

# INTERNAL RULES\* OF THE BOARD OF DIRECTORS


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\* This document does not form part of IPSEN SA's Articles of Association and is not binding on third parties. It cannot be applied to IPSEN SA or its corporate officers by third parties or shareholders.



**IPSEN**

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## INTERNAL RULES OF THE BOARD OF DIRECTORS

These internal rules, adopted by the Board of Directors (hereafter the "Board"), specify its role and its operating methods, in accordance with the law and the Articles of Association of IPSEN (hereafter the "Company"). The Board of Directors also takes into account the French market guidelines on corporate governance and, in particular, the provisions of the AFEP-MEDEF Code, to which the Company refers.

These internal rules do not in any way replace the Company's Articles of Association or the legal and regulatory provisions applicable, are not binding on third parties and are solely intended, within the Company's internal order, to establish mechanisms and procedures to enable the smooth operation of the Board of Directors.

### **Article 1 – Role of the Board**

In charge of managing the Company, in accordance with its legal obligations and the Articles of Association, the Board:

- endeavours to promote long-term value creation by the company by considering the social and environmental aspects of its activities. If applicable, it proposes any statutory change that it considers appropriate;
- in collaboration with the Chief Executive Officer, defines the strategic orientation, examines and decides on important operations, reviews the strategic orientations of the Company and the Group, which is made up of the Company and the business units it consolidates in its financial statements (hereafter "the Group"), its investments, disinvestment, or internal restructuring projects, the Group's overall policy with regard to human resources, in particular its policy on compensation, profit-sharing, and performance-based incentives. It appraises the performance of the Company's management on an annual basis and is consulted on new executive managers' recruitments;
- approves the annual budget presented by the Chief Executive Officer, and all its amendments when exceeding an amount of € 10 million.
- approves, on a proposal of the relevant Innovation and Development Committee and before any decision is made, acquisitions or divestments of equity interests or assets, partnerships, alliances, or cooperation agreements relating to research, development, industry, and business as well as, generally speaking, any transaction or any commitment that might significantly affect the Group's financial or operating situation or its strategic guidelines;
- is regularly informed via the Audit Committee about the financial situation, the Company's cash position, and all the significant events affecting the Company; it is kept informed by its Chairman and by its Committees of all significant events related to the conduct of business for the Company and the Group;
- ensures that shareholders and the public are well informed of the strategy, development model, major non-financial matters of the Company, issues as well as its long-term outlook, in particular via the control it exercises on the information given by the Company; and in this respect, it defines the Company's communication policy, in particular regarding the frequency with which financial information relating to the Group is released;

- checks that the Company has reliable procedures in place to identify, assess, and monitor its commitments and risks, including off-balance sheet risks, as well as an appropriate internal control system;
- is informed about market developments, the competitive environment and the most important aspects facing the company, including in the area of social and environmental responsibility;
- regularly reviews, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly. To this end, the Board of Directors receives all of the information needed to carry out its task, notably from the executive officers;
- if applicable, ensures the implementation of a mechanism to prevent and detect corruption and influence peddling. It receives all of the information needed for this purpose;
- also ensures that the executive officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of women and men on the governing bodies.

More generally, the Board exercises the functions assigned to it by the law to act at all times in the Company's corporate interest, and takes particular care to prevent any conflicts of interest and to take all interests into account.

## **Article 2 – Role and powers of the Chairman of the Board and the Chief Executive Officer**

### **Article 2.1 The Chairman of the Board of Directors**

The Chairman organizes and directs the work of the Board and ensures the effective functioning of the corporate bodies in compliance with good governance principles. He coordinates the work of the Board with that of the Committees.

He ensures that the Directors are able to fulfill their mission and shall particularly ensure that they have all of the information they require to fulfill their mission.

The Secretary of the Board reports to the Chairman. He assists the Chairman in organizing the meetings of the Board, and fulfilling any other assignments linked to the corporate governance rules applicable to the Company.

The Chairman reports each year the work of the Board of Directors to the Shareholders' Meeting.

The Chairman may be in contact with the statutory auditors to prepare the work of the Board.

