

## GENFIT

French public limited Company ("*Société Anonyme*")  
Governed by a Board of Directors and a Supervisory Board  
with a sharecapital of € 5.314.417, 75  
Company headquarters : Parc Eurasanté - 885, Avenue Eugène Avinée, 59120 Loos – France.  
424 341 907 Trade and Companies Register Metropolitan Lille

### EXECUTIVE BOARD REPORT TO THE SHAREHOLDERS' ANNUAL GENERAL MEETING OF JUNE 20, 2014

Ladies and Gentlemen,  
Fellow Shareholders,

We have called this Annual Ordinary General Meeting for June 20, 2014 at 10:30 a.m. at the Lille School of Pharmaceutical and Biological Sciences, Parc Eurasanté, 3 rue du Professeur Laguesse in Lille (59000) in order to submit to your vote the resolutions described and commented on hereafter, as part of the following agenda:

#### Agenda

- Presentation of the Board of Directors' report on the Company's activities and on the financial statements for the year ended on December 31, 2013 ;presentation of the Supervisory Board's report and the Statutory Auditors' general report on the accounts for year ended on December 31, 2013;
- Presentation of the Group's management report, the Supervisory Board's report on this report and the Statutory Auditors' general report on the consolidated financial statements for the year ended on December 31, 2013;
- Reading of the Chairman of the Supervisory Board's report on the conditions for organizing and preparing the work of the Supervisory Board and on the internal audit procedures implemented by the Company;
- Reading of the Statutory Auditors' report on the Chairman of the Supervisory Board's report on the conditions for organizing and preparing the work of the Supervisory Board and on the internal audit procedures implemented by the Company;
- Approval of the annual financial statements for the year ended on December 31, 2013 and operations of this financial year;
- Approval of the consolidated annual financial statements for the year ended on December 31, 2013;
- Allocation of the results for the year ended on December 31, 2013;
- Reading of the statutory auditors' special report on the regulated agreements referred to in articles L. 225-86 et seq. of the French Commercial Code and approval of said regulated agreements;
- Reading of the Board of Directors' special report on the options of subscription to or purchase of Company shares in accordance with article L. 225-184 of the French Commercial Code;
- 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 Commercial Code;
- Reading of the table summarizing the delegations of authority and powers granted by the General Meeting to the Board of Directors in respect of capital increases, in accordance with articles L. 225-129-1 et seq. of the French Commercial Code;

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- Reading of the Board of Directors' supplementary report on the use of delegations of powers granted by the General Meeting, in accordance with article R. 225-116 of the French Commercial Code;
- Recognition of the reconstitution of the Company's equity capital;
- Ratification of the cooptation of Mr. Frédéric Desdouits as member of the Supervisory Board, to replace the Company CM-CIC Capital Finance;
- Appointment of the Company Grant Thornton as new co-statutory auditor, to replace the Company Audit & Commissariat Aine & Deldique;
- Appointment of the Company IGEC as new alternate co-auditor, to replace the Company Audit Flandres Artois;
- Directors' fees;
- Powers to carry out legal formalities.

**A. The position and operations of the Company since publication of the Board of Directors' report on February 23, 2014**

The Board of Directors' report, which you can consult on the Company's website ([www.genfit.com](http://www.genfit.com)) along with all the other documents related to this Annual Ordinary General Meeting, will provide you with a thorough review of the Company's position and operations during the 2013 fiscal year and includes ongoing developments of a corporate nature since the close of that year up to the date said report was issued, on February 23, 2013.

We would therefore refer you on these matters to that management report and also, for a briefer treatment of them, to the Supervisory Board's report to the General Meeting of March 11, 2014.

Since the management report was published on February 23, 2014, the position and operations of the Company were affected by the following events.

