.

If necessary, the amounts of fixed and variable compensation awarded to the Chairman and Vice Chairman of the Supervisory Board are determined by Supervisory Board, in accordance with the Company's Articles of Association.

Moreover, pursuant to the dispositions specified in Article L.225-102-1, paragraphs 1 to 3 of the French Commercial Code, and AMF recommendations dated December 22nd, 2008 relative to the compulsory registration-document disclosure of corporate-officer compensation, details of the amount of attendance fees awarded to Board members are given in the Company's management report.

6 Entry into force - legally binding obligation

The present set of internal rules and the code of conduct contained therein came into effect on the day their adoption received a majority vote of the Board.

Any amendments and / or additions are voted by the Board under the same conditions and go into effect on the same day.

The provisions of the present set of internal rules and code of conduct are binding for, and consequently involve the personal responsibility of all members of the Supervisory Board, be they individuals, legal entities, or the permanent representatives of legal entities.

The mandate renewal of any member of the Board and, where appropriate, his/her permanent representative, taking effect after the entry into force of these internal rules, implies their total acceptance and strict respect of the terms and obligations of these rules regarding their board-membership responsibilities.

To enact their total acceptance of, and compliance with this set of internal rules, all members of the Supervisory Board were required to sign it on the date it came into force.

Similarly, acceptance of office by an appointed member of the Board or a designated permanent representative of a member implies their total acceptance of, compliance with and strict respect of these rules.

Accordingly, all new members appointed to the Supervisory Board will be required to sign these rules on the day they take up office.