



French Public Limited Company (Société Anonyme), with share capital of €202,419.74
Registered office: 10 rue Mercœur, 75011 Paris
Paris Trade and Companies Register No. 349 694 893

2015 CHAIRMAN'S REPORT ON INTERNAL CONTROL

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In developing this Document, the Chairman consulted the Administrative and Finance Director. The Board of Directors approved this report, on the basis of the conclusions of the Audit Committee and the prior observations of the Statutory Auditors, at the Board meeting of 28 April 2016.

1. DECLARATION CONCERNING CORPORATE GOVERNANCE

In order to comply with the requirements of Article L. 225-37 of the French Commercial Code, the Company designated the Corporate Governance Code for small and medium-sized companies, as published in December 2009 by MiddleNext (the "MiddleNext Code"), as the reference code it intends to use.

On the publication date of this Document, the Company complied with all the recommendations made by the Corporate Governance Code, except for one.

The Company considers that it is not in compliance with the recommendation relating to not holding a corporate office while being covered by an employment contract.

The Board of Directors authorised the CEO to hold a corporate office while covered by an employment contract, in view of the size of the Company and the risks incurred by that executive.

The Company has, in Stéphane Sallmard, Eric Beard and Paula Ness Speers, three independent directors within the meaning of the provisions of the Corporate Governance Code for small and medium-sized companies, as published in December 2009 by MiddleNext, and validated as reference code by the AMF (Autorité des marchés financiers), to the extent that neither of these three persons:

- is an employee or an executive corporate officer of the Company or of a Company in its Group and has not been so during the past three years;
- is a significant customer, supplier, or banker of the Company, or one for which the Company or its Group represents a significant share of the business activity;
- is a major shareholder of the Company;
- has a close family relationship with a corporate officer or a major shareholder; and
- has been an auditor of the Company during the past three years.

2. CORPORATE GOVERNANCE

2.1. Board of Directors

2.1.1. Composition of the Board of Directors

The Company's Board of Directors is currently composed of six members including three independent directors.

The members of the Board of Directors can be contacted at the Company's head office: 10 rue Mercoeur, 75011 Paris

The table below presents the information on the membership of the Company's Board of Directors.

Name	Office	Main duties within the Company	Dates of the beginning and end of the term
G�rard Hasco�t	Member of the Board of Directors Chairman of the Strategy Committee	Chairman of the Board of Directors	Appointed director by the General Meeting of 17 June 2015 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2017. Appointed Chairman of the Board of Directors by the Board of Directors held on 10 July 2015 for the remaining duration of his directorship.
Marie Meynadier	Member of the Board of Directors Member of the Strategy Committee	CEO	Reappointed director by the General Meeting of 9 April 2010 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2012. Reappointed director by the General Meeting of 13 June 2013 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2015.
St�phane Sallmard	Member of the Board of Directors Chairman of the Compensation Committee	None	Reappointed as Chairman of the Board of Directors by the meeting of the Board of Directors held on 2 December 2011 for the remaining duration of his directorship. Resigned as Chairman of the Board of Directors at the meeting of the Board of Directors held on 9 November 2012 but agreed to remain as a director for the remainder of his term of office. Reappointed director by the General Meeting of 17 June 2014 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2016.

Name	Office	Main duties within the Company	Dates of the beginning and end of the term
BPI France Participations represented by Marie-Laure Garrigues	Member of the Board of Directors Marie-Laure Garrigues is a member of the Audit and Compensation Committees	None	Appointed a member of the Board of Directors by the Board of Directors on 2 December 2011 for a term ending at the close of the General Meeting called to approve the financial statements for the financial year ended 31 December 2013. Reappointed director by the General Meeting of 17 June 2014 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2016.
Eric Beard	Independent director Chairman of the Audit Committee	None	Appointed director by the General Meeting of 29 June 2012 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2014. Reappointed director by the General Meeting called to approve the financial statements for the financial year ended 31 December 2014.
Paula Ness Speers	Independent director Member of the Strategy Committee	None	Appointed director by the General Meeting of 16 October 2015 for a period of three years ending at the close of the General Meeting called to approve the financial statements for the financial year ending 31 December 2017.

NBGI Private Equity represented by Aris Constantinides resigned as director on 23 February 2015. The Company's Board of Directors acknowledged this resignation on 23 March 2016.

