

**English version for information purposes only**

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**GENFIT**

French public limited company (*Société Anonyme*)  
governed by a Board of Directors,  
with share capital of 9,707,855.25 euros  
Registered Office: 885 avenue Eugène Avinée, 59120 Loos - France  
424 341 907 R.C.S Lille Métropole

**REPORT OF THE BOARD OF DIRECTORS  
TO THE ORDINARY SHAREHOLDERS MEETING  
OF JUNE 13, 2019**

Ladies and Gentlemen,

Dear Shareholders,

We have convened this Annual Ordinary Shareholders' Meeting, pursuant to the provisions of the French Commercial Code and the Company's articles of association, to deliberate on the following agenda:

**I. POINTS AND RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING:**

- Presentation of the Board of Directors' management report on the Company's activities and on the financial statements for the year ended on December 31, 2018 and the Statutory Auditors' general report on the accounts for the year ended on December 31, 2018;
- Presentation of the consolidated management report by the Board of Directors, and reading of the Statutory Auditors' general report on the consolidated financial statements for the year ended on December 31, 2018;
- Presentation of the Board of Directors' corporate governance report;
- Approval of the annual financial statements for the year ended on December 31, 2018 (**Resolution n°1**);
- Approval of the consolidated annual financial statements for the year ended on December 31, 2018 (**Resolution n°2**);
- Allocation of the results for the year ended on December 31, 2018 (**Resolution n°3**);
- Reading and approval of the Statutory Auditors' special report on the regulated agreements within the meaning of article L.225-38 *et seq* of the French *Code de commerce* and approval of the regulated agreements referred to in the Statutory Auditors' special report (**Resolutions n°4-11**);

- Reading of the Board of Directors' special report on the options to subscribe or purchase Company's shares in accordance with article L. 225-184 of the French *Code de commerce*;
- Reading of the Board of Directors' special report on the granting of free shares in accordance with article L. 225-197-4 of the French *Code de commerce*;
- Reading of the table summarizing the delegations of authority and powers granted by the Shareholders' Meeting to the Board of Directors in respect of capital increases, in accordance with articles L. 225-129-1 *et seq.* of the French *Code de commerce*;
- Reading of the Board of Directors' supplemental report on the use of delegations of powers granted by the Shareholders' Meeting, in accordance with article R. 225-116 of the French *Code de commerce*;
- Determination of attendance fees to be allocated to members of the Board of Directors (**Resolution n°12**);
- Approval of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be paid or granted and paid or granted to Jean-François MOUNEY, President and Chief Executive Officer for the 2018 financial year (**Resolution n°13**);
- Approval of principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits of all kind that may be granted to the President and Chief Executive Officer for the 2019 financial year (**Resolution n°14**);

## II. POWERS FOR FORMALITIES

- Powers to carry out formalities (**Resolution n°15**).

The purpose of this report is to present the draft resolutions submitted by your Board of Directors to the Shareholders' Meeting. It is intended to present to you the important points of the draft resolutions, in accordance with the regulations in force. It does not purport, therefore, to be exhaustive; you are advised to read the text of the draft resolutions carefully before exercising your right to vote.

The financial position, the activity and the results of the Company during the past financial year, as well as the various information required by the legal and regulatory provisions in force, are also included in the 2018 Registration Document registered on February 27, 2019 by the French Financial Markets Authority ("**AMF**") under number D.19-0078 (the "**2018 Registration Document**") to which you are invited to refer.

## SUMMARY

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**I. POINTS AND RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING:**

**1. Business**

The Board of Directors reports on the progress of the business during the 2018 financial year and since the beginning of 2019 in the management report included in the 2018 Registration Document and made available to you in accordance with legal and regulatory provisions, in particular on the Company's website ([www.genfit.com](http://www.genfit.com)).

We invite you to refer to it.

