

**Innate Pharma S.A.**

A *Société Anonyme* organized with an Executive Board and a Supervisory Board

with a share capital of 2,867,817.6 euros

composed of 57,356,352 shares with a par value of 0.05 euro each

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**CHARTER  
OF THE SUPERVISORY BOARD**

**Modified on September 15, 2017**

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**Preamble**

The Supervisory Board of Innate Pharma (the “**Company**”), at its meeting held on September 15, 2017, decided to adopt the following internal regulations (the “**Charter**”).

The objectives of the Charter are principally to:

- determine the composition, organization, role and powers of the Supervisory Board, by restating and, when applicable, specifying applicable legal and statutory provisions;
- optimize the effectiveness of the Supervisory Board meetings and deliberations and to serve as a reference for the periodical self-review conducted by the Supervisory Board; and
- more generally, describe the permanent control of the Supervisory Board over the management of the Company by the Executive Board within the framework of the most recent rules that guarantee compliance with the fundamental principles of corporate governance.

Each member of the Board shall individually observe and comply with the Charter.

In the Charter, the expressions “Supervisory Board” or “Board” and “general shareholders’ meeting” designate the Supervisory Board and the general shareholders’ meeting of the Company, respectively.

*The Charter is strictly internal to the Company and is not intended to replace the By-laws but to implement them from a practical point of view; therefore, such rules are not enforceable against third parties. The Charter shall be made available to the Company’s shareholders.*

## **I. COMPOSITION, ORGANISATION AND OPERATION OF THE SUPERVISORY BOARD**

### **ARTICLE 1. COMPOSITION OF THE SUPERVISORY BOARD**

The Supervisory Board is made up of a minimum of three and a maximum of eighteen members, subject to the applicable legal provisions in the event of a merger.

The members of the Supervisory Board are appointed or renewed by the general shareholders' meeting, for two-year terms. There is no limit to the number of terms they can serve.

In the case of a vacancy as a result of the death or resignation of one or several members of the Supervisory Board, the Supervisory Board may, between general shareholders' meetings, make provisional appointments. These appointments are subject to ratification by the next general shareholders' meeting. The member of the Supervisory Board so appointed will remain in office only until the end of his or her predecessor's term.

The members of the Supervisory Board shall be chosen based on their expertise, their diverse experiences, their willingness to be included in the definition and implementation of the strategy of the Company and its subsidiaries, if applicable, and the contribution that they may be able to make to the Supervisory Board.

Proposals for appointments shall be examined in advance by the Compensation and Nominations Committee in accordance with Article 11 of the Charter.

The number of Supervisory Board members, based on natural persons and representatives of legal entities, who are over the age of 70 may not comprise more than one-third of the total number of Supervisory Board members in office.

The Supervisory Board may appoint a Secretary, who is not required to be a member, and will determine the duration of the Secretary's term in office. The Secretary is replaced by a decision by the Supervisory Board.

Moreover, in accordance with Article 23 of the By-laws, the general shareholders' meeting may appoint, at its discretion, one or several observers, who may be individuals or legal entities and are not required to be shareholders, for a term that will expire during the general shareholders' meeting to approve the Company's financial statements for the period ended after the first anniversary of their appointment. An appointment can be renewed indefinitely.

Observers that are legal entities are represented by their legal representatives or by any natural person duly authorized.

Observers are notified of and participate in, with a consultative voice, all Supervisory Board meetings under the same conditions applicable to Supervisory Board members. The observers benefit from the same information as the Supervisory Board members and have the same duties of confidentiality and discretion.

### **ARTICLE 2. INDEPENDENT MEMBERS OF THE SUPERVISORY BOARD**

#### **2.1 NUMBER OF INDEPENDENT MEMBERS OF THE SUPERVISORY BOARD**

At least half of the members shall be designated as independent and shall be free from conflicts of interests with the Company in accordance with Article 2.2 of the Charter.

#### **2.2 DEFINITION AND CRITERIA OF THE INDEPENDENT MEMBERS OF THE SUPERVISORY BOARD**

A member of the Supervisory Board is considered an independent member when:

- he or she has no relationship of any kind whatsoever with the Company, its group or its management that could compromise his or her freedom of judgment, and
- he or she does not represent a shareholder who holds more than 10% of the voting rights of the Company.

Therefore, an independent member must not be or have been in the previous five years:

- an employee or corporate officer<sup>(1)</sup> of the Company;
- an employee, corporate officer or director of a company consolidated by the Company;
- an employee, corporate officer or director of a company of the parent company of the Company or of any company consolidated by such parent company;
- a corporate officer of a company in which the Company is, either directly or indirectly, a director, or in which an employee or a corporate officer of the Company either currently or within the past five years is or was a director; or
- a customer<sup>(2)</sup>, supplier, investment banker or commercial banker:
  - o that is significant to the Company or, if applicable, to one of its subsidiaries; or
  - o for which the Company or one of its subsidiaries represent a significant part of its business.