- The Combined (Ordinary and Extraordinary) General Meeting held on April 2, 2014:

This Meeting granted your Executive Board a variety of financial authorizations, typical in listed companies, as to issuing shares or other securities that may or may not be convertible into equity; permitted the share repurchase program to be updated, and voted to reconcile the Company's articles of association with certain recent legal and regulatory provisions and, with a view to transferring the Company's shares to Euronext Paris at some point, with the legal and regulatory provisions that apply to regulated markets,

- The transfer of the Company's shares into the regulated market of Euronext Paris (Compartment B):

This transfer of the Company's shares to trading on Euronext Paris Compartment B (ISIN: FR0004163111 - Ticker symbol: GNFT) is intended to increase the Company's visibility and make it easier to raise the equity needed to accelerate its development. This was preceded by the publication on April 14, 2014 of the admission prospectus called for by the Autorité des Marchés Financiers (approval no. 14-148) and occurred on April 17, 2014.

- The decision by three longstanding members of the Supervisory Board—the Institut Pasteur de Lille, the University of Lille II and CM-CIC Capital Finances—to resign their seats effective with the end of the Annual Ordinary General Meeting on June 20, 2014 and the election of a new member of the Supervisory Board in the person of Frédéric Desdouits.

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These changes to the membership of the Board, in keeping with the size and new status of your Company, are spelled out in more detail below, in the discussion of draft Resolution Nine to ratify the appointment of Mr. Desdouits to the Supervisory Board in replacement of CM-CIC Capital Finance as voted by the Supervisory Board at its May 13, 2014 meeting (i.e., paragraph VI of the section below of this report covering the draft resolutions submitted to your vote.)

- The appointment of a third member of the Executive Board in the person of Dean Hum :

The Supervisory Board appointed Dean Hum to a five-year term as the third member of the Executive Board along with Jean-François Mouney and Nathalie Huitorel at its May 13, 2014 meeting, acting on the proposal by the Appointment and Salary Committee. Appointing Mr. Hum, presently the Chief Scientific Officer of Genfit, to this seat will add to the Executive Board's scientific competency. Mr. Hum's career and professional qualifications are offered for your inspection in Appendix I to this report.

More broadly, with regard to the Company's position and operations and the risk factors that might affect them, we invite you to look at the developments mentioned in the AMF admission prospectus of April 14, 2014, which you will find on the Company website ([www.genfit.com](http://www.genfit.com)).

## **B. Presentation of draft resolutions**

### **I. Financial statements for fiscal year 2013 and appropriation of earnings (Resolutions One to Three)**

Resolution One submitted to your vote concerns approval of the parent company financial statements for 2013, which show a net loss of €(10,043,221). Detailed comments on the financial statements are given in the Executive Board's management report to which you have been referred, as well as in the Supervisory Board's report and the general report of the Statutory Auditors on the parent company statements.

Resolution Two concerns approval of the consolidated financial statements for 2013, showing a net loss of €(12,652,058). The consolidated financial statements are shown in detail in the management report that we invite you read as well as in the Supervisory Board's report and the report of the Statutory Auditors on the consolidated statements.

Under the terms of Resolution Three, you are asked to appropriate the €(10,043,221) loss for the year ended December 31, 2013 to retained earnings, which will then decline from €(32,594,143) to €(42,637,364).

### **II. Regulated agreements (Resolution Four)**

Under the terms of Resolution Four, you are asked to approve the special report prepared by the Statutory Auditors in application of Article L. 225-88 of the French Commercial Code, which report discloses that (i) no regulated agreement within the meaning of Articles L. 225-86 et seq. of the French Commercial Code that might have been previously authorized was still in effect during the fiscal year 2013 and (ii) no new regulated agreement was entered into during said year.

The special report on regulated agreements appears on the Company's website.

### **III. Options for subscription or purchase of shares (Resolution Five) and awards of restricted stock (Resolution Six)**

Resolution Five concerns the approval of the Executive Board's special report required by Article L. 225-184 of the French Commercial Code on options to subscribe or purchase shares of stock. This report, which appears in Appendix E of the Executive Board's management report on the parent company financial statements for 2013, discloses that during fiscal year 2013 there were no transactions under the legal options plans contemplated in Articles L. 225-177 to L. 225-186 of the French Commercial Code and that no options were granted or exercised.

