



ASSYSTEM BOARD OF DIRECTORS

INTERNAL REGULATIONS

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Recitals

The present internal regulations (the “Internal Regulations”) have been:

- Amended at the meeting held on June 27 2019 to update the provisions of the Internal Regulations in respect of the Middlednext code, which the Company has decided to enforce from this day.
- Amended at the meeting held on February 1 2017 to update the provisions of the Internal Regulations under the new version of the AFEP-MEDEF code of November 2016 and the applicable legal and regulatory provisions.
- Adopted at the meeting held on May 22 2014 following the Combined General Meeting of the Company of the same day having voted on the change in the method of administration and management of the Company and more particularly on the adoption of the form of limited company with a board of directors (*société anonyme à conseil d’administration*). These Internal Regulations set out the rules, work methods and means of disclosure of information applicable to its members.

Strictly internal to the Company in scope, these Internal Regulations define the methods of organisation and functioning of the Board of Directors as a supplement to the current laws and the current articles of association. They may therefore not be enforced against third parties or the Company.

Each director is individually obliged to comply with these Internal Regulations.

The Board of Directors refers to the corporate governance code published by Middlednext in September 2016 (the “Middlednext Code”).

1. Composition of the Board of Directors

The Board of Directors must be composed of at least two (2) independent members. In general, a director is considered independent when he or she has no relationship of any kind with the company, its group or its management, which could compromise the exercise of his or her freedom of judgement.

Determining the independence of a director is the responsibility of the Board of Directors, which deliberates on the prior recommendation of the Nominations and Remuneration Committee, using the recommended independence criteria defined by the Middlednext Code, namely:

- Not having been, in the five (5) previous years, and not being neither an employee nor a executive of the Company or a company of its Group ;

- Not having been, in the two (2) previous years, and not being in significant business relations with the Company or any other company of its Group (client, suppliers, competitors, creditors, bankers, etc.);
- Not being a reference shareholder of the Company or a detainer of significant voting rights ;
- Not having proximity or close familial relations with a representative or a reference shareholder ;
- Not having been, in the six (6) previous months, the Company's Statutory Auditor.

Directors' independence is discussed at least once a year by the Board of Directors.

2. Terms of Reference of the Board of Directors

In accordance with the provisions of Article L225-35 of the French Commercial Code, the Board of Directors determines the Company's business strategy and monitors its implementation. Subject to the powers expressly granted to shareholders' meetings, and within the scope of the Company's objects, it deals with all matters affecting the proper and successful running of the Company, and its resolutions govern those matters that fall within its scope. It is consulted on all the strategic decisions of the Company and the Group, at the initiative of its Chairman.

The Board of Directors carries out the following functions in particular:

- Determining and implementing decisions related to the Company's major strategic, economic, social, financial and technological directions;
- Determining the methods for exercising the Company's general management, assumed under the responsibility of the Chief Executive Officer;

For the purposes of internal operations, the Chairman must obtain the authorisation of the Board of Directors before undertaking any acquisition, disposal or joint venture project whose total value exceeds 20 million euros, or any significant internal restructuring operation;

- Convening general meetings and determining the agenda;
- Preparing the annual and semi-annual parent company and consolidated financial statements and preparing the Group's annual management report;
- Verifying the relevance and consistency of the accounting methods adopted to prepare the Company's consolidated and annual financial statements;
- Monitoring the process for producing information and financial communication;

- Approval of draft management documents and corresponding reports;
- Authorising 'regulated' agreements;
- Co-opting of directors;
- Appointing or dismissing the Chief Executive Officer and, where appropriate, the Deputy CEOs, and setting their remuneration in accordance with the applicable laws and regulations;
- Appointing members of the Committees of the Board of Directors;
- Allocating directors' fees;
- Modifying the capital on delegation from the Extraordinary General Meeting;
- Authorising sureties deposits and guarantees, if need be on delegation from the executive officers;
- Verifying compliance with the rules ensuring the independence and objectivity of the Statutory Auditors;
- Monitoring the effectiveness of the internal control and risk management systems;
- Assisting the Chairman in the preparation of his report on the internal control procedures put in place by the Company.
- Prior approval of any significant transaction outside the Group's declared strategy.

The Board of Directors is informed of the financial position, cash position, commitments, and liquidity situation of the Company and its consolidated entities.

The Board of Director makes sure the general management puts in place adequate measures to prevent corruption and influence peddling (such as via a code of conduct pertaining to the prevention of corruption and influence peddling, an internal alert system, risk mapping, evaluation procedures, accounting controls and procedures, a training programme, a disciplinary policy and a control and evaluation system).

3. Working methods of the Board of Directors

In accordance with the articles of association, the Board of Directors agrees on a schedule for its meetings each year for the upcoming year upon the Chairman's proposal.

