



Corporate Governance Charter of Ion Beam Applications S.A. |

Updated as of June 30, 2007

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INTRODUCTION

In accordance with the Belgian Corporate Governance Code (hereinafter referred to as the “Code”), Ion Beam Applications (hereinafter referred to as “IBA”) presents below the philosophy, structure and general principles governing the organization of Corporate Governance at the company.

IBA is the result of a commitment to do business. In a world changing at an increasingly fast pace, the company’s success has resulted from and will continue to depend on our ability to identify the needs of our clients and to satisfy these needs with well-thought-out solutions, and to do so better and faster than our competitors.

In our high-tech industry, it is critical for all employees to share this vision and to have the means to pursue it with passion by implementing the values that are important to us: Care – Dare – Share – Be Fair.

It goes without saying that we fully acknowledge the considerable importance of independent checks and validations from all angles of the professionalism of our management. We believe that it is just as important that the company’s management (i.e. Corporate Governance) is able to perform its work without suffering unduly from excess bureaucracy, or from a spirit of suspicion that could harm our entrepreneurial and professional ability to quickly satisfy our clients’ needs.

Like any company, IBA has a history. And our primary ambition is the satisfaction of our clients, our shareholders, our employees, and the civilian communities in which we are active. This history and this four-part goal have determined certain aspects of our governance structure.

Accordingly, we believe that it is extremely important for this governance structure to be clear and for all of its aspects to be presented transparently, in order to enable our shareholders to decide, based on a full knowledge of the facts, whether or not they wish to invest in our company.

This Corporate Governance charter covers the following subjects:

- ▶ Part I : IBA’s structure and organization
- ▶ Part II : IBA’s shares and shareholders
- ▶ Part III : IBA’s Board of Directors
- ▶ Part IV : the Committees of IBA’s Board of Directors
- ▶ Part V : IBA’s day-to-day administration and management
- ▶ Part VI : auditing of IBA
- ▶ Part VII : Charters and conflicts of interest
- ▶ Part VIII : shareholder structure and shareholder agreements



Factual elements concerning IBA's governance, contained in a section of the annual report entitled Corporate Governance, Management and Control, will supplement the Corporate Governance charter. These publications are available on IBA's Internet site (www.iba-group.com).

IBA's Board of Directors approved this Corporate Governance charter at its Meeting of May 11th, 2005. However, this document is meant to evolve constantly and dynamically. As a result, the Board will update it on a regular basis and will explain any significant amendments to it at the General Meetings of Shareholders.

PART I : IBA'S STRUCTURE AND ORGANIZATION

I.1. Legal structure – business purpose and registered office

IBA is a public limited liability company in the sense of Article 4 of the Company Code. Its registered office is located in 1348 Louvain-la-Neuve (Ottignies - Louvain-la-Neuve), at chemin du Cyclotron 3.

The company's business object is the research, development and the acquisition of industrial property rights with a view to operating, manufacturing and marketing applied physics applications and equipment. It may engage in any transactions involving movable and immovable property, as well as in financial, commercial and industrial transactions related directly or indirectly to its business purpose. It may take an interest --by contribution, merger, subscription or any other way-- in companies, associations or businesses whose purpose is similar, analogous, related or useful to the realization of all or part of its business purpose.

The company was incorporated on March twenty-eight, nineteen hundred and eighty-six, for an open-ended period. It may be dissolved at any time by a decision of the General Meeting, ruling in the conditions and forms stipulated for amendments of the Articles of Association.

I.2. The company's organization

IBA is organized into two sectors for the publication of the performance of its activities:

- ▶ **The Production and Distribution of Radioisotopes**, which includes the production and distribution of radiopharmaceutical tracers used in medical imaging, whose main agent is FDG (F-18 fluorodeoxyglucose);
- ▶ **The Technology & Equipment Department**, which constitutes the technological basis of several of the company's activities, and includes the development, manufacturing, marketing and services associated with dosimetry and particle



accelerators for medical use (cancer radiotherapy and diagnosis with cyclotrons and microtrons) and for industrial use (Rhodotrons and Dynamitrons).

(1/25.729.126^{ème})

PART II : IBA SHARES AND SHAREHOLDERS

II.1. Capital and shares

On June 30, 2007, the share capital was fixed at thirty-six million, one hundred and fifteen thousand, nine-hundred and thirty-six euros and forty-six cents (EUR 36.115.936,46). It is represented by twenty-five million, seven hundred and twenty-nine thousand, one hundred and twenty-six (25.729.126) shares without designation of face value, including ten million, nine hundred and ninety-four thousand, five hundred and thirty six (10.994.536) shares, accompanied by a VVPR strip, each representing one-twenty-five millionth, seven hundred and twenty-nine thousandth, one hundred and twenty- sixth (1/25.729.126th) of the share capital.

Pursuant to the decision of the Extraordinary General Meeting of the shareholders of May 10th, 2006, the Board of Directors has authorized an increase of the share capital, on one or more occasions, for up to twenty-five million euros (EUR 25,000,000). On February 28, the unused balance of the authorized capital decided by the Extraordinary General Meeting of May 10th, 2006 will be at least twenty-four million one hundred ninety-two thousand and seven hundred fifty-seven euros and fifty cents (Eur 24.192.757,50).

Within the limits of this authorization, the Board of Directors may issue bonds that can be converted into shares or subscription rights, pursuant to Articles 489 *et seq.*, 496 *et seq.*, and 583 of the Company Code.

At the time of any issuance of shares, convertible bonds or subscription rights, the Board of Directors may limit or eliminate the shareholders' preferential subscription right, including in favor of one or more specified persons, in accordance with the conditions that will be decided by the Board, and, if applicable, subject to compliance with the provisions of Article 598 of the Company Code. This authorization is valid for a term of five years from the publication of the decision of the Extraordinary General Meeting of the Shareholders of May 10th, 2006 which correspond to May 29th, 2006.

The Board of Directors is expressly authorized to use the authorized capital, in the conditions set out in Article 607 of the Company Code, in the case of an offer after receipt of a communication by the Banking, Financial and Insurance Commission stating that it has been referred a notice of public offer to acquire the company, provided that this receipt occurs within three years of the holding of the Extraordinary General Meeting of May 10th, 2006.



The share capital may be increased or decreased, on one or more occasions, by a decision of the General Meeting, deliberating in the conditions required to amend the Articles of Association. Unless the General Meeting decides otherwise, the Board of Directors shall fix, during any capital increase, the conditions for the issuance of the shares. The new shares to be subscribed in cash are offered on a preferential basis to the shareholders in proportion to the share of the capital represented by their shares. Unless the General Meeting decides otherwise, the Board of Directors shall fix the timeframe and conditions for the exercise of the preferential right. However, by derogation to the above, the General Meeting may, in the company's interest and in the conditions set out by law, limit or eliminate the preferential subscription right. The Board of Directors may conclude with any third parties, in the terms and conditions that it will notify, agreements aimed at ensuring the subscription of all or some of the shares to be issued.

The shares will continue to be registered until they have been completely paid up. The fully paid up shares are either bearer, paperless or registered, at the shareholder's choice. Any shareholder may, at any time, request the conversion of his securities, at his expense, in one of the other forms stipulated here above.

