VALNEVA

A European company (*Societas Europaea*) with a Management and a Supervisory Board
Share capital: €11,383,243.14
Registered offices: 70, rue Saint Jean de Dieu, 69007 Lyon
Lyon Companies Register (RCS) No. 422 497 560

REPORT BY THE CHAIRMAN OF THE SUPERVISORY BOARD ON THE PREPARATION AND ORGANIZATION CONDITIONS OF THE SUPERVISORY BOARD AND THE INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY (ARTICLE L. 225-68, SUBSECTION 7 OF THE FRENCH COMMERCIAL CODE)

To the shareholders,

In accordance with the provisions of article L. 225-68, subsection 7 of the French commercial code, I hereby report to you on:

- the composition of your Board;
- the conditions for the preparation and organization of the work of your Supervisory Board for the fiscal year ended 31 December 2015;
- special procedures relating to the participation of shareholders in general meetings;
- the internal control procedures implemented by the Company;
- risk management procedures;
- the principles and rules established for determining remuneration and benefits granted to officers.

This report was approved by the Supervisory Board on March 18, 2016.

This report was drawn up in the light of market recommendations and in particular the guidelines set out by the AMF for mid-caps in its recommendation N° 2015-01.

In 2010, the Supervisory Board adopted the corporate governance code for small and mid-caps published in December 2009 by MiddleNext. The Company implements most recommendations of this code. This report states those recommendations which the Company does not implement and the reasons for that, according to the "comply or explain" principle.

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Valneva SE (hereinafter the "**Company**", and together with its subsidiaries "**the Group**", "**Valneva Group**" or "**Valneva**") is a European company focusing on vaccines, striving to become a leader in its field.

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1. COMPOSITION OF THE SUPERVISORY BOARD

1.1 Supervisory Board members appointed by shareholders

Your Supervisory Board has seven members, all being individuals.

Name	Appointment	Shares owned as of 17 March 2016	Number of equity warrants (*BSAs*) as of 17 March 2016
Frédéric Grimaud Chairman of the Supervisory Board	(Appointed by the Extraordinary General Meeting of December 12, 2012, term to expire at the Annual General Meeting called to rule on the accounts for the fiscal year ending December 31, 2015)	257,996 Valneva ordinary shares	36,000
Alain Munoz Member of the Supervisory Board	(Appointed by the Extraordinary General Meeting of December 12, 2012, term to expire at the Annual General Meeting called to rule on the accounts for the fiscal year ending December 31, 2015)	41,800 Valneva ordinary shares	19,500
Michel Greco Member of the Supervisory Board	(Appointed by the Extraordinary General Meeting of December 12, 2012, term to expire at the Annual General Meeting called to rule on the accounts for the fiscal year ending December 31, 2015)	586 Valneva ordinary shares & 486 Valneva preferred shares with a par value of €0.01 each	19,500
James Sulat Vice-Chairman of the Supervisory Board	(Appointed by the Extraordinary General Meeting of March 7, 2013, term to expire at the Annual General Meeting called to rule on the accounts for the fiscal year ending December 31, 2015)	17,867 ordinary shares	19,500
Hans Wigzell Member of the Supervisory Board	(Appointed by the Extraordinary General Meeting of March 7, 2013, term to expire at the Annual General Meeting called to rule on the accounts for the fiscal year ending December 31, 2015)	0	19,500
Alexander Von Gabain Member of the Supervisory Board	(Appointed by the Extraordinary General Meeting of March 7, 2013, term to expire at the Annual General Meeting called to rule on the accounts for the fiscal year ending December 31, 2015)	38,218 Valneva ordinary shares & 22,048 Valneva preferred shares with a par value of €0.01 each	19,500
Anne-Marie Graffin Member of the Supervisory Board	(Appointed by the Extraordinary General Meeting of March 7, 2013, term to expire at the Annual General Meeting called to rule on the accounts for the fiscal year ending December 31, 2015)	0	19,500

Frédéric Grimaud - Chairman of the Supervisory Board (age 51): After setting up a company providing services to businesses in the field of motivational management of human resources and quality, Mr. Grimaud joined the Groupe Grimaud Family in 1988, initially taking on commercial responsibilities in France. At the beginning of the 1990s, he headed the group's international development and later become involved in initiating biotech projects before assuming general management responsibilities and finally the chairmanship of the Management Board of Groupe Grimaud La Corbière in the early 2000s.

Alain Munoz - Supervisory Board member (age 66): A graduate in cardiology and anaesthesia/resuscitation, Mr. Alain Munoz is a medical Doctor, former staff doctor and hospital clinic manager. After being Vice-President of international development at Sanofi, he was Senior Vice-

Chairman of the pharmaceutical division of the Fournier Group for ten years. Under his management, a number of drugs received international marketing licenses (in particular Adenocard®, Cordarone®, Plavix®, Tricor®, and Esclim®). Dr. Munoz was a member of the Scientific Council ("Scientific Advisory Board") of the Drugs Agency (*Agence du Médicament)*. He runs his own company focusing on the development of drugs and is a Board member in several European biotechnology companies.

Michel Greco - Supervisory Board member (age 72): Mr. Michel Greco is a graduate of the Institute of Political Science (*Institut d'Etudes Politiques*) in Paris (1965) and holds an MBA from Western Ontario University / Richard Ivey Business School (Canada, 1968). Managing Director of Aventis Pasteur for five years, Mr. Michel Greco has 35 years' experience in the pharmaceutical and vaccine industry. Over the last 12 years, Mr. Michel Greco served on the Board of over 20 biotechnology companies and international Non-Governmental Organizations, including being an advisor to the World Health Organization and GAVI. He is presently a Board member of Texcell and Synthelis and the Chairman of the Board of the Saint Joseph Saint Luc hospital in Lyon, France.

James Sulat – Supervisory Board member (age 65) – Mr. Sulat, an American national, holds Masters Degrees in Business Administration and Health Administration from Stanford University. Mr. Sulat has been a member of the Intercell AG Supervisory Board since January 2005. Mr. Sulat currently serves as Vice-Chair of the Supervisory Board and Chairman of the Company's Audit and Governance Committee. He is also currently a member of the Board of Directors of Momenta Pharmaceuticals, Inc., AMAG Pharmaceuticals, Inc., Diadexus, Inc. and Arch Therapeutics, Inc. Mr Sulat served as Chief Executive Officer and Chief Financial Officer of the biopharmaceuticals company Maxygen, Inc., from October 2009 until June 2013, while also serving on the Board of Directors. He previously served as Chief Executive Officer, President, Chief Financial Officer and member of the Board of Directors of Memory Pharmaceuticals Corp., and as Chief Financial Officer of R.R. Donnelley & Sons Co., Chiron Corporation and Stanford Health Services, Inc.