Other offices held by the members of the Board of Directors

Other current terms in office		
Name	Nature of the position	Company
G�rard Hasco�t	Chairman Member of the Supervisory Board Member of the Board of Directors Chairman of the Board of Directors Managing Partner Manager Member of the Board of Directors Manager Manager	MD Start SAS Altamir SpineVision SA CorWave SA MD Start Gmbh & Co KG MD Start Gmbh APD Lumarge (SCI) Marluge (SCI)
St�phane Sallmard	Member of the Board of Directors Member of the Board of Directors	Imagine Eyes SARL i-Optics B.V.
Marie Meynadier	Executive Executive Executive Chairman Chairman Member of the Board of Directors Member of the Board of Directors	EOS imaging Inc. EOS imaging GmbH EOS image Inc. OneFit Medical SAS EOS imaging Pte Ltd Stentys SA Mauna Kea technologies SA
BPI France investissement represented by Marie-Laure Garrigues	Member of the Board of Directors Member of the Board of Directors	Medtech TxCell
Eric Beard	Chairman of the Board of Directors	Cellnovo SA
Paula Ness Speers	Partner Member of the Board of Directors Member of the Board of Directors	Health Advances (Boston, MA) Partners Continuing Care (Boston, MA) Implanet SA

Terms of office exercised during the course of the last five fiscal years that have terminated as of this date

Other current terms in office		
Name	Nature of the position	Company
G�rard Hasco�t	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors	Dupont Medical MD Start SA SpineVision Italia srl SpineVision Ltd
St�phane Sallmard	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors	Dysis Medical Ltd Crescent Diagnostics Ltd Forth Photonics Hellas SAS
Marie Meynadier	None	None
BPI France investissement represented by Marie-Laure Garrigues	Member of the Board of Directors	Cytheris
Marie-Laure Garrigues	Member of the Board of Directors Manager	Ingen Biosciences Bio Thema Consulting
Eric Beard	Chairman	Cellnovo Ltd
Paula Ness Speers	None	None

2.1.2. Internal regulations of the Board of Directors

The internal regulations, available for consultation at the Company's registered office, were adopted on 16 December 2011. They specify, in particular, the role and composition of the Board, and the principles of conduct and obligations of the members of the Company's Board of Directors. Each member of the Board of Directors undertakes in particular to maintain his or her independent analysis, judgment and actions, and to take an active part in the Board's work. The internal regulations inform the Board of the conflict-of-interest situations that it might come across. In addition, the internal regulations include the current regulations relating to the distribution and use of insider information and specify that Board members must refrain from carrying out transactions with Company shares when they possess insider information. Each member of the Board of Directors is required to declare to the Company and the AMF the Company share transactions that he or she carries out directly or indirectly.

2.1.3 Conditions for preparing and organising the Board's work

The Board is regularly informed by the CEO about the Company and Group financial position, cash flow and financial commitments and about any significant events in the Company or Group.

Board members are convened to meetings by email within a reasonable time-frame, and at least ten days before each meeting. The Board may also be convened by any other means, even orally, if all the Board members in office are present or represented at the meeting.

Documents providing information on the agenda and on any questions submitted for examination by the Board are sent by email or made available to the Board members, within a reasonable period prior to the meeting.

2.1.4. Report on the Board's activities during the 2015 financial year

During the financial year ended on 31 December 2015, the Company's Board of Directors met six times and the average attendance rate of the Board members was 90%.

2.2. Audit Committee

Composition

The Audit Committee was established by the Board of Directors on 30 August 2012. As of the date of writing this report, it consists of Eric Beard and Marie-Laure Garrigues. Eric Beard chairs the committee.

Powers

The mission of the Audit Committee is to assist the Board of Directors, in particular, by carrying out the following missions:

- monitoring the process of drawing up financial information;
- monitoring the effectiveness of the internal control and risk management systems;
- monitoring the statutory audit of the annual financial statements and the consolidated financial statements by the Statutory Auditors;
- issuing a recommendation on the Statutory Auditors proposed for designation by the General Meeting and reviewing their compensation conditions;
- monitoring the independence of the Statutory Auditors;
- being informed periodically of developments in major litigation; and
- generally, providing any advice and making any appropriate recommendation in the above fields.