An independent member must also not:

- have any close family relationship to a corporate officer of the Company or, if applicable, of a subsidiary;
- have been an auditor of the Company or, if applicable, of one of its subsidiaries, or within the past five years;
- have been a member of the Supervisory Board of the Company for more than twelve years (the loss of independent membership occurs on the twelve-year anniversary date); or
- receive or have received a significant remuneration from the Company or from one of its subsidiaries, except for directors' fees, including participation in stock options plan or to any form of performance-linked remuneration scheme.

The Board may consider that a member of the Supervisory Board, even though he or she may meet the criteria above, does not qualify as independent based on his or her and the Company's particular situation in view of its shareholdings or of any other reason.

### **2.3 QUALIFICATION PROCEDURES FOR INDEPENDENT MEMBERS OF THE SUPERVISORY BOARD**

The qualification as "independent" of the members of the Supervisory Board is discussed by the Compensation and Nominations Committee and the Supervisory Board.

The Supervisory Board must inform the shareholders of its conclusions.

If the independence of a member of the Supervisory Board in relation to the Company is modified, he or she must inform the Chairman of the Supervisory Board immediately in writing so that the Chairman can inform the Supervisory Board and the shareholders.

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<sup>1</sup> In this Article 2.2, corporate officers refer to Chairman or members of the Executive Board of companies with a Supervisory Board and an Executive Board, and to the Chairman, executive officers and executive vice presidents of companies with a Board of Directors.

<sup>2</sup> Or be directly or indirectly linked to a customer.

### **ARTICLE 3. MEETINGS AND DECISIONS OF THE SUPERVISORY BOARD**

#### **3.1 MEETINGS OF THE SUPERVISORY BOARD**

The Supervisory Board meets as often as required in the best interest of the Company, and at least four times a year, at the Company's headquarters or in another location specified in the notice. The Supervisory Board hears the report of the Executive Board at least once per quarter.

Supervisory Board meetings are convened by the Chairman or Vice-Chairman of the Supervisory Board by any appropriate means, including by letter, e-mail, fax, or verbally, at least two days before the meeting, except for meetings convened in case of urgency. The agenda of the meeting, all documents (in particular, the drafts of deliberations) shall be enclosed with the notice and sent within the same timeframe, or, in exceptional cases, within a reasonable time prior to the meeting.

The Chairman of the Supervisory Board shall determine the agenda of the meetings of the Supervisory Board. If the Supervisory Board has not met for more than two months, a member of the Executive Board, or members constituting at least one-third of the Supervisory Board, may request that the Chairman convene a Supervisory Board meeting on a specific agenda. The Chairman shall convene a meeting within fifteen days of receiving such a request. In the absence of such convening by the Chairman, these persons may themselves convene a Supervisory Board meeting and set its agenda.

#### **3.2 REPRESENTATION**

A member of the Supervisory Board may authorize another member of the Supervisory Board to represent him or her during a meeting. Such authorization shall be given by any appropriate written means that certifies without ambiguity the decision of the authorizing member. A member cannot represent more than one other member. The Supervisory Board is the sole judge of the validity of the authorization.

The provisions of the previous paragraph are applicable to permanent representatives of a legal entity.

#### **3.3 DELIBERATIONS**

The deliberations of the Supervisory Board are not valid unless at least half of its members are present. Decisions are made by a majority of the votes of the members present or represented, each member having one vote. The Chairman of the Supervisory Board presides over the meetings; however, should the Chairman be unable to attend, the Vice-Chairman shall fulfill these responsibilities in accordance with applicable law. In the event that there is no majority, the Chairman shall cast the deciding vote.

For the purpose of calculating quorum and the majority, members who participate in the Supervisory Board meeting by video-conference or other means of telecommunication permitting their identification and effective participation, are taken into account and considered present. These means shall allow all participants to hear each other and satisfy to technical conditions permitting the continuous and simultaneous broadcasting of deliberations. By "effective participation", it is understood that the technical means used shall permit, in real time, simultaneously and continuously, the transmission of the speech or visual image of the member of the Supervisory Board.

Notwithstanding the above, members of the Supervisory Board who participate in a Supervisory Board meeting by videoconference or telecommunication are not deemed to be present for the purposes of adopting resolutions of the Supervisory Board concerning the verification and control of annual accounts, and the establishment of the Supervisory Board report on the Executive's Board management report. These decisions therefore require that a quorum be established on the basis of the directors who are physically present.

The Supervisory Board may authorize non-members to attend the meetings without having the right to vote.

The duration of the meeting should allow the Supervisory Board, to the best of its ability, to examine and discuss thoroughly the relevant subjects.

#### **3.4 RECORD OF ATTENDANCE**

A record of attendance is signed by the members of the Supervisory Board participating in the meeting.

The Secretary will sign the record of attendance for those members of the Supervisory Board who attend the meeting by videoconference or telecommunication, as they will be unable to sign the record (for themselves and for those members whom they represent). Alternatively, these members can sign the record later.

**ARTICLE 4. MINUTES**

The deliberations of the Supervisory Board are evidenced by the minutes of a meeting signed by the Chairman and at least one member. The minutes are then adopted at the following meeting. To this effect, each member may propose corrections to the minutes prior to their approval.

