

Report of the Board of Directors on the proposed resolutions submitted to the Combined Shareholders' Meeting of 30 May 2018

The Board of Directors convenes the Shareholders of the Company to the Combined Shareholders' Meeting to be held on 30 May 2018, in order to report on the Company's operations during the financial year closed 31 December 2017 and submit the following proposed resolutions to their approval:

- **Approval of the 2017 annual financial statements and allocation of results (1st to 3rd ordinary resolutions)**

The first items on the agenda relate to the approval of the annual financial statements (**first resolution**) and the consolidated financial statements (**second resolution**).

Ipsen SA's annual financial statements for the year closed 31 December 2017 show a loss of €17,369,249.12.

The consolidated financial statements for the year closed 31 December 2017, show a profit (Group share) of 272,280 thousands of euros.

Detailed comments on the annual and consolidated financial statements are given in the 2017 Registration Document.

The **third resolution** aims at deciding the allocation of the results and the setting of the dividend for the 2017 financial year.

The Board of Directors proposes to the Shareholders' Meeting to distribute a gross dividend of €1.00 for each share and subsequently to allocate 2017 results as follows:

Origin:

• Loss for the financial year	€17,369,249.12
• Previous retained earnings	€158,866,831.82
• Distributable profit	€141,497,582.70

Allocation:

• No allocation to the legal reserve <i>(the amount being beyond 10% of the share capital)</i>	–
• Dividends	€83,782,308.00
• Retained earnings	€57,715,274.70

The ex-dividend date for the total gross dividend of €1.00 due for each share would be 4 June 2018 and its payment date 6 June 2018.

In the event of a change in the number of shares carrying a right to a dividend in comparison with the 83,782,308 shares comprising the share capital on 14 February 2018, the overall amount of dividends would be accordingly adjusted and the amount allocated to the retained earnings would be determined on the basis of the dividends effectively paid.

As a consequence, it is proposed to the Shareholders' Meeting to authorize the Chief Executive Officer, with the option to sub-delegate this authorization, to debit or credit the retained earnings with the necessary amounts within the conditions mentioned above.

When it is paid to natural persons fiscally domiciled in France, the dividend is subject, either to a single flat-rate withholding tax of 12.8% (Article 200 A of the French General Tax Code), or, as an express, irrevocable and overall option by the taxpayer, to income tax in accordance with a progressive scale particularly after a 40% allowance (Article 200 A, 13, and 158 of the French General Tax Code). The dividend is moreover subject to social contributions at the rate of 17.2 %.

In accordance with the provisions of Article 243 *bis* of the French General Tax Code, the Shareholders' Meeting acknowledged that dividends distributed and incomes for the three previous financial years were as follows:

For financial year	Incomes eligible for tax allowance		Incomes not eligible for tax allowance
	Dividends	Other incomes paid out	
2014	€70,450,514.30 ^(*) i.e. €0.85 per share	–	–
2015	€70,759,526.70 ^(*) i.e. €0.85 per share	–	–
2016	€71,043,419.90 ^(*) i.e. 0.85 per share	–	–

()Including the amount of the unpaid dividend corresponding to treasury shares and allocated to the retained earnings item.*

- **Regulated agreements and commitments (4th ordinary resolutions)**

From the outset, it is reminded that only the new agreements entered into during the last financial year ended shall be submitted to this Shareholders' Meeting.

The Board of Directors hereby informs the Shareholders' Meeting that no new agreement of the kind specified in articles L. 225-38 et seq. of the French Commercial Code has been authorized and entered into during the last period and asks to purely and simply note this fact (**fourth resolution**).

- **Directors (5th to 9th ordinary resolutions)**

As the terms of office of Ms. Anne BEAUFOUR and H  l  ne AURIOL-POTIER and Mr. Pierre MARTINET and Herv   COUFFIN expire at the end of the present Meeting and MAYROY SA resigned as a Director, which took effect today at the opening of this Shareholders' Meeting, the Board of Directors, upon proposal of the Nomination and Governance Committee, proposes to the Shareholders' Meeting to:

- renew the term of office of Ms. Anne BEAUFOUR, as a Director, for a duration of four years, expiring at the end of the Shareholders' Meeting to be held in 2022 called to approve the financial statements for the previous financial year (**fifth resolution**).

Ms. Anne BEAUFOUR, Director of Ipsen SA since 2005, is currently the Chairperson of the Nomination and Governance Committee and guest of the Innovation and Development Committee.

The Board of Directors, upon the advice of the Nomination and Governance Committee, considers that Ms. Anne BEAUFOUR may not be qualified as an independent member according to the independence criteria set out in the AFEP-MEDEF Code.