Hans Wigzell – Supervisory Board member (age 77) - A Swedish national, Professor Wigzell holds Doctorates in medicine and science from Karolinska Institute. Prof. Wigzell has been a member of the Intercell AG (now Valneva) Supervisory Board since May 2006. He also sits on the Boards of Directors of Karolinska Development AB, Raysearch AB, SOBI AB and Sarepta Therapeutics. He has been President of the Stockholm School of Entrepreneurship since 2000.

Alexander Von Gabain – Supervisory Board member (age 66) - An Austrian national, Professor Alexander von Gabain is currently Deputy Vice-Chancellor for Innovation and Commercial Outreach at the Karolinska Institute in Stockholm and was appointed to this position in 2014. He obtained his Ph.D. in Molecular Biology at the University of Heidelberg, held a post-doctorate position at the Stanford University and was Professor at the Karolinska Institute in Stockholm, as well advisor to biotech industries. From 1992 to 1998, as Chair of Microbiology at the University of Vienna, he was involved in building a public-private partnership with Boehringer Ingelheim. In 1998, he co-founded Intercell AG, led the company as CEO until it was floated on the Stock Exchange in 2005 and remained CSO until 2009. In 2011, he re-entered the Intercell AG Supervisory Board, and he remained a Board member after Intercell AG merged with Vivalis SA to create the biotech company "Valneva SE", listed in Paris and Vienna, in 2013. He has co-founded further biotech companies and since 2007 has been holding the position of Chairman of the business incubator of the Viennese Universities, initiating more than 140 start-ups. From 2008 until 2014, he served on the Governing Board of the European Institute of Innovation and Technology ("**EIT**") and was the chairman of this Board from 2011 until the end of his term. Under his leadership, the EIT has evolved into an EC innovation fund, with a €2.8 billion budget that has enabled the EIT to implement further Knowledge and Innovation Communities until 2018. A large number of publications, patents, book chapters, and editions of books have documented his passion for biomedical innovation. His achievements have been recognized by prestigious industrial

awards, academic prizes and honorable memberships, including the Swedish Royal Academy of Engineering Science.

Anne-Marie Graffin – Supervisory Board member (age 54) – A French national, Ms. Anne-Marie Graffin holds a degree from ESSEC Paris. After beginning her pharmaceutical career in the group Fournier (URGO Soin et Santé) and Johnson & Johnson (RoC SA), Ms. Graffin joined Sanofi Pasteur MSD in 1998. She rose from the position of Executive Director to that of Vice-President for Business Management, and finally to European Vice-President President Office with a seat on the Executive Committee until 2010. Today, Ms Graffin is an expert and independent director for industrial pharmaceutical companies and biotechnology firms. Ms Anne-Marie Graffin served as director of the Austrian company Themis Bioscience GmbH and is currently a member of Nanobiotix' Supervisory Board.

(a) Supervisory Board members elected by employees

None.

(b) Shareholders' Observers (*Censeurs*)

+ Bpifrance Participations, represented by Maïlys Ferrere, *Directrice d'investissement* ;
+ Athyrium Capital Management LP, represented by Laurent Hermouet, Managing Director, was an observer to the Supervisory Board in the period from February 6, 2015 until February 3, 2016.

(c) Cooptations

None.

(d) Number of qualifying shares to be held by each Supervisory Board member

None.

(e) Number of female members

In compliance with article L. 225-37 of the French commercial code (law of January 27, 2011), we hereby report to you on the application of the principle of balanced gender representation on the Board. Our Supervisory Board has one female member. The Company is currently not in compliance with the statutory requirement that not less than 20% of Supervisory Board members are female.

(f) Term of office

Recommendation No. 10 of the MiddleNext Code does not include provisions with respect to the term. In contrast, it is recommended that the Board ensure that the terms of appointments be adapted, within the limits established by the law, to the specific characteristics of the company. The terms of Supervisory Board members are set by the Articles of Association at three years (one year being understood as the period between two consecutive annual general meetings of shareholders), in accordance with the law.

1.2 Other appointments held by Supervisory Board members and permanent representatives

A list of the other directorships or officer positions held by the Company's Supervisory Board members is included in Section 19.2 of the Management Board report for 2015.

The members of the Supervisory Board comply with the rules governing the holding of multiple appointments provided for in articles L. 225-21 and L. 233-16 of the French commercial code. The members of the Supervisory Board do not simultaneously hold more than five appointments as Director or member of the Supervisory Board of other companies with a head office in France, being understood that (a) this number does not include directorships or Supervisory Board memberships in companies controlled by the Company in the meaning of article L. 233-16 of the French commercial code, and (b) directorships in companies whose shares are not listed on a regulated stock market

within the meaning of article L .233-16 of the French commercial code and which are held by a single company count as one directorship, provided that the number of such directorships does not exceed five.

1.3 Independence of members of the Supervisory Board

1.3.1 Criteria for independence of the Supervisory Board members

We apply the criteria for the definition of independent Supervisory Board members as set forth in the MiddleNext Code (Recommendation No. 8):

"Four criteria have been retained to determine the independence of members of the Board defined as the absence of any material financial, contractual or family relationship that could compromise their free exercise of judgment and notably, board members shall not:

- *be a current employee or corporate officer of the company or a company of its group or have been so within the past three years;*
- *be a significant customer, supplier or banker of the company or its group, or for which the company or its group represents a significant part of its business;*
- *be a main shareholder of the company;*
- *be related by close family ties to an executive officer or a main shareholder;*
- *have been an auditor of the corporation within the previous three years."*

1.3.2 Number of Supervisory Board members qualified as independent

According to the criteria for independence defined above, the Company considers that Messrs. Greco, Munoz, Sulat, Von Gabain and Wigzell meet all these criteria and consequently are independent members. Therefore, the Company meets recommendation No. 8 of the MiddleNext Code.

1.3.3 Conflicts of interest involving the Management Board, the Supervisory Board and general management bodies

With the exception of Mr. Frédéric Grimaud who is a second cousin of Mr. Franck Grimaud, member of the Company's Management Board, there is no family relationship in the boards and management bodies of the Company.