However, the bearer shares that are issued and registered on a share bank account as of January 1, 2008 will, effective by that date, be considered as paperless in execution of the automatic conversion foreseen in article 5 of the law on the suppression of the bearer shares. The other bearer shares will, upon their registration under a share bank account after January 1, 2008, also be deemed automatically converted in paperless shares. The owner of the account will not have to support any costs related to this automatic conversion.

In accordance with Articles 620, paragraph 1, subparagraphs 3 and 4 and 622, paragraph 2, subparagraph 2, 2° of the Company Code, the Board of Directors is authorized, without other decision of the General Meeting, within the limits stipulated by law and for a period of three years commencing on the date of publication in the appendices to the *Moniteur Belge* of the decision by the Extraordinary General Meeting of May, 10th 2006, to acquire, exchange and/or alienate in the stock market or in any other way, treasury shares of the company, with a view to avoiding serious and imminent damage to the company.

Besides, according to Articles 620, paragraph 1, subparagraphs 1, 1° and 5° and 622, paragraph 2, subparagraph 2, 1° of the Company Code, the Board of Directors is authorized, without other decision of the General Meeting:

- l) For a period of eighteen months commencing on the date of the publication to the appendices to the Belgian *Moniteur Belge* of the decision of the Extraordinary General Meeting of May, 10th, 2006 (May 29th, 2006, to acquire a maximum of ten percent (10 %) of the total number of shares issued by the Company, for a minimal value of ten cents (Eur 0.1) and a maximal percentage of ten percent (10 %) above the average market price of the stock in the last ten days;



- II) To alienate, as from their registration to the premium market of a stock exchange situated in a member State Member of the European Union or to another regulated Market pursuant article 4 of the Company Code, shares acquired by virtue of the authorization conferred by article 9 of the Statutes.

The company may, by a decision of the Board of Directors, issue mortgage bonds or other types of bonds; the Board of Directors shall determine the type and shall fix the interest rate, the means and timing of reimbursements, as well as any other conditions of the issuance.



II.2. General Meetings of the Shareholders

In order to provide rapid communication, IBA shall publish all of the information of interest to the shareholders or the stakeholders, such as the agenda of the General Meetings of Shareholders, mid-year and annual financial results (in all cases compared to the previous accounting periods), etc., on its Internet site.

This concept of “stakeholders” includes not only IBA’s shareholders, but also its clients, employees, and the civilian communities in which IBA is active.

IBA encourages its shareholders to use their voting rights and their rights to attend the General Meeting of the Shareholders whenever this is appropriate and possible. Dialogue with shareholders is primarily the responsibility of the Investor Relations Manager, Mr. Paul-Emmanuel Goethals (tel. : +32 10 47 58 16 – E-mail : Paul-Emmanuel.Goethals@iba-group.com).

The duly convened General Meeting represents all of the shareholders and has the powers that are necessarily determined by the law and by the Articles of Association. General Meetings, both Ordinary and Extraordinary, are held at the registered office or at any other place, in Belgium, indicated in the meeting notices.

The subjects submitted for approval to the General Meeting of the Shareholders concern among others:

- ▶ the appointment of the directors and the auditors;
- ▶ the discharge of the directors and auditors for their work during the financial year ended;
- ▶ the Company’s annual accounts and annual dividend, if any;
- ▶ the issuance of IBA shares or authorization to issue IBA shares;
- ▶ a reduction of the share capital.

The Annual General Meeting shall be held automatically on the second Wednesday in May at 10 AM, at the place defined by the Company. If the date stipulated is a legal holiday, the Meeting shall take place on the very next business day, at the same time.

The Ordinary and Extraordinary General Meetings shall meet when convened by the Board of Directors or the auditor.

The Extraordinary General Meeting is convened whenever required by the company’s interests. It must be convened at the request of one or more shareholders possessing 1/10th of the share capital. The company intends to maintain this threshold unchanged and not to follow the Code’s recommendation to fix it at 5%.



Meeting Notices, which must contain the agenda, will be sent to each registered shareholder at least fifteen days prior to the Meeting date, by letter. If the agendas include the appointment of directors, the company shall distribute meeting notices at least 24 days prior to the Meeting and shall make available to the stakeholders a CV of new candidates on its Internet site.

In order to be admitted to the General Meeting, any owner of shares must deposit his shares at the registered office or with ING Bank Belgium, not later than five business days prior to the date fixed for the General Meeting. Owners of paperless shares shall have not later than five business days prior to the Meeting to file with ING Bank Belgium a sworn statement drawn up by the approved account keeper or by the liquidation entity officially noting the fact that said shares will not be available until the date of the General Meeting. Owners of registered shares shall have the same time period to inform the Board of Directors in writing of their intention to attend the Meeting and to indicate the number of shares for which they intend to participate to the vote.

Any shareholder may be represented at the General Meeting in writing, by telegram, fax or by telex, by a representative, provided that the latter is himself a shareholder. However, legal entities are authorized to be represented by a non-shareholder representative.

Any shareholder may vote by correspondence by sending the company a form containing the agenda of the General Meeting and for each of the points on this agenda, indicating how (in favour /against/abstention) he intends to vote.

The General Meeting is chaired by the chairman of the Board of Directors or in the latter's absence, by the vice chairman, or in the latter's absence, by the oldest of the directors. The chairman designates the secretary and the General Meeting designates two tellers. The minutes or copies of the minutes to be submitted in court or elsewhere are signed by the chairman or by two directors.

Each share entitles its holder to one vote. However, no shareholder may, with companies and persons linked to him, participate in the vote in the General Meeting for a number of votes exceeding thirty-five percent (35%) of the votes attached to all of the shares with voting right issued by the company. In addition, provided that the other shareholders not linked to him, holding at least fifteen percent (15%) of the shares with voting right issued by the company, participate in the General Meeting, no shareholder may, with companies and persons linked to him, vote in this Meeting for a number of votes exceeding one-half less one vote of the votes cast during this General Meeting.

For the application of the previous paragraphs, the following are considered as linked to a shareholder:

- ▶ any company or person linked to this shareholder pursuant to Article 11 of the Company Code;
- ▶ any natural person or legal entity that is part of the management bodies of the shareholder or of a company referred to in the previous hyphen;



- ▶ any third party acting in its own name but on behalf of the shareholder or one of the persons referred to in the two previous hyphens;
- ▶ all shareholders who have given power of attorney to this shareholder or to a person referred to in the previous hyphens in order to represent them at this General Meeting.

Save for those instances in which the law stipulates other attendance and majority conditions, the General Meeting is duly constituted and its deliberations shall be valid regardless of the number of shares represented and the decisions are taken based on a simple majority of the votes, without counting abstentions. However, all modifications made to Articles 11, 13, last paragraph and 25 of the Articles of Association may only be adopted if those who attend the Meeting represent one-half of the share capital and if the modifications proposed are approved by at least eighty-five percent (85%) of the votes cast.

II.3. Dividends

The fiscal year begins on January 1st and ends on December 31st. The profit from the profit and loss account, less depreciation, amortizations and necessary provisions for liabilities and charges constitutes the net profit. On this profit, 5% is immediately deducted for the legal reserve. This deduction is no longer obligatory when the reserve fund reaches one-tenth of the share capital. It shall once again apply if this figure falls below one-tenth of the share capital.

