


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

GOVERNANCE
REPORT

2018

 innate pharma

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

INNATE PHARMA S.A.

French Limited Liability Company with an Executive Board and a Supervisory Board

(société anonyme à directoire et conseil de surveillance)

with social capital of €3,196,979.30

divided into 63,932,655 A Shares and 6,931 B Shares of €0.05 of nominal value

424 365 336 RCS Marseille

CORPORATE GOVERNANCE REPORT

2018

Chapter 1. CORPORATE GOVERNANCE

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

The Company complies with the AFEP/MEDEF corporate governance recommendations for publicly listed companies updated on June 21, 2018 ("AFEP/MEDEF recommendations") which can be consulted on the website www.medef.com, and applies the principles set out therein, except as set out in paragraph 1.8 of this report. In accordance with the recommendations included in the AFEP-MEDEF Code, the reasons for not applying certain principles are explained in this report.

It is specified that the tables issued from AMF Recommendation 2009-16 dated December 20, 2010 and updated on April 13, 2015 on the drafting of the reference document are included in paragraph 2.3.3. of the 2018 Reference document.

1.1. PRESENTATION OF EXECUTIVE COMMITTEE AND SUPERVISORY BOARD MEMBERS ON DECEMBER 31, 2018

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

- **Changes occurred to the Supervisory and Executive Board structure during the fiscal year ended on December 31, 2018**

No change to the Supervisory Board and committees occurred during the 2018 financial year.

- **Changes occurred to the Executive Board and Executive committee structure during the fiscal year ended on December 31, 2018**

No change to the Executive Board structure occurred during the 2018 financial year.

Laure-Hélène Mercier, who was Executive committee member and Executive Vice President, Chief Financial Officer, was appointed as Executive Board member on January 31, 2019.

Odile Belzunce, who was Senior Director, Comex Secretary & Compliance, was appointed as Executive Board member on January 31, 2019.

Jérôme Tiollier, Executive committee member and Executive Vice President, Chief Development Officer, left the Company on December 31, 2018.

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

Personal Information														Experience		Position			Committees			
Age	Sex	Nationality	Number of ordinary shares freely transferable	Main position outside the Company	Mandates in listed companies	Independence	Initial appointment date	Mandate termination	Seniority ⁽¹⁾	Audit	Compensation and nomination	Transaction										
Executive Board members																						
Mondher Mahjoubi	60	H	French	15,218	N/A	N/A	N/A	12/30/16	01/31/22 ⁽⁶⁾	2 years	N/A	N/A	N/A	N/A								
Yannis Morel	45	H	French	54,937	N/A	N/A	N/A	05/25/15	01/31/22 ⁽⁶⁾	4 years	N/A	N/A	N/A	N/A								
Laure-Hélène Mercier	41	F	French	8,099	N/A	N/A	N/A	01/31/19	01/31/22 ⁽⁶⁾	0 year	N/A	N/A	N/A	N/A								
Supervisory Board members																						
Hervé Brailly	57	H	French	1,024,784	See 1.1.2	N/A	✗	12/30/16	2019 AGM ⁽⁵⁾	2 year	✗	✓	✓	✓								
Gilles Brisson	67	H	French	48,059	See 1.1.2	N/A	✓	07/27/07	2019 AGM ⁽⁵⁾	12 years ⁽⁷⁾	✓	✓	✓	✗								
Patrick Langlois	73	H	French	8,141 ⁽⁴⁾	See 1.1.2	See 1.1.2	✓	05/25/10	2019 AGM ⁽⁵⁾	9 years	✓	✓	✓	✗								
Irina Staatz-Granzer	59	F	German	100	See 1.1.2	N/A	✓	06/23/09	2019 AGM ⁽⁵⁾	10 years	✓	✗	✓	✓								
Novo Nordisk A/S ⁽²⁾	52	H	Danish	8,908,456	Senior VP Corporate Finance (Novo Nordisk group)	See 1.1.2	✗	07/26/07	2019 AGM ⁽⁵⁾	12 years	✗	✗	✓	✓								
Bpifrance Participations ⁽³⁾	56	F	French	4,396,682	Director of Pôle Investissement Large Venture at Bpifrance	See 1.1.2	✗	06/23/17	2019 AGM ⁽⁵⁾	2 years	✓	✗	✗	✗								
Véronique Chabernaud	57	F	French	10	Founder of association "Créer la vitalité"	N/A	✓	04/27/15	2019 AGM ⁽⁵⁾	4 years	✗	✓	✓	✗								
Jean-Yves Blay	56	H	French	0	General Director of Léon Bérard centre	N/A	✓	12/13/17	2019 AGM ⁽⁵⁾	1 year	✗	✗	✗	✗								

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(1) Into the Executive/Supervisory Board

(2) Permanent representative: Marcus Schindler

(3) Permanent representative: Mailys Ferrere

(4) Number of shares held directly and indirectly

(5) AGM ruling in 2019 on 2018 accounts

(6) The Supervisory Board of January 31, 2019 recorded the resignation of the Executive Board. Mondher Mahjoui, as Chairman and Yannis Morel as Executive Board member, were appointed for a three-year mandate, terminating on January 31, 2022 and Laure-Hélène Mercier was appointed as new Executive Board member for a three-year mandate also terminating on January 31, 2022

(7) As of July 27, 2019

1.1.2 EXECUTIVE BOARD AND EXECUTIVE COMMITTEE MEMBERS

Mondher Mahjoubi, M.D.



Chairman of the Executive Board

Born on 09/16/1958 – French

First nomination on 12/30/16

Term expires: 01/31/2022

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

Shares	15,218	AGA 2016–2	250,000
AGAP 2016–2	3,000	AGA Bonus Management 2018–1	36,225
AGAP 2017–1	700		
AGA de Performance 2018	70,000		

Expertise and experience

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

Other positions and mandates in listed and unlisted companies

Nothing

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

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

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

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

(1) See Annex C

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Yannis Morel, PhD



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

Born on 11/02/1973 - French

First nomination on 06/25/2015

Term expires: 01/31/2022

Holding of shares and equity instruments as of January 31, 2019⁽¹⁾

Shares	57,593	BSAAR	88,000	AGAP 2016-1	450	AGA	Bonus	8,324
				AGAP 2017-1	500	Management	2018	
				AGA de	50,000			
				Performance				
				2018-1				

Expertise and experience

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

Other positions and mandates in listed and unlisted companies

Nothing

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

Nothing

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

Nothing

(1) See Annex C

Laure-Hélène Mercier, MSc, MBA


Executive Board member, Executive Vice President, Chief Financial Officer

Born on 02/09/1978 – French

First nomination on 01/31/2019

Term expires: 01/31/2022

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

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

Expertise and experience

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

Other positions and mandates in listed and unlisted companies

Nothing

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

Nothing

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

Nothing

(1) See Annex C

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Pierre Dodion, MD, MBA



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

Born on 08/07/1954 – Belgian and American

First nomination in September 2014

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

Shares	372	BSAAR	57,000	AGAP 2016-1	250
				AGAP 2017-1	400
				AGA de Performance 2018-1	30 000

Expertise and experience

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

Other positions and mandates in listed and unlisted companies

Nothing

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

Nothing

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

Nothing

(1) See Annex C

CORPORATE GOVERNANCE

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Odile Belzunce



Member of the Executive Committee, Vice-president Compliance, IT and Portfolio Management

Born on October 23, 1980 – French

First nomination on January 31, 2019

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

Shares	4 775	BSAAR	15 000	AGAP 2016-1	50	AGA Sal. 2017-1	500
				AGAP 2017-1	109		
				AGA Performance 2018-1	10 000		

Expertise et expérience

Odile Belzunce joined Innate Pharma in February 2005. She was Quality Manager during 10 years before becoming Head of Compliance and then joining the Executive Committee in 2019. During her career at Innate, Odile Belzunce contributed to the structuration of the processes as the Company was growing, developing its portfolio and its activities.

Odile Belzunce holds a DESS "Analyse & Qualité", from Aix-Marseille University.

Other positions and mandates in listed and unlisted companies

Nothing

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

Nothing

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

Nothing

(1) See Annex C

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Jennifer Butler



Member of the Executive Committee, Executive Vice-president, US General Manager

Born on June 24, 1976 – American

First nomination on March 11, 2019

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

Nothing

Expertise et experience

Jennifer Butler joined Innate Pharma in March 2019. Jennifer Butler will be joining Innate from Tessa Therapeutics, a clinical-stage oncology company, where she served as Chief Business Officer, Chief Commercial Officer and Head of US operations, responsible for global business development and commercial strategy. Prior to her role at Tessa Therapeutics, she served for more than 10 years in various commercial roles with increasing responsibility at AstraZeneca/MedImmune. While at AstraZeneca, Jennifer Butler was the Global Commercial Head of Immuno-Oncology, where she led the global commercial team preparing for the company's first Immuno-Oncology launches with IMFINZI® in bladder cancer. Jennifer Butler also previously worked in strategic healthcare consulting and as an analyst in Equity Capital Markets at Merrill Lynch.

Other positions and mandates in listed and unlisted companies

Nothing

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

Nothing

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

Nothing

(1) See Annex C

Eric Vivier, DVM, MBA



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

Born on 04/06/1964 - French

First appointment in January 4, 2018

*

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

Shares	36,400	AGA Sal. 2017-1	25,000	AGAP Sal. 2017-1	500
AGA Bonus Management 2018	11,561			AGA Performance 2018-1	50,000

Expertise and experience

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

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

Other positions and mandates in listed and unlisted companies

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

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

Nothing

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

Nothing

(1) See Annex C

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1.1.3 SUPERVISORY BOARD MEMBERS

Hervé Brailly, PhD



Chairman of the Supervisory Board – Non independent member

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

Born on 12/16/1961 – French

First nomination on 12/30/2016

Term expires: 2019 AGM

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

Shares	1,024,784 (directly and indirectly held)	BSAAR	350,000	AGAP 2016-1	500
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Expertise and experience

Hervé Brailly is a co-founder of the Company and chaired the Executive committee from the time the Company was created in 1999 until it was converted into a *société anonyme* with an Executive Board and a Supervisory Board on June 13, 2005 and was Chairman of the Executive Board until December 30, 2016. Before the creation of Innate Pharma, Hervé Brailly spent his entire career at Immunotech SA, one of the first French biotechnology start-up acquired in 1995 by Beckman-Coulter. In particular, he was at the origin and then in charge of a business activity in China from 1992 to 1995, and then he was the director of one of the company's business unit. Since 2017, Hervé Brailly is a member of the Board of Deinove SA (Montpellier) [ALDEI], a company specializing in microbiology. He is also co-founder and Partner of the Japanese Investment fund Asajes Ventures (Tokyo), which finances the development in Asia of drugs derives from European or American biopharmaceuticals, and member of the Strategic Board of the BPI fund Innobio 2. Hervé Brailly is also involved into the governance of other associations and state-owned entities in relation with the University, the innovation for life science and the transfer of technologies. Hervé Brailly graduated from of the Ecole des Mines de Paris (1983) and a Doctor of Immunology, with a specialization in immuno-pharmacology.

Other mandates and positions in listed companies

- Member of the Board of Deinove SA [ALDEI]

Other mandates and positions in unlisted companies

- Partner of the Japanese Investment fund Asajes Ventures
- Member of the Board of NH Theraquix (from April 1, 2019)
- Member of the Board of Harobase SAS (from April 1, 2019)
- Member of the Board of Swenson Global SA
- President of Kervrant Biotech SAS
- Member of the Strategic Board of the fund Innobio 2 (BPI)
- Member of the bureau and treasurer of Eurobiomed
- Member of the Strategic and prospective committee of Aix Marseille Université

CORPORATE GOVERNANCE

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- President of the engineering school Polytech-Marseille (Aix Marseille Université)

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

- Member of the Supervisory Board of Inserm Transfert (not renewed in 2014)
- Member of the Board of Platine Pharma Services (not renewed in 2014)
- Chairman of the Board of Innate Pharma Inc. (resignation on December 30, 2016)
- Member of the development counsel of Provence Métropole
- Member of the Investment committee of SATT Sud-Est

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

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

(1) See Annex C

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Gilles Brisson, HEC



Member of the Supervisory Board – independent member

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

Born on 01/08/1952 – French

First nomination on 06/26/2007

Term expires: 2019 AGM

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

Shares	48,059	BSA	50,000
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Expertise and experience

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

Other positions and mandates in listed companies

Nothing

Other positions and mandates in unlisted companies

- Chairman of the Supervisory Board of Ethypharm SA;
- Member of the Board of directors of LFB.

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

- Member of the Supervisory Board of Carso group.

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

- Chairman of the Board of Mauna Kea Technologies [MKEA]

(1) See Annex C

Patrick Langlois



Member of the Supervisory Board – independent member

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

Born on 12/09/1945 – French

First nomination on 05/25/2010

Term expires: 2019 AGM

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

Shares	8,141 (directly and indirectly held)	BSA	7,000
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Expertise and experience

Patrick Langlois joined the Rhône–Poulenc group in 1975. Among the various positions held, he was a member of the Executive Committee and Financial Director of the Rhône–Poulenc Rorer group from 1990 to 1996, Financial Director of the Rhône–Poulenc group from 1997 to 1999 and Financial Director and Executive Vice President of the Aventis SA group from 2000 to 2004. M. Patrick Langlois has been Managing Partner of PJL Conseils since 2005 and is a Director of several biopharmaceutical companies

Other positions and mandates in listed companies

- Member of the Board, member of the Compensation committee and President of the Audit committee of Newron [NWRN]
- Chairman of the Board, president of the Compensation and nomination committee of Sensorion SA (FR) [ALSEN]

Other positions and mandates and unlisted companies

- Chairman of the Board of B Cell Design

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

- Independent member of the Board, President of the Audit Committee and member of the Compensation committee of Stallergènes Greer PLC [STAGR]
- Chairman of the Board, President of the Compensation and nomination committee of ONXEO SA, note renewed in 2016 [ONXEO]
- Member of the Board and President of the Audit committee and member of the Compensation committee of Scynexis [SCYX], not renewed in 2017

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

Nothing

(1) See Annex C

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Irina Staatz-Granzer



Vice-Chairman of the Supervisory Board – independent member

President of the Transaction committee and member of the Audit committee

Born on 05/25/1960 – German

First nomination on 06/23/2009

Term expires: 2019 AGM

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

Shares	100	BSA	45,000
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Expertise and experience

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

Other positions and mandates in listed companies

Nothing

Other positions and mandates in unlisted companies

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

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

Nothing

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

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

(1) See Annex C

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Novo Nordisk A/S represented by Marcus Schlinder



Member of the Supervisory Board – Non independent member

Member of the Transaction committee

Born on 09/17/1966 – Danish

First nomination of Novo Nordisk A/S on 06/26/07

Term expires: 2019 AGM

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

8,908,456 shares

Expertise and experience

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

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

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

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

Nothing

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

Nothing

Other positions and mandates in listed and unlisted companies

Nothing

(1) See Annex C

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Bpifrance Participations represented by Mailys Ferrere



Member of the Supervisory Board – Non independent member

Member of the Audit committee

Born on 09/12/1962 – French

First nomination on 06/23/2017

Term expires: 2019 AGM

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

4,396,682 shares

Expertise and experience

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

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

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

Other positions and mandates in listed companies

- Member of the Board of DBV Technologies SA [DBV]
- Member of the Supervisory Board of Valneva SE [VLA]
- Member of the Board of Sequans Communications SA [NYSE : SQNS]

Other positions and mandates in unlisted companies

- Member of the Board of Euronext Paris

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

- Member of the Board of Pixium Vision [PIX] (expired in 2017)
- Member of the Board of GenSight Biologics [SIGHT] (expired in 2017)