To the best knowledge of the Company, there is no potential conflict of interest between the duties of the members of the Management Board and the Supervisory Board and their private interests and/or other duties.

To the best knowledge of the Company, there are no agreements or any agreement with certain major shareholders, customers, suppliers or others, pursuant to which a member of the Management Board or the Supervisory Board of the Company has been appointed in that capacity.

However, in 2013, the members of the Company's Management Board accepted some restrictions on the sale of their stake in the Company. Please refer to Section 15.6 of the Company's Annual Management Report for 2015, concerning the shareholder agreement signed on July 5, 2013 between Groupe Grimaud La Corbière, Bpifrance Participations, Mr. Franck Grimaud, Mr. Majid Mehtali, Mr. Thomas Lingelbach and Mr. Reinhard Kandera.

1.3.4 Other persons present at Supervisory Board meetings

Management Board members are invited to attend every Supervisory Board meeting. Mr. Thomas Lingelbach, Chairman of the Management Board, Franck Grimaud, Managing Director, and Reinhard Kandera, CFO, have been present at all Supervisory Board meetings held since the merger with Intercell AG in May 2013.

Also attending these meetings are Mr. Frédéric Jacotot, General Counsel and Secretary to the Supervisory Board, and Ms. Maïlys Ferrère, representing Bpifrance Participations, Observer. From the DUKORAL® acquisition in February 2015 until resignation on February 3, 2016, Mr. Laurent Hermouet, representing Athyrium Capital Management LP, Observer, attended Supervisory Board meetings.

The joint auditors are also invited to those Supervisory Board meetings that examine the half-year and annual financial statements.

2. CONDITIONS OF PREPARATION AND ORGANISATION OF THE WORK OF THE SUPERVISORY BOARD FOR THE FISCAL YEAR ENDED 31 DECEMBER 2015

2.1 Role and work of the Supervisory Board of Valneva

2.1.1 Role of the Board

The Supervisory Board exercises permanent control of the management of the Company carried out by the Management Board.

It appoints the members of the Management Board and sets their remuneration. It designates the Chairman of the Management Board and possibly the Managing Director. It may also decide their dismissal upon the terms and conditions provided by law and the Articles of Association of the Company.

It convenes the General Meeting of shareholders, in the absence of convening by the Management Board.

It carries out the verifications and inspections which it considers appropriate at any time of the year and may order the forwarding of documents which it considers necessary for carrying out its duties.

By a majority of present or represented members, pursuant to current legal and regulatory provisions, the Supervisory Board authorizes the following agreements and transactions, prior to their conclusion:

(i) any sale of property in kind;

(ii) any total or partial sale of equity holdings;

(iii) any grant of security, as well as guarantees; and

(iv) any agreement referred to in article 22 of the Articles of association and subject, according to article L. 229-7 of the French Commercial code, to the rules set forth in articles L. 225-89 through L. 225-90 of the Commercial code, which relates to the Supervisory Board's approval of regulated agreements, with the exception of agreements related to standard transactions entered into upon ordinary terms.

With a majority representing more than half of its members in office (i.e. for the first Supervisory Board, by a majority of 4 out of the 7 members in office), the Supervisory Board authorizes, prior to their conclusion, the following agreements and transactions:

(i) approval of the annual budget;

(ii) approval of the business plan;

(iii) appointment and revocation of the members of the Management Board and executive officers, decisions on their remuneration and leaving terms;

(iv) submission of draft resolutions to the shareholders' meeting relating to any distribution (including distribution of dividends or reserves) to the shareholders;

(v) approval of material changes in accounting policies;

(vi) submission of draft resolutions to Extraordinary Meetings of shareholders and exercise of delegations of authority or delegations of powers granted by shareholders' meetings and relating to the issue of shares or securities granting access, immediately and/or in the future, to the share capital of the Company;

(vii) share capital reductions and share buy-back programs;

(viii) submission of draft resolutions to the shareholders' meeting relating to any amendment to the Articles of Association;

(ix) acquisition and disposal of business branches, equity interests or assets for an amount exceeding €1 million as well as any lease management (*location-gérance*) of all or part of the fonds de commerce, except for the transactions previously submitted and approved as part of the annual budget or business plan;

(x) sale of rights to, or licensing of, antibodies, vaccines or related products for an amount exceeding €1.5 million;

(xi) implementation of any capital expenditure for an amount exceeding €1 million, if not previously submitted and approved as part of the annual budget;

(xii) implementation of any expense for recruiting a team for a total annual gross compensation (including social charges and withholding taxes) of €1.5 million in the first year, if not previously submitted and approved as part of the annual budget;

(xiii) any implementation, refinancing or amendment to the terms of any borrowings (including any bonds) for an amount exceeding €1 million, if not previously submitted and approved as part of the annual budget;

(xiv) allocation of options entitling their holders to subscribe for newly issued shares (o*ptions de souscription d'actions*) or to acquire existing shares (*options d'acquisition d'actions*), allocation of free shares or other plans in favor of the Management Board members and key employees (i.e employees with an annual gross compensation in excess of €100,000); any merger, spin-off, contribution, winding-up, liquidation or other reorganization;

(xv) any merger, demerger, asset contribution, dissolution, liquidation or other restructurings;

(xvi) any settlement or compromise relating to any litigation of an amount exceeding €500,000, provided that any settlement or compromise relating to a litigation of an amount exceeding €250,000 will be reviewed by the audit committee of the Supervisory Board;

(xvii) any material change in the business; and

(xviii) any agreement or undertaking to do any of the foregoing.

At the annual Ordinary General Meeting, the Supervisory Board presents its observations on the report by the Management Board, as well as on the annual financial statements to the Annual Ordinary General Meeting of shareholders.

The Supervisory Board may grant all special mandates or specific missions to one or several of its members, for one or several given purposes.

The Supervisory Board may also appoint, among its members, one or several specialized Committees, the composition and duties of which it shall set and which shall carry out their activities on the Supervisory Board's responsibility, provided that such duties cannot result in the Board delegating to the committees the powers exclusively given to it by the law or the Articles of Association, or in any decrease in, or limitation of, the powers of the Supervisory Board.

2.1.2 Holding of the Board meetings and attendance rate

The Valneva SE Supervisory Board met 16 times in the 2015 fiscal year. The average attendance rate of the Supervisory Board was 95.53%. The Supervisory Board members thus comply with Recommendation No. 7 of the MiddleNext Code relating to the Board's conduct of business rules and notably meeting attendance.