The rest of the profit is made available to the General Meeting, which, based on a proposal by the Board of Directors and on a simple majority of the votes, may decide to allocate it in all or in part to the distribution of a dividend, the setting up of a reserve fund, or a carry-forward. The Board of Directors is authorized to distribute an interim dividend to be deducted from the year's results, in the conditions set out by Article 618 of the Company Code.

PART III : IBA'S BOARD OF DIRECTORS

III.1. Role

IBA's Board of Directors is its ultimate decision-making body, except for matters reserved for the shareholders by company law or by the Articles of Association. IBA's Board of Directors focuses on the sustainability and success of the company's activities and defends the interests of the stakeholders.

III.2. Responsibilities

III.2.1. Scope

The Board of Director's most important responsibility is IBA's strategic management and monitoring of the conduct of business. Accordingly, the Board of Director's most important activities are the following:

- ▶ identify and understand the strategic challenges and related risks facing IBA;
- ▶ validate IBA's strategy, as well as the values, policies and standards that underpin the attainment of the strategic objectives. Accordingly, the Board of Directors shall meet each year in June so as to, based on proposals made by the CEO, evaluate IBA's competitive positions and strategies, examine new strategic proposals and validate the strategies whose implementation is the CEO's responsibility;
- ▶ examine and approve IBA's financial objectives;
- ▶ examine and approve the accounts of IBA and its subsidiaries;
- ▶ see to it that IBA sets up appropriate risk management and risk control systems. As a result, the Board, via the Audit Committee, has decided to launch a program to systematically identify the risks that the company is facing or could face and based on the results of this program to manage these risks effectively and report on them in the Annual Report;
- ▶ monitor and evaluate IBA's performance with respect to strategic objectives and budgets;
- ▶ maintain interaction, dialogue and an atmosphere of respect and trust with management;
- ▶ define delegations of power for day-to-day management and to the Board's Committees;
- ▶ take decisions in those areas for which it is responsible, such as decisions concerning the proposals to be submitted to the General Meeting of Shareholders or the decisions concerning IBA's governance, such as the appointment of the chairman and the vice chairman of the Board of Directors and the composition and responsibilities of the Board's committees.

III.3.2. Reserved matters

The Board of Directors has reserved certain key areas for itself and has delegated the remainder of its powers to its two Managing Directors and Directors or representative. It has not opted to set up a Executive Committee as defined by Belgian Law.

The key areas which the board of directors has reserved for itself are:

- 1.: Matters for which it has exclusive responsibility either by law or under the by laws such as the preparation and approval of the financial statements, the adoption of accounting standards or the convening of the General Meetings of shareholders.
- 2.: Setting the key policies and strategy of the group.
- 3.: Adopting the budget and long term plan.



- 4.: Appointing the Chairman, the Managing Directors and the Secretary and approving the extent of the delegation of powers to the Managing Directors, Directors or representative.
- 5.: Supervising the Managing Directors and where required by law, ratifying of their decisions.
- 6.: Creating the Board Committees, defining their mission, composition and remuneration.
- 7.: Approving major acquisitions, divestitures, Joint Ventures and Investments.
- 8.: Establishing internal Corporate Governance and Compliance rules,
- 9.: Approving the issuance of stock option plans.

III.3. Authority

The Board of Directors has the authority and the obligation to allocate appropriate resources to the exercise of its functions. It has joint responsibility vis-à-vis the Company for the proper exercise of this authority and of these powers.

Provided that they notify the chairman of the Board beforehand, the directors individually have access to independent professional advisers, at the company's reasonable expense, whenever they deem this necessary to perform their responsibilities as directors.

III.4. Composition

III.4.1. Number of directors

The company is administered by a Board of Directors comprised of at least three members and at most twelve members, appointed by the General Meeting for a renewable term of no more than six years.

III.4.2. Board of Director's eligibility criteria

When it proposes candidacies to the General Meeting of Shareholders, IBA's Board of Directors applies the following principles:

- (a) the balances stipulated in the Articles of Association and described in greater detail below in point III.5 must be maintained;
- (b) the names of the potential directors must be proposed based on their knowledge and/or personal experience, such that the Board will have the necessary expertise and qualifications to assume his responsibilities;
- (c) any director must have enough free time available to perform his obligations as director.

III.5. Appointments and balances

The composition of the Board of Directors must at all times reflect the following balances: at least one-third of the Board of Directors must be independent directors and at least one-third of its

members must be directors elected on a proposal by the director(s) responsible for day-to-day management (“internal directors”).

III.5.1. Internal directors:

The proposals for the appointments of internal directors are presented by the directors responsible for day-to-day management. Said directors communicate to the Board of Directors the names of the candidates to the positions of internal director, to be submitted to the General Meeting.

III.5.2. Independent directors:

“Independent director” means a director chosen for his experience, his understanding and his personality, and who satisfies the conditions required by Article 524, paragraph 4, of the Company Code (see Appendix 2).

The company has also decided to apply the independence criteria contained in the Code, subject, however, to the following comment and exception (see Appendix 2):

- ▶ terms such as “significant business relationship” and “significant links” must reflect the characteristics of the Belgian socioeconomic system and must be interpreted with a certain degree of flexibility and reason;
- ▶ The Company does not wish to apply the criteria stipulating that the independent director cannot have held more than three non-executive terms in the Company that it deems unjustified and, moreover, does not take into account the length of the terms of office in question.

The proposed appointments of independent directors are presented by the Nomination Committee formed within the Board of Directors.

III.5.3. Other directors

The other directors are appointed freely by the General Meeting. However, it is understood that, among these other directors, no more than two of them may be linked, directly or indirectly, to the same shareholder, or to a company or person linked to it.

Nothing prevent some of these other directors also satisfying all or most of the independence criteria.

In addition, under no circumstances may more than one-third of the members of the Board of Directors be directly or indirectly linked to a shareholder or to a company or a person linked thereto (pursuant to Article 11 of the Company Code) if this shareholder:



- (i) is directly or indirectly engaged in activities in one or more activity sectors in which the company or one of its subsidiaries is/are also active;
- (ii) holds more than forty per cent (40%) of the shares accompanied by the right to vote issued by the company.

The following are considered as directly or indirectly linked to a shareholder: any director, whether natural person or legal entity,

- (a) who, during the five years preceding his appointment, is or was part of the management or employee of this shareholder or a company linked to it;
- (b) who has with this shareholder or a company or a person linked to it or with a person referred to in (a) a business relationship, a shareholder relationship, or a kinship relationship that could affect the conditions in which he exercises his director's position; or
- (c) who has been appointed on a proposal of this shareholder.

Proposals of appointments of the other directors are also presented by the Nomination Committee formed within the Board of Directors.

III.5.4. Common provisions

All proposed appointments of directors submitted to the General Meeting must indicate if the proposed person should be considered an independent director, an internal director or another director.

The effects of the resignation, dismissal or expiry of the term of office of a director are suspended as long as they would disturb the balances described above. Accordingly, any director who resigns or who is dismissed or whose term of office expires shall continue, if applicable, the exercise of this term of office until these balances are re-established. The Board of Directors may temporarily fill vacancies of director positions, provided that it keeps to the aforementioned balances and proposal procedures.

The Board of Directors submits to the shareholders its proposals for the appointment or re-election of directors, supported, if applicable, by a recommendation from the Nomination Committee as regards independent directors and other directors.