In addition, since the publication of the 2018 Registration Document, the Company has notably announced:

- FDA approval of the protocol for a phase 2 clinical trial evaluating elafibranor in children and adolescents with NASH. This two-arm, randomized study is designed to evaluate the pharmacokinetic and pharmacodynamic profile as well as the safety and tolerability profile of two doses of elafibranor (80mg and 120mg) administered to a total of 20 NASH patients aged 8 to 17 years of age, for 12 weeks, in clinical centers in the United States specialized in pediatric NASH;

- the success of its initial public offering on the Nasdaq Select Global Market, through a global offer of American Depositary Shares in the United States and a private placement of shares in Europe (including France) and in other countries outside the United States and as part of a capital increase of a gross amount, including the full exercise of the over-allotment option, of approximately \$155.4 million, resulting from the issuance of 7,647,500 new shares, of which 7,147,500 American Depositary Shares. The Board of Directors reports on the use it made of the General Meeting's delegations of June 15, 2018 to decide on this transaction in its supplemental report on the use of delegations of authority granted by the General Meeting in accordance with article R.225-116 of the French Commercial Code and made available to you in accordance with legal and regulatory provisions, in particular on the website of Company ([www.genfit.com](http://www.genfit.com));

- the granting of the Breakthrough Therapy Designation to elafibranor, by the FDA, for the treatment of PBC on the basis of the positive results of the phase 2 clinical trial evaluating elafibranor in this disease.

**2. Approval of the financial statements, reports and allocation of earnings for the financial year ended on 31 December 2018 (Resolutions n°1, 2 and 3)**

**a. Financial statements for the financial year ended on 31 December 2018 (Resolution n°1)**

The financial statements submitted to your approval, namely the balance sheet, income statement and the notes to the financial statements for the year ended 31 December 2018, and approved by the Board of Directors on 4 February 2019, have been established pursuant to the presentation rules and evaluation methods set forth by regulations in force in France.

The Board of Directors presents this set of financial statements for your approval, for the approval of the operations reflected in these statements and discharge to give to the members of the Board of Directors and the Statutory Auditors from their duties for said year.

The financial statements highlight a net loss of 75,733,978 Euros under the financial year ended on 31 December 2018, compared to a net loss of 58,476,396 Euros under the financial year ended on 31 December 2017.

In accordance with articles 233 *quater* and 223 *quinquies* of the French General Tax Code, you are requested to acknowledge that there are no expenditures or charges deductible from the Company's taxable income as referred to in article 39.4 of the French General Tax Code.

For commentary on these financial statements, please refer to the management report of the Board of Directors and Statutory Auditors report, included in the 2018 Registration Document which have been made available to you in accordance with applicable regulations.

**b. Consolidated financial statements for the financial year ended on 31 December 2018 (Resolution n°2)**

The consolidated financial statements submitted to your approval, namely the balance sheet, income statement, statement of cash flows and statement of changes in equity and the notes for the year ended 31 December 2018 approved by the Board of Directors on 4 February 2019, have been established pursuant to the IFRS standards.

The Board of Directors presents this set of financial statements for your approval and for the approval of the operations reflected in these statements or summarized in these reports and discharge to give to the members of the Board of Directors and the Statutory Auditors from their duties for said year.

The consolidated financial statements highlight a net loss of 75,733,978<sup>1</sup> Euros for the financial year ended on 31 December 2018, compared with a net loss of 58,476,396 Euros for the financial year ended on 31 December 2017.

For commentary on these consolidated financial statements, please refer to the management report of the Board of Directors and Statutory Auditors report, included in the 2018 Registration Document which have been made available to you in accordance with applicable law and regulations.

**c. Proposal as regards the allocation of earnings (Resolution n°3)**

The results of the financial year highlight, in light of the corporate financial statements, a net loss of 75,733,978 Euros, which we propose you allocate to "Retained Earnings". After allocation of this profit, the "Retained earnings" will represent a loss of 241,591,439 Euros.

There will not be an allocation of dividends for the financial year ended on 31 December 2018.

In addition, we remind you that, pursuant to article 243 bis of the French General Tax Code, no dividend has been allocated for the preceding three financial years.

**3. Related-party transactions (Resolutions n°4-11)**

No agreement falling within the scope of articles L.225-86 and *seq.* of the French Commercial Code was entered into during the past financial year. .

Three agreements authorized and/or entered into continued to be performed during the past financial year.

Indemnification agreements between the Company and each of its directors (including the Chief Executive Officer) have been authorized by the Board of Directors on 13 March 2019 to provide

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<sup>1</sup> See note 6.2.3 to the Company's consolidated financial statements for the year ended 31 December 2018 provided in Schedule 1 "Consolidated annual financial statements in IFRS" of the 2018 Registration Document

directors and the Chief Executive Officer with coverage for liabilities and advance costs in connection with any business arising out of the performance of their duties in the service of the Company.

