



erytech

Internal Rules and Regulations of the Board of Directors

As amended by the Board of Directors on November 11, 2016

Translated from the French for convenience purposes only

ERYTECH Pharma
French Société Anonyme company governed by a Board of Directors
with share capital of EUR 792,461.10
Registered office: 60 avenue Rockefeller – 69008 LYON
Registry of Trade and Companies of Lyon 479 560 013

Preamble

ERYTECH Pharma (hereinafter the “Company”) is a French limited liability company (société anonyme) governed by a Board of Directors.

The purpose of these Internal Rules and Regulations is to complete the legal rules, regulations and rules provided by the articles of association in order to specify certain terms and conditions of operation of the Board of Directors and its Committees, as well as the obligations of the directors, in particular with respect to the corporate governance principles set out in the revised MiddleNext Corporate Governance Code.

These Internal Rules and Regulations are signed by each Director at the beginning of their term of office.

These Internal Rules and Regulations are purely internal and shall not be enforceable against either shareholders or third parties. Each director shall be individually bound to comply with the Internal Rules and Regulations.

ARTICLE 1 – Composition of the Board of Directors

1.1 Appointment and Number of Directors

The Board of Directors shall be comprised of at least three members and no more than eighteen members.

Directors shall be selected based on their competence and experience in the various trades.

The Board of Directors shall be comprised of at least two independent members.

1.2 Qualification of Independent Directors

A director shall be deemed independent if he does not maintain any relation with the Company, its group or management likely to compromise the exercise of his freedom.

Whether a director qualified as independent shall be discussed by the Board of Directors before publication of the annual report. Each director's situation shall be made public in the annual report.

The criteria qualifying a Director as independent are characterized by the absence of a financial, contractual, familial relationship, or one of significant proximity capable of altering independent judgment, namely, at the date of these Internal Rules and Regulations :

- Not being an employee or an officer or director in a manager capacity of the Company, or one of its group companies, and not having been so in the course of the last five years.
- Not having been, in the past two years, and not being in a significant business relationship with the company or its group (customer, supplier, competitor, contractor, creditor, banker, etc.).
- Not being a reference shareholder of the Company or holding a significant percentage of voting rights;
- Not having a relationship of proximity or close family ties with an officer or director or reference shareholder.
- Not having been a statutory auditor of the Company in the course of the last six years.

Provided that it justifies its position, the Board may consider that one of its members is independent even though he does not fulfill all of these criteria; conversely, it may also consider that one of its members who fulfills all of these criteria is not independent.

In the event of the duties of the permanent representative of a director which is a legal entity and which qualifies as independent ceasing, such director shall be deemed as having automatically resigned.

ARTICLE 2– Powers of the Board of Directors

The Board of Directors shall determine the strategic direction of the Company's business and monitor its implementation. It shall address any matter relating to the smooth running of the Company and, pursuant to its decisions settles any matters concerning the Company. In this connection, the Board of Directors shall approve the major operations of the Company before their implementation, in particular:

- drawing up of the annual budget by the 28th of February, at the latest;
- any proposed investment or expense in an amount in excess of €300,000 not appearing in the annual budget and any proposed bank or financial debt (aside from current operating debt) in an amount in excess of €300,000 not appearing in the annual budget;
- any proposed creation of subsidiaries or acquisitions of companies or on-going concerns, including any proposed acquisition of a shareholding in any entity, any proposed sale, liquidation or dissolution of subsidiaries, start-up of new activities, or leased management of all or part of an on-going concern with the exception of the creation of a subsidiary with respect to which the maximum investment is €300,000;

- any decision relating to a proposed merger, spin-off or contribution concerning the Company;
- any proposed dissolution or liquidation of the Company;
- any decision relating to the proposed issue of securities, a capital increase or decrease and any decision relating to a proposed reorganization of the capital (redemption of shares, decrease in the number of shares, etc.), aside from capital increases resulting from the exercise of equity warrants or warrants for the subscription of founder's shares;
- any decision relating to a proposed distribution of dividends, interim dividends or reserves, regardless of the nature thereof;
- any proposed granting of licenses, assignments or acquisitions of licenses, in respect of any and all intellectual property rights held by the Company such as, for example, patents, know-how or trademarks which are not identified in the annual budget, except if in the normal course of business of the Company;
- any decision relating to a proposed issue or allotment of warrants for the subscription of founder's shares, equity warrants or any other securities; determining the terms and conditions for the exercise of such rights or subscriptions to such securities;
- any decision relating to the bringing of proceedings, conducting the proceedings and any decision concerning a possible settlement of the dispute, as soon as the interests at stake exceed the sum of €300,000;
- any recourse to an independent expert report if it so deems pertinent before approving or authorizing a regulated agreement;
- any proposed appointment of outside individuals of the Scientific and Medical Advisory Board, which meets to assess notably the conduct and evolution of the research programs carried out by the Company;
- any proposed appointment of new statutory auditors of the Company.

