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GENFIT

French public limited company (*Société Anonyme*)
governed by an Executive Board and a Supervisory Board,
with share capital of €7,791,609.25
Registered Office: 885 avenue Eugène Avinée, 59120 Loos - France
424 341 907 R.C.S Lille Métropole

**REPORT OF THE EXECUTIVE BOARD
TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS MEETING
OF JUNE 16, 2017**

Ladies and Gentlemen,

Dear Shareholders,

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

The shareholders will be invited to vote on the change in the type of administration and management of the Company, moving from a two-tiered board (Supervisory Board and Executive Board) to a single board structure (Board of Directors). The Company considers that this change will allow it to be closer to international standards and to welcome the expert board members whom it wishes to recruit to accompany its development in the years to come.

In addition to the usual items on the agenda related to the review of the financial statements and the different reports of the Executive and Supervisory Boards and the Statutory Auditors for the 2016 fiscal year, the Executive Board is proposing a certain number of alternative draft resolutions that differ depending on the decision of the shareholders with respect to the change in type of administration and management of the Company. Depending on this decision, only those draft resolutions relating to the specific type of administration and management chosen will be submitted to a vote of the shareholders.

The resolutions submitted to the shareholders are grouped together in the following manner:

- Resolutions coming under the authority of the Annual Shareholders' Meeting, which must be submitted to a vote before the choice of type of administration and management of the Company (Resolutions n° 1-7),
- Resolution coming under the authority of the Extraordinary Shareholders' Meeting regarding the type of administration and management of the Company and adoption of the corresponding articles of association (Resolution n° 8),
- Resolutions coming under the authority of the Extraordinary (financial authorizations) and Ordinary (share buybacks, membership of the Board of Directors, compensation) Shareholders' Meeting applicable to a company with a board of directors, that will only be submitted to a vote if resolution n° 8 is adopted (Resolutions n° 9-35), and
- Resolutions coming under the authority of the Extraordinary (change to the articles of association to allow for electronic voting, financial authorizations) and Ordinary (share buyback, membership of the Supervisory Board, compensation) Shareholders' Meeting, applicable to a company with an executive board and supervisory board, and which will only be submitted to a vote if resolution n° 8 is not adopted (Resolutions n° 36-60), and
- Powers for formalities (Resolution n° 61).

As a result, the agenda is as set forth below.

POINTS AND RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING (RESOLUTIONS 1 TO 7) :

- Presentation of the Executive Board's report on the Company's activities and on the financial statements for the year ended on December 31, 2016; presentation of the Supervisory Board's report on this report and presentation of the Statutory Auditors' general report on the accounts for the year ended on December 31, 2016;
- Presentation of the Group management report, presentation of the Supervisory Board's report on this report and reading of the Statutory Auditors' general report on the consolidated financial statements for the year ended on December 31, 2016;
- 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, 2016 and operations of this financial year (Resolution n°1);
- Approval of the consolidated annual financial statements for the year ended on December 31, 2016 (Resolution n°2);
- Allocation of the results for the year ended on December 31, 2016 (Resolution n°3);
- 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 (Resolution n°4);
- Reading of the Executive Board's special report on the options to subscribe or purchase Company's shares in accordance with article L. 225-184 of the French Commercial Code (Resolution n°5);
- Reading of the Executive Board's special report on the granting of free shares in accordance with article L. 225-197-4 of the French Commercial Code (Resolution n°6);
- Reading of the table summarizing the delegations of authority and powers granted by the Shareholders' Meeting to the Executive Board in respect of capital increases, in accordance with articles L. 225-129-1 *et seq.* of the French Commercial Code (Resolution n°7);
- Reading of the Executive Board's supplementary report on the use of delegations of powers granted by the Shareholders' Meeting, in accordance with article R. 225-116 of the French Commercial Code;

POINTS AND RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING (RESOLUTION 8 AND RESOLUTIONS 9 TO 22):

- Change in the governance structure and management of the Company: establishment of a Board of Directors – Modification of the Articles of Association (Resolution n°8);

The following resolutions, n°9 to 35, shall be voted only if the resolution n°8 above is adopted:

- Delegation of authority granted to the Board of Directors concerning the issuance of ordinary shares of the Company and/or of securities giving access to the share capital of the Company, with shareholders' preferential subscription rights (Resolution n°9);
- Delegation of authority granted to the Board of Directors concerning the issuance of ordinary shares of the Company and/or of securities giving access to the share capital of the Company, without shareholders' preferential subscription rights (Resolution n°10);
- Delegation of authority granted to the Board of Directors concerning the issuance, without shareholders' preferential subscription rights, of ordinary shares of the Company and/or securities giving access to the share capital of the Company, within the framework of an

offering as described in paragraph II of article L. 411-2 of the French Monetary and Financial Code (Resolution n°11);

- Determination of the issuance price, up to the limit of 10% of the share capital per annum, of the ordinary shares and/or of securities giving access to the share capital, in the event of withdrawal of shareholders' preferential subscription rights (Resolution n°12);
- Delegation of authority granted to the Board of Directors to increase the Company share capital in benefit of industrial or commercial companies of the pharmaceutical/biotech sector or of fund management companies or of collective savings managing funds of French or foreign law investing in the pharmaceutical/biotech sector, likely to invest in a private placement, as well as to investment services providers of French or foreign law likely to secure such a transaction (Resolution n°13);
- Authorization granted to the Board of Directors 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 (Resolution n°14);
- Delegation of authority granted to the Board of Directors for the purpose of issuing ordinary shares and/or securities giving access to the share capital of the Company, as compensation for contributions in kind comprised of equity securities or of securities giving access to the share capital (Resolution n°15);
- Delegation of authority granted to the Board of Directors for the purpose of issuing ordinary shares and/or securities giving access to the share capital of the Company, in the event of a public exchange offer initiated by the Company (Resolution n°16);
- Overall cap applicable to the authorizations (Resolution n°17);
- Delegation of authority granted to the Board of Directors for the purpose of issuing autonomous share subscription warrants reserved for the members of the Supervisory Board and the consultants of the Company (Resolution n°18);
- Authorization granted to the Board of Directors to allocate options to subscribe and/or purchase shares (Resolution n°19);
- Authorization granted to the Board of Directors to allocate existing or new free shares (Resolution n°20);
- Delegation of authority granted to the Board of Directors for the purpose of issuing ordinary shares and/or securities giving access to the share capital of the Company for the benefit of the members of a company savings plan (Resolution n°21);
- Delegation of power granted to the Board of Directors for the purpose of cancelling all or part of the treasury shares of the Company, acquired pursuant to the authorization to repurchase shares (Resolution n°22).

POINTS AND RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING (RESOLUTIONS 23 TO 35)

- Authorization for the Company's purchase of its own shares (Resolution n°23);
- Appointment of Mr. Jean-François Mouney as Director of the Board of Directors (Resolution n°24);
- Appointment of Mr. Xavier Guille des Buttes as Director of the Board of Directors (Resolution n°25);
- Appointment of Ms. Anne-Hélène Monsellato as Director of the Board of Directors (Resolution n°26);
- Appointment of Ms. Catherine Larue as Director of the Board of Directors (Resolution n°27);
- Appointment of Ms. Catherine Larue as Director of the Board of Directors (Resolution n°28);
- Appointment of Mr. Philippe Moons as Director of the Board of Directors (Resolution n°29);
- Appointment of the Company Biotech Avenir as Director of the Board of Directors (Resolution n°30);
- Attendance fees (Resolution n°31);
- 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 Chairman of the Board of Directors and the Company's Managing Director (Resolution n°32);
- Approval of related party transactions referred to in article L.225-42-1 of the French Commercial Code for the benefit of Mr. Jean-François Mouney (Resolution n°33);
- Approval of related party transactions referred to in article L.225-90-1 of the French Commercial Code for the benefit of Ms. Nathalie Huitorel (Resolution n°34);
- Approval of related party transactions referred to in article L.225-90-1 of the French Commercial Code for the benefit of Mr. Dean Hum (Resolution n°35) ;

POINTS AND RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING (RESOLUTIONS 36 TO 50)

The following resolutions, n°36 to 61, shall be voted only if the resolution n°8 above is rejected:

- Articles of Association amendment to facilitate electronic voting (Resolution n°36);
- Delegation of authority granted to the Executive Board concerning the issuance of ordinary shares of the Company and/or of securities giving access to the share capital of the Company, with shareholders' preferential subscription rights (Resolution n°37);

- Delegation of authority granted to the Executive Board concerning the issuance of ordinary shares of the Company and/or of securities giving access to the share capital of the Company, without shareholders' preferential subscription rights (Resolution n°38);
- Delegation of authority granted to the Executive Board concerning the issuance, without shareholders' preferential subscription rights, of ordinary shares of the Company and/or securities giving access to the share capital of the Company, within the framework of an offering as described in paragraph II of article L. 411-2 of the French Monetary and Financial Code (Resolution n°39);
- Determination of the issuance price, up to the limit of 10% of the share capital per annum, of the ordinary shares and/or of securities giving access to the share capital, in the event of withdrawal of shareholders' preferential subscription rights (Resolution n°40);
- Delegation of authority granted to the Executive Board to increase the Company share capital in benefit of industrial or commercial companies of the pharmaceutical/biotech sector or of fund management companies or of collective savings managing funds of French or foreign law investing in the pharmaceutical/biotech sector, likely to invest in a private placement, as well as to investment services providers of French or foreign law likely to secure such a transaction (Resolution n°41);
- Authorization granted to the Executive Board 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 (Resolution n°42);
- Delegation of authority granted to the Executive Board for the purpose of issuing ordinary shares and/or securities giving access to the share capital of the Company, as compensation for contributions in kind comprised of equity securities or of securities giving access to the share capital (Resolution n°43);
- Delegation of authority granted to the Executive Board for the purpose of issuing ordinary shares and/or securities giving access to the share capital of the Company, in the event of a public exchange offer initiated by the Company (Resolution n°44);
- Overall cap applicable to the authorizations (Resolution n°45);
- Delegation of authority granted to the Executive Board for the purpose of issuing autonomous share subscription warrants reserved for the members of the Supervisory Board and the consultants of the Company (Resolution n°46);
- Authorization granted to the Executive Board to allocate options to subscribe and/or purchase shares (Resolution n°47);
- Authorization granted to the Executive Board to allocate existing or new free shares (Resolution n°48);

- Delegation of authority granted to the Executive Board for the purpose of issuing ordinary shares and/or securities giving access to the share capital of the Company for the benefit of the members of a company savings plan (Resolution n°49);
- Delegation of power granted to the Executive Board for the purpose of cancelling all or part of the treasury shares of the Company, acquired pursuant to the authorization to repurchase shares (Resolution n°50);

POINTS AND RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING (RESOLUTIONS 51 TO 61)

- Authorization for the Company's purchase of its own shares (Resolution n°51);
- Appointment of Ms. Anne-Hélène Monsellato as member of the Supervisory Board (Resolution n°52);
- Appointment of Ms. Catherine Larue as member of the Supervisory Board (Resolution n°53);
- Attendance fees (Resolution n°54);
- 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 Chairman of the Executive Board (Resolution n°55);
- 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 members of the Executive Board (Resolution n°56);
- 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 members of the Supervisory Board (Resolution n°57);
- Approval of related party transactions referred to in article L.225-90-1 of the French Commercial Code for the benefit of Mr. Jean-François Mouney (Resolution n°58);
- Approval of related party transactions referred to in article L.225-90-1 of the French Commercial Code for the benefit of Mr. Jean-François Mouney (Resolution n°59);
- Approval of related party transactions referred to in article L.225-90-1 of the French Commercial Code for the benefit of Mr. Dean Hum (Resolution n°60);
- Powers to carry out formalities (Resolution n°61).

The reports of the Executive Board, the Statutory Auditors' reports, the financial statements and consolidated financial statements have been made available to you in accordance with conditions and deadlines set forth by the applicable legal provisions.

SUMMARY

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

1. Approval of the financial statements, reports and allocation of earnings for the financial year ended on December 31, 2016 (Resolutions n°1, 2, 3, 5, 6 and 7)

a. Annual accounts for the financial year ended on December 31, 2016 (Resolution n°1)

The annual accounts submitted to your approval, namely the balance sheet, income statement and the annex attested on December 31, 2016, have been established pursuant to the presentation rules and evaluation methods set forth by regulations in force in France.

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

The annual accounts highlight a net (loss) of 33,572,880 Euros for the financial year ended on December 31, 2016, against a net profit (loss) of 15,197,508 Euros for the financial year ended on December 31, 2015.

In accordance with articles 233 *quater* and 223 *quinquies* of the French General Tax Code, it is required that you 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.

Please refer to the management report of the Executive Board included in the Company's 2016 Registration Document, observations made by the Supervisory Board on this management report and Statutory Auditors report, which have been made available to you in accordance with the regulations in force.

b. Consolidated financial statements and reports for the financial year ended on December 31, 2016 (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 annex attested on December 31, 2016, have been established pursuant to the IFRS standards.

The Executive Board presents this set of accounts, reports and special reports 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 Executive Board, the members of the Supervisory Board and the Statutory Auditors from their duties for said year.

The consolidated financial statements highlight a net loss of 33,666,881 Euros for the financial year ended on December 31, 2016, against a net loss of 17,134,900 Euros for the financial year ended on December 31, 2015.

Please refer to the management report of the Executive Board included in the Company's 2016 Registration Document, observations made by the Supervisory Board on this management report and Statutory Auditors report, which have been made available to you in accordance with the regulations in force.

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

The results of the financial year highlight, in light of the financial statements, a net loss of 33,572,880 Euros, which we propose you allocate to “Retained Earnings”. After allocation of this profit, the “Retained earnings” will represent a loss of 107,381,065 Euros.

There will not be an allocation of dividends for the financial year ended on December 31, 2016.

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

d. Reports on the options to subscribe or purchase Company’s shares and the granting of free shares (Resolutions n°5 et 6)

The purpose of resolution n° 5 is to approve the special report of the Executive Board, required by article L.225-184 of the French Commercial Code, relating to the options to subscribe or purchase shares of the Company. This report describes the conditions under which the Executive Board granted stock options during the 2016 financial year pursuant to articles L.225-177 to L.225-186 of the French Commercial Code, and the resolution n° 25 of the Ordinary and Extraordinary Shareholders’ Meeting of June 21, 2016. In addition, it indicates that no option has been exercised.

The purpose of resolution n° 6 is to approve the special report of the Executive Board, required by article L.225-197-4 of the French Commercial Code. This report reports on the conditions under which the Executive Board granted free shares during the 2016 financial year, in accordance with articles L.225-197-1 to L.225-197-3 of the French Commercial Code and resolution n°26 of the Ordinary and Extraordinary Shareholders’ Meeting of June 21, 2016.

e. Table summarizing the delegations of authority and powers (Resolution n°7)

Pursuant to resolution n°7, you are invited to approve the table summarizing the delegations of authority and powers previously granted by the Shareholders’ Meeting to the Executive Board regarding share capital increases; which are valid as of this date, noting however that the majority of them will be replaced with new delegations on which you are requested to vote.

This table is included in the management report of the Executive Board on the financial statements for the 2016 financial year which is included in the Company’s 2016 Registration Document.

2. Related-party transactions (Resolution n°4, Resolutions n° 33-35 – Resolutions n° 58-60)

Resolution n°4 has been submitted in order to approve the three related party transactions implemented by the Company Supervisory Board’s decisions on June 6 and December 15, 2016 and May 10, 2017 for the benefit of three Executive Board members.

These related party transactions cover the severance packages granted by the Supervisory Board of your Company to Mr. Jean-François Mouney, Ms. Nathalie Huitorel and Mr. Dean Hum.

In accordance with recommendation R16 of the Middlednext corporate governance code, the conditions under which these engagements are granted are limited and subject to performance conditions specified in the Supervisory Board report of May 10, 2017 on the principles and criteria for determining, distributing and attributing executive officer compensation for the 2017 fiscal year and included in Appendix I of this report.

The Statutory Auditors reports on this point, available on the Company’s website, shall be submitted for your approval pursuant to resolution n°4.

In the event that resolution 8 regarding the change in the type of administration and management of the Company and corresponding articles of association is adopted, resolutions n°33, n°34, and n°35

will also be submitted for your approval. These Resolutions cover, respectively, the approval of the related party transactions covered under article L.225-42-1 of the Commerce Code for the benefit of Jean-François Mouney (as future Chairman and Chief Executive Officer of the Company, as the case may be), the approval of the related party agreements under article L.225-90-1 of the Commerce Code for the benefit of Nathalie Huitorel and for Dean Hum as members of the Executive Board, until, as the case may be, the adoption of resolution n°8 by the Shareholders' Meeting, without calling them into question *in futurum*) .

If resolution n°8 is rejected, resolutions n°58, n°59 and n°60 will be submitted to your approval, covering respectively, the approval of related party transactions covered under L.225-90-1 of the French Commercial Code for the benefit of Jean-François Mouney, Nathalie Huitorel, and Dean Hum

3. Appointment and remuneration of the directors (Resolutions n°24-32 – Resolutions n°52-57)

a. Appointment and remuneration of the Board of Directors (Resolutions n°24-30)

Adoption of resolution n°8 regarding the change in type of administration and management of the Company and adoption of corresponding articles of association shall legally terminate the terms of the Executive and Supervisory Board members once the meeting is adjourned. As such, we hereby submit the Board Member candidates including several current Company board members (Jean-François Mouney, Xavier Guille des Buttes, Frédéric Desdouits, Philippe Moons, Biotech Avenir represented by Florence Séjourné as permanent representative) and new board members (Catherine Larue and Anne-Hélène Monsellato) for your vote.

The composition of the new Board of Directors will bring the Company into compliance with respect to the Copé Zimmermann Law regarding equal representation of women and men on corporate boards.

You are requested to approve the proposals submitted to you by the Nominations and Compensation Committee, the report regarding which may be found in Schedule II hereto, for a term of five years in order to incentivize board members to commit to the Company on a long-term basis in a manner consistent with your Company's R&D activities:

i. Under Resolution n°24

Jean-François Mouney

born August 20, 1955 in Condat-sur-Vézère (24750)

residing at Résidence les Clairières, 132, Avenue de Flandre, 59290 Wasquehal,

taking effect at the end of the Meeting, for a term of five years, which shall end at the end of the Ordinary General Shareholders' Meeting which shall vote on the financial statements for year ended December 31, 2021.

Mr. Jean-François Mouney's career and professional references are presented in Appendix III of this report. He is currently your Company's Chairman of the Executive Board. Subject to your approval of the transformation of type of administration and management of the Company proposed in resolution n°8, he would become the Chairman and Chief Executive Officer.

ii. Under Resolution n°25

Xavier Guille des Buttes

born December 27, 1941 in Angers (49000)

residing at 3, rue Kléber, 44000 Nantes,

taking effect at the end of the Meeting, for a term of five years, which shall end at the end of the Ordinary General Shareholders' Meeting which shall vote on the financial statements for year ended December 31, 2021.

Mr. Xavier Guille des Buttes' career and professional references are presented in Appendix IV of this report. He is currently Chairman of the Supervisory Board of your Company.

iii. Under Resolution n°26

Anne-Hélène Monsellato

born January 30, 1968 in Rouen (76000)

residing at 145, boulevard de Magenta, 75010 Paris,

taking effect at the end of the Meeting, for a term of five years, which shall end at the end of the Ordinary General Shareholders' Meeting which shall vote on the financial statements for year ended December 31, 2021.

Ms. Anne-Hélène Monsellato's career and professional references are presented in Appendix V of this report.

iv. Under Resolution n°27

Catherine Larue

born on August 20, 1955 in Sainte Adresse (76310)

residing at 44, boulevard Napoléon 1er, L-2210 Luxembourg,

taking effect at the end of the Meeting, for a term of five years, which shall end at the end of the Ordinary General Shareholders' Meeting which shall vote on the financial statements for year ended December 31, 2021.

Ms. Catherine Larue's career and professional references are presented in Appendix VI of this report.

v. Under Resolution n°28

Frédéric Desdouits

born on April 18, 1967 in Boulogne-Billancourt (92100)

residing at 31, rue Lacroix, 75017 Paris,

taking effect at the end of the Meeting, for a term of five years, which shall end at the end of the Ordinary General Shareholders' Meeting which shall vote on the financial statements for year ended December 31, 2021.

Mr Frédéric Desdouits' career and professional references are presented in Appendix VII. He is currently a member of the Company's Executive Board.

vi. Under Resolution n°29

Philippe Moons

born August 11, 1951 à Arras (62000)

residing at 78 E, Le Clos du Parc, 59830 Cysoing,

taking effect at the end of the Meeting, for a term of five years, which shall end at the end of the Ordinary General Shareholders' Meeting which shall vote on the financial statements for year ended December 31, 2021.

Mr. Philippe Moons' career and professional references are presented in Appendix VIII. He is currently a member of the Company's Executive Board.

vii. Under Resolution n°30

Biotech Avenir

885, avenue Eugène Avinée, 59120 Loos

permanently represented by Florence Séjourné

born December 14, 1971 in Rosny-sous-Bois (93110)

residing at 19 bis, rue Jean Mermoz, 59700 Marcq-en-Baroeul,

taking effect at the end of the Meeting, for a term of five years, which shall end at the end of the Ordinary General Shareholders' Meeting which shall vote on the financial statements for year ended December 31, 2021.

Florence Séjourné's career and professional references are presented in Appendix IX. She is currently a member of the Company Board of Directors.

viii. Membership of the Board of Directors

If, as is proposed to you, the Shareholders decide to nominate Mr. Jean-François Mouney, Mr. Xavier Guille des Buttes, Ms. Anne-Hélène Monsellato, Ms. Catherine Larue, Mr. Frédéric Desdouits, Mr. Phillipe Moons and Biotech Avenir, represented by permanent representative Ms. Florence Séjourné, your Company's Board of Directors would be composed as shown below.

Your Board of Directors will thus be made up, as indicated in the report of the Nominations and Compensation Committee in Appendix II, of more than 70% of independent members within the meaning of the independence criteria for Board members used in Recommendation R3 of the Middlednext Code, which applies to the Company. In particular, Ms. Anne-Hélène Monsellato and Ms. Catherine Larue will be considered as independent within the meaning of these same criteria and recommendation.

The Board would thus include both experts in the biotechnology and pharmaceutical sectors, business development specialists in these sectors, technological and scientific experts in the therapeutic areas of interest to the Company, experts in finance and auditing and a representative of the key shareholder since the founding of the Company whose permanent representative is also an expert in the biotechnology sector.

In addition, it is expected that, at the meetings to be held immediately after the Shareholders' Meeting, Board of Directors will appoint Jean-François Mouney as Chairman and Chief Executive Officer of the Company. The composition of the specialized committees will also be determined; although Mr. Xavier Guille des Buttes is expected to be appointed Chairman of the Nominations and Compensation Committee and that Anne-Hélène Monsellato is expected to be appointed Chairman of the Audit Committee.

Name	Principal role outside of the group	Corporate terms
Jean-François MOUNEY Director <i>(subject to his nomination by your Shareholders' Meeting on June 16, 2017)</i>	Chairman of Biotech Avenir	<u>Term</u> : Shareholders' meeting approving the financial statements for the year ended December 31, 2021
Xavier GUILLE DES BUTTES, Independent director <i>(subject to his nomination by your Shareholders' Meeting on June 16, 2017)</i>	Member of the Partners' Council of Delpharm Holding and board member of Atlanta and Hemarina	<u>First nomination</u> : October 18, 2006 <u>Last renewal</u> : June 21, 2016 <u>Term</u> : Shareholders' meeting approving the financial statements for the year ended December 31, 2021
Anne-Hélène MONSELLATO, Independent director <i>(subject to her nomination by your Shareholders' Meeting on June 16, 2017)</i>	Independent director and Chairman of the Audit and Risk Committee of Euronav	<u>Term</u> : Shareholders' meeting approving the financial statements for the year ended December 31, 2021
Catherine LARUE Independent director <i>(subject to her nomination by your Shareholders' Meeting on June 16, 2017)</i>	CEO ad interim of the Luxembourg Institute of Health (LIH)	<u>Term</u> : Shareholders' meeting approving the financial statements for the year ended December 31, 2021
Frédéric DESDOUITS Independent director <i>(subject to his nomination by your Shareholders' Meeting on June 16, 2017)</i>	Executive Vice-president Executive – Department Head "Corporate Business Development, Acquisitions and Market Intelligence" for Laboratoires Pierre Fabre	<u>First nomination</u> : June 20, 2014 <u>Term</u> : Shareholders' meeting approving the financial statements for the year ended December 31, 2021
Philippe MOONS Independent director <i>(subject to his nomination by your Shareholders' Meeting on June 16, 2017)</i>	None	<u>First nomination</u> : cooptation of the Supervisory Board on July 16, 2015 ratified by Shareholders' Meeting on June du 21, 2016 <u>Term</u> : Shareholders' meeting approving the financial statements for the year ended December 31, 2021
BIOTECH AVENIR represented by Florence SEJOURNE Director <i>(subject to its nomination by your Shareholders' Meeting on June 16, 2017)</i>	CEO of Da Volterra	<u>First nomination</u> : Company founding on September 15, 1999 <u>Last renewal</u> : June 26, 2016 <u>Term</u> : Shareholders' meeting approving the financial statements for the year ended December 31, 2021

b. Appointment and Membership of the Supervisory Board (Resolutions n° 52 and 53)

In the event that resolution n°8 regarding the change in the type of administration and management of the Company and the adoption of the corresponding articles of association are not approved, we submit to your vote the candidacy of two new members of the Supervisory Board (Catherine Larue and Anne-Hélène Monsellato).