The directors are authorized to sit on the Boards of Directors of other companies and to take other commitments, provided that these do not create any conflict of interest and do not impede the director's ability to assume his obligations as a member of IBA's Board of Directors.

The General Meetings of the Shareholders appoint directors of their choice based on a majority of the votes cast. Similarly, they may dismiss a director prior to the normal expiry date of said director's term of office, based on a majority of the votes cast.



The Board of Directors manages the appointment and re-election process within the framework of an overall, methodical succession plan, the purpose of which is to maintain an optimal level of experience and expertise at the Company and on its Board of Directors.

III.6. Performance evaluation

The Board of Directors examines and evaluates on a regular basis its own performance, as well as the efficacy of IBA's governance structure, including the number, role and responsibilities of the various committees of the Board of Directors. In most cases the performance of the individual directors is not evaluated, other than in the case of a re-election procedure.

However, the performance of the Managing directors is evaluated specifically and in their absence, without, however, the need to hold a specific session of the Board solely to address this issue.

III.7. Terms of office

Pursuant to the Articles of Association the term of office is 6 years at most. However, the current terms of office usually cover periods from 1 year for the new directors to 4 years for those directors having been re-elected after the first one-year term of office. There is no limit to the renewal of the terms of office of directors, including for the independent directors.

III.8. Age limit

There is no age limit for holding the positions of director. However, in practice, no director is more than 70 years old.

III.9. Remuneration

Among the Managing directors, directors are granted a remuneration the amount of which is determined by the Board. For the time being, the latter consists of an annual fee of EUR 6,000 and EUR 1,000 per session of the Board, one of its Committees, or another meeting at the company to which the member is invited and attends.

The remuneration collected directly or indirectly by the Managing directors is defined overall for both their role on the Board of Directors and directly or indirectly in the Company. This overall remuneration is consistent with market practices and reflects their level of responsibility and the nature of their positions. Total remuneration, both fixed and variable, of the executive directors, is determined by the Remunerations Committee based on the principles approved by the Board.



The overall remunerations paid by IBA to the members of the Board of Directors are published in the Annual Report.

III.10 Chairman

The Board of Directors chooses among its members a chairman and, if applicable, a vice chairman. Save by unanimous decision of the Board, these persons cannot be one of the directors linked to a shareholder who:

- (i) is directly or indirectly engaged in activities in one or more activity sectors in which the company or one of its subsidiaries are also active;
- (ii) holds more than forty percent (40%) of the shares with voting right issued by the company.

In the chairman's absence, his position is taken up by the vice chairman, or, in the latter's absence, by the oldest of the directors.

It is the responsibility of the chairman, with the support of the Board of Director's Committees, if necessary, to assume the leading role in all of the initiatives aimed at ensuring the smooth running of the Board of Directors. In particular, the chairman:

- ▶ monitors the relevancy of IBA's governance with IBA's needs;
- ▶ makes sure that the composition of the Board of Directors is optimal;
- ▶ with the support of the Nomination Committee, initiates and conducts the processes that govern the communication of requirements with respect to the independence, expertise and qualifications of IBA's directors; the appointment or reelection of the members of the Board of Directors and its Committees; the overall evaluation of the effectiveness of the Board of Directors;
- ▶ ensures the quality and effectiveness of the Board of Director's activities:
 - (i) by ensuring that the respective roles and responsibilities of each IBA body are clearly and uniformly understood and complied with;
 - (ii) by managing the timetable of the Board of Director's meetings and by making sure that the members attend the meetings;
 - (iii) by preparing the generic agenda of the Board of Directors containing the subjects to be discussed over the year, and establishing each Meeting's agenda, while indicating for each point whether or not it will be submitted to the Board of Directors for information, discussion, approval or decision;
 - (iv) by preparing, chairing and leading the Meetings of the Board of Directors. The chairman is consulted on any proposal to be submitted to the Board of Directors. He shall have written documents distributed on a timely basis, in order to allow all of the recipients to have the time to study them. He shall also see to it that all of the documents submitted to the Board of Director's members contain relevant and concise information. He shall see to it that priority is given to those points that require a decision and shall

make sure that time is managed as effectively as possible and allocated on a point-by-point basis;

(v) by supervising and ensuring the quality of the ongoing interaction and dialogue at the Board of Directors. The chairman shall see to it that the Board of Directors is informed on a continuing basis of the key issues concerning IBA's strategy, activities and financial situation, including competitive developments. He shall take any initiatives to promote the creation and development of an atmosphere of respect, trust and sincerity on the Board of Directors, in general, and between the Directors and Managing directors, in particular. He shall see to it that the directors' comments are short and to the point;

(vi) by seeing to it that the new directors receive a training program tailored to their individual needs, while making sure that individual training needs are identified and adequately satisfied;

- ▶ chairs and ensures the smooth running of the General Meetings of the Shareholders.

III.11. Meetings – meeting Notices – deliberations

The Board of Directors shall meet whenever required by the company's interests and whenever at least two directors so request.

It is convened by the chairman.

The Board of Directors shall meet at least four times a year.

The timetable of the Board of Director's meetings can be summarized as follows:

- ▶ March
 - Approval of the annual accounts and press release
 - Evaluation of the performances, report from the RC
- ▶ April
 - Formal approval of the statutory and consolidated accounts
 - Evaluation of the Board's functioning
 - Report on Corporate Governance
- ▶ May
 - Monitoring of investments
- ▶ June
 - Strategic day
 - Analysis of risks
- ▶ September
 - Approval of mid-year accounts
 - Analysis of Research and Development Plans
- ▶ December
 - Approval of the following year's budgets
 - Fixing of objectives
 - Benchmarking



In general, the subjects are presented to the Board of Directors by the CEO or his assistant, at the CEO's discretion.

The members' presence at meetings is deemed critical. However, the Board is of the opinion that the Code's recommendation to present a report in the annual report on the number of meetings attended by each of the members is not relevant or useful information for the shareholders.

The Board of Directors may only take its decisions if the majority of its members are present or represented. Its decisions are taken based on a majority of the voters. In the event of a tie, the chairman's vote shall be casting.

Any director may participate in the Board's deliberations by conference call or by any other technical means that allows for effective deliberation between the Board's members. In exceptional circumstances, duly justified by urgency and the company's interests, the Board of Directors' decisions may be taken by unanimous consent of the directors, expressed in writing.

Any director may give in writing, by e-mail, telegram or fax, to one of his colleagues, authorization to represent him at a specific meeting of the Board and to vote at said meeting in his name. If a legal entity is appointed director it shall designate a representative through whom it shall perform the tasks of director, in accordance with Article 61 of the Company Code.

Without prejudice to the Company Code's more restrictive provisions, the directors shall refrain from participating in any deliberations of the Board concerning a decision or transaction in which the shareholder to whom they are linked has a direct or indirect interest, or that may give rise to a direct or indirect economic advantage to this shareholder.

The Board of Directors has the power to engage in all acts necessary or useful to the realization of the business object, with the exception of those reserved for the General Meeting by the law or the Articles of Association.

III.12. Board of Director's Committees.

In order to perform its role and fulfill its responsibilities effectively, the Board of Directors has set up a Nomination Committee, a Remuneration Committee and an Audit Committee. The existence of these Committees does not affect the Board of Director's ability to set up, if appropriate, other ad hoc committees to address specific problems.