The Chairman fulfills the following specific missions:

- he may represent the Company, in cooperation with the Chief Executive Officer and at the request solely of the latter, in its high-level relations, on a national and international level, especially with the public authorities, the Group's main partners and other strategic stakeholders of the Company;

- he may, without prejudice to the prerogatives of the Board of Directors and its committees, be consulted by the Chief Executive Officer regarding any significant events related to the Company's strategy and major growth projects;

The Chairman may attend all of the meetings of the Committees of which he is not a member in an advisory capacity and may consult them on any issue within their area of competence.

In all of these specific missions, the Chairman acts in close coordination with the Chief Executive Officer and at the request of the latter who will solely be in charge of the leadership and operational management of the Group (subject to limitations of powers expressly decided by the Board of Directors).

## **Article 2.2 The Chief Executive Officer**

The Chief Executive Officer is responsible for:

- The general management of the Company;
- The chair of the Executive Leadership Team;
- Directing the Company and managing its operations.;
- Acting with the broadest powers in the name of the Company in all circumstances, subject to powers attributed by law to the Board of Directors or to the Shareholders' General Meeting.

Notwithstanding the above, the Chief Executive Officer is required to obtain Board of Directors prior approval for the following matters:

- Acquisition, licensing, sale of assets or equity investments or off-balance sheet commitment within an approved strategy exceeding a unit amount of € 20 million commitment;
- Transfers of assets and/or equity interests, partnerships or joint ventures, financial investments exceeding a unit amount of € 20 million;
- Any transaction or off-balance sheet commitment that is outside the Company's approved strategic framework with a financial impact exceeding € 10 million;
- Capital expenditures (Capex) or divestures exceeding a unit amount of € 20 million;
- Strategic internal restructuring operations (including significant reorganization and/or locations of major industrial and commercial sites) and having a financial impact exceeding € 20 million;
- Financing transactions (including lease agreement) likely to modify the financial structure of the Company with a financial value exceeding € 20 million;
- Any new mid or long-term debt financing of the Company and its subsidiaries, with a financial value exceeding € 50 million; or any financing draw of the Company and its subsidiaries that would result in increasing above two (2) times the ratio of (i) consolidated net debt to (ii) consolidated EBITDA as set in the latest budget approved by the Board of Directors for the period;

- Creation, acquisition or transfer of legal entities when the total related investment exceeds € 20 million;
- Litigations, penalties, fines, settlements, compromises, exceeding € 10 million.

In each of the aforementioned situations, the amounts referred to must, for the same project, be assessed by aggregating all the actions and decisions relating to the same purpose or pursuing the same goal (whether the investment, divestiture, acquisition, transfer, indebtedness or contract in question is carried out in one or several installments by the Company or one or more of its subsidiaries).

The Chief Executive Officer may attend all of the meetings of the Committees of which he is not a member in an advisory capacity and may consult them on any issue within their area of competence.

### **Article 3 – Board members**

#### **3.1 Attendance**

Every Director shall dedicate the time and attention required to discharge the duties of his/her mandate and attend the meetings of the Board and the Committee(s) of which they are a member. The corporate governance report lists the mandates held by members of the Board of Directors and records their individual attendance at Board and Committee meetings.

#### **3.2 Skills**

3.2.1 The Board shall be made up of Directors chosen because of their competence and their experience with respect to the Company and the Group's operations.

3.2.2 Board members may attend training sessions on specific areas of the Company, its business line(s) and industrial sector and the consequences of its social and environmental risks that are to be arranged on the Company's own initiative or at the request of the Board.

#### **3.3 Independence of Directors**

A Director is independent when he/she has no relationship of any kind whatsoever with the Company, its Group or the management that may interfere with his/her freedom of judgement. Accordingly, an independent Director is understood to be any non-executive Director of the Company or the Group who has no particular bonds of interest (significant shareholder, employee, other) with them.

Independent Directors should account for at least a third of Board members. Directors representing the employee shareholders and Directors representing employees are not taken into account when determining the percentage of independent Directors within the Board and the Committees.

The Board shall examine, upon recommendation of the Ethics and Governance Committee, at least once a year which Directors meet these independence criteria and shall report the conclusions of this review to shareholders (i) every year during the Shareholders' Meeting convened to approve the financial statements for the previous financial year and (ii) during Shareholders' Meetings convened to elect new Directors or ratify Directors co-opted by the Board.