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

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

(1) See Annex C

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Véronique Chabernaud



Member of the Supervisory Board – Independent member

Member of the compensation and nomination committee

Born on 11/18/1961 – French

First nomination on 04/27/15

Term expires: 2019 AGM

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

Shares	10	BSA	24,200
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Expertise and experience

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

Other positions and mandates in listed companies

Nothing

Other positions and mandates in unlisted companies

- Founder of the association « Créer la Vitalité »

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

Nothing

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

Nothing

(1) See Annex C

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Jean-Yves Blay



Member of the Supervisory Board

Born on 11/02/1962– French

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

Term expires: 2019 AGM

Holding of shares and equity instruments as of January 31, 2019⁽¹⁾

50 shares

Expertise and experience

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

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

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

Other positions and mandates

- General Director of Centre Léon Bérard in Lyon

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

Nothing

Other positions and mandates in unlisted companies

Nothing

(1) See Annex C

Olivier Martinez, PhD, MBA



Observer of the Supervisory Board

Born on 09/18/1970 – French

Term expires: 2019 AGM

Holding of shares and equity instruments as of January 31, 2019 ⁽¹⁾

Nothing

Expertise and experience

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

Other positions and mandates in listed companies

- Observer to the Board of Poxel [POXEL] (permanent representative of Bpifrance Investissements)
- Observer to the Board of Cerenis Therapeutics [CEREN] (permanent representative of Bpifrance Investissements)
- Member of the Board of Adocia [ADOC]

Other positions and mandates in unlisted companies

- Member of the Board of HaliuDx (permanent representative of Bpifrance Investissement)

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

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

Other positions and mandates in unlisted companies

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

(1) See Annex C

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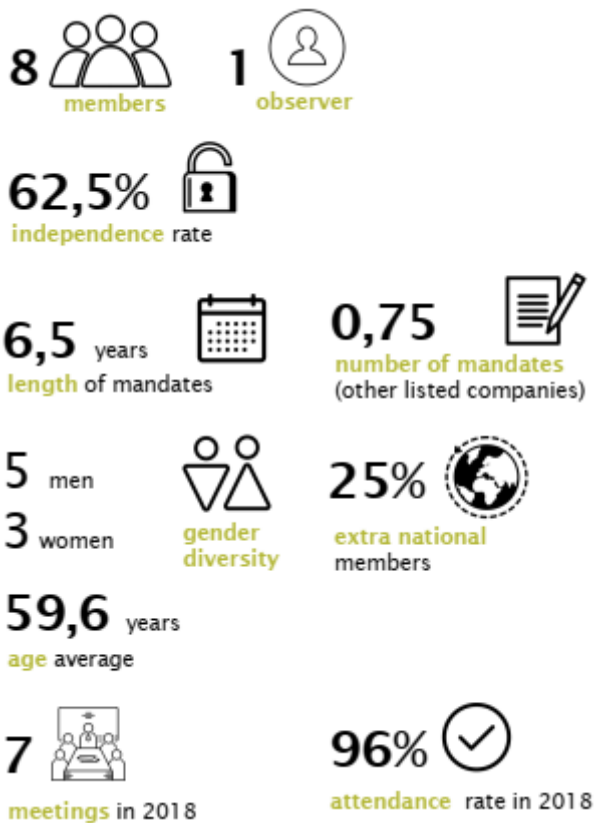
1.2. ORGANIZATION AND FUNCTIONING OF EXECUTIVE AND SUPERVISORY BODIES

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

1.2.1. SUPERVISORY BOARD ORGANIZATION

1.2.1.1 Supervisory Board members

- Supervisory Board's key figures



- Composition of the Supervisory Board

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

CORPORATE GOVERNANCE

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

Three women are members of the Supervisory Board, Irina Staatz-Granzer, Véronique Chabernaude and Mailys Ferrere (permanent representative of Bpifrance Participations). The proportion of members of each sex within the Supervisory Board is compliant with the rules of article L. 225-69-1 of the French Commercial Code.

• Supervisory Board's main skills

The Supervisory Board ensures that its composition suits the Company's needs by matching with the Company's activities (experiences in biopharmaceutical companies, in marketing and sale of pharmaceutical products and in the management of listed companies) and being adapted to the Company's stakes (expertise in the medical and scientific fields, in finance and accounting and in the M&A and partnerships area).

While assessing its composition, the Supervisory Board takes into account the new strategic stakes adopted by the Company and determines whether the skills of current Supervisory Board members allow the Board to achieve its mission.

The matrix below shows the key competences of the Supervisory Board members during the 2018 fiscal year.

	H.Brailly	G.Brisson	P.Langlois	I. Staatz-Granzer	M. Schindler (Novo Nordisk A/S)	M. Ferrere (Bpifrance Participations)	V.Chabernaude	Jean-Yves Blay	
Experience in biopharmaceutical industry (R&D, manufacturing, regulatory,...)	✓	✓	✓	✓	✓	✓	✓		88%
Top management of listed companies	✓	✓	✓		✓	✓	✓		75%
Business Development et M&A	✓	✓	✓	✓	✓	✓			75%
Scientific and medical expertise	✓				✓		✓	✓	50%
Financial/Accounting (Finance, Tax, Control, Audit...)		✓	✓	✓		✓			50%
Experience within the marketing and sale of pharmaceutical products		✓	✓		✓		✓		50%

To follow the Company's growth, the Supervisory Board intends to review its composition for the 2019 General Meeting of the shareholders and to propose the appointment of one or several members with marketing skills within the pharmaceutical products field.

Such adaptation is consistent with the new strategic evolution of the Company.

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- Supervisory Board members independence

In accordance with the AFEP/MEDEF Code, article 2.2 of the Charter of the Supervisory Board, as modified on December 12, 2018, states that a member of the Supervisory Board is an independent member when:	H.Brailly	G.Brisson	P.Langlois	J. Staatz-Granzer	M. Schindler (Novo Nordisk A/S)	M. Ferrere (Bpifrance Participations)	V.Chabernaud	Jean-Yves Blay
He or she is not involved in any relationship with the Company, its group or its management, which could compromise his or her judgment	✓	✓	✓	✓	✓	✓	✓	✓
He or she does not represent a shareholder who holds more than 10% of the voting rights of the Company	✓	✓	✓	✓	✗	✓	✓	✓
Therefore, an independent member must not be or have been, currently or within the past five years:								
an employee or corporate officer ¹ of the Company	✗	✓	✓	✓	✓	✓	✓	✓
an employee or director of an entity consolidated by the Company	✓	✓	✓	✓	✓	✓	✓	✓
a corporate officer of a company in which the Company is, either directly or indirectly, a director, or in which an employee or a corporate officer of the Company either currently or within the past five years is a director	✓	✓	✓	✓	✓	✓	✓	✓
a customer ² , supplier, investment banker or commercial banker that is significant to the Company or, if applicable, to one of its subsidiaries or for which the Company or one of its subsidiaries represent a significant part of its business	✓	✓	✓	✓	✓	✓	✓	✓
have any close family relationship to a corporate officer of the Company or, if applicable, of a subsidiary	✓	✓	✓	✓	✓	✓	✓	?
have been an auditor of the Company or, if applicable, of one of its subsidiaries, within the past five years	✓	✓	✓	✓	✓	✓	✓	✓
a corporate officer of the Company for more than twelve years	✓	✓ ³	✓	✓	✓	✓	✓	✓
receive variable compensation in cash or securities or any compensation linked to the performance of the Company or the group	✗	✓	✓	✓	✓	✓	✓	?

Each year, the Supervisory Board reviews the independence of all its members.

The Board may consider that a member of the Supervisory Board, even though he or she may meet the criteria above, does not qualify as independent based on a specific situation concerning such member or the Company and in relation to the Company's shareholding or any other reason.

¹ Corporate officers mean the Chairman and the Executive Board members

² Or be related to the Company, directly or indirectly

³ Gilles Brisson will be a member for 12 years as of July 27, 2019

CORPORATE GOVERNANCE

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

- Hervé Brailly, who was Chairman of the Executive Board from 2005 to 2016;
- Novo Nordisk A/S, represented by Mr. Marcus Schindler, which holds 13.9% of the shares and voting rights of the Company at the date of this report;
- Bpifrance Participations, represented by Mailys Ferrere, which holds 6.9% of the shares and voting rights of the Company at the date of this report.

Therefore, the Chairman of the Supervisory Board is currently a non-independent member.

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

It is specified that as from July 27, 2019, Gilles Brisson will be a member of the Supervisory Board for more than twelve years. If Gilles Brisson's mandate is renewed at the 2019 Annual General Meeting, the Supervisory Board will deliberate on his independence at the time of this renewal.

It is also specified that the Supervisory Board of March 19, 2019 entrusted Patrick Langlois with a special mission (within the meaning of article L. 225-84 of the French Commercial Code). This mission does not call into question the independence of Patrick Langlois since it is a one-time mission, of limited duration, representing an amount of remuneration proportionate to its personal resources, and which is in line with its role at the Audit Committee and for which its independence is precisely important.

In 2019, the Supervisory Board will discuss the relations between the members of the Supervisory Board and the Company, according to the above-mentioned criteria.

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

Any mandate held by the members of the Supervisory Board in other companies is independent of their mandate with the Company. Members of the Supervisory Board of Innate Pharma SA have no such mandate in the affiliates of the Company.

Except for the special mission of Jean-Yves Blay described in paragraph 2.1.2.3., and the special mission of Patrick Langlois described above, at the date of this report, there is no service agreement binding Supervisory Board's members to the Company or its affiliates.

The Supervisory Board considers that, despite of his special mission, Jean-Yves Blay is an independent member of the Supervisory Board. The Supervisory Board analysed that, in accordance with article 8 of the AFEP-MEDEF Code, such mission was not likely to generate a conflict of interest or to jeopardize his judgment. This mission consists in reporting the Strategic Advisory Board work, which is not a committee of the Supervisory Board but an ad hoc committee made of external people coming from the scientific and medical communities. In addition, such mission needs that Jean-Yves Blay be independent towards the Company and could not have been granted to a non-independent member.

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

- **Assessment of the materiality of potential business relationship with members of the Supervisory Board**

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

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- **Appointment and renewing of the Supervisory Board members**

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

The appointment of Jean-Yves Blay by the Supervisory Board of December 13, 2017 was approved by the General Meeting of May 29, 2018 and his mandate shall terminate at the General Meeting ruling in 2019 on 2018 accounts.

- **Holding of shares by the Supervisory Board members**

The Supervisory Board of December 12, 2018 has modified the Supervisory Board's internal rules to recommend that each Supervisory Board's member should, during its mandate duration, hold at least the equivalent of 10% of its annual compensation into ordinary shares of the Company.

Under the Company's by-laws, the Supervisory board's members must hold at least one Company's share.

The shareholding of the Supervisory Board's members at the date of this report is detailed in paragraph 1.1.

1.2.1.2 Observer

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

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

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

Such mandates allow Olivier Martinez to acquire a great understanding of the Company and provide the Supervisory Board with his expertise.

Thus, Olivier Martinez was appointed as observer by the 2018 Annual General Meeting for a one-year period ending at the 2019 Annual General Meeting called to approve the 2018 accounts.

1.2.2. SUPERVISORY BOARD FUNCTIONING

The Supervisory Board complies with applicable laws and regulations and articles 17 to 21 of the Company's by-laws.

The Supervisory Board also complies with functioning rules set forth by the charter of the Supervisory Board as modified on December 12, 2018 and published on the Company's website (the "**Charter**"). The Charter notably sets forth the functioning rules of the Supervisory Board and its committees.

At the date of this report, there are three Supervisory Board's committees: Audit committee, Compensation and nomination committee and Transaction committee. There is also a Strategic advisory Board, ad hoc committee of the Company, which is not compounded of Supervisory Board members and whose functioning is detailed in paragraph 1.3.

1.2.2.1. Missions of the Supervisory Board

The main missions of the Supervisory Board are as follows:

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

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

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

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

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

- Support the change of Company's team in 2017 and facilitate the transition;
- Introduce Mr. Mahjoubi to the local, regional and French interlocutor (politicians, scientifics, economists) of the Company and to the key opinion leaders in the Company's fields of activities;
- Advise the Company with regard to scientific strategy and notably with regard to bi-specifics platforms and ADC and new targets and technologies;
- Continue and, as the case may be, establish some contacts required for business development activities;
- Help to identify new targets of acquisition (preclinical projects, companies);
- Be involved in some investor relations activities.

The Supervisory Board of December 13, 2017, upon recommendation of the Compensation committee of December 8, 2017, assessed the special mission of Hervé Brailly and, on the basis of such assessment, decided to renew such special mission for a non-renewable one-year period until December 31, 2018. Such mission consisted in:

- Advise Mondher Mahjoubi with regards to the relations with local, regional and French interlocutors (politicians, scientific, economists) of the Company and to the key opinion leaders in the Company's fields of activities;

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

As provided by the Supervisory Board of December 16, 2016, Hervé Brailly's special mission relating to the change of management that occurred in December 2016 was not renewed and terminated on December 31, 2018.

During this mission, Hervé Brailly did not make any operational or management decisions.

Such special mission was not formalized under a proper services agreement. Similarly, this special mission was not incompatible with Hervé Brailly's office as Chairman of the Supervisory Board.

In accordance with article L. 225-84 of the French Commercial Code, Hervé Brailly's compensation (see paragraph 2.1.2.2.) for such mission was subject to regulated agreements rules provided under articles L. 225-86 and *seq.* of the French Commercial Code.

1.2.2.2. Meetings of the Supervisory Board

The Supervisory Board meets as often as the Company's interests require, and at least once per quarter. Meetings are called by its Chairman or its Vice-Chairman, at the headquarters or in any other place indicated in the notice of the meeting in accordance with article 19 of the Company by-laws. In 2018, the Supervisory Board met seven times with an average attendance rate of 96%.

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

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

In the course of 2018 financial year, the main topics addressed by the Supervisory Board were:

- Review of business and corporate development opportunities;
- Monitoring of clinical trials conducted in 2018 and their impact on the Company's development;
- Development collaboration entered into with AstraZeneca on October 22, 2018;
- Research strategy and preclinical development of new drug candidates;
- Discussion on Company's strategy;
- Monitoring of financial communication and investor relations activities;
- Discussion on the equity instruments (nature, attribution policy and authorizations to use the delegations);
- Follow-up of the financial communication and investor relations activities.

Executive Board members, including the Chairman of the Supervisory Board and the Executive committee members, attend Supervisory Board meeting periodically to bring some clarifications and present to the Supervisory Board the items on the agenda. The Executive Board and committee members are regularly asked to leave the room of the Board to allow the Supervisory Board members to discuss without executives' presence.

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

1.2.2.3. Evaluation of the Supervisory board's works

In accordance with the AFEP/MEDEF Code, a periodic evaluation of the Supervisory board's works is conducted through a self-evaluation based on a questionnaire drawn up by the Company.

Such questionnaire aims at assessing the following items:

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

The Board members have decided, at the Supervisory Board's meeting of December 12, 2018, to establish a self-assessment of which results have been presented and discussed during the Supervisory Board meeting held on January 31, 2019.

The questionnaire drawn-up by the Company covered the composition, operation and effectiveness of the Supervisory Board and the Committees.

The results of this evaluation show an improvement compared to the previous evaluation for the Supervisory Board as a whole and for the Committees.

In particular, the Supervisory Board considers that its members have the skills and expertise necessary for its proper functioning, that they have the information they need to carry out their duties and that the relationships between the members of the Executive Committee and the Supervisory Board enable them to work effectively and transparently with the Company.

