

## **SUPERSONIC IMAGINE**

*Société anonyme à conseil d'administration*

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### **INTERNAL RULES AND PROCEDURES OF THE BOARD OF DIRECTORS**

**Decided upon during the board of directors meeting of November 22, 2018**

## **FOREWORD**

The company, SuperSonic Imagine (hereinafter referred to as “**SuperSonic Imagine**” or the “**Company**”) is a public limited company listed on the regulated market of Euronext Paris (hereinafter referred to as “**Euronext Paris**”) with a board of directors (hereinafter referred to as the “**Board of Directors**”).

The purpose of these internal rules (hereinafter referred to as the “**Internal Rules**”) is to complete the legal rules, regulations and rules provided by the articles of association in order to specify certain terms and conditions of operation of the Board of Directors and its Committees, as well as the obligations of the directors, in particular with respect to the corporate governance principles set out in the revised MiddleNext Corporate Governance Code.

These Internal Rules are signed by each director at the beginning of their term of office.

These Internal Rules are purely internal and shall not be enforceable against either shareholders or third parties. Each director shall be individually bound to comply with the Internal Rules.

## **I. FUNCTIONING AND POWERS OF THE BOARD OF DIRECTORS**

### **ARTICLE 1 - The appointment of directors**

The Board of Directors shall be composed in accordance with article 11.1 of the Company’s by-laws and it shall be composed of three to eighteen members.

These members shall be appointed or re-appointed to their posts at the ordinary general meeting of the shareholders, for a term of three (3) years. The Board of Directors may make appointments on a provisional basis between general meetings under the conditions provided by article 11.1 of the Company’s by-laws.

The members can be re-elected at the end of their term of office.

The Board of Directors undertakes to include independent members:

- without prejudice to the requirements of skills and experience, a director shall be independent, in line with the recommendations on company governance in the Middle Next governance code, if he or she satisfies the following conditions: they must not be an employee of the Company or have been either of the above in the five years preceding their appointment within the Company,
- they must not be a client, supplier, business or loans banker of the Company,
- they must not have a close family link with a Company representative,
- they must not have been an auditor of the Company during the last five years,
- they must not have been an administrator of the Company or member of the Company’s Board of Directors for twelve years or more,
- they must not hold, directly or indirectly, more than 1% of the Company’s capital, whether in a totally diluted form or otherwise.

As long as the Company’s is listed on a regulated market and more than 3% of its share capital is held by employees (including the employees of its affiliated companies), the general meeting

of shareholders of the Company shall propose to the vote of the shareholders the appointment of at least one employee being director.

In accordance with article 11.2 of the Company's by-laws, the Board of Directors appoints among its members a Chairman who is in charge of convening the Board of Directors and conducting the debates.

The Chairman of the Board of Directors, who must be a natural person, exercise its functions throughout the duration of its mandate.

## **ARTICLE 2 - Missions and powers of the Board of Directors**

The Board of Directors sets the orientations of the Company's activity and ensures that they are implemented. It deals with any question concerning the smooth running of the Company and regulates, by its deliberations, the matters which concern it.

In this context, the Board of Directors approves, prior to their implementation by General Management, strategic investment projects and any transaction likely to have a significant impact on the Company's income, the structure of its balance sheet or its risk profil, including:

1. set up a new subsidiary undertaking or the acquisition of any shares in any company;
2. acquire an equity interest in all or substantially all of the assets of any other entity or enter into any strategic alliance, material technology licensing arrangement or other corporate partnering relationship;
3. any business arrangement which would limit their activity and/or grant exclusivity other than in the ordinary course of business;
4. any acquisition, sale, transfer or other disposal of intellectual property rights or research and development results, and any license over such rights (in licensing/out licensing), not in the ordinary course of business;
5. incur any borrowing or any other indebtedness or liability in the nature of borrowing, other than commercial credit and credit arising in the ordinary course of trading, outside of the annual consolidated budget;
6. hiring or removing any officer (*mandataire social*) or employee of the Company whose annual gross compensation exceeds EUR 200,000 outside of the annual consolidated budget;
7. determination of compensation (including variable compensation, welcome bonus, severance package and/or the compensation of any non-compete clause) and other material terms of employment (including, as the case may be, the entering or amendment of any service agreement) of any officer (*mandataire social*) or employee of the Company whose annual gross compensation exceeds EUR 200,000 outside of the annual consolidated budget;
8. guarantee the obligations of any person or entity;
9. create or establish of a pledge, mortgage lien or other security interest in or over any of its assets;
10. commence or approve the settlement of any major claim, suit, action, case or proceeding;
11. enter into, terminate or amend any transactions with any shareholder, Affiliate or related parties;
12. make any material change in the Company's main activities;
13. approve or modify any option plan or similar incentive compensation arrangement;
14. draw up the annual consolidated budget of the Company and its Subsidiaries;
15. acquire or dispose of or enter into any lease for real property or premises;