Qualification as an independent Director should be discussed in the light of the AFEP-MEDEF Code criteria as follows:

- not to be and not to have been during the course of the previous five years:
  - o an employee or executive Officer of the Company;
  - o an employee, executive Officer of a company or a director of a company consolidated within the Company;
  - o an employee, executive Officer or a director of the Company's parent company or a company consolidated within this parent;
- not to be an executive Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive Officer of the Company (currently in office or having held such office during the last five years) is a director;
- not to be a customer, supplier, commercial banker or investment banker or consultant (or be linked directly or indirectly to these persons):
  - o that is material to the Company or its Group;
  - o or for a significant part of whose business the Company or its Group accounts.

The evaluation of the significant or non-significant relationship with the Company or its Group must be debated by the Board and the quantitative criteria that lead to the evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the corporate governance report;

- not to be related by close family ties to a company Officer;
- not to have been an auditor of the Company within the previous five years;
- not to have been a director of the Company for more than twelve years. Loss of the status of independent director occurs on the date at which this period of twelve years is reached.

A non-executive Officer cannot be considered independent if he/she receives variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or Group.

Directors representing major shareholders of the Company or its parent company may be considered as being independent, provided that these shareholders do not take part in control of the Company. Nevertheless, beyond a 10% holding of stock or 10% of the voting rights, the Board, upon a report from the Ethics and Governance Committee, should systematically review the qualification of a Director as independent in the light of the make-up of the Company's capital and the existence of a potential conflict of interest.

### **3.4 Compensation**

Board members receive compensation as per the Articles of Association, in accordance with the allocation determined by the Board, taking into account (i) Board membership, (ii) effective attendance of each Director at meetings of the Board and its Committees and (iii) duties that may be entrusted to the Directors.

Moreover, an additional amount may be granted to Directors making intercontinental travels to attend Board meetings.

The costs incurred by Directors whilst on Company business, including their travel and accommodation expenses, are reimbursed upon presentation of receipts.

### **3.5 Obligations of shareholding Directors**

Each Director is required to declare to the *Autorité des Marchés Financiers* (the French stock market regulator), within three (3) business days of the transaction, and by electronic means, copied to the Company for information, any acquisition, disposal, subscription or swap of financial instruments issued by the Company as well as transactions made in these financial instruments by means of financial futures instruments. The Company discloses these transactions under the conditions stipulated in the applicable regulations.

### **3.6 Other obligations of Directors**

#### ***3.6.1 Knowledge of rights and obligations / Responsibilities***

Before accepting office, each Director should ensure he/she is familiar with any general or specific obligations relating to his/her position. In particular, they ought to acquaint themselves thoroughly with the legal provisions governing the Company, its Articles of Association, and provisions of the Board's internal rules which apply to them.

#### ***3.6.2 Conflicts of interest***

Directors are elected by all the Company's shareholders and must act in all circumstances in the Company's interest.

Directors must inform the Board of any conflict of interest situation, including a potential conflict of interest, between themselves and the Company or the Group and shall abstain from attending the debate and taking part in any discussions and vote by the Board on the corresponding deliberations.

As part of its missions mentioned under paragraph 6.6.1, the Ethics and Governance Committee regularly reviews with the Board of Directors the issue of conflict of interest.

Each Director must report his/her activities to the Ethics and Governance Committee on an annual basis for review and recommendation to the Board of Directors.

#### ***3.6.3 Vigilance***

Directors are required to contribute to the determination of the orientations of the business of the Company and the Group and to supervise their implementation. They must exercise an effective and vigilant oversight of the Company's and Group's management.

#### ***3.6.4 Confidentiality***

Directors have a general duty of discretion and confidentiality as regards the deliberations of the Board and its Committees. The same applies to all non-public information and documents provided to them at meetings or otherwise in connection with their functions as Board or Committee members or their participation in their deliberations. This duty of discretion and confidentiality shall continue to apply even after the end of the term of office.

#### ***3.6.5 Obligation to hold Company's shares***

Without prejudice to the applicable provisions of the Articles of Association, every Director must be a Company shareholder in a personal capacity and own, directly or indirectly a relatively significant number of shares.