The Board of Directors ensures that the re-appointment of directors is staggered.

At the invitation of the Chairman, the Board of Directors at least once a year conducts a self-assessment of its work and its operation.

The Board of Directors addresses or follows up on the topic of the succession plan of the current executive officer and possibly of other key people by regularly placing it on the agenda of meeting.

The Board of Directors regularly considers and reviews the points of vigilance in the MiddleNext Corporate Governance Code.

The Board shall carry out all controls and verifications and investigations that are reasonable that it may deem appropriate and may have such documents as it considers useful for the performance of its mission communicated to it and ensure a decision-making process in the interest of the company.

ARTICLE 3 – RULES APPLICABLE TO THE DIRECTORS

3.1 General obligations

A director represents all of the shareholders and must act in the interest of the Company under all circumstances.

At the time of his appointment, each director must become familiar with the provisions of law and regulations connected to his duties, as well as any special requirements pertaining to the Company resulting from the articles of association and the Board of Directors' internal operating rules.

Each director shall devote the necessary time and attention to his duties. He undertakes to attend all Board of Directors' meetings according to the previously established timetable communicated to him

and shall make himself available for those meetings which are exceptional in nature. As the case may be, he shall be present at all meetings of those Committees to which he belongs.

3.2. Right of information of the Board of Directors and the directors

The directors shall have the right to receive all information necessary for the performance of their mission and may have communicated to them any and all documents that they consider useful prior to any meeting.

The information is to be provided by the Company by electronic means at least five (5) days before the holding of the Board or Committee meeting. The directors may request from the Company any additional information that they may consider useful.

3.3. Professional discretion and confidentiality

Each director, even after his duties cease, shall be bound by an absolute obligation of confidentiality and duty of discretion with respect to discussions and decisions of the Board of Directors and non-public information of which he has knowledge, in connection with reports and documents delivered to him during meetings of the Board or at the time of requests for additional information, to the exclusion of those cases in which such disclosure is required or allowed by legal or regulatory provisions in force and effect or in the public interest.

Non-public information communicated to a director in connection with his duties is *intuitu personae* in nature. He must personally protect the confidentiality thereof and may not disclose it under any circumstances. This obligation also applies to the permanent representative of a director which is a legal entity.

Directors are bound by the secrecy of their decisions. The Board of Directors may collectively express itself outside of the Company, in particular in the form of press releases intended to inform markets.

Aside from the Chairman and General Manager, the directors expressly undertake not to express themselves individually except during internal deliberations of the Board of Directors or at the request of the Chairman or with his consent, in particular at shareholders' meetings.

3.4. Duty of loyalty and compliance with laws and the articles of association

The directors or persons assisting the Board shall not take any initiative that could harm the interests of the Company and shall act in good faith under all circumstances.

The directors shall comply with the decisions adopted by the Board in accordance with the legal rules and the rules set out in the articles of association in force and effect.

Whenever directors carry out "management" duties, they must not accept more than two other directors' offices in listed companies, including foreign companies, which do not belong to their group.

The directors shall consider themselves as representatives of all of the shareholders, in particular the minority shareholders. More specifically, they undertake to check that the decisions of the Company do not favor a part or category of the shareholders to the detriment of another.

3.5. Conflict of interest

Each director shall have the duty to notify the Board of Directors of any conflict of interest with the Company, or one of its subsidiaries, even if potential or future, in which he finds himself or is liable to find himself. He must not take part in discussions, as well as the vote of the corresponding decision or decisions.

Once a year, the Board of Directors carries out a review of all known conflicts of interests.