16. establish any pension or retirement schemes for employees others that those which are mandatory;
17. any change in accounting principles not mandatorily required; and
18. the setting up of any Board committee.

The Board of Directors carries out the controls and verifications it deems appropriate and may request the documents it considers useful for the accomplishment of its mission.

### **ARTICLE 3 - Meetings and deliberations of the Board of Directors**

#### **3.1 Convening meetings**

The Board of Directors shall meet as often as deemed necessary for the interests of the Company, and at least once quarterly, and shall be convened by its Chairman, either at the Company's head office, or in any other place specified by the convener of the meeting. Meeting summonses may be made by any means, even verbally.

The General Manager, in the case where this office is dissociated from that of Chairman of the Board of Directors, may request the Chairman of the Board of Directors to convene a meeting of the Board of Directors concerning a given agenda.

The Board of Directors has the capacity to invite external persons to attend Board of Directors meetings.

#### **3.2 Representation**

One Director may give another Director power of attorney to represent them at a Board meeting. The Board of Directors alone shall judge the validity of the power of attorney, which may be given by any written method, in particular by letter, fax or e-mail.

Each director may only represent one other member.

The provisions of the two preceding paragraphs shall apply to the permanent representatives of corporate bodies.

#### **3.3 Quorum and majority**

The decisions of the Board of Directors shall only be valid if at least half of its members are present, unless otherwise provided by contract.

In accordance with the articles of association, decisions are taken as majority decisions of present or represented members.

In the event of a tied vote, the Chairman's vote shall be the decisive vote.

#### **3.4 Video conferencing and other methods of telecommunication**

The Board of Directors has the capacity to allow its members to participate in meetings (debates and votes) by video conference (which implies audiovisual communication) or by methods of telecommunication, which allow them to be identified and which guarantee their actual participation within the terms and conditions of the regulations in force.

Video conferences and other methods of telecommunication must satisfy technical characteristics guaranteeing actual participation in the Board of Directors meeting, the deliberations of which are relayed in a continuous manner. If these conditions are met, directors participating in the meeting by video conference, or other methods of telecommunication, are considered to be present for the purposes of calculating the quorum and the majority.

Using video conferencing means or other methods of telecommunication is forbidden when the Board of Directors is called upon to deliberate on the verification and auditing of the annual and consolidated accounts or for drawing up the management report.

#### **ARTICLE 4 - Minutes**

Minutes are taken for the deliberations made at each meeting of the Board of Directors, which are then signed by the Chairman and at least one member of the Board of Directors, after being approved by the Board of Directors at its subsequent meeting. In the event that the Chairman is unavailable or unable to sign them, they must be signed by at least two directors.

- In the event that video conferencing or telecommunications means are being used, the minutes must indicate: the names of the directors present,
- the names of the directors participating in the meeting and considered present, pursuant to article L.225-37 of the Commercial Code,
- the names of Directors who were excused or absent,
- the presence of other participants,
- the presence or absence of any person invited to the meeting for legal reasons,
- the presence of any other person who attended all or part of the meeting,
- the occurrence of any technical incident if it disrupted the running of the meeting.

A record of the deliberations of the Board of Directors shall be kept at the Company's head office, signed by at least two members.

Copies or excerpts of these minutes shall be certified either by the Chairman of the Board of Directors or by a General Manager, if the general management is not assumed by Chairman of the Board of Directors, or by the Deputy General Manager, or by the director temporarily delegated to the duties of the Chairman of the Board of Directors, or by an authorized agent duly empowered for such purpose.

#### **ARTICLE 5 - Committees - Common provisions**

The Board of Directors may nominate one or more specialized committees (hereinafter the "**Committee**" or the "**Committees**"), composed of directors, corporate officers or experts, who shall perform their activities under its auspices. These nominations may not be made for the purpose of delegating to a Committee the powers attributed to the Board of Directors by law or by the Company's articles of association.