Additional information concerning this Director, whose renewal is proposed, is set out in Appendix 1 of the present convening notice.

- appoint Mr. Philippe BONHOMME in replacement of MAYROY SA, as a Director, for the remaining term of office of his predecessor, i.e. until the conclusion of the Shareholders' Meeting held in 2020 called to approve the financial statements for the previous financial year (**sixth resolution**).

In accordance with Articles 14 and 15 of the company's articles of association, the Director's term of office lasts four (4) years; in the event of a vacancy due to death or resignation, the Director appointed as a replacement only stays in office during the remaining term of office of his or her predecessor.

MAYROY SA was re-appointed Director during the Shareholders' Meeting held on 31 May 2016, for a period of four years, expiring at the conclusion of the Shareholders' Meeting held in 2020 called to approve the financial statements of the previous financial year. In accordance with the company's articles of association, the recommendations of the AFEP-MEDEF Code and to comply with the staggering of the terms of office decided in 2011, it is proposed that Mr. Philippe BONHOMME be appointed in replacement of MAYROY SA, as a Director, for the remaining term of office of his predecessor, i.e. for a period of two years expiring at the conclusion of the Shareholders' Meeting in 2020 called to approve the financial statements for the previous financial year.

Mr. Philippe BONHOMME is the permanent representative of the company MAYROY SA, a Director of Ipsen SA since 2012. MAYROY SA is currently a member of the Ethics Committee.

The Board of Directors, upon the advice of the Nomination and Governance Committee, considers that Mr. Philippe BONHOMME may not be qualified as an independent member according to the independence criteria set out in the AFEP-MEDEF Code.

Additional information concerning Mr. Philippe BONHOMME, whose appointment as a Director is set out in Appendix 1 of the present convening notice.

- appoint Mr. Paul SEKHRI to replace Mr. Hervé COUFFIN, as the latter has not wished to renew his office, as a Director, for a duration of four years, expiring at the end of the Shareholders' Meeting to be held in 2022 called to approve the financial statements for the previous financial year (**seventh resolution**).

Mr. Paul SEKHRI, of US citizenship, is a seasoned Life Sciences executive with more than 30 years of international experience in general management, drug development, technology identification and commercial strategy, in large pharma companies, biotech and private equity firms.

The Board of Directors, upon the advice of the Nomination and Governance Committee, considers that Mr. Paul SEKHRI may be qualified as an independent member according to the independence criteria set out in the AFEP-MEDEF Code.

Complementary information concerning Mr. Paul SEKHRI, whose nomination as a Director is proposed, is set out in Appendix 1 of the present convening notice.

- appoint Mr. Piet WIGERINCK to replace Ms. H  l  ne AURIOL-POTIER, as the latter has not wished to renew her office, as a Director, for a duration of four years, expiring at the end of the Shareholders' Meeting to be held in 2022, called to approve the financial statements for the previous financial year (**eighth resolution**).

Mr. Piet WIGERINCK, of Belgian citizenship, is a senior and renowned scientist with a strong experience and understanding of the drug discovery pipeline, from target identification and validation through to clinical Proof Of Concept, in large international pharmaceutical and biotechnology companies.

The Board of Directors states, upon recommendation of the Nomination and Governance Committee, that Mr. Piet WIGERINCK may be qualified as an independent member with respect to the independence criteria set out in the AFEP-MEDEF Code.

Complementary information concerning Mr. Piet WIGERINCK, whose nomination as a Director is proposed, is set out in Appendix 1 of the present convening notice.

- duly note the non-renewal and non-replacement of Mr. Pierre MARTINET, as the latter has not wished to renew his office, as a Director, at the end of this Shareholders' Meeting (**ninth resolution**).

The Board would like to thank Ms. H  l  ne AURIOL-POTIER, Mr. Herv   COUFFIN and Pierre MARTINET, for their major contribution to the work of the Board of Directors.

- **Compensation of the corporate officers (10th to 13th ordinary resolutions)**

Approval of the fixed, variable and exceptional elements making up the total compensation and the benefits of any kind paid or granted for the past financial year to Mr. Marc de GARIDEL, Chairman of the Board of Directors, and Mr. David MEEK, Chief Executive Officer

The Board of Directors proposes to the Shareholders' Meeting, to rule on the fixed, variable and exceptional elements making up the total compensation and the benefits of any kind paid or granted in respect of the past financial year and in respect of their term of office, to Mr. Marc de GARIDEL, Chairman of the Board of Directors (**tenth resolution**) and to Mr. David MEEK, Chief Executive Officer (**eleventh resolution**), determined in application of the compensation principles and criteria approved by the Shareholders' Meeting of June 7, 2017 in its 15th and 17th ordinary resolutions.