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Per Resolution Six you will be asked to approve the Executive Board's special report on awards of restricted stock, which is reproduced in Appendix F of the Executive Board management report on the parent company financial statements for the 2013 fiscal year. This special report, prepared pursuant to Article L. 225-197-4 of the French Commercial Code, states that no restricted shares of stock were awarded.

#### **IV. Summary table of delegations of authority and powers (Resolution Seven)**

Under the terms of Resolution Seven, you are asked to approve the summary table of delegations of authority granted to the Executive Board by the General Meeting of Shareholders with respect to capital increases.

This table appears in **Appendix II** to this report. It draws on information contained in the Executive Board's supplementary report in Appendix D to the management report on the parent company 2013 financial statements by updating the new delegations of authority passed by the Combined General Meeting on April 2, 2014.

#### **V. Formal recognition of the reconstitution of Company's shareholders' equity (Resolution Eight)**

The shareholders are reminded that the Company's shareholders' equity at the close of fiscal year 2011 was €809,217, which is to say less than half the share capital at that time.

This situation required that an extraordinary resolution be submitted to the Combined General Meeting of June 26, 2012 pursuant to Article L. 225-248 of the French Commercial Code, under the terms of which the shareholders, in light of the Company's growth prospects, had expressly voted to continue its activities and ruled out its being dissolved (Resolution Twelve of the Combined General Meeting of June 26, 2012.)

Following the various funding rounds of 2012 and the first-half of 2013 and particularly the capital increase by private placement undertaken in April 2013 in the gross amount (issue premiums included) of €14.3 million, the shareholders' equity in the Company was in large measure reconstituted, winding up by end 2013 at €14,108,924 and reflecting share capital of €5,314,417.75.

The purpose of the Eighth Resolution on which you are to vote is thus to officially recognize that the Company's shareholder equity has been reconstituted to an amount at least equal to half of the share capital in accordance with standards laid out in Article L. 225-248 of the French Commercial Code and therefore to allow your Executive Board to request that it no longer have to indicate on the corporate and business registry the loss half the paid-in capital, which is now inapplicable.

#### **VI. Ratification of the cooptation of Frédéric Desdouts to the Supervisory Board in replacement of CM-CIC Capital Finance (Resolution Nine)**

Three of the seven longstanding members of the Supervisory Board—that is, CM-CIC Capital Finance, the Institut Pasteur de Lille and the University of Lille II—have announced their decision to resign their seats effective at the close of this Annual Ordinary General Meeting of June 20, 2014.

The Institut Pasteur de Lille and the University of Lille II are longstanding shareholders in the Company, not only holding equity but sitting on the Supervisory Board since the Company's inception. While still wishing to remain shareholders who take an active interest in the Company's development, the Institute and the University believe that their presence on the Company's Supervisory Board was now less needed, given the stage of development the Company has reached and their own institutional missions of helping to foster young innovative start-ups, which Genfit no longer is after nearly 15 years of existence.

Likewise, CM-CIC, in keeping with its investment horizon strategy, has desired to leave its seat on the Supervisory Board to new qualified, independent members in accordance with the best governance practices.

Acknowledging these resignations, your Supervisory Board, acting on a proposal by the Appointment and Salary Committee, whose report appears in **Appendix II**, decided at its May 12, 2014 meeting to seize the opportunity to avail itself of the skills and deep knowledge of the healthcare sector of Frédéric Desdouts

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and to elect him as a member of the Supervisory Board to replace CM-CIC Capital Finance. Mr. Desdouits's career and professional qualifications are offered for your inspection in **Appendix IV** to this report.

Still, on the recommendation of the Appointment and Remuneration Committee, the Board chose not to immediately fill the two other vacant seats on the Supervisory Board, judging that more time was required to identify highly suitable candidates, given the expertise needed for the Board to function well and the need for gender balance.

If, as proposed, your General Meeting agreed to ratify the appointment of Frédéric Desdouits, the Supervisory Board of your Company would be made up as follows.