This schedule sets the dates of the Board's regular meetings (pertaining to the publication of quarterly and annual turnover, the analysis of the biannual consolidated financial statements, the closing of annual and consolidated financial statements, etc.) and provisional dates for any additional Board meetings.

The Chairman draws up the agenda of each Board of Directors meeting and communicates it to the Board members in due time and by any appropriate means.

The Company has subscribed to an insurance policy related to its directors' and representatives' civil liability that is applicable to the members of the board.

4. Attendance of Board of Directors meetings by videoconference and telecommunication

Exceptionally, and subject to the applicable laws and regulations, meetings may be held by videoconference or any means of telecommunication.

In accordance with the law, attendance by such means is excluded when the Board meets to prepare the annual, statutory and consolidated financial statements as well as for the Company's management report.

The videoconference or telecommunication arrangements must ensure the effective attendance by each person at the meeting of the Board of Directors.

The attendance register for meetings of the Board of Directors and the minutes of the meeting must mention the attendance by videoconference or telecommunication of the directors concerned.

In the event of a malfunction of the videoconference system or telecommunication noted by the Chairman of the Board of Directors, the Board of Directors may validly deliberate and/or continue with only the members physically present provided the quorum conditions are met.

5. Specialised Committees of the Board of Directors

With a view to optimising its discussions and pursuant to article R225-29 of the Commercial Code, the Board of Directors sets up a certain number of specialised Committees whose composition, duties and powers it determines. These Committees are tasked with examining and preparing certain deliberations of the Board of Directors, and their role is consultative.

The following Committees have been established:

- An Audit Committee, whose principal role is ensuring the accuracy and sincerity of the Group's annual and consolidated financial statements, producing the financial information delivered to shareholders and the markets, and to ensure the proper functioning of the internal and external control processes.

- A Nominations and Remuneration Committee, that drafts the decisions concerning the remuneration of the directors, the Chief Executive Officer, and the Deputy CEO if appropriate, as well as the deliberations of the Board on plans to allocate shares and share purchase and subscription warrants (BSA) to managers and employees. It also prepares succession plans for the company's key people.

These Committees may set down internal regulations for themselves, approved by the Board of Directors, determining their composition, rules of appointment and operation, and specific powers, functions and duties. In the absence of separate regulations, the provisions of this article will serve as the regulations for each of these committees' terms of reference and operating methods.

The Committees must report their work to the Board of Directors after each meeting and prepare an annual appraisal of their activities.

5.1 Audit Committee

The Audit Committee reports to the Board of Directors.

5.1.1. The Committee's terms of reference

The Committee monitors questions related to the production and auditing of accounting and financial information. Without prejudice to the areas of responsibility of the Board of Directors, this Committee is in particular responsible for :

- monitoring the preparation of financial information and the relevance and permanence of accounting methods;
- monitoring the effectiveness of the internal control and risk management systems;
- monitoring statutory control of the annual and consolidated financial statements by the Statutory Auditors;
- ensuring the respect of the independence criteria as defined by the provisions applicable to the Statutory Auditors.

The Committee's role is less to go into the detail of the financial statements than to monitor the processes that contribute to their preparation and to assess the validity of the methods chosen to deal with significant transactions.

To fulfil its role, the Committee must hear from the Statutory Auditors, the chief financial, and if need be, the Group's senior financial officers. It must be possible to hold such hearings, when the Committee so desires, outside the presence of the General Management. The Committee may also make visits or hear the managers of operational entities relevant to the fulfilment of its terms of reference. It first informs the Chief Executive Officer and the Deputy CEO accordingly.

The Committee must hear from the internal audit manager and give its opinion of the organisation of his or her department. The Committee receives the internal audit reports or a periodic summary of such reports.

The Committee examines the perimeter of consolidated companies and, as the case may be, the reasons why companies are or are not included therein.

The Committee may have recourse to outside experts, at the Company's expense, after informing the Chairman of the Board or the Board, and subject to reporting back to the Board of Directors. The Committee must ensure the expertise and independence of the outside experts to which it has recourse.

The times for examining financial statements must be sufficient (at least two days before examination by the Board).

Examination of the financial statements by the Audit Committee must be accompanied by a presentation from the Statutory Auditors highlighting the key points of the results of the statutory audit (particularly audit adjustments and significant weaknesses in internal control identified during the work), and the accounting methods chosen. It must also be accompanied by a presentation from the management setting out exposure to risks and the company's significant off balance sheet commitments.