Any Director, whether an individual or a permanent representative of a legal entity to whom compensation as a Director has been paid, must hold, before the expiry of a two (2) year period following his/her first appointment, 500 Company shares.

The Company officers not receiving such compensation as a Director must retain until the end of their term of office at least a number of shares equivalent to 20% of the net proceeds resulting from the selling of stock options or performance shares granted.

These shares must be held in registered form.

### **3.6.6 Securities transactions**

Directors undertake to comply with all stock market regulations designed to prevent any market abuse detrimental to the interests or image of the Company or the Group.

Directors shall not carry out transactions in any shares of companies in respect of which they hold insider information, owing to their position, which would be likely to have a significant effect on the price of the securities concerned.

Securities transactions are also prohibited for 30 (thirty) calendar days prior to the day of publication of the annual and interim financial statements and the Company's quarterly information, inclusive of the publication day.

The specified periods do not rule out other blackout periods resulting from knowledge of precise information that concerns directly or indirectly the Company, which, if it were disclosed, would likely have a significant effect on the market price of the Company shares.

The Company regularly informs Directors of the timetable of blackout periods as well as new obligations applicable to them.

### **3.6.7 Duty of care**

Directors must dedicate the necessary time and attention to their duties.

An Executive officer of the Company should not hold more than two other directorships in listed companies, including foreign companies, not affiliated with his/her group. He/she must also seek the prior opinion of the Board before accepting a new directorship.

A Director should not hold more than four other directorships in non-Group listed companies, including foreign companies. The Director must keep the Board informed of the offices and positions held in other companies. The non-executive Chairman must also obtain the opinion of the Board before accepting a new corporate office.

## **3.7 Employee representation on the Board of Directors**

The Board of Directors includes one or two Directors representing the employees. Pursuant to Article 12 of the Articles of association of the Company:

- If the Ipsen SA Board of Directors is comprised of twelve (12) members or fewer, the designation of a single employee representative is required.



The Director representing the employees will be appointed by the Works Council of the existing economic and social unit within the IPSEN Group.

- If the Board of Directors is comprised of more than twelve (12) members, the designation of a second employee representative is required.  
The second Director representing the employees will be appointed by the European Works Council.

The office of Director representing the employees shall be incompatible with any office of trade union representative or with any office in one of the employee representative institutions listed in Article L.225-30 of the French Commercial Code.

Subject to the specific legal provisions applicable to them, the Directors representing the employees have the same rights, shall be bound by the same rules, especially with respect to confidentiality, and shall incur the same liability as other Board members.

They are bound by all the provisions of the Internal Rules of the Board of Directors, with the exception of those relating to the obligation to own any share in the Company. The Directors representing the employees will not be paid as part of their mandate.

The Director representing the employees has a preparation time of fifteen (15) hours per Board meeting which is considered as effective working time and remunerated for accordingly to his salaried position.

The Director representing the employees receives, at his request, training suited to the exercise of his office of 40 hours of training a year.

## **Article 4 – Functioning**

### **4.1 Meetings**

The Board meets at least once per quarter at the Company's head office or in any other place specified in the notice of meeting.

Directors may take part in meetings by any means allowed by law or by the Articles of Association.

The Vice-Chairman of the Board, when one has been appointed, assists the Chairman in his mission to organise and supervise the Board's work. He takes part in the preparation of Board meetings in coordination with the Chairman and, in that capacity, is consulted by the Chairman to set an agenda. Before the notice of a meeting is sent out, together with the Chairman, the Vice-Chairman reviews the documents and information made available to Directors.

### **4.2 Evaluation**

Once a year, the Board discusses its operation, membership, and organization in an "executive session", without the Chairman of the Board if appropriate, and without the presence of the Chief Executive Officer and management team members.

This "executive session" is prepared by the Ethics and Governance Committee in conjunction with the Vice-Chairman of the Board or a Director who is specially appointed for this purpose.

The Board also performs a formal evaluation at least once every three years.

The Board may call in an external consultant to conduct an evaluation.

Furthermore, the non-executive Directors also carry out, once a year, an evaluation of the Chairman of the Board, the Chief Executive Officer and, as the case may be, the Deputy Chief Executive Officer(s), outside their presence. The results of this evaluation are communicated by the Chairman of the Board of Directors to the Chief Executive Officer.