In doing so, the composition of the new Supervisory Board will bring the Company into compliance with respect to the Copé Zimmermann Law regarding equal representation of women and men on corporate boards.

You are requested to nominate the members of the Supervisory Board submitted to you by the Nominations and Compensation Committee, the report regarding which may be found in Appendix II hereto, for a term of five years in order to incentivize board members to commit to the Company on a long-term basis in a manner consistent with your Company's R&D activities:

i. Under Resolution n°52

Anne-Hélène Monsellato

born January 30, 1968 in Rouen (76000)

residing at 145, boulevard de Magenta, 75010 Paris,

taking effect at the end of the Meeting, for a term of five years, which shall end at the end of the Ordinary General Shareholders' Meeting which shall vote on the financial statements for year ended December 31, 2021.

Ms. Anne-Hélène Monsellato's career and professional references are presented in Appendix V of this report.

ii. Under Resolution n°53

Catherine Larue

born on August 20, 1955 in Sainte Adresse (76310)

residing at 44, boulevard Napoléon 1er, L-2210 Luxembourg,

taking effect at the end of the Meeting, for a term of five years, which shall end at the end of the Ordinary General Shareholders' Meeting which shall vote on the financial statements for year ended December 31, 2021.

Ms. Catherine Larue's career and professional references are presented in Appendix VI of this report.

iii. Membership of the Supervisory Board (Resolutions n° 52 and 53)

If, as is proposed to you, the Shareholders' Meeting decides to nominate Ms. Anne-Hélène Monsellato and Ms. Catherine Larue, your Company's Supervisory Board would be composed as shown below. Mr. Charles Woler, currently Vice-President and Chairman of the Nominations Committee of the Supervisory Board has given notice that he will present his resignation at the

closing of the Shareholders' Meeting due to the many other activities he carries out in other capacities.

Your Supervisory Board will thus be made up, as indicated in the report of the Nominations and Compensation Committee in Appendix II, of more than 80% of independent members within the meaning of the independence criteria for Board members used in Recommendation R3 of the Middenext Code, which applies to the Company. In particular, Ms. Anne-Hélène Monsellato and Ms. Catherine Larue will be considered as independent within the meaning of these same criteria and recommendation.

The Supervisory Board would thus include both experts in the biotechnology and pharmaceutical sectors, business development specialists in these sectors, technological and scientific experts in the therapeutic areas of interest to the Company, experts in finance and auditing and a representative of the key shareholder since the founding of the Company whose permanent representative is also an expert in the biotechnology sector.

Name	Role	Principal role outside of the group	Terms
Xavier GUILLE DES BUTTES	Chairman of the Supervisory Board Member of the Nominations and Compensation Committee and the Audit Committee Independent	Member of the Partners' Council of Delpharm Holding and board member of Atlanta and Hemarina	<u>First nomination:</u> October 18, 2006 <u>Last renewal:</u> June 21, 2016 <u>Term:</u> <i>Shareholders' Meeting approving the accounts for fiscal year ending December 31, 2020</i>
BIOTECH AVENIR represented by Florence SEJOURNE	Member of the Board of Directors Member of the Audit Committee	CEO of Da Volterra	<u>First nomination:</u> Company founding on September 15, 1999 <u>Last renewal:</u> June 26, 2016 <u>Term:</u> <i>Shareholders' Meeting approving the accounts for fiscal year ending December 31, 2020</i>
Philippe MOONS	Member of the Board of Directors President of the Audit Committee Independent	None	<u>First nomination:</u> Board of Directors on July 16, 2015 <u>Term:</u> <i>Shareholders' Meeting approving the accounts for fiscal year ending December 31, 2017</i>
Frédéric DESDOUITS	Member of the Board of Directors Member of the Nominations and Compensation Committee Independent	Executive Vice-president Executive – Department Head « Corporate Business Development, Acquisitions and Market Intelligence » for Laboratoires Pierre Fabre	<u>First nomination:</u> June 20, 2014 <u>Term:</u> <i>Shareholders' Meeting approving the accounts for fiscal year ending December 31, 2017</i>
Anne-Hélène MONSELLATO (subject to her nomination by your Shareholders' Meeting on June 16, 2017)	None (but will be considered independent subject to her nomination)	Independent director and Chairman of the Audit and Risk Committee of Euronav	<u>Term:</u> <i>Shareholders' Meeting approving the accounts for fiscal year ending December 31, 2017</i>
Catherine LARUE (subject to her nomination by your Shareholders' Meeting on June 16, 2017)	None (but will be considered independent subject to her nomination)	CEO ad interim of the Luxembourg Institute of Health (LIH)	<u>Term:</u> <i>Shareholders' Meeting approving the accounts for fiscal year ending December 31, 2017</i>

c. Remuneration of board members (Resolutions n°31, 32 and 54-57)

In accordance with the provisions of "Sapin II" Law n°2016-1691, the Company, for which the shares are traded on a regulated market, must draft for the first time this year, a new report indicating the

principles and criteria for determination, distribution and attribution of fixed, variable and exceptional elements comprising the total compensation and the advantages of any nature, attributable to the Executive board members and corporate officers.

These principles and criteria are presented in the Say on Pay “Sapin II” report included as Appendix I of this report, which has been prepared by the Company’s Supervisory Board on May 10, 2017, upon a proposal by the Company Nominations and Compensation Committee. As regards the exceptional items described in this report, it is specified, for all intents and purposes and as indicated in the Company’s 2016 Registration Document, that any exceptional remuneration that could be paid to the persons concerned and which could result from the implementation of the Incentive Plan in force in the Company is capped and that the severance benefits that could be allocated to Ms. Nathalie Huitorel and Mr. Dean Hum would only be paid in the event of dismissal for any reason other than gross misconduct or negligence.

The Company is proposing that you change the type of administration and management from a company with an Executive Board and Supervisory Board to a company with a Board of Directors. This change in administration has practical consequences on the implementation, this year, of the Sapin II Law, even if the dispositions pertaining to the general principles and criteria for determination, distribution and attribution of executive officer compensation shall remain the same.

In particular, the people within its scope are not the same:

- in a company with an Executive Board and Supervisory Board, all members of the Executive Board and all members of the Supervisory Board fall within its scope, according to articles L.225-82-2 and R.225-56-1 of the Commerce Code, and
- in a company having a Board of Directors, the CEO, Deputy CEO(s) and the Chairman of the Board (whether he assumes the CEO role or not) fall within its scope according to articles L.225-37-2 and R.225-29-1 of the Commerce Code.

For this reason, and as it is not possible to anticipate your vote, the resolutions have been organised as follows: (i) those applicable if the type of administration and management proposed by the Company (Resolution n°32) and (ii) those applicable to the current organization – Executive Board and Supervisory Board (Resolutions n°55-57). The shareholders are requested first to vote on the type of administration and management, and then vote on the relevant part of this report, with the others becoming null and void.

Furthermore, in accordance with the provisions existing before the implementation of the Sapin II Law and which are still applicable, you must vote on the budget for attendance fees which will be allocated, depending on the case, to the independent members of the Board of Directors (Resolution n°31) or independent members of the Supervisory Board (Resolution n°54). In either case, the total maximum amount of €225,000 for the fiscal year opening on January 1, 2017 and until the Shareholders’ meeting convened to approve the financial statements for fiscal year ending on December 31, 2017 compared to €150,000 Euros for fiscal year 2016.

This change is linked to all below:

- the increase in responsibilities of the individuals who are independent members of the Board; the amount proposed is within the lower average of compensation observed in comparable companies; which tends to be more pronounced when benchmarked against comparably sized Anglo-Saxon competitors of the Company;
- the provisional increase in the activity of your Board and its committees, with respect to the recent Company news and development projects (as indicated in the introduction of paragraph II of this Report);
- the increase in proportion of independent members in the Board composition that are individuals (which, according to the compensation policy established by the Company are the only members of the Board to benefit from attendance fees) which should result in, subject to

your favorable vote, the nominations of Ms. Anne-Hélène Monsellato and Ms. Catherine Larue as independent members of your Board; and

- for the provisional recruitment of new natural person independent members, with the intent to respond to the need for increased expertise in the Board and its specialized committees related to recent news, development projects and internationalization of the Company.

It will be up to the Board to distribute all or part of this amount between the individual independent members according to a calculation linked to their responsibility within the Board and its various specialized committees (fixed amount compensation shall be established for all members which share vary relative to their positions within these various committees) and their participate rate in meetings for the Board of Directors and these committees.

Lastly, incentive elements represented by equity linked instruments (warrants, stock options and free shares) are also treated in separate resolutions, falling under the authority of the Extraordinary Shareholders' Meeting (Resolutions n°18, 19 and 20 or Resolutions 46, 47 and 48).

4. Company share repurchase Program (Resolution n°23 – Resolution n° 51)

We propose, pursuant to the provisions of Articles L.225-209 et seq of the French Commercial Code, in the resolution n°23, provided resolution n°8 on the change in type of administration and management of the Company and adoption of the related articles of association is adopted, or otherwise in resolution n°51, to authorize the Board of Directors, in the first situation, or the Executive Board, in the second situation, along with the power to sub-delegate pursuant to the conditions provided for by law, to purchase the Company's shares as part of the implementation of a share repurchase programme.

The General Meeting would decide that:

- The maximum purchase price (excluding charges) per share would be set at Euro 125, and
- the maximum amount that the Company would be able to allocate to the repurchase programme of its own shares would not exceed the amount of Euros 500,000.

The Company could purchase a number of shares such that:

— the maximum number of shares that could be acquired pursuant to this authorization may not exceed ten percent (10%) of the total number of shares comprising the Company's share capital and five percent (5%) of the total number of shares comprising the Company's share capital for the acquisitions made to retain shares and to subsequently use them as payment or in an exchange in the context of a merger, split or contribution transaction; it being specified that (i) these limits would apply to an amount of the Company's share capital that would be adjusted, if necessary, to take into account those transactions that could affect the share capital subsequent to the Shareholders' Meeting held on June 16, 2017, and (ii) should the shares be bought back to promote liquidity under the conditions set out by the General Regulations of the *Autorité des marchés financiers*, the number of shares taken into account to calculate the above mentioned 10% limit would correspond to the number of shares purchased, minus the number of shares re-sold during the authorization period; and

— the acquisitions carried out by the Company shall not result in the Company holding, at any moment whatsoever, directly or indirectly, more than ten percent (10%) of its share capital.

This authorization would be intended to allow the Company to pursue the following objectives, in compliance with applicable legislative and regulatory provisions:

- (i) to retain the Company's shares that may have been purchased and to use them in exchange or in payment within the context of potential external growth transactions, in accordance with stock market regulations;

- (ii) to deliver shares upon the exercise of rights attached to securities giving access to the share capital of the Company;
- (iii) to allocate shares to employees or corporate officers of the Company or its subsidiaries in accordance with the terms and conditions set forth by law, in particular with respect to the allocation of free shares, the participation in the profits resulting from the expansion of the business, the stock option plans or through a company savings plan;
- (iv) to ensure liquidity and to promote the secondary market for the Company's securities, which would be accomplished by an investment services provider acting under a liquidity contract in compliance with the ethics charter approved by the *Autorité des marchés financiers*;
- (v) to cancel all or part of the repurchased securities, provided that resolution n°22 is adopted (where resolution n°8 has been adopted), or otherwise, that resolution n°50 is adopted; and
- (vi) to accomplish all other authorized goals or goals that could become authorized by law or recognized or that would be recognized as a market practice by the *Autorité des Marchés Financiers*, in which case the Company would inform its shareholders by way of a press release.

These purchase, sale, exchange or transfer transactions could be carried out in any manner, that is, either on the regulated market, on a multilateral trading facility, through a systematic internalizer or through an over-the-counter transaction, such as an acquisition or block trades, or by resorting to financial instruments, in particular financial derivatives negotiated on a regulated market, on a multilateral trading facility, through a systematic internalizer or through a private transaction or by resorting to warrants, in compliance with the conditions set forth by the legislative and regulatory provisions that are applicable on the date of the considered transactions and during the periods set by the Company's Executive Board or Board of Directors or by the person to whom the Executive Board or Board of Directors may have delegated its authority. The maximum portion of the share capital acquired or transferred in the form of blocks trades could be the total amount of the repurchase program.

The Shareholders' Meeting would delegate to the Board of Directors, if resolution n°8 is adopted, otherwise to the Executive Board, along with the power to sub-delegate pursuant to the conditions set forth in article L. 225-209 of the French Commercial Code, in the event of a change in the par value of the share, increase in share capital by incorporation of reserves, allocation of free shares, split or reverse stock split, distribution of reserves or of any other assets, redemption of share capital or any other transaction affecting shareholders' equity, powers to adjust the aforementioned maximum purchase price so as to take into account the impact of such transactions on the value of the shares.

Moreover, the Shareholders' Meeting would grant full powers to the Board of Directors, if resolution n°8 is adopted, otherwise to the Executive Board, along with the power to sub-delegate pursuant to the conditions set forth in article L. 225-209 of the French Commercial Code, to decide and implement these authorizations, to specify, if necessary, its terms and, in particular, to place any on or off-market orders, to allocate or reallocate purchased shares to the various set objectives, in accordance with applicable laws and regulations, to enter into any agreements, particularly for the purpose of maintaining share purchase and sale registries, to complete any formalities or statements with any agencies, particularly the *Autorité des marchés financiers* and, generally speaking, to take any necessary action in order to complete the transactions that could be carried out pursuant to these authorizations.

The Shareholders' Meeting would also grant full powers to the Board of Directors, if resolution n° 8 is adopted, otherwise to the Executive Board, if the law or the *Autorité des marchés financiers* were to extend or supplement to the authorized objectives for share repurchase programs, to inform the public of any changes to the repurchase program concerning the modified objectives, in accordance with applicable laws and regulations.

This authorization would be granted for a period of 18 months from the date of the Shareholders' Meeting held on June 16, 2017. It would void, from this day, any prior authorization having the same purpose, *i.e.* any authorization relating to the repurchase of its own shares by the Company. These authorizations would therefore void the authorization granted by the Shareholders' Meeting dated June 21, 2016 pursuant to resolution n°13.

It is specified that these transactions could not be carried out during a public offering by the Company or on the Company's shares.

The description and the assessment of the share repurchase program adopted by the Shareholders' Meeting held on June 21, 2016, are included in the management report of the Executive Board included in the Company's 2016 Registration Document and show that the authorization granted to the Executive Board by the Shareholders has been used solely to ensure liquidity and promote the secondary market for the Company's securities, this task having been accomplished by an investment services provider acting under a liquidity contract in compliance with the ethics charter established by the AMAFI and recognised by the *Autorité des Marchés Financiers*.

Please refer to paragraph II.5 of the present Report for a description of the resolution relating to shares cancellation.

II. RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY SHAREHOLDERS' MEETING:

You will be asked to approve, in the proposal of resolution No. 8, the new organization of the governance of the Company.

Your Executive Board and your Supervisory Board submit to you a proposal to allow the change in the Company's governance organization to include a Board of Directors and to combine the positions of Chairman and CEO, subject to your approval of this project and of the future Board of Directors.

If you approve this proposal, the Board of Directors will be comprised of most of the current members of the Supervisory Board, new directors, as well as Mr. Jean-François Mouney, current Chairman of the Executive Board, who would then become Chairman and CEO (see paragraph I.3.a of this report on the composition of the future Board of Directors). You will also be asked to approve the amendments to the articles of association that such a change requires and in the process to update certain provisions of the articles of association which date back for the majority, to the Company's initial public offering (e.g., the availability of electronic voting for general meetings or simplifying the provisions describing the role of the statutory auditors). If resolution n°8 on the evolution of the governance organization is not adopted, we propose nevertheless some changes to the articles of association in resolution n°36 to allow shareholders to vote electronically and refer you to paragraph I.3.b of this report on the composition of the future Supervisory Board.

Furthermore, it is proposed to you within the framework of financial delegations, to grant to the Board of Directors or, if resolution n°8 on the change in the type of administration and management of the Company and the adoption of the relevant articles of association is not approved, to the Executive Board the possibility of increasing the Company's registered capital, thus making it possible to seize opportunities to strengthen the Company's equity necessary for the development of its activities and, where appropriate, carry out operations of external growth by acquisition.

The Executive Board specifies that the implementation of the financial delegations provided for by the resolutions n° 9-16, in case Resolution n°8 is adopted, or otherwise resolutions n°37-44 in the contrary case may not be used during any tender offer period initiated by the Company or in relation to the securities of the latter.

In addition, and as referred to above in paragraph II.4. of this report, you are asked to kindly implement long-term equity incentive tools for employees and management (stock options and free/performance based shares), and tools for the compensation of certain members of the Board of Directors in case resolution n° 8 is approved, otherwise for the Supervisory Board, and of certain consultants of the Company (equity warrants).

The main characteristics of these resolutions can be summarized as follows:

In terms of size:

- The maximum number of shares that can be issued under the financial delegations (resolutions n°9 to 16 and resolutions n°37 to 44) represents approximately 24% of the number of current shares, that is to say a maximum dilution of approximately 19% of the capital (global ceiling contained in resolution n° 17 and in resolution n°45)
- The maximum number of shares that can be issued as instruments intended for employees, management, and certain members of the Board of Directors in case resolution n°8 is approved, or of the Supervisory Board in the contrary case and consultants of the Company (resolutions n°18 to 21 and resolutions n°46 to 49) represents 1.44% of the current capital, that is to say a maximum dilution (if all of the conditions relating to these instruments are carried out) of 1.42% on a fully diluted basis. This percentage is situated very noticeably in the lower range of publicly traded biotechnology companies of comparable size. In addition, these resolutions are essential for continuing to motivate and strengthen through new talent an efficient management team and for associating them, the same as all employees, with the success of the Company and of its shareholders.

In terms of type:

With regard to increases in capital

We ask you, by submitting for your vote to renew these financial delegations, to grant the Company the tools necessary for carrying out financing operations aiming to further develop our clinical programs, develop additional drug candidates selected through our research activities or via acquisitions, develop our biomarker candidates, develop product combinations and more generally finance the activity of the Company.

The renewal of these financial delegations falls within a particular context where the Company has seen a delay which could be as long as 6 months in the first phase of patient recruiting of its Phase III study evaluating its drug candidate elafibranor in NASH (non-alcoholic steatohepatitis), that can postpone by as much the estimated date for obtaining the results which should allow it to file an application for a conditional marketing authorization; where it has also launched its clinical development, within the framework of a trial program of Phase II, in PBC (Primary Biliary Cirrhosis) and where it also intends to introduce a trial program of Phase II with the drug candidate NTZ in fibrosis.

The approval of these delegations by your Meeting would thus confirm the legitimacy of the Board of Directors, if resolution n°8 is approved, or of the Executive Board in the contrary case, to initiate an fundraising under optimal conditions of flexibility and responsiveness, if it was to finance or co-finance, at least up to the provisional conditional release to market of elafibranor in NASH, either one of these clinical trial programs and/or the clinical development of new product combination programs in NASH or fibrosis.

In particular, and including if an agreement for the co-development of elafibranor with a partner from the pharmaceutical industry were signed by the Company, these delegations would strengthen your Board of Directors, if resolution n°8 is approved, or your Executive Board, in the contrary case, in its ability to have sufficient tools enabling it to finance its share of the clinical development of the product – as appropriate in therapeutic areas or in geographical areas beyond the scope of this prospective agreement -; in addition to having the tools to enable it to finance the entry into the clinical phases of

its other programs and/or implementing an acquisition strategy enabling it to expand its portfolio of drug candidates.

These increases in capital may be carried out:

- with shareholders' preferential subscription rights (resolution n°15)
- without this right, but in the context of public offers, including, as the case may be and if market conditions enable it, to meet a possible interest of the American investors, via an initial public offering in the United-States (resolution n° 10 or resolution n° 38), or
- without this right, but in the context of private transactions reserved to qualified investors (resolution n°11 or resolution n°39)¹, or reserved to, as the case may be, to a category of beneficiaries investing in the pharmaceutical/biotech sector (resolution n°13 or resolution 41)²; considering that in the past, transactions of the kind of those that could be implemented pursuant to the delegation of authority requested in resolutions n°11 or 39 or 13 or 41, which may be performed within a short timeframe in order to properly seize market opportunities, have enabled your Company, in February 2016 and October 2016 to raise Euro 83.5 million.

You are also being asked to grant the Board of Directors, if resolution n°8 is adopted, otherwise to the Executive Board, the flexibility enabling it to:

- Provide for (resolution n°12 or resolution n°40), but only up to the limit of 10% of the share capital per 12 months, and only for the transactions that would be carried out without shareholders' preferential subscription right, through a public offering (resolution n°10 or resolution n°38) or through a private placement for the benefit of qualified investors (resolution n°11 or resolution 39), a maximum 15% discount, higher than the 5% discount by default (resolution n°18) to successfully complete transactions in a challenging market context (such as the during the 49.6 million euros fund raising carried out in February 2016). In this regard that this maximum 15% discount is the one applicable to private placements reserved to a category of beneficiaries investing in the pharmaceutical/biotech sector (resolution n°13 or resolution n°41);
- Provide for the possibility to increase the initial size of the operation by 15% (resolution n°14 or resolution n°42), it being specified:

that this increase in the size of the transaction, the so-called "green shoe", is intended to provide the banks securing the transaction with the tools needed to counter a possible downward pressure on the stock price in the hours and days following the first listing of the new securities;

- that the possible use of this over-allotment option by the bank securing the transaction would represent for the shareholders an additional capital increase and thus additional funds raised by the Company at the same price as the initial transaction and within the cap of the resolution used to implement the transaction. It may therefore not lead to a dilution higher than the 19% specified above, within the limit of the overall 19% cap provided for by resolution n°17 or resolution °45.

¹ The size of such transactions is capped, by law, at 20% of the share capital.

² Pursuant to resolution n°13 or resolution n°41, this category of beneficiaries includes the following entities: (i) industrial or commercial companies of the pharmaceutical/biotech sector; (ii) fund management companies or collective savings managing funds of French or foreign law investing in the pharmaceutical/biotech sector; and (iii) investment services providers of French or foreign law likely to secure such a transaction.

Last, you are being asked to grant the Board of Directors, if Resolution n° 8 is adopted, otherwise the Executive Board, the authorizations required to seize external growth transactions that may be paid in shares rather than in cash:

- through contributions in kind – up to 10% of the share capital (resolution n°15 or resolution 43), or
- through an exchange offer (resolution n°16 or resolution n°44).

Regarding the long term incentive plans for employees and executive officers, and the compensation elements for certain members of the Board of Directors, if resolution n°8 is approved or otherwise, Supervisory Board members, and consultants of the Company

As in past years, but to a lesser extent given the allocations already performed, you are being asked (resolution n°18 and resolution n°46) to authorize an envelope of 50,000 warrants (*bons de souscription d'actions* or BSA) for the benefit:

- on the one hand, of the individual, independent members of the Board of Directors, if resolution n° 8 is adopted, otherwise to the Supervisory Board (in the context of the contemplated changes in its composition intended to fulfil its growing need for expertise, mentioned in paragraph I.3 of the present Report). The allocation of BSA to the independent members of the Board of Directors or the Supervisory Board makes it easier for them to build a capital of the Company's shares in line with the shareholders' stakes. Moreover, the inclusion of a share capital compensation element is fundamental to enable your Company to pay the members of its Board of Directors or Supervisory Board in a way consistent with North American competitors' practices and more broadly with market practices of the biotechnology sector, and thus to attract and retain highly qualified professionals.
- on the other hand, of consultants of the Company, notably scientific ones. In a highly competitive context and in line with market practices in this sector, it is also needed to offer a long term compensation element to the consultants of the Company who may not be granted options or free or performance shares. In effect, the Company must be able to encourage highly qualified consultants to stay by its side in the long run on its research projects. The allocation of BSA will notably contribute to attract and retain high level profiles in the new therapeutic areas in which the Company wishes to develop drug candidates such as certain auto-immune or fibrotic diseases.