Operation

The Audit Committee meets at least twice a year, according to a schedule set by its Chairman, on an agenda determined by its Chairman and sent to the Audit Committee members at least seven days before the date of the meeting. It also meets at the request of its Chairman, of two of its members, or of the Chairman of the Company's Board of Directors.

The Audit Committee may interview any member of the Company's Board of Directors and arrange for any internal or external audit to be carried out on any topic that it considers within its mission. The Chairman of the Audit Committee shall first report to the Board of Directors. In particular, the Audit Committee may interview persons who participate in drawing up the financial statements or inspecting them (Administrative and Finance Director and lead members of the Financial Department).

The Audit Committee shall interview the Statutory Auditors. It may interview them in the absence of any Company representative.

Reports

The Chairman of the Audit Committee ensures that the Committee's activity reports to the Board of Directors allow the latter to be fully informed, thus facilitating its decisions.

The annual report will include a statement concerning the Committee's activities over the past financial year.

If, during its work, the Audit Committee detects a significant risk that it does not consider adequately dealt with, the Chairman shall inform the Chairman of the Board of Directors without delay.

Report on the Audit Committee's activities during the 2015 financial year

During the financial year ended on 31 December 2015, the Company's Audit Committee met twice, notably in order to examine the 2014 annual financial statements and the 2015 half-yearly financial statements.

2.3. Compensation Committee

Composition

The Compensation Committee, established on 2 March 2006, the members of which adopted the internal regulations described above, is made up of at least two members of the Board of Directors appointed by the Board of Directors.

It should be noted that, as required, no member of the Board of Directors exercising management duties within the Company may be a member of the Compensation Committee.

On the publication date of this report, the members of the Compensation Committee were:

- Stéphane Sallmard, Director;
- and
- BPI France participation, Director represented by Board member Marie-Laure Garrigues.

Stéphane Sallmard chairs this Committee.

Powers

The Compensation Committee is responsible, in particular, for:

- examining the principal objectives proposed by the management as regards compensation for executives who are not corporate officers of the Company, including bonus share plans and share subscription or purchase option plans;
- examining the compensation of executives who are not corporate officers, including bonus share plans and share subscription or purchase option plans, retirement and provident insurance schemes and benefits in kind;

- making recommendations and proposals to the Board of Directors concerning:
 - o the compensation, retirement and provident insurance scheme, benefits in kind and other financial entitlements, including in the event of termination of activity, of the corporate officers. The Committee proposes compensation amounts and structures and, in particular, criteria for calculating the variable portion of compensation, taking account of the Company's strategy, objectives and results, as well as market practices, and
 - o bonus share plans, share subscription or purchase plans and any other similar incentive mechanism and, in particular, individual allocations to corporate officers eligible for this type of mechanism;
- examining the total amount of directors' fees and the system for distributing them among the directors, as well as the conditions for reimbursing any costs incurred by members of the Board of Directors;
- preparing and presenting, where necessary, the reports foreseen by the internal regulations of the Board of Directors;
- preparing any other recommendation which may be requested by the Board of Directors with respect to compensation; and
- generally, providing any advice and making any appropriate recommendations in the above fields.

Operating procedures

The Compensation Committee meets at least twice a year, according to a schedule set by its Chairman, on an agenda determined by its Chairman and sent to the Compensation Committee members at least seven days before the date of the meeting. It also meets at the request of its Chairman, of two of its members or of the Board of Directors.

Non-executive directors, who are not members of the Compensation Committee, may participate freely in these meetings.

The Chairman of the Company's Board of Directors, if he is not a member of the Committee, may be invited to take part in Committee meetings. The Committee shall invite him to present his proposals. He has no right to vote and does not attend discussions relating to his own position.

The Compensation Committee may ask the Chairman of the Board of Directors for the assistance of any Company executive officer whose skills might facilitate dealing with an item on the agenda. The Chairman of the Compensation Committee or the chairman of the meeting shall draw the attention of any person taking part in the discussions to the confidentiality obligations incumbent on him or her.

Reports

The Chairman of the Compensation Committee shall ensure that the Committee's activity reports to the Board of Directors allow the latter to be fully informed, thus facilitating its decisions.

The annual report will include a statement concerning the Committee's activities over the past financial year.