3.6. Ethics

3.6.1 Ethics of the Members of the Board of Directors

Each member of the Board of Directors must hold a minimum of one (1) share in the Company.

During his term of office, each director must inform the Board of Directors of all situations of conflict of interest, whether potential or ascertained, involving him. In the case of a conflict of interest, and according to its nature, the director is to abstain from voting or even participating in the deliberations, and in extreme circumstances is to resign.

Each member of the Board of Directors shall attend the general shareholders' meetings.

Whenever a director carries out "executive" duties, he must not accept more than two other directorships in listed companies, including foreign companies, that do not belong to his group.

3.6.2. Ethics of stock exchange transactions

3.6.2.1 Inside information

In accordance with the provisions of Article 7 of EU Regulation No. 596/2014 of the European Parliament and Council of April 16, 2014, inside information is information of a precise nature that has not been made public, concerning, directly or indirectly, one or more issuers or one or more financial instruments, and which, if made public, may significantly affect the stock market prices of the financial instruments involved or derivatives connected with them.

Information is deemed to have been made public when it has been distributed in a directly accessible way to all investors without distinction, for example when it has been brought to the knowledge of the public in the form of a release issued by the Company.

Inside information may only be used by a director in connection with the carrying out of his duties. In no event may it be communicated to a third party except in connection with the exercise of the office of director, and for purposes other than or for an activity other than those for which it is held.

Any director holding inside information is an "insider" within the meaning of Article 8 of EU Regulation No. 596/2014 of the European Parliament and Council of April 16, 2014 and must refrain from acquiring or transferring, for his own account or on behalf of a third party, financial instruments to which the inside information relates as long as such information is not made public.

It shall be the personal responsibility of each director to judge whether the information he holds is inside information and, consequently, whether he is authorized or prohibited from any and all use or transmission thereof, as well as from carrying out or causing to be carried out any and all transactions in respect of the securities of the Company.

The penalty of five years of imprisonment, and a fine of 100,000,000 euros or higher to match the amount of advantage eventually obtained and provided the fine is not less than such profit, shall be imposed should such inside information be used in the execution, for oneself or someone else, directly or indirectly, of one or more transactions or in the cancellation or modification of one or more orders made by such person before the person had the inside information, when involving financial instruments issued by the Company or financial instruments involved in such inside information.

An attempt to commit that offence is punishable by the same penalties as those stated above.

3.6.2.2. Prohibited transactions

Purchases or sales of securities or derivative products of the Company by officers and directors on their own account or for the account of a third party, whether on the open market or in block trading outside the open market, directly or indirectly (for example by their spouse, ascendants or descendants or any intermediary person), shall be prohibited during the periods defined below:

- period of thirty (30) calendar days preceding the date on which the annual company accounts are made public and the interim accounts (half-yearly) are made public;
- period of fifty (15) calendar days before publication of the quarterly information.

Those persons subject to these windows of time shall not be authorized to trade in the securities of the Company before the day following the date of publication of the relevant information.

The Company may nevertheless authorize Officers and Directors within the Company to trade on his own behalf or on behalf of a third party during the thirty (30) calendar days blackout period, under strict conditions, as summarized above:

- on a case-by-case basis due to the existence of exceptional circumstances, such as extreme financial hardship requiring the immediate sale of shares;
- due to the specific nature of the trade concerned in the case of transactions carried out in the context of, or relating to a system of employee stock ownership or savings plan, the completion of formalities or the exercise of the rights attached to the shares or transactions not involving a change in the holding of the security concerned.

3.6.2.3 Transactions Carried Out by Officers and Directors

a) Reporting of transactions on securities of the Company

In accordance with the provisions of Article L621-18-2 of the French Monetary and Financial Code and Article 19 of EU Regulation No. 596/2014 of the European Parliament and Council of April 16, 2014, Directors and Officers and persons closely connected with them must report to the AMF all transactions carried out for their own account involving the shares or debt securities of the Company, or involving derivatives or other financial instruments connected with them, whenever the aggregate amount of such transactions exceeds 20,000 euros per current calendar year.

Within a period of three (3) days after the completion of the transaction, directors and persons closely connected with them are to forward their report to the AMF or, as the case may be, indirectly through a third party acting on behalf of the Company, by electronic means using an extranet referred to as Onde accessible on the AMF website at the following address:

<https://onde.amf-france.org/remiseinformationemetteur/client/ptremiseinformationemetteur.aspx>.