These agreements, customary in these circumstances, were entered into as part of the Company's initial public offering on the Nasdaq Global Select Market.

#### **4. Compensation of directors (Resolutions n°12-14)**

##### **a. Attendance fees (Resolution n°12)**

In accordance with the recommendations made by the Nomination and Compensation Committee, the report of which appears in Schedule II hereto, we invite you to express your opinion on the allocation, of attendance fees, for the benefit of independent members, natural persons not representing an individual on the Board of Directors, with an overall budget of up to €600,000 for the period beginning at the start of the 2019 financial year (i.e., 1 January 2019) until the close of the 2019 financial year (i.e., 31 December 2019) and for all subsequent financial years until a new decision of the shareholders shall modify the aforementioned decision.

This envelope was €225,000 for the period beginning at the General Meeting of 15 June 2018 until the General Meeting convened to decide on the financial statements for the year ended 31 December 2018, i.e., our General Meeting on 13 June 2019.

The reassessment of this envelope shall apply for the 2019 financial year and subsequent financial years until a new decision of the shareholders shall modify the aforementioned decision and reflects:

- the Company's desire to ensure it is competitive with market practice for biotechnology companies in the United States, particularly in the context of the Company's initial public offering on the Nasdaq Global Select Market in March 2019; and
- the ability for the Company to better take into account market practices for comparable companies of the same size, at the same stage of development and operating in a US "Sarbanes-Oxley" environment

It could also, if necessary, allow the Company to recruit and/or increase the number of independent board members, to meet the growing need for expertise of the Board and its specialized committees related to recent events, development projects and internationalization of the Company.

The Board has the authority to allocate all or part of this amount among its independent members according to a calculation reflecting their responsibility within the Board and its various specialized committees (fixed compensation is provided for all members, which varies according to their respective positions within these different committees) and their attendance at the meetings of your Board of Directors and its specialized committees.

##### **b. Fixed, variable and extraordinary components of overall compensation and benefits of all kind paid or granted to the Chairman and Chief Executive Officer for the 2018 financial year (Resolution n°13)**

In accordance with the recommendations made by the Nomination and Compensation Committee to which the Chairman and Chief Executive Officer did not contribute, we invite you to vote on the fixed, variable and exceptional components that make up the total compensation and benefits in kind paid or allocated to the Chairman and Chief Executive Officer of the Company for the 2018 financial year.

These components are described in the management report and the corporate governance report of the Company included in the 2018 Registration Document under chapters 15.1.2. and 17.5 and comply with the principles and criteria for determining and allocating variable and exceptional fixed components of the total compensation and benefits of any kind of the Chairman and Chief Executive Officer adopted by the General Meeting of 15 June 2018.

The following clarifications are made, nevertheless, as a result of events occurring after the publication of the 2018 Registration Document.

As indicated in section 17.5 "Incentive and profit-sharing contracts" of the 2018 Registration Document, since 2009 the Company has had an Incentive Plan. This Incentive Plan is intended to support the implementation of certain of the Company's strategic development plans and applies to both the Chairman and Chief Executive Officer and the executives of the Company and its subsidiaries who are particularly involved in the success of the following types of transactions:

- financing research and development programs through fundraising, which may include increases in the Company's share capital; and
- license agreement(s) for the exploitation rights of the Company's programs and products, merger of the Company with a biopharmaceutical group.

In the case of fundraising transactions, and in particular where they result in a capital increase, this additional incentive varies between 0.75% and 2% of the funds raised depending on the cumulative amount of the transactions (with a floor below which the plan cannot be implemented) and the price per share at which they were realized.

The Company's initial public offering on the Nasdaq Global Select Market at the end of March, which led to a capital increase of approximately €137.6 million, falls within the scope of the Incentive Plan.