1.2.3. Organization and functioning of Supervisory Board governance committees

At the date of this report, the Supervisory Board committees are now composed of:

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

⁽¹⁾ Independent member of the Supervisory Board

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

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1.2.3.1. Audit committee

Audit committee	Number of members	Number of independent members	Number of meetings	Attendance rate
	4	3	4	100%

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

The members of the Audit committee and their relationship with the Company, at the date of this report, are detailed in paragraph 1.2.3 above.

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

The rules relating to the services other than certification of financial statement entrusted to the auditors are set up by the "Charter concerning the services that may be entrusted to the statutory auditors and their networks", adopted on September 13, 2018 by the Audit committee.

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

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

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

During the 2018 fiscal year, the main issues dealt with by the Audit committee were:

- Review of the financial reports presented by management;
- Auditors' presentation regarding the legal audit and the accounting options adopted;
- Review of internal control issues raised by auditors and action plans proposed by the Management;
- Assessment of the tax risks by the Management;
- Review of the budget process;
- Accounting treatment of the development collaboration entered into with AstraZeneca on October 22, 2018 ;
- Application of IFRS 15 rules;
- Review of the risk mapping; and
- Review of the cash management.

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

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

1.2.3.2. Compensation and nomination committee

Compensation and nomination committee	Number of members	Number of independent members	Number of meetings	Attendance rate
	4	3	5	100%

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

The Compensation and nomination committee members and their relationship with the Company, at the date of this report, are detailed in paragraph 1.2.3 above.

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

The main missions of the Compensation and nomination committee are: the suggestion of appointment of Supervisory Board members, Executive Board members, Executive committee members and permanent guests to the Executive committee and key employees, the review of the Company's remuneration policy, in particular the evolution of the payroll, the description of the collective objectives (for the whole company) and individual objectives (for members of the Executive Board and the Executive committee), the compensation of the members of the Executive Board and the Executive committee including the permanent guest to the Executive committee, and the policy concerning the distribution of equity instruments such as stock-options, free shares, free preferred shares, free performance shares and capital increase reserved for members of the Company savings plan.

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

In 2018, the key tasks of the Compensation and nomination committee were as follows:

- Suggest the appointment of new Supervisory Board members and recruitment of key employees;
- Review the independence of each Supervisory Board members and their relationships with the Company to verify that there is no conflict of interest and be sure their independence is not threatened;
- Make recommendations on the compensation policy of the executive and supervisory bodies to be submitted to the Annual general meeting vote ("say on pay ex ante" vote);
- Start reflecting on the succession plan of Executive Board and committee members;
- Submit salary increases for the Executive Board and committee members;
- Determine the collective objectives of the Company and the individual objectives of the Executive Board and committee members (including the permanent guest to the Executive committee) and make suggestions on the corresponding bonus;

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- Assess the achievement of the objectives and, on this basis, make recommendations on the amount of the collective and individual bonus to be definitely attributed each year to the Executive Board and committee members (including the permanent guest to the Executive committee);
- Make recommendations on the compensation policy of the Company for the other employees;
- Make recommendation on the allocation of fees to the independent Supervisory Board members;
- Make recommendations to the Executive Board on the allocation of equity instruments decided or authorized by the General meetings ; and
- Make a recommendation on the exceptional premium granted following the development collaboration entered into with AstraZeneca on October 22, 2018.

1.2.3.3. Transaction committee

Transaction committee	Number of members	Number of independent members	Number of meetings	Attendance rate
	3	1	1	66,67%

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

The members of the Transaction committee and their relationship with the Company, at the date of this report, are detailed in paragraph 1.2.3 above.

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

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

In 2018, the Transaction committee met once to formulate its recommendations on the collaboration of development entered into with AstraZeneca on October 22, 2018. To avoid any conflict of interest, Novo Nordisk A/S, main shareholder of the Company, did not attend such meeting, which explains the level of participation to the Transaction committee in 2018.

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

1.3. THE STRATEGIC ADVISORY BOARD

In April 2018, the Company has decided to replace the Scientific Advisory Board by a Strategic Advisory Board.

The Strategic Advisory Board is made up of six external consultants: three of them are coming from the medical community and the three others from the scientific community.

The Strategic Advisory Board shall issue advices and recommendations relating to the Company's research and development programs.

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The main responsibilities of the Strategic Advisory Board are:

- Review and advise the Company on its scientific and medical strategy;
- Review the preclinical, clinical and translational data on the compounds developed by the Company;
- Inform the Company on the opportunities to purchase, for commercialization purposes, compounds and drugs in the immunotherapy field; and
- Advise the Company on its competitive environment, which may impact the preclinical and clinical development strategies of the Company.

The members of the Strategic Advisory Board are subject to a strict confidentiality. Such obligation of confidentiality shall also apply to any external person, who may attend a Strategic Advisory Board meeting.

The Strategic Advisory Board shall meet as often as it deems necessary and at least once a year upon convocation of its Chairman.

A member of the Supervisory Board attends the meetings of the Strategic Advisory Board and is informed of its proceedings. The member of the Supervisory Board reports, at least once a year, to the Supervisory Board on the Strategic Advisory Board's work. At the date of this report, Jean-Yves Blay attends these meetings and reports to the Supervisory Board (see "Supervisory Board members independence").

In addition, the Strategic Advisory Board being a committee put in place at the request of the Company, one or several members of the leadership team may attend the meetings. They report to the Executive Board.

The Strategic Advisory Board met for the first time on November 12, 2018 in NYC. The Strategic Board members, after having reviewed the Company's portfolio, made their first recommendations on, in particular, the need to push "immune desert" approaches, preclinical developments and specific clinical study designs.

Members of the Strategic Advisory Board are:

- **Sebastian Amigorena**, PhD, is "Directeur de Recherche de Classe Exceptionnelle" at CNRS (the Centre National de la Recherche Scientifique). He also leads the Immunology Department "Immunity and Cancer" and the newly created Cancer Immunotherapy Center at Institut Curie (Paris, France). Sebastian Amigorena has made significant contributions to immunology and cell biology at every stage of his career. His findings have helped advance the understanding of antigen presentation and T cell priming by dendritic cells, with applications in the fields of cancer immunotherapy and vaccination. Sebastian Amigorena has received numerous national and international prizes and awards, including the prestigious senior European Research Council (ERC) award (2008 and 2014).
- **Aurélien Marabelle**, MD, PhD, is the Clinical Director of the Cancer Immunotherapy Program at Gustave Roussy Cancer Center in Villejuif, France. Dr Marabelle's clinical practice is dedicated to early phase Clinical trials in Cancer Immunotherapy and his translational research is focused on mechanisms of action of immune checkpoint monoclonal antibodies. He works as a senior medical oncologist and an investigator in the Drug Development Department (DITEP). He is coordinating a team focused on cancer immunotherapy translational research projects at INSERM.
- **Ruslan Medzhitov**, PhD, is a Sterling Professor at Yale University School of Medicine (New Haven, CT, USA) and an Investigator of the Howard Hughes Medical Institute. His research interests include biology of inflammation, biological bases of diseases and evolutionary design of biological systems. Ruslan Medzhitov is a member of the National Academy of Sciences, National Academy of Medicine, and European Molecular Biology Organization. He is a fellow of the American Academy of Microbiology and a foreign member of the Russian Academy of Sciences.
- **Miriam Merad**, MD, PhD, is the Mount Sinai Chair professor in Cancer Immunology and the Director of the Precision Immunology Institute at Mount Sinai School of Medicine in New York (NY, USA). Dr. Merad's laboratory studies the contribution of macrophages and dendritic cells to Cancer and Inflammatory diseases in mice and humans. She has shown that tissue macrophages have unique functional attributes that contribute to tumor outcome and response to treatment. Dr. Merad pioneered mapping the regulatory network of dendritic cells (DCs) resulting in the identification of a lineage of DC, the CD103+ DC, that is

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now considered to be a key target to improve antiviral and antitumor immunity. Dr. Merad receives generous funding from the National Institutes of Health (NIH) for her research on innate immunity and their contribution to human disease and belongs to several NIH consortia.

- **Tanguy Seiwert**, MD, is Assistant Professor of Medicine, Section of Hematology and Oncology in the Department of Medicine at the University of Chicago (Chicago, IL, USA). Dr. Seiwert's research focuses on the biology of head and neck cancer and lung cancer. In the laboratory, he studies targeted therapies that disrupt specific pathways vital to cancer growth and metastasis. More specifically, he focuses on which novel drugs appear most promising, which individual tumors are more likely to respond to these treatments, and how to successfully combine therapies. Dr. Seiwert uses this preclinical knowledge to develop new treatments for use in clinical trials, and to ultimately improve patient care.
- **Mario Sznol**, MD, is Professor of Medicine, Leader, Melanoma/RCC Disease-Associated Research Team, and co-leader, Cancer Immunology Program at the Yale Cancer Center (New Haven, CT, USA). Recently, he was appointed the incoming President of the Society for Immunotherapy of Cancer (SITC). Dr. Sznol's interests include cancer immunotherapy, drug development for cancer, and treatment of patients with melanoma and renal cell carcinoma. After completing a fellowship in medical oncology at Mount Sinai College of Medicine in NYC in 1987, he joined the NCI as a Senior Investigator in the Investigational Drug Branch (IDB), Cancer Therapy Evaluation Program (CTEP). He was Head of the Biologics Evaluation Program, IDB, CTEP, from 1994-1999, and in 1999, was appointed Vice President of Clinical Development for Vion Pharmaceuticals in New Haven, CT. He joined the Yale faculty in medical oncology in 2004.

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

1.4.1. Executive Board

1.4.1.1. *Composition of the Executive Board*

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

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

In 2018, the Executive Board was composed of two members, appointed for a renewable three-year period:

- Mondher Mahjoubi, Chairman of the Executive Board; and
- Yannis Morel.

The Supervisory Board of January 31, 2019 recorded the resignation of Mondher Mahjoubi and Yannis Morel from their mandate as Executive Board members. The Supervisory Board of January 31, 2019, upon recommendation of the Compensation and nomination committee of the same day, appointed Mondher Mahjoubi as Chairman of the Executive Board and Yannis Morel and Laure-Hélène Mercier as Executive Board members. The new Executive Board was appointed for a three-year period and the Executive board's members' mandates will terminate on January 31, 2022.

At the date of this Report, the Executive Board is composed of three members, appointed for a renewable three-year period:

- Mondher Mahjoubi, Executive Board Chairman;
- Yannis Morel; and
- Laure-Hélène Mercier.

1.4.1.2. *Nomination and renewing of the Executive Board*

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

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

1.4.1.3. *Executive Board meetings*

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

In 2018, the Executive Board met 12 times with an average attendance rate of 100%.

On the date of this report, the Executive Board has met 3 times with an average attendance rate of 100%.

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1.4.1.4. Executive Board missions

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

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

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

1.4.1.5. Chairman of the Executive Board

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

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

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

1.4.1.6. Conflict of interest

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

There is no services agreement binding the Executive Board members to the Company or its affiliates.

1.4.2. Executive committee

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

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

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

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

1.4.3. Succession plan

During the 2018 financial year, the Compensation and nomination committee worked on the succession plan for Company's key positions and in particular on the succession of the Chairman of the Executive Board, the Executive Board members and the Executive committee members.

The Compensation and nomination committee has thus built up a succession plan to secure key positions, which was taken into account to draft the 2019 recruitment plan.

1.4.4. Diversity of the Management Board and Executive Committee

In accordance with Article L. 225-37-4 6° of the French Commercial Code, the Company ensures that the principle of diversity is respected in the composition of the Executive Board and the Executive Committee.

At the date of this report, the Executive Committee is gender balanced, with three women and three men, aged 50 on average.

The members of the Executive Committee come from a variety of educational and professional backgrounds (medical, scientific, academic, pharmaceutical, financial,...) and have acquired the necessary experience and expertise throughout their professional careers, both in other companies (AstraZeneca, Sanofi, Tessa Therapeutics, university research,...) and within Innate Pharma, by joining the Executive Committee after an internal career development path. Thus, the members of the Executive Committee have varied and complementary skills necessary to determine, implement and achieve the Company's strategy.

The diversity of the Executive Committee (gender balance, career paths, professional experience, ...) reflects the diversity of the Company's employees. Thus, among the 10% of positions with higher responsibility, the 3 Director positions are held by women and 10 Senior Director positions out of 19 are held by women.

Thus, each new appointment to the Executive Committee tends to respect the principle of diversity described above and aims to provide the Company with new skills that are complementary and adapted to the context of the Company's strong growth and evolution.

1.5. PARTICIPATION OF THE SHAREHOLDERS TO THE ANNUAL GENERAL MEETINGS

The last annual General Meeting of shareholders was held on May 29, 2018 at the Company's head office, in accordance with the Company's by-laws. Shareholders (present or represented) represented 38,659% of the capital and voting rights of the Company. Shareholders were offered the choice to vote by mail, to give a proxy to the Chairman of the meeting or to attend to the meeting.

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

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

During the 2018 financial year, agreements subject to the last paragraph of article L. 225-37-4 2° of the French Commercial Code were concluded with (i) Novo Nordisk A/S, shareholder holding more than 10% of the share capital of the Company and with (ii) Jean-Yves Blay, member of the Supervisory Board.

The amendment entered into with Novo Nordisk A/S on September 19, 2018, aims to amend the manufacturing agreement dated December 13, 2007.

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The agreement entered into with Jean-Yves Blay was concluded as part of a special mission under article L. 225-84 of the French Commercial Code.

These agreements are described under the list of regulated agreements attached as Annex A.

Excluding the agreements listed in the above mentioned Annex A, no agreement has been signed, directly or through an intermediary, pursuant to the last paragraph of article L.225-37-4 2° of the French Commercial Code, between on the one hand, one member of the Executive Board or the Supervisory Board, the managing director, one of his representatives, one of the directors or a shareholder holding a fraction of more than 10% of the voting rights of a Société Anonyme and on the other hand, a subsidiary of the Company.

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

On the date of this report:

- **Structure of the Share capital**

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

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

The Company does not have any shareholder who can exercise individual control over it. Its largest shareholder, Novo Nordisk A/S, holds 13.9% of the share capital as of January 31, 2018.

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

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

- **Shareholders' agreements**

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

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

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

The Company's by-laws do not include any restrictions to the exercise of voting rights or to the transfer of Company shares.

Under the collaboration and development agreement entered into with AstraZeneca on October 22, 2018, AstraZeneca has agreed to a 180 days lock-up on the newly issued shares, subject to customary exceptions (transfers to affiliates, a tender offer or an Innate approved block trade). Following this initial 180 days period, and for an additional 180 days, AstraZeneca has agreed to sell its shares only through orderly market transactions or through marketed block trades. AstraZeneca has also agreed to a five year standstill (which can be waived by Innate), except to the extent necessary to maintain its stake or if a third party acquires or increases its stake beyond certain thresholds or launches a tender offer on Innate.

Except as explained above, to the knowledge of the Company, there are no other contractual restrictions on exercising voting rights or transferring Company shares.

There are no Company securities granting special control rights.