The Compensation Committee shall examine in particular the Company's draft report on the compensation of corporate officers.

Report on the Compensation Committee's activities during the 2015 financial year

The Compensation Committee met twice during the 2015 financial year, primarily to examine and validate the compensation plan for the Management team and to examine and validate the plan on the Allocation of Free Shares adopted in 2015 and to agree the December 2015 allocation methods.

2.4. Strategy Committee

Composition

The Strategic Committee was established by the Board of Directors on 15 January 2013.

On the publication date of this report, the members of the Strategy Committee were:

- Gérard Hascoët, Chairman of the Board of Directors;
- Marie Meynadier, director and CEO;

and

- Paula Ness Speers, Director.

Gérard Hascoët chairs this Committee.

Powers

The Strategy Committee is responsible, in particular, for:

- studying all strategic questions that are of concern to the Group in the areas of R&D, manufacturing and alliances and partnerships of all kinds;
- studying all significant proposals for capital investment, alliance or partnership;
- providing the Board with any and all reports, opinions and recommendations on any and all questions that fall within its purview;
- generally, the Strategy Committee provides advice and makes appropriate recommendations in the aforementioned areas.

Operating procedures

The Strategy Committee meets at least twice a year on a schedule set by its chairperson, who also prepares the agendas.

The Strategy Committee may ask the Chairman of the Board of Directors for the assistance of any Company executive officer whose skills might facilitate dealing with an item on the agenda. The Chairman of the Strategy Committee or the Chairman of the Meeting shall draw the attention of any person taking part in the discussions to the confidentiality obligations incumbent on him or her.

Reports

The Chairman of the Strategy Committee ensures that the Committee's activity reports to the Board of Directors allow the latter to be fully informed, thus facilitating its decisions.

The annual report will include a statement concerning the Committee's activities over the past financial year.

Report on the Strategy Committee's activities during the 2015 financial year

The Strategy Committee met three times during 2015, with the aim of reviewing the Group's various strategic options and its main areas of development.

2.5. Limits to the powers of the Chief Executive Officer

The management of the Company is overseen, under the responsibility of the Chairman of the Board of Directors, either by the Chairman, or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances in the name of the Company. He or she exercises his or her powers within the limitations of the corporate purpose and subject to the powers that the law expressly grants to General Meetings and to the Board of Directors.

At each Board meeting, the Chief Executive Officer reports on the key events in the corporate life of the Group.

The Board of Directors may remove the Chief Executive Officer at any time. If removal is decided without reasonable cause, it can result in damages, unless the Chief Executive Officer takes up the position of Chairman of the Board of Directors.

At the date of publication of this Registration Document, the Board of Directors was chaired by Gérard Hascoët. Marie Meynadier was the Company's Chief Executive Officer.

3. DISTRIBUTION OF SHARE CAPITAL AT 31 DECEMBER 2015

As far as the Company is aware, the company's capital was distributed as follows at 31 December 2015:

	Number of shares	% of capital and voting rights*
Founders	659.180	3,26%
COFA Invest (1)	273.318	1,35 %
EDRIP (2)	1.805.293	8,92 %
NBGI (3)	905.429	4,47 %
BPifrance participations (4)	1.825.222	9,02 %
Investment funds (1)+(2)+(3)+(4)	4.809.262	23,8%
Floating	14.369.706	70,99%
Management & employees	364.959	1,80%
Treasury shares (*)	38.867	0,00%
Total	20.241.974	100,00%

* Own shares have no voting rights attached to them.

In accordance with the provisions of Article L. 233-13 of the French Commercial Code, we point out that shareholders holding directly or indirectly over a twentieth, a tenth, three twentieths, a fifth, a quarter, a third, half, two thirds or nineteen twentieths of the share capital or voting rights at 31 December 2015 are identified in the table above.

4. COMPENSATION AND BENEFITS

4.1 Summary of the compensation and stock options and shares awarded to each executive corporate officer (Table 1 AMF Recommendation No. 2009-16)

Table summarising the compensation and the options and shares of stock awarded to each corporate executive officer (1)		
	2015 financial year	2014 financial year
Marie Meynadier - Chief Executive Officer		
Compensation due for the financial year	€203,760	€254,010
Valuation of the options and free shares awarded during the financial year	19,600	-
Valuation of the multi-year variable compensation awarded during the financial year	-	-
Total	€223,360	€254,010

(1) Messrs Michael J Dormer, Chairman of the Board of Directors until June 2015, and Gérard Hascoët, Chairman of the Board of Directors from 10 July 2015, are or were executive corporate officers within the meaning of the AMF MiddleNext Code but the only compensation they receive or received is directors' fees, shown in section 15.1.3.