Thus, the Board of Directors of 29 April 2019, on the recommendation of the Nominations and Compensation Committee, decided to set at €1,876,309 the gross amount that will be paid to the 15 beneficiaries of the Incentive Plan, of which 77% will be allocated to six members of the Company's Executive Committee (the composition of this Committee is set out in section 14.1.4 of the 2018 Registration Document). This amount, albeit significant, reflects the very substantial effort provided by the teams involved. This effort was provided over a very long period of time - the first work of preparing the Company for a potential listing in the United States of America, including the implementation of all the logistics and organization necessary for accounting and internal control reporting, began in April 2018. In addition, the success with investors during the marketing period between March 14 and March 27, 2019 is a reflection of the substantial work done over the course of several years with investors specialized in biotechnology companies in the United States, with an intensification just prior to the listing, especially during the "testing the waters" period which began in November 2018.

In these circumstances, the Board of Directors, on the recommendation of the Nominations and Compensation Committee, considered that, while recognizing that the triggering event was the success of the transaction at the end of March 2019, three-quarters of the sum above would be paid in respect of the 2018 financial year and one-quarter in respect of the 2019 financial year. Thus, the sum to be paid to the Chairman and Chief Executive Officer (€750,524), which represents 40% of the total (in accordance with the provisions of Incentive Plan), relates, for three-quarters of its amount, to the 2018 financial year (i.e., €562,893) and therefore falls within the scope of the "Say-on-Pay ex post" vote of Article L.225-100 II of the French commercial code. Its payment is therefore conditioned upon the approval by the shareholders of the 6th resolution relating to the approval of the fixed, variable and exceptional items constituting the total compensation and benefits of any kind paid or attributed to Jean-François Mouney. The balance will be paid subject to the approval by the shareholders of the equivalent resolution at the Annual General Meeting approving the financial statements for the year ended 31 December 2019.

The above items are in addition to the information provided in the Corporate Governance Report (via the 2018 Registration Document) on ex-post Say-on-Pay.

**c. Approval of principles and criteria for determining, allocating and granting of the fixed, variable and extraordinary components of overall compensation and benefits in kind that may be granted to the Chairman and Chief Executive Officer (Resolution n°14)**

In accordance with the recommendations made by the Nomination and Compensation Committee to which the Chairman and Chief Executive Officer did not contribute, the Board of Directors has decided on the compensation policy of the Chairman and Chief Executive Officer of the Company for 2019.

The Board of Directors, in accordance with the recommendations made by the Nomination and Compensation Committee, decided on 29 April 2019 to renew the same principles and criteria for determining, allocating and allocating fixed, variable and exceptional items of the total compensation and benefits of any kind attributable to the Company's Chairman and Chief Executive Officer.

These elements are described in Schedule III of this Report and constitute the information that must be provided in the Report on Corporate Governance (via the 2018 Registration Document) on Say-on-Pay ex ante.

In accordance with Article L.225-37-2 of the French Commercial Code, we invite you to approve the policy for the determination, distribution and allocation of fixed, variable and exceptional items, the component and the benefits in kind granted to the Chairman and Chief Executive Officer.

**II. POWERS TO COMPLETE FORMALITIES**

It is proposed, in resolution n°15, that the Shareholders' Meeting of 13 June 2019 grants full powers to the holder of an original, a copy, or an excerpt of the minutes of the Shareholders' Meeting for the purpose of completing legal formalities

\* \* \*

Should you approve these various proposals, please confirm with your vote by adopting these resolutions which shall be read to you and have been kept available at the registered office during fifteen days preceding the Shareholders' Meeting, in accordance with the law.

**The Chairman of the Board of Directors**

## SCHEDULE I

### USE OF AUTHORISATIONS GRANTED BY THE COMBINED SHAREHOLDERS' MEETING OF 15 JUNE 2018

The following table modifies the table in section 21.1.4 of the 2018 Registration Document regarding the Company's initial public offering in the United States which occurred in March 2019, after the publication of the 2019 Registration Document.