- **Shareholder system for personnel**

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

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- **Appointment and replacement of the Supervisory and Executive board members and amendment of the by-laws.**

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

- **Executive Board power for issuance and buy-back of shares**

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

- **Change of control clauses (amended version)**

In the event of a change of control, the following agreements may be amended or terminated:

- The Company's co-promotion rights under the agreements signed with Medimmune Limited may be terminated;
- The terms and conditions of the BSAAR plans provide for the possibility for the beneficiaries to exercise their warrants early.
- **Compensation to the Executive Board or employees in case of resignation or dismissal without fair cause or in case of termination following a public exchange offer for shares**

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

The mandate agreement entered into between the Company and Mr. Mondher Mahjoubi (President of the Executive Board since December 30, 2016), provides that as consideration for a non-competition and a non-solicitation clause, Mr. Mondher Mahjoubi will benefit, as from the end of its functions as President of the Executive Board, from a fixed compensation equivalent to two years of remuneration (fixed and variable), which will be paid monthly on a 24-month period. It is specified that the Company may waive such non-competition and non-solicitation obligation at any moment as from the effective date of termination of Mondher Mahjoubi.

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

AFEP MEDEF Code	NON COMPLIANCE	EXPLANATIONS
The Code recommends to describe the diversity policy applied to the Supervisory Board's members and the objectives of such policy, its implementation and the results obtained during the fiscal year (§ 6.2).	The Supervisory Board did not finalize its diversity policy during 2018 fiscal year.	<p>The Supervisory Board started working on the diversity policy in 2018 to finalize it during the 2019 fiscal year.</p> <p>During the 2018 fiscal year, the Supervisory Board was made of women and men of various ages, nationality, with different professional backgrounds (see 1.1.2. and 1.2.1.), having varied and complementary areas, matching with the Company's activities and contemplated strategic challenges.</p>
The Code recommends that all members of the Audit committee must get financial and accounting expertise (§ 1.5.1).	The Rules of Procedure of the Supervisory Board, in accordance with article L. 823-19 of the French Commercial Code, provides only one member of the Audit committee should present financial and accounting skills.	Gilles Brisson and Patrick Langlois were both top managers within big pharmaceutical groups during their careers (see paragraph 1.1.2.). In particular, Gilles Brisson was Chairman of the Executive Board of Rhône Poulenc Pharma SA and Patrick Langlois was Financial director at Rhône Poulenc Pharma SA and Aventis. They developed strong financial and accounting skills, specific to pharmaceutical companies. In addition, the Company's revenues, until now, mainly coming from partnerships, the Audit committee relies on Irina Staatz-Granzer and Mailys Ferrere skills in pharmaceutical companies' strategy and partnership.
The code recommends the renewal of members of the Supervisory Board for each. (§ 13).	The mandates of the members of the Supervisory Board are renewed at the same time and not in phases.	<p>This choice is explained by the short duration of the mandates (two years), which allows for a renewal of the composition of the Company's Supervisory Board on a regular basis and so, in the Company's view, achieves the intended purpose.</p> <p>The two-year mandates duration is not an obstacle to the stability of the Supervisory Board (more of half of the Supervisory Board are</p>

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members for longer than 8 years).

The Code recommends that the fixed remuneration of the executive directors shall be reconsidered at relatively long intervals, for example three years (§24.3.1)

The reference base wage of the members of the Executive Board and of the other members of the Executive committee is fixed annually by the Supervisory Board on the basis of a recommendation from the Compensation and nomination committee.

The Company complies with article L. 225-82-2 of the French Commercial Code (Law n°2016-1691, dated December 9, 2016 relating to the transparency, the fight against corruption and the modernization of the economic life), which provides for two shareholders' votes:

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

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

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1.9. AUTHORIZATION FOR CAPITAL INCREASES

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

Delegations of authority granted to the Executive Board by the General Meeting	Duration of delegation	Terms of the delegation	Use during the 2018 fiscal year
General Meeting of May 29, 2018			
Issuance of free shares for the benefit of employed members of the Executive committee, employed senior executives and/or corporate officers of the Company or its subsidiaries as part of their variable annual compensation by application of articles L. 225-197-1 and seq. of the French Commercial Code (resolution 17)	38 months July 29, 2021	Maximum amount: €4,500 (90,000 free shares of €0.05)	€3,351.4 ⁽¹⁾
Attribution of free shares for the benefit of employees of the Company or its subsidiaries by application of articles L. 225-197-1 and seq. of the French Commercial Code (resolution 18)	38 months July 29, 2021	Maximum amount: €5,500 (110,000 free shares of €0,05)	€4,532.5 ⁽²⁾
Attribution of performance free shares for the benefit of employed members of the Executive committee, employed senior executives and/or corporate officers of the Company or its subsidiaries by application of articles L. 225-197-1 and seq. of the French Commercial Code (resolution 19)	38 months July 29, 2021	Maximum amount: €15,000 (300,000 free shares of €0,05)	€13,000 ⁽²⁾
Attribution of performance free shares for the benefit of employees of the Company or its subsidiaries by application of articles L. 225-197-1 and seq. of the French Commercial Code (resolution 20)	38 months July 29, 2021	Maximum amount: €22,500 (450,000 free shares of €0,05)	€16,375 ⁽³⁾
Issuance of autonomous equity warrants reserved for any individual or legal entity that is a member of the Supervisory Board, without shareholders' preferential subscription rights ⁽¹⁾ (Resolution 21)	18 months November 29, 2020	Maximum amount: €2,500 The share subscription price will be at least equal to the average of the closing prices of the share during the last ten stock market trading days preceding the time of allocation of the equity warrants, optionally minus a maximum discount of 10%, being specified that the grant price will be 10% of the exercise price so determined and that the amount paid at subscription will be deducted from the price due under the exercise.	N/A

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Issuance of ordinary Company shares and/or securities giving access to the Company's share capital, with shareholders' preferential subscription rights ⁽⁴⁾ (Resolution 22)	26 months July 29, 2020	Maximum amount: €720,087.85 ⁽⁴⁾	N/A
Issuance of ordinary Company shares and/or securities giving access to the Company's share capital, without shareholders' preferential subscription rights ⁽⁴⁾ (Resolution 23)	26 months July 29, 2020	Maximum amount: €576,070.30 ⁽⁵⁾ Issuance price: is at least equal to the volume-weighted average of the closing prices of the share during the last three stock market trading days preceding the date upon which the issuance price is set, optionally minus a maximum discount of 5%	N/A
Issuance of ordinary Company shares and/or securities giving access to the Company's share capital, without shareholders' preferential subscription rights to the benefit of qualified investors or a restricted circle of investors (item II of article L.411-2 of the French Monetary and Financial Code) (Resolution 24)	26 months July 29, 2020	Maximum amount: €576,070.30 ⁽⁶⁾ Issuance price: at least equal to the volume-weighted average of the closing prices of the share during the last three stock market trading days preceding the date upon which the issuance price is set, optionally minus a maximum discount of 5%	N/A
Issuance of ordinary Company shares and/or securities giving access to the Company's share capital, without shareholders' preferential subscription rights to the benefit of certain categories of persons (Resolution 26)	18 months November 29, 2019	Maximum amount: €576,070.30 ⁽⁶⁾ Issuance price: at least equal to the volume-weighted average of the closing prices of the share during the last five stock market trading days preceding the date upon which the issuance price is set, optionally minus a maximum discount of 15%	€313,025 ⁽⁷⁾
Issuance of ordinary Company shares and securities giving access to the Company's share capital, as remuneration for contributions in kind comprising equity securities or securities giving access to the share capital ⁽⁴⁾ (Resolution 28)	26 months July 29, 2020	Maximum amount: 10% of the Company's share capital on the issuance date ⁽⁶⁾	N/A
Issuance of ordinary shares and securities giving access to the Company's share capital, in the event of a public exchange offer initiated by the Company ⁽⁴⁾ (Resolution 29)	26 months July 29, 2020	Maximum amount: €576,070.30 ⁽⁶⁾	N/A
Issuance of ordinary shares and/or securities giving access to the Company's share capital for the benefit of the members of a company savings plan. (Resolution 31)	26 months July 29, 2020	Maximum amount: €10 000 The subscription price for the new shares will be equal to 80% of the average for the first prices quoted for the Company share traded during the	N/A

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twenty stock market sessions preceding the day of the decision setting the opening date for the subscription when the duration of unavailability provided under the plan is less than ten years, and 70% of this average when said period of unavailability is greater or equal to ten years.

General Meeting of Jun 23, 2017

Issuance of free shares to the benefit of new Executive committee members (employees and/or corporate officers) of the Company or its subsidiaries as provided under articles L 225-197-1 and seq. of the French Commercial Code (Resolution 26)	38 months August 23, 2020	Maximum amount: €2,500 (i.e. N/A ⁽⁸⁾ 50,000 free shares of €0.05 nominal value).
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(1) Used by the Executive Board of July 3, 2018

(2) Used by the Executive Board of January 14, 2019

(3) Used by the Executive Board of November 20, 2018

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

(5) This amount is to be counted within the overall cap of €720,087.85 stipulated by the 30th resolution of the General Meeting held on May 29, 2018. This overall cap does not take account of adjustments liable to be made in accordance with applicable legislative and regulatory provisions or contractual terms stipulating other cases of adjustment to maintain the rights of the holders of securities or other rights giving access to the share capital

(6) This amount is to be counted within the overall caps of €720,087.85 and €576,070.3 stipulated by the 30th resolution of the General Meeting held on May 29, 2018. This overall caps does not take account of adjustment liable to be made in accordance with applicable legislative and regulatory provisions or contractual terms stipulating other cases of adjustment to maintain the rights of the holders of securities or other rights giving access to the share capital.

(7) Under the development collaboration entered into with AstraZeneca, the Executive Board of October 22, 2018, upon authorization of the Supervisory Board of October 5, 2018, has decided to use the delegation for capital increase granted by the 26th resolution of the General Meeting of May 29, 2018 and through a capital increase subscribed by AstraZeneca, AstraZeneca's affiliate. On October 25, 2018, the Executive Board recorded the capital increase and the issuance of 6,260,500 shares to an issuance price of €10, €0.05 of nominal value and €9.95 of premium. Such amount shall be deducted from the overall cap of €576,070.3 provided under the 30th resolution of the General Meeting of May 29, 2018

(8) The Executive Board will meet on April 2019 to attribute 25,000 free shares to Jennifer Butler

Chapter 2. COMPENSATION OF THE CORPORATE OFFICERS

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

In accordance with articles L. 225-82-2 and L. 225-68 of the French Commercial Code, as modified by articles 4 and 5 and with Law 2016-1691 dated December 9, 2016, named "Sapin II" Law, which established an "ex ante" mandatory vote, the following paragraphs present the general principles of the compensation policy for the Supervisory and Executive Board members for the 2019 fiscal year.

This principles and criteria will be submitted to the approval of the shareholders at the next General Meeting, on May 22, 2019, deciding on the accounts for the 2018 fiscal year and can only be implemented after having received the favourable vote on the simple majority of the shareholders present or represented.

The draft resolutions to be submitted to the approval of the General Meeting are attached as Annex B.

2.1.1 Executive Board members compensation

The Executive Board members' compensation is decided by the Supervisory Board upon recommendation of the Compensation and nomination committee. For the 2019 fiscal year, the compensation has been fixed according to the same general principles and composed of the same components than those applicable during the 2018 fiscal year, which are those described in this section.

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

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

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

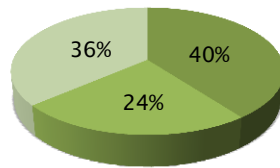
- a short-term component including:
 - a fixed compensation, which reflects the responsibility, the level of experience and the skills of each member; and
 - an annual variable compensation remunerating the individual contribution to the annual collective performance, paid in cash. As from the 2017 fiscal year, a part could be paid in free shares⁽³⁾ to interest the Executive Board members to the long-term value creation of the Company and encourage them, through the ownership of shares, to efficiently contribute to such value creation (see 2.1.1.2).
- a **long-term incentive or LTI**: performance free shares (Performance free shares)⁽³⁾, which interest the Executive Board members to the long-term results of the Company, retain them and align their interests on the shareholders' interests; and
- **other benefits** attached to the exercise of the Executive Board members including a supplementary pension plan, in-kind benefits and an unemployment insurance (GSC) for the Chairman of the Executive Board.

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The graphics below show, for illustrative purpose, the part of each Executive Board member compensation component within their whole compensation for 2019. For the 2019 Performance free shares, a value amounting to €4.3 has been retained on the basis of a provisional calculation on January 23, 2019 by a financial expert.

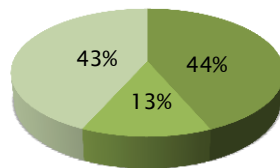
Mondher Mahjoubi

- Fixed compensation
- Short Terme Incentive
- Long Term Incentive



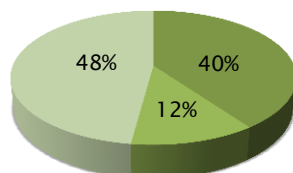
Yannis Morel

- Fixed compensation
- Short Terme Incentive
- Long Term Incentive



Laure-Hélène Mercier

- Fixed compensation
- Short Terme Incentive
- Long Term Incentive



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2.1.1.1 Fixed compensation

The fixed compensation is determined on the basis of the general principles applicable to the Company's compensation policy.

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

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

	2019 Fixed compensation in €	Evolution between 2018 and 2019
Chairman of the Executive Board Mondher Mahjoubi	470,000	0%
Executive Board member, Product portfolio strategy & Business development Yannis Morel	216,000	+20%
Executive Board member, Chief Financial Officer Laure-Hélène Mercier	180,000	N/A

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

During the 2018 financial year, the Executive Board fixed compensation has not been increased.

For 2019, the Supervisory Board, upon recommendation of the Compensation and nomination committee does not contemplate to increase the fixed compensation of the Executive Board members.

For 2019, the Supervisory Board, upon recommendation of the Compensation and nomination committee, does not intend to modify the fixed compensation of the Executive Board members.

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

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2.1.1.2 Annual variable compensation

- Principles of determination

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

For 2019 fiscal year, the Supervisory Board, upon recommendation of the Compensation and nomination committee has decided not to modify the proportion of the Executive Board members' annual variable compensation.

Thus, for the 2019 financial year, the annual variable compensation of the members of the Executive Board may represent, at most, the following percentages and amounts of their fixed compensation:

Executive Board members	Maximum compensation			
	Maximum percentage of the fixed remuneration if:		Maximum amount of variable compensation if:	
	100% objectives are reached	Over performance (125%)	100% objectives are reached	Over performance
Chairman	60%	75%	€282,000	€352,500
Executive Board member "Product portfolio strategy & Business development"	30%	38%	€64,800	€82,080
Executive Board member "Chief Financial Officer"	30%	38%	€54,000	€68,400

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

- Objectives 2019

The Compensation and nomination committee, on January 31, 2019, determined the corporate, functional and individual objectives of each Executive Board member and their weight.

The annual objectives are operational criteria which are in relation with the implementation of the Company's strategic plan and allow assessing the Company's performance within the achievement of such plan. Moreover, the long-term performance objectives used for the long-term compensation (see 2.1.1.3) are backed to stock market criteria to align the Executive Board members long term interests with the shareholders' interests.

The annual objectives of the members of the Executive Board are described on three levels:

- The corporate objectives:

They represent the priority objectives necessary to achieve the Company's strategy. They are operational, adapted to the Company's strong growth and development context and shared by the entire Company. They are defined around three pillars:

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- **Science:** whose main objective is the implementation and effective conduct of clinical programs and the execution of the development collaboration agreement entered into with AstraZeneca on October 22, 2018;
- **Commercial:** which aims to initiate the transition to a commercial biopharmaceutical company focused on oncology and biotechnology;
- **Finance:** the objective of which is to ensure the financing and continuity of the Company.