## **Article 5 – Means**

### **5.1 Expertise provided by Committees**

The Board of Directors may set up temporary or permanent specialised Committees comprising at least three (3) and no more than six (6) Directors, of its choosing, and appoints the Chairpersons of said Committees.

These Committees submit their opinions and proposals to the Board and report to the Board on their work.

### **5.2 Information given to Directors**

The Board is regularly informed and, especially during its meetings, of the Company's financial situation, cash position and significant commitments.

In order to ensure an efficient and prudent control of the Company's and the Group's management, the Board may hear the Group's main senior managers, whether executive officers or not. The Board may request all reports, documents, and studies produced by the Group and may also ask for any external technical studies at the Company's expense, provided this does not breach any confidentiality rules. For this purpose, and notwithstanding the individual Director's right to information as laid down in the law and the Articles of Association, the Vice-Chairman of the Board, acting on behalf of all Directors, may ask the Chairman of the Board, for any information document which would need to be made available in order to enable Directors to fulfil their duties in compliance with the law and the Articles of Association.

Directors may collectively or individually request the advice of the Group's senior executives on any matters, while informing the Chairman of the Board and the Chief Executive Officer, and may meet such executives without the presence of the Chairman and the Chief Executive Officer.

Directors may likewise, collectively or individually, during or outside meetings, ask the Chairman and/or the Chief Executive Officer for information they deem useful, should disclosure of said information not be prohibited by rules of prudence on confidentiality.

Directors receive any relevant information, specifically, monthly reports, press reviews, and financial analysts' reports. Directors are also regularly informed of market developments, the competitive environment and the main issues, including in the fields of corporate social and environmental responsibility.

Directors also regularly receive information on any change in corporate governance regulations.

### **5.3 Transparency**

The Report on the corporate governance includes an account on the work and functioning of the Board and its Committees during the previous year.

### **Article 6 – Permanent committees**

By adopting these internal rules, the Board establishes six (6) permanent Committees:

- an Innovation and Development Committee – Specialty Care,
- an Innovation and Development Committee – Consumer HealthCare,
- an Audit Committee,
- a Nomination Committee,
- a Compensation Committee,
- an Ethics and Governance Committee.

### **6.1 Common rules applicable to all permanent Committees**

6.1.1 Committee members chosen from among the Directors are appointed in a personal capacity for the duration of their term of office as a Director. They can delegate another member of the same Committee to represent them. They can be replaced or dismissed at any time by the Board. Their terms of office are renewable. A single Director can be a member of several Committees.

6.1.2 The Chairperson of each Committee is appointed from among its members by the Board.

6.1.3 Subject to the specific rules applicable to them, each Committee determines the frequency of its meetings. Said meetings are held at the head office or any other location decided by its Chairperson when he convenes it and sets the meeting's agenda.

A Committee can only meet if at least half of its members are present, in one of the ways allowed by the law or the Articles of Association with respect to Directors attending Board meetings.

Each Committee shall rule by a simple majority of the votes of the members present or represented.

The Chairperson of a Committee may invite all Board members to one or several of its meetings, as well as any other person. Only members of the Committee shall take part in its deliberations.

6.1.4 The minutes of each Committee meeting are drawn up by the Secretary of the Board under the authority of the Chairperson of the Committee. The minutes are then sent to all members of the Committee. The Chairpersons of Committees report to the Board on the work carried out by their Committees under the conditions set by the Board.

6.1.5 Within its own area of competence, each Committee issues proposals, recommendations, or opinions.

To this end, each Committee may carry out or have carried out, at the Company's expense, all external studies likely to enlighten the Board's deliberations.

Each Committee reports to the Board on its work at each one of the Board's meetings. A summary of the activity of each Committee is included in the Report on the corporate governance.

6.1.6 Each Committee may decide, if need be, on its other operating procedures. It ensures periodically that its rules and operating procedures enable it to assist the Board in deliberating validly on the issues within its remit and can propose to the Board a change in its Internal rules.

## **6.2 Innovation and Development Committee – Specialty Care**

6.2.1 The role of the Innovation and Development Committee – Specialty Care is to:

- review the proposals presented by Management on internal Research & Development programs, Business Development and Merger & Acquisitions;
- follow the update of the Business Development portfolio by therapeutic areas;
- review divestiture programs if any to be endorsed later by the Board.