The allocation of BSA thus enables the Company to offer an appealing compensation system for its best profiles, while preserving its cash situation on the long run and, consequently, its ability to self-fund its research and development activities.

Resolutions n°19 or n°47 (authorization to the Board of Directors, if Resolution n° 8 is adopted, otherwise to the Executive Board, to allocate options to subscribe and/or purchase shares) and n°20 or n°48 (authorization to the Board of Directors, if Resolution n° 8 is adopted, otherwise to the Executive Board, to allocate existing or new free shares), for their part, are intended to enable you Company to continue to set up two long-term incentive instruments in order to:

- continue to offer to its collaborators competitive packages as compared to those offered by the other companies of the sector, notably the American ones;
- offer the employee of the Company part of their global compensation in the form of Company shares, so as to contribute to align their interests and the shareholders' ones, involve the teams of the Company on the long run and retain the most creative talents by maintaining a direct link between their compensation level and the performance of the Genfit share.
- While maintaining the dilutive impact of these advantages granted to the employees and the executives managers of the Company and its subsidiaries in proportions both sensible and aligned with the standards of the sector.

These resolutions are required to continue to motivate and reinforce, through the hiring of new talents, a performing management team and to associate them, as well as all the employees, to the success of the firm and its shareholders.

The terms and conditions for the allocation and/or exercise of these instruments shall be set by the Board of Directors, if resolution n° 8 is adopted, otherwise by the Executive Board. If the beneficiaries are executive officers, the Nominations and Remunerations Committee will provide its opinion to the Board of Directors (or the Supervisory Board, as the case may be). Nevertheless, the main terms and conditions of the share subscription and/or purchase options and of the free shares that would be granted would be similar to the conditions put in place for the share subscription and/or purchase options and free shares put in place in 2016 by the Company. Those main terms and conditions are as follows:

Granting of share subscription and/or purchase options (resolution n°19 or resolution n°47)

- Beneficiaries: the Board of Directors or the Executive Board request your authorization to grant these options for the benefit of the employees and the executive officers of the Company or the companies and groupings mentioned in article L.225-180 of the French Commercial Code, or to some of them.
- Exercise / transfer of the acquired shares: the Executive Board shall determine a period during which the options granted may not be exercised and/or a period during which the shares acquired may not be transferred. This time period should be of at least three years from the day the options are granted to the beneficiaries.
- Performance conditions: in line with the best compensation practices, the exercise of the options granted to the executive officers shall be subject to performance conditions. The same principle shall apply to allocations to some middle managers of the Company and its subsidiaries. The business of the Company making it hard to assess its performance in the medium term or on the long run from a merely financial perspective, as is the case for other companies, and to assess the individual performance of each beneficiary, the performance criteria should be linked:
 - to the progress and success of its scientific program from one year to the next;
 - to corporate targets such as licensing agreements, the implementation of which is hard to predict months or even years in advance.

Free/ performance shares allocations proposed (resolution n°20 and resolution n°48)

- Beneficiaries: the allocation of free / performance shares is intended for all the employees of the Company and the eligible executive officers pursuant to articles L.225-197-1 *et seq.* of the French Commercial Code, or to some of them.
- Acquisition and retention periods: pursuant to applicable legal provisions, the Board of Directors or the Executive Board shall determine an acquisition period of at least one year, upon the expiry of which the allocation shall become definitive, followed, if deemed useful or necessary by the Executive Board, by a holding period of a duration to be set, that will start from the definitive acquisition of the shares. It is specified that, in order to align these instruments with the shareholders' long term interests and the retention by the employees, the cumulative duration of the acquisition and, as the case may be, retention periods, shall not be less than three years, and the definitive acquisition of these instruments shall be subject to a presence condition of the beneficiaries within the Company or its subsidiaries.
- Performance conditions: the definitive acquisition of the shares granted to the executive officers as well as to employees of the Company and its subsidiaries shall be subject to performance conditions set by the Board of Directors or the Executive Board. Once more, the business of the Company making it hard to assess its performance in the medium term or on the long run from a merely financial perspective, as is the case for other companies,

and to assess the individual performance of each beneficiary, the determination of the performance criteria for the definitive acquisition of these actions is expected to follow the same principles as those used for the shares subscription/purchase options.

Lastly, Resolution n°21 and resolution n°49 are the standard resolutions intended to authorize the Board of Directors or the Executive Board to implement capital increases for the benefit of the employees who are part of a company savings plan. However, the Executive Board recommends that the shareholders do not vote in favour of this resolution, since the employees are already eligible for the free share plan put in place in 2016 and that they can be eligible for a new plan if the resolution n°20 or the resolution n°48 are approved and implemented. .

As of the day of the present Report, the securities giving access to the share capital of the Company held by the employees, the executive officers and some members of the Supervisory Board and consultants of the Company could entitle their holders to the subscription of 301,463 new shares, representing about 0.96% of the share capital on a fully diluted basis.

A favourable vote on the resolutions n°18-21 or resolutions n°46-49 proposed to the Shareholders' Meeting of June 16, 2017 would, for its part, authorize the subscription of 450,000 new shares, representing about 1.44% of the current share capital and a maximum dilution of 1.42%.

Should all the current instruments as well as all the instruments contemplated in those resolutions (within the cap provided for by such resolutions) be granted and exercised, the total maximum dilution would amount to 2.35%.

This percentage is in the lower range as compared to the listed biotechnology firms of equivalent size.

1. Change in the type of administration and management of the Company – changes to the articles of association (Resolution n°8 - Resolution n°36)

You will be asked, in resolution n°8 to allow the change in the Company's governance organization to include a Board of Directors and to combine the positions of Chairman and CEO, subject to your approval of this project for evolution and that for the future Board of Directors.

Wishing both to implement the evolution of its international development and to give itself the means to accompany it at the governance level, the Company believes that this transformation will bring it closer to international standards and in doing so, attract the expert managers that it wishes to gradually recruit internationally to accompany its international development in the years to come.

The one tiered structure proposed, more in-line with international standards, will be more familiar to these foreign experts; and in particular any Anglo-Saxon experts, and enable them to become more involved in defining the Company's strategy.

Beyond the adoption of a new governance organization, there is also a plan to combine the positions of Chairman and CEO in line with the practices of nearly 2/3 of the Companies listed on the SBF120 (French stock market index based on the 120 most actively traded stocks listed in Paris).

The aim is to clearly identify who is in charge of managing the Company, particularly with regard to potential partners in the pharmaceutical industry and investors, by giving such person the title of Chairman. It is also and above all to enable the Company to be responsive in a rapidly changing and competitive environment and streamline its decision-making in this context. Of course, the Board of Director's choice to unify the functions of Chairman and Chief Executive Officer is not permanent and can be changed.

The intent is to entrust this dual responsibility to Mr. Jean-François Mouney, in light of his achievements and his performance at the head of the Company since its creation in 1999.

However, to prevent any situation of conflict of interest as regards those holding the positions of Chairman and CEO, we foresee a high degree of supervision designed to ensure the right information and the proper functioning of the Board of Directors, so that he is able to ensure oversight of the general management of the Company.

Thus, if you should accept to appoint as directors the members whose candidacies are proposed in resolutions n°24 to 30, 71% of your Board of Directors would be comprised of independent directors and it would include only one executive director, Mr. Jean-François Mouney. In addition, it is expected that existing specialized committees through which your Board will be involved in the supervision of the group - namely the Nominations and Compensation Committee and the Audit Committee, which will continue to be chaired by independent members. A strategic committee may also be put in place to assist, at its request, the Board of Directors on the major projects such as partnership or M&A. On these various topics, it is expected that the future charter of the Board of Directors will regulate the powers of the CEO; the choice that should be made by the Board of Directors to combine the positions of Chairman and CEO is not permanent and can be changed.

Finally, you will be asked to approve the amendments to the articles of association that such a change in the type of administration and management of the Company requires. The amendment of the Articles of Association also provides an opportunity to simplify the current wording (which essentially dates from the Company's listing on the stock exchange), by deleting the numerous legal references and simplifying the description of the role of the Statutory Auditors and to enable the Company to facilitate the electronic voting of shareholders.

The articles submitted for your vote and which would apply to the Company as a result of the approval of resolution n°8 are contained in Schedule X of this report.

If resolution n°8 on the change in the governance organization is not adopted, we propose nevertheless some statutory changes in resolution n°36 to facilitate electronic voting of the shareholders in the future.

2. Financial delegations authorising the Board of Directors or the Executive Board to increase the share capital (Resolutions n° 9-16 - Resolutions n°37-44)

- a. Delegation of authority to the Board of Directors (if resolution n°8 is adopted), otherwise, the Executive Board concerning the issuance of ordinary shares and/or of securities giving access to the share capital of the Company, with shareholders' preferential subscription rights (Resolution n°9 or Resolution n°37)**

It is proposed, in resolution n°9 (if resolution n°8 is adopted) or resolution n°37 (if resolution n° 8 is rejected), that the Shareholders' Meeting, pursuant to the provisions of articles L. 225-129 to L. 225-129-6 and L. 228-91 *et seq.* of the French Commercial Code:

1. Delegates its authority to the Board of Directors or the Executive Board, as the case may be, to decide, with shareholders' preferential subscription rights, on the issuance of shares or any other securities giving access to the share capital of the Company, including through the allocation of free share warrants, it being specified that said shares grant the same rights as previously issued shares subject to their dividend entitlement date ("*date de jouissance*"). Such issuance could be carried out once in full or in various instalments, in the proportions and at the times it shall determine, both in France and outside France. As the case may be, the Board of Directors could sub-delegate to the CEO and, in accordance therewith, to one or several Deputy CEOs, or the Executive Board could also have the option to sub-delegate to the Chairman of the

Executive Board or, with the Chairman's approval, to one or more of its members, all necessary powers to decide and implement the share capital increase, under the conditions set forth by law;

2. Decides that any issuance of preferential shares and securities giving access to preferential shares is expressly excluded from such issuance;

3. Decides that the nominal amount of the share capital increases that could potentially be carried out immediately and/or in the future pursuant to these delegations shall not exceed an overall nominal amount of EUR 1,850,000 (or, on the basis of the current nominal value of the Company's shares, equal to EUR 0.25, a maximum amount of 7,400,000 shares), it being specified that this amount would be included in the overall nominal cap amount of EUR 1,850,000 set forth in resolution n°17 or in resolution n°45, depending on whether the resolution n°8 is adopted or not, and that this overall nominal amount does not take into account any adjustments that may potentially be carried out in accordance with applicable legal and regulatory provisions and, as the case may be, with contractual stipulations providing for other cases of adjustment, in order to preserve the rights of holders of securities or other rights giving access to the share capital;

4. Also delegates its authority to the Board of Directors or Executive Board for the purpose of deciding on the issuance of debt securities giving access to share capital of the Company to be issued;

5. Decides that the overall nominal amount of securities representing debt securities giving access to the share capital of the Company to be issued that could potentially be issued pursuant to these delegations would amount to a maximum of EUR 230,000,000 or to the exchange value of this amount in the event of an issuance carried out in a foreign currency or in any currency unit set through reference to a number of currencies;

6. Decides that the shareholders would have the option of exercising their preferential subscription right with respect to the amount they are irrevocably entitled to, under the conditions set forth by law. In addition, the Board of Directors or, as the case may be, the Executive Board would have the option of granting shareholders the right to subscribe, subject to a reduction, a number of securities that is higher than the amount they are irrevocably entitled to, in proportion to the subscription rights they hold and, in all cases, up to the limit of the amount they request. Should the subscriptions made as an irrevocable right and, as the case may be, the subscriptions subject to a reduction, not exhaust the total amount of an issuance of securities, the Board of Directors or the Executive Board, as the case may be, would be able to use the following faculties:

- limit the issue to the amount of the subscriptions on the condition that such amount is equal to at least three-quarters of the decided increase,
- freely allocate all or part of the unsubscribed securities,
- offer to the public all or part of the unsubscribed securities;

7. Acknowledges that, for the benefit of holders of securities issued pursuant to this resolution and giving access to the share capital of the Company, this delegation of authority would automatically imply shareholders' renunciation of their preferential subscription right to shares that these securities grant rights over immediately or in the future;

8. Decides that the amount paid or that should be paid to the Company for each of the shares issued pursuant to this delegation would be at least equal to the nominal value of the share on the issuance date of said shares;

9. Acknowledges that these delegations void, from the day of the Ordinary and Extraordinary Shareholders' Meeting held on June 16, 2017, any prior delegation of authority having the same purpose, *i.e.* any delegation relating to a share capital increase with shareholders' preferential subscription rights, covering the shares and securities referred to in resolutions n°9 and 37. These delegations would therefore void the delegation granted by the Shareholders' Meeting held on June 21, 2016 pursuant to its resolution n°15; and

10. Acknowledges that, in the event of the use by the Board of Directors or the Executive Board, as the case may be, of these delegations of authority granted by resolutions n°9 or 37, respectively, the Board of Directors or the Executive Board, as the case may be, would report to

the following ordinary shareholders' meeting, in accordance with applicable laws and regulations, on the use made of the delegation of authority granted by resolutions n°9 or 37.

These delegations of authority thus granted to the Board of Directors or the Executive Board, as the case may be, would be valid for a term of 26 months as from the date of Shareholders' Meeting held on June 16, 2017.

b. Delegation of authority to the Board of Directors (if resolution n° 8 is adopted) otherwise, to the Executive Board concerning the issuance of ordinary shares of the Company and/or of securities giving access to the share capital of the Company, without shareholders' preferential subscription rights (Resolution n°10 or Resolution n°38)

It is proposed, in resolution n°10 (if resolution n° 8 is adopted) and in resolution n°38 (if resolution n° 8 is rejected), that the Shareholders' Meeting, pursuant to the provisions of articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136 and L. 228-91 *et seq.* of the French Commercial Code:

1. Delegates its authority to the Board of Directors or the Executive Board, as the case may be, to decide, without shareholders' preferential subscription rights, on the issuance of shares or any other securities giving access to the share capital of the Company, it being specified that said shares grant the same rights as previously issued shares subject to their dividend entitlement date (*date de jouissance*). Such issuance would be carried out through a public offering, once in full or in various instalments, at the time or times set by the Executive Board and in the proportions it shall determine, both in France and outside France. The Board of Directors may subdelegate to the CEO, or, with the latter's permission, to one or several Deputy CEOs, and the Executive Board would also have the option to sub-delegate to the Chairman of the Executive Board or, with the latter's permission, to one or more of its members, all necessary powers to decide and implement the share capital increase under the conditions set forth by law;

2. Decides that any issuance of preferential shares and securities giving access to preferential shares is expressly excluded from such issuance;

3. Decides that the nominal amount of the share capital increases that could potentially be carried out immediately or in the future pursuant to these delegations shall not exceed an overall nominal amount of EUR 1,850,000 (or, on the basis of the current nominal value of the Company's shares, equal to EUR 0.25, a maximum amount of 7,400,000 shares), it being specified that this amount would be included in the overall nominal cap amount of EUR 1,850,000 suggested in resolution n°17 or resolution n°45, depending on whether resolution n°8 is adopted or not, and that this overall nominal amount does not take into account any adjustments that may potentially be carried out in accordance with applicable legal and regulatory provisions and, as the case may be, with contractual stipulations providing for other cases of adjustment, in order to preserve the rights of holders of securities or other rights giving access to the share capital;

4. Also delegates its authority to the Board of Directors or the Executive Board for the purpose of deciding on the issuance of debt securities giving access to share capital of the Company to be issued;

5. Decides that the overall nominal amount of securities representing debt securities giving access to the share capital of the Company to be issued that could potentially be issued pursuant to this delegation will amount to a maximum of EUR 230,000,000 or to the exchange value of this amount in the event of an issuance carried out in a foreign currency or in account units set through reference to a number of currencies;

6. Decides to suppress the preferential subscription right of shareholders to the securities to be issued pursuant to this delegation. The Board of Directors or the Executive Board, as the case may be, would have the option to grant shareholders a priority subscription period on all or part of the issuance of these securities, for a duration, and under conditions, it shall determine, in accordance with the provisions of paragraph 5 of article L. 225-135 of the French Commercial Code. This priority period would not give rise to the creation of marketable entitlements and would be exercised in proportion to the number of shares owned by each shareholder and could potentially be supplemented by a subscription subject to reduction;

7. Acknowledges that if the subscriptions have not absorbed all of the issuance of shares or securities giving access to the share capital, the Board of Directors or the Executive Board, as the case may be, could limit the amount of the transaction to the amount of the subscriptions received;

8. Acknowledges that, for the benefit of holders of securities issued pursuant to the resolutions and giving access to the share capital of the Company, these delegations of authority automatically imply shareholders' renunciation of their preferential subscription right to shares or securities giving access to the share capital of the Company that these securities grant rights over immediately or in the future;

9. Decides that the issuance price of the shares issued pursuant to these delegations will be set at least equal to the minimum value set forth by law and applicable regulations at the time this delegation is used, which currently corresponds 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, after any applicable corrections in order to account for the difference in dividend entitlement date (*date de jouissance*) if any;

10. Decides that the issue price of the securities giving access to the share capital will be such that the amount received immediately by the Company, increased, as applicable, by the amount it is likely to receive in the future, be, for each share issued as a result of the issue of these securities, at least equal to the minimum issuance price defined in the preceding paragraph;

11. Acknowledges that resolutions n°10 or n°38 would void, from the day of the Shareholders' Meeting held on June 16, 2017, any prior delegation of authority having the same purpose, *i.e.* any delegation relating to a share capital increase without shareholders' preferential subscription rights, covering the shares and securities referred to in resolutions n°10 and n°38. This delegation would therefore void the delegation granted by the Shareholders' Meeting held on June 21, 2016 pursuant to its resolution n°16; and

12. Acknowledges that, in the event of the use by the Board of Directors or the Executive Board, as the case may be, of the delegations of authority granted by the resolutions, the Board of Directors or the Executive Board, as the case may be, would report to the following Ordinary Shareholders' Meeting, in accordance with applicable laws and regulations, on the use made of the delegation of authority granted by the resolutions.

The delegations of authority thus granted to the Board of Directors or the Executive Board, as the case may be, would be valid for a term of 26 months as from the date of the Shareholders' Meeting held on June 16, 2017.

c. Delegation of authority to the Board of Directors (if resolution n° 8 is adopted) otherwise, to the Executive Board concerning the issuance, without shareholders' preferential subscription rights, of ordinary shares of the Company and/or securities giving access to the share capital of the Company, within the framework of an offering as described in paragraph II of article L. 411-2 of the French Monetary and Financial Code (Resolution n°11 or Resolution n°39)

It is proposed, in resolution n°11 (if resolution n° 8 is adopted) and in resolution n°39 (if resolution n° 8 is rejected) that the Shareholders' Meeting, pursuant to the provisions of articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136 and L. 228-91 et seq. of the French Commercial Code and L. 411-2 of the French Monetary and Financial Code:

1. Delegates its authority, as the case may be, to the Board of Directors or to the Executive Board to decide, without shareholders' preferential subscription rights, on the issuance of shares or any other securities giving access to the share capital of the Company, it being specified that said shares grant the same rights as previously issued shares subject to their dividend entitlement date (*date de jouissance*). Such issuance would be carried out through an offering qualified as a "private placement" as described in article L. 411-2 II of the French Monetary and Financial Code, once in full or in various instalments, in the proportions and at the times it shall determine, both in France and outside France, either in euros or in any other currency or

monetary unit established by reference to several currencies. The Board of Directors may subdelegate to the CEO, or, with the latter's permission, to one or several Deputy CEOs, and the Executive Board would also have the option to sub-delegate to the Chairman of the Executive Board or, with the latter's permission, to one or more of its members, all necessary powers to decide and implement the share capital increase under the conditions set forth by law;

2. Decides that any issuance of preferential shares and securities giving access to preferential shares is expressly excluded from such issuance;

3. Decides that the nominal amount of the share capital increases that could potentially be carried out immediately and/or in the future pursuant to these delegations would not exceed an overall nominal amount of EUR 1,850,000 (or, on the basis of the current nominal value of the Company's shares, equal to EUR 0.25, a maximum amount of 7,400,000 shares), it being specified that this amount would be included in the overall nominal cap amount of EUR 1,850,000 suggested in resolution n°17 or resolution n°45, depending on whether resolution n°8 is adopted or not, of this Shareholders' Meeting and that this overall nominal amount does not take into account any adjustments that may potentially be carried out in accordance with applicable legal and regulatory provisions and, as the case may be, with contractual stipulations providing for other cases of adjustment, in order to preserve the rights of holders of securities or other rights giving access to the share capital;

4. Decides that, issuance of capital securities carried out pursuant to the resolutions would not, in any event, exceed the limits set out by the applicable regulations on the issue date, *i.e.* 20 % *per annum* at the time of the issuance (it being specified that this 20% limit shall be assessed at any time and shall apply to the share capital as adjusted according to the transactions, with or without a public offering, affecting it after the Shareholders' Meeting held on June 16, 2017);

5. Also delegates its authority, as the case may be, to the Board of Directors or to the Executive Board for the purpose of deciding on the issuance of debt securities giving access to share capital of the Company to be issued;

6. Decides that the overall nominal amount of securities representing debt securities giving access to the share capital of the Company to be issued that could potentially be issued pursuant to this delegation would amount to a maximum of EUR 230,000,000 or to the exchange value of this amount in the event of an issuance carried out in a foreign currency or in account units set through reference to a number of currencies;

7. Decides to suppress the preferential subscription right of shareholders to the securities to be issued pursuant to this delegation;

8. Acknowledges that if the subscriptions have not absorbed all of the issuance of shares or securities giving access to the share capital, the Board of Directors or the Executive Board, as the case may be, may limit the amount of the transaction to the amount of the subscriptions received;

9. Acknowledges that, for the benefit of holders of securities issued pursuant to the resolutions and giving access to the share capital of the Company, this delegation of authority automatically implies shareholders' renunciation of their preferential subscription right to shares or securities giving access to the share capital that these securities grant rights over immediately or in the future;

10. Decides that the issuance price of the shares issued pursuant to these delegations would be at least equal to the minimum value set forth by law and applicable regulations at the time these delegations are used, which currently corresponds to the weighted average of the price of the share during the last three stock market trading days preceding the date on which the issuance price is set, minus, as the case may be, a maximum discount of 5% of this amount (after any applicable corrections in order to account for the difference in dividend entitlement date (*date de jouissance*) if any;

11. Decides that the issue price of the securities giving access to the capital will be such that the amount received immediately by the Company, increased, as applicable, by the amount it is likely to receive in the future, be, for each share issued as a result of the issue of these securities, at least equal to the minimum issuance price defined in the preceding paragraph;

12. Acknowledges that resolutions n°11 or n°39 would void, from the day of the Shareholders' Meeting held on June 16, 2017, any prior delegation of authority having the same purpose, i.e. any delegation relating to a share capital increase without shareholders' preferential subscription rights performed in the context of an offer referred to in section II of article L. 411-2 of the French Monetary and Financial Code, covering the shares and securities referred to in this resolution (it being specified, as necessary, that the resolutions do not have the same object as resolutions n°13 and n°41). This delegation would therefore void the delegation granted by the Shareholders' Meeting held on June 21, 2016 pursuant to its resolution n°17 and

13. Acknowledges that, in the event of the use by the Board of Directors or the Executive Board, as the case may be, of the delegation of authority granted by the resolutions, the Board of Directors or the Executive Board, as the case may be, would report to the subsequent Ordinary Shareholders' Meeting, in accordance with the law and regulations, regarding the use made of the delegation of authority granted by the resolutions.