The corporate objectives are also composed of two organizational pillars, structural for the future of the Company: **the preparation and adequacy of the organization and the quality of work life.**

- The functional objectives:

They make it possible to define, for each member of the Executive Board (excluding the Chairman of the Executive Board), the priority functional objectives corresponding to the responsibilities of the member concerned within the Company and the role of each member in the achievement of the Company's strategy;

- The individual objectives of the members of the Executive Board:

They make it possible to assign each member of the Executive Board (excluding the Chairman of the Executive Board) annual objectives relating to an additional specific mission. The individual objectives are intended to enable the members of the Executive Board to extend and develop their skills and to enable the Company to gain in competitiveness and creativity.

The assessment criteria used to measure the achievement of the objectives included in the scientific, commercial and financial pillars (80% of the corporate objectives) are quantifiable criteria. The criteria used for the two other axes, the preparation and adequacy of the organisation and the quality of work life (20%), are both quantifiable (10%) and qualitative (10%) criteria.

The targets of each criterion, notably the criteria relating to the main pillars (science, commercial and finance) cannot be fully disclosed for strategic and confidential purposes.

The Supervisory Board determines the weighting of corporate criteria for each member of the Executive Board and assigns functional and individual objectives to each member (see above).

The objectives of the Chairman of the Executive Board are 100% composed of corporate objectives because of their essential strategic aspect.

The table below shows the performance criteria determined for the corporate, functional and individual objectives of the Executive Board members as well as the internal measurement criteria which will be used by the Compensation and nomination committee at the end of the year (or at the beginning of the following year) to assess the level of achievement of each criterion:

Objectives and performance criteria	Measures of the criteria
Scientific leadership 45%	
<ul style="list-style-type: none"> - Development of Lumoxiti - Progress of the clinical pipeline 	<ul style="list-style-type: none"> - Achievement of new development milestones for Lumoxiti, as defined by the strategic plan, including regulatory milestones - Achievement of clinical objectives defined under the strategic plan for monalizumab and IPH4102, including recruitment objectives - Achievement of the objectives as defined by the plan, including completion of the regulatory filing for IPH5201

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Finance 20%	
- Development of the company's shareholder base	- Objectives of ownership of the share capital by identified investors, as defined in the strategic plan
Commercial performance	
- Commercialization of Lumoxiti	- Achievement of pre-determined sales objectives and key performance indicators
Preparation and adequacy of the organization 15%	
- Commercial structure	- Objectives for structuring the organisation necessary for the commercialization of Lumoxiti in the United States
Great place to work 5%	
Maintaining a high level of employees involvement	- Achievement of a predefined percentage of satisfaction on employees' quality of work life

• Individual contribution of the Executive Board members for 2019

Objectives and performance criteria	Mondher Mahjoubi	Yannis Morel and LH Mercier
Scientific leadership	45%	27%
- Development of Lumoxiti	10%	6%
- Progress of the clinical pipeline	10%	6%
- Progress of the preclinical pipeline	25%	15%
Finance	20%	12%
- Development of the company's shareholder base in the United States		
Commercial performance	15%	9%
- Commercialization of Lumoxiti		
Preparation and adequacy of the organization	15%	9%
- Implementation and structuring of the organization necessary for the marketing of Lumoxiti in the United States		
Great place to work	5%	3%
- Maintaining a high level of employees involvement		
TOTAL	100%	60%

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• 2019 Functional and individual criteria for Yannis Morel

Functional objectives: Global Portfolio Strategy et Business Development 30%		
Objectives and performance criteria	Measures of the criteria	Weighting
- Respect of the budget related to the activities of the Global Portfolio Strategy	- Budgetary objectives as defined in the budget plan	5%
- Partnerships	- Conclusion of a target number of partnerships	5%
- Progress of the clinical portfolio	- Achievement of clinical objectives as defined by the strategic plan for monalizumab and IPH5401	15%
- Expansion of the preclinical portfolio	- Achievement of a target number of projects in the preclinical portfolio	5%
Individual objective: 10%		
- Implementation of the partnership with AstraZeneca	- Successful completion of the partnership and associated contractual obligations	10%

• 2019 Functional and individual criteria for Laure-Hélène Mercier

Functional objectives: Finance 30%		
Objectives and performance criteria	Measures of the criteria	Weighting
- Lead the financial and legal structuring necessary for the commercialization of Lumoxiti	- Evaluation of the organizations in place at the end of 2019	10%
- Consolidate the Company's funding perspectives	- Achievement of funding objectives as described in the strategic plan	10%
- Strengthen financial control procedures	- Achievement of objectives for the implementation of new processes and tools	5%
- Budget compliance	- Compliance with budgetary objectives as described in the strategic plan	5%
Individual objective: 10%		
- Develop interactions with the medical and scientific community	- Participation in conferences and exchanges with the medical and scientific community	10%

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• **Payment terms (AGA Bonus)**

Since 2017 fiscal year, with a view of interesting the Executive Board members to the Company's long-term creation value and encourage them, through the ownership of shares, to efficiently contribute to such value creation, the annual variable compensation may be composed of one part paid in cash and of another part paid in free shares (AGA Bonus), subject to the vote in favour of the General Meeting and the authorization to use such delegation granted by the Supervisory Board.

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

The number of AGA Bonus attributed will be determined according to their value in euros calculated on the weighted average of the last twenty stock market prices preceding the date of the General Meeting authorizing the attribution of AGA Bonus, without discount.

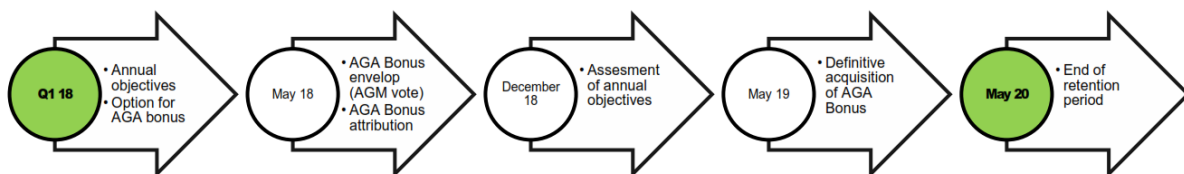
Then, immediately after the determination, by the Compensation and nomination committee, at the end of the year (or at the beginning of the following year) of the level of achievement of the objectives defined at the beginning of the year for the annual variable compensation in cash and the part of the annual variable compensation in AGA Bonus, the Executive Board will decide, for each of its members, on the number of AGA Bonus, which could be definitely acquired by the latter at the end of the acquisition period (one year following the attribution date) depending on the achievement of the objectives and subject to the vote in favour by the Annual general meeting under the vote on the variable components of the compensation to be paid for the previous fiscal year.

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

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

In accordance with article L. 225-100 of the French Commercial Code, the annual variable compensation for 2019 fiscal year, will only be paid after having received the favourable ex post vote of the simple majority of the shareholders presents or represented at the 2020 annual general meeting voting on the 2019 accounts.

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



2.1.1.3 Long-term incentive

To tie Executive Board members to the Company's pluriannual performance, the Supervisory Board (upon recommendation of the Compensation and nomination committee), suggested, subject to the vote in favour of the Annual General meeting of May 22, 2019, to attribute free performance shares to the Executive Board members (the "Free Performance Shares").

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

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

For 2019, a resolution on the Free Performance Shares of which performance conditions are based on the stock market value growth and benefit from two "vesting kickers" triggered by the achievement of internal conditions, will be submitted to the Annual General Meeting.

- The level of achievement of the **stock market value condition** shall depend on the Final Price, meaning the highest average closing price of Innate Pharma share on Euronext Paris for sixty consecutive trading days calculated at any time during the twelve months prior to the definitive acquisition of the Free Performance Shares against the Initial Price, meaning the average closing price of the Innate Pharma shares on Euronext Paris for the sixty trading days prior to the Annual General Meeting of May 22, 2019.

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

- (a) 0% if the Final Price is lower than the Initial Price;
 - (b) Between 0% and 100% linearly if the Final Price is comprised between the Initial Price and two times the Initial Price;
 - (c) 100% if the Final Price is equal or above two times the Initial Price.
- The **internal conditions** shall be deemed achieved if, over the three-year acquisition period of the Free Performance Shares:
 - a Biologic License Application is filed with the Food and Drug Administration (FDA) in the United States or with the European Medicines Agency (EMA) in Europe for one of its products and the application filing is approved, it being understood that, since the approval of the application filing by the FDA and the EMA does not take place immediately upon filing, the determination of whether this condition is met will take place after the FDA or the EMA, as applicable, has determined whether the application filing is approved or not and the condition will be met even if a positive response from the FDA or the EMA is given after the three year performance period (the "Internal Condition 1"); and/or
 - Lumoxiti treatment is the third-line leader in the treatment of Hairy Cell Leukemia in the United States, with at least one patient over two treated with Lumoxiti (the "Internal Condition 2").

In case of achievement of the Internal Condition 1 only, 50% of the Free Performance Shares attributed will be automatically acquired (Vesting kicker) and the remaining 50% of Free Performance Shares may be acquired according to the stock market value condition as explained above.

In case of achievement of the Internal Condition 2 only, 25% of the Free Performance Shares attributed will be automatically acquired (Vesting kicker) and the remaining 75% of Free Performance Shares may be acquired according to the stock market value condition as explained above.

In case of achievement of the Internal Condition 1 and the Internal Condition 2, 75% of the Free Performance Shares attributed will be automatically acquired (Vesting kicker) and the remaining 25% of Free Performance Shares may be acquired according to the stock market value condition as explained above.

However, if between the date of definition of the Initial Price and the date of definition of the Final Price and the date of the definitive acquisition of the Free Performance Shares, one of the Reference Indexes (as defined below) were to experience a Significant Variation (as defined below), then the Executive Board will have the possibility to adjust the Initial Price and/or the Final Price to neutralize the exogenous impact of such a Significant Variation. The Executive Board shall, in this case, name a recognized independent expert to assist the Executive Board in the determination of such adjustments. The terms "Reference Indexes" mean the following stock market indexes: SBF 120, CAC 40, Next Biotech and NBI (NASDAQ Biotechnology Index). If one of these indexes were to be no longer available, the Executive Board can choose a replacement index.

The terms "Significant Variation" mean one or the other of the following events for the relevant index: the average of the closing value for the index over the sixty consecutive trading days prior to the Expiry Date of the Retention

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Period (or, as the case may be, the Modified Expiry Date of the Retention Period) is inferior or equal to 90% of the average of the closing value for the index over the sixty consecutive trading days prior to the Annual General Meeting of May 22, 2019; the average of the closing value for the index over a sixty consecutive trading days period at any time between the date of the Annual General Meeting of May 22, 2019 and the definitive acquisition date of the Free Performance Shares, is inferior or equal to 80% of the average of the closing value for the index over another sixty consecutive trading days period at any time between the date of the Annual General Meeting of May 22, 2019 and the definitive acquisition date of the Performance Free Shares.

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

For 2019, the Compensation and nomination committee held on January 31, 2019 suggested to attribute the following number of Performance Free Shares to the Executive Board members:

- 100,000 Performance Free Shares to the Chairman of the Executive Board;
- 50,000 Performance Free Shares to each other member of the Executive Board.

2.1.1.4 Other benefits

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

- Company vehicle;
- Supplemental health insurance, subscribed with AG2R Prémalliance, which terms and conditions are identical to the Company's employees (two different types of contributions depending on the family status);
- Collective provision contract, subscribed with AG2R Prémalliance, which terms and conditions are identical to the Company's employees (management contribution applicable to the Executive Board members);
- Complementary pension plan « article 83 » subscribed with AG2R Prémalliance, which terms and conditions are identical for all the Company's employees and financed by a contribution equivalent to 2% of the annual salary, including 1.20% paid by the Company;
- The Company subscribed to a contract of unemployment insurance (GSC) for the Chairman of the Executive Board. Such contract guarantees the payment of an indemnity in case of unemployment (within the limit of 70% of the last professional income declared to the Tax administration), to the company leaders and corporate officers not entitled to the ASSEDIC unemployment benefits;
- Mondher Mahjoubi's non-competition indemnity.

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

2.1.1.5 Exceptional attributions of free shares for new executives

Subject to the approval of the General meeting, upon recommendation of the Compensation and nomination committee and approval of the principle by the Supervisory Board, the Executive Board may attribute free shares to executives (employees and/or executive officers) newly appointed.

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

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

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

The number of free shares attributed under the authorization will be 50,000 free shares.

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

2.1.2. Supervisory Board members compensation

The Supervisory Board members' compensation is made of attendance fees. As from the beginning of 2017 fiscal year, the Chairman of the Supervisory Board is no longer remunerated with attendance fees but benefits from a distinct compensation.

2.1.2.1. Attendance fees

The Company pays attendance fees to the members of the Supervisory Board, except to the permanent representatives of Novo Nordisk A/S and Bpifrance Participations (shareholders of the Company and non-independent members of the Supervisory Board) and the Chairman of the Supervisory Board, who receive a fixed compensation under article L. 225-81 of the French Commercial Code (see paragraph 2.1.2.2.).

The attendance fees include a fixed part for each member and a variable part depending on their presence to the Board and committees. The variable part depending on the presence to the meetings of the Supervisory Board and committees overrides the fixed part.

Having observed that the boards or Supervisory boards of SBF 120 companies received an average of €46,500 as compensation during the 2017 fiscal year⁴, the Supervisory Board held on January 31, 2019, upon recommendation from the Compensation and nomination committee of the same day, decided to change the attendance fees allocation grid to increase the compensation related to the participation on boards and committees (and not the fixed compensation) of each Supervisory Board member (except the Chairman of the Supervisory Board), who received an average of €33,100 each during the 2018 exercise.

⁴ Study from the Institut Français des Administrateurs post-AG 2018

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The table below shows the allocation grid of the attendance fees applicable as from the 2019 fiscal year.

		2019
Envelope to be voted at the annual Shareholders' Meeting:		€240,000
Annual retainer	For a Board member	€15,000
Fees for Board attendance	For a Board member	€2,000
	Chairperson of the Board/Chairperson of Committee (Audit /compensation committees)	€3,500
Fees for Committee attendance	Committee Member	€1,300
	Committee Chairperson	€2,000
<i>In case of telephone attendance, 50% of attendance fees are awarded</i>		

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

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

2.1.2.2. *Chairman of the Supervisory Board compensation*

The Chairman of the Supervisory Board does not receive attendance fees, he receives a fixed compensation.

The Supervisory Board of December 14, 2016 decided that Hervé Brailly, as new Chairman of the Supervisory Board, will benefit from a specific compensation under article L. 225-84 of the French Commercial Code and would no longer be remunerated on the attendance fees envelop voted by the Ordinary general meeting. As non-independent member of the Supervisory Board, Hervé Brailly does not benefit from attendance fees.

The Supervisory Board of January 31, 2019, upon recommendation from the Compensation and nomination committee of the same day, decided to increase the fixed compensation of Hervé Brailly as Chairman of the Supervisory Board by €50,000 to a total of €100,000.

This increase in Hervé Brailly's fixed compensation was decided in view of his role as Chairman of the Company's Supervisory Board and the new strategic challenges that the Company will have to face in the coming years (marketing of Lumoxiti, progress on clinical programs,...), which will require more work from the Chairman of the Supervisory Board.

It is specified that this fixed remuneration is attached to the person of Hervé Brailly.

2.1.2.3. *Compensation of Jean-Yves Blay's special mission*

The Supervisory Board of September 14, 2018 entrusted Jean-Yves Blay, who was appointed on December 13, 2017, with a special mission (within the meaning of article L. 225-84 of the French Commercial Code).

Such special mission aims at providing an interface between the Supervisory Board and the Strategic Advisory Board and the compensation for such mission amounts to €10,000 per year.

Jean-Yves Blay receives attendance fees as Supervisory Board member.