A record of attendance is signed by all Supervisory Board members present.

However, it has to be noted that not all members of the Supervisory Board could be present at the combined General Meeting of shareholders held on June 25, 2015; therefore, the Company did not fully comply with Recommendation No. 7 of the MiddleNext Code relating to the Board's conduct of business and notably meeting attendance.

Minutes are made for each meeting of the Supervisory board and state all decisions on agenda items. The agenda may be amended during the meeting. Draft minutes are submitted to every Supervisory Board member before the next Supervisory Board meeting, and are then approved and signed during such next Supervisory Board meeting.

2.1.3 Notification of meetings to Supervisory Board members and Statutory Auditors

Each year, Valneva SE makes a provisional schedule of the Supervisory Board meetings of the following calendar year.

Furthermore, Valneva SE sends the Supervisory Board a meeting notice by email to the Supervisory Board members and by registered letter with acknowledgment to the Joint Auditors, approximately 8 days before the meeting.

In advance of Supervisory Board meetings, all documents, technical files and information necessary for the performance of their duties is provided to the seven members and the observers. The Management Board may inform the Supervisory Board members of major events and provide additional information outside meetings. The Company in consequence applies Recommendation No. 11 of the MiddleNext Code.

Furthermore, Supervisory Board members are reminded of the confidential nature of items provided to them, including both the documents themselves as well as the accompanying e-mails or correspondence (Recommendation No. 7 of the MiddleNext Code).

2.1.4 Purpose of meetings

For the year 2015, the Supervisory Board considered or decided on the following matters:

- Amendment to intercompany loan agreement;
- Approval of Project Voyager;
- Approval of the guarantee to be given by the Company for its Swedish subsidiary's obligations under the terms of the Sale and Purchase Agreement with Crucell Holland BV;
- Approval of a loan to the Company's Swedish subsidiary;
- Approval of the demand guarantee to be granted to the lenders in connection with this loan;
- Capital increase and underwriting agreement;
- Approval of a first-demand guarantee to be granted by the Company in favor of Athyrium;
- Approval of other security interests to be granted by the Company to Athyrium;
- Approval for arranging inter-company loans between the Company and its Swedish subsidiaries;
- Approval for the arrangement by the Company of an intercreditor agreement;

- Appointment of a second non-voting Observer (*Censeur*) to the Supervisory Board; confirmation of the appointment of the first non-voting observer;
- Management Board performance appraisal and bonus for 2014;
- Management Board goals and objectives for 2015;
- Management Board remuneration;
- Statutory financial statements for 2014;
- Consolidated financial statements and management report for 2014;
- "Vigilance points" under the MiddleNext governance code;
- Approval of a comfort letter for the benefit of ERP Fonds and Austria Wirstschaftsservice Gesellschaft mbH in connection with a *Pseudomonas*-related loan;
- Authorization to grant stock options;
- Authorization to grant equity warrants (*BSA*s);
- Supervisory Board report to shareholders;
- Special management reports;
- Supervisory Board Chairman's report on Supervisory Board functioning and the Company's internal control procedures;
- Draft resolutions to be submitted to shareholders;
- Related party transactions;
- Company policy on gender equality;
- Organization chart and officer titles;
- Approval of Voyager settlement agreement;
- Authorization to terminate the Marketing and Distribution Agreement dated December 22, 2006 between Valneva Austria GmbH and Glaxo SmithKline Biologicals SA;
- Committee meetings and composition;
- Renewal of Management Board members' appointment;
- Authorization to enter into Management Agreements;
- Authorization to grant payable preferred shares to members of the Management Board and the Executive Committee;
- Authorization to implement a free preferred share program;
- Changes in the loan transaction approved by the Supervisory Board on December 13, 2013; approval of amended terms; approval of guarantee extension
- OePR (*AFREP*) review;
- Supervisory Board renewal;
- Authorization to guarantee Valneva Canada's obligations under a car lease agreement and a related services agreement;
- Corporate development strategy and strategic projects;
- Quarterly reports from the Management Board;
- Discharge of Valneva Austria GmbH's Managing Directors;
- Recapitalization of Valneva Austria GmbH;
- Review of consolidated half-year financial statements and management report;
- Risk management;
- Research strategy;

- Investor relations strategy;
- Expiration of equity warrants (*BSAs*);
- Revisions to Management Board internal rules;
- Authorization to execute an executive search agreement for new Board members;
- Supervisory Board self-evaluation;
- 2016 budget.

2.1.5 Internal Rules of the Supervisory Board

In compliance with Recommendation No. 6 of the MiddleNext Code, the Valneva Supervisory Board has Internal Rules, which can be found on the Valneva website: www.valneva.com. A hardcopy can also be requested at the following address: VALNEVA, 6, rue Alain Bombard, 44800 SAINT-HERBLAIN, FRANCE, or at the following e-mail address: investors@valneva.com.

This charter sets forth the missions and objectives of the Supervisory Board and its Committees, as well as its operating procedures.

2.1.6 Evaluation of the work of the Supervisory Board

Recommendation No. 15 of the MiddleNext Code provides that the Supervisory Board should conduct a yearly evaluation of its work. This self-evaluation was planned for December 3, 2015; however on that date, the Board decided to conduct such evaluation through a written process (update of the former evaluation form, distribution to all members, handling of responses, preparation of an overview, discussion of results). The Board is to complete this process on March 18, 2016. Therefore, Recommendation No. 15 of the MiddleNext Code was not fully complied with in 2015.

2.2 Committees

In compliance with Recommendation No. 12 of the MiddleNext Code, the Company has created Committees in light of its own situation.

2.2.1 Nomination and Compensation Committee

Composition

The Nomination and Compensation Committee is composed of 3 members, as follows:

- Mr. Alain Munoz, Chairman of the Committee
- Mr. Alexander von Gabain
- Ms. Anne-Marie Graffin

Mr. Greco was a 4th member of this Committee but resigned this membership in June 2015.

The Committee meets as often as required to serve the Company's interests, and at least twice per year.

Duties

The Committee issues proposals to the Board on all aspects of top managers' appointment and remuneration.

It draws up succession plans for corporate officers and Members of the Supervisory Board so as to be able to propose replacements to the Supervisory Board when a seat falls vacant.

