

CHAIRMAN OF THE BOARD OF DIRECTORS' REPORT ON THE PREPARATION AND ORGANIZATION OF THE BOARD'S WORK AND ON THE INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY

INTERNAL CONTROL PROCEDURES

Purpose of the internal control procedures within the Cegedim Group

The purpose of internal control is to provide a reasonable assurance that the Company's priorities will be achieved and that the published figures are reliable. Its effectiveness relies on how the employees responsible for internal control conduct themselves, without any systematic guarantee that all these objectives will be met. It first ensures that management actions or the performance of operations and employee conduct are consistent with the framework defined by the applicable laws and regulations as well as the values described in the Professional Conduct Charter and the Company's standards and internal rules. It further ensures that the accounting and financial information complies with the standards in force.

The purpose of internal control within the Cegedim Group are based on the following topics:

- Coordination of its activities

Cegedim's growth relies particularly on its ability to anticipate its clients' needs and to satisfy them by combining a large number of "industry" skills. From the standpoint of internal control, the success of this model requires the harmonization of management actions and employee behavior. It means that these actions and this behavior must be consistent with the directions given to the Group's activities by its corporate bodies, by the laws and regulations in force, and by the Group's internal standards.

- Control and transparency of its accounting and financial information

The internal control procedures govern the preparation and disclosure of the Group's accounting and financial information. This information is established in order to guarantee its availability, integrity, conformity, and auditability.

- Support of its growth

The Cegedim Group's expansion, particularly through acquisitions, relies on its ability to identify the external growth opportunities. Here, the measures taken by Cegedim seek to accelerate the incorporation of new businesses, control the risks inherent to growth transactions, and track their performance.

The acquisition of Dendrite International Inc. in May 2007 enabled Cegedim to double its size in its core business activities. Following this major step in the Group's development, in early 2008, the Group's General Management created an "Operational Excellence" unit (OPEX) in charge of optimizing the organization and information circuits as well as reinforcing the Group's customer-oriented culture in order to generate savings through synergy, rationalization of procedures and tools,

and optimization of team productivity. OPEX is able to propose improvements to internal control and financial control, by placing systematic emphasis on the business activity component.

- Security of its information processing operations

Leader in the sector of technologies and services relating to medical information, the Cegedim Group's priority is to provide its clients and partners with complete satisfaction concerning data security. The Cegedim Group complies with the data protection and privacy laws in all of the countries where it operates.

- Acquisition of cutting edge skills

The Cegedim Group considers the training of its teams to be a key factor of success, making it possible to ensure client satisfaction and employee motivation. In 2004, Cegedim was one of the first companies to implement the individual training entitlement.

The general training policy implemented at Cegedim consists primarily of continuously adapting the skills of its research and development teams and assisting its employees in acquiring new skills necessary for their work.

Organization of the Management bodies that play a role in internal control

Cegedim's internal control system involves a high level of interaction between the Board of Directors, the General Management and the Activity Divisions, thus encouraging the transparency of the strategies, risks and actions implemented in the Group.

Cegedim's General Management has central management and control bodies that include the Financial Division, the Accounting Division, the Management Control Division, the Human Resources Division, the Legal Division, General Corporate Affairs, the IT Division, the Communication Division, and the Operational Excellence unit.

In 2010, Cegedim's Board of Directors set up an Audit Committee to ensure that the accounts are accurate and reliable and that information provided is of the highest quality.

Consistently since 2006, the Group has sought to strengthen its teams dedicated to controlling and coordinating international operations. Reporting to the General Management, their main duty is to formalize then establish procedures that are common to the Group's subsidiaries, guaranteeing the uniformity of work methods.

The network of financial controllers by country or region is responsible for applying Headquarter policies at local level and ensuring local financial control of operations as part of routine management or during the operational revamping processes decided on by Headquarters.

In their respective fields, the mission of these management and control bodies is to regulate the Group's operation and, at the same time, put their specialized skills to use in carrying out operations.

Preparation of the Group's financial statements

The preparation of Cegedim Group's financial statements is based on the following components:

- Centralized accounting of the companies of the Cegedim Group

The Cegedim Accounting Division prepares the statutory financial statements for the subsidiaries in the French scope of the Group and oversees the process for the preparation of the consolidated financial statements. For the newly-acquired companies and foreign subsidiaries, the Accounting Department established a standard reporting procedure so as to produce consolidation packages. At the same time, the Management Control Division reports key financial and operational data on a monthly basis. The two Divisions together routinely check the consistency of their data.

The creation in 2005 of a department dedicated specifically to international consolidation has made it possible for the Company to ensure that the financial information from foreign subsidiaries is reliable while at the same time adapting to the new accounting regulations. Furthermore, this centralized consolidation process made it possible to considerably reduce the time necessary to report international information.

The processes listed below help reinforce internal controls related to the processing of financial and accounting information disclosed by the Cegedim Group.

Consolidation and financial reports: the Group's consolidated financial statements and financial reporting are prepared in accordance with the International Financial Reporting Standards (IFRS), based on the accounting data compiled under the responsibility of the operational entities' managers. The IFRS Standards and IFRIC interpretations used are those adopted by the European Union. The main issues in relation to the Financial Report are subject to specific procedures. These notably include the impairment test of the assets held by the Company during each fiscal year, the assessment of the financial liquidity risk, the valuation of benefits granted to employees, the taxes and commitments not recognized in the balance sheet. The consolidated financial statements are approved and reviewed by the Audit Committee. The Group's accounts are published quarterly. They are subject to an annual audit and a half-year limited review by the Statutory Auditors of the Group.