4.2 Compensation and benefits paid to executive corporate officers in 2014 and 2015

The compensation paid to the executive corporate officers of EOS imaging for the 2014 and 2015 financial years breaks down as follows (Table 2 AMF Recommendation No. 2009-16)

Marie Meynadier (Chief Executive Officer) (in euros)	2015 financial year		2014 financial year	
	Amounts due ⁽¹⁾	Amounts paid ⁽²⁾	Amounts due ⁽¹⁾	Amounts paid ⁽²⁾
Corporate office compensation				
Fixed compensation	173,086	173,086	171,373	171,373
Annual variable compensation* ⁽³⁾	17,309	59,980	69,422	64,889
Total compensation	190,395	233,067	240,795	240,091
Directors' fees				
Eos imaging				
Other controlled companies				
Total directors' fees	-	-	-	-
Other compensation				
Benefits in kind* (car)	13,365	13,365	13,215	13,215
Total other compensation	13,365	13,365	13,215	13,215
TOTAL	203,760	246,431	254,010	249,477

- * gross amount before tax (1) In respect of the financial year (2) During the financial year.

- (3) The variable compensation is calculated based on the achievement of the operational targets set by the Compensation Committee at the beginning of the year, and for which the level of achievement is calculated by this same Compensation Committee at the beginning of the following year.

- The amount of the variable compensation is the result of the target bonus x achievement rate of objectives.

- The variable compensation is paid in February of the year following the year for which the target achievement rate is determined.

Messrs Michael J Dormer, Chairman of the Board of Directors until June 2015, and Gérard Hascoët, Chairman of the Board of Directors from 10 July 2015, are or were executive corporate officers within the meaning of the AMF MiddleNext Code but the only compensation they receive or received is directors' fees.

4.3 Compensation and benefits paid to other members of the Board of Directors in 2014 and 2015 (Table 3 AMF Recommendation No. 2009-16)

Non-executive corporate officers	Nature of the compensation	Amounts paid during the 2015 financial year	Amounts paid during the 2014 financial year
Michael Dormer	Directors' fees	32,500	65,000
	Other compensation	None	None
G�rard Hasco�t	Directors' fees	32,500	None
	Other compensation	None	None
NBGI Private Equity represented by Aris Constantinides	Directors' fees	None	None
	Other compensation	None	None
BPI France Investissements represented by Marie-Laure Garrigues	Directors' fees	None	None
	Other compensation	None	None
	Other compensation	None	None
Edmond de Rothschild Investment Partners represented by Rapha�l Wisniewski	Directors' fees	None	None
	Other compensation	None	None
Paula Ness Speers	Directors' fees	7,500	None
	Other compensation	None	None
Philip Whitehead	Directors' fees	�12,500	�25,000
	Other compensation	- �	�15,000
Eric Beard	Directors' fees	�30,000	�30,000
	Other compensation	None	None
St�phane Sallmard	Directors' fees	�30,000	�37,500
	Other compensation	None	None
TOTAL		145,000	172,500

4.4 Stock subscription or purchase options awarded to each executive corporate officer by the Company or by any Company in its Group during the financial years that ended on 31 December 2014 and 2015 (Table 4 AMF Recommendation No. 2009-16)

None

4.5 Stock subscription or purchase options exercised by each executive corporate officer during the financial years that ended on 31 December 2014 and 2015 (Table 5 AMF Recommendation No. 2009-16)

None

4.6 Free shares granted to each corporate officer during the financial years that ended on 31 December 2014 and 2015 (Table 6 AMF Recommendation No. 2009-16)

- At its meeting on 8 December 2015, the Board of Directors awarded 5,000 free shares to the CEO. These 5,000 shares will vest on 7 December 2017.