The Board's Committees are addressed in greater detail in part IV.

III.13. Company secretary



The Board of Directors shall designate a secretary of the Company. Said person shall assist and advise the Board of Directors, the chairman of the Board of Directors, the chairmen of the Board of Director's Committees, and all of the directors in the exercise of their roles and their obligations.

The secretary's essential responsibilities are (i) to see to it that IBA's bodies comply with laws, the Articles of Association and rules and internal procedures, in particular those referred to in this IBA Corporate Governance Charter, (ii) to report to the Board on compliance with point (i) if requested, (iii) to organize General Meetings of the Shareholders and (iv) to act as secretary of IBA's Board of Directors and its committees, if requested by their chairman. The Company secretary is responsible vis-à-vis the Board of Directors, to whom he reports, via Managing directors and the chairman.

III.14. Rules of Conduct

III.14.1. Applicability of IBA's general principles of conduct

Each IBA director must adhere to the principles of integrity and ethics, which also apply to IBA's management and to all of its employees.

Each director must:

- only pursue the general objectives of IBA's Board of Directors
- maintain, in all circumstances, his independence of judgment, decision and action, and
- clearly express his concern, and, if appropriate, officially express his opposition if he deems that a proposal submitted to the Board of Directors is inconsistent with IBA's interests.

III.14.2. Conflicts of interest

All directors must avoid any action, position or taking of an interest that would conflict with or that could appear to conflict with IBA's interests. They shall immediately inform the chairman of any possibility of the occurrence of a conflict of interest. They shall refrain from any discussion or decision on the Board of Directors concerning their personal, commercial or professional interests, in compliance with applicable laws.

III.14.3. Confidentiality obligation

In order to facilitate open discussions in the meetings of both the Board of Directors and the Committees, the directors undertake to preserve the confidentiality of information and deliberations in compliance with applicable laws.

Information received may only be used for the tasks required by the director's office. Naturally, this provision does not prevent a director from reporting to the shareholder whom he represents.



Appendix 1 : Expertise profile of IBA Board of Directors

The members of the Board of Directors come from different professional backgrounds and combine a wide variety of experience and expertise with a reputation for integrity.

In order to fulfill all of its responsibilities, the Board of Directors, overall, must also have the essential areas of expertise referred to below. Each member's name is put forward based on his potential contribution in terms of knowledge, experience and expertise in one or more areas, without distinction as to gender or racial origin and in accordance with the needs of the Board of Directors at the time of the appointment:

- ▶ **Leadership qualities:** expertise and the ability to come up with and refine a strategic vision via the conceptualization of fundamental trends, and encouragement of positive, high-quality dialogue, commitment and perseverance while nevertheless having a critical but constructive mindset with respect to the group's established procedures and vision.
- ▶ **Knowledge of applications and markets** in which the company is active
- ▶ **Knowledge of technologies** useful to the company
- ▶ **Management and organization:** successful experience in managing a company of a certain size active on both domestic and international markets;
- ▶ **Accounting:** including being used to reading and interpreting financial statements, having knowledge of international accounting standards as well as knowledge of accounting and consolidation techniques and procedures.

Appendix 2: Independence criteria of IBA's Board of Directors

The company's Articles of Association refer to Article 524 §4 of the Company Code.

"Pursuant to paragraph 2.1, independent directors must satisfy at least the following criteria:

1° during a period of two years preceding the appointment, they must not have held a position of internal director, manager, member of a Management Committee, or day-to-day manager, either with the company or with a company linked thereto pursuant to Article 11. This condition does not apply to an extension of the independent director's term of office;

2° they cannot have, whether at the company or at a linked company or a person linked thereto, pursuant to Article 11, a spouse or a person with whom they share legal residence, nor may they have parents or 2nd degree relatives acting as internal director, manager, member of the Management Committee, day-to-day manager or having a financial interest as referred to in 3°;

3° a) they cannot hold any company right representing one-tenth or more of the capital, partnership capital or a category of shares of the company;

b) if they hold company rights that represent less than 10%:

- ▶ by adding rights in the company to those held in the same company by companies whose independent director has control, these rights in the company cannot account for one-tenth of the capital, partnership capital or a category of the company's shares; or
- ▶ legal instruments of disposal of the shares or the exercise of the related rights cannot be subjected to contractual stipulations or to unilateral commitments made by the independent director;

4° they must not have any relationship with a company that could call into question their independence.

The appointment statement will mention the grounds on the basis of which the person is made an independent director”.

In addition, subject to the comments contained above in point III.5, the company also adheres to the following additional conditions, which were introduced by the Code:

- ▶ The person cannot be an executive director or managing director of the company or of a linked company and cannot have held this position during one of the three previous years,
- ▶ The person cannot be an employee of the company or of a linked company and must not have held this position during one of the three previous years,
- ▶ The person must not receive or must not have received significant additional remuneration from the company or from a linked company, with the exception of the remuneration received as non-executive director,
- ▶ The person must not be a controlling shareholder or hold more than 10% of the shares, nor be a director or executive manager of said shareholder,
- ▶ During the last year, the person must not have and must not have had a significant business relationship with the company or a linked company, directly or as partner, shareholder, director or executive of an entity having this type of relationship,
- ▶ During one of the past three years, the person must not be or must not have been a partner or an employee of the current or previous auditor of the company or of a linked company,
- ▶ The person must not be an executive director or managing director of another company in which an executive director or managing director of the company is non-executive or managing director and must not have other significant links with the company's executive directors as a result of commitments in other companies or entities;
- ▶ The person must not be a close relative of an executive director or a managing director or of persons in the aforementioned situations.

If the Board of Directors is of the opinion that a director is independent despite the existence of these relationships or circumstances, it must provide the grounds for this opinion. As a reminder, the Board of Directors deems that, in itself, a long term in office does not necessarily compromise the independence of the directors.

PART IV: THE COMMITTEES OF IBA'S BOARD OF DIRECTORS



IV.1. Rules common to all of the Board of Director's Committees

IV.1.1. Role, Responsibilities and Authority

The Board of Director's Committees perform an advisory function to the Board. They assist the Board of Directors in specific areas that they handle, in the necessary detail, and send recommendations to the Board.

If delegated by the Board and as a derogation to the Code, they may also have decision-making power. However, this power is strictly limited to the terms of the delegation granted.

The Board of Directors determines the roles and responsibilities of each Committee and describes them in Rules. The Committees review their Rules on a regular basis, at their own initiative or at the initiative of the Board of Directors, and they may propose changes to the Board of Directors.

Each Committee is authorized and required to assign to the exercise of its responsibilities the appropriate resources (notably, to choose, appoint or dismiss any external advisor). It reports to the Board of Directors on the correct use of its powers.

The Committees present to the Board of Directors a report of each of their meetings, with their conclusions and their recommendations.

IV.1.2. Composition

The Committees are usually comprised of 3 directors.

The Board of Directors appoints the chairman and members of each Committee. As a rule, it reviews on a regular basis the composition of all of the Board of Director's Committees. It may also review it at the expiry of a director's term of office, even if said director has been proposed for reelection.