Budget, management control: every year, each operational entity submits its strategy and annual budget for the upcoming year to General Management. Once validated, this information is integrated into the business plan submitted to the Audit Committee and the Group's General Management. Quantitative and qualitative objectives, used as a basis to assess their annual performance, are then assigned to the operational entities' managers. The budget is subject to regular follow-up items.

Investments/Disposals: all investment and disposal transactions (equity investments, launch of new business activities as well as any other financial commitment, purchase rights, real estate contract, etc.) are subject to the General Management's prior authorization. Transactions exceeding 20 million euros are submitted to the Audit Committee. The file examination and reporting are carried out by the Financial and Investment Division.

- Control and enhancement of financial and accounting information by Management Control

The data supplied by the Accounting Department is systematically reconciled with the work done by the Management Control Department, whether this involves regular analytical monitoring of the activities, budgetary control or inspection reports. This information forms the basis for the operating reports prepared by Management Control, allowing for regular tracking of key indicators.

- IT tools used to prepare financial and accounting information

Cegedim implements a policy aimed at upgrading its IT tools to ensure optimum availability, integrity, conformity and auditability of its financial and accounting data.

In order to ensure the necessary internal consistency and meet the Group's guidance needs, new tools are regularly implemented under the direct responsibility of the Deputy Managing Director, assisted by a project manager ensuring the interface with the Accounting Department and the Management Control Department. The steps were as follows: (i) a statutory consolidation tool, (ii) an international reporting tool, and (iii) a business intelligence tool allowing analytic information to be analyzed in greater detail.

Key elements of the legal and operational control exercised by the parent company over the subsidiaries

Main disputes are directly followed up by the Group's Legal Department. General Management is kept informed at all times by the Group's Legal Department of the status and the various stages of the dispute, and regularly advises the Audit Committee.

- Control of commitments

The General Corporate Affairs office of the Group's Legal Department handles the central supervision of authorizations and delegations and makes sure, when they are established, that they are limited in accordance with the Group's internal rules regarding commitments.

- Control of the Group's legal activity

The Cegedim Group's procedures require that the Legal Department be consulted prior to signing contracts with third parties, depending on their purpose and the representations and warranties that they contain and, where relevant, the transnational nature of the transactions they govern. The Legal Department also centralizes information related to certain key contracts.

CONTROL OF INTERNAL SECURITY

Cegedim has a governance structure for security. This means that security of all the Company's activities is taken into account and that all appropriate protection measures are implemented.

A Compliance Department reports directly to the management. It includes the Head of Information Systems Security and defines the Group's security policy using risk analysis, as well as ensuring that the policy is applied consistently to the security requirements identified by the management through regular internal audits.

The Director of Information Systems ensures that the decisions to roll out IT systems, and in particular, procedures relating to data security, take into account Cegedim's strategic priorities.

The IT Operations Manager, the Information Security Manager and the Physical Security Manager implement the Company's strategy. They are responsible for putting security procedures in place. The Operations Director ensures that all activities provide the level of security appropriate to Cegedim's strategic decisions, through daily monitoring.

The internal security policy for the information system is actively facilitated by General Management, and covers, in particular:

- employee security (reducing the risks of human error, theft, fraud or abusive use of infrastructures);
- physical security (controlling access, damage and disruptions relating to the Group's assets);
- IT access security (controlling access to information);
- information security (ensuring an appropriate level of information protection);
- systems administration and network security (ensuring that the information processing infrastructures operate correctly and reliably);
- the security of IT developments (incorporating security into the developments and ensuring the secure execution of support activities);
- crisis prevention, detection, and management;
- compliance with legislation.

The major pharmaceutical companies that are customers of the Cegedim Group apply recognized international standards, adopting the most stringent requirements in terms of the auditing and control of their information systems.

Cegedim refers to international standards such as ISO I27001 for its information security, and has created its own process standards, integrating the recently-introduced ISO I20000/ ITIL standard for IT service management, ISO I9001 for quality management and CMMI for project management and software development. To gain recognition and validation of this high level of compliance, Cegedim's Director of Information Systems obtained ISAE 3402 and SSAE 16 Type II accreditation for all of its Data Centers.

CONTROL OF OPERATIONS MANAGEMENT

Control of the Group's operations management covers three areas:

- the annual budget preparation process;
- monthly "management" reporting and presentation of annual forecasts;
- the ad hoc inspection assignments performed at the Group's departments and subsidiaries.

These procedures concern all of the Group's departments and subsidiaries. Furthermore, when new acquisitions are made, a standardized integration process ensures that the operational synergies and information reporting necessary for management and Management Control in accordance with the current standards are implemented as quickly as possible.

The annual budget preparation process

Each year, the Activity Directors present to the General Management the annual budget for the activities placed under their responsibility. To prepare these budgets, Management Control is responsible for providing all assistance necessary to the operational managers and for guiding their work in order to ensure overall consistency and to record the key assumptions to be able to track them during the year.

Monthly “management” reporting and presentation of annual forecasts

Management Control is responsible for preparing the monthly reporting for all of the Group’s subsidiaries, including their annual forecasts and their budget tracking. Routinely presented to the Group’s General Management, this reporting makes it possible to identify the basic performance trends for each entity and to chart any corrective measures to be taken.

Ad hoc inspections

General Management decides when ad hoc inspections will be made. Other control bodies help determine which inspections should be made and what they should cover. They are also generally involved in conducting such inspections. The scope of these inspections covers all areas relating to internal control.

2015 OBJECTIVES

- continue to work at improving the Group’s operating leverage;
- maintain efforts to reduce indebtedness;
- review internal control processes to ensure their adequacy with the new Cegedim Group’s size after the disposal of CRM and strategic data business activities to IMS Health.

Boulogne-Billancourt, on March 25, 2015.

Jean-Claude Labrune
Chairman & CEO
Cegedim SA