Surname	Office	Principal position outside of the Group	Term of office
<b>Xavier GUILLE DES BUTTES</b>	Chairman of the Supervisory Board	Member of the Supervisory Board of Financière Delpharm and Diagast	<u>First appointment</u> October 18, 2006 <u>Latest renewal</u> June 28, 2011 <u>End of the current corporate office</u> : OGMS to approve the supervisory statements for year ended December 31, 2015
<b>Charles WOLER</b>	Vice-Chairman of the Supervisory Board	Chairman and CEO, Endotis Pharma	<u>Initial appointment</u> October 18, 2006 <u>Latest renewal</u> June 28, 2011 <u>End of the current corporate office</u> : OGMS to approve the statements for year ended December 31, 2015
<b>BIOTECH AVENIR represented by Florence SEJOURNE</b>	Member of the Supervisory Board	Ms. SEJOURNE is also Chairman of the Da Volterra company	<u>First appointment</u> At the formation of the Company on September 15, 1999 <u>Latest renewal</u> June 28, 2011 <u>End of the current corporate office</u> : OGMS to approve the statements for year ended December 31, 2015
<b>FINORPA represented by Philippe MOONS</b>	Member of the Supervisory Board	Mr. Moons is also a Project Manager at FINORPA	<u>First appointment</u> October 06, 2000 <u>Latest renewal</u> June 26, 2013 <u>End of the current corporate office</u> : OGMS to approve the statements for year ended December 31, 2017
<i>(subject to ratification by your General Meeting of June 20, 2014)</i>  <b>Frédéric DESDOUITS</b>	Member of the Supervisory Board	Executive Vice-President - Head of Corporate Business Development, Acquisitions and Market Intelligence - at Laboratoires Pierre Fabre	<u>First appointment</u> Voted by the Supervisory Board on May 13, 2014 effective as of your General Meeting of June 20, 2014 <u>End of the corporate office</u> : term runs for the remainder of his predecessor's term (CM-CIC Capital Finance), i.e. till the OGMS to approve the financial statements for the year ending December 31, 2017

**VII. Appointment of the Grant Thornton company as lead joint statutory auditor (Resolution Ten) and IGEC as alternate joint statutory auditor (Resolution Eleven) to replace, respectively, Audit & Commissariat Aine & Deldique and Audit Flandres Artois**

Following the admission of your Company's shares for trading on the Euronext Paris market, Audit & Commissariat Aine & Deldique and Audit Flandres Artois, your Company's lead joint statutory auditor and the alternate joint statutory auditor, respectively, whose engagements were led by Rémy Aine and Olivier Verrue, informed the Company of their decision to resign their engagements at the end of your Ordinary Annual General Meeting of June 20, 2014.

Acting on the proposal of the Company's Supervisory Board at its May 12, 2014 meeting, we propose, under the terms of Resolutions Ten and Eleven, that you appoint

- as new lead joint statutory auditor, replacing Audit & Commissariat Aine & Deldique:

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**Grant Thornton,**

A *société anonyme* with capital of €2,297,184  
whose registered office is at 100 rue de Courcelles à Paris (75017),  
listed as no. 632 013 843 on the Paris RCS (corporate and business registry),

for the balance of the term of its predecessor, that is, through the end of the Ordinary General Meeting called to approve the financial statements of the period ending December 31, 2017.

Grant Thornton's engagement would be led by Jean-Pierre Colle.

Grant Thornton has informed the Company in advance that it would accept the engagement as the Company's lead joint statutory auditor if the Meeting so voted and that it was subject to none of the conflicts contemplated by law in the performance of said engagement.

- as new joint statutory auditors, alternates to Grant Thornton, to replace the Société Audit Flandres Artois:

**IGEC,**

A French public limited company ("*société anonyme*") with sharecapital of €46,000,  
whose registered office is at 3 rue Léon Jost à Paris (75017),  
listed as no. 662 000 512 on the Paris RCS (corporate and business registry),

for the balance of the term of its predecessor, that is, through the end of the Ordinary General Meeting called to approve the financial statements of the period ending December 31, 2017.

IGEC's engagement would be led by Vincent Papazian.