As part of its duties, the Committee has the following specific responsibilities:

a) With respect to appointments, the Committee shall:

- issue recommendations on the appropriateness of appointments, revocation, dismissal and renewal of appointment of the Members and Chairman of the Supervisory Board, of members and Chairman of the Committees and of members and Chairman of the Management Board, and to issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementarity with other Members and Management Board members;
- be in a position at any time to formulate proposals on potential successors to the Chairman of the Management Board or to the Chairman of the Supervisory Board; and
- issue recommendations, upon Management Board request, on the acceptance of and resignation by the Company from any office as member of the Board of Directors or any equivalent body of another company and on the appointment and dismissal of permanent representatives of the Company on such board of directors or equivalent bodies;

b) In the area of remuneration, the Committee shall:

- examine and make proposals with respect to the various components of corporate officers' (including Management Board members) remuneration, the allocation of incentive bonuses and all the provisions relating to retirement benefits and any other kind of benefit;
- ensure the consistency of these rules with the annual assessment of the corporate officer's performance and with the Company's strategy, and verify that these rules are applied properly;
- make recommendations to the Supervisory Board relating to the overall amount of Members' attendance fees to be proposed to the General Meeting of shareholders and on the allocation of these attendance fees between Members of the Supervisory Board;
- examine the Management Board's policy and projects with respect to rights issues reserved to employees; and
- assist the Board in the drafting of sections of the annual report that fall within its scope.

2.2.2 Audit and Governance Committee

Composition

The Audit and Governance Committee is composed of 3 members, as follows:

- Mr. James Sulat, Chairman of the Committee
- Mr. Michel Greco
- Mr. Hans Wigzell

The Committee meets as often as required to serve the Company’s interests, at least twice per year.

Duties

The Committee shall deal with questions of accounting and audit and prepare the adoption of the financial statements and monitor the implementation of proper risk management processes. In addition, the Committee shall monitor the independence of the Statutory Auditors, especially with respect to the additional services provided to the Company (audit-related and non-audit-related services).The Committee shall review the reports issued by the Statutory Auditors, the Management Board and the Supervisory Board.

The Committee shall also provide advice on and monitor the implementation of the corporate governance and corporate compliance policies of the Company.

As part of its duties, the Committee has the following specific responsibilities:

+ review, audit and monitor the implementation of and issue recommendations on the following items:
    - scope of consolidation , accounting methods and audit procedures;
    - quarterly, half-yearly and annual financial statements, and in particular provisions, material risks and off-balance sheet commitments;
    - accounting positions relating to material transactions;
    - proposed adoptions of material changes to accounting methods;
    - Company's financial position;
    - review by the Statutory Auditors of the half year and annual statutory accounts and consolidated financial statements; and
    - procedures for preparing information provided to shareholders and to the market and Company press releases relating to accounting and financial information;
+ oversight of the Statutory Auditors and monitoring of the independence of the Statutory Auditors:
    - steering of the selection procedure applicable to the Statutory Auditors;
    - submission of recommendations to the Board on the Management Board 's proposals to the General Meeting of shareholders with respect to appointing, replacing and reappointing the Statutory Auditors;
    - assessment of the amount of fees paid to the Statutory Auditors and recommendation thereon to the Management Board; and
    - monitoring that the Statutory Auditors comply with the rules governing their independence;
+ oversight of internal audit procedures and monitoring the efficiency of internal and risk management procedures:
    - submission of recommendations on the mission and organization of the Company's internal audit department and its action plan;
    - review of the main conclusions made by the internal audit department within its work, followed by a report to the Board; and
    - review of the contribution of the internal audit department within the evaluation of the risk management process and of the internal control.

The Committee meets prior to any Supervisory Board meeting called to deliberate on the review or approval of the financial statements, the financial management report, presentation of budgets for the coming year, or the review of risks and internal control procedures.

The Committee's review of the financial statements shall be accompanied by a presentation by the Statutory Auditors highlighting the key points not only of the results but also of the accounting choices made, and a presentation by the finance department of the Company's risk exposure and significant off-balance sheet commitments.

2.2.3 Strategy Committee

A strategy Committee has been provided for under the Internal Rules of the Supervisory Board. However, this Committee is not yet effective.

The main provisions relating to this Committee in the Internal Rules of the Supervisory Board are hereinafter set out:

Composition and operation

The strategy Committee shall be composed of at least three members or their permanent representatives appointed by the Supervisory Board.

The Committee shall meet as often as required to serve the Company's interest, and at least twice per year.

Duties

The Committee shall:

- review and issue recommendations to the Supervisory Board on projects for the strategic plans and annual budgets of the Company drawn up by the Management Board. In this respect, the Committee may interview the Management Board members on the assumptions applied in drawing up the said plans;
- review and issue recommendations to the Supervisory Board on the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which the Company does not operate;
- review and issue recommendations to the Supervisory Board on all proposed mergers, spin-offs or asset transfers in connection with the Company; and
- review and issue recommendations to the Supervisory Board on any transaction entailing a significant alteration in the scope of the business activities of the Company and its subsidiaries.

3. SPECIAL PROCEDURES FOR THE PARTICIPATION OF SHAREHOLDERS IN GENERAL MEETINGS

Procedures concerning the participation of shareholders in General Meetings are described in article 27 of the Articles of Association of the Company that can be consulted (in French) at Valneva' website: www.valneva.com. A hardcopy can also be requested at the following address: VALNEVA, 6, rue Alain Bombard, 44800 SAINT-HERBLAIN, FRANCE, or at the following e-mail address: investors@valneva.com.

4. INTERNAL CONTROL PROCEDURES RELATING TO OPERATING AND FUNCTIONAL PROCESSES

This Section 4 applies to Valneva SE and all of its direct or indirect subsidiaries within Valneva's consolidation scope, unless otherwise stated.

4.1 Purpose of internal control procedures and inherent limitations

The purpose of internal control is to ensure:

- compliance with laws and regulations;
- the application of instructions and priorities set by the Management Board;
- the effective functioning of internal control procedures of the Company; notably contributing to safeguarding its assets;
- the reliability of financial information.

The objective of the internal control system is to prevent and manage risks inherent in the company's operations and the risks of errors or fraud, particularly in the accounting and finance areas. As in all systems of control, it cannot provide an absolute guarantee of eliminating these risks.

4.2 General organization and implementation of internal control procedures

4.2.1 Participants in internal control processes

Given the size of the Company, Valneva does not currently have a dedicated internal control department. In contrast, a number of parties are responsible for and intervene in the area of internal control, including first and foremost, the Management Board, the Supervisory Board and its two Committees. In addition, the Executive Committee, the Finance department, the Legal department, and the Quality Assurance team also play a major role.