When making the report to the AMF or, as the case may be, doing so indirectly through a third party acting on behalf of the Company, declarants are to forward to the Company a copy of this communication.

The reports shall then be put on-line on its site by the AMF and be subject to an annual summary statement in the management report submitted to the annual general meeting of the Company.

b) Duty of Notification by Directors and Officers

In accordance with the provisions of Article 19.5 of EU Regulation No. 596/2014 of the European Parliament and Council of April 16, 2014, Directors and Officers shall notify, in writing, persons closely connected with them within the meaning of Article 3.26 of the EU Regulation No. 596/2014 of the European Parliament and Council of April 16, 2014 as to their obligations and are to keep a copy of such notification.

In the event of breach of this obligation, in accordance with the provisions of Article 30 of EU Regulation No. 596/2014 of the European Parliament and Council of April 16, 2014, a fine of up to 500,000 euros is applicable to Directors and Officers.

ARTICLE 4 – MEETINGS – DELIBERATIONS/DECISIONS

The Board of Directors shall meet either at the registered office or at any other place indicated by the person convening the meeting, upon notice of its Chairman or the director who has been delegated to the duties of Chairman of the Board of Directors.

The Board shall meet at least four times per year. Moreover, directors representing at least one third of the members of the Board, in indicating the agenda of meeting for the session, may ask the Chairman of the Board of Directors to call a Board meeting.

The General Manager, in the case where this office is dissociated from that of Chairman of the Board of Directors, may request the Chairman of the Board of Directors to convene a meeting of the Board of Directors concerning a given agenda.

The Chairman of the Board of Directors shall be bound by the requests sent to him by virtue of the two preceding paragraphs; the Chairman shall convene the meeting within ten (10) days after having received such request.

Notices of meetings may be communicated by any and all means including orally.

Board meetings shall be chaired by the Chairman of the Board of Directors or the director delegated to the duties of Chairman of the Board of Directors or, in their absence, by the oldest director present at the meeting, or by a director chosen by the Board at the beginning of the meeting.

Any director may be represented as provided by law by one of his colleagues in order to vote in his place and stead at a given meeting of the Board; each director may dispose of only one power of attorney in the course of the same meeting.

However, with respect to the validity of decisions, the actual presence of at least one-half of the directors shall be required, unless otherwise provided by contract.

Unless a contractual provision imposes a greater majority, decisions shall be carried by a majority of the members who are present or represented; in case of a tie, the Chairman of the meeting shall have a casting vote.

An attendance register shall be kept at the registered office, which shall be signed by all of the directors taking part in each Board meeting. However, the names of those directors taking part in the Board meeting by remote means of communication shall simply be entered on the register by the Chairman of the meeting.

ARTICLE 5 – VIDEO CONFERENCES AND CONFERENCE CALLS

For its meetings, the Board of Directors may use video conferencing, by the transmission of the voice and image of each of the participants, or by conference calls, by the transmission of the voice of each of the participants.

Under no circumstances may video conferencing and conference calls be used for the settlement of the annual accounts and the consolidated accounts, or for drawing up the management report and group report.

Directors taking part in Board meetings using remote means of communication shall be deemed present to calculate the quorum and majority if the means used allow for transmitting the voice and image or at least the voice of all the participants, in a simultaneous and continuous manner.

A director taking part in a meeting by video conference may represent another director, provided that on the day of the meeting the Chairman has a power of attorney from the director so represented.

The occurrence of any technical incident disrupting the functioning of the meeting shall be mentioned in the minutes of the deliberations of the Board.

In case of malfunctioning of the video conference or conference call system noted by the Chairman, the Board of Directors may validly make decisions and/or continue solely with those members who are physically present, or for whom the transmission of the voice and/or image remain simultaneous and continuous, provided that quorum conditions are met.

A director taking part in Board meetings using remote means of communication who can no longer be deemed present due to a malfunction may accordingly grant, under the conditions of Articles 1365 to 1367 of the French Civil Code (writing, e-mail, fax, etc.), a power of attorney to be represented to a director who is physically present, provided that such power of attorney is notified to the Chairman. He may also communicate a power of attorney in advance stipulating that it shall become effective only in the event of a malfunction which no longer allows him to be deemed present.