IGEC has informed the Company in advance that it would accept the engagement as the Company's alternate joint statutory auditor if the Meeting so voted and that it was subject to none of the conflicts contemplated by law in the performance of said engagement.

**VIII. Allocation of directors' fees (Resolution Twelve)**

Given the recommendations of the Appointment and Salary Committee of April 1, 2014 that can be found in its report reproduced in **Appendix IV** and which were adopted by the Supervisory Board at its April 2, 2014 meeting, you are asked to vote on allocating directors' fees to the Supervisory Board for the fiscal year starting January 1, 2014 in an amount not to exceed €100,000 and leaving the division of all or part of these fees among its members in the hands of the Supervisory Board.

The total amount of directors' fees proposed is slightly higher than that submitted to you and that you approved at the Annual General Meeting of June 26, 2013, which was €80,000.

As you have been informed, the directors' fees paid for the fiscal year ended December 31, 2013 was €6,240. (More detail is available on page 117 of the admission prospectus of April 14, 2014.)

**IX. Powers to carry out legal formalities (Resolution Thirteen)**

This resolution, commonplace in all Companies, grants the authority necessary to complete such formalities as recording, officially filing and publishing documents as the result of decisions of your Annual Ordinary General Meeting.

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Several agenda items of this Meeting entail reports by your Statutory Auditors, which you will be able to read.

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You will also be able to read your Supervisory Board's report to the Meeting and the Chairman's report describing the preparation and organization of the work done by the Supervisory Board and the internal control procedures that the Company has put in place.

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The Executive Board  
Loos – May 27, 2014

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Jean-François MOUNEY

Chairman  
of the Executive Board

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Nathalie HUITOREL

Member of the Board of  
Directors

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Dean HUM

Member of the Board of  
Directors

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**Appendix I**

**Career and professional qualifications of Dean Hum**

Dean Hum earned a Ph.D. in Biochemistry from McGill University in Montreal in 1990. An expert in the modulation of transcription factors and nuclear receptors associated with endocrine and cardiometabolic diseases, he held a research position at the University of California in San Francisco before becoming a Professor at Laval University in Quebec. He joined Genfit in 2000 as Chief Scientific Officer. Dean Hum is today a key member of the Genfit organization. In particular, he is responsible for defining, implementing, employing and coordinating short-, medium- and long-term strategies relating to R&D programs and the portfolio. He coordinates all R&D activities with the CEO and in close collaboration with scientific officers and project managers.

Other offices, current and/or held during the past five years outside of the Group		
	Nature of office	Company
Dean HUM	None	None

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## Appendix II

### **Summary table of delegations of authority granted to the Executive Board by the General Meeting of Shareholders with respect to capital increases (updated following the decisions of the Combined General Meeting of April 2, 2014)**

The following table updates the information contained in Appendix D of the Executive Board's management report of February 23, 2014.

We refer you to the changes added to that report concerning the use made of financial delegations during 2013 as well as in early 2014 up to the date of the report.

None of the delegations listed below has been used since February 23, 2014 up to the time this table was updated on May 27, 2014.

#### **1. Delegations now nullified or set to expire at the time of the General Meeting of June 20, 2014**

	Date of the Meeting granting the authority	Duration of the authorization	Maximum amount issuable (in euros)
Issue without preëmptive rights of shares or any securities convertible to equity immediately or in the future, with the exception of preference shares.	Combined General Meeting of June 26, 2012	26 months	Nullified delegation (1)
Increase in share capital to pay for the asset transfers made to the Company consisting of stock or securities convertible to stock (subject to the shares being admitted to trading on a regulated exchange.)	Combined General Meeting of June 26, 2012	26 months	Nullified delegation (1)
Increase in share capital without preëmptive rights through private placement	Combined General Meeting of June 26, 2012	26 months	Nullified delegation (1)
Authorization given to the Executive Board to increase the number of shares issued in an issue (with preëmptive rights or through private placement) by up to 15% of the initial issue and on the same terms and conditions	Combined General Meeting of June 26, 2012	26 months	Nullified delegation (1)
Issue of securities convertible to debt instruments	Combined General Meeting of June 26, 2012	26 months	Nullified delegation (1)
Issue to a specified person of convertible bonds and/or warrants to subscribe for such bonds and authorization of the corresponding capital increase(s) without preëmptive rights	Extraordinary General Meeting of December 18, 2012	18 months	Delegation entirely used (2)

<sup>1</sup> Delegations nullified following the adoption of delegations having the same purpose by the Combined (Ordinary and Extraordinary) General Meeting of April 2, 2014.