The delegations of authority thus granted to the Board of Directors or the Executive Board, as the case may be would be valid for a term of 26 months as from the date of the Shareholders' Meeting held on June 16, 2017.

d. Determination of the issuance price, up to the limit of 10% of the share capital *per annum*, of the ordinary shares and/or of the securities giving access to the share capital of the Company, in the event of a withdrawal of shareholders' preferential subscription rights (Resolution n°12 or Resolution n°40)

It is proposed, in resolution n°12 or resolution n°40, that the Shareholders' Meeting, pursuant to the provisions of paragraph 2 of article L. 225-136 1° of the French Commercial Code, and up to the limit of 10% of the share capital *per annum* at the time of the issuance (it being specified that this 10% limit shall be assessed at any time and shall apply to the share capital as adjusted according to the transactions, with or without a public offering, affecting it subsequent to the Shareholders' Meeting held on June 16, 2017):

1. Authorizes the Board of Directors or the Executive Board, as the case may be, with the option to sub-delegate, under the conditions set forth by law, to set the price of the ordinary shares issued directly or through the issuance of any other securities giving access to the share capital, after taking into account any market opportunities, 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, it being specified that this average could be adjusted, if needed, to account for the different dividend entitlement date (*date de jouissance*) and potentially be discounted by a maximum amount of 15%;

2. Specifies that the stock market trading days above are those that will immediately precede the determination of the issuance price of the ordinary shares, such determination to take place at the close of the period during which investors are placing firm or indicative subscription orders (such period being the "bookbuilding" period) and therefore to reflect the price of such orders;

3. Acknowledges that the Board of Directors or the Executive Board, as the case may be, would have the option to implement the resolutions pursuant to resolutions n°10 and n°11 or resolutions n°38 and n°39; and

4. Acknowledges that, in the event of use by the Board of Directors or the Executive Board, as the case may be, of the delegation of authority granted by the resolutions, the Board of Directors or the Executive Board, as the case may be, would prepare a supplementary report, certified by the Statutory Auditors, describing the final terms of the transaction and providing the criteria for assessing the actual impact on the shareholder's situation.

The delegations of authority thus granted to the Board of Directors or the Executive Board, as the case may be, would be valid for a term of 26 months as from the date of the Shareholders' Meeting held on June 16, 2017.

- e. Delegation of authority to the Board of Directors (if resolution n° 8 is adopted) or otherwise to the Executive Board to increase the Company share capital in benefit of industrial or commercial companies of the pharmaceutical/biotech sector or of a fund manager or collective savings managing funds of French or foreign law investing in the pharmaceutical/biotech sector, likely to invest in a private placement, as well as to investment services providers of French or foreign law likely to secure such a transaction (Resolution n°13 or Resolution n°41)**

It is proposed, in resolutions n°13 (if resolution n°8 is adopted) and n°41 (if resolution n°8 is rejected), that the Shareholders' Meeting, pursuant to the provisions of articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-138, L. 228-91 et seq. of the French Commercial Code:

1. Delegates its authority to the Board of Directors or the Executive Board, as the case may be, to decide to increase the share capital, without shareholders' preferential subscription rights, once in full or in various instalments, for an overall nominal amount of EUR 1,850,000 (or, on the basis of the current nominal value of the Company's shares, equal to EUR 0.25, a maximum amount of 7,400,000 shares), by the issue of shares and any other securities giving access to the capital of the Company, the said shares granting the same rights as previously issued shares subject to their dividend entitlement date (*date de jouissance*), it being specified that this amount would be included in the overall nominal cap amount of EUR 1,850,000 set forth in resolutions n°17 or n°45, depending on the whether resolution n°8 is adopted or not, and that this overall nominal amount would not take into account any adjustments that may potentially be carried out in accordance with applicable legal and regulatory provisions and, as the case may be, with contractual stipulations providing for other cases of adjustment, in order to preserve the rights of holders of securities or other rights giving access to the share capital. The Board of Directors may subdelegate to the CEO, or, with the latter's permission, to one or several Deputy CEOs, and the Executive Board would also have the option to sub-delegate to the Chairman of the Executive Board or, with the latter's permission, to one or more of its members, all necessary powers to decide and implement the share capital increase under the conditions set forth by law;;
2. Decides that any issuance of preferential shares and securities giving access to preferential shares is expressly excluded from such issuance;
3. Also delegates its authority to the Board of Directors or the Executive Board, as the case may be, for the purpose of deciding on the issuance of securities entitling their holder to debt securities giving access to share capital of the Company to be issued;
4. Decides that the overall nominal amount of securities representing debt securities giving access to the share capital of the Company or to debt securities that could potentially be issued pursuant to this delegation will amount to a maximum of EUR 230.000.000 or to the exchange value of this amount in the event of an issuance carried out in a foreign currency or in account units set through reference to a number of currencies;
5. Decides to suppress the preferential subscription right of shareholders to the securities to be issued pursuant to the resolutions and to reserved the subscription right to industrial or commercial companies of the pharmaceutical/biotech sector or fund managers or collective savings managing funds of French or foreign law investing in the pharmaceutical/biotech sector, likely to invest in a private placement, as well as to investment services providers of French or foreign law likely to secure such a transaction, in accordance with the provisions of article L. 411-2 II of the French Monetary and Financial Code for French investors ("qualified investors" as defined in article D. 411-1 of the French Monetary and Financial Code and "restricted circle of investors" as defined in article D. 411-4 of the French Monetary and Financial Code) and with equivalent dispositions for foreign investors;
6. Acknowledges that, for the benefit of holders of securities issued pursuant to these resolutions and giving access to the share capital of the Company, this delegation of authority automatically implies shareholders' renunciation of their preferential subscription right to shares or securities giving access to the share capital that these securities grant rights;
7. Decides that the Board of Directors or the Executive Board, as the case may be, would set the list of the beneficiaries within the category of beneficiaries mentioned above to the benefit of which the preferential subscription right have been suppressed and will set the characteristics,

the amount and the terms of any issue as well as the terms and conditions for paying up the issued shares. In particular, it would determine the number of shares to be issued to each beneficiary and would set, given the information contained in its report, the subscription price of such securities, their entitlement date, provided that the sum received or to be received by the Company for each share issued under this delegation shall be 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%;

8. Specifies that the stock market trading days above are those that will immediately precede the determination of the issuance price of the ordinary shares, such determination to take place at the close of the period during which investors are placing firm or indicative subscription orders (such period being the “bookbuilding” period) and therefore to reflect the price of such orders;

9. Acknowledges that resolution n°13 or resolution n°41 would void, from the day of the Shareholders’ Meeting held on June 16, 2017, any prior delegation of authority having the same purpose, i.e., any delegation relating to a share capital increase in benefit of industrial or commercial companies of the pharmaceutical/biotech sector or of fund managers or collective savings managing funds of French or foreign law investing in the pharmaceutical/biotech sector, likely to invest in a private placement, as well as to investment services providers of French or foreign law likely to secure such a transaction (it being specified, as necessary, that these resolutions do not have the same object as resolutions n°11 or n°39). The delegation would therefore void the delegation granted by the Shareholders’ Meeting held on June 16, 2017 pursuant to its resolution n°19; and

10. Acknowledges that, in the event of use by the Board of Directors or the Executive Board, as the case may be, of the delegation of authority granted by this resolution, the Board of Directors or the Executive Board, as the case may be, would report to the following Ordinary Shareholders’ Meeting, in accordance with the law and regulations, regarding the use made of the delegations of authority granted by the resolutions.

The authorization granted to the Board of Directors or the Executive Board, as the case may be, pursuant to the resolutions would be valid for a term of 18 months as from the date of the Shareholders’ Meeting held on June 16, 2017.

f. Authorization granted to the Board of Directors (if resolution n°8 is adopted), otherwise, the Executive Board 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 (Resolution n°14 or 42)

It is proposed, in resolution n°14 (if resolution n° 8 is adopted) and in resolution n°20 (if resolution n° 8 is rejected), that the Shareholders’ Meeting, pursuant to the provisions of article L. 225-135-1 of the French Commercial Code:

1. Authorizes the Board of Directors with the option to sub-delegate to its CEO, or with the Board’s approval, to one or several Deputy CEOs, or the Executive Board, as the case may be, with the option to sub-delegate to its Chairman or, with the Chairman’s approval, to one or more of its members, under the conditions set forth by law, to increase the number of securities to be issued for each of the issuances, with or without shareholders’ preferential subscription rights, decided upon pursuant to resolutions n°9, 10, 11 and 13 or resolutions n°39, 40, 41 and 43 proposed to the Shareholders’ Meeting held on June 16, 2017, within thirty days following the closing of the subscription period, up to a limit of 15% of the initial issuance, and at the same price as the price retained for the initial issuance; and

2. Decides that the maximum nominal amount of the capital increases that could potentially be carried out pursuant to these delegations of authority will be included in the overall nominal share capital increase cap set by resolution n°17 or resolution n°45 of this Shareholders’ Meeting, depending on whether resolution n°8 is adopted or not.

The authorization granted to the Board of Directors or the Executive Board, as the case may be, pursuant to the resolution would be valid for a term of 26 months as from the date of the Shareholders' Meeting held on June 16, 2017. This delegation would therefore void the delegation granted by the Shareholders' Meeting held on June 21, 2016 pursuant to its resolution n°20.

g. Delegation of authority to the Board of Directors (if resolution n°8 is adopted), otherwise, the Executive Board for the purpose of issuing ordinary shares and/or securities giving access to the share capital of the Company, as compensation for contributions in kind comprised of equity securities or securities giving access to the share capital (Resolution n°15 or Resolution n°43)

It is proposed, in resolution n°15 (if resolution n°8 is adopted) or resolution n°43 (if resolution n°8 is rejected), that the Shareholders' Meeting, pursuant to the provisions of articles L. 225-129 to L. 225-129-6, L. 225-147 paragraph 6 and L. 228- 91 et seq. of the French Commercial Code:

1. Delegates its authority to the Board of Directors or the Executive Board, as the case may be, for the purpose of deciding on the issuance of shares or any other securities giving access to the share capital of the Company, in order to offer compensation for contributions in kind granted to the Company and comprised of equity securities or securities giving access to the share capital, when the provisions of article L. 225-148 of the French Commercial Code do not apply and decides, as necessary, to suppress the preferential subscription right of shareholders to these shares and securities to be issued, for the benefit of the holders of these securities, it being specified that the overall nominal amount of the capital increases that could potentially be carried out pursuant to these delegations would not, at the time of the issuance, exceed 10% of the share capital (this 10% limit shall apply at any time to a capital adjusted according to the transactions affecting it subsequent to the Shareholders' Meeting held on June 16, 2017), it being further specified that this amount would be included in the proposed EUR 1,850,000 overall nominal cap amount set forth in resolution n°17 or resolution n°45, depending on whether resolution n°8 is adopted or not;
2. Decides that any issuance of preferential shares and securities giving access to preferential shares is expressly excluded from such issuance;
3. Also delegates its authority to the Board of Directors or the Executive Board for the purpose of deciding on the issuance of debt securities giving access to share capital of the Company to be issued;
4. Decides that the overall nominal amount of securities representing debt securities giving access to the share capital of the Company to be issued that could potentially be issued pursuant to this delegation would amount to a maximum of EUR 230,000,000 or to the exchange value of this amount in the event of an issuance carried out in a foreign currency or in account units set through reference to a number of currencies;
5. Acknowledges that these delegations of authority implies shareholders' renunciation of their preferential subscription rights to ordinary shares to which the securities that would be issued based on these delegations may grant rights over immediately or in the future;
6. Decides that the Board of Directors or the Executive Board, as the case may be, would have full powers, with the option to sub-delegate under the conditions set forth by law, to enforce these resolutions and, in particular, to set the list of securities contributed, approve or reduce the valuation of contributions and the granting of specific advantages, to set, as the case may be, the cash amount to be paid, and acknowledge the number of securities contributed to the exchange;
7. Acknowledges that resolution n°15 or n°42 would void; from the day of the Shareholders' Meeting held on June 16, 2017, any prior delegation of authority having the same purpose, i.e., any delegation allowing the issuance of shares or securities giving access to the share capital without shareholders' preferential subscription as compensation for contributions in kind, in the form of shares or securities giving access to the share capital. The resolutions would therefore void the delegation granted by the Shareholders' Meeting held on June 21, 2017 pursuant to its resolution n°21; and

8. Acknowledges that, in the event of the use by the Board of Directors or the Executive Board, as the case may be, of the delegation of authority granted by these resolutions, the Board of Directors or the Executive Board, as the case may be, would report to the following Ordinary Shareholders' Meeting, in accordance with the law and regulations, regarding the use made of the delegation of authority granted by the resolutions.

The delegations of authority granted to the Board of Directors or the Executive Board, as the case may be, pursuant to the resolutions would be valid for a term of 26 months as from the date of the Shareholders' Meeting held on June 16, 2017.

h. Delegation of authority to the Board of Directors (if resolution n°8 is adopted), otherwise, the Executive Board for the purpose of issuing ordinary shares and/or securities giving access to the share capital of the Company, in the event of a public exchange offer initiated by the Company (Resolution n°16 or Resolution n°44)

It is proposed, in resolution n°16 (if resolution n°8 is adopted) and resolution n°44 (if resolution n°8 is rejected), that the Shareholders' Meeting, pursuant to the provisions of articles L. 225-129 to L. 225-129-6, L. 225-148 and L. 228- 91 et seq. of the French Commercial Code:

1. Delegates its authority to the Board of Directors or the Executive Board, as the case may be, for the purpose of deciding on the issuance of shares as well as any other securities giving access to the share capital of the Company, as compensation for securities tendered in the context of a public exchange offer initiated by the Company and carried out in France or outside France in accordance with local regulations, relating to the securities of another company admitted to trading on one of the regulated markets described in article L. 225-148 of the French Commercial Code, and decides, as necessary, to suppress the preferential subscription right of shareholders to these shares and securities to be issued, for the benefit of holders of these securities; the nominal amount of the share capital increases that could potentially be carried out pursuant to this delegation would not exceed an overall nominal amount of EUR 1,850,000 (or, on the basis of the current nominal value of the Company's shares, equal to EUR 0.25, a maximum amount of 7,400,000 shares), it being specified that this amount would be included in the EUR 1,850,000 overall nominal cap amount set forth in resolution n°17 or resolution n°45, depending on whether resolution n°8 is adopted or not, and that this amount does not take into account any adjustments that may potentially be carried out in accordance with applicable legal and regulatory provisions and, as the case may be, with contractual stipulations providing for other cases of adjustment, in order to preserve the rights of holders of securities or other rights giving access to the share capital;

2. Decides that any issuance of preferential shares and securities giving access to preferential shares would expressly be excluded from such issuance;

3. Also delegates its authority to the Board of Directors or the Executive Board, as the case may be, for the purpose of deciding on the issuance of debt securities giving access to share capital of the Company to be issued;

4. Decides that the overall nominal amount of securities representing debt securities giving access to the share capital of the Company to be issued that could potentially be issued pursuant to these delegations would amount to a maximum of EUR 230,000,000 or to the exchange value of this amount in the event of an issuance carried out in a foreign currency or in account units set through reference to a number of currencies;

5. Acknowledges that, for the benefit of holders of securities issued pursuant to the resolutions and giving access to the share capital of the Company, these delegations of authority automatically imply shareholders' renunciation of their preferential subscription right to shares or securities giving access to the share capital that these securities grant rights over immediately or in the future;

6. Decides that the Board of Directors or the Executive Board, as the case may be, would have full powers, with the option to sub-delegate under the conditions set forth by law, to enforce the resolutions and, in particular, to set the exchange parity as well as, if applicable, the cash amount to be paid, and to acknowledge the number of securities contributed to the exchange;

7. Acknowledges that resolution n°16 or resolution n°44 would void, from the day of the Shareholders' Meeting held on June 16, 2017, any prior delegation of authority having the same purpose, i.e., any delegation for the purpose of issuing ordinary shares and/or securities giving access to the share capital of the Company, in the event of a public exchange offer initiated by the Company. The delegations would therefore void the delegation granted by the Shareholders' Meeting held on June 21, 2016 pursuant to its resolution n°22; and

8. Acknowledges that, in the event of the use by the Board of Directors or the Executive Board, as the case may be, of the delegations of authority granted by this resolution, the Board of Directors or the Executive Board, as the case may be, would report to the following Ordinary Shareholders' Meeting, in accordance with the law and regulations, regarding the use made of the delegations of authority granted by the resolutions.

The delegations of authority granted to the Board of Directors or the Executive Board, as the case may be, pursuant to the resolutions would be valid for a term of 26 months as from the date of the Shareholders' Meeting held on June 16, 2017.

3. Overall limitations on the above authorisations (Resolution n°17 -r Resolution n°45)

It is proposed, in resolution n°17, if resolution n°8 is adopted, or otherwise resolution n°45, that the Shareholders' Meeting of June 16, 2017, decides that the overall amount of the share capital increases that could potentially be carried out immediately and/or in the future pursuant to, in the first case, resolutions n° 9, 10, 11, 13, 14, 15 or, in the second case, resolutions n° 37, 38, 39, 41, 42, 43 and 44 of the Shareholders' Meeting of June 16, 2017, may not exceed an overall nominal amount of EUR 1,850,000 (or, on the basis of the current nominal value of the Company's shares, equal to EUR 0.25, a maximum amount of 7,400,000 shares).

It is specified that this overall amount does not take into account any adjustments that may potentially be carried out in accordance with applicable legal and regulatory provisions and, as the case may be, with contractual stipulations providing for other cases of adjustment, in order to preserve the rights of holders of securities or other rights giving access to the share capital.

4. Remuneration instruments of directors, executive officers, employees and consultants (Resolutions n°18-21 - Resolutions n°46-49)

- a. Delegation of authority to the Board of Directors (if resolution n°8 is adopted), otherwise, the Executive Board for the purpose of issuing autonomous share subscription warrants reserved for the members of the Board of Directors or the Supervisory Board and the consultants of the Company (Resolution n°18 or Resolution n°46)**

The Company wishes to be able to continue to motivate, hire and retain the individuals or legal entities who are independent members, if resolution n°8 is adopted, of the Board of Directors or the Supervisory Board or certain consultants of the Company. As such, the Company wishes to continue with the granting of autonomous share subscription warrants for the benefit of this category of persons.

It is therefore proposed, in resolution n°18 (if resolution n°8 is adopted) and in resolution n°46 (if resolution n°8 is rejected), that the Shareholders' Meeting, pursuant to the provisions of articles L. 225-129 to L. 225-129-6, L. 225-138 and L. 228-91 *et seq.* of the French Commercial Code:

- 1. Delegates its authority to the Board of Directors or the Executive Board, as the case may be, for the purpose of deciding to increase the share capital, either once in full or in a number of instalments, in the proportions and at the times it shall determine, through the issuance of share subscription warrants (*bons de souscription d'actions*, or "BSA"). The Board of Directors may subdelegate to the CEO, or, with the latter's permission, to one or several Deputy CEOs, and the

Executive Board would also have the option to sub-delegate to the Chairman of the Executive Board or, with the latter's permission, to one or more of its members, all necessary powers to decide and implement the share capital increase under the conditions set forth by law;

2. Decides that the nominal amount of the share capital increases that could potentially be carried out pursuant to these delegations would not exceed a maximum nominal amount of EUR 12,500 (or, on the basis of the current nominal value of the Company's shares, equal to EUR 0.25, a maximum amount of 50,000 shares), it being specified that this amount does not take into account any adjustments that may potentially be carried out in accordance with applicable legal and regulatory provisions and, as the case may be, with contractual stipulations providing for other cases of adjustment, in order to preserve the rights of holders of securities or other rights giving access to the share capital;

3. Decides that any issuance of preferential shares and securities giving access to preferential shares would be expressly excluded from such issuance;

4. Decides to suppress the preferential subscription right of shareholders to the BSA referred to in the resolutions and to reserve the right to assign such rights to any individual or legal entity that is a member of the Board of Directors or the Supervisory Board, as the case may be, (including after the resolutions presented to this shareholders' Meeting have been adopted) or a consultant of the Company able to prove an existing contractual relationship with the Company as of the date of the meeting authorizing the use of the delegation of authority set out in resolution n°18 with respect to the Board of Directors, or the date of the Supervisory Board which has been information of the use of the delegation of authority set out in resolution n°46 by the Executive Board;

5. Acknowledges that, for the benefit of holders of the BSA issued pursuant to the resolutions and giving access to the share capital of the Company, the delegations of authority automatically imply shareholders' renunciation of their preferential subscription right to shares that these BSA grant rights over;

6. Decides that the Board of Directors or the Executive Board, as the case may be, would determine the precise list of beneficiaries within the category of beneficiaries previously mentioned for whose benefit the preferential subscription right was suppressed and will determine the characteristics, amounts and terms and conditions of any issuance, as well as the terms and conditions for paying up the issued shares, being specified that one share subscription warrant would give the right to subscribe to one Company's share. In particular, it would determine the number of the BSA to be issued for the benefit of each beneficiary and will set, taking into account the guidelines included in its report, the subscription price and the exercise price of such BSA, their dividend entitlement date (*date de jouissance*), it being specified that the amount paid or that should be paid to the Company for each share issued within the context of these delegations, would 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;

7. Decides that prior to using the delegation of authority set out in resolution n°46, the Executive Board must inform the Supervisory Board;

8. Acknowledges that resolutions n°18 or n°46 would void, from the of the Shareholders' Meeting held on June 16, 2017, any prior delegation of authority having the same purpose, i.e., any delegation for the purpose of issuing autonomous BSA reserved for a specific category of persons. The delegation would therefore void the delegation granted by the Shareholders' Meeting held on June 21, 2016 pursuant to its resolution n°24; and

9. Acknowledges that, in the event of the use by the Board of Directors or the Executive Board, as the case may be, of the delegations of authority granted by the resolutions, the Board of Directors or the Executive Board, as the case may be, would report to the following Ordinary

Shareholders' Meeting, in accordance with the law and regulations, regarding the use made of the delegations of authority granted by this resolution.

The delegations of authority thus granted to the Board of Directors or the Executive Board, as the case may be, would be valid for a term of 18 months as from the date of the Shareholders' Meeting held on June 16, 2017.

b. Authorization granted to the Board of Directors (if resolution n°8 is adopted), otherwise, to the Executive Board to allocate options to subscribe and/or purchase shares (Resolution n°19 or Resolution n°47)

The Company wishes to be able to continue to motivate, hire and retain the employees and executive officers of the Company and its subsidiaries. As such, the Company wishes to continue to grant options to subscribe and/or purchase shares. The exercise of the instruments granted to the executive officers of the Company, as well as to some of its middle managers and of middle managers of its subsidiaries, shall be subject to performance conditions, in compliance with the best governance practices, and similar to the conditions that were put in place for the 2016 plans (for more information, see the Company's 2016 Registration Document).

It is therefore proposed, in resolution n°19 (if resolution n°8 is adopted) or Resolution n°47 (if resolution n°8 is rejected), that the Shareholders' Meeting, pursuant to the provisions of articles L. 225-177 to L. 225-185 of the French Commercial Code:

1. Authorizes the Board of Directors or the Executive Board, as the case may be, to grant, on one or more occasions, subject to the abstention periods provided for by law, options granting entitlement to the subscription of new shares of the Company to be issued by means of a share capital increase or to the purchase of existing Company's shares resulting from buy-backs realized pursuant to applicable law, to the benefit of employees and executive officers of the Company or of the groups targeted in article L. 225-180 of the French Commercial Code, or of some of them, and thus approves the putting in place by the Board of Directors or the Executive Board, as the case may be, of one or more share subscription and/or purchase options plans within the framework set out below;
2. Decides that the options that may be granted pursuant to these authorizations would not give rights, upon exercise, to the subscription or purchase of a total number of shares exceeding 275,000 shares, that is, a maximum share capital increase of EUR 68,750; it being specified that this cap: (i) does not take into account any adjustment that may be made in accordance with applicable legal and regulatory provisions and, as the case may be, with the contractual provisions providing for other adjustment cases to preserve the rights of the holders of securities or other rights giving access to the share capital; and (ii) shall be adjusted to account for all transactions lowering the nominal value of the shares or increasing the number of shares that could take place before the allocation of the options;
3. Decides that the time period for exercising the options shall not exceed 10 years from the date of grant;
4. Decides that the exercise price of the options granted pursuant to these delegations would be set on the day the options are allocated by the Board of Directors or the Executive Board, as the case may be, it being specified that 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;
5. Decides that the exercise price may be modified during the duration of the options only in case of implementation of the measures required to protect the interests of the beneficiaries of the options, pursuant to article L. 225-181 of the French Commercial Code;

6. Acknowledges that, for the benefit of the beneficiaries of the options, the Shareholders' Meeting's decision automatically implies shareholders' renunciation of their preferential subscription rights to shares that shall be issued as the options to subscribe are exercised;

7. Decides to grant full powers to the Board of Directors or the Executive Board, as the case may be, with the option to delegate and sub-delegate under the conditions set forth by law, notably:

- to determine the number of beneficiaries and the number of options granted to each of them;
- to set the conditions for the allocation of the options;
- to set, within the above-specified limits, the options exercise price and the time period during which the options may be exercised, and set the conditions under which they shall be adjusted, in the circumstances provided for by law;
- to set the exercise conditions and notably the performance conditions to which the exercise of the options allocated to the executive officers of the Company and to some of the managing directors of the company and of its subsidiaries shall be subject to;
- to impose, as the case may be, a time period during which the options shall not be exercised and/or a time period during which the acquired shares may not be transferred;
- to temporarily suspend the exercise of the options in given circumstances;
- when determining the features of each plan, to take into account legal requirements, notably tax ones, applicable depending on the jurisdiction where the beneficiaries are located, notably, as far as the United States are concerned, article 422 of the Federal Tax Code;
- on its sole initiative, charge the capital increase expenses against the amount of the premium relating to these issuances and to deduct from this amount the sums required to raise the legal reserve to one-tenth of the new share capital after each increase; and
- to record the completion of the increase(s) in the share capital resulting from the exercise of the options, complete any acts and formalities in order to finalize the increase(s) in share capital realized pursuant to this authorization, amend the bylaws accordingly and more generally take all decisions required in the context of this authorization, grant all delegations, and do all that is needed.