The Management Board

The Management Board defines the objectives of the Company as well as the resources to be deployed to attain these objectives. To this purpose, the Management Board ensures compliance with these objectives.

The Management Board must ensure that acts of management or the conduct of operations as well as the behavior of personnel adhere to the framework defined by the priorities set for the Company's activities by the corporate bodies, the laws and applicable regulations and by the values, standards and internal rules of the Company.

The Supervisory Board

The role of the Supervisory Board in the area of internal control is presented in the first part of this report. This board is assisted in this mission by two Committees.

The Executive Committee

The Executive Committee currently includes eleven members:

- Mr. Thomas Lingelbach, CEO
- Mr. Franck Grimaud, Deputy CEO
- Mr. Reinhard Kandera, CFO
- Mr. Manfred Tiefenbacher, VP Finance
- Mr. Frédéric Jacotot, General Counsel
- Mr. Frédéric Legros, VP Business Development
- Mr. Jason Golan, VP Marketing & Sales
- Mr. Olivier Jankowitsch, VP Corporate Development
- Ms. Andreas Meinke, VP Preclinical and Translational Research
- Mr. Klaus Schwamborn, VP Discovery Research & Innovation

The Executive Committee is chaired by the CEO, Mr. Thomas Lingelbach.

The Executive Committee meets once a month to review the performance of the company, notably from a commercial and management perspective. The Executive Committee confirms whether the objectives set by the Management Board and approved by the Supervisory Board are met. It also considers all operating and organizational issues put on the agenda by each of its members.

At the end of each meeting, a report is drafted and given to all participants with a list of action points.

The Finance department

The Chief Finance Officer ensures conformity with accounting and financial regulations. He also provides the Management Board with cost accounting and financial information serving as tools for Company budget management.

The Legal department

The General Counsel, also serving as Corporate Compliance Officer, is responsible for safeguarding the Company's legal interests and ensuring compliance with applicable laws and regulations, notably by implementing and updating the Company's corporate compliance program.

Quality Assurance

Valneva manufactures marketed vaccines pre-clinical and clinical batches of vaccines and proteins. Valneva also manufactures master cell or virus banks. For this purpose, Valneva must comply with regulations developed by several governmental authorities and is subject to inspection by regulatory authorities.

To ensure compliance with the regulatory requirements, Valneva has a quality assurance department and quality assurance systems. In compliance with Good Manufacturing Practice ("**GMP**"), internal and external audits are conducted to ensure compliance with GMP and implementation of the relevant procedures.

4.2.2 Internal control procedures

Analysis of risks

Valneva has conducted an in-depth analysis of its risks. The risks Valneva faces are described in detail in Sections 5 & 6 of the Company's Annual Management Report for 2015.

Internal control procedures implemented other than those relating to the production of accounting and financial information

Procedures are established to ensure that the main risks are managed internally in accordance with the objectives defined by the Company's Management Board.

In respect of business-related risks, telephone or video conference meetings of each department head and the Risk Manager are organized.

With respect to scientific matters, the Company also retains the services of consultants on certain specific topics to validate its choices.

Concerning intellectual property risks, the Company has an intellectual property Manager that ensures permanent oversight, notably by conducting reviews of the status of intellectual property with the assistance of a specialized firm. For every new activity launched, studies are conducted. Studies are also conducted regularly for the older technologies. The Company can in this way determine if there is a need to acquire a new license.

As an additional measure, the Company has taken out insurance policies covering the main insurable risks for amounts that it deems to be compatible with the nature of its business. For example, risks related to product liability are covered up to twenty million euros.

The Company thus safeguards its property and intangible assets. The Company has in addition established systems for the double storage of data and its cells at different sites.

For market and financial risks, the Company monitors its cash position on a monthly basis.

In the light of current volatility in financial markets, the Company applies a conservative and prudent strategy of financial management. The Company's assets are allocated among several French, UK, Austrian and Swedish banking institutions with several different vehicles in each (open-end investment funds, mutual funds, fixed-term accounts, etc.).

With respect to UCITS funds, the Company favors use of money market funds. Valneva excludes use of SICAV open-ended investment funds and mutual funds that seek to boost their performance by investing in risk assets.

For risks related to accounting and financial information, details on procedures adopted are presented in the following section.

4.2.3 Internal control procedures relating to the preparation of accounting and financial information

Internal control objectives relating to accounting and financial information

Internal control procedures relating to the processing of accounting and financial information are destined to ensure:

- reliability of the Company's financial statements established in accordance with French GAAP;
- reliability of the Company's consolidated financial statements established in accordance with IFRS;
- effective management of risks of errors, fraud, inaccuracies or omissions of material information in the financial statements concerning the financial position and the assets and liabilities of the Company.

Participants

These include the Management Board, the Finance department, under the oversight of the Supervisory Board and the Audit Committee.

The accounting and financial organization is based on the principle of the separation of functions and the knowledge of the responsibilities of each function.

The separation of functions is effective as the Finance department is split into accounting and controlling function, whereas the "Purchasing" department is a separate department.

Concerning the knowledge of the responsibilities of each, an organization chart exists with a description of each function. In addition, a number of procedures exist, particularly in the area of purchasing.

Forward-looking management tools

The medium-term business plan is an internal document drafted by the Management Board. Its purpose is to define the objectives of the Company over a period of a few years with a breakdown of specific objectives for each activity. It is updated on a regular basis in the light of decisions concerning strategic priorities and market developments.

The budget is established according to IFRS after the Management Board has defined the strategic priorities. Every year, the controlling function meets with all sales managers, department managers and project heads. The controlling function then gives the different options to the Management Board.

The Management Board, according to the priorities developed in the business plan, makes choices concerning operating expenses, capital expenditure and human resources. This budget is presented to the Executive Committee. The budget is then submitted to the Supervisory Board for approval.

Each quarter, or more often if significant impacts are foreseen, the controlling department drives a forecast process based on the last actual quarterly results and makes a forecast for the remaining months of the then current fiscal year, with the same granularity as in the initial budget process. The related profit and loss and cash position forecasts are presented to the Executive Committee and then submitted to the Supervisory Board for information.

The Supervisory Board is informed of the Company's profit and loss statement and cash position monthly, and is given a detailed presentation of the profit and loss statement and cash position in comparison to the budget in quarterly meetings.