<sup>2</sup> A warrant remains outstanding that could allow the drawdown of a bond tranche of €1 million. The Company will not opt to use this drawdown.

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Issue to a specified person of common shares or unattached warrants to subscribe for such shares, payable solely by the creation of debt instruments, and authorization of the corresponding capital increase(s) without preëemptive rights	Extraordinary General Meeting of December 18, 2012	18 months	€400,000 including €50,000 available on the day this report is issued (expiring June 18, 2014) (3)
Issue of common shares with preëemptive rights	Combined General Meeting of June 26, 2013	12 months	Nullified delegation (1)
Authorization given to the Executive Board to increase the number of shares issued with the aforementioned issue by up to 15% of the initial issue and on the same terms and conditions	Combined General Meeting of June 26, 2013	12 months	Nullified delegation (1)

**2. New delegations with respect to capital increase approved by the Combined General Meeting of April 2, 2014**

Authorization to issue, with preëemptive rights through a public offering, shares and/or securities convertible into the Company's share capital immediately or in the future	Combined General Meeting of April 2, 2014 (Resolution 2)	26 months	€800,000(4)
Authorization to issue, without preëemptive rights through a public offering, shares and/or securities convertible immediately or in the future into the Company's share capital	Combined General Meeting of April 2, 2014 (Resolution 3)	26 months	€750,000 (4)
Authorization to issue, without preemptive rights, common shares or any securities convertible into shares, up to 20% of the share capital per year, in an offering contemplated in section II of Article L. 411-2 of the French Monetary and Financial Code (a private placement).	Combined General Meeting of April 2, 2014 (Resolution 4)	26 months	€675,000 (not to exceed 20% of the share capital per year) (4)
Authorization in the event of an issue of shares or securities convertible into shares without preemptive rights, to set the issue price up to a yearly limit of 10% of the share capital	Combined General Meeting of April 2, 2014 (Resolution no. 5)	26 months	€750,000 (up to 10% of the share capital per year) (4)
Authorization to increase the number of unissued (authorized) shares in the event of an addition to equity, with or without preemptive rights.	Combined General Meeting of April 2, 2014 (Resolution 6)	26 months	15% of initial issue (4)
Authorization to raise equity from manufacturing, wholesaling or retailing companies in the pharmaceutical/biotechnology sector or from managed mutual funds, operating under French or foreign law, that invest in the pharmaceutical/biotechnology sector and might invest in a private placement.	Combined General Meeting of April 2, 2014 (Resolution 7)	26 months	€750,000 (4)
Authorization to issue shares and/or securities convertible into the Company's shares immediately or in the future, without preemptive rights, to pay for asset contributions consisting of shares of stock or securities convertible into stock.	Combined General Meeting of April 2, 2014 (Resolution 8)	26 months	€800,000 (and up to 10% of the share capital) (4)
Authorization to issue shares and/or securities convertible into the Company's shares immediately	Combined General Meeting of April 2,	26 months	€800,000 (4)

<sup>3</sup> The Company will not use the balance of this delegation in connection with the last tranche of the bond referred to in the preceding note, which the Company will not draw down.