The designation of the Committees' members is based on (i) their specific expertise and experience, in addition to the general expertise required of IBA directors and on (ii) the requirements with respect to collective expertise and experience, for each Committee, necessary to the accomplishment of its responsibilities.

The chairman of the Board of Directors is a member of the Nomination Committee and the Remuneration Committee, which he chairs. The chairman of the Board of Directors is not a member of the Audit Committee but has a permanent invitation to attend the Audit Committee's meetings.



The CEO is always invited to all of the meetings of the Committees of which he is not a member, except in the case of Remuneration Committee meetings held to take a decision on his remuneration.

Each Committee evaluates its performance at least once a year and reports on it to the Board of Directors. At that time, it also reviews the required areas of expertise, possible areas for improvement and the actions to be undertaken.

IV.1.3. Chairman

It is the responsibility of the chairman of each Board of Director's Committee, supported by the chairman of the Board of Directors and, where indicated, by the CEO, to see to it that the Committee (i) understands its role and its responsibilities, (ii) has the internal and external information and support necessary to the proper execution of its tasks and (iii) performs its duties in accordance with these common Rules and with the Committee's Rules.

IV.1.4. Meetings

The rules that govern the Board of Director's meetings also apply to the Committee's meetings, subject to the following reservations:

- ▶ the Committee's members cannot participate in a meeting by conference call or by other means of telecommunication, unless they receive authorization to do so from the Committee's chairman;
- ▶ in order for the deliberations to be valid, at least one-half of the Committee's members must be present in person;
- ▶ any member of a Committee may be represented by another member of the Committee subject to a signed power of attorney sent by mail or by fax. No member of a Committee may hold more than one power of attorney;
- ▶ the Committees' decisions are taken based on a simple majority;
- ▶ each meeting of the Committee is covered by meeting minutes.

IV.2. Nomination Committee (NC) Rules.

IV.2.1. Role and composition

A Nomination Committee, foreseen by the Articles of Association, is formed within the Board of Directors and is in charge of appointing non-internal directors. Pursuant to the Articles of Association, this Committee is comprised of five members, including the chairman of the Board of Directors and at least two independent directors.

The NC is chaired by the chairman of the Board of Directors. Its members are appointed by the Board of Directors on a proposal by the chairman, after any consultations it deems useful. If the



CEO is not a member of the Committee the chairman shall invite the CEO to attend the NC's meetings.

At the initiative of the independent directors, who are forming a majority, and after deliberation, the NC shall communicate to the Board of Directors the names of the candidates to the positions of independent directors (except of internal director) to be submitted to the General Meeting.

The NC is also responsible for assisting IBA's Board of Directors in all matters concerning the group's governance on which the Board of Directors or the chairman of the Board of Directors wishes to receive the Committee's opinion.

IV.2.2. Responsibilities

The NC

- ▶ reviews on a regular basis the principles and criteria of independence, expertise and qualification that govern the selection and the appointment of independent directors and the expertise and qualifications of the other directors and may possibly recommend changes to the Board of Directors;
- ▶ initiates and conducts the process of appointing or re-electing non-internal directors (i.e. independent directors and other directors) by sending a recommendation to the Board of Directors, which then approves the appointment or re-election proposals to be submitted to the General Meeting of the Shareholders for a decision;
- ▶ manages the process of re-electing the chairman and the chairman's succession, in accordance with a procedure that it determines in consultation with the chairman;
- ▶ draws up the CEO succession plan;
- ▶ carries out the tasks, if any, concerning IBA's governance, requested of it by the Board of Directors or by the chairman of the Board of Directors.

IV.2.3. Meetings

In principle, the NC meets twice a year. Other meetings are convened if necessary, either at the request of the chairman, or at the request of a member of the NC or the CEO after consultation with the Chairman.

The common Rules applicable to all IBA Board of Director's committees, as indicated above, apply in full to the NC.

The timetable of NC meetings may be summarized as follows:

- ▶ November: Analysis of the following year's expected vacancies and action plan
- ▶ February: Formulation of a proposal for new appointments



IV.3 Remuneration Committee (RC) Rules

IV.3.1. Role and composition

A Remuneration Committee is formed within the Board of Directors and is responsible for the directors' remuneration. This Committee is comprised of three members, at least a majority of whom must be independent directors.

The RC is chaired by the chairman of the Board of Directors. Its members are appointed by the Board of Directors based on a proposal by the chairman, after any consultations it deems useful. The CEO is always invited to its meetings, except for any agenda points concerning the remuneration of the managing directors.

The RC is also responsible for assisting IBA's Board of Directors in all matters concerning the group's governance on which the Board of Directors or the chairman of the Board of Directors wishes to receive the Committee's opinion.

IV.3.2. Responsibilities

The RC has the following powers:

- ▶ **Decision:** The RC has received from the Board of Directors a delegation of power in order to take decisions on
 - (i) the CEOs objectives
 - (ii) the variable remunerations due to Managing directors, directly or indirectly, based on the principles approved by the Board and
 - (iii) the allocations to the beneficiaries of stock-option plans based on the number of stock options whose issuance is approved by the Board of Directors within the authorized capital.
- ▶ **Recommendation :** The RC makes recommendations to the Board concerning the remuneration paid to the other directors, as well as for the definition of the remuneration policy applicable to the Managing directors.
- ▶ **Information :** The RC is informed of the basic remuneration policy adopted by the managing director and Chief Executive Officer for the members of its management.
- ▶ In general, the Remuneration Committee sees to it that remunerations are fixed based on market practices, as established by studies carried out by specialized firms.

- ▶ Others: The RC performs any tasks concerning IBA's governance requested of it by the Board of Directors or by the chairman of the Board of Directors.

IV.3.3. Meetings

The RC meets at least three times a year. Other meetings will be convened if necessary, at the request of the chairman, or the request of a member of the RC or the CEO after consulting with the chairman.

The common rules applicable to all of the Committees of IBA's Board of Directors, as indicated above, apply in full to the RC.

The timetable of RC meetings may be summarized as follows: -

- ▶ February: Evaluation of the previous year's performance
- ▶ September: Preparation of any stock option plans
Review of the succession plans
- ▶ November: The following year's incentive plans

IV.4 Audit Committee (AC) Rules

IV.4.1. Role

The Audit Committee is part of the Board of Directors and sees to it that the latter receives appropriate, accurate information on a timely, regular basis, thereby enabling it to understand the company's operational and financial developments, as well as the main problems the company is facing.

The Audit Committee assists the Board in fulfilling its responsibilities with respect to monitoring the financial reporting process, the internal audit system, the financial reporting, the audit process and the processes aimed at ensuring compliance with laws and regulations and any rules or code of conduct in effect within the company.

IV.4.2. Composition

The Audit Committee is comprised of three members of the Board of Directors, appointed by the latter. Its chairman is appointed by the Board and must be an independent director.

None of the members of the AC will be Managing directors and each member will have sufficient knowledge of the accounting and financial practices, subject to the Board's approval. At least one-half of the Committee's members, including the chairman, must be independent directors, in accordance with the Code's recommendations. However, for the time being, the company is unable to fulfill this obligation and only the chairman of the Audit Committee is an independent director. Of the two other members, one is another director and the other is an internal director.

The AC's members are elected for a period of three years (renewable). The Board may at any time relieve members of their position, but with the positive vote of the independent director(s) who is (are) not part of the Committee.