6.2.2 The Innovation and Development Committee – Specialty Care comprises the Chairman of the Board and five (5) other permanent members of the Board of Directors. The skill set required from the participating committee members are science, drug development, financial, legal. The Board may also decide the existence of permanent guests to the Innovation and Development Committee – Specialty Care.

6.2.3 The Innovation and Development Committee – Specialty Care meets at least four (4) times a year, when convened by its Chairman, or by a majority of its members.

When voting on the Innovation and Development Committee - Specialty Care, the Chairman of the Committee does not have a casting vote.

6.2.4 To carry out its work, the Innovation and Development Committee – Specialty Care may audition the Group's senior executives, whether corporate officers or not.

## **6.3 Innovation and Development Committee – Consumer HealthCare**

6.3.1 The role of the Innovation and Development Committee – Consumer HealthCare is to:

- review the proposals presented by Management on Business Development and Merger & Acquisitions, relating to Consumer HealthCare;
- follow the update of the Consumer HealthCare portfolio;
- review Consumer HealthCare divestiture programs if any to be endorsed later by the Board.

6.3.2 The Innovation and Development Committee – Consumer HealthCare comprises the Chairman of the Board and two (2) other permanent members of the Board of Directors. The Board may also decide the existence of permanent guests to the Innovation and Development Committee – Consumer HealthCare.

6.3.3 The Innovation and Development Committee – Consumer HealthCare meets at least twice (2) a year, when convened by its Chairman, or by a majority of its members.

When voting on the Innovation and Development Committee - Consumer HealthCare, the Chairman of the Committee does not have a casting vote.

6.3.4 To carry out its work, the Innovation and Development Committee – Consumer HealthCare may audition the Group’s senior executives, whether corporate officers or not.

## **6.4 Audit Committee**

6.4.1 The role of the Audit Committee is to:

- ensure the relevance and permanence of the accounting policies used to prepare both the Company's and the consolidated financial statements, review and assess the consolidation scope as well as evaluate and verify the relevance of the accounting methods applied to the Group;
- examine, before they are presented to the Board, draft annual and interim financial statements, draft annual and half-yearly reports, draft forecasts and annual budgets as well as any accounting and financial information relating to any significant project; to that end, the Audit Committee should be able to cooperate (by exchanging information and working jointly) with the relevant Innovation and Development Committee and the Executive Management before a summary of their work is presented to the Board;
- examine, before they are presented to the Board, press releases on financial results and guidance, as well as the related presentations;
- examine draft resolutions relating to the financial statements in order to make comments or suggestions, before they are presented to the Board;
- control the quality of procedures relating to the preparation and processing of financial and extra-financial accounting information compliance with them, and assess the information received from management, internal committees and internal and external audits;
- monitor the effectiveness of internal control and risk management systems;
- examine the risk exposure, including those of a social and environmental nature, and major off-balance sheet commitments of the Company as well as the accounting options chosen;
- manage the selection and reappointment of the Statutory Auditors, verify their independence, give an opinion on the amount of fees they request, and submit the results of its work to the Board;
- examine the details and appropriateness of the fees paid by the Company and the Group to the Statutory Auditors and ensure that said fees and corresponding services are unlikely to affect the auditors’ independence;

- authorise services, other than statutory audit work, that the Statutory Auditors and members of their networks may be asked to perform in accordance with the applicable laws and regulations;
- conduct an annual review of the status of major disputes;

6.4.2 The Audit Committee comprises a minimum of three (3) directors and a maximum of six (6) directors, including two-thirds of independent directors who meet the criteria set out in 3.3 above, chosen from among Directors who are not executive officers. All members of the Audit Committee must have financial or accounting expertise. The Board appoints the Chairperson of the Committee from among its members. The Chairperson of the Committee is also an independent director with respect to the Company's independence criteria.

6.4.3 The Audit Committee meets at least four (4) times a year when convened by its Chairperson.

When voting on the Audit Committee, the Chairman of the Committee does not have a casting vote.