<sup>4</sup> These delegations, moreover, count towards the total nominal cap of €900,000 passed by the Combined General Meeting of April 2, 2014 (Resolution 13 - Total limit of authorizations)

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or in the future in the event of a public exchange offering initiated by the Company	2014 (Resolution 9)		
Authorization to issue unattached warrants reserved for employees and corporate officers	Combined General Meeting of April 2, 2014 (Resolution 10)	18 months	€50,000
Authorization to issue warrants and/or redeemable share warrants for the benefit of employees and corporate officers of the Company and its subsidiaries, without preemptive rights.	Combined General Meeting of April 2, 2014 (Resolution 11)	18 months	€50,000

**3. Authorizations allowing employee and corporate officers performance-based ownership of Company share capital**

Capital increase reserved for employees who belong to a company savings plan, by issuing common shares without preemptive rights	Combined General Meeting of June 26, 2013	12 months	€100,000 and for no more than 5% of the share capital on the day of issue (5)
Issue of stock options to employees and/or corporate officers	Combined General Meeting of June 26, 2012	36 months	Nominal value of €125,000 and for no more than 5% of the share capital on the day of issue (6)
Awards of existing or unissued shares as restricted stock to employees and/or senior executives	Combined General Meeting of June 26, 2012	36 months	Nominal value of €125,000 and for no more than 5% of the share capital on the day of issue (7)

**4. Other financial authorization the use of which will impact the Company's share capital**

Authorization to reduce the share capital by canceling shares held in the treasury under the authorization for the Company to buy back its own shares (Resolution 1 of the Combined General Meeting of April 2, 2014)	Combined General Meeting of April 2, 2014 (Resolution 14)	24 months	For up to 10% of the share capital in any 24 month period
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<sup>5</sup> Counted towards this cap is any capital increase that resulted or might in time result from the award of restricted stock or from the exercise of options approved by the Executive Board pursuant to the authorizations cited below.

<sup>6</sup> Counted towards this cap is any capital increase that resulted or might in time result from the award of restricted stock or from the exercise of options approved by the Executive Board pursuant to the authorizations by the Meeting of June 26, 2012.

<sup>7</sup> Counted towards this cap is any capital increase that resulted or might in time result from the award of restricted stock or from the exercise of options approved by the Executive Board pursuant to the authorizations by the Meeting of June 26, 2012.

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### **Appendix III**

#### **May 12, 2014 Report of the Appointment and Remuneration Committee**

To the attention of the members of the Supervisory Board and the General Meeting of shareholders

We hereby present to the members of the Supervisory Board and the General Meeting of shareholders our recommendations, adopted at our May 12, 2014 meeting, in respect of the following points:

1. Make-up of the Supervisory Board - Election of Frédéric Desdouits to the Supervisory Board in replacement of CM-CIC Capital Finance, represented by Philippe Traisnel;

(...)

We point out to the Supervisory Board that the Appointment and Salary Committee voted unanimously in favor of the following recommendations.

#### **1. Make-up of the Supervisory Board - Election of Frédéric Desdouits to the Supervisory Board in replacement of CM-CIC Capital Finance, represented by Philippe Traisnel**

We recommend:

- that the Supervisory Board elect Frédéric Desdouits as a member of the Supervisory Board to replace CM-CIC Capital Finance, represented by Philippe Traisnel, which has stated that it would resign its seat at the close of the General Meeting called to approve the financial statements of the fiscal year ended December 31, 2013;
- that the General Meeting of shareholders called to approve the financial statements for the year ended December 31, 2013 ratify this election without, for the moment, providing a replacement for the two other seats left vacant by the resignations of the University of Lille II and the Institut Pasteur de Lille from their membership on the Supervisory Board at the close of the General Meeting called to approve the financial statements for the year ended December 31, 2013, so that highly appropriate candidates can be identified given the expertise known to be needed for a properly functioning Board.

From that viewpoint, we would inform the Supervisory Board that we have instructed the Executive Board to pursue approaches that will identify two independent individuals capable of filling the positions left vacant and to modify those approaches such that they will comply with the laws as to gender balance on Supervisory Boards.

(...)

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A copy of this report will be sent to the Executive Board.