Date of the General Meeting that authorised the award	Date of the award by the Board of Directors	Number of shares awarded	Number of shares in the process of being acquired	Acquisition date	Length of the retention period
16 October 2015	8 December 2015	5,000	5,000	8 December 2015	2 years

4.7 Free shares granted to each corporate officer during the financial years that ended on 31 December 2014 and 2015 (Table 7 AMF Recommendation No. 2009-16)

- At its meeting on 16 January 2012, the Board of Directors awarded 360,000 free shares to the CEO. These 360,000 shares were vested on 16 January 2014. These shares have been issued by the Company, the release of their nominal value has been realised by way of deducting from reserves.

Date of the General Meeting that authorised the award	Date of the award by the Board of Directors	Number of shares awarded	Number of shares in the process of being acquired	Acquisition date	Length of the retention period
16 January 2012	16 January 2012	360,000	360,000	16 January 2014	2 years

4.8 Stock subscription or purchase options awarded to the members of the Board of Directors

Below is a historical summary of the stock options awarded to executive corporate officers; no options were awarded to non-executive corporate officers (Table 8 AMF Recommendation No. 2009-16)

History of the awards of stock options			
General Meeting date	12 February 2009	9 April 2010	16 January 2012
Date of the Board of Directors' meeting	7 July 2009	6 July 2010	21 September 2012
Name of the plan	ESOP 2009	ESOP 2010	ESOP 2012
Number of shares that can be subscribed, including by:	277,482	162,000	37,648
<i>Marie Meynadier</i>	184,988	129,000	-
Starting date for the exercise of the options	see (2) below	see (2) below	see () below
Expiration date	6 July 2019	5 July 2020	20 September 2021
Subscription price	€1	€1	€4.07
Terms and conditions of exercise	see (1) below	see (1) below	see (2) below
Number of shares subscribed at 31 December 2015	0	0	0
Cumulative number of stock subscription options that were cancelled or became null and void	0	0	0
Stock subscription or purchase options outstanding at the end of the financial year	277,482	162,000	37,648

(1) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of the S.O. can be exercised beginning on the award date;

- a further 25% of the S.O. can be exercised on each anniversary of the date they were awarded.

(2) The terms governing the exercise of the stock options (S.O.) are as follows:

- 25% of the S.O. can be exercised beginning on the first anniversary of the date they were awarded;
- a further 25% of the S.O. can be exercised on each new anniversary of the date they were awarded.

(1) and (2) the additional procedures are as follows:

Corporate officers are required to keep at least 80% of their shares resulting from the exercise of the options until their duties are terminated.

If they leave the Company or the affiliated company in question before the exercise date, the options that may be exercised on the departure date remain in the possession of the beneficiary without any exercise deadline other than their expiry date. The options that are not yet exercisable as of the date of the departure are automatically null and void on the date of the latter in any event.

4.9 History of free share allocations (Table 10 AMF Recommendation No. 2009-16)

- At its meeting on 16 January 2012, the Board of Directors awarded 360,000 free shares to the CEO. These shares have been issued by the Company, the release of their nominal value has been realised by way of deducting from reserves.
- On the date of publication of this report, in light of their terms and conditions, these 360,000 shares were definitively acquired according to the table below:

History of free share allocations					
Date of the General Meeting that authorised the award	Date of the award by the Board of Directors	Number of shares awarded	Number of shares in the process of being acquired	Acquisition date	Length of the retention period
16 January 2012	16 January 2012	360,000	360,000	16 January 2014	2 years

4.10 Conditions for compensation and other benefits awarded to executive corporate officers

(Table 11 AMF Recommendation No. 2009-16)

Executive corporate officers	Employment Contract		Supplementary retirement plan		Compensation or benefits due or that might be due because of the termination or change of position		Compensation related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Marie Meynadier - Chief Executive Officer	X (*)			X	X			X
<i>Term of office start date:</i>	First appointment: 16 June 1998							
<i>Term of office end date:</i>	Last renewal: 13 June 2013							
	At the close of the General Meeting called to approve the financial statements for the year ending 31 December 2015							
Gérard Hascoët Chairman of the Board of Directors		X		X		X		X
<i>Term of office start date:</i>	First appointment: 10 July 2015							
<i>Term of office end date:</i>	At the close of the General Meeting called to approve the financial statements for the year ending 31 December 2017							
Michael J Dormer – Chairman of the Board of Directors		X		X		X		X
<i>Term of office start date:</i>	First appointment: 9 November 2012							
<i>Term of office end date:</i>	At the close of the General Meeting called to approve the financial statements for the year ending 31 December 2014, 17 June 2015							

(*) in compliance with the MiddleNext Governance Code, see section 16.4 of this Registration Document.