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Due to his functions as doctor and his other activities in relation with teaching and research, a service agreement was concluded. Such consultant agreement reflects the mission granted by the Supervisory Board and was subject to the regulated agreements procedure.

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2.2. COMPENSATION OF THE EXECUTIVE BOARD MEMBERS AND OF THE CHAIRMAN OF THE SUPERVISORY BOARD DURING THE 2018 FISCAL YEAR (« EX POST » VOTE)

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

The variable or exceptional components of the compensation identified with a * in the tables below will be submitted to the shareholders' approval at the next General meeting to be held on May 22, 2019, deciding on the accounts for the 2018 fiscal year and can only be implemented after having received the favourable vote on the simple majority of the shareholders present or represented.

Thus, the following paragraphs present the fixed, variable or exceptional components of the global compensation and benefits in kind paid, for the 2018 fiscal year to the Chairman and member of the Executive Board and the Chairman of the Supervisory Board.

Annex C of this Report shows the equity instruments issued by the Company as well as their main characteristics.

2.2.1 Components of the compensation of the Chairman of the Executive Board and of the members of the Executive Board and the Chairman of the Supervisory Board for the 2018 fiscal year

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

The table below shows all components of the global compensation and benefits in kind paid or attributed⁽¹⁾ for the fiscal year ended on December 31, 2018 to *Mondher Mahjoubi, Chairman of the Executive Board*

Components of the compensation paid or attributed during the fiscal year ended on December 31, 2018	Amounts or accounting valuation submitted to the vote	Presentation
Fixed compensation	€470,000	Gross fixed compensation paid under the mandate agreement
Annual variable compensation*	€155,100	The Supervisory Board of December 12, 2018 upon recommendation of the Compensation and nomination committee of December 11, 2018 fixed the individual objectives' achievement of Mondher Mahjoubi to 105% (see 2.2.1.2). The amount of € 155,100 is equal to 50% of the achievement of 100% of the annual objectives (282,000/2), i.e. € 141,000 increased by the 5% over performance (282,000*5%), i.e. € 14,100, Mondher Mahjoubi having opted for the payment of 50% of his annual variable compensation, increased by a 30% premium in AGA Bonus (see paragraph 2.2.1.2.).

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Exceptional premium*	€ 116,129	The Supervisory Board of December 12, 2018, upon recommendation of the Compensation and nomination committee of December 11, 2018, and the Supervisory Board of January 31, 2019, upon recommendation of the Compensation and nomination committee of the same day, granted an exceptional premium to Mondher Mahjoubi due to his crucial role during the development collaboration with AstraZeneca on October 22, 2018 (see paragraph 2.2.1.2.).
Free shares attribution (replacing a part of the payment in cash of the annual variable compensation)*	€269,152 ⁽³⁾	Mondher Mahjoubi opted for the payment of 50% of his annual variable compensation in free shares, increased by a 30% premium. On the basis of the objectives achievement recorded by the Compensation and nomination committee of December 11, 2018, it benefits from 36,225 AGA Bonus over the 36,225 AGA Bonus attributed by the Executive Board of July 3 2018 and corresponding to 50% of his annual variable compensation increased by a 30% premium ⁽²⁾ . An Executive Board will record, on July 3, 2019 at the earliest, the definitive acquisition of such 36,225 AGA Bonus so attributed (see 2.2.1.2).
Equity instruments paid under the pluriannual variable compensation	€233,100 ⁽⁴⁾	The Executive Board of November 20, 2018, upon authorization of the Supervisory Board of May 29, 2018 decided upon recommendation of the Compensation and nomination committee of the same day, decided to attribute 70,000 Performance free shares to Mondher Mahjoubi.
Benefits in kind	€21 302	Corresponding to the amounts paid under "article 83", GSC insurance and the Company car.

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

(2) The number of AGA Bonus attributed by the Executive Board of July 3, 2018, subject to the achievement of the objectives, was calculated on the basis of the weighted average of the 20 last trading days before July 3, 2018 (from June 5, 2018 to July 2, 2018), amounting to €5.06 per ordinary share of the Company

(3) AGA Bonus valued at the stock market value on December 31, 2018, amounting to €7.43 per ordinary share

(4) Attribution by the Executive Board of November 20, 2018 of 70,000 Performance free shares for the 2018 multiyear variable compensation, valued par an independent financial advisor at €3.33 per 2018 Free Performance Share as at December 31, 2018

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The table below shows all components of the global compensation and benefits in kind paid or attributed⁽¹⁾ for the fiscal year ended on December 31, 2018 to *Yannis Morel, Product portfolio strategy & Business development and member of the Executive Board*

Components of the compensation paid or attributed during the fiscal year ended on December 31, 2018	Amounts or accounting valuation submitted to the vote	Presentation
Fixed compensation	€216,000	Gross fixed compensation paid under his working contract.
Annual variable compensation*	€35,510	The Supervisory Board of December 12, 2018, upon recommendation of the Compensation and nomination committee of December 11 2018, fixed the achievement of the annual individual objectives of Yannis Morel at 104.8% (see 2.2.1.2). The amount of € 35,510 is equal to 50% of the achievement of 100% of the individual annual objectives (64,800/2), i.e. € 32,400 the 4.8% over performance (64,800*4.8%), i.e. €3,110, Yannis Morel having opted for the payment of 50% of his annual variable compensation, increased by a 30% premium in AGA Bonus (see paragraph 2.2.1.2.).
Exceptional premium*	€27,450	The Supervisory Board of December 12, 2018, upon recommendation of the Compensation and nomination committee of December 11, 2018, granted an exceptional premium to Yannis Morel due to his crucial role during the development collaboration entered into with AstraZeneca on October 22, 2018 (see paragraph 2.2.1.2.).
Free shares attribution (replacing a part of the payment in cash of the annual variable compensation)*	€61,847 ⁽³⁾	Yannis Morel opted for the payment of 50% of his annual variable compensation in free shares, increased by a 30% premium. On the basis of the objectives achievement recorded by the Compensation and nomination committee of December 11, 2018, it benefits from 8,324 AGA Bonus over the 8,324 AGA Bonus attributed by the Executive Board of July 3, 2018 and corresponding to 50% of his annual variable compensation increased by a 30% premium. An Executive Board will record, on July 3, 2019 at the earliest, the definitive acquisition of such 8,324 AGA Bonus so attributed (see 2.2.1.2) ⁽²⁾ .
Equity instruments paid under the pluriannual variable compensation	€166,500 ⁽⁴⁾	The Executive Board of November 20, 2018, upon authorization of the Supervisory Board of May 29, 2018, decided upon recommendation of the Compensation and nomination committee of the same day, decided to attribute 50,000 2018 Performance free shares to Yannis Morel.
Benefits in kind	€3,922	Corresponding to the amounts paid under "article 83" and the Company car.

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

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

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

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

The table below shows all components of the global compensation and benefits in kind paid or attributed for the fiscal year ended on December 31, 2018 to *Hervé Brailly, Chairman of the Supervisory Board*⁽¹⁾

Components of the compensation paid or attributed during the fiscal year ended on December 31, 2018	Amounts or accounting valuation submitted to the vote	Presentation
Fixed compensation	€50,000	Specific compensation paid under article L. 225-84 of the French Commercial Code (see 2.2.2.3).
Exceptional temporary compensation	€100,000	Special mission entrusted to Hervé Brailly within the meaning of article L. 225-84 of the French Commercial Code (see 2.2.2.3).

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

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2.2.1.2 Details of the compensation components

- **Annual variable compensation paid in cash**

The tables below show the annual objectives of the Executive Board members and their weighting as well as the percentage of achievement of each objective, as assessed by the Supervisory Board of December 12, 2018, upon recommendation of the Compensation and nomination committee on December 11, 2018.

The individual annual objectives of the Executive Board members were presented under the 2018 Say on Pay report and approved by the General meeting of May 29, 2018.

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

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

Mondher Mahjoubi: achievement of individual objectives in 2018

	Weighting	Achievement	Assessment criteria	Assessment
Scientific leadership				
Progress and diversification of the preclinical pipeline	40%	37.5%	Achievement of a number of target projects reaching development milestones, identification of the best targets for the development of Innate's own potential technologies and development of some projects	Number of target projects reaching the development milestones achieved. For IPH5401: starting of the phase 1 study evaluating IPH5401 in combination with durvalumab and recruitment of the first patient.
Progress of the clinical pipeline	30%	37.5%	Achievement of clinical objectives defined under the strategic plan	The clinical objectives defined under the strategic plan have been achieved and over performed (see above IPH5401, which entered into the clinical phase). For monalizumab: publication of communications during major scientific congress (AACR, SITC, ESMO), cohort extension under monalizumab trials and publishing of an article in "Cell". For IPH 4102: starting of an international phase II study announced for the first 2019 semester.

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Financial discipline				
Compliance with the budget	15%	15%	Budget targets as defined under the strategic plan.	Objective achieved: financing of the Company through the development collaboration entered into with AstraZeneca on October 22, 2018.
Organization readiness				
Management of a « talent pool » within the Company			Identification of a « talent pool » and start of the development programs, including management trainings	Objective achieved: identification made in 2018 and implementation of a dedicated program of skills development.
	7.5%	7.5%		
Secure key positions			Collaboration with the Compensation and nomination committee members to set up a succession plan	Succession plan built up: identification of key positions and appropriate recruitment plan in case of succession issues.
Great place to work				
Improve working conditions			Implementation of new working conditions in 2018	Objective achieved: company-wide agreement on the work time flexibility signed in 2018.
Roll out the internal communication plan	7,5%	7.5%	Achievement of the steps to implement the plan	The actions defined under the communication plan were implemented.
Apply for a label rewarding the work environment quality			Obtaining a target percentage of satisfaction under an internal survey conducted with the employees	Internal survey on the level of employees satisfaction: 88% of the employees are proud to work for Innate Pharma.
TOTAL		105%		

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Yannis Morel: achievement of individual objectives in 2018

	Weighting	Achievement	Assessment criteria	Assessment
Scientific leadership				
Progress and diversification of the preclinical pipeline	35%	32.5%	Achievement of a number of target projects reaching development milestones, identification of the best targets for the development of Innate's own potential technologies and development of some projects	Number of target projects reaching the development milestones achieved. For IPH5401: starting of the phase I study evaluating IPH5401 in combination with durvalumab and recruitment of the first patient.
Progress of the clinical pipeline	30%	37.5%	Achievement of clinical objectives defined under the strategic plan	<p>The clinical objectives defined under the strategic plan have been achieved and overachieved (see above IPH5401, which entered into the clinical phase).</p> <p>For monalizumab: publication of communications during major scientific congress (AACR, SITC, ESMO), cohort extension under monalizumab trials and publishing of an article in "Cell".</p> <p>For IPH 4102: starting of an international phase II study announced for the first 2019 semester.</p>
Partnerships	5%	6.3%	Conclusion of a target number of partnerships	Objective achieved and overachieved regarding the development collaboration entered into with AstraZeneca on October 22, 2018.
Financial discipline				
Compliance with the budget	15%	13,5%	Budget targets as defined under the strategic plan.	Achievement of 90% of portfolio budget targets.

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Organization readiness				
Management of a « talent pool » within the Company			Identification of a « talent pool » and start of the development programs, including management trainings	Objective achieved: identification made in 2018 and implementation of a dedicated program of skills development.
Secure key positions	7.5%	7.5%	Collaboration with the Compensation and nomination committee members to set up a succession plan	Succession plan built up: identification of key positions and recruitment plan adapted to take into account the succession issues.
Great place to work				
Improve working conditions			Implementation of new working conditions in 2018	Objective achieved: company-wide agreement on the work time flexibility signed in 2018.
Roll out the internal communication plan	7,5%	7.5%	Achievement of the steps to implement the plan	The actions defined under the communication plan were implemented.
Apply for a label rewarding the work environment quality			Obtaining a target percentage of satisfaction under an internal survey conducted with the employees	Internal survey on the level of employees' satisfaction: 88% of the employees are proud to work for Innate Pharma.
TOTAL		104.8%		

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- **Exceptional premium**

In accordance with the possibility provided under section 2.3.1.1.2 (i) of the 2017 Reference Document (Say on Pay Report – ex ante– Annual Variable compensation), the Supervisory Board of December 12, 2018 and January 31, 2019, upon recommendation of the compensation and nomination committee of December 11, 2018 and January 31, 2019, granted an exceptional premium to Mondher Mahjoubi and Yannis Morel.

The amount of such exceptional premium amounts to €116,129 for Mondher Mahjoubi and € 27,450 for Yannis Morel.

The exceptional premium was decided following the conclusion, with AstraZeneca, of the development collaboration on October 22, 2018 (see paragraph 2.2.1.1.). Such collaboration lead the Company to go beyond the 2018 objectives (commercialization of Lumoxiti©), grant of multiple licenses, exercise of the option on monalizumab by AstraZeneca and subscription to the share capital by MedImmune (9.8%), a subsidiary of AstraZeneca, and the Supervisory Board considered that such deal must be taken into account for the 2018 financial year within the annual variable compensation of Mondher Mahjoubi and Yannis Morel, as an exceptional premium.

Such exceptional premium will be submitted to the shareholders' approval at the next General meeting to be held on May 22, 2019, deciding on the accounts for the 2018 fiscal year and can only be implemented after having received the favourable vote on the simple majority of the shareholders present or represented.

- **Amount of the annual variable compensation to be paid in cash to the Executive Board members for 2018**

The annual variable compensation (in cash or AGA Bonus) will be submitted to the shareholders' approval at the next General meeting to be held on May 22, 2019, deciding on the accounts for the 2018 fiscal year and can only be implemented after having received the favourable vote on the simple majority of the shareholders present or represented.

	Fixed compensation (€)	% of variable of fixed compensation	% of achievement of performance criteria	Total annual variable total 2018 (€)	Variable 2018 to be paid (€) ⁽¹⁾	Variable 2018 to be paid in AGA Bonus (€)	Exceptional premium (€)
Mondher Mahjoubi	470,000	60%	105%	296,100	155,100	269,152 ⁽²⁾	59,729
Yannis Morel	216,000	30%	104.8%	67,910	35,510	61,847 ⁽³⁾	27,450

(1) Mondher Mahjoubi and Yannis Morel having both opted for the payment of 50% of their annual variable compensation into AGA Bonus, 50% of this amount, increased by 100% of their over performance (5% for Mondher Mahjoubi and 4.9% for Yannis Morel) will be paid in cash (see 2.1.1.2)

(2) In July 2019, the Executive Board will record the definitive acquisition of 36,225 AGA Bonus corresponding to 50% of Mondher Mahjoubi's annual variable compensation increased by a 30% premium. On December 31, 2018, such AGA Bonus were valued at €269,152 (market value of €7.43 per share on December 31, 2018)

(3) In July 2019, the Executive Board will record the definitive acquisition of 8,324 AGA Bonus corresponding to 50% of Yannis Morel's annual variable compensation increased by a 30% premium. On December 31, 2018, such AGA Bonus were valued at €61,847 (market value of €7.43 per share on December 31, 2018)

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- **Long-term incentive – Distribution of Performance free shares**

The attributions of Free Performance Shares⁵ consist in the attribution of free shares, under article L. 225-197-1 and seq. of the French Commercial Code, which definitive acquisition, at the end of a three-year period, is subject to a presence condition and to performance criteria.

The performance conditions of the 2018 Performance free shares are based on the Company's stock market value evolution and benefit from a "vesting kicker" triggered by the achievement of an internal condition.

The level of achievement of the stock market value condition shall depend on the Final Price, meaning the highest average closing price of Innate Pharma share on Euronext Paris for sixty consecutive trading days calculated at any time during the twelve months prior to the definitive acquisition of the Performance Free Shares against the Initial Price, meaning the average closing price of the Innate Pharma shares on Euronext Paris for the sixty trading days prior to the Annual General Meeting of May 22, 2019.