Loos -- May 12, 2014

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Chairman  
Charles Woler

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Member,  
Appointment and Remuneration  
Committee

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## Appendix IV

### Career and professional qualifications of Frédéric Desdouts

Frédéric Desdouts is head of Pierre Fabre Group Business Development, Acquisition and Market Intelligence since 2011. He is also member of the Pharmaceuticals Executive Board and of the Development Products Board. Prior to joining Pierre Fabre, Frédéric was Managing Partner at Bionest Partners (2004-2011), a consulting and transaction firm based in Paris and New York specialized in healthcare and biotechnology; and the founding Managing Partner of Bionest Partners Finance (2007-2011), a boutique specialized in value strategy and fund raising for emerging bio-companies. Between 1997 and 2004, Frédéric was a partner in charge of Pharmaceutical and Biotechnology sectors at Exane BNP-Paribas, an investment company. Before heading for finance, Frédéric worked in research (1996-1997) at GlaxoWellcome in France (now GSK), as a consultant for Hoechst in the USA (1995-1997) and as a PhD student (1992-1995) with a grant from Rhône-Poulenc in France (now Sanofi).

Between 2010 and 2011, Frédéric was a member of the Pre-Phase III DPU Blood & Vessels Specific Board at Sanofi Aventis (now Sanofi) R&D (Chilly-Mazarin, France).

Between 2008 and 2011, Frédéric was Board member at Exonhit Therapeutics (now Diaxonhit Therapeutics) and member of the M&A subcommittee.

Frédéric is graduated from Ecole Polytechnique (Palaiseau, France), obtained a MS in pharmacology and a PhD in Neurosciences at University Paris VI and Collège de France, did a post-doc (1994-1996) at the Rockefeller University in New York and is a CEFA (Certified European Financial Analyst).

Other current offices outside the Group		
	Nature of office	Company
<b>Frédéric DESDOUITS</b>	<i>Executive Vice-President - Head of Corporate Business Development, Acquisitions and Market Intelligence - at Laboratoires Pierre Fabre</i>	Laboratoires Pierre Fabre

Other offices held outside the Group during the past five years but now expired		
	Nature of office	Company
<b>Frédéric DESDOUITS</b>	Managing Partner Chairman Chairman and Managing Partner Board Member	Gideal Bionest Partners Bionest Partners Finance Exonhit Therapeutics

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## Appendix V

### **April 1, 2014 Report of the Appointment and Remuneration Committee**

To the attention of the members of the Supervisory Board and the General Meeting of shareholders

We hereby present to the members of the Supervisory Board and the General Meeting of shareholders our recommendations, adopted at our April 1, 2014 meeting, in respect of the following points:

(...)

2. Review and opinion as to offering directors' fees for the 2014 fiscal year and the policy for dividing directors' fees among Supervisory Board members.

(...)

We point out to the Supervisory Board and the General Meeting that the Appointment and Salary Committee at its April 1, 2014 meeting voted unanimously in favor of the following recommendations.

(...)

#### **2. Review and opinion as to offering directors' fees for the 2014 fiscal year and the policy for dividing directors' fees among Supervisory Board members**

The committee recommends that the Supervisory Board, beginning with its April 2, 2014 meeting, set the sums allocated to fees for independent members of the Supervisory Board (as no persons represent legal entities) in the following manner:

- €1,000 for each meeting of the Supervisory Board, the Appointment and Salary Committee or the Audit Committee attended by conference call, and €1,500 for each meeting of the Supervisory Board, the Appointment and Salary Committee or the Audit Committee physically attended;
- Given his special responsibilities and major time commitment, requiring him to remain highly available and responsive, the Committee recommends that an additional lump-sum compensation of €10,000 for 2014 be paid to the Chairman of the Supervisory Board in two equal installments at June 30 and December 31.

Given this new division, the committee recommends that the General Meeting set the total package of 2014 directors' fees at €100,000. This would make it possible to increase the number of independent members from the current two to four starting in the second half-year, as no persons will represent legal entities as of the second half-year.

(...)

A copy of this report will be sent to the members of the Executive Board.

Loos – April 1, 2014

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Chairman  
Charles WOLER

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Member of the Appointment and  
Remuneration Committee.

***Copy to: Jean-François Mouney, Chairman of the Executive Board, and Nathalie Huitorel, member of the Executive Board***

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