The individual compensation elements are detailed in tables attached to this report (Appendix 2).

Approval of the principles and criteria for determining, allocating and granting fixed, variable and exceptional elements making up the total compensation and the benefits of any kind attributable to the Chairman of the Board of Directors and the Chief Executive Officer and/or any other corporate officers

The Board of Directors proposes to the Shareholders' Meeting to approve the principles and criteria for determining, allocating and granting fixed, variable and exceptional elements making up the total compensation and the benefits of any kind attributable to the Chairman of the Board of Directors (**twelfth resolution**) and the Chief Executive Officer and/or any other corporate officers (**thirteenth resolution**).

The report of the Board of Directors on these compensation elements is set out in the 2017 Registration Document and is attached to the present report (Appendix 3).

- **Repurchasing by the Company of its own shares (14th ordinary resolution)**

Authorization to be given to the Board of Directors to allow the Company to repurchase its own shares pursuant to the provisions of article L.225-209 of the French Commercial Code

Pursuant to the terms and conditions of the **fourteenth resolution**, it is proposed to the Shareholders' Meeting to authorize the Board of Directors, with the ability to subdelegate, for a period of eighteen months, the powers required to purchase, on one or several occasions as it shall see fit, Company shares within the limit of 10%, of the number of shares comprising the share capital, adjusted, if applicable, to take into account any share capital increases or reductions that may occur during the period covered by the program.

This authorization would terminate the authorization given to the Board of Directors by the Shareholders' Meeting held on 7 June 2017 in its eighteenth ordinary resolution.

The acquisitions may be carried out in order to:

- stimulate the secondary market or ensure the liquidity of the IPSEN shares through the activities of an investment service provider via a liquidity agreement compliant with the AMAFI Code of ethics admitted by the regulations, it being specified that in this framework, the number of shares used to calculate the above-mentioned limit corresponds to the number of shares purchased, decreased by the number of shares sold;
- retain the purchased shares and subsequently deliver them within the context of an exchange or a payment related to possible external growth transactions;
- ensure the hedging of stock option plans and/or free share plans (or similar plans) in favor of Group employees and/or corporate officers as well as all allocations of shares under a Company or Group savings plan (or a similar plan), as part of the sharing of the Company's profits and/or all other forms of allocation of shares to Group employees and/or corporate officers;
- ensure the coverage of negotiable securities giving rights to the allocation of Company shares in accordance with the regulations in force;
- possibly cancel acquired shares, subject to the authorization granted or to be granted by the Extraordinary Shareholders' Meeting.

These share purchases, sales, transfers or exchanges may be carried out by all means, including on the market or off-market or by multilateral negotiations systems or through systematic internalizers, or over the counter, including

through the acquisition or sale of blocks of securities, and at any times as the Board shall see fit.

The Company reserves the right to use options or derivative instruments in accordance with applicable regulations.

The Board of Directors may not, without prior authorization by the Shareholders' Meeting, make use of this authorization from the filing by a third party of a public offer for the Company's shares and until the end of the offer period.

It is proposed to fix the maximum purchase price at €250 per share and, in consequence, the maximum amount of the transaction at €2,094,557,500.

The Board of Directors shall dispose of all the powers required to undertake the necessary actions in such matters.

Detailed information on share purchase operations carried out in 2017 is set out in the 2017 Registration Document.

- **Free grants of shares (15th extraordinary resolution)**

Authorization to be given to the Board of Directors to carry out free grants of existing shares and/or to be issued to salaried staff members and/or certain corporate officers of the Company or related companies, waiver by shareholders of their preferential subscription rights, duration of the authorisation, ceiling, duration of acquisition, in particular in the case of disability, and, if applicable, holding periods

In order to enable an attractive policy concerning employee share ownership of a nature to ensure the development of the Company, we propose to renew the authorization to carry out free grants of existing shares and/or to be issued to salaried staff members of the Company and related companies and/or certain corporate officers.

We hereby request to authorize the Board of Directors, for a period of 26 months to grant, pursuant to Article L 225-197-1 of the French Commercial Code, new free shares resulting from a capital increase by capitalization of reserves, premiums or profit, and/or with existing shares (**fifteenth resolution**).

The persons benefiting from these free shares may be:

- salaried staff members of the Company or of companies that are directly or indirectly affiliated to it under the meaning of Article L.225-197-2 of the French Commercial Code;
- and/or company officers who meet the conditions defined by Article L.225-197-1 of the French Commercial Code.

The total number of free shares thus allocated shall not exceed 3% of the share capital at the date of the present Shareholders' Meeting, taking into account that the total number of shares which the options that could be granted by the Board of Directors, pursuant to twenty-seventh extraordinary resolution approved by the Combined Shareholders' Meeting held on 7 June 2017, will count towards this upper limit.