Each Committee must give an account of its missions and work at the next Board of Directors meeting.

Each Committee shall contain a minimum of two members, one of whom shall be appointed as Committee Chairman by the Board of Directors.

For members of a Committee who are also directors, the length of their term of office shall coincide with their term of office as directors. For other members of a Committee, the term of office shall be fixed by the Board of Directors.

Each Committee shall meet as often as required by the interests of the Company, at least once a year and, whatever the case, prior to any meetings of the Board of Directors which have the examination of subjects relating to their mission as an agenda item.

The decisions of each Committee shall be ruled by majority vote. Only the members of the Committee shall take part in the deliberations thereof. Meetings of the Committees may, however, if necessary, be held by conference call or video conference.

Each Committee may be called upon to act:

- by the chairman of each Committee on any matter falling within the area of expertise allocated to it by these regulations,
- by the Chairman or Vice-chairman of the Board of Directors on any matter appearing on the Board of Directors's agenda or at any time on any matter falling within its area of expertise,
- by the General Manager on any matter falling within its area of expertise.

Within its area of expertise, each Committee shall make suggestions, recommendations and decisions, depending on the case. To this end, it may carry out or have carried out any studies that are likely to clarify the deliberations of the Board of Directors.

Each Committee shall also have the opportunity to consult, with the prior authorization of the General Manager, collaborators of the Company, and more generally, all of those with knowledge of the Company, strictly within the framework of its mission, for the purpose of carrying out the audits and verifications for which it is responsible.

Each member of a Committee is subject to an obligation of discretion with regard to the information he or she receives and agrees to comply with the code of practice attached to these internal regulations.

The Board of Directors shall establish, if applicable, the remuneration of each member of the various Committees, based on proposals by the Remunerations and Appointment Committee.

## **ARTICLE 6 - Remunerations and Appointment Committee**

The Remunerations and Appointment Committee may make any recommendation to the Board of Directors in the following areas:

- formulate recommendations and proposals concerning (i) the various elements of the remuneration and pension and providence schemes of the officers and directors, defining, in particular (ii) the terms and conditions for setting the variable part of their remuneration; (iii) formulating recommendations and proposals concerning a general policy of allotment of equity warrants;
- examining the amount of attendance fees and the system for allocating them amongst the directors, taking into account their assiduity and tasks performed within the Board of Directors;
- Advising and assisting the Board of directors, as the case may be, in selecting key managers and setting their remuneration;

- Assessing any capital increases reserved for employees;
- Assisting the Board of Directors in the choice of new members;
- Ensuring the setting up of structures and procedures allowing for application of good governance practices within the Company;
- Preventing conflicts of interest within the Board of Directors;
- Implementing the procedure for evaluating the Board of Directors.

The Remunerations and Appointment Committee shall be composed of a minimum of three members, including the Chairman of the Board of Directors.

It shall meet at least twice a year at the invitation of its Chairman, who has the power to organize any supplementary meeting should circumstances so require.

Minutes are taken of the deliberations of each Remunerations and Appointment Committee meeting and these are then signed by at least two of its members. A report containing all of the recommendations is prepared, to be presented and discussed at the next Board of Directors meeting.

#### **ARTICLE 7 - Audit Committee**

The Audit Committee is charged with the task of monitoring matters relating to the preparation and auditing of accounting and financial information.

In particular, it is charged with ensuring that the following are monitored:

- the process by which the financial information is compiled, the efficiency of the internal auditing and risk management systems,
- the statutory audit of the annual accounts and, if applicable, the consolidated accounts by the auditors.

It must, in particular, carry out the following tasks:

- examine the accounting documentation and the annual, half-yearly and quarterly financial statements and forecast planning documents, examine the Company's internal auditing and risk management measures,
- formulate any recommendations on the nature, scope and results of the verification of the accounts by the auditors,
- give an opinion on the proposals for the appointment and possible re-appointment of auditors presented to the general shareholders' meeting, the level of their fees and any matter relating to their independence,
- approves the provision of the services mentioned in Article L.822-11-2 of the Commercial Code.

The Audit Committee may research any matter brought to its attention and has the right of direct, independent and confidential consultation with the auditors, directors and employees of the Company, plus the right to consult all of the Company's management documentation, books and records.