8. Acknowledges that resolution n°19 or resolution n°47 would void, from the of the Shareholders' Meeting held on June 16, 2017, any prior delegation of authority having the same purpose, i.e., any delegation for the purpose of granting options to subscribe and/or purchase shares. The delegations would therefore void the delegation granted by the Shareholders' Meeting held on June 21, 2016 pursuant to its resolution n°25.

The Board of Directors or the Executive Board, as the case may be, would notify the shareholders each year during the Shareholders' Meeting, under the conditions set forth by law, of the transactions carried out in pursuant to this resolution.

The authorizations would be granted for a period of 38 months from the date of the Shareholders' Meeting held on June 16, 2017.

c. Authorization granted to the Board of Directors (if resolution n°8 is adopted), otherwise, to the Executive Board to allocate existing or new free shares (Resolution n°26)

The Company wishes to be able to continue to motivate, hire and retain the employees and executive officers of the Company and its subsidiaries. The Company thus wishes to continue to grant existing or new free shares to employees and/or executive officers. In compliance with the best governance practices, the definitive acquisition of the shares granted to the executive officers of the Company, as well as to some of its middle managers and of middle managers of its subsidiaries, or all of its

employees, shall be subject to performance conditions and similar to the conditions that were put in place for the 2016 plans (for more information, see the Company's 2016 Registration Document).

It is therefore proposed, in resolution n°20 (if resolution n°8 is adopted) and resolution n°48 (if resolution n°8 is rejected), that the Shareholders' Meeting, pursuant to the provisions of articles L. 225-197-1 et seq. of the French Commercial Code, authorize the Board of Directors or the Executive Board, as the case may be, to proceed with the free allocation of 75,000 ordinary shares, existing or to be issued, with a nominal value of EUR 0.25 each (the "**Free Shares**"), for the benefit of the employees and the executive officers of the Company and its consolidated subsidiaries as at December 31, 2016 eligible under the above mentioned texts, or for the benefit of some of them.

This authorization could be used within 38 months from the date of this Shareholders' Meeting of June 16, 2017.

(1) Share capital increase

The allotment of the totality of the Free Shares, in the case of new shares, will result in a capital increase of EUR 18,750, authorized by the Shareholders' Meeting of June 16, 2017 be carried out in accordance with applicable legal and regulatory provisions and, as the case may be, with contractual stipulations providing for other cases of adjustment, in order to preserve the rights of holders of securities or other rights giving access to the share capital.

The capital increase that would result from the creation of the Free Shares would be implemented by way of special incorporation of all or part of the reserve accounts available and, in particular, of the "premium account". The Shareholders' Meeting would acknowledge that this decision implies shareholders' renunciation of their rights, for the benefit of holders of Free Shares, to the said reserves.

(2) Allocation and retention periods

The Board of Directors or the Executive Board, as the case may be, would determine, for each allocation, a vesting period of at least one year after which the allocation of existing or new shares will become definitive, followed, if deemed useful or necessary by the Board of Directors or the Executive Board, as the case may be, by a holding period of a duration it would determine and which shall run from the definitive acquisition of the existing or new shares; it being specified that the cumulated duration of the vesting period and, as the case may be, of the retention period, shall be of at least three years.

The definitive acquisition of the Free Shares would have be subject to the condition of the beneficiary's presence in the Company or its consolidated subsidiaries as employee and/or executive officer and, as the case may be, to the fulfilment of performance conditions that the Board of Directors or the Executive Board, as the case may be, may determine upon allocation, as is specified below. However, in the event of disability of the beneficiary corresponding to the classification in the second or third categories provided for in article 341-4 of the French Social Security Code (or its equivalent in foreign law), the Free Shares would be definitively allocated before the end of the remaining vesting period, said shares being then freely transferable.

(3) Delegation of powers to the Board of Directors or the Executive Board

The Shareholders' Meeting of June 16, 2017, would grant full powers to the Board of Directors or the Executive Board, as the case may be, with the option to sub-delegate under the conditions set forth by law, to implement the allocation of Free Shares, including:

- to determine the eligibility of the employees of the Company or of its subsidiaries, as referred to in the first paragraph, eligible for such allocation;
- to determine the identity of the beneficiaries and the number of Free Shares granted to each of them;
- to determine, in particular for the executive officers and certain managing directors of the Company and its subsidiaries, as the case may be, the performance conditions subject to which the Free Shares will be definitively acquired;
- to establish the rules for the allocation plan of the Free Shares;
- to set, in accordance with the conditions and limits set forth by applicable legal provisions, the dates on which the Free Shares will be allocated;

- to take all necessary measures in order to reserve the rights of the holders of Free Shares pursuant to any legal or regulatory provision;
- to acknowledge the completion of the capital increase resulting from such allocation after the allocation period or, if applicable, as a result of the exercise of all other conditions subordinating the definitive allocation of Free Shares;
- to set the dividend entitlement date (*date de jouissance*), even retroactively, of the Free Shares to be issued; and
- to take any action required by the implementation of this authorization, in accordance with the legislation currently in force.

The Shareholder' Meeting acknowledges that resolution n°20 or resolution n°48 would void, from the of the Shareholders' Meeting held on June 16, 2017, any prior delegation of authority having the same purpose, i.e., any delegation for the purpose of allocating free shares. The delegation would therefore void the delegation granted by the Shareholders' Meeting held on June 21, 2016 pursuant to its resolution n°26.

d. Delegation of authority to the Board of Directors (if resolution n°8 is adopted), otherwise, to the Executive Board for the purpose of issuing ordinary shares and/or securities giving access to the share capital of the Company for the benefit of the members of a company savings plan (Resolution n°21 or Resolution n°49)

You are reminded that, pursuant to the provisions of article L.225-129-6 of the French Commercial Code, it is mandatory to submit to a shareholders' meeting called to vote on resolutions contemplating a share capital increase a resolution for the realization of a share capital increase under the conditions set forth at articles L.3332-18 *et seq.* of the French Labour Code and of article L.225-138-1 of the French Commercial Code, that is in the context of a company employees savings plan.

You have been asked to vote on various resolutions to authorize increases in the share capital.

Accordingly, failing which they shall be invalid, it is proposed under resolution n°21 (if resolution n°8 is adopted) and resolution n°49 (if resolution n°8 is rejected), that the Shareholders' Meeting, in the context of the provisions of articles L. 3332-18 *et seq.* of the French Labour Code and of article L. 225-138-1 of the French Commercial Code, and pursuant to the provisions of article L. 225-129-6 of that same Code:

1. Delegates all powers to the Board of Directors or the Executive Board, as the case may be, for the purpose of increasing the Company's share capital, either once in full or in a number of instalments, in the proportions and at the times it shall determine, by a maximum nominal amount of EUR 12,500 (or, on the basis of the current nominal value of the Company's shares, equal to EUR 0.25, a maximum amount of 50,000 shares), through the issuance of shares or other securities giving access to the share capital, reserved to members of a company savings plan of the Company and of French or foreign companies that are related to the Company under the conditions set forth in article L. 225-180 of the French Commercial Code and article L. 3344-1 of the French Labor Code;
2. Decides that the Board of Directors or the Executive Board, as the case may be, will set the subscription price of the new shares, that will be equal to 80% of the average of the first listed prices of the Company's share on the Euronext Paris stock exchange during the twenty stock market trading days preceding the date of the decision setting the opening date for subscription when the duration of the lock-up period stipulated by the savings plan pursuant to articles L. 3332-25 *et seq.* of the French Labor Code is less than 10 years, and to 70% of this average when said lock-up period is greater than or equal to 10 years. Nevertheless, the Shareholders' Meeting would expressly authorize the Board of Directors or the Executive Board, as the case may be, if it thinks it appropriate, to reduce or cancel the above-mentioned discounts, within legal and regulatory limits, in order to take into account, among others, the applicable legal, accounting, tax and social security considerations in the countries where the members of a company savings plan benefiting from the capital increase reside;
3. The Board of Directors or the Executive Board, as the case may be, will also have the power to substitute all or part of the discount with an allocation of free shares or other securities giving access to the Company's share capital, either existing or to be issued, it being specified that the

total benefit resulting from the allocation and, as applicable, the discount mentioned above, may not exceed the total benefit that members of the savings plan would have received if that shortfall had been 20% or 30% when the lock-up period stipulated by the plan pursuant to articles L. 3332-25 et seq. of the French Labor Code is greater than or equal to 10 years;

4. Decides, pursuant to article L. 3332-21 of the French Labor Code, that the Board of Directors or the Executive Board, as the case may be, may also provide for the allocation, free of charge, of new or existing shares or other new or existing securities giving access to the Company's share capital, as an employer matching contribution, provided that their equivalent monetary value, valued at the subscription price, will not have the effect of exceeding the limits provided for in articles L. 3332-10 et seq. of the French Labor Code;

5. Decides to suppress, in favor of members of a company savings plan, the shareholders' preferential subscription rights to the new shares to be issued or to other securities giving access to the share capital, and to the securities to which such securities issued pursuant to the resolutions give access to;

6. Decides that the characteristics of the other securities giving access to the share capital will be decided by the Board of Directors or the Executive Board, as the case may be, under the conditions set forth by applicable regulations;

7. Decides that the Board of Directors or the Executive Board, as the case may be, shall have all powers, with the power to delegate or sub-delegate pursuant to applicable legal and regulatory provisions, to implement the resolution submitted to you and, in particular, with respect to determining the terms and conditions of the transactions and deciding on the dates and terms of the issuances to be carried out pursuant to this delegation, setting the opening and closing dates of the subscription periods, the dividend entitlement dates (dates de jouissance) of the issued securities, determining the terms and conditions for paying up the shares and other securities giving access to the Company's share capital, determining the timeframe for such paying up of shares and, as applicable, of the securities giving access to the Company's share capital, requesting the created securities' admission to trading on the stock market wherever appropriate, announcing the completion of the share capital increases in the amount of the shares that will actually be subscribed, completing, directly or through an agent, any transactions and formalities in connection with share capital increases and, at its sole discretion and if it sees fit, deducting the costs of the share capital increases from the amount of premiums associated with those increases and withholding from that amount the sums necessary to increase the legal reserve to one-tenth of the new share capital after each share capital increase.

8. Acknowledges that resolution n°21 or resolution n°49 would void, from the of the Shareholders' Meeting held on June 16, 2017, any prior delegation of authority having the same purpose, i.e., issuance of shares or other securities giving access to the share capital, reserved to members of a company savings plan. The delegation would therefore void the delegation granted by the Shareholders' Meeting held on June 21, 2016 pursuant to its resolution n°27.

The delegation thus granted to the Executive Board is valid for a term of 26 months as from the date of the Shareholders' Meeting held on June 16, 2017.

However, the Executive Board recommends that the shareholders do not vote in favour of this resolution, since the employees are already eligible for the free share plan put in place in 2016 and that they can be eligible for a new plan if the resolution n°20 or the resolution n°48 are approved and implemented.

5. Cancellation of shares under the share repurchase programme (Resolution n°22 - Resolution n°50)

It is proposed, in resolution n°22, if resolution n°8 is approved, or otherwise, in resolution n°50, that the Shareholders' Meeting of June 16, 2017, subject to the adoption of the authorization allowing the Company to repurchase its own shares as detailed in resolution n°13 above, authorizes the Executive Board, pursuant to the provisions of articles L. 225-209 et seq. of the French Commercial Code, to cancel, in the proportions and at the times it shall determine, once in full or in several instalments, all or part of the Company's shares that the Company holds pursuant to the authorization granted to the

Board of Directors or the Executive Board, as the case may be, to repurchase the Company's shares, and to reduce the share capital by the overall nominal amount of the shares thus cancelled, within the limit of 10% of the share capital over a period of 24 months; it being reminded that this 10% limit applies to the Company's share capital, which may, if applicable, be adjusted according to transactions affecting the share capital that may occur subsequent to the Shareholders' Meeting.

The Shareholders' Meeting of June 16, 2017 would grant full power to the Board of Directors or the Executive Board, as the case may be, with the power to sub-delegate under the conditions set forth by law, for the purpose of proceeding with said capital reduction, acknowledging its successful completion, adding the difference between the cancelled share repurchase price and their par value to all items relating to reserves or premiums, carrying out the corresponding amendments to the by-laws, as well as making any declarations to the *Autorité des Marchés Financiers*, complete any other formalities and, generally speaking, take any necessary action.

This authorization would be granted for a term of 24 months as from the date of the Shareholders' Meeting held on June 16, 2017. It would void, as from the day of the Shareholders' Meeting held on June 16, 2017, any prior delegation of authority granted to the Executive Board, having the same purpose, i.e., any delegation relating to the reducing of the share capital by cancellation of treasury shares. This delegation would therefore void the delegation granted by the Shareholders' Meeting held on June 21, 2016 pursuant to its resolution n°28.

* * *

III. POWERS FOR FORMALITIES

It is proposed that the Shareholders' Meeting grant all powers to the holder of a copy or excerpt of the minutes of the Shareholders' Meeting of June 16, 2017 in order to carry out the legal formalities.

* * *

Should you approve these various proposals, absent resolutions n°21 and n°49 for which we propose that you vote against for the reasons described above, please confirm with your vote by adopting these resolutions which shall be read to you and have been made available at the registered office during fifteen days preceding the Shareholders' Meeting of June 16, 2017, in accordance with law.

The Executive Board

APPENDIX I

SAY-ON-PAY REPORT OF THE SUPERVISORY BOARD OF MAY 10, 2017

Appendix to the 2016 Management Report

Principles and criteria for determining, distributing and allocating the compensation of the corporate executive officers for the 2017 fiscal year (Say on Pay "Sapin II")

In accordance with Article L.225-82-2 of the French Commercial Code, a Company whose shares are traded on a regulated market must establish the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional elements making up the total compensation and the benefits of any sort to be allocated to the members of the Executive Board and the members of the Supervisory Board because of their office.

These principles and these criteria are presented in this report which has been drawn up by the Company's Supervisory Board meeting of May 10, 2017, on the proposal of the Company's Nominations and Compensation Committee pursuant to the provisions of Articles L.225-82-2 and R.225-56-1 of the French Commercial Code

This report is attached to the management report mentioned in Articles L.225-100 and L.225-102 of the French Commercial Code intended to report on the Company's results and activity during the fiscal year ending December 31, 2016.

The principles and criteria presented in this report must be submitted for shareholders' approval at the general meeting of shareholders to approve the accounts for the fiscal year ending December 31, 2016 which is called for June 16, 2017. Where applicable, that payment of the variable and exceptional elements of the compensation is subject to approval by an ordinary general meeting of the elements of the relevant executive's compensation.

As indicated in the meeting notice published on May 12, 2017 in the "*Bulletin des Annonces Légales Obligatoires*," the Company is proposing to shareholders that its mode of governance should change from a company with an Executive Board and a Supervisory Board to a company with a Board of Directors. Even if the *general* principles and criteria for determining, distributing and allocating the corporate executive officers' compensation remain the same, this change of governance has practical consequences on their application.

In particular, and under the same terms as French law no. 2016-1691 of December 9, 2016 known as "Sapin II" which set up the "Say on Pay" mechanism described above, the persons involved are not the same:

- in a company with an Executive Board and a Supervisory Board, all members of the Executive Board and all members of the Supervisory Board are covered, in accordance with Articles L.225-82-2 and R.225-56-1 of the French Commercial Code, and
- in a company with a Board of Directors, the CEO, the Deputy CEOs and the Chairman of the Board of Directors (whether or not he/she assumes the CEO's duties) are covered, in accordance with Articles L.225-37-2 and R.225-29-1 of the French Commercial Code.

For this reason, and as it is not possible to predict the shareholders' vote, this report is divided into two parts, with the first one being applicable to the Company's current mode of governance –

Executive Board and Supervisory Board (I), and the second to the future method (if applicable) – Board of Directors (II). As indicated in the aforementioned meeting notice, it is proposed that the shareholders should first vote on the type of administration, they will then vote on the part of this report corresponding to the chosen mode of governance, with the other one becoming inapplicable.

I.- Company with an Executive Board and a Supervisory Board

1 Members of the Executive Board

1.1 General Description

As part of determining the overall compensation of the corporate officers, the Supervisory Board shall take account of the following principles, in accordance with recommendation R13 of the Middelnext Corporate Governance Code of September 2016:

- **Comprehensiveness:** setting of the corporate executive officers' compensation must be comprehensive: fixed part, variable part (bonus), stock options, free shares, attendance fees, pension terms and special benefits must be agreed in the overall assessment of the compensation.
- **Balance between the elements of the compensation:** each element of the compensation must be justified and be in the company's general interest.
- **Benchmark:** this compensation must be assessed, as far as possible, in the context of a job and the benchmark market and be proportionate to the company's situation, whilst paying attention to its inflationary effect.
- **Consistency:** the determining of a corporate executive officer's compensation must be consistent with that of the company's other executives and employees.
- **Readability of the rules:** the rules must be simple and transparent; the performance criteria used to establish the variable part of the compensation or, where applicable, for the allocation of options or free shares must be in line with the company's performance, correspond to its objectives, be challenging, explainable and, as far as possible, long-term. They must be detailed without, however, jeopardizing the confidentiality which may be justified for certain elements.
- **Measurement:** the determining of the compensation and the allocations of options or free shares must achieve the right balance and take account of the company's general interest, market practices and the executives' performances.
- **Transparency:** the annual provision of information to "shareholders" regarding all of the compensations and benefits received by the executives is done in accordance with the applicable regulations.

The various components of the overall annual compensation of the members of the Executive Board in respect of their duties within the Company are as follows:

- A short-term element made up of a fixed part paid by the Company and, if applicable, by the subsidiaries in which they carry out duties (currently within the subsidiary Genfit Corp. based in the United States, owned 100% by the Company) and a possible annual variable part,
- Medium-term incentives through:
 - The allocation of free shares and stock options subject to continued presence at the Company and to the achievement of internal performance conditions linked, in particular, to the progress of the Company's R&D programs and/or to external performance conditions linked to changes in the Company's stock market price;
 - The potential allocation of exceptional compensation under the Incentive Plan described in section 17.5 of the Company's 2016 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 Company's programs and products (with a biopharmaceutical group), financing of R&D programs through a capital increase or alternative non-dilutive financing, or the backing of the Company by a biopharmaceutical group.

- Other elements attached, for some, to the performance of their offices and, for others, to the performance of their duties, including:
 - undertakings to make a payment in the event of the cessation of their duties at the Company's initiative, at certain conditions, in particular performance conditions, which is also subject to the approval of shareholders in accordance with Article L.225-90-1 of the French Commercial Code.
 - the benefit of membership of the French social security regime for company managers and executives (GSC).
 - a company car and the benefit of the supplemental health and disability insurance plan for the Group's employees.
 - the payment of working time rest days (RTT) for those members who have an employment contract.
 - the payment of invention bonuses for those members who have contributed to inventions.

1.2 Chairman of the Executive Board

The Chairman of the Executive Board's annual fixed compensation is established by the Supervisory Board on the proposal of the Nominations and Compensation Committee taking account of the following criteria: level and difficulty of the responsibilities, experience in the position, years of service and practices noted in the groups or companies of a comparable size internationally, duties carried out in the Group's subsidiaries.

- Fixed compensation

The Chairman of the Executive Board's gross fixed annual compensation for the 2017 fiscal year will remain unchanged from 2016. The Chairman of the Executive Board will thus have a gross fixed annual compensation of € 505,005 for the duties carried out within the Company and a gross fixed annual compensation of \$ 43,400 for the performance of his office of Chairman of the Board of Directors of Genfit Corp (based in the United States and wholly owned by the Company).

At the end of the general meeting of June 16, 2017 called to decide on the principles and the criteria for determining, distributing and allocating the fixed, variable and exceptional elements making up the total compensation and the benefits of any sort to be allocated to the Chairman of the Executive Board, the Chairman of the Executive Board's employment contract will be suspended and a new and single corporate office contract (*contrat de mandat social*) will be offered to him.

The Chairman of the Executive Board's fixed compensation is only revised at relatively long intervals of time, outside of the overall adjustment of salaries applied to all of the Company's staff and barring exceptional events.

- Variable annual compensation

The variable compensation paid for a fiscal year is decided by the Supervisory Board on the proposal of the Nominations and Compensation Committee and granted to the Chairman of the Executive Board in respect of his management in connection with the preparation of the accounts for that fiscal year. For 2017, and as was the case for 2016 and 2015, the Supervisory Board, on the recommendation of the Nominations and Compensation Committee, has decided that all of the compensation associated with the Chairman of the Executive Board's performance would be paid, if applicable, under the Incentive Plan.

- Medium-term incentives:
 - Incentive Plan: the Incentive Plan in force in the Company provides that the Chairman of the Executive Board's incentive bonus can represent up to 40% of the sums to be allocated under the plan; these sums are determined by the conditions for carrying out the strategic and structural operations for the Company's development described above, and which reflect the performance of the beneficiaries.
 - Free shares and stock options: As part of its policy for allocating free shares and stock options, the Supervisory Board applies recommendation R18 of the Middelnext Corporate Governance Code of September 2016, namely:
 - The free shares and stock options allocated to members of the Executive Board 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 members of the Executive Board;
 - New free shares and stock options are not allocated when executives leave (for more information on the conditions under which these recommendations have been applied to the free share plans and stock options set up by the Company in 2016, see sections 15.1.4 and 15.1.8 of the Company's Registration Document).

In this regard, the Supervisory Board has decided that the Chairman of the Executive Board could be eligible for a maximum of 17,000 stock options and a maximum of 3,000 free shares for the 2017 fiscal year, representing in total a maximum of 0.06% of the shares making up the Company's capital at the date of this report (on a non-diluted basis). The benefit of these shares and options will be subject to continued presence at the Company and to the achievement of 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 similar to those applied to the free share plans and stock options set up by the Company in 2016.

- Other elements:

The benefits in kind granted to the Chairman of the Executive Board by the Supervisory Board on the proposal of the Nominations and Compensation Committee are as follows: a company car and GSC unemployment insurance. The company car is valued at € 5,460 and the GSC unemployment insurance at € 12,897.

Finally, and as detailed in the 58th proposed resolution submitted to the vote of the general meeting of June 16, 2017, the Chairman of the Executive Board 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 exceptional 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 exceptional compensation associated with the implementation of the Incentive Plan) paid for the last fiscal year and it is 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.

The Chairman of the Executive Board is not subject to a non-compete clause.

1.3 Other members of the Executive Board

- Fixed Compensation

The fixed compensation of the other members of the Executive Board, paid for a fiscal year, is established by the Supervisory Board on the proposal of the Nominations and Compensation Committee taking account of the following criteria: level and difficulty of the responsibilities and the technical duties, experience in the position, years of service and practices noted in the groups or companies of a comparable size internationally, duties carried out in the Group's subsidiaries.

The gross fixed annual compensation of the other members of the Executive Board for the 2017 fiscal year will remain unchanged from 2016:

- Nathalie Huitorel, a member of the Executive Board, will thus have a gross fixed annual compensation made up of:
 - € 122,928 for the performance, under the employment contract which binds her to the Company, of her technical post as Chief Financial and Administrative Officer, separate from her corporate office;
 - € 10,000 for the performance of her corporate office;
 - \$ 16,300 for the performance of her office as a member of the Board of Directors of the company Genfit Corp (based in the United States and owned 100% by the Company).