IV.4.3. Responsibilities

The AC wishes to stress that the financial department and the external auditors have more time, knowledge and detailed information of the company than the Committee's members themselves do. As a result, in order to fulfill its audit responsibilities, the Committee does not provide any special expertise or assurance concerning the company's financial status or any certification concerning external audit missions. It is the responsibility of management and the Auditor to determine that the company's financial statements are exhaustive, accurate and consistent with IFRS. The committee's missions include:

Financial statements

- ▶ Auditing the company's assets at least once a year, in order to make sure that these assets are estimated correctly. However, working capital and cash flow position must be audited every quarter or more frequently, as the AC sees fit.
- ▶ See to it that "(a) the company's assets are reported on a timely basis and adequately, and (b) that these assets are used with care, in accordance with the strategic objectives approved by the Board and (c) that management has introduced rules of conduct and adequate systems to protect all of the company's assets.
- ▶ Analyze the main information accounting and communications problems and understand their impact on the financial position.
- ▶ Analyze, together with the department's management and the Auditor, the audit's nature, scope and results, including the problems encountered on all of the points that need to be communicated to the Committee, in accordance with customary revision standards.
- ▶ Analyze periodic and annual reports and financial statements and evaluate their exhaustiveness and their consistency with information in the possession of the Committee's members, and see to it that they reflect appropriate accounting principles.
- ▶ Audit the other sections of the annual report and the submissions of regulatory files prior to their publication and evaluate the accuracy and exhaustiveness of the information.

Internal control

- ▶ Evaluate the effectiveness of the company's internal control of the annual and periodic communication of financial information.
- ▶ Understand the scope of application of the revision carried out by the internal and external auditors with respect to the communication of financial information and obtain reports concerning important notes and recommendations, as well as reactions by management.

- ▶ See to it that management has introduced adequate rules and systems for (a) the process of communicating financial information, the system for internal auditing of financial communication, the audit process and the auditing of compliance with laws and regulations and with any internal regulations or code of conduct in effect and (b) protect the company's reputation and integrity and preserve the quality of its relationships with its suppliers, clients, employees and shareholders.
- ▶ However, with respect to this mission, the company is of the opinion that it does not have the sufficient critical size to justify a specific internal audit position.

External audit

- ▶ Monitoring the scope of application and the audit approach proposed by the Auditor.
- ▶ Analyze the Auditor's performance and grant final approval concerning the designation or discharge of the Auditor's responsibility.
- ▶ Check and confirm the Auditor's independence by obtaining the Auditor's report concerning the existing relationship between the auditors and the company, including departments other than the Audit Department, and address this relationship with the Auditor.
- ▶ Meet with the Auditor separately, on a regular basis, so as to address each point that the Committee or the Auditor feel should be addressed privately.

Conformity

- ▶ Check the effectiveness of the system of monitoring compliance with laws and regulations and the results of investigations carried out by management and monitor any nonconformities.
- ▶ Analyze the reports of any examination carried out by regulatory entities and all of the comments made by the Auditor.
- ▶ Check procedures for handling complaints and information received by anonymous denunciations concerning doubtful accounting and audit matters.
- ▶ Check on the audit of procedures for communicating any internal rules or code of conduct applicable to the company's employees and the procedures for ensuring compliance with these rules and codes.
- ▶ Obtain regular reports from the company's management and legal adviser concerning problems of conformity.

Reporting

- ▶ Report to the Board on a regular basis on activities, problems and related recommendations handled by the Committee with respect to financial, strategic and operational matters.
- ▶ Promote open communication between management, the Auditor and the Board.



- ▶ Draw up annual reports for the shareholders describing the Committee's composition and responsibilities and the manner in which they are executed, as well as any information required by applicable rules.
- ▶ Check any report issued by the company and connected with the Committee's responsibilities.

Other responsibilities

- ▶ Engage in any other activity linked to this Charter, as required by the Board.
- ▶ Initiate and check any necessary special surveys.
- ▶ Check and evaluate annually the Committee's charter and request the Board's approval for the proposed modifications.

Typical schedule of the AC

- ▶ March: Approval of the annual accounts and press release.
Auditors' report on their year-end audit.
- ▶ May: Discussion with the Auditor concerning its Management Letter.
Identification of relevant actions to be undertaken.
Analysis of risk management at the company.
- ▶ September: Analysis of the mid-year accounts.
- ▶ December: Examination of the draft Budget.
Approval of the Auditor's audit and non-audit fees.
Reporting and management of risks

IV.4.4. Meetings

The AC meets at least four times a year and is authorized to organize additional meetings if required by the circumstances. All of the Committee's members are required to attend each meeting, in person or by teleconference or videoconference.

The CEO and the chairman are always invited to the AC's meetings. The Committee may ask the COO, CFO or other members of management or of the company's subsidiaries to attend the Committee's meetings if necessary or desirable, but without the right to vote, or may invite them to provide relevant information, if appropriate. The Committee shall meet at least once a year in the presence of the auditor and in the absence of any Managing director or director member of the company.

The Committee shall have access to all of the information concerning the company that it deems necessary to carry out its responsibilities. The Committee is authorized to carry out or to authorize surveys on any subject, within the limits of its responsibilities. The Committee is



authorized to make use of the services of an adviser, accountants or other external personnel to advise the Committee or to assist it in carrying out a survey, if done in a reasonable manner.

The meetings' agendas will be prepared and submitted in advance to the members by the Chairman, as will the appropriate briefing material. At the end of each of its meetings, the Committee will draw up minutes, accompanied by succinct comments, which it will report to the Board at its next meeting.

The common rules applicable to all of the Committees of IBA's Board of Directors, as referred to above, apply in full to the AC.

PART V: IBA'S DAY-TO-DAY ADMINISTRATION AND MANAGEMENT

V.I. Introduction

Management's role consists of developing the company based on the values, strategies, policies, plans and budgets approved by the Board of Directors.

In performing this role, management is responsible for compliance with all current laws and regulations and, in particular, for keeping to the legal and regulatory framework that applies to each IBA company.

In accordance with the Articles of Association, the Board of Directors may delegate the day-to-day management as well as the Company's representation with respect to this management to one or more Board members or to one or more directors or employees. It appoints and dismisses the delegates to this management, who need not be members of the Board of Directors, and it fixes their remuneration and determines their powers.

The Board of Directors has delegated this day-to-day management and the Company's representation with respect to this management to two internal directors, who are also managing directors of IBA S.A.: Messrs Pierre Mottet, Chief Executive Officer and Yves Jongen, Chief Research Officer. Mr. Pierre Mottet is more specifically responsible for executing strategy and day-to-day management.

IBA's management at the highest level is personalized by its two managing directors, and in particular one of them who is the company's CEO.

Within the framework of this management, the day-to-day management representatives may also grant special, defined powers to one or more persons of their choice.

The Board of Directors has determined the CEO's responsibilities and powers in these Rules and in accordance with the Articles of Association.