All these documents are for internal use only and are not available to the public.

Intermediate balances

Every month, the Finance department produces an IFRS statement of intermediate balances in accordance with IAS 34 and applies the general principles for periodic closings. These intermediate balances are also restated in a cost accounting format by project to serve as a tool for monitoring business performances.

A schedule for producing monthly balances is drafted by Valneva's Finance department and the accounting departments of the subsidiaries including a breakdown of tasks, the party responsible for each task and deadlines for completion. The deadlines for the remittance of documents according to this schedule are validated by all parties.

Intermediate balances are established by combining information from financial and cost accounting data. For cost accounting data, the controlling department has different software applications to record the amount of time worked by each employee, and a software application for the allocation of costs to projects.

Intermediate monthly financial reports are provided to each manager and department head for his or her area of responsibility and to the Executive Committee, the Management Board and the Supervisory Board, thus providing a tool to monitor actual results in relation to budget.

All these documents are for internal use only and are not available to the public.

Until recently, considering the size of the Company, Valneva was not obligated to prepare the documents required by law in connection with the prevention of financial problems. However, because the total number of employees increased as a result of the Crucell Sweden AB acquisition in 2015, these documents are being prepared for the first time in 2016.

Preparation of financial statements

Participants

The annual statutory financial statements are prepared by the Head of Accounting in France, while the annual consolidated financial statements and the interim consolidated financial statements are prepared under IFRS rules by Valneva's Head of Corporate Accounting and Tax and the accounting departments of the Valneva entities.

For tax matters, the team also uses tax lawyers that primarily provide advice in the following areas:

- tax matters, tax techniques or the interpretation of regulations;
- assessment of year-end tax statements prepared by the accounting department (statement 2065 and related schedules).

Information collection and processing

Information is collected in the same way as for intermediate balances.

For the annual consolidated and unconsolidated financial statements, a work program for tasks is drafted by the Valneva's Finance department providing a detailed breakdown of tasks, the party responsible for each task and deadlines for completion. The deadlines for the remittance of documents according to this schedule are validated by all parties.

The Finance department also drafts a document listing all points that need to be verified to identify risks and avoid any risk of fraud or errors.

Furthermore, accounting topics of the current year (for example the treatment of development expenditure and the amortization of capitalized development expenditure, the interpretation of complex material contracts as well as price-related aspects of acquisitions) are discussed in meetings organized prior to the closing of annual and interim financial statements. This is also the case for changes in accounting principles that would have a material impact on the presentation of financial statements. Participants include the Chief Financial Officer, the Deputy CEO, the Chief Executive Officer of Valneva, Valneva's Head of Corporate Accounting and Tax.

A meeting is subsequently organized for the purpose of taking into account the observations of the joint auditors. This meeting is attended by the Chief Financial Officer, the Deputy CEO, the Chief Executive Officer of Valneva Management Board, Valneva's Head of Corporate Accounting and Tax, Group accountant and the Head of Accounting of Valneva SE. The joint auditors are also present at the meeting.

Additional meetings may be organized as needed to ensure that accounting and financial information contained in the different statutory documents (Management Board reports, Management Board meeting minutes, Supervisory Board reports, Supervisory Board meeting minutes, agendas and draft resolutions of shareholders' meetings) remain coherent with the accounting.

The consolidated financial statements of Valneva Group and the separate financial statements are audited by the Joint Auditors, Deloitte et Associés, represented by Mr. Gros and PwC, represented by Mr. Charron.

The half year interim financial statements are subject to a limited review by the Joint Auditors, whereas the quarterly interim financial statements are not reviewed by the Joint Auditors.

Accounting and financial information systems

Since the beginning of 2014, all entities of the Valneva Group have maintained their accounting information on the Microsoft Dynamics AX system ("**AX**"), the ERP system of the Valneva Group. The newly acquired entity "Valneva Sweden AB" is maintaining its accounting information on the ERP system "JEEVES". The general ledgers are then imported into Microsoft Dynamics AX, to have all accounts in the ERP system of the Valneva Group.

"AX" interfaces with the payroll, the cash management software and the BI-Tool, TAGETIK, which is used for controlling. Valneva performs regular reconciliations between these different applications.

Fixed assets, depreciation and amortization are also processed by AX, except for Valneva Sweden AB, where they are processed in JEEVES.

Since the beginning of 2014, supplier invoices have been recorded through the ERP system AX, except for Valneva Sweden AB, where these are recorded in JEEVES).

At year-end, AX accounting data for the Valneva SE entity is then transferred to the « Etats Comptables et Fiscaux » software application of SAGE in order to:

- establish separate annual financial statements under French GAAP on the basis of the official format;
- establish the 2065 tax declaration and the related schedules;
- electronically transmit the tax statement.

Regularly, computer data is backed up and stored on magnetic tapes that are themselves stored for safekeeping in a safe.

As for source data (contracts, minutes, etc.), an original and a copy exist for each document. A copy of each of these documents is maintained at one of the Valneva sites (generally, at the site concerned by such document), while copies are shared through the internal network of the Company (with restricted access).

Identification and analysis of risk affecting accounting and financial information

When the financial statements are prepared, the Finance department follows a document listing all tasks, operations and controls that need to be verified to identify risks and avoid any risk of fraud or errors.

In addition, Valneva has documented the key processes by identifying the key controls.

Oversight

Valneva carries out normal oversight for example on account closings such as conducting stock counts or performing bank reconciliations.

Valneva has a matrix for authorizing purchases and invoices and has documented the key processes by identifying the key controls.

Other accounting and financial information destined for shareholders

In connection with special corporate actions (the issue of stock option, the exercise of the corresponding rights, capital increases, etc.), it may be necessary to provide shareholders with accounting and financial information. This information is, according to its nature and the specific obligations that apply to the operation in question, prepared in coordination with Valneva's Management and the General Counsel to be incorporated in statutory documents.

These operations are frequently subject to a report of the Joint Auditors and/or and Equity Auditor.

Financial and accounting communication

The Finance and Legal departments have established a schedule for the publication of mandatory disclosures.

The Registration Document is drafted jointly by the Corporate Communications, Finance and Legal departments and reviewed by the Company's Statutory Auditors.