In addition, the Committee:

- manages the procedure for selecting the Statutory Auditors; it submits the result of the selection to the Board of Directors and issues a recommendation on the Statutory Auditors proposed for appointment by the General Meeting; it proposes to the Board the selection procedure and states in particular whether it is appropriate to have recourse to a tender; where appropriate, it supervises the tender and approves the specifications and the choice of the firms consulted;
- is informed each year of the fees paid to the Company's Statutory Auditors and is notified of their declaration of independence. It ensures the rotation of signatory partners and compliance with the other rules guaranteeing their independence;
- as regards the efficiency of the internal control and risk management systems, ensures the existence of such systems, their deployment and implementation of corrective actions in the event of significant weaknesses or anomalies;
- examines the risks and significant off balance sheet commitments, assesses the magnitude of the malfunctions or weaknesses notified to it and, where appropriate, informs the Board of Directors accordingly;
- must be informed of any significant internal control failure or weakness and any significant fraud;

- must be informed of the implementation of the Group's compliance programmes, in particular those relating to the prevention of corruption and influence peddling, and supervise the most important cases brought to the Group's attention;
- examines with the Statutory Auditors the factors that risk undermining their independence and the safeguarding measures taken to mitigate such risks. The Committee ensures in particular that the amount of fees paid by the Company and the Group, or the share that they represent in the revenue of the firms and networks, are unlikely to undermine the independence of the Statutory Auditors;
 - gives prior approval to all incidental work and work directly complementary to the audit of the financial statements required of the statutory auditors in accordance with the applicable laws;
 - authorises, in accordance with the applicable laws and regulations, any services likely to be entrusted to the statutory auditors and their network other than the certification of accounts.
- ensures implementation of and compliance with the internal alert procedure in respect of accounting records, internal accounting controls and audit.

5.1.2 Composition of the Committee – Functioning

The Committee is composed of at least three members appointed by the Board from among the directors, excluding executive officers.
It is presided by an independent member.

Executive officers may not be members of this Committee.

The members of the Committee must have financial or accounting expertise.

The members of the Audit Committee must be provided, at the time of their appointment, with information on the company's specific accounting, financial and operational arrangements.

The term of office of the members of the Committee is concurrent with their term of office as a member of the Board. It may also be renewed at the same time as membership of the Board.

The Chairman of the Committee is appointed by the Board of Directors on a proposal from the Nominations and Remuneration Committee.

The Chairman appoints a secretary. A report is kept of the Committee's meetings.

The Committee meets whenever the Chairman of the Committee deems it useful and at least four times a year, particularly before publication of the financial statements. The Chairman of the Board of Directors may ask the Committee to meet if he deems it necessary.

The Chairman of the Committee regularly reports to the Board of Directors on the Committee's work and informs it without delay of any difficulty encountered.

The registration document, annually presented to the French financial authority (*Autorité des Marchés Financiers*), includes information on the Committee's work during the past financial year.

The proposals of the Committee are adopted by a simple majority; in the event of a tied vote, the Chairman of the Committee has the casting vote.

5.2 Nominations and Remuneration Committee

The Nominations and Remuneration Committee reports to the Board of Directors.

5.2.1. The Committee's terms of reference

The Committee's terms of reference are:

- to recommend to the Board of Directors people appropriate to be appointed as directors or executive officers, taking particular account of the desirable equilibrium of the Board given the composition and development of the Company's shareholder base, the skills, expertise, nationalities and experience required to carry out the Board's terms of reference, and the compliance with applicable legal obligations.
- to prepare the corporate governance rules applicable to the Company and to monitor their implementation;
- to organise a procedure for selecting future independent directors and to carry out research into potential candidates before they are approached;
- to examine the independence of directors at the time they are appointed and annually for all directors in view of the criteria set by the Middlednext Code;
- to formulate, for the Board, recommendations and proposals concerning: remuneration, pension and health provision, allocations of performance-related shares and share subscription or purchase options;
- to define the methods for determining the variable share of the remuneration of executive officers and to oversee its application;

- to formulate recommendations on the allocation of free or performance-related shares or share subscription or purchase options and on the frequency of such allocations based on the categories of beneficiaries;
- to examine the system for allocating fees among the members of the Board;
- to give the General Management its opinion on the remuneration of the main executives.
- to submit to the agenda, regularly, its recommendation on the succession plans for executive officers and for the main managing executives.

The Committee may have recourse to outside experts, at the Company's expense, after informing the Chairman of the Board or the Board, and subject to reporting back to the Board of Directors. The Committee must ensure the objectivity of the outside experts to which it has recourse.

5.2.2. Composition of the Committee – Functioning

The Committee is composed of at least three members appointed by the Board from among the directors, excluding executive officers. However, when the remuneration policy for key directors who are not executive officers is examined, the executive officers participate in the work of the Committee.

The Committee considers the components of the remuneration of the executive officers without their presence.

It is presided by an independent member.

The term of office of the members of the Committee is concurrent with their term of office as a member of the Board. It may also be renewed at the same time as membership of the Board.

The Chairman appoints a secretary. A report is kept of the Committee's meetings.