Marie Meynadier also has unemployment insurance (corporate guarantee of firm heads and executives) taken out by the Company. For the financial year 2015, the premium for this was €11,258.

Marie Meynadier entered into an employment contract with the Company on 30 April 1998.

In the case of a termination of Marie Meynadier's employment contract that is not motivated by serious or gross misconduct as defined by the jurisprudence of the Employment Law Chamber of the French Supreme Court (*Cour de Cassation*), Marie Meynadier will be paid compensation for dismissal equal to six months of her gross salary.

5. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

5.1. Definition and objectives of internal control

Internal control is a system which the Group is responsible for both in terms of its definition and of its implementation.

It comprises a set of resources, behaviours, procedures and actions adapted to the specific characteristics of each Company which:

- contributes to the control of its activities, the effectiveness of its operations and the efficient use of its resources; and
- must enable it to duly take account of significant risks, whether they are operational, financial or compliance-related.

The system aims specifically to ensure:

- a) compliance with laws and regulations;
- b) the application of the instructions and guidelines set by general management;
- c) the proper operation of the Group's internal processes, in particular those protecting its assets;
- d) the reliability of financial information.

Internal control is therefore not limited to a set of procedures nor to accounting and financial processes.

The definition of internal control does not cover all initiatives taken by the executive bodies or management; for example, definition of the Company's strategy, establishment of objectives, management decisions, risk management or performance monitoring.

Furthermore, internal control cannot provide an absolute guarantee that the Company's objectives will be attained.

5.2. Scope of internal control

The internal control system established by the Company is intended to cover all operations carried out.

5.3. Description of the internal control procedures

The Company structures its approach to internal control based on the five components contained in the AMF reference framework, namely:

1. general organisation: an organisation including a clear definition of responsibilities, possessing adequate resources and skills and relying on appropriate procedures, information systems, tools and practices;

2. internal distribution of relevant and reliable information, the knowledge of which allows everyone to carry out his or her duties;
3. a system that looks to identify and analyse the principal identifiable risks with regard to the Company objectives, and to ensure the existence of procedures for managing these risks;
4. control activities proportionate to the specific challenges of each process and designed to reduce risks likely to affect the achievement of the Company's objectives;
5. constant supervision of the internal control system and regular examination of its operation. This supervision may lead to changes to the internal control mechanism. General Management assesses the conditions under which it reports to the Board on the principal results of the monitoring and evaluation thus carried out.

Component 1: General organisation

The organisation of the internal control and risk management procedures within the Company is based on the following principles and tools:

- organisation charts and job descriptions which are regularly updated under the responsibility of each business line manager and centralised by the Finance and Administration Department;
- a Quality Manual including detailed mapping of all operating processes and IT systems;
- a responsibilities matrix by activity (sales, development, production, maintenance, marketing, regulatory, support functions). For each of these activities, there is a description of processes, along with a link to the procedures or framework documents that define the duties and interactions between the various managers at each stage of the process.
- a management matrix for access rights to the IT system and also to the principal documents.
- formalised skills management: all employees receive an initial course of training tailored to the particular nature of each job. An annual assessment interview feeds the training plan. The effectiveness of training activities is assessed (at the time and during the annual interview). All training and skills management activities are continually monitored by the Regulatory Affairs and Quality department and by the Finance and Administration department.

Component 2: Internal distribution of relevant and reliable information

The Group's internal control system is also based on distributing and analysing the information needed to manage the activity, through leadership actions and tools:

Leadership actions

- Executive Committee: the CEO and the eight activity managers meet roughly once a month to address all operational items related to the business plan and the annual budget;
- quarterly general information meetings: the CEO describes in detail the objectives defined by the Executive Committee to the operational managers. Monitoring of objectives is also formalised and presented during these meetings;
- multifunction meetings: update across all functions concerning performance and product quality; and
- half-yearly Quality Management Reviews: review of the Group's quality control and assurance, of all quality indicators by business line, and identification of targeted actions to improve quality.