5. LIMITATIONS IMPOSED ON THE POWERS OF THE MANAGING DIRECTOR BY THE BOARD

Obligations to disclose limitations imposed by the Board on the powers of the Managing Director only concern French public limited companies (*Sociétés Anonymes*) governed by a Board of Directors. Valneva is a *Société Européenne* with a dual system of governance composed of a Management Board and a Supervisory Board, and therefore, is not concerned.

6. PRINCIPLES AND RULES TO DETERMINE REMUNERATION

The Company implements Recommendation No. 2 of the MiddleNext Code on the determination and transparency of the compensation of directors and officers. The Company presents the principles governing its compensation policy below.

6.1 Combination of employment contracts with a position of corporate officer

MiddleNext Code Recommendation No. 1 provides that the suitability of holding an employment contract while serving as a corporate officer shall be determined by the Board and in light of regulations.

For companies with a Management Board and a Supervisory Board, this recommendation applies to the Chairman of the Management Board.

The Chairman of the Company's Management Board does not have any employment contract with Valneva SE; however, he has such a contract ("Management Agreement") with Valneva SE's subsidiary "Valneva Austria GmbH" in which he is also a Managing Director. This contract complies with Austrian law, which allows the combination of an employment relationship and a management position in the same entity. The contract in force at the date of this report was authorized by the Company's Supervisory Board on June 25, 2015.

6.2 Fixed remuneration

Management Board members receive fixed remuneration as well as fringe benefits.

For information, the fixed remuneration is based on an assessment of the market, the individual performance of the officer and his or her responsibilities (Middlenext Code, Recommendation No. 2).

Concerning fringe benefits, one member of the Management Board has unemployment insurance paid by the Company. The Company also provides and pays for a revocable (combined) death and endowment insurance. Two members of the Management Board currently benefit from this death and endowment insurance.

Further information on the fixed remuneration and fringe benefits of Management Board members for the fiscal year 2015 is provided in Section 20.1 of the Company's Annual Management Report for 2015.

6.3 Variable remuneration

Board members receive variable remuneration, with the variable part representing a percentage of the fixed remuneration.

The variable portion is paid after the Supervisory Board has determined that the relevant goals and objectives have been met. Goals and objectives are set by the Board based on recommendations by the Nomination and Compensation Committee.

The goals and objectives are set for each officer according to the goals and objectives of the Company. A percentage is associated with each objective.

Generally, a review of the progress or achievement of goals and objectives is made in the middle of each year by the Nomination and Compensation Committee.

Further information on the variable remuneration of Management Board members for the fiscal year 2015 is provided in Section 20.1 of the Company's Annual Management Report for 2015.

6.4 Stock option and/or free share plans

Concerning stock option and free share plans, for the purpose of providing incentives and developing loyalty, the Company has always been willing to make its employees benefit from stock option or free shares, by putting in place several plans (see Section 13.2 of the Company's Annual Management Report for 2015). The Company consequently implements MiddleNext Code Recommendation No. 5 on stock option and free shares. The number of options or shares granted to each employee notably depends on his or her job category.

The granting of free shares or options to corporate officers was linked to the achievement of major goals of the Company in the past. However, certain stock option or free shares may be granted to corporate officers without reference to performance criteria. In this respect, the Company does not apply MiddleNext Code Recommendation No. 5 on the exercise and vesting conditions for bonus shares and stock option. In contrast, the Company links the vesting of shares or the exercise of stock option to criteria of attendance (except in case of divestitures), because the primary objective of the Company is to provide incentives for the retention of its officers and key managers. The Company in this way ensures that it provides an attractive level of compensation in line with that generally used in the pharmaceutical industry. Because the Company cannot provide the same level of salary as that commonly given in the pharmaceutical industry, the grant of stock option and/or free shares provides a means for offsetting this difference.

A percentage of free shares or shares resulting from the exercise of stock option (usually 20%) must be kept by the corporate officers until the officers no longer perform their duties.

Most stock option plans do not include a discount on the exercise price. However, the 2013 stock option plan provided for a 10% discount on the average Euronext Paris closing share price over the twenty trading days immediately preceding the date the options were granted.

In 2015, the Company decided that stock option plans would primarily be for the benefit of non-executive employees, while members of the Management Board and the Executive Committee were be given the opportunity to participate in a 4-year free convertible preferred share program that required a personal investment.

Further information on stock option and free shares granted to company officers is available in the special reports of the Management Board made in accordance with articles L. 225-177 to L. 225-186 and articles L. 225-197-1 to L. 225-197-3 of the French commercial code, as well as in Section 20 of the Company's Annual Management Report for 2015.

6.5 Severance benefits

MiddleNext Code Recommendation No. 3 provides guidelines with regard to "golden handshakes" for corporate officers.

The Company has set terms and conditions for the severance package of its corporate officers.

Those concerning Mr. Franck Grimaud are included in his "Management Agreement" with the Company. The severance terms applying to Messrs. Thomas Lingelbach and Reinhard Kandera are set out in their "Management Agreement" with the Company's subsidiary "Valneva Austria GmbH".

Please refer to Section 20.1.5 of the Company's Annual Management Report for 2015 for further information on the severance package of Management Board members.

Some pieces of the corporate officers' severance package do not comply with MiddleNext Code Recommendation No. 3.

6.6 Supplementary retirement schemes

The Company has no supplementary retirement scheme. In accordance with common practice in Austria, two Management Board members, in their capacity as Managing Directors of the Company's Austrian subsidiary "Valneva Austria GmbH" are named insured under a long-term life and endowment insurance policy paid for by Valneva Austria GmbH. Please refer to Section 20.1.5 of the Company's Annual Management Report for 2015 for further information on this insurance.

6.7 Attendance fees

On June 26, 2014, the shareholders voted and granted the Supervisory Board €250,000 as attendance fees for the period from June 1, 2014 until May 31, 2015 and all subsequent 12-month periods unless otherwise decided. In contrast to MiddleNext Code Recommendation No. 14, payment of these fees is not contingent upon meeting attendance. In practice, the Company has not experienced any difficulty in respect of attendance (see Section 2.1.2 of this Report), and its members generally are present and remain available to fulfil their duties.

7. INFORMATION ON THE SHAREHOLDING STRUCTURE AND ITEMS WITH A POTENTIAL IMPACT ON PUBLIC OFFERINGS

In compliance with article L. 225-100-3 of the French commercial code, information on the shareholding structure and items with a potential impact on public offerings is provided in Section 15 of the Company's Annual Management Report for 2015.

March 17, 2016

Frédéric Grimaud

Chairman of the Supervisory Board