The minutes indicate the name of all of the members present, excused or absent, according to applicable law. They also include the presence or absence of persons invited to attend the Supervisory Board meeting and the presence of any other person who attended all or part of the meeting.

The minutes state the option for members to take part in the meetings by means of videoconference or telecommunication and the name of each member who participated in the meeting by those means. The minutes also state any technical incidents relating to means of video-conference or telecommunication that may have occurred during the meeting.

Copies or excerpts of the minutes can be validly certified by the Chairman of the Supervisory Board, the Vice-Chairman or a member of the Supervisory Board.

**ARTICLE 5. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD**

**5.1 TOTAL AMOUNT DECIDED BY THE GENERAL SHAREHOLDERS' MEETING**

Members shall receive, as a members' fee, annual remuneration for their services. The total amount of remuneration is determined by the general shareholders' meeting and is applicable until a new decision is made at another meeting.

**5.2 ALLOCATION OF THE MEMBERS' FEE DETERMINED BY THE SUPERVISORY BOARD**

The amount of members' fees determined by the general Shareholder's meeting is allocated by the Supervisory Board upon a proposal by the Compensation and Nominations Committee.

In addition, members may receive additional members' fees for their participation in one of the Committees described in Article 9 of the Charter.

Attendance is one of the criteria for the allocation of members' fees.

Any additional remuneration that may be paid to members of the Supervisory Board as well as members of Committees is also based on attendance.

All members of the Supervisory Board shall be entitled to reimbursement, upon verification, of reasonable travel expenses and all other expenses incurred in attending meetings.

Members of different Committees who are simultaneously members of the Supervisory Board shall also be entitled to reimbursement or expenses incurred in attending meetings of the Supervisory Board.

**5.3 REMUNERATION OF THE CHAIRMAN OF THE SUPERVISORY BOARD**

According to the applicable legal and statutory provisions, the Supervisory Board determines, after consulting the Compensation and Nominations Committee and upon its proposal, the remuneration of the Chairman of the Supervisory Board.

#### **5.4 EXCEPTIONAL REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD**

The Supervisory Board may also allocate exceptional remuneration for special duties or mandates assigned to certain members according to Article 7.2 of the Charter. Such remuneration is subject to the provisions of Article L. 225-86 of the French «Code of Commerce».

#### **5.5 NUMBER OF SHARES TO HOLD**

All members of the Supervisory Board, natural persons, legal entities and permanent representatives of legal entities shall hold at least one share of the Company during his or her entire term. Such share(s) must be held in registered form.

## **II. COMPETENCE AND POWERS OF THE SUPERVISORY BOARD**

### **ARTICLE 6. THE SUPERVISORY BOARD'S INFORMATION**

At any time of year, the Supervisory Board shall conduct the controls and verifications it considers appropriate. The Chairman or the Vice-Chairman must provide each member with all of the documents and information required to carry out his or her duties.

At the time the meeting of the Supervisory Board is convened, members shall be provided with the information that is necessary to the examination of the points to be discussed by the Supervisory Board.

Similarly, the Chairman of each Committee shall provide to the Chairman of the Supervisory Board, prior to the meeting of the Supervisory Board, the report that may have been prepared by his or her respective Committee.

Within the context of its control over the management of the Executive Board and the Supervisory Board shall be informed, by any means, of the financial, cash and liquidity situation of the Company, its commitments as well as of any significant event bearing on the Company.

More generally, the Chairman of the Executive Board shall communicate to the members of the Supervisory Board all significant information concerning the Company.

Specific information requests shall be addressed to the Chairman of the Executive Board, who shall respond to these requests in a timely manner.

All supplementary information requested by a member, as well as the Company's response, shall be made available to all members of the Supervisory Board in order to preserve the equality of information received.

In order to supplement the information provided, members may also meet with the Company's senior managers, outside the presence of the Executive Board members. In this case, the Executive Board must be informed in advance of such a meeting by the Supervisory Board.

### **ARTICLE 7. RESPONSIBILITIES AND POWERS OF THE SUPERVISORY BOARD**

#### **7.1 DEFINITION OF THE RESPONSIBILITIES AND POWERS OF THE SUPERVISORY BOARD**

In accordance with current and applicable law:

The Supervisory Board shall exercise the permanent control of the Company's management over the Executive Board.

At any time of the year, the Supervisory Board shall conduct the controls and verifications it considers appropriate, and shall be provided with all of the documents and information required to carry out its responsibilities.

The Executive Board shall present its report to the Supervisory Board on a quarterly basis.

Within three months from the end of the fiscal year, the Supervisory Board shall verify and approve the Executive Board's management report and annual financial accounts.

At the annual general meeting of shareholders, the Supervisory Board shall present its observations on the Executive Board's management report as well as on the annual financial accounts.

Furthermore, the Supervisory Board has specific responsibility for, notably:

- Authorization of "related-party transactions" as defined by applicable law;
- Cooptation of members of the Supervisory Board;
- Appointment of the members of the Executive Board;
- Determination of the Executive Board members' remuneration as corporate officers of the Company, upon the proposal of the Compensation and Nominations Committee;
- Designation of the Chairman of the Executive Board;
- Allocation of representation power to one or several members of the Executive Board;
- Appointment of Committee members described in Article 9 of the Charter;
- Allocation of members' fees;
- Authorization of securities, sureties and warranties;
- Transfer of the registered office to French territory, subject to the ratification by the general meeting of shareholders;
- Approval of the report of the Chairman of the Supervisory Board on the Board's composition and application of the principle of equal representation of women and men on the Board, on the conditions for the preparation and organization of the work of the Board and on the internal control and risk management procedures implemented by the Company; and
- Annual deliberation on the Company's policy on professional and wage equality.

## **7.2 POSSIBILITY TO ASSIGN A SPECIFIC TASK TO A MEMBER OF THE SUPERVISORY BOARD**

When the Supervisory Board decides to assign a specific task to one or several members or to one or several third parties, the Supervisory Board shall determine the principal characteristics of the task being assigned. When the persons being assigned a specific task are members of the Supervisory Board, they do not take part in the vote.

On the basis of this deliberation, the Chairman of the Supervisory Board shall propose a draft engagement letter that:

- Defines the precise purpose of the task;
- Determines, if applicable, the nature of the report that shall be produced following completion of the task;
- Determines the length of the assignment;
- Determines, if applicable, the remuneration due to the assignee, as well as the conditions of payment;
- Predetermines, if applicable, a ceiling on the amount of reimbursement paid to the assignee for reasonable travel and other expenses incurred in achievement of the task.

The Chairman of the Supervisory Board submits, in such case, the draft engagement letter for the review of the Compensation and Nominations Committee, as well as to other Committees, if applicable, and provides to the Chairmen of such Committees the signed engagement letter.

The Supervisory Board shall then reach a decision regarding the engagement letter, subject to the provisions of Article L. 225-86 of the French Commercial Code.

The Chairman of the Supervisory Board shall communicate the report produced following completion of the task.

#### **ARTICLE 8. CHAIRMAN OF THE SUPERVISORY BOARD**

The Chairman of the Supervisory Board shall organize and conduct the Supervisory Board's activities and provide a report on its activities to the general shareholders' meeting. He or she oversees the proper functioning of the Company's bodies and ensures, in particular, that the members are in a position to fulfill their duties and responsibilities.

The Chairman of the Supervisory Board shall, in a report attached to the annual management report, report on the composition of the Board and the application of the principle of equal representation of women and men on the Board, the conditions for the preparation and organization of work of the Board as well as the internal control and risk management procedures put in place by the Company.

The Chairman is appointed for a time which cannot exceed that of his or her term as a member. He or she may be reelected.

The maximum age allowed for the Chairman of the Supervisory Board is 70.

If the Chairman exceeds this age limit, he or she is automatically considered to have resigned from his or her position. He or she will remain in office until the first meeting of the Supervisory Board following the date on which he or she exceeds his or her age limit.

In the case of temporary impediment or death of the Chairman of the Supervisory Board, the Supervisory Board shall designate a member of the Board to take on the responsibilities of the Chairman. In the case of temporary impediment, this designation is made for a limited time and is renewable. In the case of death, this designation is valid until the election of the new Chairman of the Supervisory Board.

### **III. COMMITTEES**

#### **ARTICLE 9. COMMITTEES – GENERAL PROVISIONS**

The Supervisory Board may create, on an ad hoc or on a permanent basis, one or several specialized Committees (the "Committee(s)") and shall define their composition, attributions and responsibilities and shall appoint the members of these Committees. The Supervisory Board may not delegate powers to a Committee that are allocated to the Supervisory Board by law or in the Company's By-laws. These Committees serve a purely internal purpose for the Company and do not have any authority.

The current permanent Committees are the following:

- Audit Committee;
- Compensation and Nominations Committee; and
- Transactions Committee.

Moreover, since 2000, the company has set up a Scientific Advisory Board, comprised of external consultants.

Each Committee reports on its activities to the Supervisory Board.

## **Unofficial Translation for informational purpose only**

The Committees have a strictly consultative role. The Supervisory Board autonomously reviews the conclusions presented by the Committees. Each Supervisory Board member may vote independently of the studies, investigations or reports of the Committees or of their eventual recommendations.

Each Committee shall be comprised of at least two members and at most five members. These members are appointed on a personal basis and may not be represented.

The Committees are exclusively comprised of Supervisory Board members.

The term of office of Committee members coincides with that of their term of office as Supervisory Board members. The term of office of a Committee member may be renewed at the same time as that of a Supervisory Board member.

The composition of these Committees may be modified at any time upon decision of the Supervisory Board.

Committee meetings are held at the Company's registered offices or any other location designated by the Chairman of the Committee. However, Committee meetings may be held, if necessary, by telecommunication or videoconference. A Committee meeting may be held only upon the participation of at least half of its members, including participation by telecommunication or videoconference (in compliance with the second paragraph of Article 3.3).

The Chairman of each Committee shall establish the agenda of each meeting and directs the deliberations.

The Chairman of each Committee shall designate a person within the Committee whose responsibility it is to prepare the minutes at the end of every meeting. These minutes are then presented to the Chairman of the Supervisory Board. The Company will maintain a record of these minutes.

The Chairman or a member of each Committee shall present, as the case may be, reports on their activities and recommendations of the Committee to the Supervisory Board.

The evaluation of each Committees' activities are set out in the report of the Chairman of the Supervisory Board on the composition of the Board and on the application of the principle of equal representation of women and men on the Board, the conditions for the preparation and organization of work of the Board as well as the internal control and risk management procedures put in place by the Company.

The number of Committee meetings held during the fiscal year and the participation of Committee members at these meetings are indicated in the report of the Chairman of the Supervisory Board on the composition of the Board and on the application of the principle of equal representation of women and men on the Board, the conditions for the preparation and organization of work of the Board as well as the internal control and risk management procedures put in place by the Company.

In each of their respective domains, the Committees transmit proposals, recommendations and opinions accordingly. In this respect, each Committee may perform a study or assign a study to external consultants in order to assist the deliberations of the Supervisory Board.

The Committees of the Supervisory Board may liaise, for the carrying out of their duties, with the main executives of the Company, after informing the Chairman of the Supervisory Board and subject to reporting to the Supervisory Board on such contacts.

The Committees of the Supervisory Board may also request external technical studies relating to matters within their competence, at the Company's expense, upon consent given by the Chairman of the Supervisory Board or the Supervisory Board itself and subject to reporting to the Supervisory Board on such requests.

Members of the Supervisory Board who are also Committee members shall receive additional members' fees granted by the Supervisory Board upon proposition of the Compensation and Nominations Committee.

## **ARTICLE 10. AUDIT COMMITTEE**

### **10.1 COMPOSITION**

The Audit Committee is comprised of members of the Supervisory Board only. At least one member of the Audit Committee must have specific expertise in financial or accounting matters, and be independent (in the meaning of Article 2).

The Audit Committee shall be composed of at least two-thirds of independent members of the Supervisory Board.

### **10.2 OPERATING RULES**

#### **Attendance at Board Meetings**

The Audit Committee and its members may invite the Chairman of the Board, the Vice-Chairman and the members of the Executive Board to attend meetings.

Another member of the finance department, as well as the person who is in charge of the internal control may also participate in these meetings.

The Audit Committee shall interview the Company's statutory auditors within the context of the preparation of the half-yearly and annual financial statements. Furthermore, the Audit Committee may obtain from the Statutory Auditors at any time all useful information for the execution of its responsibilities.

The statutory auditors may also request a meeting with the Audit Committee. The Audit Committee shall meet at least once per year in the sole presence of the Statutory Auditors.

The members of the Audit Committee may also call upon the services of an independent expert.

#### **Confidentiality**

The information provided to the Audit Committee or to which it has access is confidential. The members of the Audit Committee must therefore adhere, with respect to any persons that are not members of the Supervisory Board, to the same strict confidentiality requirements that apply to members of the Supervisory Board. These requirements are also applicable to non-members invited to attend an Audit Committee meeting.

#### **Frequency of the Meetings**

The Audit Committee shall meet as often as it deems necessary and at least two times per year to examine the Company's half-year and annual financial statements upon convocation of its Chairman or the Chairman of the Supervisory Board.

The Audit Committee meets physically, by conference call or videoconference. The Audit Committee decision can also be taken by written consultation (mail or e-mail) on the topic of the renewal of the statutory auditors mandate or on the audit annual budget.

The statutory auditors may request that the Chairman of the Supervisory Board convene the Audit Committee if they deem it necessary.

### **10.3 RESPONSIBILITIES**

The Audit Committee's primary responsibility is examining the half-year and annual financial statements and any other significant financial information and reporting to the Supervisory Board the content of the financial statements as well as its assessment regarding the effectiveness and quality of the information. It also has the responsibility to make recommendations to the Supervisory Board regarding the Company's internal controls.

Without getting into the details of the financial statements, the Audit Committee shall be responsible for determining the effectiveness of the information system that contributes to their establishment and the validity of the manner in which they record significant transactions.

## Unofficial Translation for informational purpose only

The Audit Committee examines the significant financial transactions which may have or which may result in a conflict of interests.

The Audit Committee provides its opinion on the appointment and renewal of the Statutory Auditors and the quality of their work. The Audit Committee's attributions also include the following tasks:

- to guide the selection of Statutory Auditors and issue a recommendation justifying their appointment and, where applicable, non-renewal;
  - to monitor the auditors' performance of their assignments, taking into account the findings and conclusions of the *Haut conseil du commissariat aux comptes* pursuant to their quality assurance checks;
  - to issue opinions on the amount of fees requested by the statutory auditors for the performance of their statutory audit duties;
  - to monitor compliance with the rules ensuring the independence of auditors; and
  - to approve the provision by the auditors of services other than the certification of accounts, after analyzing the associated risks to their independence and the safeguards applied by them. The Audit Committee is responsible for examining the financial, accounting and general fiscal policy of the Company or of one of its subsidiaries and for the implementation of such policy.

The Audit Committee may also deal with any matters which the Supervisory Board may wish to submit to it.

The Audit Committee reports regularly to the Supervisory Board on the performance of its duties. It also reports on the results of the audit engagement, how this mission contributed to the integrity of the financial information and the role it played in this process. The Audit Committee shall inform the Supervisory Board of any problems without delay.

### Financial information

It must also:

- be informed of the general program of work implemented by the auditors and the various surveys conducted;
- examine the half-year and annual financial statements before they are submitted to the Supervisory Board and particularly:
  - study the accuracy and effectiveness of the accounting methods used to draw up the accounts;
  - control the integrity of the financial information published by the Company;
  - review the major forecasts made by management;
  - obtain comments made by the Statutory Auditors and, if applicable, significant adjustments resulting from the audit;
- examine the risks, litigations and significant off-balance sheet commitments;
- regularly examine the major financial risks with management and, if applicable, give an opinion on the significant financial transactions of the Company or one of its subsidiaries; and
- examine the activities, the conclusions and the recommendations of the Statutory Auditors.

### Internal audit

The Audit Committee shall follow-up on the internal control, the audit of the Company and on the risk management.

More specifically, the Audit Committee shall verify that the procedures of financial control and internal controls for collecting and controlling of information are defined and guarantee the accuracy of the financial information.

The Audit Committee regularly evaluates the quality of these internal controls procedures and, if applicable, notifies the Supervisory Board of the irregularities or anomalies in the accounts. It shall ensure, if applicable, that the accounts are improved on a regular basis.

The Audit Committee examines the draft Supervisory Board Report on the composition, the functioning of the Supervisory Board and the procedures of internal controls.

## **ARTICLE 11. COMPENSATION AND NOMINATIONS COMMITTEE**

### **11.1 COMPOSITION**

The Compensation and Nominations Committee is comprised of members of the Supervisory Board. A majority of its members are independent Board members.

Members of the Compensation and Nominations Committee and its Chairman are appointed by the Supervisory Board.

The Chairman of the Supervisory Board may be invited to attend Compensation and Nominations Committee meetings regarding proposals of appointments to the Supervisory Board.

The Compensation and Nominations Committee reviews the Executive Board's evaluation of the Company's performance based on their defined objectives, meets independently from the Executive Board to evaluate the performances of the individual members and, after having conferred with them, makes recommendations to the Supervisory Board concerning their remuneration.

### **11.2 OPERATING RULES**

#### **Meeting attendance**

In addition to its members, the Compensation and Nominations Committee may also invite anyone capable of assisting it in its opinions to its meetings.

#### **Confidentiality**

The information provided to the Compensation and Nominations Committee or to which it has access is confidential. The members of the Compensation and Nominations Committee must therefore adhere, with respect to any persons that are not members of the Supervisory Board, to the same strict confidentiality requirements that apply to members of the Supervisory Board. These requirements are also applicable to non-members invited to attend a Compensation and Nominations Committee meeting.

#### **Frequency of meetings**

The Compensation and Nominations Committee meets as often as it deems necessary and at least once a year upon convocation of its Chairman or the Chairman of the Supervisory Board.

### **11.3 RESPONSIBILITES**

The Compensation and Nominations Committee's main tasks are:

- Remuneration of the Executive Board members: the Compensation and Nominations Committee, in accordance with the criteria defined by the Executive Board taking into account the performance of the Company based on the defined objectives and the personal contributions of each of the Executive Board members in achieving these objectives, and also in consideration of the general remuneration practices of comparable French and foreign companies, shall:
  - recommend to the Supervisory Board the annual level of fixed remuneration of the Executives;
  - recommend the amount of the variable remuneration based on the work performed;
  - examine other forms of remuneration and benefits, including pensions and contingency funds;

- Submitting proposals concerning the total amount of members' fees, their allocation, the individual amounts of payments to be made to the Supervisory Board and of the Committees in consideration of their attendance and tasks performed within the Supervisory Board and the Committees;
- The general policy for allocating stock option or purchase plans or free shares and all other forms of share-based remuneration proposed by the Executive Board ;
- The preparation of the shareholder vote on executive pay;
- Any share capital increases reserved for employees;
- Changes in the salaries of executives and certain key employees;
- The independence of each Supervisory Board member and the preparation of the procedures for selecting future Supervisory Board members and for evaluating the candidates;
- The appointment of Executive Board members, executives and certain key employees;
- The composition of the Supervisory Board Committees;
- The prevention of conflict of interests within the Supervisory Board; and
- The drafts of significant modifications in the organization of the management of the Company or of one of its subsidiaries.

## **ARTICLE 12. TRANSACTIONS COMMITTEE**

### **12.1 COMPOSITION**

The Transactions Committee is comprised of the Chairman of the Executive Board and of members of the Supervisory Board. A majority of its members are independent Board members.

Members of the Transactions Committee and its Chairman are designated by the Supervisory Board.

The members of the Executive Board inform the Transactions Committee of the strategy and possible opportunities for development and partnerships. The Transactions Committee submits proposals to the Supervisory Board.

### **12.2 OPERATING RULES**

#### **Meeting attendance**

In addition to its members, the Transactions Committee may also invite anyone capable of assisting in its opinions to its meetings.

#### **Confidentiality**

The information provided to the Transactions Committee or to which it has access is confidential. The members of the Transactions Committee must therefore adhere, with respect to any persons that are not members of the Supervisory Board, to the same strict confidentiality requirements that apply to members of the Supervisory Board. These requirements are also applicable to non-members invited to attend a Transactions Committee meeting.

#### **Frequency of meetings**

The Transactions Committee meets as often as it deems necessary and at least once a year upon convocation of its Chairman or the Chairman of the Supervisory Board.

### **12.3 RESPONSIBILITIES**

The Transactions Committee's primary responsibility is to examine with the Company and its investment bankers and/or consultants, business and corporate development opportunities (these strategic opportunities may include in-licensing of products and acquisitions of other companies), and to this end it will:

- analyze the fundamentals of the products and/or companies targeted by the Company, notably in relation to the Company's own fundamentals;
- analyze the feasibility of a transaction; and
- if need be, participate in the process of selecting and defining the missions for the Company's investment bankers and/or consultants.

#### **ARTICLE 13. AD HOC COMMITTEES**

In addition to the permanent Committees, the Supervisory Board may at any time create one or more temporary, or not, ad hoc committees, notably for reviewing conflicts of interest and assessing the composition and operating methods of the Supervisory Board.

#### **ARTICLE 14. CENSORS**

In accordance with Article 23 of the By-laws, the general shareholders' meeting may appoint, at its discretion, one or several observers, who may be individuals or legal entities and are not required to be shareholders, for a term that will expire during the general shareholders' meeting to approve the Company's financial statements for the period ended after the first anniversary of their appointment. An appointment can be renewed indefinitely.

Censors take part in all the meetings of the Supervisory Board with a consultative vote and are subject to the same rules as those that apply to members of the Supervisory Board. They are entitled to the same information and communication as members of the Supervisory Board and are bound by the same obligations of confidentiality and discretion, described in Articles 15 to 20 below.

### **IV. CODE OF ETHICS OF THE MEMBERS OF THE SUPERVISORY BOARD**

#### **ARTICLE 15. PRINCIPLES**

Each Supervisory Board member must be able to serve his or her term according to the rules of independence, ethics and integrity.

Pursuant to the principles of corporate governance of the Company, each Supervisory Board member shall exercise his or her functions in good faith, in consideration of the Company's best interests and with the same diligence that a reasonably prudent person would exercise in comparable circumstances.

Each Supervisory Board member shall strive, in all circumstances, to preserve his or her independence of analysis, judgment, decision and action and to disregard all direct and indirect pressure that could affect him or her.

##### **15.1 CONFIDENTIALITY**

The Supervisory Board members, as well as any person attending the Supervisory Board meetings, are held to general confidentiality requirements regarding information they are given by the Company, whether they receive the information before or during a Supervisory Board meeting or in reports or the documents given to them during a Supervisory Board meeting or when supplementary information or Committee reports are requested. In general, the Supervisory Board members, in their position as members of the Supervisory Board, are expected to withhold from communicating outside the Company, especially to the press.

Non-public information given to a Supervisory Board member in the course of performing his or her functions is provided to him or her in his or her quality as a Board member. He or she must protect its confidentiality and may not under any circumstance disclose it. This obligation also applies to the representatives of legal entities who are Supervisory Board members.

##### **15.2 RESPONSIBILITY OF INDEPENDENCE OF SUPERVISORY BOARD MEMBERS**

In the exercising of his or her appointed term, each Supervisory Board member should determine whether he or she is independent of any interest that conflicts with the corporate interests of the Company. Each Supervisory Board member undertakes to verify that Company decisions do not favor one category of shareholders over another.

Each Supervisory Board member shall inform the Supervisory Board of any conflict of interest, actual or potential, current or future, in which he or she is or may be, directly or indirectly, implicated. He or she must then refrain from participating in deliberations and decisions regarding those topics.

**ARTICLE 16. INFORMATION OF SUPERVISORY BOARD MEMBERS**

Before accepting his or her appointment, each Supervisory Board member must be familiar with the legal and regulatory texts related to his or her position and with the specific provisions of the Company's By-law, this Charter and the operating rules of the Committees.

**ARTICLE 17. DECLARATION OF THE SUPERVISORY BOARD MEMBERS REGARDING THEIR PERSONAL SITUATION**

Each Supervisory Board member shall regularly inform the Company of changes in his or her personal situation, including, in particular, the following:

- the existence and nature of family relationships between Supervisory Board members and the Executive Board members or other Executive officers;
- the names of all of the Companies for which a Supervisory Board member is or was a member of an administrative, management or supervisory body, or an active partner, at any time during the last five years ;
- any conviction for fraud over the course of at least the last five years;
- any bankruptcy, receivership or liquidation over the course of at least the last five years;
- any incrimination or official public sanction by a statutory or regulatory authority;
- a court injunction preventing him or her to (a) act as a member of an administrative, management or supervisory body or (b) participate in the management or oversight of a company's activities over the course of the last five years.

The Company is required to make a declaration regarding the aforementioned elements in its Reference Document and, if applicable, for a financial transaction requiring a visa from the French *Autorité des Marchés Financiers* ("AMF"), in a prospectus. It is therefore the responsibility of the Supervisory Board members to inform the Company of any information that may be pertinent to such a declaration.

**ARTICLE 18. CONTROL AND EVALUATION OF THE OPERATION OF THE SUPERVISORY BOARD**

Supervisory Board members should be aware of the distribution and exercise of the powers and responsibilities of the Company's governing bodies.

Supervisory Board members shall verify that no one exercises any unapproved discretionary authority over the Company. They should ensure that the Supervisory Board Committees are operating effectively.

On a regular basis, and at least once a year, the Supervisory Board shall include on its agenda a deliberation regarding its operation, and its evaluation, as well as, if applicable, regarding the operation and evaluation of the Committees it has created and which performed the same self-evaluation. To fulfill this obligation, and based on the recommendations of the Compensation and Nominations Committee, the Supervisory Board shall:

- analyze its method of operation;
- evaluate the quality and efficiency of the deliberations of the Supervisory Board;
- verify that significant issues were properly prepared and discussed and that the Supervisory Board members had access to information and the conditions of the preparation for the meetings;
- evaluate the effectiveness of the Supervisory Board in executing its responsibilities;

- analyze the reasons for any weakness perceived by the Chairman, the members of the Supervisory Board or the shareholders.

A formal evaluation is to be carried out every three years at least.

The Chairman of the Supervisory Board informs the shareholders in his or her report on the composition and functioning of the Supervisory Board and internal controls procedures.

A meeting of the Supervisory Board members who are independent from general management, prepared by the Compensation and Nominations Committee, can be organized annually at request of the Compensation and Nominations Committee, without the presence of the Chairman and/or Vice-Chairman of the Supervisory Board, if necessary, to evaluate their performances.

#### **ARTICLE 19. PRESENCE OF SUPERVISORY BOARD MEMBERS**

Each Supervisory Board member shall agree to use his or her best effort to attend all Supervisory Board meetings and, if applicable, the meetings of the Committees, in accordance with a calendar decided upon in advance and provided to him or her, and to be available for any extraordinary meeting.

In general, it is recommended that all Supervisory Board members attend the Company's general shareholders' meeting.

The number of meetings and their agenda and the participation of the members in Supervisory Board meetings shall be indicated in the Supervisory Board Chairman's report on the composition, the functioning of the Supervisory Board and on the internal controls procedures.

#### **ARTICLE 20. TRANSACTIONS ON COMPANY SECURITIES**

Article L. 621-18-2 of the French Monetary and Financial Code and Article 19 of the Market Abuse Regulation ("MAR") require that all "persons discharging managerial responsibilities" ("PDMRs"), including members of the Supervisory Board, as well as those "closely associated" with them disclose all acquisitions, sales, subscriptions, exercises of options, BSA or BSAAR or exchanges of shares in the Company (or related financial instruments) to the AMF, thereby making those transactions public, no later than three working days after the transaction.

For the purposes of MAR, persons "closely associated" to a PDMR are (i) spouses or partners (civil partnership); (ii) dependents; (iii) relatives who have shared the same household with the PDMR for at least one year at the date of the transaction; and (iv) legal persons, trusts or partnerships, the managerial responsibilities of which are discharged by a PDMR or persons closely associated with such a PDMR (x) which are directly or indirectly controlled by the PDMR; (y) which is set up for the benefit of such a PDMR; or (z) the economic interests of which are substantially equivalent to those of a PDMR.

This disclosure obligation applies to all purchases, sales, subscriptions or exchanges of the Company's "financial instruments" i.e. not only shares in the Company but also other securities which provide access to the Company's share capital (such as BSAAR, BSA, stock -options, preference shares, etc.) as well as any gift or donation made or received or any inheritance received relating to the Company's "equity investment instruments".

Notification to the AMF via a declaration form shall not be required until the aggregate amount of transactions carried out by a PDMR or person treated as such on his behalf or by a person closely connected to the PDMR exceeds EUR 20,000 in a calendar year.

Each of these persons is required to submit a declaration relating to the relevant transaction to the AMF within three working days of the date of the transaction and to send a copy of this declaration to the Company. Many stock market transactions are carried out in two stages: the date on which the stock exchange order or instruction is given to the bank and the settlement date (two business days later for stock exchange orders). In the absence of a clear position from the AMF on this matter, it is recommended that the first of the two dates be taken as the starting point for the three working day period.

The declaration form is available on the AMF website or at the following address: <https://onde.amf-france.org> and must be sent to the AMF exclusively via an Extranet called "ONDE" (which is available on the same

website). The AMF publishes these declarations on its website. These declarations are also summarized in the report presented at the Annual General Meeting of the Company.

In addition, members of the Supervisory Board (including permanent representatives of legal entities) are required to register shares of the Company belonging to them or belonging to their spouses.