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Board of Directors		Aggregate maximum nominal amount (in Euros)
13 <sup>th</sup> resolution: Authorization to issue ordinary shares and/or securities granting access to the Company's share capital via a public offering, with shareholders' preferential subscription rights.	26 months	€2,225,000 (9,000,000 shares)	This delegation has not been used since the 15 June 2018 Shareholders' Meeting		€2,225,000 <sup>2</sup>
14 <sup>th</sup> resolution: Authorization to issue ordinary shares and/or securities granting access to the Company's share capital via a public offering, without shareholders' preferential subscription rights.	26 months	€2,225,000 (9,000,000 shares)	This delegation has not been used since the 15 June 2018 Shareholders' Meeting	At least equal to the weighted average of the price of the share during the last three stock market trading days preceding the day on which the issuance price is set, minus, as the case may be, a maximum discount of 5% of this amount <sup>3</sup>	
15 <sup>th</sup> resolution: Authorization to issue ordinary shares and/or any securities granting access to the Company's share capital, in the context of an offering such as that discussed in paragraph II of Article L. 411-2 of the French Monetary and Financial Code, without shareholders' preferential subscription rights.	26 months	€2,225,000 (9,000,000 shares) (capped at 20% of the share capital per year)	This delegation has not been used since the 15 June 2018 Shareholders' Meeting	At least equal to the weighted average of the price of the share during the last three stock market trading days preceding the day on which the issuance price is set, minus, as the case may be, a maximum discount of 5% of this amount <sup>4</sup>	
17 <sup>th</sup> resolution: Authorization to issue ordinary shares and/or securities granting access to share capital without preferential subscription rights, to a category of investors	18 months	€2,225,000 (9,000,000 shares)	This delegation was used by the Board of Directors on 13 March 2019 in the context of the initial public offering of the Company on the Nasdaq Global Select Market through a public offering in the United States and a private placement in Europe, resulting in the issuance of 7,141,500 new shares of the Company (of which 6,150,000 on the basis of this 17 <sup>th</sup> resolution)	At least equal to the volume-weighted average (in the central order book and excluding off-market block trades) of the closing prices of the share selected from a period comprising between five and thirty consecutive sessions among the last thirty trading days preceding the date upon which the issuance price is set, it being specified that this average could be adjusted, if necessary, to account for the different dividend entitlement date (date de jouissance) and potentially be discounted by a maximum amount of 15%	
18 <sup>th</sup> resolution: Authorization to increase by 15% the number of securities to be issued in the event of a share capital increase with or without shareholders' preferential subscription rights	26 months	15% of the initial issuance	This delegation was used by the Board of Directors on March 13, 2019 in the context of the initial public offering of the Company on the Nasdaq Global Select Market		

<sup>2</sup>Within the limit of a maximum of €200,000,000 or to the exchange value of this amount in the event of an issuance carried out in any other currency or in any currency unit set through reference to a number of currencies

<sup>3</sup> Within the limit of 10% of the share capital per year at the time of issuance, the Board of Directors is authorized to set the price of the shares issued pursuant to the 14<sup>th</sup> and 15<sup>th</sup> resolutions at a price that is at least equal to the volume-weighted average (in the central order book excluding off-market block trades) of the closing prices of the Company's share chosen in a period including between five and thirty stock market trading days in a row among the last thirty stock market trading days preceding the date upon which the issuance price is set and potentially be discounted by a maximum amount of 15%.

<sup>4</sup> (1) Within the limit of 10% of the share capital per year at the time of issuance, the Board of Directors is authorized to set the price of the shares issued pursuant to the 14<sup>th</sup> and 15<sup>th</sup> resolutions at a price that is at least equal to the volume-weighted average (in the central order book excluding off-market block trades) of the closing prices of the Company's share chosen in a period including between five and thirty stock market trading days in a row among the last thirty stock market trading days preceding the date upon which the issuance price is set and potentially be discounted by a maximum amount of 15%.