V.2. The Chief Executive Officer (CEO)

V.2.1. Responsibilities

The CEO's responsibilities are as follows:

- ▶ he is IBA's highest ranking manager. Accordingly:
- ▶ he personifies and communicates clearly IBA's values. For example, he sets the tone and through his behavior he inspires the conduct of IBA's managers and each of the IBA members;
- ▶ he reviews, defines and submits to the Board of Directors proposals and strategic choices that could contribute to IBA's growth;
- ▶ he implements the Board of Director's decisions;
- ▶ he appoints, dismisses, chairs, organizes and leads the managers of the company's various businesses. To these persons:
 - (i) he gives direction and provides support and advice in the execution of their individual responsibilities;
 - (ii) he fixes the objectives, evaluates their performance and determines their remuneration;
- ▶ he is IBA's main spokesperson vis-à-vis the outside world.
- ▶ he contributes actively to the exercise, by the Board of Directors and the chairman, of their responsibilities. Accordingly:
 - ▶ he maintains ongoing interaction and dialogue with the Board of Directors in an atmosphere of respect, trust and sincerity;
 - ▶ he submits to the Board of Directors or to its Committees proposals concerning matters reserved for the Board of Directors;
 - ▶ he provides the Board of Directors with information that is useful to the successful exercise of its powers;
 - ▶ he has regular contacts with the chairman, whom he involves in strategic initiatives;
 - ▶ together with the chairman he examines any issue, and specifically, files to be included on the agenda of the meetings of the Board of Directors and its Committees.
- ▶ He is responsible for the group's day-to-day management and exercises all other powers that the Board of Directors decides to grant him.

V.2.2. Authority

Within the framework of this management, the day-to-day managers may also grant special, defined powers to one or more persons of their choice.

The company is represented in actions, including those involving a civil servant or a legal officer, and in court, by two directors acting jointly, who need not provide proof of a prior decision of the Board of Directors, vis-à-vis third parties. It shall also be duly represented by special representatives within the limits of their office.



V.2.3. Appointment and term of office

The Board of Directors appoints the CEO based on a recommendation from the managing directors.

The office of the managing directors is given for an open-ended term. These offices are revocable *ad nutum* by the members of the Board of Directors.

V.2.4. Remuneration and performance evaluation

The RC decides on the CEO's remuneration, based on a delegation given by the Board of Directors. Each year, the RC determines the CEO's objectives for the coming year and evaluates his performance for the twelve months ended. This evaluation of the CEO's performance is also used to fix the variable portion of his annual remuneration.

The idea of introducing stock option plans and the total number of options is approved by the Board of Directors. The identification of the beneficiaries of the options and the number of options allocated to each of them is determined by the Remuneration Committee.



PART VI : AUDITING OF IBA

IBA operates within a regulatory framework based on its status of public company. The audit is organized based on IBA's legal structure.

As a public company, IBA is subject to the obligations imposed by Euronext Brussels. As an issuer, IBA is also subject, in Belgium, to the supervision of the Banking, Financial and Insurance Commission ("CBFA")

Ernst&Young, represented by Eric Golenvaux, is IBA's Auditor. On May, 10th 2006, the General Meeting of the Shareholders attributed his office for a period of three years.

The Auditor reports directly to the AC. He attends two AC meetings per year. Once each year, he also attends the meeting of the Board of Directors, where the annual financial statements are discussed and approved. In addition, the Auditor may have direct contact with the chairman of the Board of Directors or with the chairman of the AC, outside the formal meetings of the Board of Directors or the AC.

The AC monitors the Auditor's performance and independence on behalf of the Board of Directors. The quality of the Auditor's services is evaluated at least once every three years. With respect to independence, the Auditor is required to comply with local laws and regulations, as well as with the International Audit Standards. The AC evaluates the independence of audit firms and submits its report to the Board of Directors.

IBA's external audit firms are authorized to provide the following services:

Audit services: The purpose of the audit services is to certify that the financial statements faithfully reflect the company's financial situation. They include the following specific elements:

- ▶ an opinion of the auditors on the consolidated annual accounts;
- ▶ an opinion of the auditors on the legal annual accounts of the various companies where required by legislation;
- ▶ an opinion on the mid-year financial statements;
- ▶ in general, any opinion incumbent upon the Auditor pursuant to local laws or regulations.

Services related to the audit: The services related to the audit include services and other work traditionally provided by external audit firms. In general, these lead to a certification or the communication of a specific opinion following an investigation and include the auditing of firms acquired or in the process of being sold, as well as due diligence services; the audit of the financial statements concerning employee benefits plans, or the communication of opinions or audit reports on the information provided by IBA at the request of a third party (prospectus, comfort letter).



Services not covered by the audit: These include tax services and consulting services. In accordance with IBA's policy concerning the independence of external audit firms, these firms cannot provide any service that could impede upon the aforementioned basic principles of independence. As a result, the following categories of services are prohibited:

- a. accounting or any other services associated with the accounting records of financial statements;
- b. services involving the estimation or valuation or the issuance of fairness opinions;
- c. the design and implementation of financial information systems;
- d. actuarial services;
- e. management functions, as well as executive recruitment and human resources services;
- g. brokerage services and investment advisory services or investment banking services;
- h. legal services;
- i. legal audit.

IBA's AC is responsible for the prior approval of all of the audit and other services to be provided by IBA's external auditors.

PART VII : CHARTERS AND CONFLICTS OF INTEREST

IBA has taken measures to ensure compliance with insider trading laws by diffusing to all of its employees (in the large acceptance) and by having each of its directors and each of its senior executives sign an insider trader prevention policy.

IBA has also implement a specific charter for transactions and other contractual relations between the company, linked companies, directors and the members of management not covered by laws concerning conflicts of interest.



PART VIII: SHAREHOLDER STRUCTURE AND SHAREHOLDER AGREEMENTS

On June 30, 2007, the shareholder structure is as follows:

Shareholders IBA sa	30-june-07	
	Nbr of shares	%
Total	25.729.126	100,00%
Belgian Anchorage	5.473.132	21,27%
Belgian Leverage	2.300.000	8,94%
Institut des Radioéléments	878.660	3,42%
Sopartec	612.185	2,38%
Université Catholique de LLN	426.885	1,66%
IBA Investment	29.183	0,11%
Public	16.009.081	62,22%
<i>Together not including public</i>	<i>9.720.045</i>	<i>37,78%</i>
Warrants issued	2.113.140	8,21%

(1) *Belgian Anchorage is a company incorporated and fully held by the management of IBA and several current and former IBA employees.*

(2) *Belgian Leverage is a company fully owned by Belgian Anchorage.*

(3) *IBA Investments is a subsidiary of IBA S.A.*

The largest shareholders of IBA, Belgian Anchorage, UCL, Sopartec and IRE, who declared that they are acting jointly, concluded an agreement that will expire in 2013. Among other things, this shareholders agreement governs the sharing of information and preferential rights on the assignment of IBA shares. The parties to whom this agreement applies held 9,720,045 common shares at June 30, 2007, representing 37.78% of the company's voting rights.

Based on the terms of this agreement, if new IBA shares are issued and if one of the main shareholders does not exercise its preferential subscription right, this right shall be allocated to the other main shareholders (and in the first instance, to Belgian Anchorage SA). If a member of the shareholders agreement wishes to assign its IBA shares, the other parties to the agreement (and in the first instance, Belgian Anchorage SA) shall have a preemption right for the acquisition of these shares. This preemption right is subject to certain exceptions, and does not apply in the case of a transfer of shares to Belgian Anchorage S.A.



The company is unaware of any other relationship or private agreement between the shareholders.