- Dean Hum, a member of the Executive Board, will thus have a gross fixed annual compensation made up of:
 - € 229,996 for the performance, under the employment contract which binds him to the Company, of his technical post as Chief Scientific Officer and Chief Operating Officer, separate from his corporate office;
 - € 10,000 for the performance of his corporate office;
 - \$ 16,300 for the performance of his office as a member of the Board of Directors of the company Genfit Corp (based in the United States and owned 100% by the Company).

The fixed compensation of the other members of the Executive Board is only reviewed at relatively long intervals of time, outside of the overall review of salaries applied to all of the Company's staff and barring exceptional events.

- Variable annual compensation

The variable compensation paid for a fiscal year is decided by the Supervisory Board on the proposal of the Nominations and Compensation Committee and granted to the other members of the Executive Board in respect of their management in connection with the preparation of the accounts for that fiscal year. For 2017, and as was the case for 2016 and 2015, the Supervisory Board, on the recommendation of the Nominations and Compensation Committee, has decided that all of the compensation associated with the performance of the other members of the Executive Board would be paid, if applicable, under the Incentive Plan in force in the Company.

- Medium-term incentives:
 - Incentive Plan: the Incentive Plan in force in the Company provides that Nathalie Huitorel's incentive bonus can represent up to 10% and that of Dean Hum up to 20% 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 above, and which reflect the performance of the beneficiaries.
 - Free shares and stock options: the Supervisory Board has decided that:
 - Nathalie Huitorel could be eligible for a maximum of 12,000 stock options and a maximum of 3,000 free shares for the 2017 fiscal year, representing in total a maximum of 0.05% of the shares making up the Company's capital at the date of this report (on a non-diluted basis). The benefit of these shares and options will be subject to continued presence with the Company and to the achievement of 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 similar to those in force in the free share plans and stock options set up by the Company in 2016.
 - Dean Hum could be eligible for a maximum of 12,000 stock options and a maximum of 3,000 free shares for the 2017 fiscal year, representing in total a maximum of 0.05% of the shares making up the Company's capital at the date of this report (on a non-diluted basis). The benefit of these shares and options will be subject to continued presence with the Company and to the achievement of 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 similar to those in force in the free share plans and stock options set up by the Company in 2016.

- Other elements:

The benefits in kind granted to the other members of the Executive Board, established by the Supervisory Board on the proposal of the Nominations and Compensation Committee, are a company car for each of the members of the Executive Board. This benefit in kind is valued at €4,160 for Mrs. Huitorel and €4,096 for Mr. Hum.

Finally, and as detailed in the 59th and 60th proposed resolutions submitted to the vote of the general meeting of June 16, 2017, the other members of the Executive Board benefit from a severance payment falling within the scope of Article L.225-90-1 of the French Commercial Code. This payment is equal to six months' gross compensation, calculated on the basis of the last twelve months (excluding exceptional 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 exceptional compensation associated with the implementation of the Incentive Plan) paid for the last fiscal year and it is paid if, and only if, one of the following three performance conditions is achieved at the time that his/her 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/her post is terminated.

The other members of the Executive Board are not subject to a non-compete clause.

2. Members of the Supervisory Board

The compensation of the independent members of the Supervisory Board who are natural persons is made up of attendance fees and equity warrants (**BSAs**) from which they have been able to benefit since 2014.

The budget for attendance fees is voted on every year by the Company's annual general meeting of shareholders. For the 2017 fiscal year, and until the General Meeting called to approve the accounts for the fiscal year ending December 31, 2017, and as indicated in the 54th proposed resolution submitted to the vote of the general meeting of June 16, 2017, this budget amounts to € 225,000.

The Company's Supervisory Board sets the terms and conditions for distributing the attendance fees between its independent members who are natural persons on the proposal of the Nominations and Compensation Committee. For the 2017 fiscal year, and until the General Meeting called to approve the accounts for the fiscal year ending December 31, 2017, the distribution rules would be as follows:

- €1,000 for each participation by conference call in a meeting of the Supervisory Board, the Nominations and Compensation Committee or the Audit Committee;
- €1,500 for each physical participation in a meeting of the Supervisory Board, the Nominations and Compensation Committee or the Audit Committee; and
- an additional fixed compensation of €10,000 for the 2017 fiscal year, and until the General Meeting called to approve the accounts for the fiscal year ending December 31, 2017 to be paid in two equal installments at the end of each half-year to the Chairman of the Supervisory Board; and
- an additional fixed compensation of €5,000 for the 2017 fiscal year, and until the General Meeting called to approve the accounts for the fiscal year ending December 31, 2017 to be paid in two equal installments at the end of each half-year to the Chairman of the Audit Committee; and
- an additional fixed compensation of €5,000 for the 2017 fiscal year, and until the General Meeting called to approve the accounts for the fiscal year ending December 31, 2017 to be paid in two equal installments at the end of each half-year to the Chairman of the Nominations and Compensation Committee; and
- an additional fixed compensation of €7,500 for the 2017 fiscal year, and until the General Meeting called to approve the accounts for the fiscal year ending December 31, 2017 to be paid in two equal installments at the end of each half-year to each member of the Supervisory Board; and
- an additional fixed compensation of € 2,000 for the 2017 fiscal year, and until the General Meeting called to approve the accounts for the fiscal year ending December 31, 2017 to be paid in two equal installments at the end of each half-year to each member of the Audit Committee; and
- an additional fixed compensation of €2,000 for the 2017 fiscal year, and until the General Meeting called to approve the accounts for the fiscal year ending December 31, 2017 to be paid in two equal installments at the end of each half-year to each member of the Nominations and Compensation Committee.

With regard to the BSAs (*bons de souscription d'actions* or warrants), for 2017, it is proposed in the 46th proposed resolution submitted to the vote of the general meeting of June 16, 2017 that the shareholders approve a new package of 50,000 BSAs with the following characteristics:

- Each BSA gives entitlement to subscribe to a new share;
- Exercise price set by the Board of Directors and equal to the volume-weighted average of the closing prices of the share recorded during a period of a minimum of five consecutive trading days to a maximum of thirty consecutive trading days out of the last thirty trading days preceding the setting of the subscription price, possibly discounted by a maximum of 5% at the time of the allocation of the BSAs;
- Subscription price equal to 10% of the exercise price.

Each independent member of the Supervisory Board who is an individual could be eligible to a maximum of 5,000 BSAs for the 2017 fiscal year. If the candidates presented in the 52nd to 53rd proposed resolutions submitted to the vote of the general meeting of June 16, 2017 are appointed, a total of 25,000 BSAs could thus be allocated to the members of the Supervisory Board would could represent a maximum of 0.08% of the shares making up the Company's capital at the date of this report (on a non-diluted basis).

II.- Company with a Board of Directors

1. General Description

As part of determining the overall compensation of the corporate officers, the Supervisory Board shall take account of the following principles, in accordance with recommendation R13 of the Middelnext Corporate Governance Code of September 2016:

- **Comprehensiveness:** setting of the corporate executive officers' compensation must be comprehensive: fixed part, variable part (bonus), stock options, free shares, attendance fees, pension terms and special benefits must be agreed in the overall assessment of the compensation.
- **Balance between the elements of the compensation:** each element of the compensation must be justified and be in the company's general interest.
- **Benchmark:** this compensation must be assessed, as far as possible, in the context of a job and the benchmark market and be proportionate to the company's situation, whilst paying attention to its inflationary effect.
- **Consistency:** the determining of a corporate executive officer's compensation must be consistent with that of the company's other executives and employees.
- **Readability of the rules:** the rules must be simple and transparent; the performance criteria used to establish the variable part of the compensation or, where applicable, for the allocation of options or free shares must be in line with the company's performance, correspond to its objectives, be challenging, explainable and, as far as possible, long-term. They must be detailed without, however, jeopardizing the confidentiality which may be justified for certain elements.
- **Measurement:** the determining of the compensation and the allocations of options or free shares must achieve the right balance and take account of the company's general interest, market practices and the executives' performances.
- **Transparency:** the annual provision of information to "shareholders" regarding all of the compensations and benefits received by the executives is done in accordance with the applicable regulations.

2. Chairman and CEO

If the shareholders approve the change in the Company's mode of governance, it is anticipated that the current Chairman of the Executive Board will assume the duties of Chairman of the Board of Directors and CEO of the Company.

The Board of Directors, pursuant to Article L.225-47 of the French Commercial Code, determines the compensation of the Chairman and CEO. This compensation would be determined on the proposal of the Nominations and Compensation Committee taking account of the following criteria: level and difficulty of the responsibilities, experience in the position, years of service and practices noted in the groups or companies of a comparable size internationally, duties carried out in the Group's subsidiaries.

The various component parts of the overall annual compensation of the Chairman and CEO for his duties within Genfit SA would be as follows:

- A short-term element made up of a fixed part paid by the Company and, if applicable, by the subsidiaries in which he carries out duties (currently within the subsidiary Genfit Corp. based in the United States, wholly owned by the Company) and a possible annual variable part,
- 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;
 - The possible allocation of an exceptional compensation under the Incentive Plan described in section 17.5 of the Company's 2016 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 backing of the Company by a biopharmaceutical group.
- other elements attached to the performance of his office, including:
 - severance pay in the event of cessation of his duties at the Company's initiative, at certain conditions, in particular performance conditions, which is also subject to the approval of shareholders in accordance with Article L.225-90-1 of the French Commercial Code.
 - the benefit of membership of the French social security regime for company managers and executives (GSC).
 - a company car and the benefit of the health care and disability insurance coverage for the Group's employees.
- Fixed compensation

The Chairman and CEO's gross fixed annual compensation for the 2017 fiscal year would remain unchanged from the amount that he received in 2016 as Chairman of the Executive Board. The Chairman and CEO will thus have a gross fixed annual compensation of € 505,005 for the duties carried out within the Company and a gross fixed annual compensation of \$ 43,400 for the performance of his office of Chairman of the Board of Directors of the company Genfit Corp (based in the United States and wholly owned by the Company).

At the end of the general meeting of June 16, 2017 called to decide on the principles and the criteria for determining, distributing and allocating the fixed, variable and exceptional elements making up the total compensation and the benefits of any sort to be allocated to the Chairman and CEO, the current Chairman of the Executive Board's employment contract will be suspended and a new and single corporate office contract (*contrat de mandat social*) in his capacity as Chairman and CEO will be proposed to him.

The Chairman and CEO's fixed compensation would only be revised at relatively long intervals of time, outside of the overall adjustment of salaries applied to all of the Company's staff and barring exceptional events.

- Variable annual compensation

The variable compensation paid for a fiscal year will be decided by the Board of Directors, pursuant to Article L.225-47 of the French Commercial Code on the proposal of the Nominations and Compensation Committee and granted to the Chairman and CEO in respect of his management in connection with the preparation of the accounts for that fiscal year. For 2017, and as was the case for 2016 and 2015, the Supervisory Board, all of the compensation associated with the performance of the Chairman and CEO would be paid, if applicable, under the Incentive Plan in force in the Company.

- 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 above, 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 Supervisory Board applies recommendation R18 of the Middledenext 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;
 - New free shares and stock options are not allocated when executives leave (for more information on the conditions under which these recommendations have been applied to the free share plans and stock options set up by the Company in 2016, see sections 15.1.4 and 15.1.8 of the Company's Registration Document).

In this regard, the Chairman and CEO could be eligible for a maximum of 17,000 stock options and a maximum of 3,000 free shares for the 2017 fiscal year, representing in total a maximum of 0.06% of the shares making up the Company's capital at the date of this report (on a non-diluted basis). The benefit of these shares and options would be subject to continued presence in the Company and to the achievement of 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 similar to those in force in the free share plans and stock options set up by the Company in 2016.

- Other elements:

The benefits in kind granted to the Chairman and CEO would be as follows: a company car and GSC unemployment insurance. The company car is valued at € 5,460 and the GSC unemployment insurance at € 12,897.

Finally, and as detailed in the 33rd proposed resolution submitted to the vote of the general meeting of June 16, 2017, the Chairman and CEO would benefit 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 exceptional compensations 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 Middledenext Corporate Governance Code, this payment is limited to two years' gross compensation (excluding exceptional 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.

The Chairman and CEO would not be subject to a non-compete clause.

3. Special missions

The Board of Directors, pursuant to Article L.225-46 of the French Commercial Code, can allocate exceptional compensations to members of the Board of Directors for special missions or mandates, without it being possible, at this stage, to give an amount, which will depend on the nature and the duration of the mission or mandate.

4. Attendance fees

The budget for attendance fees is voted on every year by the Company's annual general meeting of shareholders. For the 2017 fiscal year, and until the General Meeting called to approve the accounts for the fiscal year ending December 31, 2017, and as indicated in the 31st proposed resolution submitted to the vote of the general meeting of June 16, 2017, this budget amounts to €225,000.

The Company's Board of Directors sets the terms and conditions for distributing the attendance fees between its members on the proposal of the Nominations and Compensation Committee. As indicated at the start of this report, the compensation of the members of the Board of Directors (except its Chairman), does not come within the scope of French law no. 2016-1691 of 9 December 2016 known as "Sapin II" which set up the "Say on Pay" mechanism.

5. Equity warrants (BSAs)

It is proposed in the 18th proposed resolution submitted to the vote of the general meeting of June 16, 2017 that the shareholders approve a package of 50,000 BSAs that can be allocated, in particular, to independent members of the Board of Directors.

Just like for the attendance fees, the possible allocation of these BSAs to members of the Board of Directors (except its Chairman), does not come within the scope of French law no. 2016-1691 of 9 December 2016 known as "Sapin II" which set up the "Say on Pay" mechanism.

APPENDIX II

REPORT OF THE NOMINATIONS AND COMPENSATION COMMITTEE TO THE SUPERVISORY BOARD AND THE SHAREHOLDERS' MEETING OF MAY 10, 2017

To the attention of the ladies and gentlemen who are members of the Supervisory Board and the Shareholders.

Below we present our views and recommendations, adopted on the occasion of our meeting of 10 May 2017 devoted to the preparation of the Shareholders' Meeting to be held on 16 June 2017 ("the Shareholders' Meeting"), as regards the following points:

1. Review of the candidacies of Ms. Anne-Hélène Monsellato and Ms. Catherine Larue for the positions of company directors and the Composition of the Board;
2. Principles and criteria for the determination, distribution and allocation of compensation for executive officers for the fiscal year 2017;
3. Budget for attendance fees for the period beginning January 1, 2017 to the General Meeting approving the financial statements for the fiscal year ending December 31, 2017;
4. Projects to delegate authority to the Executive Board with a view to the implementation of equity incentive instruments for corporate and executive officers of the Company.

1. Review of the candidacies of Ms. Anne-Hélène Monsellato and Ms. Catherine Larue for the positions of company directors and the Composition of the Board;

We indicate to the General Meeting and the Supervisory Board that the Nominations and Compensation Committee has voted unanimously in favor of the following recommendations:

We recommend to the General Meeting to be held on June 16, 2017, in the event it rules favorably on the proposal of resolution n° 8 to appoint Ms. Anne-Hélène Monsellato and Ms. Catherine Larue as members of the Company's Board of Directors for a period of 5 years.

In this case, we recommend to the General Meeting to appoint and establish the composition of the new Board of Directors as follows:

- Mr. Jean-François Mouney,
- Mr. Xavier Guille des Buttes,
- Mr. Frédéric Desdouits,
- Ms. Catherine Larue,
- Mr. Philippe Moons,
- Ms. Anne-Hélène Monsellato,
- Biotech Avenir, having as its permanent representative Ms. Florence Séjourné.

We consider, in light of the criteria of the Middleden Code, that only Jean-François Mouney and Biotech Avenir, represented by Florence Séjourné would not be regarded as independent members of the Board of Directors in this case.

In case the General Meeting rejects the proposal of resolution n°8, we recommend appointing Ms. Anne-Hélène Monsellato and Ms. Catherine Larue as members of the Company's Supervisory Board for a period of 5 years.

The Company's Supervisory Board would then be composed as follows:

- Mr. Xavier Guille des Buttes,
- Mr. Frédéric Desdouits,

- Ms. Catherine Larue,
- Ms. Philippe Moons,
- Ms. Anne-Hélène Monsellato,
- Biotech Avenir, having as its permanent representative Ms. Florence Séjourné.

We consider, in light of the criteria of the Middlednext Corporate Governance Code, that only Biotech Avenir, represented by Ms. Florence Séjourné, would not be regarded as an independent member of the Board of Directors in this case.

2. Principles and criteria for the determination, distribution and allocation of compensation for senior corporate officers for the fiscal year 2017

We indicate to the Shareholders and the Supervisory Board that the Nominations and Compensation Committee has voted unanimously in favor of the following recommendations:

Considering the compensation policy for non-executive directors and management conducted in 2016 and the project to transform the type of administration of the Company that will be presented at the Shareholders' Meeting of June 16, 2017, we recommend the adoption of the principles and criteria for the determination, distribution and attribution of the compensation of executive officers for the fiscal year 2017 defined in the Supervisory Board's May 10, 2017 "Say on Pay" report pursuant to the Sapin II Law and specify that these were determined in accordance with the principles outlined by Recommendation R13 of the Middlednext Corporate Governance Code that follow:

- **Completeness:** the determination of the compensation packages of senior corporate officers which is proposed to you is complete: fixed part, variable part (incentive), stock-options, free shares, attendance and directors' fees, severance pay and individual benefits have been retained in the overall assessment of the compensation package.
- **Balance between the elements of the compensation package:** each element of the compensation package is justified and corresponds to the general interest of Company
- **Benchmark:** this compensation package has been assessed, as far as possible, within the context of the profession and within the reference market of the Company and proportionate to its situation, while being mindful of its inflationary effect.
- **Consistency:** the compensation package of the executive officer had been determined in consistency with that of other directors and employees of the Company.
- **Clarity of the rules:** the rules were designed to be simple and transparent; the performance criteria used to establish the variable part of the compensation package and, where applicable, for the assignment of options or free shares are in line with the performance of the Company, correspond to its objectives, are demanding, easily explained and, as far as possible, durable. They are detailed without calling into question the confidentiality that can be justified for certain elements
- **Measure:** the determination of the compensation and the awarding of options or of free shares is designed to achieve a fair balance and to take into account the general interest of Company, the practices of the market and the performance of management.

3. Budget for attendance and directors' fees for the period running from January 1, 2017 to the General Meeting which must be included in the accounts for the fiscal year ending December 31, 2017

We indicate to the General Meeting and the Supervisory Board that the Nominations and Compensation Committee has voted unanimously in favor of the following recommendations:

We recommend to the Shareholders' Meeting to be held on June 16, 2017, to set the amount of the budget for the attendance and directors' fees for the period beginning on January 1, 2017 to the Shareholders' Meeting which shall approve the accounts for the fiscal year ending December 31, 2017 at €225,000 to be distributed, as is applicable, between the individuals who are independent members of the Board of Directors or the individuals who are independent members of the Supervisory Board.

4. Projects to delegate authority to the Executive Board with a view to the implementation of equity incentive instruments which may benefit executive and corporate officers of the Company.

We indicate to the Shareholders and the Supervisory Board that the Nominations and Compensation Committee has voted unanimously in favor of the following recommendations:

The Nominations and Compensation Committee recommends the adoption, depending on if the Shareholders' Meeting which will be held on June 16, 2017 adopts or rejects the proposal of resolution n° 8 that is presented to it, of draft resolutions n° 18, 19, and 20 or of draft resolutions n°46, 47 and 48 that were presented to it.

In accordance with the position of the Executive Board, the Nominations and Compensation Committee recommends to vote against, depending on whether the Shareholders' Meeting which will be held on June 16, 2017 adopts or rejects the proposal of resolution n°8 that is presented to it, of draft resolutions n°21 or 49 that were presented to it (the delegation of authority benefiting the participants in a corporate savings plan).

We have no other information, opinions or recommendations to express to the Supervisory Board or Shareholders' Meeting.

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

Prepared in Loos,

The President

Mr. Charles Woler

A member of the Nominations and
Compensation Committee

APPENDIX III

CANDIDACY OF MR JEAN-FRANCOIS MOUNEY AS MEMBER OF THE BOARD OF DIRECTORS

Jean-François MOUNEY, 61 years old, French Chairman of GENFIT SA Executive Board		Number of GENFIT shares held : 9,266 shares and 17.1 % of Biotech Avenir
PROFESSIONAL EXPERIENCE / EXPERTISE		
Jean-François MOUNEY co-founded Genfit in 1999 after having been actively involved in the incubation of the Company from 1997. Prior to this, he had created, managed and developed several companies specializing in high-performance materials, particularly in the aeronautical industry, since 1979. In 1992, he founded M&M, a consultancy firm specializing in health economics. He was responsible for carrying out a feasibility study for an economic development agency within the field of health and biology in the Nord-Pas-de-Calais region of France and was appointed Chief Executive Officer of this agency since its launch in 1995. Over a hundred companies have been created as part of this venture, making Eurasanté one of the top European bioincubators and clusters. As Chairman of the Executive Board of Genfit, he received, in 2003, the Entrepreneur of the Year award, which is organized internationally by Ernst & Young, in the New Technology category. He also received this award in 2004. Jean-François Mouney is also Deputy Chairman of the “Nutrition, Health and Longevity” research hub and is Advisor to the Banque de France since 2008. Jean-François Mouney is a graduate of the ESCP-Europe Business School, and holds a Master Degree in Economics from the University of Lille.		
TERM OF OFFICE		
1st appointment : Supervisory Board of September 15th, 1999 –Last renewal: Supervisory Board of July 3, 2013	End of the current office : July 3, 2018	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Chairman of the Board of Directors of GENFIT CORP Chairman of Genfit Pharmaceuticals SAS Chairman of Biotech Avenir Chairman of the Board of Directors of The NASH Education Program™, endowment fund	During the last five years, Jean-François MOUNEY has also held the following offices and positions, which he no longer holds : Chairman of Naturalpha SAS	

APPENDIX IV

CANDIDACY OF MR XAVIER GUILLE DES BUTTES AS MEMBER OF THE BOARD OF DIRECTORS

Xavier GUILLE DES BUTTES 75years old, French Chairman of GENFIT SA Supervisory Board, of which he is an independent member. Member of the Nomination and Compensation Committee and member of the Audit Committee		Number of GENFIT shares held : 1,144 shares
PROFESSIONAL EXPERIENCE / EXPERTISE		
Graduated from the ESSCA (Ecole Supérieure des Sciences Commerciales d'Angers), from the Institute of Foreign Commerce and from the Management Control Institute, Xavier GUILLE DES BUTTES has spent his entire career in the pharmaceutical industry. He has held a large number of executive positions for more than 30 years, particularly in the French subsidiary of the German Group Schering AG, where he has successively held the positions of Marketing Director, General Manager of the pharmaceutical Division and Chairman of the Board of Directors until June 2006. Member of GENFIT's Supervisory Board since October 18, 2006, he currently chairs the Supervisory Board since April 5, 2008. In addition to his responsibilities at GENFIT, he also serves as director of several companies. He holds offices with Atlanta (a start-up based in Nantes), Delpharm Holding (pharmaceutical manufacturing), Hemarina, a start-up located in Morlaix and Medsenic (start-up based in Strasbourg). Xavier GUILLE DES BUTTES also chairs the Foundation of the Catholic University of Lille and is a knight of the Legion of Honor.		
TERM OF OFFICE		
1st appointment : October 18, 2006 <u>Last renewal</u> : June 21, 2016	<u>End of the current office:</u> Shareholders' General Meeting called to approve the financial statements for the year ending December 31, 2020	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Director: Atlanta and Hermarina Member of the Board of partners of Delpharm Holding. Chairman of the Strategic Committee of Medsenic Vice-President of the Board of Directors of The NASH Education Program™	During the last five years, Xavier Guille des Buttes has also held the following offices and positions, which he no longer holds : Director, Diagast Member of the Supervisory Board of Ouest Angels	

APPENDIX V

CANDIDACY OF MS ANNE-HELENE MONSELLATO AS MEMBER OF THE BOARD OF DIRECTORS OR SUPERVISORY BOARD

Anne-Hélène MONSELLATO 49 years old, French		Number of Genfit shares held : none
PROFESSIONAL EXPERIENCE/EXPERTISE		
<p>Anne-Hélène Monsellato is a Certified Public Accountant in France since 2008 and graduated from EM Lyon in 1990 with a degree in Business Management.</p> <p>Since May 2015, she has been an independent director, the Chairman of the Audit and Risk Committee and a member of the Corporate Governance and Nomination Committee of Euronav, a Belgian crude oil tanker company listed on NYSE and Euronext Brussels. In addition, she serves as the Vice President and Treasurer of the Mona Bismarck American Center for Art and Culture, a U.S. public foundation based in New York.</p> <p>From 2005 until 2013, Mrs. Monsellato served as a Partner with Ernst & Young (now EY), Paris, after having served as Auditor/Senior, Manager and Senior Manager for the firm starting in 1990. During her time at EY, she gained extensive experience in cross border listing transactions, in particular with the U.S., internal control and risk management, and was involved with several companies in the pharmaceutical and biotechnology sector.</p> <p>Mrs. Monsellato is an active member of the French Association of Directors (IFA) and of the selection committee of Femmes Business Angels since 2013.</p>		
TERM OF OFFICE		
Nomination proposed at the Shareholders' Meeting of June 16, 2017		
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Independent director, Chairman of the Audit and Risk Committee, member of the Corporate Governance and Nomination Committee of Euronav (listed company) Vice President and Treasurer of the Mona Bismarck American Center for Art and Culture Office member and Treasurer of ACT4	During the last 5 years, Anne-Hélène Monselatto did not exercise any other functions or corporate offices.	