	Validity	Maximum nominal amount (in Euros)	Date and conditions of use by the Board of Directors		Aggregate maximum nominal amount (in Euros)
			through a public offering in the United States and a private placement in Europe, resulting in the issuance of 7,141,500 new shares of the Company (of which 997,500 on the basis of this 18 <sup>th</sup> resolution)		
19 <sup>th</sup> resolution: Authorization to issue ordinary shares and/or any securities granting access to the Company's share capital, for the purpose of compensating contributions in kind comprised of shares or equity securities granting access to the share capital,	26 months	Up to 10% of the share capital	This delegation has not been used since the 15 June 2018 Shareholders' Meeting		
20 <sup>th</sup> resolution: Authorization to issue ordinary shares and/or any securities granting access to the Company's share capital, in the event that the Company launches a public exchange offer.	26 months	€2,225,000 (9,000,000 shares)	This delegation has not been used since the 15 June 2018 Shareholders' Meeting		
22 <sup>nd</sup> resolution: Authorization to issue independent share warrants (BSA) reserved for members of the Board of Directors and consultants of the Company.	18 months	€ 12,500 (50,000 shares)	This delegation has not been used since the 15 June 2018 Shareholders' Meeting	The amount paid or that should be paid to the Company for each share issued within the context of this delegation, will be at least equal to the volume-weighted average of the closing prices of the share noted during a period of a minimum of five consecutive trading days to a maximum of thirty consecutive trading days among the last thirty trading days preceding the date upon which the issuance price is set, and potentially be discounted by a maximum amount of 5% at the time of allocation of the BSA, it being specified that the subscription price of the BSA shall be equal to 10% of the thus-determined exercise price of the BSA and that the amount thus disbursed at the moment of subscription shall be deducted from the amount due at the time of exercise.	N/A
23 <sup>rd</sup> resolution: authorization granted to the Board of Directors to grant options to subscribe and/or purchase shares of the Company or Group	38 months	€ 68,750 (275,000 shares)	On 7 November 2018, the Board of Directors granted 122,00 stock options to subscribe a maximum of 122,000 shares to employees and corporate officers, with an exercise price of €16.00 and 17,500 stock options to employees in the United States, with an exercise price €1.65	The exercise price of the options shall not be (i) lower than 80% of the average of the stock price during the twenty stock market trading days preceding the date upon which the options are granted regarding the options to subscribe for shares or to purchase shares; and, (ii) lower than 80% of the average purchase price of the shares held by the Company but solely for the options to purchase shares, pursuant to articles L.225-208 and L. 225-209 of the French commercial Code	N/A
24 <sup>th</sup> resolution: Authorization granted to the Board of Directors to allocate existing or new free shares	38 months	€ 18,750 (75,000 shares)	On 7 November 2018, the Board of Directors, then the Chairman and CEO on 22 November 2018, granted 35,800 free shares to employees and corporate officers		N/A
23 <sup>rd</sup> resolution: Authorization to allow the Company to repurchase its own shares, not to exceed 10% of its share capital.	26 months	Up to 10% of the share capital per period of 26 months	Implemented pursuant to a liquidity agreement. Please refer to section 21.1.2 – "Company Share Repurchase Program" of the 2018 Registration Document		

## SCHEDULE II

### **REPORT OF THE NOMINATIONS AND REMUNERATIONS COMMITTEE DATED 29 APRIL 2019 TO THE BOARD OF DIRECTORS AND THE SHAREHOLDERS' MEETING**

To the members of the Board of Directors and of the Shareholders' General Meeting

We present below our opinions and recommendations, adopted at our meeting on 29 April 2019 devoted to the preparation of the General Meeting of Shareholders to meet on 13 June 2019, as follows:

1. Directors' fees for the period beginning at the start of the 2019 financial year (i.e., 1 January 2019) until the close of the 2019 financial year (i.e., 31 December 2019) and for all subsequent financial years until a new decision of the shareholders shall modify the aforementioned decision.

[...]

- 1. Directors' fees for the period beginning at the start of the 2019 financial year (i.e., 1 January 2019) until the close of the 2019 financial year (i.e., 31 December 2019) and for all subsequent financial years until a new decision of the shareholders shall modify the aforementioned decision.**

We inform the Board of Directors that the Nomination and Compensation Committee voted unanimously in favor of the following recommendations:

We recommend that the Board of Directors propose to the Shareholders' Meeting called to meet on 13 June 2019, to set the amount of directors fees for the period beginning at the start of the 2019 financial year (i.e., 1 January 2019) until the close of the 2019 financial year (i.e., 31 December 2019) and for all subsequent financial years until a new decision of the shareholders shall modify the aforementioned decision, at €600,000 to be divided among the independent members who are individuals not representing a legal entity of the Board of Directors.

[...]

A copy of this report shall be addressed to the Board of Directors.

Loos, 29 April 2019

## SCHEDULE III

### **PRINCIPLES AND CRITERIA FOR DETERMINING AND ALLOCATING FIXED, VARIABLE AND EXCEPTIONAL COMPENSATION AND BENEFITS OF ANY KIND TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR THE 2019 FINANCIAL YEAR**

2019 Ex ante Say on Pay Report adopted by the Board of Directors on 29 April 2019, in accordance with the recommendations of the Nomination and Compensation Committee, on principles and criteria for determining and allocating the compensation of the Chairman and Chief Executive Officer for the 2019 financial year.