The 2018 Free Performance Shares were attributed to the Executive Board members on November 20, 2018. The Initial Price was thus fixed to €6.07 and the Final Price (except in case of adjustment in case of Substantial Variation) to €18.21.

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

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

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

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

Annex C of this Report details the performance condition and the characteristics of the 2018 Performance free shares.

Following the decision of the Supervisory Board of May 29, 2018, made upon the recommendation of the Compensation and nomination committee of March 30, 2018, the Executive Board, on November 20, 2018, used the delegation granted by the General Meeting of May 29, 2018 under its 19th resolution to attribute Performance free shares to the Executive Board members.

⁵ Annex B of this Report shows the equity instruments issued by the Company as well as their main characteristics

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The table below shows such attribution:

Executive Board members	Number of 2018 Performance free shares attributed	% of maximum dilution ⁽¹⁾	Total value in € ⁽²⁾
Mondher Mahjoubi	70,000	0.11%	€233,100
Yannis Morel	50,000	0.08%	€166,500

(1) On the basis of the number of shares of the non-diluted share capital on the date of the Executive Board attribution and assuming that the performance criteria of the 2018 Performance free shares have been fully achieved and give right to the definitive acquisition of 100% of the 2018 Performance free shares attributed.

(2) On the basis of the valuation made by an independent financial expert on December 31, 2018 by valuing one 2018 Free Performance Share to €3.33.

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

The table below summarizes the share equivalents of the equity instruments owned by the members of the Executive Board and the Supervisory Board as of December 31, 2018:

	BSAAR	BSA	AGAP Management 2016/2017 ⁽²⁾	AGA Performance 2018	AGA Management 2016 ⁽²⁾	AGA Bonus 2018 ⁽³⁾	TOTAL ⁽⁴⁾	% of maximum dilution ⁽¹⁾
Hervé Brailly	350,000		100,000 ⁽⁵⁾				450,000	0.70%
Mondher Mahjoubi	-	-	670,000 ⁽⁶⁾	70 000	250,000	36,225	1,026,225	1,610%
Yannis Morel	88,000	-	140,000 ⁽⁷⁾	50 000	-	8,324	286,324	0,45%
Total	438,000	-	910,000	120 000	250,000	44,549	1,762,549	2,76%

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

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

(3) Whose definitive acquisition will be acknowledged in July 2019

(4) In ordinary shares, in the event of maximum conversion of AGAP 2016 and 2017 and AGA Performance 2018

(5) 500 AGAP 2016 convertible into a maximum of 100,000 ordinary shares

(6) 3,000 AGAP 2016 convertible into a maximum of 600,000 ordinary shares and 700 AGAP 2017 convertible into a maximum of 70,000 ordinary shares

(7) 450 AGAP 2016 convertible into a maximum of 90,000 ordinary shares and 500 AGAP 2017 convertible into a maximum of 50,000 ordinary shares

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

2.2.2.1 Attendance fees

The Annual General Meeting of May 29, 2018 voted a total amount of €200,000 in attendance fees. This amount is distributed among the members of the Supervisory Board according to a calculation, which depends on their rate of attendance at meetings and their responsibility in committees.

The table below shows the attendance rate of the Supervisory Board members during the 2018 fiscal year:

	Supervisory Board	Audit committee	Compensation and nomination committee	Transaction committee	% of presence
Hervé Brailly	100% (7/7)	-	100% (5/5)	100% (1/1)	100%
Irina Staatz-Granzer	100% (7/7)	100% (4/4)	-	100% (1/1)	100%
Gilles Brisson	100% (7/7)	100% (4/4)	100% (5/5)		100%
Novo Nordisk A/S	100% (7/7)			0% (0/1) ⁽¹⁾ -	50%
Bpifrance Participations (Mailys Ferrere)	100% (7/7)	100% (4/4)	-	-	100%
Patrick Langlois	100% (7/7)	100% (4/4)	100% (5/5)		100%
Véronique Chabernaud	100% (7/7)	-	100% (5/5)	-	100%
Jean-Yves Blay	71% (5/7)	-	-	-	71%

- (1) During the 2018 financial year, the Transaction committee met once to make its recommendations on the development collaboration with AstraZeneca; To avoid any conflict of interest, Novo Nordisk A/S did not attend such meeting.

On the basis of such elements and the allocation grid applicable during the 2018 fiscal year, the Company paid attendance fees to the members of the Supervisory Board in 2018 amounting to €165,500 allocated as follows:

Amount of the attendance fees paid (€)	
Irina Staatz-Granzer	28,750
Gilles Brisson	43,750
Patrick Langlois	43,500
Véronique Chabernaud	28,500
Jean-Yves Blay	21,000

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2.2.2.2 Warrants (BSA)

- **Warrants (BSA) attributed in 2018**

In accordance with AMF recommendation dated June 5, 2018, which recommends ceasing the issuance of warrants that would not be at market conditions to the benefit of Supervisory Board members, the Company decided not to use the authorization granted by the General Meeting of May 29, 2018 and did not issue warrants to the benefit of Supervisory Board members in 2018.

- **Warrants (BSA) held by the Supervisory Board members**

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

Supervisory Board members	Circulating BSA	% dilution ⁽¹⁾
Hervé Brailly ⁽²⁾	0	0%
Irina Staatz-Granzer	45,000	0.07%
Gilles Brisson	50,000	0.08%
Novo Nordisk A/S ⁽²⁾	0	0%
Bpifrance Participations ⁽²⁾	0	0%
Patrick Langlois	7,000	0.01%
Véronique Chabernaud	24,200	0.04%
Jean-Yves Blay	0	0
TOTAL	126,200	0.20%

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

(2) Non-independent members of the Supervisory Board were not eligible to the attribution of warrants

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

2.2.2.3 Termination of the special mission entrusted to the Chairman of the Supervisory Board

The special mission (within the meaning of article L. 225-84 of the French Commercial Code), which was entrusted to Hervé Brailly as Chairman of the Supervisory Board by the Supervisory Board of December 14, 2016, renewed by the Supervisory Board of December 13, 2017, terminated on December 31, 2018.

In accordance with article L. 225-84 of the French Commercial Code, Hervé Brailly's compensation under this mission, which amounted to € 100,000 for the 2018 fiscal year, was subject to regulated agreements rules provided under articles L. 225-86 and seq. of the French Commercial Code.

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2.2.2.4 Jean-Yves Blay's special mission

Under his special mission (within the meaning of article L. 225-84 of the French Commercial Code, which was granted by the Supervisory Board of September 14, 2018 (see paragraph 2.1.2.3.), Jean-Yves Blay received €10,000 for the 2018 fiscal year.

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Chapter 3. Supervisory Board observations

In accordance with article L. 226-68 of the French Commercial Code, the Supervisory Board has no observation neither on the Management report nor on the account of the previous fiscal year.

Annex A –Regulated agreements

- **Agreement concluded with Jean-Yves Blay as member of the Supervisory Board**

On September 14, 2018, the Company entrusted Jean-Yves Blay, in addition to his role as Supervisory Board Member, with a specific mission pursuant to article L.225-84 of de French Commercial Code.

This special mission consists for Jean-Yves Blay, because of his scientific and medical qualifications, to attend the meetings of the Strategic Advisory Board (SAB), i.e. at least one physical meeting and around two conference calls per year. In this context, he will exchange with the members of the SAB and will present to the Supervisory Board, at least once a year, a report on his opinion on the SAB's proceedings.

This special mission took effect on September 14, 2018 for the duration of Jean-Yves Blay's term of office as a member of the Supervisory Board, i.e. until the date of the General Shareholders' Meeting called to approve the 2018 financial statements and, as the case may be, for as long as his term of office as a member of the Supervisory Board is renewed.

As compensation for discharging this mission, Jean-Yves Blay receives an annual remuneration of €10,000.

Motivation:

This mission enables the Supervisory Board to obtain an informed opinion on the work of the SAB, from one of its members with appropriate scientific and medical qualifications.

- **Amendment to the manufacturing agreement concluded with Novo Nordisk A/S**

On September 19, 2018, Innate Pharma and Novo Nordisk A/S entered into an amendment to the manufacturing agreement dated December 13, 2007 under which Novo Nordisk A/S agreed to manufacture additional batches of C5Ar.

The amendment provides for the adjustment of the quantity of products supplied by Novo Nordisk A/S and for the modification of the price paid by Innate Pharma to €3,218,590.64.

The signature of this amendment was authorized by the Supervisory Board on September 14, 2018.

Motivation:

This amendment makes it possible to calculate the final price based on the quantity actually produced.

- **Agreement concluded with Hervé Brailly, as Chairman of the Supervisory Board**

On December 14, 2016, with effect as from December 30, 2016, the Supervisory board decided to grant to Hervé Brailly, in addition to his role as Chairman of the Supervisory Board, a special mission under article L. 224-84 of the French Commercial Code with a period of one year, renewed for another period of one year by the Supervisory Board on December 13, 2017.

Such special mission mainly consisted in ensuring the transition to the new executive team of Innate Pharma and in providing strategic advices.

Under such special mission, Hervé Brailly received a gross compensation amounting to €100,000 in 2018.

Such special mission ended on December 31, 2018.

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

Article 83:

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

The amount paid by Innate Pharma for the 2018 fiscal year amounted to € 4,928.

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Company car:

Mondher Mahjoubi benefited from the lease of a company car, at a cost of € 4,493 in 2018.

Non-competition and non-solicitation undertaking:

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

No payment was made under such Mandate during the fiscal year ended on December 31, 2018.

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

Compensation:

Yannis Morel received an annual salary of € 216,000 in 2018.

Yannis Morel will receive, in 2019, for the year 2018, an individual bonus amounting to € 31,649 and an exceptional bonus amounting to € 27,450.

Article 83:

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

The amount paid by Innate Pharma for the 2018 fiscal year amounted to € 2,122.

Company car:

Yannis Morel benefited from the lease of a company car, at a cost of € 1,800 in 2018.

- **Agreement concluded with Novo Nordisk A/S as shareholder**

Collaboration agreement:

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

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

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

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

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

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

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

Amendment No. 7 was signed on February 5, 2014 under which Novo Nordisk A/S sold to Innate Pharma the rights on Anti-NKG2A for € 7 million, broken down into € 2 million paid in cash and 600,000 shares Innate Pharma. Under Amendment No. 7, Innate Pharma agreed to reimburse Novo Nordisk A/S for the annual maintenance costs of an underlying license from Novo Nordisk A/S to a third party.

Annex A –Regulated agreements

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

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

License agreement:

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

Agreement concluded with Novo Nordisk A/S:

On March 24, 2016, Innate Pharma and Novo Nordisk A/S agreed on the amounts owed by Innate Pharma to Novo Nordisk A/S as a result of the co-development agreement entered into with AstraZeneca in April, 2015. Under such agreement, Innate Pharma paid to Novo Nordisk A/S an amount of € 6,500,000. Moreover, if AstraZeneca pays the amount of USD 100,000,000 provided under the contract entered into between Innate Pharma and AstraZeneca in April 2015 pursuant to the exercise of the licensing option, Innate Pharma shall pay an additional amount of USD 15,000,000 to Novo Nordisk A/S. On the date of this letter, the additional payment of AstraZeneca has become certain. Therefore, the additional payment of USD 15 million to Novo Nordisk A/S will be made within 15 days following the payment of AstraZeneca, which is due on January 31, 2019.

Acquisition of C5aR from Novo Nordisk A/S

On June 2, 2017, Innate Pharma entered into a contribution in kind agreement with the company Novo Nordisk A/S under which Novo Nordisk A/S undertook to transfer shares to Innate Pharma by way of contribution, which contribution relates to all the shares held by Novo Nordisk A/S in a company named NN C5aR S.A.S, set up for the purpose of acquiring the exclusive development and commercial rights in the anti-C5aR antibody by Innate Pharma.

The terms of the agreement provide for payments up to € 370 million by way of development, regulatory and sales milestone payments and to double digit royalties on future net sales in excess of 10%.

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

- (i) Exclusive license agreement dated July 4, 2017;
- (ii) Side letter dated June 23, 2017 under which Innate Pharma and Novo Nordisk A/S agreed on the transaction terms and the payment by Innate Pharma of some external advisory costs and other costs relating to the manufacturing of a first batch;
- (iii) An indemnity agreement dated July 13, 2017.

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

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

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

Manufacturing agreement concluded with Novo Nordisk A/S

On December 13, 2017, Innate Pharma and Novo Nordisk A/S entered into an agreement under which Novo Nordisk A/S agreed to manufacture additional batches of C5aR for an amount estimated to €2,462,497.

In accordance with the authorization of the Supervisory Board dated September 14, 2018, an amendment has been executed, under which the quantity of products supplied by Novo Nordisk A/S was adjusted and the price paid by Innate Pharma was changed to €3,218,590.64.

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Annex B – Draft resolutions

Resolution n° 15 – Approval of the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components making up the total compensation and benefits of any kind attributable to the Chairman of the Executive Board for the 2019 financial year

The General Meeting, ruling under the quorum and majority conditions required for ordinary General Meetings, pursuant to Article L. 225-82-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components making up the total remuneration and benefits of any kind attributable, by virtue of his term of office as Chairman of the Executive Board, as detailed in paragraph 2.1.1 of the corporate governance report attached to the report referred to in Articles L. 225-100 and L. 225-102 of the French Commercial Code.

Resolution n° 16 – Approval of the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components making up the total compensation and benefits of any kind attributable to the members of the Executive Board for the 2019 financial year

The General Meeting, ruling under the quorum and majority conditions required for ordinary General Meetings, pursuant to Article L. 225-82-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components making up the total remuneration and benefits of any kind attributable, by virtue of their term of office as members of the Executive Board, as detailed in paragraph 2.1.1 of the corporate governance report attached to the report referred to in Articles L. 225-100 and L. 225-102 of the French Commercial Code.

Resolution n° 17 – Approval of the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components making up the total compensation and benefits of any kind attributable to the Chairman of the Supervisory Board for the 2019 financial year

The General Meeting, ruling under the quorum and majority conditions required for ordinary General Meetings, pursuant to Article L. 225-82-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components making up the total remuneration and benefits of any kind attributable, by virtue of his term of office as Chairman of the Supervisory Board, as detailed in paragraph 2.1.1 of the corporate governance report attached to the report referred to in Articles L. 225-100 and L. 225-102 of the French Commercial Code.

Resolution n° 18 – Approval of the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components making up the total compensation and benefits of any kind attributable to the members of the Supervisory Board for the 2019 financial year

The General Meeting, ruling under the quorum and majority conditions required for ordinary General Meetings, pursuant to Article L. 225-82-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components making up the total remuneration and benefits of any kind attributable, by virtue of their term of office as members of the Supervisory Board, as detailed in paragraph 2.1.1 of the corporate governance report attached to the report referred to in Articles L. 225-100 and L. 225-102 of the French Commercial Code.

Annex C – EQUITY INSTRUMENTS

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Annex C – EQUITY INSTRUMENTS

This annex details the equity instruments issued by the Company.

Paragraph 2.3.2.1.4. of the 2018 Reference Document presents the number of equity instruments allocated and exercised as well as the potential dilution.