6.4.4 In the performance of its duties, the Audit Committee:

- submits to the Board its proposals regarding the appointment, compensation or replacement of the Company's Statutory Auditors;
- reviews, with the management and the Company's Statutory Auditors, the quarterly, interim and annual financial statements, the accounting principles and policies implemented, the Group's audit and internal control principles and methods, risk management procedures and the analyses and reports relating to financial reporting, accounting policy and communications between management and the Company's Statutory Auditors;
- examines and checks the rules and procedures applicable to conflicts of interest, expenses incurred by members of the management and the identification and measurement of the main financial risks, as well as their application and submits its assessment every year to the Board;
- examines, checks and assesses on an annual basis the independence, the control procedures and the problems encountered by the Company's Statutory Auditors, as well as the measures adopted to solve said problems, and monitors in the same manner the way in which internal audit operates;
- more generally, it examines, checks and assesses everything likely to affect the regularity and fairness of the financial statements.

6.4.5 The Audit Committee ensures it is provided, and in sufficient time, with all necessary or useful information and hears any person whose audition is necessary or useful with regard to its work. It may in particular have recourse to external experts.

## **6.5 Nomination Committee**

6.5.1 The role of the Nomination Committee is to:

- in conjunction with the Ethics and Governance Committee (for aspects relating to conflicts of interest) and the Chairman of the Board, make proposals to the Board of Directors concerning the re-election, replacement or appointment of new Directors, ensuring the balance and complementarity of the skills of the directors and the diversity of their profiles;
- organize a procedure to select future independent directors;
- give its opinion, in conjunction with the Chairman of the Board, on the recruitment or the replacement of the Chief Executive Officer or Deputy Chief Executive Officers, if applicable, as well as on members of the Executive Leadership Team;
- design, if applicable, in conjunction with the Chairman of the Board, a plan for replacement of Company Officers, so as to be able to propose replacement solutions to the Board in the event of an unforeseen vacancy;
- regularly review directors training plans and the process for welcoming and integrating new directors.

6.5.2 The Nomination Committee comprises a minimum of three (3) directors and a maximum of six (6) directors, including at least one-third of independent directors who meet the criteria set out in 3.3 above, chosen from among Directors who are not executive officers. The Board appoints the Chairperson of the Committee from among its members.

6.5.3 The Nomination Committee meets at least twice (2) a year, when convened by its Chairperson or at the request of the Chairman of the Board.

When voting on the Nomination Committee, the Chairman of the Committee does not have a casting vote.

## **6.6 Compensation Committee**

6.6.1 The role of the Compensation Committee is to:

- make proposals to the Board of Directors on all components of the compensation paid to the Group's corporate officers, senior management and senior executives;
- be informed on all matters pertaining to the recruitment of the Group's main senior managers, other than the Chief Executive Officer, as well as on decisions concerning the fixing or changing of any part of their compensation;
- issue a recommendation on the amount and allocation of compensations among Board members;
- make recommendations to the Board of Directors on Group compensation policies as well as employee savings plans, employee share ownership schemes, stock options and bonus shares or any other similar forms of compensation.

- 6.6.2 The Compensation Committee comprises a minimum of three (3) directors and a maximum of six (6) directors, including a half of independent directors who meet the criteria set out in 3.3 above, chosen from among Directors who are not executive officers. The Board appoints the Chairperson of the Committee from among its members.
- 6.6.3 If it deems it useful, the Compensation Committee may ask the Chairman of the Board to assist in its deliberations and work, except when it is discussing the Chairman's compensation.
- 6.6.4 The Compensation Committee meets at least twice (2) a year, when convened by its Chairperson or at the request of the Chairman of the Board of Directors.

When voting on the Compensation Committee, the Chairman of the Committee does not have a casting vote.

## **6.7 Ethics and Governance Committee**

6.7.1 The role of the Ethics and Governance Committee is to:

- review the definition of the Group's fundamental values and its ethics and compliance policy;
- submit recommendations on ethics and compliance to the Board of Directors; discuss all issues relating to ethics and compliance referred to it by the Board;
- ensure the dissemination throughout the Group of the Code of Ethics and general ethics policies defined by the Group and their updates;
- ensure the implementation, monitoring and efficiency of procedures for the communication and comprehension of the Code of Ethics and compliance with it and overall policies by employees of the Group;
- examine the Group's risks mapping from an ethics and compliance standpoint;
- review the Group's ethics and compliance activity report;
- examine the organisation of the ethics and compliance function and make recommendations, when relevant;
- receive any information concerning possible breaches of the ethics and compliance policy and review action plans implemented to address these;
- examine the evolution of corporate governance rules, particularly those of the AFEP-MEDEF Code, and report its conclusions and recommendations to the Board; monitor the application of the rules of corporate governance defined by the Board of Directors and ensure that the information is given to shareholders on this subject; specify, where appropriate, the recommendations of the AFEP-MEDEF Code that are not applied and explain the reasons in an understandable, relevant and detailed manner;