Tools

- ENNOV document database: electronic document management of all framework documents by activity;
- ENNOV process database: management of deficiencies that occur in the processes and of compliance issues in product quality, with action plans and monitoring; and
- Enterprise Resource Planning (ERP) software to manage production, inventory, maintenance and sales.

Component 3: Risk management process

The Group is subject to a regulatory obligation to manage its operational risks according to the ISO 14971 standard applicable to medical device activities. To this end, it identifies and assesses risks according to a criticality level defined by the Regulatory Affairs Department, which is based on the FMECA model (impact, probability of occurrence and probability of non-detection). The following processes fall within this scope: design, product development, services (operation and maintenance) and production (efficiency of production processes). The risk management files listing all the items described below are integrated into and updated in the design file for each product.

The set of Company risks was formalised in 2012 in the form of risk mapping. This exercise resulted in a formal hierarchy of the principal operational risks, and confirmed the relevance of the measures introduced by the Company to minimise these risks.

Component 4: Control activities

The control activities established are based on strong regulatory obligations, specific to the Group's sector of activity. Thus the Group must comply with the ISO 13485 and 21 CFR part 820 standards for quality management systems, the objective of which is to ensure patient health and comply with

regulatory obligations. These standards impose specific activity procedures (Good Practices) and associated performance targets, which are integrated into the ENNOV document database.

Moreover, each Group employee must record every error in the ENNOV database. An assessment committee meets periodically to assess each fault and to decide what action to take with regard to it.

This process, called "CAPA" (Corrective Actions & Preventive Actions), compulsory under the ISO 13485 and 21 CFR 820 standards, is managed through the computerised ENNOV database, which has been set to comply with the requirements of those standards. It can cover all malfunction risks and control actions associated with operating processes. The ENNOV process database can, in particular, provide at any time a description of the control activities and action plans by type of occurrence, by period of time and by severity.

Component 5: Monitoring the internal control system

The Company is not of sufficient size as to require a permanent internal audit function. Nevertheless, internal audit missions are conducted under the auspices of the Regulatory Affairs Department according to an audit plan established annually and with dedicated resources, based in particular on the faults identified in ENNOV. For the 2015 financial year, the audits carried out covered the following themes:

- audits on the production department, inventory management, the maintenance department and the 3D services department;
- subcontractor audits;
- internal Quality audit of all processes, conducted annually by an external service provider specialising in quality management for manufacturers of medical devices. The recommendations from these audits are recorded and tracked in the ENNOV database.

Beyond the internal audit activities, the Group tracks extensive activity indicators (Quality, Performance) and the correction actions initiated.

Finally, the ENNOV process database is used throughout the year for strict management of the malfunctions identified in the course of the operational processes.

5.4. Internal control procedures relating to the preparation and processing of accounting and financial information

Organisation of the accounting and financial function

The accounting and financial function is managed in-house by a team of five persons. General accounting, along with consolidated accounting, is done in-house and reviewed by a chartered accountant. The tax review and payroll management are conducted by chartered accountant firms. Valuations of retirement bonuses and commitments related to stock-option allocations are conducted by independent experts.

Consolidation of accounts

The scope of consolidation comprises the French Company and its five subsidiaries. The consolidation of accounts is carried out by the Administrative and Finance department based on a monthly reporting format. The principal accounting procedures are formalised (in particular those defining consolidation operations and the controls on monthly reporting from the subsidiaries).

Monitoring subsidiaries

Each subsidiary has an annual budget, expressed in monthly figures, and monthly reporting that analyses discrepancies with that budget. The subsidiaries' accounting is entirely subcontracted to local chartered accountant firms.

Closing of parent Company and consolidated accounts

A chartered accountant conducts the annual payroll and tax review, and also audits the consolidated annual and half-yearly financial statements.

Account closing schedule

The monthly accounts are closed within an eight business day deadline.

5.5. Conclusion: planned improvements

The Group attaches the greatest importance to its internal control system. In 2015, it maintained its investments to enhance and harmonise its quality control and assurance system across all business lines. These efforts, together with the analysis and improvement of the actions implemented to reduce the Group's exposure to major operational risks, will continue in 2016.

G rard HASCOET
Chairman of the Board of Directors