ARTICLE 6 – MINUTES

The deliberations of the Board of directors, including those taking place by means of video conference or conference call, shall be recorded in minutes entered in a special register or on numbered loose leaf sheets, under the conditions prescribed by law; such minutes shall be signed by the Chairman of the meeting and at least one director. If the Chairman is prevented from attending the meeting, the minutes shall be signed by at least two directors.

Copies or excerpts of these minutes shall be certified either by the Chairman of the Board of Directors or by a General Manager, if the general management is not assumed by Chairman of the Board of Directors, or by the Deputy General Manager, or by the director temporarily delegated to the duties of the Chairman of the Board of Directors, or by an authorized agent duly empowered for such purpose.

The number of directors in office and their presence shall be adequately justified by the production of a copy or excerpt of the minutes.

ARTICLE 7 – REMUNERATION OF THE DIRECTORS – ATTENDANCE FEES

The general meeting may grant the directors, as remuneration for their activity, an annual set sum by way of attendance fees the amount of which shall be charged to operating costs.

Upon proposal of the Remunerations Committee, the Board of Directors shall allocate the annual amount of the attendance fees granted by the general meeting.

Independent directors shall have a right to a fixed share in consideration for their duties as director and, as the case may be, member or even Chairman of one or several Committees and to a variable share depending on their actual participation and attendance rate at Board meetings and, as the case may be, those Committees of which they are members.

A civil liability insurance policy for corporate officers covers the directors.

Furthermore, in its annual report and in the report of the Board of Directors concerning the management of the Company, the Company shall provide information concerning the attendance fees paid, in accordance with the provisions of Article L.225-102-1, paragraphs 1 to 3 of the French Commercial Code, as well as the recommendations of the *Autorité des Marchés Financiers* of 22 December 2008 relating to information to be provided in the reference document on the remuneration of company officers and directors.

ARTICLE 8 – COMMITTEES

The Board of Directors may create Committees whose composition and powers it shall determine as well as the remuneration, if any, of their members, which Committees shall carry out their activities under the responsibility of the Board.

The purpose of such powers shall not be to delegate to a Committee those powers expressly allocated to the Board by law or the articles of association or any other shareholder agreement binding on the Company.

Such Committees shall be purely internal to the Company. They shall not hold any authority and powers in their own right, in particular any decision-making powers. Their role shall be strictly advisory.

Each Committee shall render account of its missions to the Board of Directors.

The Board shall have sovereign authority to decide what actions it intends to take in respect of the conclusions submitted by the Committees. Each director shall remain free to vote as he sees fit without being bound by the studies, investigations or reports of the Committees, nor their recommendations, if any.

Each Committee shall be comprised of at least two members and no more than ten members. Members shall be appointed on a personal basis by the Board of Directors according their experience and may not be represented. Committees may be comprised exclusively of directors or include outside individuals. The composition of such Committees may be modified at all times by a decision of the Board of Directors.

The term of office of the members of the Committees shall coincide with that of their office as directors whenever they are members of the Board.

Committee meetings shall be held at the registered office of the Company or any other place decided by the Rapporteur of the Committee. Meetings of the Committees may, however, if necessary, be held by conference call or video conference.

For the correct operation of the Committees and their administrative process, the Rapporteur of each Committee:

- Shall draw up the agenda of each meeting to fulfill the needs expressed by the Board of Directors;
- Formally serves notice to the members; and
- Direct discussions.

The Rapporteur shall appoint within each Committee a person tasked with drafting the minutes following each meeting. The minutes shall be sent to the Chairman of the Board of Directors. Minutes shall be archived by the Company. Reports of the work and recommendations of each Committee shall be submitted to the Board of Directors by the Rapporteur.

Each Committee shall issue recommendations, proposals and opinions in its area of competence. Once a year, the Chairman of each Committee shall invite the member(s) of its Committee to express their opinion about the functioning of the Committee and the preparation of its work. This discussion is recorded in the minutes of the meeting.

Confidentiality:

As concerns confidential information communicated to the Committees or to which members of the Committees have had access during their mission, Committee members shall be bound by an obligation of the strictest confidentiality vis-à-vis any third party to the Board of Directors, identical to that applicable to the directors. This provision shall equally apply to outside individuals who are invited.