APPENDIX VI

CANDIDANCY OF MS CATHERINE LARUE AS MEMBER OF THE BOARD OF DIRECTORS OR THE SUPERVISORY BOARD

Catherine LARUE, 61 years old, French		Number of Genfit shares held : none
PROFESSIONAL EXPERIENCE/EXPERTISE		
<p>Dr. Catherine Larue has been CEO ad interim of Luxembourg Institute of Health (LIH), a biomedical research institute, since January 2016.</p> <p>From 2012 to end 2015, she was CEO of the Integrated Biobank of Luxembourg (IBBL), where she led the development of the biobanking strategy and new initiatives in the field of personalized medicine. Prior to joining the IBBL, Dr. Larue piloted the biomarker program at Genfit until 2012.</p> <p>Dr. Catherine Larue began her career as team leader at Sanofi at the Montpellier, France based R&D center in the cardiovascular research department. She later joined Sanofi Diagnostics Pasteur Inc., in Minnesota, United States, where she ran the immunology department for three years, developing tests and instruments. She thereafter returned to Paris, France as Director at Sanofi Diagnostics Pasteur, and then spent 11 years at the Bio-Rad group, holding different management positions. She participated in the discovery of several innovative biomarkers and the commercialization of dozens of diagnostic products.</p> <p>Dr. Catherine Larue is the author of 85 articles and has filed 13 patents. She holds a doctorate in experimental biology and an accreditation to direct research (Habilitation à Diriger la Recherche or HDR) from the University of Rouen, a degree in clinical oncology from the University of Paris VI and an executive MBA from St John’s University (New York). In 2014, she was voted Luxembourg’s most inspiring woman of the year in the “Science, Technology and Research” category.</p>		
TERM OF OFFICE		
Nomination proposed at the Shareholders’ Meeting of June 16, 2017		
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
CEO ad interim of Luxembourg Institute of Health (LIH) Director of ITTM SA (Information Technology for Translational Medicine)	During the last 5 years, Catherine Larue also had the following functions or corporate offices that she no longer holds : CEO of IBBL (Integrated BioBank of Luxembourg)	

APPENDIX VII

CANDIDACY OF MR FREDERIC DESDOUITS AS MEMBER OF THE BOARD OF DIRECTORS

Frédéric DESDOUITS 49 years old, French Independent member of the Supervisory Board of Genfit SA and member of the Nomination and Compensation Committee		Number of Genfit’s shares held : 111 shares
PROFESSIONAL EXPERIENCE / EXPERTISE		
<p>Frédéric Desdouits 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, Frederic 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, Frederic was a partner in charge of Pharmaceutical and Biotechnology sectors at Exane BNP-Paribas, an investment company. Before heading for finance, Frederic 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).</p> <p>Between 2010 and 2011, Frédéric Desdouits was a member of the Pre-Phase III DPU Blood & Vessels Specific Board at Sanofi Aventis (now Sanofi) R&D (Chilly-Mazarin, France).</p> <p>Frédéric Desdouits is a member of the Supervisory Board of CiToxLab and board observer on the Board of Directors of Orphelia Pharma. Between 2008 and 2011, Frederic was Board member at Exonhit Therapeutics (now Diaxonhit Therapeutics) and member of the M&A subcommittee.</p> <p>Frédéric Desdouits 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. He is a CEFA (Certified European Financial Analyst) and Certified in Global Management from INSEAD.</p>		
TERM OF OFFICE		
<u>1st appointment :</u> June 20, 2014	<u>End of the current office :</u> Shareholders’ General Meeting called to approve the financial statements for the year ending December 31, 2017	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Vice-Chairman – Head of Pierre Fabre Group Business Development, Acquisition and Market Intelligence Department Supervisory Board member, CiToxLab Board observer, Orphelia Pharma (representing Pierre Fabre)	During the last five years, Frédéric Desdouits has not held any other offices or positions.	

APPENDIX VIII

CANDIDACY OF MR PHILIPPE MOONS AS MEMBER OF THE BOARD OF DIRECTORS

Philippe MOONS* 65 years old, French Independent member of the Supervisory Board of Genfit SA – Chairman of the Audit Committee		Number of Genfit’s shares held : 248
PROFESSIONAL EXPERIENCE / EXPERTISE		
<p>Graduated from the Institut Catholique des Arts et Métiers de Lille and from the Ecole des Hautes Etudes Commerciales du Nord (EDHEC), Philippe Moons began his career as a business engineer in a French industrial Group. In 1995, he joined Finorpa, a venture capital and growth capital company, operating under the aegis of the Group “Charbonnage de France” and of the Nord-Pas-de-Calais region. Since 2006, he is in charge of supporting and financing several companies in their early-stage activities or development phases; in particular in the fields of biology and health.</p> <p>In addition to his current responsibilities at Finorpa and Genfit, where he serves as a corporate director, Philippe Moons is a member of the Supervisory Board of Finovam, a regional venture capital company, established in 2014 to strengthen the emergence and provide seed capital to innovative businesses, primarily technological projects in the Nord-Pas-de-Calais region.</p>		
TERM OF OFFICE		
<u>1st appointment :</u> July 16th, 2015 on cooptation by the Supervisory Board in replacement of Finorpa (resigning member); and ratified by the General Meeting of Shareholders on June 21, 2016 <u>Last renewal :</u> None	<u>End of the current office :</u> Shareholders’ General Meeting called to approve the financial statements for the year ending December 31, 2017	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
None	<p>During the last five years, Philippe Moons has also held the following offices and positions, which he no longer holds :</p> <p>Member of the Supervisory Board, as permanent representative of Finorpa ;</p> <p>Member of the Supervisory Board of Alzprotect, as permanent representative of Finorpa ;</p> <p>Member of the Executive Board of Fonds d’Amorçage Finovam ;</p> <p>Member of the Supervisory Board of Purifonction, as permanent representative of Finorpa ;</p> <p>Member of the Supervisory Board of Terra Nova, as permanent representative of Finorpa.</p>	

APPENDIX IX

CANDIDACY OF BIOTECH AVENIR AS REPRESENTED BY MS FLORENCE SEJOURNE AS MEMBER OF THE BOARD OF DIRECTORS

BIOTECH AVENIR , represented by Florence SEJOURNE 45 years old, French Supervisory Board member of Genfit SA – Member of the Audit Committee		Number of Genfit’s shares held : 1,804,957 shares Number of Genfit shares held by Florence Séjourné : 64 and 9.9% of Biotech Avenir
PROFESSIONAL EXPERIENCE / EXPERTISE		
Graduated from the Ecole des Mines of Paris (Biotechnology option) and holding a masters degree in Pharmacy from the University of Illinois (Chicago, United States), she was in charge of the biopharmaceutical sector for Eurasanté. She co-founded Genfit and served as the Company’s Chief Operating Officer, Business Development Director, industrial alliances coordinator and member of the Executive Board from 1999 to 2008. Since then, she is Chairwoman of Da Volterra.		
TERM OF OFFICE		
<u>1st appointment</u> : At creation of the Company, September 15, 1999 <u>Last renewal</u> : June 21, 2016	<u>End of the current office</u> : Shareholders’ General Meeting called to approve the financial statements for the year ending December 31, 2020	
OPERATIONAL FUNCTIONS AND OTHER CORPORATE OFFICES IN FRENCH AND FOREIGN COMPANIES		
Chairman of the Company Da Volterra Member of the Executive Committee of Biotech Avenir	During the last five years, Florence Séjourné has not held any other offices or positions.	

APPENDIX X

ARTICLES OF ASSOCIATION TO APPLY IN THE EVENT OF ADOPTION OF RESOLUTION N° 8

GENFIT SA

Limited Liability Company with a Board of Directors with share capital of
€ 7,791,609.25
Registered office: Parc Eurasanté, 885 Avenue Eugène Avinée, 59120 LOOS
424 341 907 R.C.S. LILLE Métropole

ARTICLES OF ASSOCIATION

Up to date as of June 16, 2017

PART I
FORM - NAME - REGISTERED OFFICE - PURPOSE - TERM

ARTICLE 1 - Form

The owners of the shares created below and of those that may be created at a future date have formed a limited liability company (hereafter, the “**Company**”) governed by the laws and regulations in force (hereafter, the “**Law**”) and by these Articles of Association.

ARTICLE 2 - Name

The Company's name is: "GENFIT".

On all deeds and documents issued by the Company, its corporate name must be preceded or immediately followed by the words "Limited Company with Board of Directors" and a declaration of the company's capital, as well as the place of registration and the Company's registration number in the Trade and Companies Register.

ARTICLE 3 - Registered office

The Company's registered office is at PARC EURASANTÉ, 885 Avenue Eugène Avinée, 59120 LOOS.

It may be transferred to any other place, in accordance with the provisions of the laws and regulations in force.

ARTICLE 4 - Purpose

The company's direct or indirect purpose, both in France and abroad is:

- Research concerning the production and sale, at different stages of development, of biological molecules and all other activities regardless of what they may be, linked to the pharmaceutical industry.
- And more generally, to carry out all commercial, industrial, financial, securities or real estate transactions and operations linked directly or indirectly to its activity or capable of its facilitation.

ARTICLE 5 - Term

The Company, except in the event of its extension or early dissolution, has a term of 99 years starting as from the date of its registration in the trade and companies register.

PART II
CONTRIBUTIONS - COMPANY CAPITAL - FORM OF SHARES - RIGHTS AND OBLIGATIONS
ATTACHED TO THE SHARES

ARTICLE 6 - Capital

The Company's capital is fixed at the sum of seven million seven hundred ninety one thousand six hundred and nine Euro and twenty five cents (€ 7,791,609.25). It is divided into thirty one million one hundred sixty six thousand four hundred thirty seven (31,166,437) ordinary shares of twenty-five cents of Euro (€ 0.25) each, fully subscribed and paid up in cash.

ARTICLE 7 - Changes to the capital

I. Capital may be increased, either by issuing new ordinary shares or preference shares, or by increasing the nominal value of the existing shares.

New shares may be paid-up either in cash, or by contributions in kind, or by offsetting them against cash receivables, or by the incorporation of profits, reserves or issue premiums into the capital, or as a consequence of a merger or split, or as a consequence of a right attached to securities giving access to the capital being exercised, and in such circumstances payment of the corresponding sums.

Securities representing new capital are issued, either at their nominal value, or at this amount plus an issue premium.

Only the Extraordinary General Meeting is competent to agree to an increase in capital based on a report from the Board of Directors containing the information required by Law.

Under the terms laid down by Law, the Extraordinary General Meeting may, however, delegate this competence to the Board of Directors. Within the limits of the powers thus granted by the Extraordinary General Meeting, the Board of Directors has the powers required for the purpose of increasing the capital one or more times, to set the terms of the increase, to monitor the increase and to amend the Articles of Association as a consequence.

When the Extraordinary General Meeting decides on an increase in capital, it may delegate the powers required to carry out the transaction to the Board of Directors.

When it is a matter of delegating powers or competence, the Board of Directors is required to prepare a supplementary report for the next Ordinary General Meeting.

If the capital is increased by incorporating profits, reserves or issue premiums, the Extraordinary General Meeting must rule under the terms of a quorum and majority specified for Ordinary General Meetings. In this case, it may decide that rights forming fractional shares are neither negotiable nor transferable and that the corresponding securities must be sold. Money arising from the sale will be allocated to the holders in proportion to their rights.

An increase in the capital achieved by increasing the nominal amount of shares can only be determined with the unanimous consent of the shareholders, except when it results from the incorporation of profits, reserves or issue premiums into the capital.

II. The Extraordinary General Meeting of shareholders, or the Board of Directors where such authority has been delegated, may also, subject, if applicable, to creditors' rights, authorise or agree on a reduction of capital for any reason and in any manner. Under no circumstances may a reduction in capital impinge upon shareholder equality.

A decision to reduce capital to an amount lower than the legal minimum can only be agreed upon under the condition precedent of an increase in capital designed to raise it to an amount at least equal to the legal minimum, unless the Company intends converting into another form of Company. Failing this, any interested party may apply to the courts for the dissolution of the Company; dissolution cannot be pronounced, if on the day the Court rules on the substance, the matter has been rectified.

ARTICLE 8 - Paying up of shares

Shares subscribed for in cash must be paid up by at least a quarter of their nominal value at the time of subscription and, if where relevant, by the whole of the issue premium.

The surplus must be paid up in one or more instalments, when called for by the Board of Directors and within a period of five years from the date the capital increase becomes final.

Calls for funds are brought to subscribers' attention by registered letter with a form for acknowledgement of receipt at least fifteen (15) days before the date fixed for each instalment.

Should a shareholder fail to pay up the sums due and payable for the amount of shares he has subscribed for, at the times fixed by the Board of Directors, these sums will automatically be subject to interest in the Company's favour, at the legal rate defined in article L.313-2 of the French Monetary and Financial Code, as from the expiry of the month following the date they become due and without any need for an application to the courts or formal notice. In addition, shares for which payment is due and has not been made on the expiry of a period of thirty (30) days as from formal notification sent to the defaulting shareholder is without effect, cease to give the right to admission to General Meetings and to vote in these General Meetings and will be deducted for the calculation of the quorum. The right to dividends and the preferential rights to subscribe to capital increases attached to the shares are suspended. These rights are recovered after payment of the sums due in terms of capital and interest. The shareholder can then request payment of dividends that have not lapsed and exercise the preferential subscription right if the time limit fixed for the exercise of this right has not expired.

Capital must be fully paid-up before any new shares can be issued that must be paid up in cash.

ARTICLE 9 - Form of shares – Management of securities accounts

Shares issued must be recorded in individual accounts opened in the name of each shareholder by the Company or, if legislation permits, depending on the shareholder's choice, by any authorised intermediary, and kept under the terms and according to the procedures specified by the Law.

The company is allowed to make use of the provisions specified by the Law, and in particular article L. 228-2 of the French Commercial Code, with regard to the identification of holders of bearer securities. To this end, it may at any time ask the central securities depository that keeps its securities account, against remuneration for which it is responsible, for the information referred to in article L. 228-2 of the French Commercial Code. Thus the Company in particular has the right at any time to ask for the name and date of birth or if it is a matter of a company, the name and year of incorporation, the nationality and address of holders of securities conferring an immediate or subsequent right to vote at its General Meetings, as well as the number of securities held by each of them and, if need be, any restrictions to which the securities may be subject.

The Company, after having followed the procedure laid down in the preceding paragraph and in the light of the list provided by the central securities depository, has the option of requesting, either through this central depository or directly to the people included on this list, and where the Company believes they may be registered on behalf of third-parties, the information concerning the ownership of securities specified in the preceding paragraph. These persons are required, when they are acting as intermediaries, to reveal the identity of the owners of the securities. The information is supplied directly to the authorised financial intermediary keeping the account, who is responsible for communicating it, depending on the circumstances, to the Company or to the above-mentioned central securities depository.

ARTICLE 10 - Transmission of shares

Securities registered in an account are passed on by transfer from one account to another.

Shares paid up in cash are freely negotiable from the time of the capital increase. Shares paid for by a contribution are freely negotiable from the time of the capital increase, i.e. on the date of the General Meeting or of the meeting

of the Board of Directors, acting by delegation, that approves the contributions, in the event of a contribution in kind during the life of the company.

Transfer of ownership results from their registration in the buyer's account, on the date and under the terms defined by Law.

Subject to the provisions laid down by the Law, the shares are freely transferable.

ARTICLE 11 - Exceeding of thresholds

Any individual or company referred to in articles L. 233-7, L. 233-9 and L. 233-10 of the French Commercial Code acquiring directly or indirectly, alone or in concert, a number of shares representing a fraction of the Company's capital or voting rights greater than or equal to two percent (2%) or a multiple of this percentage, must inform the Company of the total number of shares and voting rights and securities giving access to capital or voting rights it owns immediately or subsequently, by registered letter with advice of delivery addressed to the registered office within a period of four (4) stock exchange days as from the date it exceeds the aforesaid investment threshold or thresholds.

The obligation to provide the information specified above also applies under the same terms when such holdings are reduced below each of the thresholds referred to above.

The individual or company required to provide the above information is, in addition obliged to inform the Company of the objectives it intends pursuing during the next twelve (12) months when the thresholds are crossed, either upwards or downwards, of a tenth, fifth or third of the capital or voting rights. This declaration specifies whether the purchaser is acting alone or in concert, if it intends stopping its purchases or sales or continuing them, or whether it intends acquiring or transferring control of the Company, requesting its nomination or that of one or more other persons, or its resignation, as a director of the Board of Directors.

If this declaration is not made under the terms expressed in the three paragraphs above, the shares or voting rights in excess of the fraction that should have been declared are deprived of voting rights in shareholders' General Meetings for all General Meetings that are held up to the expiry of a period of two years following the date such notification is regularised in accordance with article L. 233-14 of the French Commercial Code, if the failure to make the declaration was recorded and if one or more shareholders holding at least 5% of the capital request it, their request being recorded in the minutes of the General Meeting.

The above declarations apply without prejudice to declarations regarding the exceeding of thresholds specified by the Law.

ARTICLE 12 - Rights and obligations attached to the shares

Each share gives the right to a share in the profits and company assets proportional to the share of the capital it represents.

In addition, it gives the right to vote and the right of representation in General Meetings under the legal and statutory terms.

Shareholders are only liable up to the nominal amount of the shares they own; beyond this any call for funds is prohibited.

Ownership of a share automatically comprises acceptance of the Company's Articles of Association and decisions of the General Meeting.

Heirs, creditors, successors in title, or other representatives of a shareholder, may not require the Company's assets and securities to be sealed, nor ask for them to be shared or sold by auction, nor interfere in the actions of its

administration. They must, in order to exercise their rights, refer to the company inventories and the decisions of the General Meeting.

Each time several shares are required in order to exercise a particular right, in the event of the exchange, amalgamation or allocation of securities, or as a consequence of an increase or reduction in capital, merger or other company transaction, owners of individual securities or of a number less than that required may only exercise these rights on condition that they make it their personal business to amalgamate and, possibly, purchase or sell the necessary securities.

However, the Company may, in circumstances where it has carried out either an exchange of securities subsequent to a merger, split, capital reduction, amalgamation or division transaction and the compulsory conversion of bearer shares into named securities, or distributions of securities charged to the reserves or linked to a capital reduction, or distributions or allocations of free shares, via a simple decision by the Board of Directors, sell securities that successors in title have not asked to be issued on condition that they carry out the advertising formalities specified by the regulations at least two years in advance.

From the date of this sale, old shares and old rights to distributions or allocations are cancelled as required and their holders may no longer lay claim to the distribution in cash of the net proceeds from the sale of securities not claimed.

ARTICLE 13 - Beneficial ownership / bare ownership

Shares are indivisible in respect of the Company.

Joint owners of shares are required to arrange to be represented in relation to the Company by one of them alone, considered as the sole owner or by a single representative; in the event of disagreement, the single representative may be appointed by the courts at the request of the joint owner making the application.

Unless an agreement to the contrary is notified to the Company, beneficial owners of shares validly represent bare owners in respect of the Company. Voting rights at Ordinary General Meetings belong to the beneficial owner and to the bare owner at Extraordinary General Meetings.

Unless otherwise agreed by the parties, when capital securities are subject to beneficial ownership, the preferential subscription rights attached to them belong to the bare owner.

PART III
ADMINISTRATION AND CONTROL OF THE COMPANY

ARTICLE 14 - Mode of administration

The company is directed by a Board of Directors.

ARTICLE 15 - Composition of the Board of Directors

The Company is governed by a Board of Directors composed of not less than three nor more than fifteen directors, without prejudice of the temporary exemption provided for in the event of merger, in which case the number may be increased to twenty-four.

The Ordinary General Meeting shall appoint the directors or renew their terms of office and may remove them from office at any time.

The directors may be individuals or legal entities. Upon their appointment, the legal entities are required to designate a permanent representative, who shall be subject to the same conditions and obligations and shall incur the same civil and criminal liability as if he were a director in his own name, without prejudice to the joint and several liability of the legal entity that he represents. The permanent representative shall be appointed for a term of office equivalent to the term of office of the legal entity that he represents. This term of office must be renewed upon each renewal of the legal entity's term of office.

When the legal entity removes its representative from office, it must immediately notify said removal from office to the Company, without delay by registered letter, and appoints a new permanent representative under the same terms and conditions; the same applies in the event of the death or resignation of the permanent representative.

The number of directors who are bound by an employment contract with the Company must not exceed one-third of the directors in office.

The number of directors over 75 years of age may not exceed one-third of the directors in office. If this limit is reached, the eldest director shall be deemed to have resigned.

In the event of a vacancy, due to death or resignation, of one or more directors' seats, the Board of Directors may, between two General Meetings, make provisional appointments.

However, if only one or two directors remain in office, the said director or directors, or failing that, the Auditors must immediately call the Ordinary General Meeting to complete the members of the Board of Directors.

Temporary appointments made by the Board of Directors shall be subject to approval by the next Ordinary General Meeting. Failing approval, deliberations made and actions previously carried out by the Board of Directors shall remain valid.

The director appointed to replace another director shall remain in office only for the unexpired period of his predecessor's term of office.

ARTICLE 16 - Term of office of the Directors

The term of office of the directors is five (5) years. This office ends at the end of the General Meeting called to approve the annual financial statements for the year ended and held during the year in which its term of office expires.

Directors are eligible for re-election.

They may be revoked at any time by the Ordinary General Meeting.

ARTICLE 17 - Chairman of the Board of Directors

The Board of Directors elects, from among its members who are individuals, a Chairman. It shall fix his/her term of office as Chairman, which shall not exceed the period of his/her term of office as director.

The age limit for holding the office of Chairman of the Board of Directors is set at 80 years of age. If he/she reaches this age, he/she shall be deemed to have automatically resigned.

The Chairman of the Board of Directors organises and manages the Board of Directors' work, for which he/she reports thereon to the General Meeting. He/she ensures that the Company's bodies operate properly and, in particular, that the directors are able to fulfil their assignments.

As it may be decided by the Board of Directors and as provided in the article 21-I of these Articles of Association, he/she may hold this office concurrently with that of Managing Director of the Company.

The Board of Directors may elect a Deputy Chairman which fulfils the functions of the Chairman in his/her absence.

ARTICLE 18 - Meetings and deliberations of the Board of Directors

I. Meetings

The Board of Directors meets as often as the Company's interest requires so, upon summons by the Chairman of the Board of Directors. When no meeting has been held for more than two (2) months, at least one-third of the members of the Board of Directors may request the Chairman to convene a meeting on a specific agenda.

The Managing Director may also request the Chairman of the Board of Directors to convene a Board of Directors' meeting on a specific agenda.

The Chairman is bound to comply with the requests made by virtue of the two previous paragraphs.

The Chairman of the Board of Directors chair the meetings. If the Chairman is unable to attend to his duties, the Board shall appoint one of the members present to chair the meeting.

The Board may appoint a secretary at each meeting, who is not required to be a Board of Directors' member.

An attendance record is also kept and signed by the directors attending the Board of Directors' meeting.

II. Deliberations

The Board of Directors meets as often as the Company's interest requires it, as convened by its Chairman, either at the head office, or in any other place indicated in the notification to attend. At least a third of the members of the Board of Directors may submit a motivated request to convene the Board of Directors to its Chairman by registered post. The Chairman must convene a Board of Directors' meeting at a date which may not be later than fifteen (15) days as from receipt of the request. Should the meeting not be convened within this period, the authors of the request may convene a Board of Directors' meeting themselves and set its agenda.