The Audit Committee may, having informed the General Manager and consulted the Chairman of the Board of Directors, carry out any analysis, using external experts, at the Company's expense.

The auditors shall inform the Committee of any notable weakness in the internal audit, as regards the procedures used to compile and process the accounting and financial information.

The Audit Committee may only be composed of directors or any person that has the qualification to implement to requested tasks. It shall be composed of two members, at least one of whom must have special skills in financial or accounting matters and be independent.

The Audit Committee shall meet, at least twice a year—before 1<sup>st</sup> April and 1<sup>st</sup> December of each year—with the auditors, in order to examine, with them and within the framework of the Committee's remit, all and any matters raised by its members.

It shall be tasked with assessing, on an on-going basis, the existence and effectiveness of the Company's financial control and risk control procedures.

The Audit Committee shall report regularly to the Board of Directors on the performance of its mission and inform it, without delay, of any difficulty it has encountered.

#### **ARTICLE 8 - Ad hoc committee**

The Board of Directors shall decide from time to time the creation of any ad hoc committee to assist the Board of Directors with specific attributions and competence that shall be set out for a minimum period of one year from January 1 to December 31.

#### **ARTICLE 9 - Remuneration of the directors**

Directors may receive, if applicable, by way of directors' attendance fees, for a global amount determined by the shareholders general meeting.

The distribution of directors' attendance fees to directors shall be decided upon by the Board of Directors, based on proposals by the Remunerations and Appointment Committee. This distribution may be non-egalitarian and may, in particular, take into account the specific experience of a member, their regular attendance at Board of Directors meetings or their participation on a Committee.

Directors may also receive, pursuant to article L.225-46 of the Commercial Code, a special salary for specific missions or mandates conferred upon them by the Board of Directors.

A civil liability insurance policy for corporate officers covers the directors.

#### **ARTICLE 10 - Evaluating Board of Directors operations**

The Board of Directors shall carry out a regular evaluation of its rules and its own operations, by calling in, if necessary, persons external to the Company. It must, in particular:

- evaluate the balance of its composition and that of any Committees of which its members form part,
- check the appropriateness of its organisation and its operations and those of the Committees with regard to its mission,
- measure each director's actual contribution to and involvement in the work of the Board of Directors and that of the Committees.



The shareholders shall be informed every year, in the annual report set out under the responsibility of the Chairman of the Board of Directors, of the carrying out of the Board of Directors' performance evaluation and, if necessary, any follow-up actions.

A formal evaluation of the operations of the Board of Directors shall be carried out every three years, with the help, if necessary, of third-party professionals or independent members.

## **II. THE DIRECTORS' CODE OF PRACTICE**

The Board of Directors, a collegiate authority, has an obligation to carry out its mission in the interests of the Company.

Directors are elected by the general shareholders' meeting, based on their skills and the contribution they can make to the work of the Board of Directors and any specialist committees of which its members form part.

These regulations have been prepared in such a way so as to allow these skills to be fully exercised and to ensure the optimum efficiency of the contribution of each member of the Board of Directors and, if applicable, their permanent representatives, in compliance with the rules of independence, ethics and integrity.

In accordance with the principles of good governance, each director and, if applicable, their permanent representatives, shall carry out their duties in good faith, with loyalty, in the manner they deem best for the purposes of promoting the Company and with the due care and attention of a person charged with carrying out such a mission.

### **ARTICLE 11 - Skills**

Before accepting their role, directors must fully understand their rights and obligations. They must be fully aware of the legal and regulatory provisions connected with their role, as well as the specific obligations of the Company resulting from its articles of association and the internal regulations of the Board of Directors, by which they agree to abide.

### **ARTICLE 12 - Conflict of interest**

Each director (which does include the permanent representative, if any) must avoid any conflict that may exist between their business and material interests and those of the Company. A conflict of interest refers to any situation in which personal, business or financial consideration(s) (whether such consideration(s) concern a member or whether it/they concern(s) an organization to which a member is, directly or indirectly, affiliated with) may affect a director's objectivity, judgement or ability to act in the best interests of the Company.

Accordingly, any director must fully disclose to the Board of Directors, in advance, any actual or potential conflicts of interest in which it may become involved, directly or indirectly. It must decline to participate in any discussions or decision-making connected with the matters related to the disclosed conflict of interest. In addition, the President of the Board of Directors may ask the member who disclosed a conflict of interest to temporarily leave the meeting room when matters related to the disclosed conflict of interest are being discussed.