• The Audit Committee

Powers

The Audit Committee shall meet at least twice a year. It shall be tasked with assessing, on an on-going basis, the existence and effectiveness of the Company's financial control and risk control procedures.

The Audit Committee monitors the process of preparing the financial data and, where appropriate, makes recommendations to ensure the integrity thereof.

The Audit Committee monitors the effectiveness of the internal control and risk management systems as well as, where applicable, the internal audit, regarding the procedures pertaining to the preparation and treatment of accounting and financial data, without prejudice to the independence thereof.

The Audit Committee issues a recommendation on the statutory auditors proposed for designation by the general shareholders' meeting or the body performing a similar function. This recommendation, sent to the body in charge of management or the supervisory body, is to be prepared in accordance with the provisions of Article 16 of EU Regulation No. 537/2014; a recommendation is also to be issued to such body when the renewal of the term of office of one or more statutory auditors is envisioned under the conditions defined in Article L. 823-3-1 of the Commercial Code.

The Audit Committee monitors the statutory auditor's performance of his duties; it considers the findings and conclusions of the Superior Council of Statutory Auditors following the checks carried out pursuant to Articles L. 821-9, et seq., of the Commercial Code.

The Audit Committee makes sure that the statutory auditor complies with the conditions of independence defined in Section 2 of Chapter II of Title II of Book VIII of the Commercial Code. When appropriate it takes the measures necessary for the application of paragraph 3 of Article 4 of EU Regulation No. 537/2014 and ensures compliance with the conditions for the independence of the statutory auditors. For that purpose, it has discussions with the statutory auditors on the items documenting the compliance thereof with the requirements on the subject of the duration of terms of office, prohibited service, and the fee ceiling. The Audit Committee examines the need for a quality control review of the audit function by another statutory auditor or audit firm before the publication of the audit report. If the situation persists, the Audit Committee decides, on the basis of objective criteria, whether the statutory auditor or audit firm can continue to perform this control for a further period, which shall in no case exceed two years.

The Audit Committee approves the provision of the services mentioned in Article L.822-11-2 of the Commercial Code.

The Audit Committee regularly reports to the Board of Directors on the performance of its duties. It also reports on the results of the function of certifying the accounts, on how this function has contributed to the integrity of the financial data, and on the role that it has played in this process. It immediately reports to it any difficulty encountered.

Composition and operation of the Audit Committee:

The Audit Committee shall be appointed by the Board of Directors and can be comprised only of non-managing directors. At least one member of the Audit Committee shall have specific skills in finance and accounting and the Rapporteur of the Audit Committee shall be an independent director (as defined in the Article 1.2 of these Internal Rules and Regulations).

The Committee may visit or hear those individuals in charge of operational or functional entities useful to the carrying out of their mission. It may also hear the statutory auditors, even outside of the presence of the managers. It may have recourse to outside experts with the prior consent of the Board of Directors;

• **The Remunerations and Appointment Committee**

Powers

The Remunerations and Appointment Committee shall hear the directors concerning their assessment of the Company's performance in relation to the defined objectives. It shall meet at least twice a year, outside of their presence, in order to assess their individual performance and, after having conferred with them, make recommendations to the Board of Directors concerning their remuneration.

The Remunerations and Appointment Committee shall carry out the following missions, in particular:

- Formulate recommendations and proposals concerning (i) the various elements of the remuneration and pension and providence schemes of the officers and directors, defining, in particular (ii) the terms and conditions for setting the variable part of their remuneration; (iii) formulating recommendations and proposals concerning a general policy of allotment of equity warrants and warrants for the subscription of founders shares;
- Examining the amount of attendance fees and the system for allocating them amongst the directors, taking into account their assiduity and tasks performed within the Board of Directors;
- Advising and assisting the Board of directors, as the case may be, in selecting key managers and setting their remuneration;
- Assessing any capital increases reserved for employees;
- Assisting the Board of Directors in the choice of new members;
- Ensuring the setting up of structures and procedures allowing for application of good governance practices within the Company;
- Preventing conflicts of interest within the Board of Directors;
- Implementing the procedure for evaluating the Board of Directors.

Composition:

The Remunerations and Appointment Committee shall be appointed by the Board of Directors from amongst its members.