Notifications to attend can be issued by all means, even verbally.

Except when the Board of Directors is convened to carry out the operations referred to in the articles L.232-1 and L.233-16 of the French Commercial Code, the directors are deemed present, for the purpose of calculating the quorum and the majority, when they participate in the Board of Directors' meeting using videoconference or

telecommunication means allowing them to be identified and ensuring an effective participation in accordance with applicable laws and regulations.

Any director may be represented in the deliberations of the Board of Directors by another director of the Board of Directors. Each member of the Board of Directors cannot have more than one representation's mandate.

The Board of Directors may validly deliberate only if at least half of its members are presents.

The Board of Directors' decisions are taken by a majority of members present and represented.

In the event of a split-vote, the chairman of the session's vote take precedence.

Evidence of the number of current members of the Board of Directors and their presence or representation shall result *vis-à-vis* third parties, the mere mention in the minutes of the Board of Directors of the names of the members present, represented or absent.

ARTICLE 19 - Minutes

The deliberations of the Board of Directors shall be recorded in minutes with the required details. The minutes are drawn up and signed in accordance with applicable laws and regulations.

These minutes are signed by the director acting as Chairman for the purpose of the meeting and at least one Director.

Copies or extracts of the minutes are validly certified by the Chairman of the Board of Directors or any person duly empowered for such purpose.

After the winding-up of the Company, copies or extract of the minutes are certified by any of the liquidators or by the sole liquidator.

ARTICLE 20 - Powers of the Board of Directors

The Board of Directors determines the orientations of the Company's activity and ensures their implementation. Subject to the powers expressly assigned to the general meetings, and within the limits of the corporate purpose of the Company, it shall deal with all issues pertaining to the proper functioning of the Company and settle by its decisions the Company's business.

In relation to third parties, the Company will be committed even by the actions of the Board of Directors which do not fall within the scope of the Company's purpose, unless it proves that the third parties knew that the action fell outside the limits of said purpose or that they could not be unaware thereof given the circumstances, it being understood that the sole publication of the Articles of Association is not sufficient to establish such proof.

The Board of Directors shall carry out audits and perform the controls and verifications that it deems appropriate. Each director receives all information needed to the fulfilment of its assignment and may obtain disclosure of all documents that he considers relevant.

The Board of Directors may decide on the creation of director's committees responsible for dealing with issues that the Board of Directors submits to them. It shall determine the membership, powers, privileges and operating rules of such committees, which shall carry on their business under its responsibility.

The Board of Directors shall distribute attendance fees among the directors, the total amount of which is voted by the General Meeting.

ARTICLE 21 - General Management

I. Choice between the two forms of General Management

The General Management of the Company is handled, under his responsibility, either by the Chairman of the Board of Directors or by another individual appointed by the Board of Directors and having the title of Managing Director.

The Board of Directors chooses between the two forms of General Management at the majority of members present or represented. It shall inform the shareholders in accordance with regulatory requirements.

When the Chairman of the Board of Directors assumes the General Management of the Company, the provisions hereinafter relating to the Managing Director shall apply to him.

II. Managing Director

The Managing Director may be chosen among the directors or elsewhere. The Board of Directors fixes his term of office and remuneration.

The age limit for being Managing Director is fixed to the age of 70. Once he has reached this age, he will be deemed to have automatically resigned.

The Board of Directors may dismiss the Managing Director at any time. If the dismissal is decided without sufficient justification, it may give rise to damages.

The Managing Director is invested with the broadest powers to act on behalf of the Company in all circumstances. He exercises these powers within the limits of the Company's purpose and subject to the powers expressly assigned by the French Law to the general meeting and the Board of Directors.

He represents the Company in relations with third parties. The Company will be committed even by the actions of the Managing Director which do not fall within the scope of the Company's purpose, unless it proves that the third parties knew that the action fell outside the limits of said purpose or that it could not be unaware thereof, given the circumstances, it being understood that the sole publication of the Articles of Association is not sufficient to establish such proof.

The provisions of the Articles of Association or the decisions of the Board of Directors that limit the powers of the Managing Director are not enforceable against third parties.

III. Deputy Managing Directors

Based on proposal of the Managing Director, the Board of Directors may appoint one or more individuals to assist the Managing Director, having the title of Deputy Managing Director, whose remuneration shall be determined by the Board of Directors.

The number of Deputy Managing Directors cannot exceed five.

The Board of Directors may dismiss the Deputy Managing Directors at any time based on the proposal Managing Director. If the dismissal is decided without sufficient justification, it may give rise to damages.

When the Managing Director ceases to carry out or is prevented from carrying out his duties, the Deputy Managing Directors shall, unless decided otherwise by the Board of Directors, retain their duties and attributions until the appointment of a new Managing Director.

With the consent of the Managing Director, the Board of Directors shall determine the limits and term of the powers granted to the Deputy Managing Directors. They shall have, *vis-à-vis* third parties, the same powers as the Managing Director.

The age limit applicable to the Managing Director also applies to the Deputy Managing Directors.

ARTICLE 22 – Plurality of terms of office

An individual may simultaneously hold a maximum of five offices of director or chairman of a board of directors of public companies (*société anonyme*) having their registered office in France.

However, an individual may not hold more than one office as Managing Director. As an exception, the managing director of a company may hold a second office of the same nature within another company controlled by the first company insofar as the securities of the controlled Company are not listed on a regulated market.

Directors who are not chairmen in other companies may hold an unlimited number of offices in controlled companies of the same kind.

The list of all mandates and functions held in all companies by each of the officers during the financial year is set forth in the management report of the Board of Directors.

ARTICLE 23 - Regulated agreements

I. All agreements entered into between the Company and one of the director of the Company, its Managing Director, one of its Deputy Managing Director, an observer as defined in article 24 below or a shareholder that holds over 10% of the voting rights, or further, if a legal person, a controlling Company within the meaning of article L. 233-3 of the French Commercial Code holding over 10% of the voting rights, must be subject to prior authorisation from the Board of Directors.

The same is true for agreements in which one of the persons referred to in the preceding paragraph is indirectly involved or for which they deal with the Company indirectly or through an intermediary.

Agreements between the Company and another company are also subject to prior authorisation if one of the directors of the Company, its Managing Director, one of its Deputy Managing Director or the Company's observer is the owner, a partner with unlimited liability, manager, director, managing director, director of the board of directors or the supervisory board, or, in a general manner is in a position of responsibility within this company.

The foregoing provisions are not applicable to agreements concerning day-to-day operations and entered into under normal conditions.

The directors of the Company, its Managing Director, its involved Deputy Managing Directors are required to inform the Board of Directors as soon as he/she becomes aware of an agreement subject to authorisation. If he/she is a member of the Board of Directors, he/she shall not take part in the vote on the authorisation sought.

The President of the Board of the Directors gives notice to the Auditors of all authorised agreements and submits them to the General Meeting for approval.

II. The Auditors present a special report on these agreements to the General Meeting which rules on these agreements.

The party involved may not take part in the vote and the shares he owns are not taken into account when calculating either a quorum or a majority.

ARTICLE 24 - Observers

The Board of Directors of shareholders may appoint, at its discretion, one or more observers, whether companies or individuals, shareholders or not.

The term of office of these observers is five years.

Observers may be re-elected indefinitely. Their appointment may be revoked at any time by the Board of Directors.

Observers are convened and participate to all meetings of the Board of Directors, with a consultative vote, according to procedures that are identical to those specified for directors of the Board of Directors, without having their absence affecting the value of the latter's deliberations.

Observers may not be assigned any management, supervisory or monitoring roles, the latter being under the exclusive jurisdiction of the statutory bodies prescribed for limited companies for which they must not be a substitute.

ARTICLE 25 - Obligation of confidentiality and responsibility

I. Directors of the Company, the Managing Director and, as the case may be, the Deputy Managing Directors and the observers, as well as any person required to attend meetings of these bodies, are required to maintain total discretion in respect of information of a confidential nature that is supplied as such by the Chairman of the Board of Directors and/or the Managing Director.

II. Directors of the Company, the Managing Director and, as the case may be, the Deputy Managing Directors, are, according to their respective responsibilities, responsible to the Company or to third-parties for infringements of the legal provisions governing public limited companies, for violations of these Articles of Association, and for misconduct committed in the context of their responsibilities, under the terms and at the risk of the sanctions specified in the legislation in force.

PART IV
AUDITORS

ARTICLE 26 - The Auditors

Audits of the Company are carried out by one or more Auditors, in accordance with the legal requirements.

I. The Ordinary General Meeting appoints, pursuant to legal requirements, one or several Auditors which are entrusted with the mission determined by the Law. These appointments are for six financial years, and ends-up after the General Meeting called to rule on the annual financial statements for the sixth year after such appointments.

The Ordinary General Meeting also appoints, pursuant to legal requirements, one or several Alternate Auditors which may be required to replace the incumbents Auditors, in case of death, resignation, impediment or refusal.

II. The Auditors, are convened by registered post with confirmation of receipt:

- to every General Meeting, at the latest when the shareholders are convened; and
- at the same time than the members of the Board of Directors at the meetings reviewing and approving the yearly or semi-annual financial statements, whether individual or consolidated.

PART V
SHAREHOLDERS MEETINGS

A - Provisions common
to the different types of Meetings

ARTICLE 27 - Meetings

The General Meeting, lawfully convened, represents all the shareholders.

Its deliberations undertaken in accordance with the Law and the Articles of Association are binding on all shareholders, even those that are absent, dissident or subject to incapacity.

Depending on the subject of the resolutions proposed, there are three forms of Meetings:

- Ordinary General Meetings,
- Extraordinary General Meetings,
- Special Meetings for holders of shares in a particular category.

ARTICLE 28 - Notifications to attend

Meetings are convened by the Board of Directors. They may also be convened by the Auditor or Auditors or by a court representative under the terms and procedures specified by the Law.

During a period of liquidation, Meetings are convened by the liquidator or liquidators.

Meetings are held at the registered offices or in any other place indicated in the notification to attend the meeting.

No later than thirty-five (35) days before the date of the Meeting, a notice of meeting is published in the French *Bulletin des Annonces Légales Obligatoires* (BALO). Notifications to attend are published at least fifteen (15) days before the date of the Meeting via a notice published in the BALO and inserted into a newspaper accepting legal announcements for the department in which the head office is located.

However, shareholders owning shares in their own name for at least one (1) month on the date the convocation's notice is inserted into the newspaper shall be given notice individually, via an ordinary letter (or by registered letter if they request it and cover the related costs) sent to their last known address. This notification may also be sent via an electronic means of communication or remote data transmission, instead of by post, after obtaining the approval of the interested shareholders by post or by electronic means.

Notifications to attend must contain the following information:

- The identity of the Company,
- The date, place and time of the Meeting,
- The nature of the Meeting,
- The agenda for the Meeting.

When a Meeting is not able to deliberate due to a lack of the required quorum, a second Meeting must be convened at least ten (10) days in advance, in the same form as the first one. Notifications or letters inviting members to attend this second Meeting should reproduce the date and agenda of the first meeting.

ARTICLE 29 - Agenda

The agenda of the Meetings is determined by the author of the notification to attend.

One or more shareholders representing at least the share of the company's capital fixed by the Law and acting under and within the legal terms and deadlines, have the right to call for, by registered letter with a form for acknowledgement of receipt or by electronic means or remote data transmission, points or draft resolutions to be included in the agenda for the Meeting.

The Meeting may not deliberate on a question that is not included in the agenda, which cannot be altered for a second convocation. It can, however, in all circumstances, revoke the appointment of one or more directors of the Board of Directors and proceed with their replacement.

ARTICLE 30 - Participation of Shareholders in General Meetings

The right to participate in Meetings is defined and justified in accordance with the provisions of article R.225-85 of the French Commercial Code.

For the calculation of the quorum and the majority, the Shareholders participating, as the case may be, to the Meeting by proxy, by postal ballot, by videoconference or by any other means of telecommunication or remote data transmission are deemed present, in accordance with applicable laws and regulations and as set out below.

Each shareholder may vote by postal ballot or by proxy (including by electronic means) in accordance with the applicable legislation, and notably by means of a form filled in and sent to the Company in the conditions set by law and by regulations.

Any shareholder may also participate in and vote at meetings by videoconference or any other means of telecommunication or electronic transmission (including by the transmission of an electronic voting form or a proxy form) allowing him/her to be identified, under the conditions and in accordance with the procedures stipulated in the legal and regulatory provisions in force. The decision of the Board of Directors to use telecommunication facilities or videoconferencing will be published in the meeting notice and the notice of summons.

The submission and signature of the electronic form may be directly performed on a dedicated website with a login and a password. The proxy or vote, thus expressed prior to the Meeting by this electronic means, and the confirmation of receipt given thereof, shall be considered as irrevocable written instructions and binding on all parties, it being specified that, in the event of a transfer of ownership prior to the legal period for the purpose of recording the shares, the Company will consequently invalidate or modify, as applicable, the proxy or vote expressed prior to this date and this time.

ARTICLE 31 – Presidency – *Bureaux* - Attendance sheet

Meetings are chaired by the President of the Board of Directors, or in his/her absence, by a director specially appointed for this purpose by the Board of Directors. Failing this, the Meeting elects a President itself.

Two shareholders, present and willing, representing, both for themselves as well as representatives, the largest number of votes act as tellers.

The *Bureau* appoint a Secretary who may be chosen from outside the shareholders.

An attendance sheet should be completed for each Meeting containing the information prescribed by the Law.

ARTICLE 32 - Quorum - right to vote

In Ordinary and Extraordinary General Meetings, a quorum is calculated based on all the shares comprising the Company's capital and, in Special Meetings, based on all the shares in the relevant category, reduced by shares deprived of voting rights in accordance with the Law.

The right to vote attached to shares is proportional to the share of the capital they represent. Each capital or dividend share gives the right to one vote.

As an exception to the above provisions, any shareholder, regardless of nationality, whose shares are fully paid-up and have been registered in a nominative account in the name of the same holder for at least two years, enjoys a double voting right in accordance with the Law.

Forms that do not indicate a vote in any particular direction or that express an abstention are considered as votes against.

For the calculation of the quorum and the majority, the shareholders participating, as the case may be, to the meeting by proxy, by postal ballot, by videoconference or by any other means of telecommunication or remote data transmission are deemed present, in compliance with applicable legal and statutory provisions and article 30 above.

ARTICLE 33 - Minutes

Meetings' deliberations are recorded in minutes prepared in a special register kept at the head office and signed by the members of the *bureau* of the General Meeting.

Copies or extracts of the minutes of the deliberations are certified either by the Chairman of the Board of Directors, or by a director of the Board of Directors, or by the Meeting's Secretary. In the event of dissolution, they can be certified by the liquidator(s).

ARTICLE 34 - Communication of documents

All shareholders have the right to obtain communication of, and the Board of Directors has an obligation to send them or provide them with, the documents they need to make an informed decision and judgement on the management and operation of the Company.

The nature of these documents and the terms of their dispatch or their availability to shareholders are determined in accordance with applicable legislation.

In order to exercise their right of communication, shareholders or their representatives may obtain the assistance of an expert registered in one of the lists drawn up by the Courts and Tribunals.

Exercising the right of communication carries with it the right of copying, except where this concerns inventories.

B - Provisions specific to Ordinary General Meetings

ARTICLE 35 - Ordinary General Meeting

Ordinary General Meetings can take all decisions, other than those with the effect of directly or indirectly modifying the Articles of Association.

They meet at least once a year, within six (6) months of the end of each financial year, to rule on the accounts for this financial year, unless this period of time is extended by order of the President of the Commercial Tribunal ruling at the Board of Directors' request.

They meet on an extraordinary basis each time the Company's interests require it.

The Ordinary General Meetings can only deliberate validly, when convened the first time, if the quorum, as calculated pursuant to article 32 above, is at least one fifth of the shares with voting rights.

The second time the Meeting is convened, no quorum is required as long as the original agenda has not been modified.

The Ordinary General Meetings shall act on the basis of a majority of votes of the shareholders participating to the Ordinary General Meetings in accordance with the conditions listed in article 30 above.

**C - Provisions specific to
Extraordinary General Meetings**

ARTICLE 36 - Extraordinary General Meeting

Extraordinary General Meeting is the sole authorised to modify all the provisions of the Articles of Association and to decide in particular the conversion of the Company into a Company of another form. It may not however increase shareholders' commitments, subject to transactions resulting from a consolidation of shares carried out legally.

Extraordinary General Meeting can only deliberate validly, when convened the first time, if the quorum as calculated pursuant to article 32 above, is at least, a quarter of the shares with voting rights and, the second time as calculated pursuant to article 32 above, one fifth of the shares with voting rights. Where this latter quorum is not reached, the second Extraordinary General Meeting may be postponed to a later date being no more than two (2) months after it had been convened.

It shall act on the basis of a two thirds majority of votes of the shareholders participating to the Extraordinary General Meeting, in accordance with the conditions listed in article 30 above.

As a legal exception to the above provisions, a General Meeting that decides a capital increase by incorporation of reserves, profits or issue premiums, may rule under the terms of a quorum and a majority of an Ordinary General Meeting.

In addition, when an Extraordinary General Meeting is called on to deliberate concerning the approval of a contribution in kind or the granting of a special benefit, shares belonging to the contributor or the beneficiary are not taken into account when calculating the majority. The contributor or the beneficiary does not have voting rights, either for themselves or as representatives.

**D - Provisions specific to
Special Meetings of holders of shares of a particular category**

ARTICLE 37 - Special Meeting

If several categories of shares exist, no modification may be made to the rights attributable to shares in one of these categories without a valid vote at an Extraordinary General Meeting open to all shareholders and, in addition, without a valid vote at a Special Meeting which is opened to owners of shares in the relevant category alone.

Special Meetings can only deliberate validly, when convened the first time, if the quorum, as calculated pursuant to article 32 above, is at least one-third of the shares with a voting right, whose right is due to be modified and, the second time as calculated pursuant to article 32 above, a fifth of the shares carrying a voting right, whose right is due to be modified. Where this latter is not reached, the second Special Meeting may be postponed to a later date being no more than two (2) months after it had been convened.

They shall act on the basis of a majority of two thirds of the votes of the shareholders participating to the Special Meeting, in accordance with the conditions listed in article 30 below.

PART VI
COMPANY YEAR - ANNUAL ACCOUNTS -
ALLOCATION AND DISTRIBUTION OF PROFITS

ARTICLE 38 - Company year

The Company year starts on 1 January in each year and ends on 31 December.

ARTICLE 39 - Accounts

Official accounts of the Company's transactions should be kept in accordance with the laws and normal business practices.

At the end of each financial year, the Board of Directors should draw up an inventory of the various assets and liabilities existing on this date. It should also prepare a balance sheet describing the assets and liabilities, a profit and loss account summarising income and expenditure for the financial year, as well as an appendix supplementing and commenting on the information given in the balance sheet and profit and loss account.

All these documents should be made available to the Auditors in accordance with legal regulations.

ARTICLE 40 – Terms of dividends distribution

The profit and loss account which summarises income and expenditure for the financial year reveals by difference, after deduction of depreciation costs and provisions, the profit or loss for the financial year.

From profits, reduced if need be by previous losses, is first deducted five per cent to constitute the legal reserve fund; this deduction ceases to be mandatory when the aforesaid fund reaches a tenth of share capital; it is resumed when for any particular cause the reserve drops below this figure of a tenth.

Distributable profit is composed of the profit for the financial year, less previous losses and amounts allocated to reserves under the Law or the Articles of Association, increased by accumulated profits.

In addition the General Meeting may decide to distribute sums taken from the reserves that are available to it, specifically indicating the reserve accounts from which such distributions should be taken. However, as a priority, dividends are taken from the financial year's distributable profits.

Excluding circumstances of a reduction in capital, no distribution may be made to shareholders when shareholders equity is or following the distribution would become, less than the amount of capital increased by reserves at which level the Law or the Articles of Association do not permit a distribution.

After approval of the accounts and the existence of distributable sums has been ascertained, the General Meeting determines the share allocated to shareholders, in respect of a dividend, proportionally to the number of shares belonging to each of them.

However, after deduction of the sums allocated to the reserve, under the Law, the General Meeting may decide to allocate all or part of the distributable profit to the deferral account or to any general or special reserve accounts.

Losses, if such exist, are allocated to profits carried forward from previous financial years until they are absorbed or carried forward.

Interim dividends may be distributed, as decided by the Board of Directors before approval of the accounts for the financial year under the terms set out or authorised by the Law. The amount of these interim payments may not exceed the amount of profit as defined by the Law.

ARTICLE 41 - Dividends

I. Procedures for the payment of dividends or interim dividends are set out by the General Meeting or, failing that, by the Board of Directors. However payment must occur within a maximum period of nine (9) months after the close of the financial year, unless an extension is granted by court order.

No dividends may be claimed back from shareholders, unless the distribution was carried out in violation of the legal provisions

Unclaimed dividends within five years of their payment are lapsed.

II. The General Meeting ruling on the accounts for the financial year has the option of granting shareholders for all or part of the dividend distributed or interim payments made against the dividend, an option between payment of the dividend or interim payments in cash or in shares issued by the Company, under the terms set out or authorised by the Law.

PART VII
SHAREHOLDERS EQUITY BECOMING LESS THAN HALF THE CAPITAL

ARTICLE 42 - Early dissolution

If, due to losses recorded in the Company's accounts, shareholders' equity in the Company is reduced to less than half of the share capital, the Board of Directors must, within four (4) months following approval of the accounts in which this loss is recorded, convene an Extraordinary General Meeting in order to decide whether an early dissolution of the Company is necessary.

If dissolution is not decided on, the capital must be, within the deadline set out by the Law, reduced by an amount equal to that of the losses recorded if within this period, shareholders' equity has not returned to a value at least equal to half the Company's share capital.

In both circumstances, the Meeting's decision must be published under the regulatory requirements.

A decision to reduce capital to an amount lower than the legal minimum can only be agreed under the condition precedent of a capital increase designed to raise it to an amount at least equal to this minimum amount.

In the event of a breach of the requirements of one or more of the above paragraphs, any interested party may apply to the courts for the dissolution of the Company. The same applies if the shareholders have not been able to hold valid deliberations.

Nevertheless, the Court cannot pronounce dissolution if, on the day it is due to issue its ruling concerning the substance, the situation is rectified.

PART VIII
DISSOLUTION - LIQUIDATION

ARTICLE 43 - Dissolution

The Company is dissolved on expiry of the term set out by the Articles of Association, except where the term has been extended, or by a decision of the Extraordinary General Meeting.

The dissolution may also be ordered through a decision of the Courts at the request of any interested party, when the number of shareholders is reduced to less than seven for more than a year. In these circumstances, the Court may grant the Company a maximum period of six (6) months to rectify the situation; it may not order the Company's dissolution if, on the day when it rules on the substance, the situation has been rectified.

The Company is in liquidation, from the very moment of its dissolution, regardless of the cause, except in the event of dissolution carried out in accordance with article 1844-5 para. 3 of the French Civil Code.

Dissolution ends the duties of the directors of the Board of Directors, the Managing Director, and as the case may be, the Deputy Managing Directors; however, the Auditors continue their mission.

The General Meeting retains the same powers as during the life of the Company.

The General Meeting that orders dissolution determines the method of liquidation and appoints one or more liquidators, whose powers it determines and who exercise their duties in accordance with the applicable law.

The Company's legal personality persists for the needs of its liquidation and until the liquidation process is complete, but its name must be followed by the reference "Company in liquidation" as well as the name or names of the liquidators on all deeds and documents issued by the Company and intended for third-parties.

Its shares remain negotiable up to the end of the liquidation process.

The net proceeds of liquidation, after liabilities have been settled, are used in full to reimburse paid-up and non-depreciated share capital.

The surplus, if there is one, shall be distributed among the shareholders in proportion to the number of shares held by each of them.

PART IX
DISPUTES

ARTICLE 44 - Disputes

All disputes that may arise during the life of or the liquidation of the Company, either between the shareholders and the Company, or between the shareholders themselves, concerning the Company's affairs, will be judged in accordance with the Law and subject to the jurisdiction of the competent Courts covering the district in which the headquarters is located.

To this end, in the event of a dispute, all shareholders are required to elect domicile in the jurisdiction of the Court covering the district in which the Company's head office is located and all summons or notifications will be legally served at this domicile.

In the absence of such election of domicile, summons or notifications will be validly served at the Office of the Public Prosecutor of the Republic to the District Court in the district in which the Company's head office is located.