- **Free shares attributed to employees (AGA Employees)**

Instruments	Beneficiaries	Acquisition period	Retention period	Acquisition condition
AGA Employees	Employees	1 year	1 or 2 years depending on the plans ⁽¹⁾	Presence at the end of the acquisition period

(1) Two-year retention period for AGA 2016-1 and 2016-2 and one-year retention period for AGA 2017-1 and 2018-1

- **Free shares attributed to new executives (AGA New Members)**

Instruments	Beneficiaries	Acquisition period	Retention period	Acquisition condition
AGA New Members	New executives (employees and/or executive officers) of the Company or its consolidated subsidiaries	3 years	-	Presence at the end of the acquisition period

- **Free share attributed to Executive Board and Executive committee members as part of their annual variable compensation (AGA Bonus 2018)**

Instruments	Beneficiaries	Acquisition period	Retention period	Acquisition condition
AGA Bonus 2018	Executive Board or Executive committee members having opted for such modality of payment of their annual variable compensation	1 year	1 year	Number of shares definitely acquired equal to the equivalent in cash of 50% of their annual variable compensation increased by a 30% premium

(2) See "Payment terms (AGA Bonus)"

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- **2016 Free preferred shares (AGAP 2016)**

Instruments	Beneficiaries	Acquisition period	Retention period	Performance period ⁽¹⁾	Acquisition condition
AGAP 2016	Members of the Executive Board, of the Executive committee and employees	1 year	2 years	3 years	Presence at the end of the acquisition period (AGAP 2016-1: October 21, 2017; AGAP 2016-2: December 30, 2017). At the end of the retention period, determination of the performance ratio in proportion of the achievement of the performance criteria.

(1) The performance period corresponds to the sum of the acquisition period and the retention period

Performance criteria of AGAP 2016:

The AGAP 2016 may be converted into a maximum of 200 ordinary shares (depending on the achievement of performance criteria below) during a six-year and six-month period starting at the end of the retention period.

The number of ordinary shares to which the conversion of one AGAP 2016 will entitle will be equal to the sum of (i) a number of ordinary shares which will depend on the fulfilment of an internal condition (the "Internal Condition") and (ii) a number of Ordinary Shares which will depend on the fulfilment of a market condition as defined below (the "Market Condition") (together the "Performance Criteria").

The Internal Condition allowing calculating the conversion ratio of AGAP 2016 that can be converted will be determined as a function of the higher of the following two alternative criteria:

a) The first criterion is a function of the cash revenues of the Company relating to a present or future partnership or licensing agreement, cumulated over the period from 1 July 2016 to 30 June 2019 (the "Cash Revenues"):

(i) If the Cash Revenues are strictly inferior to 50 million Euros, the conversion ratio under the Internal Condition will be equal to 0;

(ii) If the Cash Revenues are equal or superior to 50 million Euros and inferior to 150 million Euros, the conversion ratio under the Internal Condition will be equal to:

$$[(\text{Cash Revenues} - 50) / 100] \times 100$$

(iii) If the Cash Revenues are equal or superior to 150 million Euros, the conversion ratio under the Internal Condition will be equal to 100;

b) The second criterion is a function of the maturity of the portfolio of drug candidates developed by the Company during the three years before the Expiry Date of the Retention Period. "Drug candidates developed by the Company" mean Lirilumab, Monalizumab and IPH4102. For each of these products:

(i) In the event of the authorization by the competent regulatory authority in the United States or in Europe for the Company or one of its partners to carry out a Phase III trial or a clinical trial with a view to register a product, the conversion ratio under the Internal Condition will be equal to 50;

(ii) In the event of the authorization by the competent regulatory authority in the United States or in Europe for the Company or one of its partners to carry out two Phases III trials or clinical trials with a view to register two

Annex C – EQUITY INSTRUMENTS

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products and/or two different indications for one product, the conversion ratio under the Internal Condition will be equal to 75;

(iii) In the event of an acceptance from the European Medicines Agency (EMA) in Europe or the Food and Drug Administration (FDA) in the United States to examine a filing by the Company or one of its partners of a marketing authorization request, the conversion ratio under the Internal Condition will be equal to 100.

The Market Condition allowing calculating the conversion ratio of the AGAP 2016 into Ordinary Shares will be determined depending on the stock market price of the Innate Pharma share:

The terms "Initial Price" mean the average closing price of the Innate Pharma share on Euronext Paris for the sixty trading days prior to the allocation date of the AGAP 2016 by the Executive Board.

The terms "Final Price" mean the highest average closing price of the Innate Pharma share on Euronext Paris for the trading days over a period of sixty consecutive days calculated at any time during the three years prior to the Expiry Date of the Retention Period.

The term "High Price" means the Initial Price multiplied by two.

a) If the Final Price is strictly inferior to the Initial Price, the conversion ratio under the Market Condition will be equal to 0;

b) If the Final Price is between (i) a value equal or superior to the Acquisition price and (ii) a value inferior to the High Price, the conversion ratio under the Market Condition will be equal to:

$$[(\text{Final Price} / \text{Initial Price}) - 1] \times 100$$

c) If the Final Price is equal or superior to the High Price, the conversion ratio under the Market Condition will be equal to 100.

- **2017 Free preferred shares (AGAP 2017)**

Instruments	Beneficiaries	Acquisition period	Retention period	Performance period ⁽¹⁾	Acquisition condition
AGAP 2017	Members of the Executive Board, of the Executive committee and employees	1 year	2 years	Between the date of the General Meeting and the end of the retention period	Presence at the end of the acquisition period (April 3, 2019). At the end of the retention period, determination of the performance ratio in proportion of the achievement of the performance criteria.

(1) The performance period corresponds to the sum of the acquisition period and the retention period

Performance criteria of AGAP 2017:

The AGAP 2017 may be converted into a maximum of 100 ordinary shares (depending on the achievement of performance criteria below) during a six-year and six-month period starting at the end of the retention period.

The number of ordinary shares to which the conversion of one AGAP 2017 will entitle will be equal to a number of ordinary shares which will depend on the fulfilment of a market condition (the "Market Condition"). The Market Condition allowing to calculate the conversion ratio of AGAP 2017 in ordinary shares will be determined based on the relative performance of Innate Pharma shares.

The terms "Initial Price" mean the average closing price of the Innate Pharma share on Euronext Paris for the sixty trading days prior to the General Meeting of June 23, 2017.

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The terms "Final Price" mean (i) the highest average closing price of the Innate Pharma share on Euronext Paris for sixty consecutive trading days calculated at any time during the twelve months period prior to the Expiry Date of the Retention Period, or (ii) in case of a tender or exchange offer whose definitive results are announced on the latest on the Expiry Date of the Retention Period, the price at which such tender offer is made (or, in case of an exchange offer exclusively, the implied price of such exchange offer, by applying the exchange ratio to the closing price of the offeror's share on the eve of the Modified Expiry Date of the Retention Period).

- a) If the Final Price is inferior or equal to the Initial Price, the conversion ratio will be equal to 0;
- b) If the Final Price is comprised between the Initial Price and 30 euros, the conversion ratio will be equal to:
 $100 \times [(Final\ Price - Initial\ Price) / (30 - Initial\ Price)]$, rounded up to the next whole number
- c) If the Final Price is equal or superior to 30 euros, the conversion ratio will be equal to 100.

However, if between the date of the General Meeting of June 23, 2017 and the Expiry Date of the Retention Period (or, as the case may be, the Modified Expiry Date of the Retention Period), one of the Reference Indexes (as defined below) were to experience a Significant Variation (as defined below), then the Executive Board will have the possibility to adjust the Initial Price and/or the Final Price to neutralize the exogenous impact of such a Significant Variation. The Executive Board shall, in this case, name a recognized independent expert to assist the Executive Board in the determination of such adjustments.

The terms "Reference Indexes" mean the following stock market indexes: SBF 120, CAC 40, Next Biotech and NBI (NASDAQ Biotechnology Index). If one of these indexes were to be no longer available, the Executive Board can choose a replacement index.

The terms "Significant Variation" mean one or the other of the following events for the relevant index:

- the average of the closing value for the index over the sixty consecutive trading days prior to the Expiry Date of the Retention Period (or, as the case may be, the Modified Expiry Date of the Retention Period) is inferior or equal to 90% of the average of the closing value for the index over the sixty consecutive trading days prior to the General Meeting of June 23, 2017 ;
- the average of the closing value for the index over a sixty consecutive trading days period at any time between the date of the General Meeting of June 23, 2017 and the Expiry Date of the Retention Period (or, as the case may be, the Modified Expiry Date of the Retention Period), is inferior or equal to 80% of the average of the closing value for the index over another sixty consecutive trading days period at any time between the date of the General Meeting of June 23, 2017 and the Expiry Date of the Retention Period (or, as the case may be, the Modified Expiry Date of the Retention Period).

• 2018 Performance free shares

Instruments	Beneficiaries	Acquisition period	Performance period	Acquisition condition
2018 Performance free shares	Executive Board members, Executive committee members and employees	3 years	3 years	Presence at the end of the acquisition period (November 20, 2021). At the end of the acquisition period, determination of the performance ratio in accordance with the achievement of the performance criteria.

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Performance criteria of 2018 Performance free shares:

At the end of the three-year acquisition period, the number of free shares definitely acquired will depend on (i) the presence condition and (ii) the level of achievement of performance conditions based on an external condition, the stock market value growth and a “vesting kicker” triggered by the achievement of an internal condition, as detailed below (the “**Performance Conditions**”).

The level of achievement of the **stock market value condition** will be determined based on the relative performance of Innate Pharma shares.

The **Final Price** means the highest average closing price of Innate Pharma share on Euronext Paris for sixty consecutive trading days calculated at any time during the twelve months prior to the definitive acquisition of the Performance Free Shares

The **Initial Price** means the average closing price of the Innate Pharma shares on Euronext Paris for the sixty trading days prior to the Annual General Meeting of May 29, 2019, i.e. €6.07.

The percentage of the 2018 Performance Free Shares attributed, which will be definitely acquired will be determined as follows:

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

The **internal condition** shall be deemed achieved if, over the three-year acquisition period of the 2018 Performance Free Shares, a program of the Company's pipeline obtains a positive pivotal trial in the achievement of the primary criteria of efficiency predetermined over the three-year period of.

In case of achievement of the internal condition, half of the 2018 Performance Free Shares attributed will be automatically acquired (Vesting kicker) and the percentage of the other half of the 2018 Performance Free Shares attributed that will be definitely acquired will be determined as explained above.

However, if between the date of definition of the Initial Price and the date of definition of the Final Price, one of the Reference Indexes (as defined below) were to experience a Significant Variation (as defined below), then the Executive Board will have the possibility to adjust the Initial Price and/or the Final Price to neutralize the exogenous impact of such a Significant Variation. The Executive Board shall, in this case, name a recognized independent expert to assist the Executive Board in the determination of such adjustments. The terms “Reference Indexes” mean the following stock market indexes: SBF 120, CAC 40, Next Biotech and NBI (NASDAQ Biotechnology Index). If one of these indexes were to be no longer available, the Executive Board can choose a replacement index.

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

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- **2019 Performance Free Shares**

Instruments	Beneficiaries	Acquisition period	Performance period	Acquisition condition
2019 Performance free shares	Executive Board members, Executive committee members and employees	3 years	3 years	Presence at the end of the acquisition period. At the end of the acquisition period, determination of the performance ratio in accordance with the achievement of the performance criteria.

Performance criteria of 2019 Performance free shares:

At the end of the three-year acquisition period, the number of free shares definitely acquired will depend on (i) the presence condition and (ii) the level of achievement of performance conditions based on an external condition, the stock market value growth and two “vesting kicker” triggered by the achievement of internal conditions, as detailed below (the “**Performance Conditions**”).

The level of achievement of the **stock market value condition** will be determined based on the relative performance of Innate Pharma shares.

The **Final Price** means the highest average closing price of Innate Pharma share on Euronext Paris for sixty consecutive trading days calculated at any time during the twelve months prior to the definitive acquisition of the Performance Free Shares.

The **Initial Price** means the average closing price of the Innate Pharma shares on Euronext Paris for the sixty trading days prior to the Annual General Meeting of May 22, 2019.

The percentage of the 2019 Performance Free Shares attributed, which will be definitely acquired will be determined as follows:

- 0% if the Final Price is lower than the Initial Price
- Between 0% and 100% linearly if the Final Price is comprised between the Initial Price and two times the Initial Price
- 100% if the Final Price is equal or above two times the Initial Price.

The **internal conditions** shall be deemed achieved if, over the three-year acquisition period of the 2019 Free Performance Shares:

- a Biologic License Application is filed with the Food and Drug Administration (FDA) in the United States or with the European Medicines Agency (EMA) in Europe for one of its products and the application filing is approved, it being understood that, since the approval of the application filing by the FDA and the EMA does not take place immediately upon filing, the determination of whether this condition is met will take place after the FDA or the EMA, as applicable, has determined whether the application filing is approved or not and the condition will be met even if a positive response from the FDA or the EMA is given after the three year performance period (the "Internal Condition 1"); and/or
- Lumoxiti treatment is the third-line leader in the treatment of Hairy Cell Leukemia in the United States, with at least one patient over two treated with Lumoxiti (the "Internal Condition 2").

In case of achievement of the Internal Condition 1 only, 50% of the 2019 Free Performance Shares attributed will be automatically acquired (Vesting kicker) and the remaining 50% of 2019 Free Performance Shares may be acquired according to the stock market value condition as explained above.

Annex C – EQUITY INSTRUMENTS

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In case of achievement of the Internal Condition 2 only, 25% of the 2019 Free Performance Shares attributed will be automatically acquired (Vesting kicker) and the remaining 75% of 2019 Free Performance Shares may be acquired according to the stock market value condition as explained above.

In case of achievement of the Internal Condition 1 and the Internal Condition 2, 75% of the 2019 Free Performance Shares attributed will be automatically acquired (Vesting kicker) and the remaining 25% of 2019 Free Performance Shares may be acquired according to the stock market value condition as explained above.

However, if between the date of definition of the Initial Price and the date of definition of the Final Price and the date of the definitive acquisition of the Free Performance Shares, one of the Reference Indexes (as defined below) were to experience a Significant Variation (as defined below), then the Executive Board will have the possibility to adjust the Initial Price and/or the Final Price to neutralize the exogenous impact of such a Significant Variation. The Executive Board shall, in this case, name a recognized independent expert to assist the Executive Board in the determination of such adjustments. The terms "Reference Indexes" mean the following stock market indexes: SBF 120, CAC 40, Next Biotech and NBI (NASDAQ Biotechnology Index). If one of these indexes were to be no longer available, the Executive Board can choose a replacement index.

The terms "Significant Variation" mean one or the other of the following events for the relevant index: the average of the closing value for the index over the sixty consecutive trading days prior to the Expiry Date of the Retention Period (or, as the case may be, the Modified Expiry Date of the Retention Period) is inferior or equal to 90% of the average of the closing value for the index over the sixty consecutive trading days prior to the Annual General Meeting of May 22, 2019; the average of the closing value for the index over a sixty consecutive trading days period at any time between the date of the Annual General Meeting of May 22, 2019 and the definitive acquisition date of the Free Performance Shares, is inferior or equal to 80% of the average of the closing value for the index over another sixty consecutive trading days period at any time between the date of the Annual General Meeting of May 22, 2019 and the definitive acquisition date of the Performance Free Shares.

- **Warrants (BSA)**

Until 2017, the Company issued BSA to the benefit of Supervisory Board members and some consultants.

The BSA still in force are detailed in Chapter 4.1 of the 2018 Reference Document.

Following the AMF position dated June 5, 2018, the Company decided to no longer issue BSA other than BSA at market conditions and to the benefit of Supervisory Board members (see paragraph 2.2.2.2.).

- **Redeemable equity warrants (BSAAR)**

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

The BSAAR still in force are detailed in Chapter 4.1 of the 2018 Reference Document.