The Committee meets whenever the Chairman of the Committee deems it useful and at least twice a year. The Chairman of the Board of Directors may ask the Committee to meet if he deems it necessary. A member of the Committee may not be represented.

The Chairman of the Committee reports to the Board of Directors on the Committee's work.

6. Disclosure of information to directors

Directors receive information on market trends, the competitive environment and the key issues necessary for the performance of their duties, particularly in the area of the Company's social and environmental responsibility.

At a reasonable time in advance of meetings of the Board of Directors and the Committees, information on the items on the agenda, is sent out, accompanied, when appropriate, by documents. On receipt of non-public information in the course of his or her duties, the director is professionally bound to keep such information secret and must personally protect its confidentiality.

At the same time any request for information made by a director will lead to a simultaneous response to all the other directors with a view to maintaining equality of information.

7. Directors' duty of care

By accepting the duties entrusted to him or her, each director undertakes to take full responsibility for them, in particular:

- to devote all the time necessary to studying the questions dealt with by the Board of Directors and any committees of which he or she is a member;
- to request any additional information that he or she regards as useful;
- to ensure that these Internal Regulations are observed;
- to freely form his or her own opinion before any decision, taking account only of the Company's interest;
- to participate actively in all the meetings of the Board of Directors unless unable to attend;
- to formulate proposals for improving the working conditions of the Board of Directors and its committees.

The Board constantly improves the information communicated to the shareholders and the content of the information received by the shareholders and investors, which must be relevant, balanced and educational regarding the strategy, the development model, and the way in which non-financial issues for the Company are taken into account and the Group's long-term prospects. Each director must participate in the achievement of this objective, particularly through his or her contribution to the work of the Board's committees.

Each director undertakes to resign from his or her appointment to the Board of Directors when he or she feels, in good faith, no longer capable of fulfilling them.

8. Assessment by the Board of Directors

Once a year the Board of Directors carries out an assessment of its work by taking stock of its methods of functioning, organisation and composition. It verifies that important matters are suitably prepared and discussed and assesses the actual contribution made by each director to the Board's work in terms of his or her expertise and involvement in the deliberations.

The Board of Directors reports on the assessment in the minutes of the meeting and each year informs shareholders in the annual report of the completion of the assessment and, where appropriate, the outcomes.

9. Costs and expenses

On submission of supporting documents, directors will be reimbursed the expenses incurred in attending meetings of the Company's Board of Directors.

10. Directors' remuneration

Directors' remuneration, paid in the form of attendance fees, takes account of their actual participation in meetings of the Board of Directors and their participation in Committees.

11. Remuneration of the executive officers, obligations and registration

The Board of Directors determines the remuneration of the Chief Executive Officer in accordance with the legal and regulatory provisions in force. It rules on the allocation of free shares or share subscription or purchase options to executive officers in accordance with the requirements of the Middlednext corporate governance code.

The Chief Executive Officer and, if applicable, the Deputy CEO are prohibited from hedging their risk on the stock options and/or performance shares they receive. The CEO and the Deputy CEO, just as their non-emancipated minor children, can only own registered bonds of the Company, as required by article L225-109 of the French commercial code.

12. Specific obligations incumbent on directors

By the adoption of these Internal Regulations, each director confirms his or her commitment to fulfil the following obligations:

- To comply with statutory and regulatory requirements, the Company's articles of association and these Internal Regulations;
- To act in all circumstances in the Company's interest;
- The members of the Board of Directors are bound by an absolute obligation of confidentiality as regards the content of the discussions and deliberation of the Board and its committees and as regards the information submitted to them.
- To notify the Board of Directors of any conflict of interest or even a potential conflict of interest and to refrain from participating in the vote on the corresponding deliberation;

- To comply with legislation on plurality of appointments;
- To devote to his or her duties the necessary time and attention, to participate as far as possible in all the meetings of the Board of Directors or the Committees to which he or she belongs;
- To put into registered form the securities issued by the Company that he or she holds or that belong to his or her non-emancipated minor children, in accordance with Article L225-109 of the French Commercial Code;
- To inform the AMF of the transactions that he or she carries out in the Company's securities and inform the Company of those transactions in due time;
- To ensure that he or she receives all relevant information needed to fulfil his or her duties, so that he or she can deliberate in full knowledge of the facts on the subjects dealt with by the Board of Directors;
- Having regard to the non-public information acquired in the course of his or her duties:
 - To regard him or herself as bound by an obligation of strict confidentiality,
 - To consider that such information is strictly personal and may not be shared with any third party outside the Board of Directors,
- To refrain from trading in Assystem securities directly or indirectly and to comply with the Company's internal rules concerning the use of price-sensitive information as contained in the code of good conduct related to the prevention of the use of price-sensitive information and transactions in securities during closed periods.

Each year the secretary of the Board will specify this schedule based on the dates of the Board of Directors meetings.