The different components of the total annual compensation of the Chairman and Chief Executive Officer during the 2019 financial year are as follows:

- A short-term element made up of a fixed part paid by the Company and by its wholly-owned subsidiary Genfit Corp. based in the United States,
- Medium-term incentives:
  - The allocation of free shares and stock options subject to continued presence in the Company and internal performance conditions linked, in particular, to the progress of the Company's R&D programs and/or of external performance conditions linked to changes in the Company's stock market price;
  - allocation of variable compensation under the Incentive Plan described in section 17.5- Statutory Profit-sharing (contrats de participation) and discretionary profit-sharing (contrats d'interressement) of the 2018 Registration Document, the aim of which is to engage the Company's senior executives and similar employees involved in the success of strategic and structural operations for the Company's development: collaboration agreements or licensing agreements for the rights to use the Companies programs and products (with a biopharmaceutical group), financing of R&D programs through a capital increase or alternative non-dilutive financing, or the merger of the Company with a biopharmaceutical group.
- Other components of his compensation include:
  - severance pay in the event of termination of his duties at the Company's initiative, at certain conditions, in particular performance conditions, and
  - a company car and the benefit of the health care and disability insurance coverage for the Group's employees.

#### I. Fixed compensation

The Chairman and CEO's gross annual compensation, through his executive officer contract (*contrat de mandat social*), is set at €543,378 for the duties carried out within the Company and a gross fixed annual compensation of \$46,697 for the performance of his office of Chairman of the Board of Directors of the Genfit Corp (based in the United States and wholly owned by the Company). In relation to the 2018 financial year, this fixed compensation is increased in proportion to the increase in salaries applied to all Group personnel (1.7%).

#### II. Variable compensation

For 2019, and as was the case for 2015, 2016, 2017 and 2018, all variable compensation linked to the performance of the Chairman and Chief Executive Officer is granted under the Incentive Plan, subject to the approval of the General Meeting to approve ex post this variable portion.

#### III. Medium-term incentives :

- Incentive Plan: the Incentive Plan in force in the Company provides that the Chairman and CEO's incentive bonus can represent up to 40% of the sums to be allocated under the plan; these sums vary in accordance with the conditions for carrying out the strategic and structuring operations for the Company's development described in section 17.5-- Statutory Profit-sharing (*contrats de participation*) and discretionary profit-sharing (*contrats d'interressement*) of the 2018 Registration Document, and which reflect the beneficiary's performance.
- Free shares and stock options: As part of its policy for allocating free shares and stock options, the Board of Directors applies recommendation R18 of the Middlednext Corporate Governance Code of September 2016, namely:
  - The free shares and stock options allocated are subject to relevant performance conditions reflecting the medium- / long-term interest of the business assessed over a significant period of time;
  - Moreover, they are not concentrated among the corporate officers; and
  - New free shares and stock options are not allocated when executives leave

In this regard, the maximum number of free shares and stock options to be granted to the Chairman and CEO shall be respectively 3,000 and 17,000.

#### IV. Other components:

The benefits in kind granted to the Chairman and CEO consist of a company car. For 2018, the company car represents a benefit in kind valued at €7,200.

Finally, and as detailed in the 33<sup>rd</sup> resolution submitted to the vote of the general meeting of 16 June 2017, the Chairman and CEO benefits from a severance payment falling within the scope of Article L.225-90-1 of the French Commercial Code equal to six months' gross compensation, calculated on the basis of the last twelve months (excluding variable compensation associated with the implementation of the Incentive Plan) plus an additional payment of one month's gross compensation per year of service within the Company (calculated on the same bases). In accordance with Recommendation R16 of the Middlednext Corporate Governance Code, this payment is limited to two years' gross compensation (excluding variable compensations associated with the implementation of the Incentive Plan) paid for the last fiscal year and it would be paid if, and only if, one of the following three performance conditions is achieved at the time that his post is terminated:

- At least one collaboration agreement or licensing agreement for the rights to use the Company's programs and products is in force with a biopharmaceutical group, as defined in the Incentive Plan;
- At least two of the Company's products are in the clinical development phase;
- The Company has changed control as part of the backing by a biopharmaceutical group, as defined in the Incentive Plan, in the two months prior to the time that his post is terminated.