The total number of free shares that may be granted to the corporate officers shall not exceed 20% of this envelope and the final acquisition of these free shares will be subject to performance conditions set by the Board of Directors.

The allocation of shares to beneficiaries would be final at the end of an acquisition period that will last as long as determined by the Board of Directors, which shall not be less than two years.

The Shareholders' Meeting would authorize the Board of Directors to provide or not a holding period at the end of the acquisition period.

Exceptionally, the final acquisition shall occur before the end of the acquisition period in the event of disability of the beneficiary corresponding to a classification in the second and the third categories defined by Article L.341-4 of the French Social Security Code.

This authorization would entail the waiver by shareholders of their preferential subscription rights to the new shares issued by the means of the capitalization of reserves, premiums and profits.

In consequence, the Board would dispose, within the limits fixed above, of all powers to set the conditions and, if applicable, the criteria for granting and performance conditions of the shares; determine the identity of beneficiaries as well as the number of shares allocated to every one of them; if applicable, check whether there are sufficient reserves and transfer to an unavailable reserve account at every allocation the sums required to pay up the new shares to be allocated; decide, in due course, the capital increase or increases by capitalization of reserves, premiums or profits related to the issuance of the new free shares; acquire the necessary shares under the share repurchase program

and transfer them to the plan; determine the impacts on the rights of beneficiaries, of transactions affecting the share capital or likely to affect the value of the allocated and acquired shares during the acquisition period and, accordingly, change or adjust, if necessary, the number of shares allocated in order to safeguard the rights of beneficiaries; decide whether or not to establish a holding period at the end of the acquisition period and, where appropriate, to determine its duration and take all appropriate measures to ensure compliance of the beneficiaries; and, more generally, do everything implementing this authorization will require in accordance with the legislation in force.

This authorization would cancel and supersede, where appropriate, up to the unused portion, any previous authorization having the same purpose.

- **Directors representing the employees at the Board of Directors (16th extraordinary resolution)**

Modification concerning the Articles of Association specifying the procedure to designate the Directors representing the employees at the Board of Directors

Pursuant to **sixteenth resolution**, it is proposed to the Shareholders' Meeting, in accordance with Article L. 225-27-1 of the French Commercial Code to insert in Article 12 of the Articles of Association, after the second paragraph, paragraphs to determine the procedure for designating one or more directors representing the employees at the Board of Directors.

It is proposed that the Company's Articles of Association provide for the designation of the employee representative(s) on the Board of Directors (i) by the Central Works Council of the existing Economic and Social Unit within Ipsen Group, for the first Board member representing the employees having to be designated and (ii) by the European Works Council if a second Board member representing the employees must be designated.

In accordance with the legal provisions, the proposed amendment to the Company's Articles of Association provides in effect that:

- when the number of members of the Board of Directors, calculated in accordance with Article L. 225-27-1-II of the French Commercial Code, is lower than or equal to twelve, a Director representing the employees will be appointed by the Works Council of the existing economic and social unit within the IPSEN Group;
- when the number of members of the Board of Directors, calculated in accordance with Article L. 225-27-1-II of the French Commercial Code, is greater than twelve, and subject to this condition still being satisfied on the day of appointment, a second Director representing the employees will be appointed by the European Works Council.

The Director representing the employees would be appointed for four years, i.e. for the same duration as the term of office of the other Directors.

The term of the Director representing the employees would prematurely come to an end in the conditions provided for by law, and in particular in case of termination of his employment contract.

Subject to the specific legal provisions applicable to the Director representing the employees, the latter would be the same rights and obligations as other Board members.

- **Modification concerning the Articles of Association – removal of the casting vote of the Chairman (17th extraordinary resolution)**

It is recalled that the Board of Directors has proposed to the Shareholders' Meeting an evolution of the governance consisting in particular in the non-renewal and non-replacement of a Director and in the modification of the Articles of Association about the designation of the Directors representing the employees at the Board of Directors.

To take into account these changes in governance, the Board of Directors proposes to the Shareholders' Meeting to amend the Articles of Association (**seventeenth resolution**) to remove the casting vote of the Chairman in the event of a split vote in the Board's deliberations.

Subject to the approval of this resolution, a Board of Directors will meet after the Shareholders' Meeting to amend accordingly the Internal Rules of the Board of Directors.

- **Powers to carry out formalities (18th resolution)**

The Board of Directors proposes to the Shareholders' Meeting to grant, pursuant to the **eighteenth resolution**, powers necessary for the performance of legal formalities in connection with the present Meeting.

The Board of Directors