Where the Board of Directors finds a rationale that a member is in a conflict of interest situation, and where such member has failed to disclose such conflict of interest, the Board of Directors may decide, after having orally explained the rationale for the conflict of interest and after giving the relevant member the opportunity to be heard by the Board of Directors on the alleged conflict of interest, to temporarily exclude the concerned director from discussions or from the decision-making process connected with the conflict of interest, including requesting that such member temporarily leaves the meeting room when matters related to the conflict of interest are being discussed.

As a consequence of the above, as a result of either a disclosure by a director of a conflict of interest, or of a decision of the Board of Directors pursuant to paragraph 3 above, any such member who is or intends to be in the medical imaging industry and having a conflict of interest, in the meaning of paragraph 1 will not be provided with information related to corporate business development matters, such as strategic partnership(s), merger(s) and acquisition(s), trade sale(s), joint venture(s). In addition, any such member will also be excluded from Board of Directors meetings when the Board discusses those subjects described above and find it appropriate to do so.

#### **ARTICLE 13 - Independence and duty of expression**

Directors must take care to remain, in all circumstances, independent in their analysis, judgement, decision-making and action and resist any direct or indirect pressure that may be exerted upon them or any element which is alien to the Company's interests, which they are bound by duty to defend.

They must warn the Board of Directors of any information of which they are aware that might affect the interests of the Company.

Directors undertake to express their questions and opinions and, if they believe that the Board of Directors's decision is capable of harming the Company, must endeavour to persuade the Board of Directors of the relevance of their beliefs. In the event of a disagreement, they must clearly express their opposition and ensure that it be explicitly recorded in the meeting minutes.

#### **ARTICLE 14 - Checking the efficiency of the Board of Directors**

Directors must contribute to the collegial structure and efficiency of the work of the Board of Directors and Committees and must ensure that they operate properly. They must make any recommendations they believe will improve the way in which they work.

They must take due care in defining and exercising the respective powers of the various parts of the Company. They must, in particular, check that no person is able to exert a discretionary power on the Company without due control.

They must endeavour, with the other directors, that the internal control bodies operate efficiently, and that the auditors perform their task in a satisfactory manner. They must, in particular, ensure that procedures are in place to ensure that the law and regulations are observed.

#### **ARTICLE 15 - Professionalism and involvement**

Directors undertake to devote the necessary time and attention to their duties.

They must attend Board of Directors meetings regularly and with due diligence. They must endeavour to participate, wherever possible, in the meetings of the Committees to which they belong.

Directors must attend general shareholders' meetings.

They must keep themselves informed on the business and specific features of the Company, its stakes and values and endeavour to keep up to date with knowledge useful to them for the proper accomplishment of their mission.

#### **ARTICLE 16 - Information and confidentiality**

Directors shall endeavour to obtain, within the appropriate time frames, all information they consider indispensable for the purposes of taking part in Board of Directors deliberations, with full awareness of the implications thereof.

In accordance with the provisions of Article L.225-37 of the Commercial Code, they personally undertake to keep entirely confidential any information they receive, either orally or in writing, whether during Board of Directors or Committee meetings or in private conversations, or during discussions in which they take part, or in connection with decisions taken. This personal obligation also applies to representatives of corporate bodies.

Generally, directors are obliged to refrain from communicating to external parties in an official capacity, in particular the press.

In the event of a proven failure by a director to observe the duty of confidentiality, the Chairman of the Board of Directors, subsequent to a decision taken at a meeting of the chairmen of the various Committees convened for this purpose, must report to the Board of Directors on the follow-up action—which may be of a legal nature—that he intends to pursue as a result of the said failure.

#### **ARTICLE 17 - Privileged information**

Directors undertake not to use for their own personal benefit or for the benefit of any other party, any privileged information to which they have access.

In particular, if they are in possession of any information on the Company, for which they are exercising their mandate, which is not in the public domain, they must abstain from using it to carry out—or have carried out by a third party—any operations based on such information.

Moreover, directors undertake to comply with rules relating to insider trading set out by the French Financial and Monetary code, in particular, with the provisions of Articles L.465-1 *et seq.* and by the French *Autorité des Marchés* (“AMF”) in particular, with the provisions of Articles 621-1 to 622-2 of the General Regulation of the AMF.

When privy to inside information, a director undertakes to refrain from:

