


A grayscale, high-magnification microscopic image of a biological specimen, likely a cell or tissue section, showing various internal structures and textures. The image is used as a background for the report cover.

GOVERNANCE
REPORT

2017

 innate pharma

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

INNATE PHARMA S.A.

French limited liability company with an Executive board and a Supervisory board (*société anonyme à directoire et conseil de surveillance*)

with social capital of €2,880,351.55

Divided into 54,010,754 shares of €0.05 of nominal value

424 365 336 RCS Marseille

CORPORATE GOVERNANCE REPORT

2017

DEFINITIONS

) Free shares (AGA) and free preferred shares (AGAP)

	AGA Management	AGAP Management 2016/2017	AGA Bonus Management 2017	AGA Employees	AGAP Employees
Instrument	Free shares	Free preferred shares	Free shares	Free shares	Free preferred shares
Beneficiaries	Executive Board and Executive Committee members			Employees	Employees
Definitive acquisition period (as from attribution)	Three years	One year	One year	One year	One year
Retention period (as from definitive acquisition)	-	Two years	One year	Two years	Two years
Terms	Presence on the definitive acquisition date	Presence at the definitive acquisition date and at the end of the retention period	Presence on the definitive acquisition date	Presence on the definitive acquisition date	Presence at the definitive acquisition date and at the end of the retention period
Authorized by	AGM of June 2, 2016 (resolution 21) and AGM of June 23, 2017 (resolution 26)	AGM of June 2, 2016 (resolution 24) and AGM of June 23, 2017 (resolution 30)	AGM of June 23, 2017 (resolution 27)	AGM of June 2, 2016 (resolution 22) and AGM of June 23, 2017 (resolution 28)	AGM of June 2, 2016 (resolution 25) and AGM of June 23, 2017 (resolution 31)
Number of ordinary shares in case of maximum conversion	-	AGAP 2016: 200 AGAP 2017: 100	-	-	AGAP 2016: 200 AGAP 2017: 100
Performance criteria assessed over a three-year period	-	AGAP 2016: Operational and stock value criteria AGAP 2017: Stock value criteria	Number of shares definitely acquired depending on the cash equivalent of 50% of the annual variable compensation increased by a 30% premium	-	AGAP 2016: Operational and stock value criteria AGAP 2017: Stock value criteria

BSA Mean the warrants giving right to the subscription of new shares.

BSAAR Mean the redeemable equity warrants or BSAAR, which are securities whose subscription price and exercise price are fixed at their fair value as determined by an expert. The BSAAR subscription therefore represents an investment on the part of the beneficiary. At the end of the exercise period, if they have not been exercised, the BSAAR becomes void. The Company benefits from a clause called «forcing» making it possible to encourage holders to exercise their redeemable equity warrants when the market price exceeds the exercise price and reaches a threshold defined in the BSAAR issuance agreement. The Company may, then, subject to a time period for notifying holders that will permit them to exercise the BSAAR, decide to reimburse the warrants not exercised at a unit price equal to the BSAAR acquisition price paid by its holder.

Peer group Means a basket of biotechnology companies specialized in immuno-oncology with a development and a market capitalization similar to the Company, in Europe or in the US. Such companies were chosen by the Company for an internal study on the Chairman's global compensation.

Such internal study aimed at positioning the Chairman's compensation within the Peer Group.

The inclusion criteria for the Peer Group were:

- (i) Biotechnology companies at a comparable development stages;
- (ii) Companies specialized in the therapeutic field of Immuno-oncology;
- (iii) Publishing a level of information allowing this comparison.

On the date the Peer group has been formed and the above criteria observed, the valuation of Innate Pharma was at the median of the group valuation.

The study on the Peer Group is used for illustrative purpose under this report to range the Chairman's compensation among the Peer Group's practices.

The internal study on the Peer Group was made during the third quarter of 2017, on the basis of information published by such companies and uses the Company's share price at such time.

Our Peer Group panel is made of the following companies : Ablynx ; Adaptimmune ; Agios Pharmaceuticals ; Argenx ; Calithera ; Celldex ; Erytech ; Five Prime ; Loxo Oncology ; Medigene ; Molecular Partners ; Morphosys ; Nanobiotix ; and Newlink Genetics.

Chapitre 1. CORPORATE GOVERNANCE

Innate Pharma (the "Company") is a French Société Anonyme organized with an Executive Board and a Supervisory board. As such, it is subject to the terms of Articles L. 225-57 to L. 225-93 of the Code of Commerce and related regulatory provisions.

The Company complies with the AFEP/MEDEF corporate governance recommendations for publicly listed companies updated on November 24th, 2016 ("AFEP/MEDEF recommendations") which can be consulted on the site www.medef.com, and applies the principles set out therein, except as set out in paragraph 1.7 of this report. In accordance with the recommendations included in this code, the reasons for not applying certain principles are explained in this report.

It is specified that the tables issued from AMF Recommendation 2009-16 dated December 20, 2010 and updated on April 13, 2015 on the drafting of the reference document will be included into the 2017 Reference document.

1.1. PRESENTATION OF EXECUTIVE COMMITTEE AND SUPERVISORY BOARD MEMBERS ON DECEMBER 31, 2017

1.1.1 Changes to the Executive and Supervisory Board and brief description table of the members

Changes occurred to the Supervisory and Executive board structure during the fiscal year ended on December 31, 2017

Board	Date	Event	Member	Committee(s)
Supervisory Board	04/10/17	Leaving	Michael Caligiuri	None
Executive Board	06/23/17	Leaving	Nicolai Wagtmann	N/A
Supervisory Board	06/23/17	Renewal	Hervé Brailly	Compensation and nomination
Supervisory Board	06/23/17	Renewal	Gilles Brisson	Compensation and nomination and Audit
Supervisory Board	23/06/17	Renewal	Irina Staatz Granzer	Transaction and Audit
Supervisory Board	06/23/17	Renewal	Novo Nordisk A/S	Transaction
Supervisory Board	06/23/17	Renewal	Véronique Chabernaud	Compensation and nomination
Supervisory Board	06/23/17	Renewal	Patrick Langlois	Compensation and nomination and Audit
Supervisory Board	06/23/17	Appointment	Bpifrance Participations	Audit
Supervisory Board	06/23/17	Appointment	Jean-Charles Soria	None
Supervisory Board	08/30/17	Leaving	Jean-Charles Soria	None
Supervisory Board	12/13/17 (effect on 01/30/18)	Appointment	Jean-Yves Blay	None

Brief description table of Executive and Supervisory board members at the date of this report

Personal Information													
Personal Information				Experience			Position			Committees			
	Age	Sex	Nationality	Number of ordinary shares freely transferable	Main position outside the Company	Mandates in listed companies	Independance	Initial appointment date	Mandate termination	Seniority ⁽¹⁾	Audit	Compensation and nomination	Transaction
Executive board members													
Mondher Mahjoubi	59	H	French	0	N/A	N/A	N/A	12/30/16	12/30/19	1 year	N/A	N/A	N/A
Yannis Morel	44	H	French	54,937	N/A	N/A	N/A	05/25/15	12/30/19	3 years	N/A	N/A	N/A
Supervisory board members													
Hervé Brailly	56	H	French	1,024,784	See 1.1.3	N/A	✗	12/30/16	2019 AGM ⁽⁵⁾	1 year	✗	✓	✓
Gilles Brisson	66	H	French	48,059	See 1.1.3	N/A	✓	07/27/07	2019 AGM ⁽⁵⁾	11 years	✓	✓	✗
Patrick Langlois	72	H	French	8,141 ⁽⁴⁾	See 1.1.3	See 1.1.3	✓	05/25/10	2019 AGM ⁽⁵⁾	8 years	✓	✓	✗
Irina Staatz-Granzer	58	F	German	100	See 1.1.3	N/A	✓	06/23/09	2019 AGM ⁽⁵⁾	9 years	✓	✗	✓
Novo Nordisk A/S ⁽²⁾	51	H	Danish	8,908,456	Senior VP Corporate Finance (Novo Nordisk group)	See 1.1.3	✗	07/26/07	2019 AGM ⁽⁵⁾	11 years	✗	✗	✓
Bpifrance Participations ⁽³⁾	55	F	French	4,396,682	Director of Pôle Investissement Large Venture at Bpifrance	See 1.1.3	✗	06/23/17	2019 AGM ⁽⁵⁾	1 year	✓	✗	✗
Véronique Chabernaud	56	F	French	10	Founder of association "Créer la vitalité"	N/A	✓	04/27/15	2019 AGM ⁽⁵⁾	3 years	✗	✓	✗
Jean-Yves Blay	55	H	French	0	General Director of Léon Bérard centre	N/A	✓	12/13/17	2019 AGM ⁽⁵⁾	0	✗	✗	✗

(1) Into the Executive/Supervisory board

(2) Permanent representative: Marcus Schindler replacing Karsten Munk Knudsen as from March 7, 2018

(3) Permanent representative: Maily Ferrere

(4) Number of shares held directly and indirectly

(5) AGM ruling in 2019 on 2018 accounts

1.1.2 EXECUTIVE BOARD AND EXECUTIVE COMMITTEE MEMBERS ⁽¹⁾

Mondher Mahjoubi, M.D.



Chairman of the Executive board

Borne on 09/16/1958– French

First nomination on 12/14/16

Term expires: 12/30/2019

Holding of shares and equity instruments	Shares	0	AGA 2016–2	250,000
	AGAP 2016–2	3,000	AGA Bonus Management	15,218 ⁽²⁾
	AGAP 2017–1	700	2017–1	

Expertise and experience

Mondher Mahjoubi was appointed as and Chairman of the Executive board (CEO) on December 30, 2016. Prior joining Innate Pharma, Dr. Mahjoubi led the Oncology area at AstraZeneca beginning in November 2013, firstly as Senior Vice President in charge of the cancer pipeline global strategy and then as the World Global General Manager in charge of the strategy and the medical affairs and commercial activities in oncology with the direct responsibility for the activities on the US market. During these three years, he significantly contributed to develop the oncology pipeline and to create a new leadership strategy, which led to the market authorization for two therapeutics innovations (Lynparza[®] and Tagrisso[®]) and to prepare the commercialization of durvalumab. Before joining AstraZeneca, he spent seven years at Roche–Genentech where he was successively World Medical Director in charge of oncology medical affairs and then Senior Vice President in charge of the global strategy in oncology. He began his career at Sanofi, where he spent 15 years and held several operational and strategic positions in France and in the world, relating to the medical affairs, the marketing and the sales. Before joining the pharmaceutical industry, Mondher Mahjoubi was an oncologist doctor at Institute Gustave Roussy in Villejuif between 1987 and 1991, as resident doctor. He graduated from the University of Tunis (MD and success to the resident doctor exam), from University of Paris Sud (certification in medical oncology) and from University Lariboisière Saint–Louis (methodology, clinical research and pharmacology). He is a member of the American Society of Clinical Oncology and European Society of Medical Oncology.

Other positions and mandates in listed and unlisted companies: N/A

Positions and appointments previously held during the five past years in unlisted companies

Senior Vice–President « head of oncology TA » at Genentech

Positions and appointments previously held during the five past years in listed companies

Senior Vice–President « head of oncology TA » at AstraZeneca

(1) Nicolai Wagtmann, Executive board member, Executive VP, Chief Scientific Officer, left the Company for personal reasons and follows a career in the USA on June 23, 2017. He did not hold any other position or mandate simultaneously with his mandate at Innate during the 2017 fiscal year.

Marcel Rozencweig, Executive VP, President of Innate Pharma Inc., left the Executive Committee in September 2017. He remains bound to the Company with periodic consultancy missions and remains President of Innate Pharma Inc.

(2) See 2.2.1.2

Yannis Morel, PhD



Executive Board member, Executive Vice President, Product portfolio strategy & Business development

Born on 11/02/1973– French

First nomination on 06/25/2015

Term expires: 12/20/19

Holding of shares and equity instruments

Shares	54,937	BSAAR	88,000	AGAP 2016-1	450	AGA Bonus Management 2017-1	2,656 ⁽¹⁾
				AGAP 2017-1	500		

Expertise and experience

Yannis Morel joined the Company in December 2001. Between 2001 and 2007, he occupied several positions in the R&D Department of the Company, from immunology researcher to team leader and program manager of R&D. Since 2007, he has been responsible for the business development of the Company. He first graduated in molecular physical chemistry, then studied for a PhD in Oncology (University of Aix-Marseille) and graduated from the Ecole Normale Supérieure of Cachan.

Other positions and mandates in listed and unlisted companies

N/A

Positions and appointments previously held during the five past years in unlisted companies

N/A

Positions and appointments previously held during the five past years in listed companies

N/A

(1) See 2.2.1.2

Pierre Dodion, MD, MBA



Member of the Executive Committee, Executive Vice President and Chief Medical Officer

Born on 08/07/1954– French

First nomination in 2014

Holding of shares and equity instruments

Shares	372	BSAAR	57,000	AGAP 2016-1	250
				AGAP 2017-1	400

Expertise and experience

Pierre Dodion joined the Company in 2014. He is a medical oncologist, with a specialization degree in Oncology from the Université Libre de Bruxelles, Belgium and a MBA degree from the Saint Joseph University of Philadelphia, PA. He is a senior executive with 28 years of experience in the pharmaceutical industry having worked at Pfizer, Novartis and Aventis (named now Sanofi). In 2007, he joined the biotechnology company ARIAD Pharmaceuticals (Nasdaq: ARIA), first as Senior Vice President and Chief Medical Officer, then as Senior Vice President Corporate Development and Operations.

Other positions and mandates in listed and unlisted companies

N/A

Positions and appointments previously held during the five past years in unlisted companies

N/A

Positions and appointments previously held during the five past years in listed companies

N/A

Laure-Hélène Mercier, MSc, MBA



Executive Committee member, Executive Vice President and Chief Financial Officer

Borne on 02/09/1978- French

First nomination in 2016

Holding of shares and equity instruments

Shares	6,076 ⁽¹⁾	BSAAR	44,500	AGAP 2016-1	250	AGA	Bonus	2,236
				AGAP 2017-1	400	Management		
						2017-1		
AGA Dir. 2016-1	50,000	AGA Sal. 2016-1	1,162					

Expertise and experience

Laure-Hélène Mercier joined the Company in 2007 and was appointed Chief Financial Officer on December 30, 2016. Prior to her current position, Laure-Hélène Mercier served as Executive Vice President in charge of Finance since October 2016 and was previously Director of Investor Relations. Prior to joining the Company, Ms. Mercier held positions as an equity analyst at Oddo Securities and Natexis Bleichroeder. She has an MSc in Neurosciences from Université Aix-Marseille and a MBA from ESSEC Business School.

Other positions and mandates in listed and unlisted companies

N/A

Positions and appointments previously held during the five past years in unlisted companies

N/A

Positions and appointments previously held during the five past years in listed companies

N/A

(1) Including 1,162 ordinary shares resulting from the definitive acquisition of the AGA Employees 2016-2, which will be transferable at the end of the retention period, on October 21, 2019

Jérôme Tiollier, PhD



Executive Committee member, Executive Vice President and Chief Development Officer

Borne on 04/16/1959– French

First nomination in 2001

Holding of shares and equity instruments

Shares	130,982	BSAAR	70,000	AGAP 2016-1	100
				AGAP 2017-1	400
AGA Bonus Management 2017-1			2,385		

Expertise and experience

Jérôme Tiollier joined the Company in September 2001. He is the Executive Vice-president in charge of operations. Dr. Tiollier graduated from the University of Lyon and holds a doctorate in cellular biology and immunology. He previously worked at IMEDEX SA, a division of Institut Mérieux (1986–1997). Before joining the Pasteur Mérieux's IMTIX Transplant business unit (acquired by Sangstat in 1998), he worked as Director of Preclinical development (1997–1999) and Director of Research and Development Europe (1999–2001). In the latter position, he managed pharmaceutical projects (including Thymoglobulin and Antilfa) and was involved in the company's medication research activities.

Other positions and mandates in listed and unlisted companies: N/A

Positions and appointments previously held during the five past years in unlisted companies

N/A

Positions and appointments previously held during the five past years in listed companies

N/A

Eric Vivier, DVM, MBA



Permanent guest to the Executive Committee, Senior Vice-president, Chief Scientific Officer

Borne on x04/06/1964 – French

1st appointment in 2018

*

Holding of shares and equity instruments

Shares	32,350	AGA	25,000	AGAP 2017-1	500
---------------	--------	------------	--------	--------------------	-----

Expertise and experience

Eric Vivier is a Doctor of Veterinary Medicine (DVM) from the Ecole Nationale Vétérinaire de Maisons-Alfort and holds a PhD in Immunology from the Paris University (Paris XI). After completing his post-doctoral fellowship at Harvard Medical School (Dana Faber Cancer Institute), Pr. Vivier joined the Center of Immunology at Marseille-Luminy (CIML) in 1993, becoming its director in 2008 until 2017. He has twice been laureate of the prestigious European Research Council (ERC) advanced grants.

During his career, Pr. Vivier has been a visiting professor at The Scripps Research Institute, The Rockefeller University, and The Walter and Elisa Hall Institute. He is a member of the French National Academy of Medicine and of the Institut Universitaire de France. He is on the board of numerous committees and has been awarded several prizes and honours, including the European Federation of Immunological Society award and the Grand Prix Charles Oberling in Oncology. He is also Chevalier de la Légion d'Honneur.

Other positions and mandates in listed and unlisted companies

- Member of the “Académie nationale de médecine » and the « Institut universitaire de France »

Positions and appointments previously held during the five past years in unlisted companies

N/A

Positions and appointments previously held during the five past years in listed companies

N/A

1.1.3 SUPERVISORY BOARD MEMBERS

Hervé Brailly, PhD



Chairman of the Supervisory Board – Non independent member

Member of the Compensation and nomination committee and of the Transactions committee

Borne on 12/16/1961 – French

First nomination on 12/30/2016

Term expires: 2019 AGM

Holding of shares and equity instruments

Shares	1,024,784	BSAAR	350,000	AGAP 2016-1	500
---------------	-----------	--------------	---------	--------------------	-----

Expertise and experience

Hervé Brailly is a co-founder and chaired the Executive committee from the time the Company was created in 1999 until it was converted into a *société anonyme* with an Executive board and a Supervisory board on June 13, 2005 and was Chairman of the Executive board until December 30, 2016. Previously, he was a researcher at Immunotech SA, a biotechnology start-up acquired in 1995 by Beckman-Coulter (1986-1994), and was in charge of marketing, business development and R&D at the same company (1994-1998). Beginning in 1998, Mr. Brailly was the director of a business unit of the company with 65 employees (R&D, marketing, manufacturing), with annual sales of 30 million U.S. dollars. He was the force behind the growth of the business activities in China for the same company between 1994 and 1998. Since 2017, he's member of the Board of Deinnove, a listed company. Hervé Brailly is also involved into the governance of other associations and state-owned entities in relation with the University, the innovation for life science and the transfer of technologies. Hervé Brailly is member of the Board of Deinnove SA (listed company) since 2017. In addition, Hervé Brailly is implied into the governance of several associations and government units belonging to the University and working on innovation in life science and technology transfer. Hervé Brailly graduated from of the Ecole des Mines de Paris (1983) and a Doctor of Immunology, with a specialization in immuno-pharmacology.

Other mandates and positions in listed companies

- Member of the board of Deinnove SA

Other mandates and positions in unlisted companies

- President of the engineering school Polytech-Marseille (Aix Marseille Université);
- Member of the board of Swenson Global SA;
- Member of the bureau and treasurer of Eurobiomed;
- Member of the development counsel of Provence Métropole;
- Member of the Strategic and prospective committee of Aix Marseille Université;
- Member of the Investment committee of SATT Sud-Est;
- President of Kervrant Biotech SAS.

Positions and appointments previously held during the five past years in unlisted companies

- Member of the Supervisory board of Inserm Transfert (not renewed in 2014);
- Member of the board of Platine Pharma Services (not renewed in 2014);
- Chairman of the board of Innate Pharma Inc. (resignation on December 30, 2016).

Positions and appointments previously held during the five past years in listed companies

- Chairman of the Executive Board of the Company (resignation on 12/30/2016)

Gilles Brisson, HEC



*Member of the Supervisory board – independent member
President of the Compensation and nomination committee and
member of the audit committee*

Born on 01/08/1952 – French

First nomination on 07/26/2007

Term expires: 2019 AGM

Holding of shares and equity instruments

Shares 48,059

BSA 50,000

Expertise and experience

Gilles Brisson has fulfilled management positions at Rhône–Poulenc then Aventis, as Chairman of the Executive board, Chairman of the Supervisory board of Aventis Pharma SA, and then Europe Manager for Aventis Pharma. He had previously held an international career with Rhône–Poulenc Rorer and then Aventis, in the United States, in France and in Japan, with overall responsibilities especially as Senior Vice President Corporate Development of Rhône–Poulenc Rorer and Senior Vice President of Worldwide Communications and Public Affairs for Aventis.

Other positions and mandates in listed companies

N/A

Other positions and mandates in unlisted companies

- Chairman of the Supervisory board of Ethypharm SA;
- Member of the Supervisory board of Carso group.

Positions and appointments previously held during the five past years in unlisted companies

N/A

Positions and appointments previously held during the five past years in listed companies

- Chairman of the Board of Mauna Kea Technologies

Patrick Langlois



Member of the Supervisory board – independent member

Member of the Compensation and nomination committee and President of the audit committee

Borne on 12/09/1945 – French

First nomination on 05/25/2010

Term expires: 2019 AGM

Holding of shares and equity instruments

Shares

8,141

BSA

7,000

Expertise and experience

Patrick Langlois joined the Rhône-Poulenc group in 1975 and was appointed in particular Financial Director of the Rhône-Poulenc group in 1997 and Financial Director and Executive Vice President of the Aventis group from 2002 to 2004. M. Patrick Langlois has been Managing Partner of PJL Conseils since 2005 and is a Director of several biopharmaceutical companies

Other positions and mandates in listed companies

- Independent member of the Board, President of the Audit Committee and member of the Compensation committee of Stallergènes Greer PLC;
- Member of the Board, member of the Compensation committee and President of the Audit committee of Newron;
- Chairman of the Board, president of the Compensation and nomination committee of Sensorion SA (FR).

Other positions and mandates and unlisted companies

N/A

Positions and appointments previously held during the five past years in listed companies

- Member of the Board of Diaxonhit, not renewed in 2014;
- Chairman of the Board, President of the Compensation and nomination committee of ONXEO SA, note renewed in 2016;
- Member of the Board and President of the Audit committee and member of the Compensation committee of Scynexis, not renewed in 2017;

Positions and appointments previously held during the five past years in unlisted companies

N/A

Irina Staatz-Granzer



*Vice-Chairman of the Supervisory Board – independent member
President of the Transaction committee and member of the Audit committee*

Born on 05/25/1960 – German

First nomination on 06/23/2009

Term expires: 2019 AGM

Holding of shares and equity instruments

Shares 100

BSA 45,000

Expertise and experience

Irina Staatz-Granzer, Pharmacist, held several positions in the pharmaceutical industry, mostly in Business Development at Hermal, Boots Healthcare International, Knoll, Scil Biomedicals and as CEO (Scil Technology, U3 Pharma). She founded and is CEO of Staatz Business Development & Strategy and within this frame advises her international clients on collaborations, licensing agreements and M&A transactions.

Other positions and mandates in listed companies

N/A

Other positions and mandates in unlisted companies

- Founder of Staatz Business Development & Strategy;
- Chairman of Blink Biomedicals SAS since 2015;
- Chairman de Talix Therapeutics NV since 2017;
- President of PLCD (German Pharma Licensing Club).

Positions and appointments previously held during the five past years in listed companies

N/A

Positions and appointments previously held during the five past years in unlisted companies

- Chairman of Blink Therapeutics Ltd (not renewed in 2017)

Novo Nordisk A/S represented by Marcus Schindler



Member of the Supervisory board – Non independent member

Member of the Transaction committee

Born on 09/17/1966 – Danish

First nomination of Novo Nordisk A/S on 07/26/07

Term expires: 2019 AGM

Holding of shares and equity instruments

8,908,456 shares

Expertise and experience

Mr Schindler is Senior Vice President of External Innovation & Strategy at Novo Nordisk A/S. This area is responsible for identifying, establishing and maintaining all external deals and collaborations up to and including Clinical Proof of Concept within all therapy areas.

Prior to this occupation, Mr Schindler was VP, Head of the Cardiovascular & Metabolic Diseases and Head of Research at Novo Nordisk A/S. Previously he was member of Executive Management Committee, (OSI) Prosidion, based in Oxford, UK, held senior positions at Boehringer Ingelheim and at Glaxo Wellcome's blue skies research institute, "Glaxo Institute of Applied Pharmacology", Cambridge, UK.

Mr Schindler received his PhD in Pharmacology from the University of Cambridge and holds a position as adjunct Professor of Pharmacology at the University of Gothenburg. He as co-/authored 50+ peer-reviewed research papers and is an inventor of 25 international patent applications.

Other positions and mandates of Marcus Schindler in listed and unlisted companies

N/A

Positions and appointments previously held during the five past years in listed companies

N/A

Other positions and mandates in listed and unlisted companies

N/A

Bpifrance Participations represented by Maily Ferrere



Member of the Supervisory board – Non independent member

Member of the Audit committee

Borne on 09/12/1962 – French

First nomination on 06/23/2017

Term expires: 2019 AGM

Holding of shares and equity instruments

4,396,682 shares

Expertise and experience

Director of the Large Venture Investment team, Innovation Division of Bpifrance

Maily Ferrère is Director of the Large Venture Investment team within the Innovation Division of Bpifrance. Large Venture's mission is to provide long term capital to innovative French companies in areas with very strong growth with the goal of creating world leaders. The portfolio currently includes 30 companies in life sciences, digital and environmental technologies.

Prior to this position, Maily Ferrère was an Investment Director at the Strategic Investment Fund between 2009 and 2012. She previously had a career in banking, focusing on equity capital markets in various financial institutions. Maily Ferrère is a member of the Boards of Directors or Supervisory boards of the following companies: DBV, Valneva SE, Pixium, Gensight, Euronext Paris and Innate Pharma.

Other positions and mandates in listed companies

- Member of the Board of DBV;
- Member of the Board of Valneva SE;
- Member of the Board of Sequans Communication SA.

Other positions and mandates in unlisted companies

- Member of the Board of Euronext Paris

Positions and appointments previously held during the five past years in listed companies

- Member of the Board of Pixium (expired in 2017);
- Member of the Board of Gensight (expired in 2017);

Positions and appointments previously held during the five past years in unlisted companies

- Member of the Board of Novasep Holding SAS (permanent representative of Bpifrance Participations, expired in 2013);
- Member of the Board of Grimaud La Corbière SAS Group permanent representative of Bpifrance Participations, expired in 2014);
- Member of the Board of Limagrain Holding SA Group (expired in 2014).

Véronique Chabernaud



Member of the Supervisory board – Independent member

Member of the compensation and nomination committee

Borne on 11/18/1961 – French

First nomination on 04/27/15

Term expires: 2019 AGM

Holding of shares and equity instruments

Shares	10	BSA	24,200
---------------	----	------------	--------

Expertise and experience

Véronique Chabernaud, oncologist and ESSEC graduate, occupied for 20 years, both national and international top-ranked positions in the pharmaceutical industry. In particular, she occupied the positions of Director of the France oncological operational unit at Sanofi Aventis, Vice President Marketing Sales at Aventis Intercontinental and Europe, and Director of Oncology Global Medical Affairs at Rhône-Poulenc Rorer. She was also consultant with companies in the innovative technology sector with high impact on public health, both in France and abroad (Genomic Health, BioSystems International, MaunaKea Technologies, Ariana Pharma). In 2007, she founded her company “Créer la Vitalité” which helps companies and organizations in the development of a global health approach. Graduated in 2017 with the Board member certificate from the French Institute of board members & Sciences Po., she also intervenes in this cursus. Véronique Chabernaud also founded the association “Enfance et Vitalité” which offers “Health” workshops to children. She is also co-writer of “Human capital versus capital human”.

Other positions and mandates in listed companies

N/A

Other positions and mandates in unlisted companies

- Founder of the association « Créer la Vitalité »

Positions and appointments previously held during the five past years in listed companies

N/A

Positions and appointments previously held during the five past years in unlisted companies

N/A

Jean-Yves Blay



Member of the Supervisory board

Borne on 11/02/1962– French

First nomination on 13/12/2017 to replace Jean–Charles Soria

Term expires: 2019 AGM

Holding of shares and equity instruments: N/A

Expertise and experience

Professor Blay has held the post of General Director of the Centre Léon Bérard in Lyon, France, since 2014 and in 2016 became Secretary of the Oncology Commission of the French Academy of Medicine.

Between 2009 and 2012 he held the position of President of the European Organization for Research and Treatment of Cancer (EORTC). Prof. Blay currently holds various other university and hospital positions. He is a member of the European Union Committee of Experts of Rare Disease; the European Commission's Scientific Panel for Health (SPH) and served as a Faculty Coordinator for Sarcoma for the European Society of Medical Oncology (ESMO) between 2012 and 2016.

Trained as a medical oncologist with a PhD from the University Claude Bernard in Lyon, his research activities have been focused on the role of immune effector cells and cytokines in cancer. Prof. Blay is a member of various scientific societies and academic expert groups, has been awarded several honours and is the author of more than 200 publications over the last three years.

Other positions and mandates

- General Director of Centre Léon Bérard in Lyon

Positions and appointments previously held during the five past years in listed companies

N/A

Other positions and mandates in unlisted companies

N/A

Olivier Martinez, PhD, MBA



Observer of the Supervisory Board

Born on 09/18/1970 – French

Term expires: 2018 AGM

Holding of shares and equity instruments : N/A

Expertise and experience

Olivier Martinez is Senior Investments Director of the Investments Biotech Department of the Direction of Innovation of Bpifrance. Previously, Mr. Martinez was Investments Director of CDC Enterprises (2010–2013) and Partner of Bioam Gestion (2000–2010). He is also a member of the Supervisory board of Adocia, Poxel, Cerenis Therapeutics and HaliuDx. Mr. Martinez graduated from the Ecole Normale Supérieure and holds a Ph.D. in cellular biology from Paris XI University and a MBA from the Collège des Ingénieurs.

Other positions and mandates in listed companies

- Member of the Board of HaliuDx (permanent representative of Bpifrance Investissement);
- Observer to the Board of Poxel (permanent representative of Bpifrance Investissements);
- Observer to the Board of Cerenis Therapeutics (permanent representative of Bpifrance Investissements).

Other positions and mandates in unlisted companies

- Member of the Board of Adocia;

Positions and appointments previously held during the five past years in listed companies

- Member of the Board of Cerenis Therapeutics (resigned in 2015);
- Member of the Supervisory Board of Genticel (permanent representative of Bpifrance Investissements, resigned in February 2017);
- Member of the Board of Poxel (permanent representative of Bpifrance Investissements, resigned in 2017).

Other positions and mandates in unlisted companies

- Member of the Direction Committee of Fab Pharma (term expired in 2017);
- Member of the Board of Alizé Pharma (resigned in 2017);
- Member of the Supervisory Board of Cytheris (under court receivership since 2013)

1.2. ORGANIZATION AND FUNCTIONING OF EXECUTIVE AND SUPERVISORY BODIES

The Company originally incorporated in SAS, was transformed in 2005 into a « Société Anonyme » with a Supervisory board and an Executive board. This organization helps to distinguish the functions of leadership and management, performed by the Executive board, and functions of controls devolved to the Supervisory board. This separation allows balancing the powers between the executive functions and control functions that inspire the principles of corporate governance.

1.2.1. SUPERVISORY BOARD ORGANIZATION

1.2.1.1 *Supervisory Board members*

) Composition of the Supervisory board

The Company's Supervisory board is composed of a minimum of three members and a maximum of eighteen members. The members of the Supervisory board are appointed for a renewable term of two years at the General Meeting of shareholders, which may revoke their mandates at any time. The appointees are selected from among the shareholders and may be individuals or companies. Each member must own at least one of the Company's shares for the entire term of the mandate. The age limit for being a member of the Supervisory board and the limitations on holding such a mandate concurrently with a mandate in another company are subject to the applicable legal and regulatory provisions. The Supervisory board appoints a Chairman and a Vice-Chairman from its members who are individuals.

Since the General Meeting of shareholders of June 23, 2017, the Supervisory board of Innate Pharma comprises eight members, five of these members are independent within the meaning of the rules set out in the AFEP/MEDEF recommendations. All the members of the Supervisory board have been nominated in accordance with Articles L. 225-69 et seq. of the Code of Commerce.

Supervisory Board members are important people from the business sector of the Company, at an international level.

With Irina Staatz-Granzer, Véronique Chabernaud and Mailys Ferrere (permanent representative of Bpifrance Participations), three women are members of the Supervisory Board. The proportion of members of each sex within the Supervisory Board is therefore compliant with the rules of Article L. 225-69-1 of the Code of commerce

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

Supervisory board members independence

In accordance with the AFEP/MEDEF recommendations, Article 2.2 of the Charter of the Supervisory board, as modified on September 15, 2017, states that a member of the Supervisory board is an independent member when:	H.Brailly	G.Brisson	P.Langlois	I. Staatz-Granzer	K. Munk Knudsen (Novo Nordisk A/S)	M. Ferrere (Bpifrance Participations)	V.Chabernaud	Jean-Yves Blay
He or she is not involved in any relationship with the Company, its group or its management, which could compromise his or her judgment	✓	✓	✓	✓	✓	✓	✓	✓
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 was, currently or within the past five years:								
an employee or corporate officer ¹ of the Company	✗	✓	✓	✓	✓	✓	✓	✓
an employee or director of an entity consolidated by the 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 a director	✓	✓	✓	✓	✓	✓	✓	✓
a customer ² , supplier, investment banker or commercial banker that is significant to the Company or, if applicable, to one of its subsidiaries or for which the Company or one of its subsidiaries represent a significant part of its business	✓	✓	✓	✓	✓	✓	✓	✓
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	✓	✓	✓	✓	✓	✓	✓	✓
be a corporate officer of the Company for more than twelve years	✓	✓	✓	✓	✓	✓	✓	✓
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-limited 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.

At the date of this report, three members of the Supervisory board are considered as non-independent members:

- Novo Nordisk A/S, represented by Mr. Marcus Schindler, which holds 15.3% of the shares and voting rights of the Company at the date of this report;
- Bpifrance Participations, represented by Mailys Ferrere, which holds 7.6% of the shares and voting rights of the Company at the date of this report;

¹ Corporate officers mean the Chairman and the Executive board members

² Or be related to the Company, directly or indirectly

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

- Hervé Brailly, who was Chairman of the Executive board from 2005 to 2016.

The other members of the Supervisory Board, Gilles Brisson, Patrick Langlois, Irina Staatz-Granzer, Véronique Chabernaud and Monsieur Jean-Yves Blay are regarded as independent since they complied with the above mentioned criteria.

In 2017, the Supervisory board will discuss the relations between independent members of the Supervisory board and the Company, according to the above-mentioned criteria.

Possible conflicts of interest that could result from certain discussions in the Supervisory board lead to the exclusion of the conflicted Supervisory board member(s) from these discussions.

The Chairman of the Supervisory board is currently a non-independent member.

Any Board mandate held by the members of the Supervisory board in other companies (such as described in Reference document) is independent of their mandate with the Company. Members of the Supervisory board of Innate Pharma SA have no such mandate in the affiliates of the Company.

) There are no service contracts between members of the Supervisory board and the Company or its subsidiaries. Assessment of the significance of potential business relationship with independent members

At the date of this report, no independent member of the Supervisory board maintains or maintained any business relation (*i.e.* be client, finance banker, business banker) with the Company.

) Appointment and renewing of the Supervisory board members

Supervisory board members were, as the case may be, renewed or appointed following the General Meeting held on June 23, 2017 for a two-year period and their mandate will end at the General Meeting to be held in 2019 on 2018 accounts.

Following Jean-Charles Soria resignation on August 30, 2017, the Supervisory board held on December 13, 2017 appointed, as provided under Article L. 225-78 of the Code of commerce, a new member of the Supervisory board, subject to the ratification of such appointment by the next General Meeting. Thus, Jean-Yves Blay was appointed as member of the Supervisory Board until the 2018 Annual General Meeting on 2018 accounts, his mandate being subject to ratification by such meeting.

1.2.1.2 Observer

The By-laws of the Company gives the General Meeting of shareholders the right to appoint, at its discretion, one or more observers, who may be either individuals or legal entities, shareholders or not, for a term of one year that expires at the General Meeting of shareholders called to vote on the latest financial accounts prepared after the first anniversary of their mandate. These mandates are renewable indefinitely.

The observers take part in all meetings of the Supervisory board, with the right to speak under the same procedures as those set forth for the members of the Supervisory board. They receive the same information and communications as the latter and are bound by the same terms of confidentiality and discretion. The obligations of deontology mentioned in the Charter of the Supervisory board are applicable to the observers.

During previous years, Bpifrance Participations, represented by Olivier Martinez had a mandate as observer to the Supervisory Board (successive one-year mandates, renewable at each Annual General Meeting).

Such mandates allow to Olivier Martinez to acquire full understanding of the Company and provide the Supervisory board with his expertise.

Thus, Olivier Martinez was appointed as observer by the 2017 Annual General Meeting for a one-year period ending at the 2018 Annual General Meeting on the 2017 accounts.

1.2.3. SUPERVISORY BOARD FUNCTIONING

The Supervisory board complies with applicable laws and regulations and article 17 to 21 of Company's by-laws.

The Supervisory Board also complies with functioning rules set forth by the charter of the Supervisory Board as modified on September 15, 2017 and published on the Company's website (the "**Charter**"). The Charter notably sets forth the functioning rules of the Supervisory Board and its committees.

At the date of this report, there are three Supervisory board's committees: Audit committee, Compensation and nomination committee and Transaction committee. There is also a Scientific advisory board, which is not compounded of Supervisory board members.

1.2.3.1. Missions of the Supervisory board

The main missions of the Supervisory board are as follows:

- J Discussion of strategic orientations,
- J Appointment of the members of the Executive board,
- J Exercise of permanent control over the Company's management by the Executive board, review of the annual and half-year accounts and communication of relevant information to shareholders and to the financial markets,
- J Review of the annual budget (in December, for the following year) and the revised budget (in September, for the ongoing year),
- J Review of the reports of its committees,
- J Draft of the Company's governance report
- J Authorization of significant transactions.

It may therefore carry out any verifications and inspections it deems appropriate and obtain any documents it considers useful for the performance of its tasks, at any time during the year. In the framework of its monitoring of the management of the Executive board, the Supervisory board is informed by all means about the financial position, treasury, commitments of the Company and the most significant events and operations for the Company as provided by the Supervisory board internal rules. Once a quarter, the Supervisory board receives a report written by the Executive board.

The Supervisory board presents its comments on the Executive board's annual management report (the *Rapport de Gestion*) and the accounts at the General Meeting of shareholders.

The Supervisory board may give one or more of its members special powers for one or more particular purposes. The Supervisory board may decide to create specific committees and set their composition and powers; such committees carry out their work under the control of the Supervisory board, although the powers given to the Supervisory board itself by law or the By-laws may not be delegated to such committees, nor may such committees reduce or limit the powers of the Executive board.

The Supervisory board may give one or more of its members special powers for one or more particular purposes. The Supervisory board may decide to create specific committees and set their composition and powers; such committees carry out their work under the control of the Supervisory board, although the powers given to the Supervisory board itself by law or the By-laws may not be delegated to such committees, nor may such committees reduce or limit the powers of the Executive Board.

On December 14, 2016 the Supervisory board entrusted Mr. Hervé Brailly, in addition to its functions as Chairman of the Supervisory board, under Article L. 225-84 of the Code of Commerce, with a special mission, which was performed during the 2017 financial year consisting in:

- J Support the change of Company's team in 2017 and facilitate the transition;

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

- J Introduce Mr. Mahjoubi to the local, regional and French interlocutor (politicians, scientifics, economists) of the Company and to the key opinion leaders in the Company's fields of activities;
- J Advise the Company with regard to scientific strategy and notably with regard to bi-specifics platforms and ADC and new targets and technologies;
- J Continue and, as the case may be, establish some contacts required for business development activities;
- J Help to identify new targets of acquisition (preclinical projects, companies)
- J Be involved in some financial relations activities.

The Supervisory board of December 13, 2017, upon recommendation of the Compensation committee of December 8, 2017, assessed the special mission of Hervé Brailly and, on the basis of such assessment, decided to renew such special mission for a non-renewable one-year period until December 31, 2017. Such mission consists in:

- J Advise Mondher Mahjoubi with regards to the relations with local, regional and French interlocutors (politicians, scientific, economists) of the Company and to the key opinion leaders in the Company's fields of activities;
- J Advise the Company with regard to scientific strategy and notably with regard to bi-specifics platforms and ADC and new targets and technologies, in addition to NK platform;
- J Continue and, as the case may be, establish some contacts required for business development activities;
- J Help to identify new targets of acquisition (preclinical projects, companies); and
- J Be involved in some financial relations activities if needed.

1.2.3.2. Meetings of the Supervisory board

The Supervisory board meets as often as is required in the interest of the Company, and at least once per quarter. Meetings are called by its Chairman or its Vice-Chairman, at the headquarters or in any other place indicated in the notice of the meeting in accordance with Article 19 of the Company by-laws. In 2017, the Supervisory board met eight times with an average attendance rate of 86%.

The Chairman of the Supervisory board must call a meeting of the Supervisory board within 15 days if one or more members of the Executive Board or one-third or more of the members of the Supervisory board present a request for him to do so. If the request remains unanswered, the members requesting the meeting may call it themselves and must provide a notice of the meeting's agenda.

The Supervisory board is not validly in session unless at least half of its members are present. Decisions are approved by a majority of the members of the Supervisory board present or represented at the meeting. Each member of the Supervisory board has one vote and cannot represent more than one fellow colleague. If there is a tie vote, the Chairman has the casting vote.

In the course of 2017 financial year, the main topics addressed by the Supervisory board were:

- J Review of business and corporate development opportunities;
- J Monitoring of clinical trials conducted in 2017 and their impact on the Company's development;
- J Acquisition of anti-C5aR from Novo Nordisk A/S and the capital increase performed to Novo Nordisk A/S benefit;
- J Monitoring of partnership agreements;
- J Research strategy and preclinical development of new drug candidates;
- J Discussion on Company's strategy;
- J Monitoring of financial communication and investor relations activities;
- J Real estate projects for new offices and laboratories;
- J Recruitment of a new Chief scientific officer and co-optation of a new member to the Supervisory board.

Executive board members, including the Chairman of the Supervisory board and the Executive committee members, attend Supervisory board meeting periodically to bring some clarifications and present to the Supervisory board the items on the agenda. During the 2017 financial year, the Executive board and committee members left the room of the board several times to allow the Supervisory board members to discuss without executives' presence.

After the Supervisory board meetings, the minutes are drafted by a secretary appointed during the Supervisory board meeting. These draft minutes are sent to the members along with the agenda and documentation for the next meeting. They are approved and signed, if necessary after correction by the members.

1.2.3.3. Evaluation of the Supervisory board's works

In accordance with the AFEP/MEDEF recommendations, a periodic evaluation of the Supervisory board's works is conducted through a self-evaluation based on a questionnaire drawn up by the Company. The Board members have decided at the Supervisory board's meeting of December 13, 2017, to establish a self-assessment of which results have been presented and discussed during the Supervisory board meeting held on March 7, 2018 during which this report has been presented.

Such questionnaire aims at assessing the following items:

-)] Functioning modalities of the Supervisory board;
-)] Verify that important matters are well prepared and discussed;
-)] Effective contribution of each member to the board's counsels.

1.2.4. Organization and functioning of Supervisory board governance committee

The Supervisory board committees are now composed of:

	Audit Committee	Compensation and nomination Committee	Transaction committee
Patrick Langlois⁽¹⁾	President	Member	
Irina Staatz-Granzer⁽¹⁾	Member		President
Maily Ferrere (Bpifrance Participations)	Member		
Gilles Brisson⁽¹⁾	Member ⁽²⁾	President	
Véronique Chabernaud⁽¹⁾		Member	
Hervé Brailly		Member	Member
Marcus Schindler (Novo Nordisk A/S)			Member

(1) Independent member of the Supervisory board

(2) Audit committee member with « special financial or accounting skills » as provided under Article L. 823-19 of the Code of commerce, due to his experience in the pharmaceutical industry and the senior management positions he previously held with Rhône-Poulenc and Aventis. The Audit committee is compounded of 2/3 of independent members, as recommended by the Afep-Medef Code.

1.2.4.1. Audit committee

The Audit committee has been created by the Executive committee (when the Company was a *société par actions simplifiée*) on July 1, 2003 and confirmed by the Supervisory board on April 27, 2006.

The members of the Audit committee and their relationship with the Company, at the date of this report, are detailed in paragraph 1.2.4 above.

The Charter of the Supervisory board sets the rules relating to the composition, the organization and the role of the Audit committee.

The Chairman of the Audit committee, and the other members, all members of the Supervisory board, receive attendance fees for their participation on this committee.

In addition to the Audit committee members, representatives from the finance and internal control departments as well as the Statutory Auditors attend the Audit committee meetings.

The Audit committee meets as often as the Company's interests require, and at least twice a year, after the limited audit of the half-year accounts or the audit of the annual accounts and before the first Supervisory board meeting following the half-year and annual accounting closing dates. He hears the Company's management, the Chief Financial Officer and the Statutory Auditors. The Chief Financial Officer presents the account. In addition, a risk mapping is reviewed on a regular basis by the Audit committee. The statutory auditors present the essential points of the legal audit and accounting options adopted. When appropriate, the Audit committee may use the services of an external expert. The main missions of the Audit committee are the following of the legal control of the half-year and annual accounts, evaluation of internal control practices, risk analysis, the monitoring of the process for drawing up the financial information published by the Company and consistency checking and, the assessment of whether it would be opportune to make any changes to the accounting methods, the review of the Statutory Auditors' conclusions, the choice of Statutory Auditors (at the end of their term), their fees, and a review of their independence and the approval of the services other than the account certification described under the Audit committee charter. The committee reviews and approves the report from the Chairman of the Supervisory board on the internal control. The question of internal control is a recurrent item in the agenda of the Audit committee.

During the 2016 fiscal year, the main issues dealt with by the Audit committee were:

-) Review of the financial reports presented by management,
-) Auditors' presentation regarding the legal audit and the accounting options adopted,
-) Accounting treatment of anti-C5aR acquisition;
-) Impact of IFRS 9, 15 and 16 regulations;
-) Regularization of holdbacks relating to anti-NKG2A acquisition;
-) Review of financing and new building;
-) Impact of audit reform on the Company and actions to be put in place (notably Audit committee charter);
-) Review of the budget process, and
-) Review of the risk mapping;
-) Review of the cash management.

The Audit committee reports to the next Supervisory board and, depending on the case, minutes are sent to the members of the Supervisory board, along with other documentation for the Supervisory board meeting following the Audit committee meeting. A member of the Audit committee also intervenes during the Supervisory board meeting in order to report on the principal conclusions of the Audit committee.

The financial reports and the agenda are sent to the members of the Audit committee one week before the meeting. At the end of the committee meeting, a session takes place between the members of the Audit committee and the Auditors.

In 2017, the Audit committee met four times with an average rate of attendance of 85%.

1.2.4.2. Compensation and nomination committee

The Compensation and nomination committee was created by the Management committee (when the Company was a *société par actions simplifiée*) on January 17, 2001 and confirmed by the Supervisory committee on April 27, 2006.

The Compensation and nomination committee members and their relationship with the Company, at the date of this report, are detailed in paragraph 1.2.4 above.

Given its size, resources and business, the Company does not believe that a nomination committee separate from the compensation committee is necessary.

The main missions of the Compensation and nomination committee are: the review of the Company's remuneration policy, in particular the evolution of the payroll, the description of the collective objectives (for the whole company) and individual objectives (for members of the Executive Board and the Executive committee), the compensation of the members of the Executive Board and the Executive committee and the policy concerning the distribution of tools equity such as warrants, stock-options, free shares and capital increase reserved for members of the Company savings plan.

The Compensation and nomination committee meets as often as required and at least once a year. The Committee reports to the next Supervisory board and, depending on the case, minutes of its meetings are sent to the members of the Supervisory board under the meeting of the Supervisory board following the meeting of the Compensation and nomination committee.

In 2017, the key tasks of the Compensation and nomination committee were as follows:

- J Organizing the recruitment of new Supervisory board members and key employees;
- J Review the independence of each Supervisory board members and their relationships with the Company to verify that there is no conflict of interest and be sure their independence is not threatened;
- J Make recommendations on the compensation policy of the executive and supervisory bodies to be submitted to the Annual general meeting vote ("say on pay ex ante" vote);
- J Start reflecting on the succession plan of Executive board and committee members;
- J Submit salary increases for the Executive board and committee members;
- J Determine the collective objectives of the Company and the individual objectives of the Executive board and committee members and make suggestions on the corresponding bonus;
- J Assess the achievement of the objectives and, on this basis, make recommendations on the amount of the collective and individual bonus to be definitely attributed each year to the Executive board and committee members;
- J Make recommendations on the compensation policy of the Company for the other employees;
- J Make recommendation on the allocation of fees to the independent Supervisory board members;
- J Assess the special mission of the Chairman of the Supervisory board performed in 2017 and make recommendations on its renewal; and
- J Make recommendations to the Executive board on the allocation of equity instruments decided or authorized by the General meetings.

In 2017, the Compensation and nomination committee met six times with an average attendance rate of 92%.

1.2.4.3. Transaction committee

A Transaction committee was created by the Supervisory board on September 21, 2007.

The primary responsibility of the Transaction committee is to examine, with the Company and its investments bankers or consultants, the business and corporate development opportunities that the Company could be considering (these strategic opportunities may include the acquisition of rights on products or the acquisition of other companies as well as out-licensing opportunities), and to this end it has to:

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

-) Analyse the fundamentals of the products and/or companies targeted by the Company, notably in relation to the Company's own fundamentals,
-) Analyse 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.

The Committee reports to the next Supervisory board and, depending on the case, minutes of its meetings are sent to the members of the Supervisory board, under the meeting of the Supervisory Board following the meeting of the Transaction committee. The frequency and contents of the meetings depend on operations of development engaged by the Company.

The main item discussed by the Transaction committee during the 2017 financial year was the acquisition of C5aR from Novo Nordisk A/S.

During the 2017 financial year the Transaction committee met twice with 67% of presence average rate.

1.2.5. Organization and functioning of the Strategic advisory board

In April 2018, the Company has decided to replace the Scientific Advisory board by a Strategic Advisory board, composed with six external consultants coming from the scientific and medical fields. The Strategic Advisory board will first meet in September 2018.

At the date of this Reference document, the Strategic Advisory board members are in the selection process.

The Strategic Advisory board missions will notably be to analyse the research and development programs of the Company.

The Strategic Advisory board members will be remunerated with attendance fees depending on their presence to the Strategic Advisory board meetings.

The internal rules of the Supervisory board will be modified to describe the rules of functioning of the Strategic Advisory board

1.3. ORGANIZATION AND FUNCTIONING OF THE EXECUTIVE BOARD AND EXECUTIVE COMMITTEE

1.3.1 Executive board

1.3.1.4 *Composition of the Executive board*

The Company is managed by an Executive Board composed by a minimum of two members and a maximum of five, who perform their duties under the control of a Supervisory board. Under current law, the age limit for being a member of the Executive Board is 65. The mandate of any Executive Board member who reaches this legal age limit is terminated immediately and the Executive Board member is considered to have resigned its position.

The Executive Board of Innate Pharma is composed of four members appointed for a renewable term of three years.

In 2017, the Executive board was composed of three members, appointed for a renewable three-year period:

-) Mondher Mahjoubi, Chairman of the Executive board;
-) Yannis Morel; and
-) Nicolai Wagtmann.

On June 23, 2017, Nicolai Wagtmann left Innate Pharma for personal reasons and follows a career in the US.

Since Nicolai Wagtmann's departure, the Supervisory Board has worked on the solution to be implemented to deal with such departure. Thus, Yannis Morel partially took over the function previously performed by Nicolai Wagtmann as Chief Scientific Officer. At that date, the Supervisory board members are actively working on the appointment of a new Executive board member.

1.3.1.5 *Nomination and renewing of the Executive board*

The members of the Executive Board are appointed, in accordance with the law, by the Supervisory board, which appoints one of them as the Chairman and establishes the method and amount of their compensation when they are appointed. While members of the Executive Board are not required to be shareholders, they must be individuals. In compliance with the By-laws of the Company, they may also be revoked individually by the Supervisory board.

If one of the seats of the Executive Board becomes vacant, the Supervisory board must fill it within two months. The member of the Executive Board appointed as a substitute remains in office for the duration of his predecessor's mandate.

1.3.1.6 *Executive board meetings*

The Executive Board is not validly in session unless at least half of its members are present. Any member of the Executive Board may send a representative or attend meetings by video conference or by any other means of telecommunication. No member of the Executive Board may hold more than one proxy. The decisions of the Executive Board are approved by a majority of the votes present and represented.

In 2016, the Executive Board met 14 times with an average attendance rate of 100%.

Since the beginning of 2018, the Executive Board has met three times with an average attendance rate of 100%.

1.3.1.7 *Executive board missions*

The Executive Board is responsible for the management of the Company that it represents. The Supervisory board exercises permanent control over the Company's management. The members of the Executive Board meet as often as required in the interest of the Company, but at least once a quarter, as called for by the Chairman or a member of the Executive Board appointed for this purpose. The meetings of the Executive Board are chaired by the Chairman of the Executive Board. In his absence, the Executive Board appoints a Chairman for a particular meeting.

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

The Executive Board has the widest powers to act on behalf of the Company in accordance with the corporate purpose and within the limits of the powers expressly attributed by the law to the Supervisory board and to meetings of shareholders and defined in the Company By-laws, which are regularly updated. The Executive Board also exercises its power subject to any restriction of power set by the Supervisory board. The Company By-laws and the Supervisory board internal rules do not mention any limitation to the Executive Board's powers. The members of the Executive Board are kept informed on a daily basis of any subject related to their specific area of competence.

Therefore, the Executive Board may not make any decisions about the sale of real estate property, the total or partial sale of holdings, granting securities, pledges, warrants and guarantees, without the approval of the Supervisory board.

1.3.1.8 *Chairman of the Executive board*

The Chairman of the Executive Board represents the Company in its relations with third parties. The Supervisory board may also assign this power of representation to one or more other members of the Executive Board; such persons then have the title of "Managing Director".

The Executive Board is notably empowered for determining, implementing and controlling the Company's strategy, for implementing the commercial and financial orientations in relation to operational actors, for nominating key personnel, as well as for the external communication and general policy of the Company.

If so authorized by the Supervisory board, the members of the Executive Board may divide management tasks among themselves. However, this division may under no circumstances result in the Executive Board losing its shared responsibility for managing the Company.

1.3.1.9 *Conflict of interest*

There are no family ties between the members of the Executive Board and the Executive committee, either between themselves or with any member of the Supervisory board, the Audit, Compensation and Nominations or the Transaction committees, or the Scientific advisory board.

1.3.2 **Executive committee**

The Company's Executive committee is composed of members with significant experience in strategy, financial management, research and development project management, the negotiation of industrial and commercial agreements in the field of innovative companies in general and in biotechnology in particular. The Executive committee meets at least once a month and deals with all subject regarding the activities and the management of the Company.

The Senior VP, Chief Scientific Officer, attends, as guest, all the Executive committee meetings.

There are no service contracts between members of the Executive committee and the Company or its subsidiaries.

There are no family ties between the members of the Executive committee, either with any member of the Supervisory board, the Audit, Compensation and Nominations or the Transaction committees, or the Scientific advisory board.

1.4. PARTICIPATION OF THE SHAREHOLDERS TO THE ANNUAL GENERAL MEETINGS

The last annual General Meeting of shareholders was held on June 23, 2017 at the Company's head office, in accordance with the Company by-laws. Shareholders (present or represented) represented 38.517% of the capital and voting rights of the Company. Shareholders were offered the choice to vote by mail, to give a proxy to the Chairman of the meeting or to attend to the meeting.

Modalities of attendance to the General Meetings for the shareholders are detailed under articles 26 to 34 of the Company's by-laws.

1.5. AGREEMENTS SIGNED BETWEEN AN EXECUTIVE DIRECTOR OR A SIGNIFICANT SHAREHOLDER AND A SUBSIDIARY

During the 2017 financial year, agreements subject to last paragraph of article L. 225-102-1 were concluded with Novo Nordisk A/S, shareholder holding more than 10% of the share capital of the Company, and with Hervé Brailly, Chairman of the Supervisory board.

The agreements with Novo Nordisk A/S were concluded in relation with the capital increase by contribution in kind of NN C5aR and are described under the list of regulated agreements attached as Annex A.

Excluding the agreements listed in the above mentioned report, no agreement has been signed, directly or through an intermediary, pursuant to the last paragraph of Article L.225-102-1, between on the one hand, one member of the Executive board or the Supervisory board, the managing director, one of his representatives, one of the directors or shareholders holding a fraction of more than 10% of the voting rights of a Société Anonyme and on the other hand, another Company whose SA owns, directly or indirectly, more than half of the capital.

1.6. ELEMENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

On the date of this report:

) **Structure of the Share capital**

The structure of the Company's share capital as of January 31, 2018 is described in Chapter 5 of the Management Report.

) **Control of the Company and equity interests in the Company**

The Company does not have any shareholder who can exercise individual control over it. Its largest shareholder, Novo Nordisk A/S, holds 15.47% of the share capital as of January 31, 2018.

No shareholder is in a position to determine any decisions of Company shareholders solely on the basis of the voting rights that he holds in the Company.

No shareholder has the power to appoint or dismiss the majority of the members of the administrative, management or supervisory bodies of the Company.

) **Shareholders' agreements**

The Company is not aware of any shareholder agreement or concerted action among its shareholders.

At this time there is no agreement likely to restrict the share transfers and the exercise of the voting rights.

) **Statutory restrictions on exercising voting rights and transferring shares of the Company**

There are no statutory restrictions and, to the knowledge of the Company, there are no contractual restrictions on exercising voting rights or transferring Company shares.

There are no Company securities granting special control rights.

) **Shareholder system for personnel**

The Company has not set up any shareholder system for personnel likely to include control mechanisms when control rights are not exercised by the personnel.

) Appointment and replacement of the Supervisory and Executive boards members and amendment of the by-laws.

The rules for appointing and replacing members of the Supervisory board and Executive board and the rules concerning amendment of the by-laws are the rules of common law stated in the Company's by-laws.

) Executive board power for issuance and buy-back of shares

With regard to issuance and buy-back of shares, the Executive board has notably the powers of common law. A description of the delegations of power granted to the Executive board by the General Meeting currently in effect and their use appear in paragraph 1.8 above. Furthermore, the description of the authorization given to the Executive board by the general meeting to manage Company shares appears in Chapter 5 of this report.

) Change of control clauses

There are no agreements entered into by the Company that will be amended or end in the event of change in Company control.

) Compensation to the Executive board or employees in case of resignation or dismissal without fair cause or in case of termination following a public exchange offer for shares

Other than the legal and regulatory provisions applicable and what is described in paragraph 1.7 below, no member of the Executive board or Company employee has any agreement specifying compensation in the event of resignation or layoff without genuine and serious cause if their employment is terminated as a result of a public offering.

The mandate agreement entered into between the Company and Mr. Mondher Mahjoubi (President of the Executive board since December 30, 2016), provides that as consideration for a non-competition and a non-solicitation clause, Mr. Mondher Mahjoubi will benefit, as from the end of its functions as President of the Executive board, from a fixed compensation equivalent to two years of remuneration (fixed and variable), which will be paid monthly on a 24-month period.

1.7. TABLE OF RECOMMENDATIONS OF AFEP/MEDEF CODE NOT FOLLOWED BY THE COMPANY

AFEP MEDEF Code	NON COMPLIANCE	EXPLANATIONS
The Code recommends that a board member shall not hold more than four other mandates in listed companies (§ 18.4).	Mailys Ferrere, permanent representative of Bpifrance Participations, holds more than four other mandates in listed companies.	It's within the scope of duties of Mailys Ferrere, as Director of the Investment Large Venture at Bpifrance Participations to exercise non-executives mandates within boards or supervisory board of listed companies.
The Code recommends that all members of the Audit committee must get financial and accounting expertise (§ 1.5.1).	The Rules of Procedure of the Supervisory board, in accordance with Article L.823-19 of the Code of Commerce, provides only one member of the Audit committee should present financial and accounting skills.	The rules of procedure are consistent with the law and the size, resources and accounting issues of the Company. In any event, Mr. Brailly, Brisson, Langlois and Mrs. Irina Staatz-Granzer have, in terms of their career, the skills required.
The code recommends the renewal of members of the Supervisory board for each. (§ 13).	The mandates of the members of the Supervisory board are renewed at the same time and not in phases.	This choice is explained by the short duration of the mandates (two years), which allows for a renewal of the composition of the Company's Supervisory board on a regular basis and so, in the Company's view, achieves the intended purpose.
The code recommends that the nominations committee designs a plan for replacement of executive directors in the event of unforeseeable vacancy (§16.2.2).	The Compensation committee has not yet decided on this issue.	Under the Company's by-laws, in the event of vacancy of the Executive board members, the Supervisory Council must make an appointment to fill the post within two months.
The Code recommends that the fixed remuneration of the executive directors shall be reconsidered at relatively long intervals, for example three years (§24.3.1)	The reference base wage of the members of the Executive Board and of the other members of the Executive committee is fixed annually by the Supervisory board on the basis of a recommendation from the Compensation and nomination committee.	The Company complies with Article L. 225-82-2 of the Code of Commerce (Law n°2016-1691, dated December 9, 2016 relating to the transparency, the fight against corruption and the modernization of the economic life), which provides for two shareholders' votes:

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

An "ex ante" vote on the "principles and criteria of determination, allocation and distribution of fixed, variable and exceptional components of the total compensation and the benefits of all kinds" allocated to the corporate officers; and

An "ex post" vote on the "fixed, variable and exceptional components of the total compensation and the benefits of all kinds paid or allocated under the previous financial year".

1.8. AUTHORIZATION FOR CAPITAL INCREASES

At the date of this report, the Executive board had the following financial authorizations upon delegation of the general meetings:

Delegations of authority granted to the Executive board by the General Meeting	Duration of delegation	Terms of the delegation	Use during the 2017 fiscal year
General Meeting of June 2, 2016			
Issuance of ordinary Company shares and/or securities giving access to the Company's share capital, with shareholders' preferential subscription rights ⁽¹⁾ (Resolution 12)	26 months August 2, 2018	Maximum amount: €672,958 ⁽²⁾	N/A
Issuance of ordinary Company shares and/or securities giving access to the Company's share capital, without shareholders' preferential subscription rights ⁽¹⁾ (Resolution 13)	26 months August 2, 2018	Maximum amount: €672,958 ⁽²⁾ Issuance price: is at least equal to the volume-weighted average of the closing prices of the share during the last three stock market trading days preceding the date upon which the issuance price is set, optionally minus a maximum discount of 5%	N/A
Issuance of ordinary Company shares and/or securities giving access to the Company's share capital, without shareholders' preferential subscription rights to the benefit of qualified investors or a restricted circle of investors (item II of Article L.411-2 of the French Monetary and Financial Code) (Resolution 14)	26 months August 2, 2018	Maximum amount: €538,367 ⁽²⁾ Issuance price: at least equal to the volume-weighted average of the closing prices of the share during the last three stock market trading days preceding the date upon which the issuance price is set, optionally minus a maximum discount of 5%	N/A
Issuance of ordinary Company shares and securities giving access to the Company's share capital, as remuneration for contributions in kind comprising equity securities or securities giving access to the share capital ⁽¹⁾ (Resolution 17)	26 months August 2, 2018	Maximum amount: 10% of the Company's share capital on the issuance date ⁽²⁾	On July 13, 2017, contribution by Novo Nordisk A/S of 100% of the share capital and voting rights of NN C5aR as contribution for the issuance of 3,343,748 new shares, <i>i.e.</i> a capital increase of €167,187.40 ⁽³⁾
Issuance of ordinary shares and securities giving access to the Company's share capital, in the event of a public exchange offer initiated by the	26 months August 2, 2018	Maximum amount: €672,958 ⁽²⁾	N/A

Company ⁽¹⁾ (Resolution 18)

<p>Issuance of autonomous equity warrants reserved for any individual or legal entity that is a member of the Supervisory board or a consultant of the Company without shareholders' preferential subscription rights⁽¹⁾ (Resolution 20)</p>	<p>18 months December 2, 2017</p>	<p>Maximum amount: €7,500 The share subscription price will be at least equal to the average of the closing prices of the share during the last ten stock market trading days preceding the time of allocation of the equity warrants, optionally minus a maximum discount of 10%, being specified that the grant price will be 10% of the exercise price so determined and that the amount paid at subscription will be deducted from the price due under the exercise.</p>	<p>Subscription of 37,000 BSA recorded by the Executive board of December 7, 2017, following the Executive board decision dated September 20, 2017 to attribute 40,000 BSA to the independent members of the Supervisory board, who were newly renewed or appointed, upon recommendation of the Compensation and nomination committee of June 23, 2017. ⁽⁴⁾</p>
<p>Issuance of ordinary shares and/or securities giving access to the Company's share capital for the benefit of the members of a company savings plan. ((5) AGM ruling in 2019 on 2018 accounts 26)</p>	<p>26 months August 2, 2018</p>	<p>Maximum amount: €10 000 The subscription price for the new shares will be equal to 80% of the average for the first prices quoted for the Company share traded during the twenty stock market sessions preceding the day of the decision setting the opening date for the subscription when the duration of unavailability provided under the plan is less than ten years, and 70% of this average when said period of unavailability is greater or equal to ten years.</p>	<p>N/A</p>
<p>General Meeting of Jun 23, 2017</p>			
<p>Issuance of free shares to the benefit of new Executive committee members (employees and/or corporate officers) of the Company or its subsidiaries as provided under articles L 225-197-1 et. Seq. of the Code of Commerce (Resolution 26)</p>	<p>38 months August 23, 2020</p>	<p>Maximum amount: €2,500 (<i>i.e.</i> 50,000 free shares of €0.05 nominal value).</p>	<p>N/A</p>
<p>Issuance of free shares to the benefit of Executive committee members (employees and/or corporate officers) of the Company or its subsidiaries under their annual variable compensation as provided under articles L 225-197-1 et.</p>	<p>38 months August 23, 2020</p>	<p>Maximum amount: €2,500 (<i>i.e.</i> 50,000 free shares of €0.05 nominal value).</p>	<p>1,248.95 ⁽⁶⁾</p>

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

Seq. of the Code of Commerce (Resolution 27)			
Issuance of free shares to the benefit of employees of the Company or its subsidiaries as provided under articles L 225-197-1 et. Seq. of the Code of Commerce (Resolution 28)	38 months August 23, 2020	Maximum amount: €10,000 (<i>i.e.</i> 200,000 free shares of €0,05 nominal value)	€5,725 ⁽⁷⁾
Issuance of preferred shares convertible into ordinary shares of the Company to the benefit of corporate officers, Executive committee members (employees and/or corporate officers) of the Company or its subsidiaries as provided under articles L 225-197-1 et. Seq. of the Code of Commerce (Resolution 30)	38 months August 23, 2020	Maximum amount of the capital increase resulting from the definitive acquisition of preferred shares: €200 (4,000 free preferred shares with a nominal value of €0,05) Number of ordinary shares that may result from the conversion of preferred shares issued under this authorization: 400,000 ordinary shares, maximum capital increase of €20,000	€120 ⁽⁸⁾
Issuance of preferred shares convertible into ordinary shares of the Company to the benefit of Company's employees as provided under articles L 225-197-1 et. Seq. of the Code of Commerce (Resolution 31)	38 months August 23, 2020	Maximum amount of the capital increase resulting from the definitive acquisition of preferred shares: €425 (8,500 free preferred shares with a nominal value of €0,05) Number of ordinary shares that may result from the conversion of preferred shares issued under this authorization: 850,000 ordinary shares, maximum capital increase of €42,500	€286,25 ⁽⁹⁾

(1) Except preferred shares and securities giving right to preferred shares

(2) This amount is to be counted within the overall cap of €672,958 stipulated by the 19th resolution of the General Meeting held on June 2, 2016. This overall cap does not take account of adjustments liable to be made in accordance with applicable legislative and regulatory provisions or contractual terms stipulating other cases of adjustment to maintain the rights of the holders of securities or other rights giving access to the share capital

(3) See 5.4 of the Management Report describing the contribution in kind

(4) See 2.2.2.2 of this Report

(5) Use by the Executive board of September 20, 2017

(6) Use by the Executive board of April 3, 2018

(7) Use by the Executive board of April 3, 2018

(8) Use by the Executive board of April 3, 2018

Chapitre 2. COMPENSATION OF THE CORPORATE OFFICERS

2.1. PRINCIPLES AND CRITERIA OF DETERMINATION, ALLOCATION AND ATTRIBUTION OF THE COMPENSATION (« EX ANTE VOTE »)

In accordance with articles L. 225-82-2 and L. 225-68 of the Code of commerce, as modified by articles 4 and 5 and with Law 2016-1691 dated December 9 2016, named "Sapin II" Law, which established an "ex ante" mandatory vote, the following paragraphs present the general principles of the compensation policy for the Supervisory and Executive board members the 2018 fiscal year.

This principles and criteria will be submitted to the approval of the shareholders at the next General Meeting, on May 29, 2018, deciding on the accounts for the 2017 fiscal year and can only be implemented after having received the favourable vote on the simple majority of the shareholders present or represented.

2.1.1 Executive board members compensation

The Executive board members compensation is decided by the Supervisory board upon recommendation of the Compensation and nomination committee. For the 2018 fiscal year, the compensation has been fixed according to the same general principles and composed of the same components than those applicable during the 2017 fiscal year, which are those described in this section.

The compensation of the Chairman of the Executive board is paid under his social mandate and he's not bound to the Company by an employment contract. The other Executive board members are remunerated under their employment contract and are not remunerated under their social mandate.

The compensation of the Executive board members is determined according to the Company's strategy and growth. It takes into consideration the Executive board members individual contribution in the achievement of the collective performance objectives and aims at aligning the corporate officer's long-term interests with the interests of the Company, the shareholders and the other stakeholders. For this, the variable components of the compensation are subject to the achievement of short-term operational performance objectives and long-term stock market performance. The compensation of the Executive board members is determined in relation with the existing compensation policies in companies with similar size and maturity in the biotechnology sector in France, in Europe and in the US, notably on the basis of an internal survey conducted by the Company within the Peer Group⁽³⁾.

The compensation of the Executive board members is made of the following components:

-) a **short-term component** including:
 - o a fixed compensation, which reflects its responsibility, its level of experience and its skills; and
 - o a variable compensation remunerating the individual contribution to the annual collective performance, paid in cash. As from the 2017 fiscal year, a part could be paid in free shares to interest the Executive board members to the long-term value creation of the Company and encourage them, through the ownership of shares, to efficiently contribute to such value creation (see 2.1.1.2).
-) a **long-term incentive or LTI**: free preferred shares attribution (AGAP), which interest the Executive board members to the long-term results of the Company, retain them and align their interests on the shareholders' interests; and

³ See "Definitions"

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

-) **other benefits** attached to the exercise of the Executive board members including a supplementary pension plan, in-kind benefits and an unemployment insurance (GSC) for the Chairman of the Executive board.

Due to the high variability of the AGAP valuation: decrease by 80% of the AGAP valuation between the date of the Extraordinary General Meeting authorizing such instrument on June 23, 2017 (€400) and their attribution date on April 3, 2018 (€90), the number of AGAP attributed in 2018 for 2017 to the Executive board members has been calculated in volume and not in percentage of the global compensation.

Therefore, showing the proportion of each compensation component within the global compensation of the Executive board members (as it was showed in our 2017 Compensation report), is not relevant under the 2018 compensation policy of the Executive board members.

2.1.1.1 Fixed compensation

The fixed compensation is determined on the basis of the general principles applicable to the Company's compensation policy and consistent with the Peer Group compensation.

The fixed compensation is also used as basis to determine the annual variable compensation of the Executive board members.

For the 2018 fiscal year, the annual fixed compensation of the Executive board members is:

	2018 Fixed compensation	Evolution between 2016 and 2017
Chairman of the Executive board Mondher Mahjoubi	470,000	0%
Executive board member « Product portfolio strategy & Business development» Yannis Morel	216,000	+20%

The compensation of the current Chairman of the Executive board has been assessed at the time of his appointment on December 14, 2016 and evaluated according to standard market practices in comparable companies (Peer Group) and with respect to his previous compensation at AstraZeneca. It takes into account his specific expertise, coming from his experience in leading late stage development programs until the commercialization stage, into international pharmaceutical groups. As leader of the oncology area at AstraZeneca, Mondher Mahjoubi notably contributed to build the medico-marketing and commercial teams, significantly develop the oncology products pipeline and set up a leadership and differentiation strategy, which lead to the commercialization of two therapeutics innovations (Lynparza® and Tagrisso®) and to prepare the commercialization of their anti(PD-L1 (Imfimiz®) for the advanced bladder cancers. It is noted that by choosing to leave his function at AstraZeneca to become Chairman of the Executive board of the Company, Mondher Mahjoubi has seen his compensation reduced by about (i) 15% regarding his fixed compensation, (ii) 20% regarding his variable compensation and (iii) 40% regarding its long-term compensation.

The Chairman compensation is also fixed with regards to the compensation practices within the Peer Group, as published in their public reports.

It results from this internal survey that the fixed compensation of the Chairman is in the upper range of the average fixed compensation within the Peer Group but in the lower range regarding his global compensation (fixed, variable and LTI).

The table below shows the fixed and annual variable compensation of Mondher Mahjoubi for 2018 against the mean and the median of the fixed and annual variable compensation of the Chairman of the Executive board (or their equivalent) of the Peer Group.

Chairman of Innate Pharma's Executive board		Peer Group ⁽¹⁾	
Maximum global compensation for 2018	Median	Average	Min. and Max. compensation
€815,000	€1,272,114	€1,859,871	€509,891 –€6,865,595

(1) One of the Peer Group Company granted to his CEO an exceptional compensation in 2016.

During the 2017 fiscal year, the only fixed compensation increased was the one of the Executive board member in charge with the "Product portfolio strategy & Business development" to take into his new responsibilities arising from his new attributions (supervision of the portfolio strategy within the growth context of such portfolio in clinical and preclinical and management of the new programs directors team).

For 2018, the Supervisory board, upon recommendation of the Compensation and nomination committee, does not intend to modify the fixed compensation of the Executive board members.

However, with regards to the actual context of growth of the Company and its fast development, the Supervisory board wishes to keep such flexibility in the evolution of the fixed compensation of the Executive board members in accordance with the above described principles and with respect to the growth context of the Company and its performance.

2.1.1.2 Annual variable compensation

(i) Principles of determination

At the beginning of the year, the Supervisory board decides on, upon recommendation of the Compensation and nomination committee, the part of the annual variable compensation, expressed as a percentage of the fixed compensation and the individual objectives to be achieved as well as their weights.

For 2018 fiscal year, the Supervisory board, upon recommendation of the Compensation and nomination committee has decided not to modify the proportion of the Executive board members annual variable compensation.

Since 2017 fiscal year, the annual objectives are divided into four key priorities shared between all the Company's members and defined as the basis for a sustainable growth. They help aligning the Executive board members interests with those of the Company and are defined as follows:

-)] scientific leadership;
-)] organization readiness;
-)] financial discipline; and
-)] great place to work.

Within the key priorities, the Supervisory board, upon recommendation of the Compensation and nomination committee, determines the individual contribution of each Executive board member to the collective performance as well as their weights.

At the end of the year (or at the beginning of the following year), the Supervisory board, upon recommendation of the Compensation and nomination committee, determines the level of achievement of the individual objectives of the Executive board members. In case of achievement of 100% of the objectives, 100% of the corresponding bonus is paid. In the event that 100% of the objectives are not achieved, the percentage of the bonus paid is in proportion to the percentage of the objectives achieved. In the event of performance beyond expectations, as observed by the Compensation and nomination committee, it may be decided to raise the bonus amount beyond 100%, within the limit of 125%. Moreover, in the event of an obviously exceptional performance, whose achievement could not have been taken into account in the definition of the objectives, the Compensation and nomination committee may propose payment of an exceptional bonus.

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

) For the 2018 fiscal year, the individual variable compensation of the Executive board members could represent, at the maximum, the following percentages and the following amounts of their fixed compensation:

Maximum compensation				
Executive board members	Maximum percentage of the fixed remuneration if:		Maximum amount of variable compensation (in euros) if:	
	100% objectives are reached	Over performance	100% objectives are reached	Over performance
Chairman	60%	75%	€282,000	€352,500
Executive board member « Product portfolio strategy & Business development»	30%	37.5%	€59,400	€74,250

The Compensation and nomination committee, on January 30, 2018 determined the individual contribution of each Executive board member and its weight within the four key priorities mentioned above.

The objectives defined by the Compensation and nomination committee for each member of the Executive board are operational objectives, adapted to the context of strong growth and development of the Company and mainly based on the scientific leadership through the implementation of clinical programs and the development of a product portfolio.

The Compensation and nomination committee choose to use operational performance criteria to fix the annual performance objectives. Such operational criteria are in relation with the implementation of the Company's strategic plan and allow notably assessing the Company's performance within the achievement of the steps planned under such strategic plan. The long-term performance objectives used for the long-term compensation (see 2.1.1.3 are backed to stock market criteria to align the Executive board members interests with the shareholders' interests and considering that the intrinsic stock market performance of the Company is mainly due, on long-term, to the development of its pipeline of drug candidates. Besides, the Company's current business model (no recurrent income) does not allow a performance assessment through financial criteria such as the growth of income, the results or the margin.

The performance criteria used to assess the scientific and medical leadership (70% of the annual objectives) are mainly measurable (6 criteria over 8). The performance criteria used for the three other key priorities (30% of the annual objectives) are measurable and qualitative (5 measurable criteria and 8 qualitative criteria).

The targets of each criterion, notably the criteria relating to scientific leadership cannot be fully disclosed for strategic and confidential purposes.

2018 objectives

The table below shows the performance criteria determined for each key priority and the internal measures, which will be used by the Compensation and nomination committee at the end of the year (or at the beginning of the following year), to assess the level of achievement of each criterion.

Objectives and performance criteria	Measures of the criteria
Scientific and medical leadership 70%	
<ul style="list-style-type: none"> - Progress and diversification of the preclinical pipeline - Progress of the clinical pipeline - Partnerships 	<ul style="list-style-type: none"> - Achievement of a number of target projects reaching development milestones, identification of the best targets for the development of Innate's own potential technologies and development of some projects - Achievement of clinical objectives defined under the strategic plan - Conclusion of a target number of partnerships
Financial discipline 15%	
<ul style="list-style-type: none"> - Compliance with the budget 	<ul style="list-style-type: none"> - Budget targets as defined under the strategic plan
Organization readiness 7,5%	
<ul style="list-style-type: none"> - Management of a « talent pool » within the Company - Secure key positions 	<ul style="list-style-type: none"> - Identification of a « talent pool » and start of the development programs, including management trainings - Collaboration with the Compensation and nomination committee members to set up a succession plan
Great place to work 7,5%	
<ul style="list-style-type: none"> - Improve working conditions - Roll out the internal communication plan - Apply for a label rewarding the work environment quality 	<ul style="list-style-type: none"> - Implementation of new working conditions in 2018 - Achievement of the steps to implement the plan - Obtaining a target percentage of satisfaction under an internal survey conducted with the employees

Individual contribution of the Executive board members for 2018

Objectives and performance criteria	Mondher Mahjoubi	Yannis Morel
Scientific and medical leadership		
- Progress and diversification of the preclinical pipeline	40%	35%
- Progress of the clinical pipeline	30%	30%
- Partnerships		5%
Financial discipline		
- Compliance with the budget	15%	15%
Organization readiness		
- Management of a « talent pool » within the Company	7,5%	7,5%
- Secure key positions		
Great place to work		
- Improve working conditions	7,5%	7,5%
- Roll out the internal communication plan		
- Apply for a label rewarding the work environment quality		

(ii) Payment terms

Since 2017 fiscal year, with a view of interesting the Executive board members to the Company's long-term creation value and encourage them, through the ownership of shares, to efficiently contribute to such value creation, the annual variable compensation may be composed of one part paid in cash and of another part paid in free shares.

Each executive board member can opt for the payment of one part of its annual variable compensation in free shares. The free shares will be attributed by the Executive board, upon recommendation of the Compensation committee, after the Annual General meeting, according to the part of the annual variable compensation paid in free shares. Under option of the Executive board member, 50% of the annual variable compensation is paid in free shares and such percentage will be increased by a 30% premium of the annual variable compensation paid in free shares in order to encourage such term of payment and compensate the absence of cash payment for the Executive board members.

The number of free shares attributed will be determined according to their value in euros calculated on the weighted average of the last twenty stock market prices preceding the attribution.

Then, immediately after the determination, by the Supervisory board, upon recommendation of the Compensation and nomination committee, at the end of the year (or at the beginning of the following year) of the level of achievement of the objectives defined at the beginning of the year for the annual variable compensation in cash and the part of the annual variable compensation in free shares, will decide, for each Executive board member, on the number of free shares, which could be definitely acquired by the latter at the end of the acquisition period (one year following the attribution date) depending on the achievement of the objectives and subject to the vote in favour by the Annual general meeting under the vote on the variable components of the compensation to be paid for the previous fiscal year. The number of AGA Bonus definitely attributed is determined with regards to their value on the attribution date (weighted average of the twenty days of trading preceding the attribution).

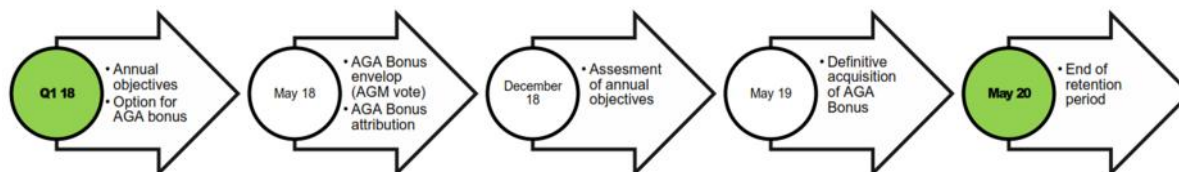
The free shares attributed (which will be Company's ordinary shares) will be subject, as provided by law, to a one-year acquisition period followed by a one-year retention period. The presence condition shall be observed over the same period than the annual performance.

The attribution of free shares is subject, in addition to the vote provided under Article L. 225-82-2 of the Code of commerce, to the shareholders' approval, at the vote conditions of the extraordinary general meetings, of a resolution allowing the attribution of free shares.

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

In accordance with Article L. 225-100 of the Code of commerce, the annual variable compensation for 2018 fiscal year, will only be paid after having received the favourable ex post vote of the simple majority of the shareholders presents or represented at the 2019 annual general meeting voting on the 2018 accounts.

The scheme below shows the attribution and acquisition process of the free shares attributed under the annual variable compensation:



2.1.1.3 Long-term incentive

To tie Executive board members to the Company's pluriannual performance, the Supervisory board (upon recommendation of the Compensation and nomination committee), suggested, subject to the vote in favour of the Annual General meeting of May 29, 2018, to attribute performance free shares to the Executive board members (the "Performance Free Shares").

The Performance Free Shares are free shares attributed under articles L. 225-197-1 et. seq. of the Code of commerce, of which definitive acquisition, at the end of a three-year period, is subject to a presence condition and to performance conditions.

The number of Performance Free Shares attributed to each Executive board member and the performance conditions are determined by the Supervisory board (upon recommendation of the Compensation and nomination committee) before the Annual General Meeting authorizing such instrument.

Therefore, for 2018, a resolution on the Performance Free Shares of which performance conditions are based on the stock market value growth and benefit from a "vesting kicker" triggered by the achievement of an internal condition, will be submitted to the Annual General Meeting.

The level of achievement of the stock market value condition shall depend on the Final Price, meaning the highest average closing price of Innate Pharma share on Euronext Paris for sixty consecutive trading days calculated at any time during the twelve months prior to the definitive acquisition of the Performance Free Shares against the Initial Price, meaning the average closing price of the Innate Pharma shares on Euronext Paris for the sixty trading days prior to the Annual General Meeting of May 29, 2019.

The internal condition shall be deemed achieved if, over the three-year acquisition period of the Performance Free Shares, a program of the Company's pipeline obtains a positive pivotal trial in the achievement of the primary criteria of efficiency predetermined over the three-year period of.

The percentage of Performance Free Shares attributed, which will be definitely acquired will be determined as follows:

- (a) 0% if the Final Price is lower than the Initial Price
- (b) Between 0% and 100% linearly if the Final Price is comprised between the Initial Price and three times the Initial Price
- (c) 100% if the Final Price is equal or above three times the Initial Price;

In case of achievement of the internal condition, half of the Performance Free Shares attributed will be automatically acquired (Vesting kicker) and the percentage of the other half of Performance Free Shares attributed that will be definitely acquired will be determined as explained above.

However, if between the date of definition of the Initial Price and the date of definition of the Final Price and the date of the definitive acquisition of the Performance Free Shares, one of the Reference Indexes (as defined below) were to experience a Significant Variation (as defined below), then the Executive Board will have the possibility to adjust the Initial Price and/or the Final Price to neutralize the exogenous impact of such a Significant Variation. The Executive Board shall, in this case, name a recognized independent expert to assist the Executive Board in the determination of such adjustments. The terms "Reference Indexes" mean the following stock market indexes: SBF 120, CAC 40,

Next Biotech and NBI (NASDAQ Biotechnology Index). If one of these indexes were to be no longer available, the Executive Board can choose a replacement index.

The terms "Significant Variation" mean one or the other of the following events for the relevant index: the average of the closing value for the index over the sixty consecutive trading days prior to the Expiry Date of the Retention Period (or, as the case may be, the Modified Expiry Date of the Retention Period) is inferior or equal to 90% of the average of the closing value for the index over the sixty consecutive trading days prior to the Annual General Meeting of May 29, 2018; the average of the closing value for the index over a sixty consecutive trading days period at any time between the date of the Annual General Meeting of May 29, 2018 and the definitive acquisition date of the Performance Free Shares, is inferior or equal to 80% of the average of the closing value for the index over another sixty consecutive trading days period at any time between the date of the Annual General Meeting of May 29, 2018 and the definitive acquisition date of the Performance Free Shares.

The attribution of Performance Free Shares is subject, in addition to the vote provided under article L. 225-82-2 of the Code of commerce, to the shareholder's approval, at the vote conditions of the extraordinary general meetings, of resolutions allowing the creation and attribution of Performance Free Shares. Subject to the adoption of such resolution, the Executive board may, upon recommendation of the Compensation and nomination committee and approval from the Supervisory board, the Executive board may attribute Performance Free Shares to the Executive board members.

For 2018, the Supervisory board (upon recommendation of the Compensation and nomination committee held on March 30, 2018) suggested to attribute the following number of Performance Free Shares to the Executive board members (same than in 2017):

-)] 70,000 Performance Free Shares to the Chairman of the Executive board
-)] 50,000 Performance Free Shares to each other member of the Executive board.

2.1.1.4 Other benefits

The Executive board members benefit from the following social benefits and benefits in kind:

-)] Company vehicle;
-)] Supplemental health insurance, subscribed with AG2r Prémalliance, which terms and conditions are identical to the Company's employees (two different types of contributions depending on the family status);
-)] Collective provision contract, subscribed with AG2r Prémalliance, which terms and conditions are identical to the Company's employees (management contribution applicable to the Executive board members);
-)] Complementary pension plan « Article 83 » subscribed with AG2r Prémalliance, which terms and conditions are identical for all the Company's employees and financed by a contribution equivalent to 2% of the annual salary, including 1.20% paid by the Company;
-)] For Nicolai Wagtmann, Danish national, who came to live in Marseille, the Company reimburse a part of the school fees for his children; and
-)] The Company subscribed to a contract of unemployment insurance (GSC) for the Chairman of the Executive board. Such contract guarantees the payment of an indemnity in case of unemployment (within the limit of 70% of the last professional income declared to the Tax administration), to the company leaders and corporate officers not entitled to the ASSEDIC unemployment benefits.
-)] Mondher Mahjoubi's non-competition indemnity

The Chairman's mandate agreement entered into between Mondher Mahjoubi and the Company provides that as consideration for a non-competition and a non-solicitation clause, Mondher Mahjoubi will benefit as from the end of its functions as Chairman of the Executive board, from a fixed compensation paid monthly over a two-year period. However, the Company may, at any moment, waive such non-competition and non-solicitation obligation at any moment as from the end of the social mandate. In such case, the indemnity shall not be due. Such indemnification qualify as undertaking under Article L. 225-190-1 § 6 of the Code of commerce and was authorized by the Supervisory board as provided under Article L. 225-86 of the Code of commerce.

2.1.1.5 Exceptional attributions of free shares for new executives

Subject to the approval of the General meeting, upon recommendation of the Compensation and nomination committee and approval of the principle by the Supervisory board, the Executive board may attribute free shares to the executives newly appointed or recruited.

The possibility to attribute free shares in case of recruitment of a new member of the Executive board is made for the purpose of attracting and keeping high level profiles by granting them a compensation in line with market practices⁴, while preserving the cash position of the Company.

Such free shares have a three-year acquisition period as from the attribution with a presence condition.

With regards to the development stage of the Company and its stock value evolution, the free shares value, at the end of the three-year acquisition period, shall reflect the Company's performance (and thus the performance of the Executive board member who contributed to such performance).

The number of free shares attributed during each fiscal year will be 50,000 free shares, for two people at the maximum.

The attribution of free shares is subject, in addition to the vote provided under Article L. 225-82-2 of the Code of commerce, to the shareholders' approval, at the vote conditions of the extraordinary general meetings, of a resolution allowing the attribution of free shares.

2.1.2. Supervisory board members compensation

The Supervisory board members compensation is made of attendance fees and warrants (BSA) giving right to the subscription of ordinary shares. As from the 2017 fiscal year, the Chairman of the Supervisory board is no longer remunerated with attendance fees but benefits from a distinct compensation.

2.1.2.1. Attendance fees

The Company pays attendance fees to the independent members of the Supervisory board include a fixed part for each member, a fixed part for the Chairman of the Audit and Compensation and nomination committees and a variable part depending on their presence to the board and committees. The variable part depending on the presence to the meetings of the Supervisory board and committees overrides the fixed part.

The table below shows the allocation grid of the attendance fees applicable as from the 2017 fiscal year. Such grid was modified by the Chairman of the Supervisory board at the Supervisory board meeting on December 14, 2016 following the decision to grant a distinct compensation to the Chairman of the Supervisory board.

Envelop voted at the Annual general meeting		€200,000
Fixed part	Supervisory board Chairman	€20,000
	Supervisory board member	€15,000
Variable part depending on the presence to the Supervisory board meetings	Committee Chairman ⁽¹⁾	€3,000
	Other members	€1,500
Variable part depending on the presence to the Committees meetings	Committee Chairman	€1,500
	Committee member	€1,000

In case of conference call or videoconference, the variable part is reduced by 50%.

(1) Audit committee or Compensation and nomination committee

⁴ See « Definitions » on the Peer Group compensation

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

The censor, who is called to the Supervisory board meetings and has a consultative voice, is not remunerated under his mandate.

The possibility to pay such attendance fees is subject, in addition to the vote provided under Article L. 225-82-2 of the Code of commerce, to the shareholders' approval, at the vote conditions applicable to the ordinary general meetings, of the envelop mentioned above.

2.1.2.2. Warrants (BSA)

Subject to the favourable vote by the General meeting, the Company wishes to attribute warrants (BSA) to the independent members of the Supervisory board. The purpose of such attributions is to attract high profile to the Supervisory board while preserving the Company's cash position.

The characteristics of such BSA shall be:

-)] Warrants attribution to the independent members of the Supervisory board at the time of their first appointment and in case of exceptional event, within the limit of 10,000 BSA per member
-)] Each warrant will give right to subscribe one share with a strike price equal to the stock market average of the last ten days following the attribution (without discount);
-)] The warrants will become exercisable two years after their attribution and over an eight-year period.

It is noted that the attribution of warrants to the Supervisory board members is not regarded as a compensation and does not depend on the achievement of performance criteria but aims at attracting and retaining high level qualification personalities to the Supervisory board.

The attribution of warrants is subject, in addition to the vote provided under Article L. 225-82-2 of the Code of commerce, to the shareholders' approval, at the vote conditions of the extraordinary general meetings, of a resolution allowing the attribution of warrants.

2.1.2.3. Chairman of the Supervisory board compensation

The Chairman of the Supervisory board does not receive attendance fees. He receives a fixed compensation and an exceptional temporary compensation.

)] Fixed compensation

The Supervisory board of December 14, 2016 decided that Hervé Brailly, as new Chairman of the Supervisory board, will benefit from a specific compensation under Article L. 225-84 of the Code of commerce and would no longer be remunerated on the attendance fees envelop voted by the Ordinary general meeting. As non-independent member of the Supervisory board, Hervé Brailly does not benefit from attendance fees, neither from equity instruments.

For the 2018 fiscal year, Hervé Brailly's specific compensation for his functions as Chairman of the Supervisory board amounted to €50,000 per year.

)] Exceptional temporary compensation

The Supervisory board of December 14, 2016 decided to entrust Hervé Brailly with a special mission under Article L. 225-84 of the Code of commerce, in addition to his functions as Chairman of the Supervisory board.

Such mission was performed during the 2017 fiscal year and the Supervisory board of December 13, 2017, upon recommendation of the Compensation and nomination committee decided to renew such special mission for a one-year period ending on December 31, 2018, without possibility or renewal.

The special mission, which will be performed during the 2018 fiscal year aims at continuing to support the new Chairman of the Executive board and finalize the internal and external transition. Such mission consists in:

-)] Advise the Chairman of the Executive board with regards to the relations with local, regional and French interlocutors (politicians, scientists, economists) of the Company and to the key opinion leaders in the Company's fields of activities;

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

-) Advise the Company with regard to scientific strategy and notably with regard to bi-specifics platforms and ADC and new targets and technologies, in addition to NK platform;
-) Continue and, as the case may be, establish some contacts required for business development activities;
-) Help to identify new targets of acquisition (preclinical projects, companies); and
-) Be involved in some financial relations activities if needed.

Under such mission and until its term, Hervé Brailly will benefit, in addition to its compensation as Chairman of the Supervisory board, a gross compensation of €100,000 per year.

2.2. COMPENSATION IF THE EXECUTIVE BOARD MEMBERS AND OF THE CHAIRMAN OF THE SUPERVISORY BOARD DURING THE 2017 FISCAL YEAR (« EX POST » VOTE)

In accordance with articles L. 225-100 and L. 225-68 of the Code of commerce, as modified by articles 4 and 7 of Ordonnance n°2017-1162 dated July 12, 2017 and Law n°2016-1691 dated December 9, 2016, named "Sapin II", which established a mandatory "ex post" vote, the following paragraphs present the fixed, variable or exceptional components of the global compensation and benefits in kind paid or attributed for the previous fiscal year to the Chairman of the Executive board, the members of the Executive board and the Chairman of the Supervisory board.

The variable or exceptional components of the compensation will be submitted to the shareholders' approval at the next General meeting to be held on May 29, 2018, deciding on the accounts for the 2018 fiscal year and can only be implemented after having received the favourable vote on the simple majority of the shareholders present or represented.

Thus, the following paragraphs present the fixed, variable or exceptional components of the global compensation and benefits in kind paid, for the 2017 fiscal year to the Chairman and member of the Executive board and the Chairman of the Supervisory board. It is noted that Nicolai Wagtman having left his functions as Executive board member on June 23, 2017 no component of compensation mentioned under article L. 225-100 paragraph 9 submitted to the "Ex post" vote has been paid or is due to him for the 2017 fiscal year.

2.2.1 Components of the compensation for the Chairman of the Executive board and member of the Executive board and the Chairman of the Supervisory board for the 2017 fiscal year

2.2.1.1 Recapitulative table of the compensation components submitted to the "ex post" vote

The table below shows all components of the global compensation and benefits in kind paid or attributed⁽¹⁾ for the fiscal year ended on December 31, 2017 to *Mondher Mahjoubi, Chairman of the Executive board*

Components of the compensation paid or attributed during the fiscal year ended on December 31, 2017	Amounts or accounting valuation submitted to the vote	Presentation
Fixed compensation	€470,000	Fixed compensation paid under the mandate agreement
Annual variable compensation*	€127,605	The Supervisory board of December 13, 2017, upon recommendation of the Compensation and nomination committee of December 8, 2017, fixed the objectives achievement of Mondher Mahjoubi to 90.5% (see 2.2.1.2).
Free shares attribution (replacing a part of the payment in cash of the annual variable compensation)*	€72,285.5 ⁽³⁾	Mondher Mahjoubi opted for the payment of 50% of his annual variable compensation in free shares, increased by a 30% premium. On the basis of the objectives achievement recorded by the Compensation and nomination committee of December 8, 2017, it benefits from 15,218 AGA Bonus over the 16,816 AGA Bonus attributed by the Executive board of September 20, 2017 and corresponding to 50% of his annual variable compensation increased by a 30% premium ⁽²⁾ . An Executive board will record, on September 21, 2018 at the earliest, the definitive acquisition of such 15,218 AGA Bonus so attributed (see 2.2.1.2).

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

Equity instruments paid under the pluriannual variable compensation €63,000 ⁽⁴⁾

The Executive board of April 3, 2018, upon authorization of the Supervisory board of June 23, 2017, decided upon recommendation of the Compensation and nomination committee of the same day, decided to attribute 700 AGAP to Mondher Mahjoubi.

Benefits in kind €24,293

(1) In accordance with article L. 225-100 of the Code of commerce, the components with * (variable or exceptional components) shall only be paid after being approved at the simple majority by the shareholders present or represented

(2) The number of AGA Bonus attributed by the Executive board of September 20, 2017, subject to the achievement of the objectives, was calculated on the basis of the weighted average of the 20 last trading days before September 20, 2017 (from August 23, 2017 to September 19, 2017), amounting to €10.90 per ordinary share of the Company.

(3) AGA Bonus valued at the stock market value on December 31, 2017, amounting to €4.75

(4) Attribution by the Executive board of April 3, 2018 of 700 AGAP 2017 for the 2017 pluriannual variable compensation, valued par an independent financial advisor at €90 per AGAP 2017 as at April 3, 2018

The table below shows all components of the global compensation and benefits in kind paid or attributed⁽¹⁾ for the fiscal year ended on December 31, 2017 to *Yannis Morel, Product portfolio strategy & Business development and member of the Executive Board*

Components of the compensation paid or attributed during the fiscal year ended on December 31, 2017	Amounts or accounting valuation submitted to the vote	Presentation
Fixed compensation	€196,648	Compensation paid under his working contract. The Supervisory board of June 23, 2017, upon recommendation of the Compensation and nomination committee of the same day, decided to increase the fixed compensation of Yannis Morel by 20% due to the expansion of his area of responsibilities (notably the portfolio management, the management of the "strategic portfolio committee" and the management of all program directors). Such increase took effect on July 1, 2017.
Annual variable compensation	€46,305	The Supervisory board of December 13, 2017, upon recommendation of the Compensation and nomination committee of December 8, 2017, fixed the achievement of the annual objectives of Yannis Morel at 75% and the achievement of the objectives of Nicolai Wagtmann by Yannis Morel at 44.5% (see 2.2.1.2).
Free shares attribution (replacing a part of the payment in cash of the annual variable compensation)*	€12,616 ⁽³⁾	Yannis Morel opted for the payment of 50% of his annual variable compensation in free shares, increased by a 30% premium. On the basis of the objectives achievement recorded by the Compensation and nomination committee of December 8, 2017, it benefits from 2,656 AGA Bonus over the 3,542 AGA Bonus attributed by the Executive board of September 20, 2017 and corresponding to 50% of his annual variable compensation increased by a 30% premium ⁽²⁾ . An Executive board will record, on September 21, 2018 at the earliest, the definitive acquisition of such 2,656 AGA Bonus so attributed (see 2.2.1.2) ⁽²⁾ .
Equity instruments paid under the pluriannual variable compensation	€45,000 ⁽⁴⁾	The Executive board of April 3, 2018, upon authorization of the Supervisory board of June 23, 2017, decided upon recommendation of the Compensation and nomination committee of the same day, decided to attribute 500 AGAP to Yannis Morel.
Benefits in kind	€3,851	

(1) In accordance with article L. 225-100 of the Code of commerce, the components with * (variable or exceptional components) shall only be paid after being approved at the simple majority by the shareholders present or represented

(2) The number of AGA Bonus attributed by the Executive board of September 20, 2017, subject to the achievement of the objectives, was calculated on the basis of the weighted average of the 20 last trading days before September 20, 2017 (from August 23, 2017 to September 19, 2017), amounting to €10.90 per ordinary share of the Company.

(3) AGA Bonus valued at the stock market value on December 31, 2017, amounting to €4.75

(4) Attribution by the Executive board of April 3, 2018 of 500 AGAP 2017 for the 2017 pluriannual variable compensation, valued par an independent financial advisor at €90 per AGAP 2017 as at April 3, 2018

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

The table below shows all components of the global compensation and benefits in kind paid or attributed for the fiscal year ended on December 31, 2017 to *Nicolai Wagtmann, Chief Scientific Officer and Executive board member until June 23, 2017*

Components of the compensation paid or attributed during the fiscal year ended on December 31, 2017	Amounts or accounting valuation submitted to the vote	Presentation
Fixed compensation	€104,631	Compensation paid under his working contract.
Benefits in kind	€10,856	

The table below shows all components of the global compensation and benefits in kind paid or attributed for the fiscal year ended on December 31, 2017 to *Hervé Brailly, Chairman of the Supervisory board⁽¹⁾*

Components of the compensation paid or attributed during the fiscal year ended on December 31, 2017	Amounts or accounting valuation submitted to the vote	Presentation
Fixed compensation	€50,000	Specific compensation paid under article L. 225-84 of the Code of commerce (see 2.2.2.3).
Exceptional temporary compensation	€100,000	Special mission entrusted to Hervé Brailly within the meaning of article L. 225-84 of the Code of commerce (see 2.2.2.3).

(1) The Chairman of the Supervisory board does not receive any variable compensation

2.2.1.2 Details of the compensation components

Annual variable compensation paid in cash

The tables below show the annual objectives of the Executive board members and their weighting as well as the percentage of achievement of each objective, as assessed by the Supervisory board of December 13, 2017, upon recommendation of the Compensation and nomination committee of December 8, 2017.

The individual annual objectives of the Executive board members were presented under the 2017 Say on Pay report and approved by the General meeting of June 23, 2017.

The individual annual performance criteria are divided, for each Executive board member, into sub criteria with an achievement percentage for each member of the Executive board.

The targets of each criterion cannot be disclosed for strategic and confidential purposes.

Mondher Mahjoubi

	Weighting	Achievement	Assessment criteria	Assessment
Scientific leadership				
Progress and diversification of the preclinical pipeline	30%	24.5%	Achievement of a number of target projects reaching development milestones	Number of target projects reaching the development milestones achieved, except for one project, which was modified in the course of its development and another project, which was stopped before reaching an early milestone.
Progress of the clinical pipeline	30%	31%	Achievement of clinical objectives defined under the strategic plan	Most of the clinical objectives defined under the strategic plan have been achieved. Some non-strategic trials were suspended. A clinical program overachieved the objective.
Commercial development	5%	2.5%	Number of in and out licensing according to the strategic plan	Half of the objectives of acquisition or granting of licenses defined under the strategic plan was reached.
Scientific communication	5%	5%	Reaching a target number of scientific publications	Number of publications defined under the objectives reached.

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

Organization readiness				
Evolution of the human, financial and organizational resources of the Company to boost its development	10%	7.5%	Implementation of the recruitment plan as defined and figured at the beginning of the year within a strong growth context; development of new competences area in relation with the strategic plan	The recruitment plan was implemented as provided under the strategic plan. One internal organization target was not reached.
Financial discipline				
Achievement or overachievement of the budget targets	10%	10%	Budget targets as defined under the strategic plan, evolution of the management tools in relation with the Company's development	Compliance with the budget and setting up of a long term strategic plan.
Great place to work				
Attract and develop human potentials and maintain a strong team spirit Efficiency of the decision process	10%	10%	Implementation and starting of training programs (including development and leadership programs); development of internal communication tools, evolution of the internal process of decision	Setting up of new committees to improve the process and the portfolio management. Setting up of an individual assessment process for employees Preparation of an internal communication plan, which will be rolled out in 2018.
TOTAL		90.5%		

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

Yannis Morel: achievement of individual objectives for 2017

	Weighting	Achievement	Assessment criteria	Assessment
Scientific leadership				
Progress and diversification of the preclinical pipeline	20%	20%	Achievement of a number of target projects reaching development milestones	Number of target projects reaching the development milestones reached, notably from a business development point of view.
Commercial development	35%	20%	Number of in and out licensing according to the strategic plan	Objective partially reached.
Organization readiness				
Evolution of the human, financial and organizational resources of the Company to boost its development	5%	5%	Implementation of the recruitment plan as defined and figured at the beginning of the year within a strong growth context; development of new competences area in relation with the strategic plan	Recruitment objectives reached.
Financial discipline				
Achievement or overachievement of the budget targets	10%	0%	Budget targets as defined under the strategic plan, evolution of the management tools in relation with the Company's development	Objective not reached
Great place to work				
Attract and develop human potentials and maintain a strong team spirit Efficiency of the decision process	30%	30%	Implementation and starting of training programs (including development and leadership programs); development of internal communication tools, evolution of the internal process of decision	Setting up of a new organization for the Program Directors to simplify and harmonize the decision making process.
TOTAL		75%		

Yannis Morel: achievement of Nicolai Wagtmann's objectives for 2017

	Weighting	Achievement	Assessment criteria	Assessment
Scientific leadership				
Progress and diversification of the preclinical pipeline	40%	40%	Achievement of a number of target projects reaching development milestones	Number of target projects reaching the milestones reached, notably from a business development point of view.
Progress of the clinical pipeline	30%	22%	Achievement of clinical objectives defined under the strategic plan	Most of the clinical objectives defined under the strategic plan have been achieved. Some non-strategic trials were suspended.
Scientific communication	15%	15%	Reaching a target number of scientific publications	Number of publications defined under the objectives reached.
Organization readiness				
Evolution of the human, financial and organizational resources of the Company to boost its development	5%	5%	Implementation of the recruitment plan as defined and figured at the beginning of the year within a strong growth context; development of new competences area in relation with the strategic plan	Objective of recruitment of key position within the research department reached.
Financial discipline				
Achievement or overachievement of the budget targets	10%	3%	Budget targets as defined under the strategic plan, evolution of the management tools in relation with the Company's development	Compliance with the budget objectives.
Great place to work				
Attract and develop human potentials and maintain a strong team spirit Efficiency of the decision process	5%	4%	Implementation and starting of training programs (including development and leadership programs);	Implementation of a training program (development and leadership) in 2017.

development of internal communication tools, evolution of the internal process of decision

TOTAL	89%
--------------	------------

The table below shows the amount of annual variable compensation to be paid to each Executive board member for 2017.

Amount to be paid to the Executive board members under their annual variable compensation

	Fixed compensation (€)	% of variable of fixed compensation	% of achievement of performance criteria	Annual of variable total 2017 (€)	Variable 2017 to be paid (€) ⁽¹⁾	Variable 2017 paid in AGA Bonus (€)
Mondher Mahjoubi	470,000	60%	90.5%	255,210	127,605	72,285.5 ⁽⁴⁾
Yannis Morel	198,000 ⁽²⁾	30%	75%	44,550	46,305 ⁽³⁾	12,616 ⁽⁵⁾

(1) Mondher Mahjoubi and Yannis Morel having both opted for the payment of 50% of their annual variable compensation into AGA Bonus, 50% of this amount will be paid in cash (see 2.1.1.2).

(2) Fixed compensation paid in 2017 following the increase of Yannis Morel's compensation decided by the Supervisory board of June 23, 2017, upon recommendation of the Compensation and nomination committee of the same day: €90,000 from January to June 2017 and €108,000 from June to December 2017

(3) €22,275 corresponding to 50% of Yannis Morel's annual variable compensation (€44,550 at the total), increased by €4,030 corresponding to 50% (from July to December 2017, following Nicolai Wagtmann's resignation) of achievement by Yannis Morel of Nicolai Wagtmann's objectives (89%)

(4) In September 2018, the Executive board will record the definitive acquisition of 15,218 AGA Bonus corresponding to 50% of Mondher Mahjoubi's annual variable compensation increased by a 30% premium. On December 31, 2017, such AGA Bonus were valued at €72,285.5 (market value of €4.75 per share on December 31, 2017).

(5) In September 2018, the Executive board will record the definitive acquisition of 2,656 AGA Bonus corresponding to 50% of Yannis Morel's annual variable compensation increased by a 30% premium. On December 31, 2017, such AGA Bonus were valued at €12,616 (market value of €4.75 per share on December 31, 2017).

Long-term incentive – Distribution of free preferred shares

The attributions of free preferred shares (or AGAP) consist in the free attribution, under Article L. 225-197-1 et. Seq. of the Code of commerce, of a number of ordinary shares of the Company depending on the achievement of performance criteria determined at the attribution and evaluated over a three-year period.

The AGAP 2017 are subject to a one-year acquisition period with presence condition. During the two-year period following, the AGAP cannot be sold, neither converted into ordinary shares. At the end of such two-year period, provided the achievement of the performance criteria (and the presence condition) on that date, the AGAP could be converted into ordinary shares for a six-year and six-month period. At the end of such six-year and six-month period, the AGAP that would not have been converted, will lose their rights and could be purchased by the Company, and, as the case may be, cancelled.

For 2017, it was proposed to the general meeting to vote AGAP with performance criteria based on the stock market evolution.

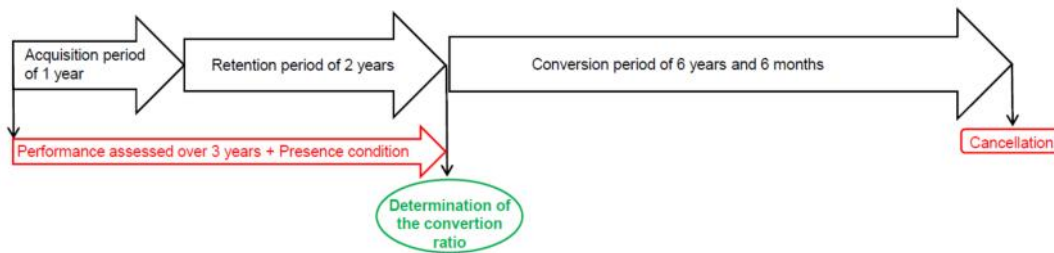
The target performance will be an increase of the current stock market price to €30 by ordinary share. In case of achievement of such performance criteria, each AGAP may be converted into a maximum of 100 ordinary shares. If at

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

the end of the three-year period the stock market is comprised between €11.6 (average of the 60 stock market prices before the 2017 AGM) and €30, the conversion ratio will be calculated by linear extrapolation. If on the conversion date, the stock market price is below 11.6, the AGAP may not be converted.

Following the decision of the Supervisory board dated June 23, 2017 adopted upon recommendation of the Compensation and nomination committee, the Executive Board, on April 3, 2018, used the delegation granted by the 30th resolution of the General Meeting held on June 23, 2017 to AGAP Management 2017-1 to the Executive board members.

The timeline below shows these different steps of attribution, definitive acquisition and conversion of the AGAP:



The table below shows such distribution:

Executive board members	Number of AGAP Management attributed	% of maximum dilution ⁽¹⁾	Total value in € ⁽²⁾
Mondher Mahjoubi	700	0.12%	63,000
Yannis Morel	500	0.09%	45,000

(1) On the basis of the number of shares of the non-diluted share capital on the date of the Executive board attribution and assuming that the AGAP have been fully converted (1 AGAP = 100 ordinary shares);

(2) On the basis of the valuation made by an independent financial expert on the attribution date, April 3 2018 by the Executive board and having an AGAP valued at €90

Summary of the equity instruments giving access to the share capital owned by the Executive board members and the Chairman of the Supervisory board

The table below summarizes the share equivalents of the equity instruments owned by the members of the Executive board and the Supervisory board on the date of this Report:

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

	BSAAR	BSA	AGAP Management 2016/2017 ⁽²⁾	AGA Management ⁽²⁾	AGA Bonus ⁽³⁾	TOTAL (in shares in case of maximum conversion of the AGAP)	% of maximum dilution ⁽¹⁾
Hervé Brailly	350,000		100,000			450,000	0.78%
Mondher Mahjoubi	-	-	670,000	250,000	15,218	935,218	1,62%
Yannis Morel	88,000	-	140,000	-	2,656	230,656	0,40%
Total	438,000	-	910,000	250,000	17,874	1,615,874	2,80%

(1) On the basis of the number of shares of the non-diluted share capital on the date of the Executive board attribution and assuming that the AGAP have been fully converted (1 AGAP = 100 ordinary shares);

(2) In number of shares in case of maximum conversion

(3) Whose definitive acquisition will be recorded in September 2018

2.2.2 Compensation of the Supervisory board members during the 2018 fiscal year

2.2.2.1 Attendance fees

The Annual General Meeting of June 23, 2017 voted a total amount of €200,000 in attendance fees. This amount is distributed among the members of the Supervisory Board according to a calculation, which depends on their rate of attendance at meetings and their responsibility in committees.

The table below shows the attendance rate of the Supervisory board members during the 2017 fiscal year:

	Supervisory board	Audit committee	Compensation and nomination committee	Transaction committee	% of presence
Hervé Brailly	100% (9/9)	-	100% (5/5)	100% (2/2)	100%
Irina Staatz-Granzer	78% (7/9)	75% (3/4)	-	100% (2/2)	84.33%
Gilles Brisson	100% (9/9)	100% (4/4)	100% (5/5)		100%
Novo Nordisk A/S	78% (7/9)			0% (0/2) ⁽¹⁾ -	78%
Bpifrance Participations (Maily Ferrere)	100% (4/4)	50% (1/2)	-	-	75%
Patrick Langlois	78% (7/9)	100% (4/4)	67% (3/5)		81.6%
Michael A. Caligiuri	100% (2/2)	-	-	-	100%
Véronique Chabernaud	100% (9/9)	-	100% (5/5)	-	100%

(1) In 2017, the Transaction committee meets twice about the C5aR deal concluded with Novo Nordisk A/S. To avoid any conflict of interest, Novo Nordisk A/S was absent to these committees.

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

On the basis of such elements and the allocation grid applicable during the 2017 fiscal year, the Company paid attendance fees to the members of the Supervisory board in 2017 amounting to €150,609 allocated as follows:

	Amount of the attendance fees paid (€)
Irina Staatz-Granzer	27,500
Gilles Brisson	47,750
Patrick Langlois	40,250
Véronique Chabernaud	29,500
Michael Caligiuri ⁽¹⁾	5 609

(1) Michael Caligiuri resigned from his mandate as Supervisory board member on April 10, 2017

2.2.2.2 Warrants (BSA)

Warrants (BSA) attributed in 2017

The Executive board of September 20, 2017, upon authorization of the Supervisory board of June 23, 2017, attributed 10,000 BSA (BSA 2017-1) to the independent members of the Supervisory board. 37,000 BSA were subscribed.

The BSA 2017-1 will be exercisable two years following their attribution for an eight-year period.

The exercise price of the BSA 2017-1 corresponds to the average of the ten last trading days on the attribute date, *i.e.* €11 from September 6 to 19, 2017. The subscription price of the BSA 2017-1 is equal to 10% of the exercise price, *i.e.* €1.10.

At the end of the subscription period of the BSA 2017-1, on November 30, 2017, the BSA 2017-1 were attributed as follows:

Beneficiaries	Functions	Number of BSA 2017-1 subscribed by each beneficiary
Gilles Brisson	Supervisory board member	10,000
Irina Staaz-Granzer	Supervisory board member	10,000
Véronique Chabernaud	Supervisory board member	10,000
Patrick Langlois	Supervisory board member	7,000
Total		37,000

J Warrants (BSA) held by the Supervisory board members

The table below summarizes the share equivalents of the circulating BSA held by the members of the Supervisory board on January 31, 2018:

Supervisory board members	Circulating BSA	% dilution ⁽¹⁾
Hervé Brailly	0	0%
Irina Staatz-Granzer	45,000	0.08%
Gilles Brisson	50,000	0.09%
Novo Nordisk A/S	0	0%
Bpifrance Participations (Mailys Ferrere)	0	0%
Patrick Langlois	7,000	0.01%
Véronique Chabernaud	24,200	0.04%
TOTAL	126,200	0.22%

(1) On the basis of the shares forming the share capital on January 31, 2018, non-diluted.

The independent members of the Supervisory board do not hold any other equity instrument.

2.2.2.3 Renewal of the special mission entrusted to the Chairman of the Supervisory board

The Supervisory board of December 14, 2016 having appointed Hervé Brailly as Chairman of the Supervisory board decided to entrust him with a special mission under Article L. 225-84 of the Code of commerce, in addition to his mission as Chairman of the Supervisory board.

The Chairman of the Supervisory board received an amount of €100,000 as compensation for this special mission for the 2017 fiscal year.

Chapitre 3. Supervisory board observations

In accordance with Article L. 226-68 of the Code of commerce, the Supervisory board has no observation neither on the Management report nor on the account of the previous fiscal year.

Annex A –Regulated agreements

)] Acquisition of C5aR from Novo Nordisk A/S

On June 2, 2017, Innate Pharma entered into a contribution in kind agreement with the company Novo Nordisk A/S under which Novo Nordisk A/S undertook to transfer shares to the Company by way of contribution (the “Contribution”), which contribution relates to all the shares held by Novo Nordisk A/S in a company named NN C5aR S.A.S, set up for the purpose of acquiring the exclusive development and commercial rights in the anti-C5aR antibody by Innate Pharma. Prior to completion of the Contribution, Novo Nordisk A/S transferred to NN C5aR all rights and proceeds relating to the anti-C5aR antibody (which will become the IPH5401 program) in accordance with a license agreement governing the subsequent rights and obligations of the parties. The Company will soon absorb NN C5aR and will itself become a party to the license agreement.

The terms of the agreement provide for an upfront payment of €40m, of which €37.2m will be paid in the form of new shares in the Company and €2.8m will be paid in cash. Novo Nordisk A/S is eligible for up to €370m by way of development, regulatory and sales milestone payments and to double digit royalties on future net sales.

Under the transaction described above, the following agreements were entered into with Novo Nordisk A/S:

-)] Contribution in kind agreement dated June 2, 2017
-)] Exclusive license agreement dated July 4, 2017
-)] Side letter dated June 23, 2017 under which Innate Pharma and Novo Nordisk A/S agreed on the transaction terms and the payment by Innate Pharma of some external advisory costs and costs relating to the manufacturing of a first batch
-)] An indemnity agreement dated July 13, 2017

Motivation:

This acquisition will allow Innate Pharma to strengthen its proprietary pipeline with the acquisition of anti-C5aR (which becomes the IPH5401 program), a clinical-stage antibody, which could start clinical trials in oncology in 2018.

)] Agreement concluded with Novo Nordisk A/S under the NKG2A transaction

Under the NKG2A transaction, Innate Pharma entered into an agreement with Novo Nordisk A/S on December 8, 2017 to deal with the tax implications of such transaction.

Motivation: Clarification of tax consequences for the parties under the NKG2A transaction.

Modalities: Innate Pharma shall assist Novo Nordisk A/S with the French tax authorities and Novo Nordisk shall cooperate and provide all necessary documents, which will be requested to ensure the payment to the French tax authorities.

)] Manufacturing agreement concluded with Novo Nordisk A/S

On December 13, 2017, Innate Pharma and Novo Nordisk A/S entered into an agreement under which Novo Nordisk A/S agreed to manufacture additional batches for an amount estimated to €2,349,000.

Motivation: such agreement allows Innate Pharma to obtain C5aR batches more easily, at a cost in line with those of other CMO (contract manufacturing organization).

)] Agreement concluded with Hervé Brailly, as Chairman of the Supervisory Board

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

On December 14, 2016 with effect as from December 30, 2016, the Supervisory board decided to grant a special mission to Hervé Brailly in addition to its functions as Chairman of the Supervisory board under article L. 224-84 of the French Code of Commerce. Such special mission mainly consisted in ensuring the transition to the new executive team of Innate Pharma and in providing strategic advices.

Under such special mission, Hervé Brailly received a gross compensation amounting to €100,000 in 2017.

Such special mission was renewed by the Supervisory Board meeting of December 13, 2017 and will end on December 31, 2018. For the fiscal year ending on December 31, 2018, Hervé Brailly will receive a gross compensation amounting to €100,000.

) **Agreements concluded with Mondher Mahjoubi as Chairman of the Executive Board**

Article 83:

Mondher Mahjoubi benefited from an « Article83 » pension contract with France Vie, at a contribution rate of 2% of his gross compensation, of which 1.20% borne by Innate Pharma.

The amount paid by Innate Pharma for the 2017 fiscal year amounted to €3,964.

Company car:

Mondher Mahjoubi benefited from the lease of a company car, at a cost of €1,947 in 2017.

Accommodation:

For 2017, Innate Pharma paid a portion of accommodation costs of Mondher Mahjoubi. The accommodation costs paid by Innate Pharma in 2017 amounted to €6,026. In accordance with Mondher Mahjoubi's mandate contract, the reimbursement of such costs ended on June 30, 2017.

Non-competition and non-solicitation undertaking:

Mondher Mahjoubi's mandate agreement dated December 14, 2016 with effect as from December 30, 2016, provides for the payment of a lump sum equivalent to two years of fixed and variable compensation in consideration of his non-competition and non-solicitation clauses, to be paid monthly for 24 months as from the date on which he will no longer be Chairman of the Executive board.

No payment was made under such Mandate during the fiscal year ended on December 31, 2017.

) **Agreements concluded with Yannis Morel as Executive board member**

Compensation:

Yannis Morel received a monthly salary of €15,000 over a six-month period starting from January to June 2017 and of €18,000 over a six-month period starting from July to December 2017 under his employment contract.

Yannis Morel will receive, in 2018, for the year 2017, an individual bonus amounting to €46,305.

Article 83:

Yannis Morel benefited from an "Article 83" pension contract with France Vie, at a contribution rate of 2% of his gross compensation, of which 1.20% borne by the Company.

The amount paid by Innate Pharma for the 2017 fiscal year amounted to €2,051.

Company car:

Yannis Morel benefited from the lease of a company car, at a cost of €1,800 in 2017.

) **Agreements concluded with Nicolai Wagtmann as Executive board member until June 23, 2017**

Compensation:

Nicolai Wagtmann received a monthly salary of €15,000 over a six-month period starting from January to June 2017 under his employment contract.

Annex A – Regulated agreements

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

Nicolai Wagtmann resigned from his functions as CSO and his mandate as Executive Board member on June 23, 2017. He did not receive any individual bonus under his employment contract in 2017.

School allowance:

Nicolai Wagtmann benefited from an in-kind advantage for school allowance amounting to €7,713.

Article 83:

Nicolai Wagtmann benefited from an "Article 83" pension contract with France Vie, at a contribution rate of 2% of his gross compensation, of which 1.20% borne by the Company.

The amount paid by Innate Pharma for the 2017 fiscal year amounted to €2,049.

Company car:

Nicolai Wagtmann benefited from the lease of a company car, at a cost of €1,750 in 2017.

) Agreement concluded with Novo Nordisk A/S as shareholder

Collaboration agreement:

Novo Nordisk A/S and Innate Pharma signed on March 28, 2006 a collaboration and exclusive license agreement for the development and commercialization of IPH2101.

Amendment N°1 was signed on October 6, 2008 with the main purpose to give Innate Pharma exclusive rights for development and commercialization of the drug candidate IPH2101.

Amendment No. 2 was concluded on October 6, 2008; under the terms of this amendment, Innate Pharma gave up milestone payments for rights and royalties on sales of IPH2301, another drug candidate given in license to Novo Nordisk A/S.

Amendment No. 3 of June 26, 2009 relates to adjustments in the management of patents.

Amendment No. 4 was signed on December 16, 2010, modifying the scope of their respective development, without financial incidence.

Amendment No. 5 was signed on January 5, 2011 in order to update the list of patents.

Amendment No. 6 was signed on July 5, 2011 to align certain terms of the contract with the BMS agreement signed by Innate Pharma on July 6, 2011.

Amendment No. 7 was signed on February 5, 2014 under which Novo Nordisk A/S sold to Innate Pharma the rights on Anti-NKG2A for €7.0 million, broken down into €2.0 million paid in cash and 600,000 shares Innate Pharma. Under Amendment No. 7, Innate Pharma agreed to reimburse Novo Nordisk A/S for the annual maintenance costs of an underlying license from Novo Nordisk A/S to a third party.

Amendment No. 8 was signed on November 3, 2016 with retroactive effect on September 16th, 2016, under which Innate Pharma and Novo Nordisk A/S agreed to adjust the terms of payment to align our reimbursement obligations with Novo Nordisk A/S to the costs owed by Novo Nordisk A/S to that third party.

License agreement:

Novo Nordisk Health Care AG, a fully owned subsidiary of Novo Nordisk A/S, and Innate entered into a License Agreement on December 9, 2013 by which Novo Nordisk Health Care AG granted to Innate Pharma a co-exclusive license to patents relating to protein engineering.

Agreement concluded with Novo Nordisk A/S:

On March 24, 2016, Innate Pharma and Novo Nordisk A/S agreed on the amounts owed by Innate Pharma to Novo Nordisk A/S as a result of the co-development agreement entered into with AstraZeneca in April, 2015. Under such agreement, Innate Pharma paid to Novo Nordisk A/S an amount of €6,500,000. Moreover, if AstraZeneca pays the amount of USD 100,000,000 provided under the contract entered into between Innate Pharma and AstraZeneca in April 2015, Innate Pharma shall pay an additional amount of 15,000,000 USD to Novo Nordisk A/S. On the date of this letter, regarding the uncertainty of the results, any future additional payment to Novo Nordisk A/S based on an

This is a free translation into English of Innate Pharma's reference issued in the French language for informational purposes only

additional payment of AstraZeneca is uncertain. However, if AstraZeneca doesn't make such additional payment or in the case where the contract of co-development and commercialization agreement with AstraZeneca would be terminated for any reason, Innate Pharma shall pay to Novo Nordisk A/S a portion of the balance of the research and development initial budget and not yet spent or committed. Nevertheless, on the date of this letter, regarding the uncertainty on the development plans, the Company does not contemplate having to make such payment to Novo/Nordisk A/S.