- propose the referral of the High Committee monitoring the application of the code AFEP-MEDEF on any question relating to a provision or the interpretation of said code;
- examine situations of potential conflicts of interest of members of the Company's Board of Directors and communicate the results of its findings in accordance with an internal procedure which protects confidentiality;
- give a technical opinion - with regard to the rules of ethics and governance applied by the Group - on the mandates and functions performed outside the Group by the members of the Board of Directors, the Chief Executive Officer and, as the case may be, the Deputy Chief Executive Officers, at the time of their appointment and annually as part of the review of the information mentioned in the Registration Document;
- prepare, under the direction of the Chairperson of the Committee, in liaison with the Vice-Chairman of the Board or a specially appointed director, the annual "restricted session" of the Board of Directors on its operation, without the presence of the Chairman of the Board, the Chief Executive Officer and the executive members;
- give an opinion, in liaison with the Chairman of the Board, on the list of independent directors of the Board of Directors when appointing a director and annually for all directors;
- make proposals to the Board for the establishment and structuring of Board committees;
- carry out, under the direction of the Chairperson of the Committee, a formal evaluation of the structure, size and composition of the Board, periodically and at least every three years, and make recommendations to the Board regarding any changes;
- propose to the Board the appointment of a Director in charge of the relations of the Board with the shareholders, in coordination with the Investor Relations Department of the Company and the Chief Executive Officer;
- if applicable, ensure the implementation of a mechanism to prevent and detect corruption and influence peddling. It receives all of the information needed for this purpose.
- also ensure that the executive officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of women and men on the governing bodies.

6.7.2 The Ethics and Governance Committee comprises a minimum of three (3) directors and a maximum of six (6) directors, including at least one (1) independent director who meet the criteria set out in 3.3 above, chosen from among Directors who are not executive officers. The Board appoints the Chairperson of the Committee from among its independent members.

6.7.3 The Ethics and Governance Committee may, when it deems necessary, hold a hearing with the Executive Management or members of this team, Internal Audit, the Ethics and Compliance Department or any other member of the management. Said auditions may be held, when necessary, without the presence of members of Executive Management.

6.7.4 The Ethics and Governance Committee meets at least twice (2) a year when convened by the Chairperson of the Committee.

When voting on the Ethics and Governance Committee, the Chairman of the Committee does not have a casting vote.

### **Article 7 – Ad hoc Committee: Scientific Advisory Board**

A Scientific Advisory Board, which is not an additional permanent committee of the Board of Directors but an ad hoc committee, is established. It is composed of experts from outside the Board, internationally recognized in the scientific field.

7.1.1 The Scientific Advisory Board has for mission to enlighten the Board of Directors about the scientific direction of the company, to inform it about the evolution of science where it competes, and provide strategic advice, in particular regarding emerging science and technology issues and trends in the field of oncology, neurosciences, endocrinology and rare disease areas.

7.1.2 The Scientific Advisory Board is composed of a Chairman, who runs the committee and four (4) additional external members at the most (in addition to the Chairman of the Fondation IPSEN), chosen by this Chairman among those who are the best placed and experienced to fulfill the missions of the Committee. These members are from outside Ipsen and the term of their office may be renewed every year by tacit reconduction.

The Chief Scientific Officer and Head of Ipsen Research and Development is a permanent guest to the Scientific Advisory Board. However, the Board may have closed sessions, without its presence.

The Chairman of the Fondation IPSEN is also a permanent member of the Scientific Advisory Board.

7.1.3 The Scientific Advisory Board meets formally between once and twice a year with the Board of Directors.

Done in Boulogne-Billancourt, on January 6th, 2020.

In as many copies as necessary.