



LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholders,

I am pleased to present to you GeNeuro's Compensation Report for the financial year 2016.

The Company is subject to the Swiss Ordinance against excessive compensation in public companies of January 1, 2014 (the "Compensation Ordinance"). The Compensation Ordinance requires a "say on pay" approval mechanism for the compensation of the Board of Directors and the Executive Management pursuant to which the shareholders must vote on the compensation of the Board of Directors and the Executive Management on an annual basis.

This is the first ordinary Annual General Meeting (the "AGM") of shareholders of GeNeuro since its listing on Euronext's regulated market in Paris thereby making it for the first time subject to the Compensation Ordinance. Accordingly, based on the provisions of Swiss law and the Company's Articles of Association, the shareholders have the opportunity at this AGM to vote on the compensation of the Board of Directors and Executive Management:

- For the Board of Directors: on the maximum aggregate compensation for the period from April 15, 2016 until the date of this AGM, as well as the maximum aggregate compensation until the next AGM; and
- For the Executive Management: on the maximum aggregate compensation for the period from April 15, 2016 until December 31, 2017, as well as the maximum aggregate compensation for the 2018 financial year.

GeNeuro's Remuneration Committee and Board of Directors reviews and monitors on a regular basis GeNeuro's compensation policy and its actual compensation practice in light of the Company's business strategy, corporate performance, goals and values, as well as external factors such as regulatory and legal developments and market practice.

During its meeting of December 7, 2016, following a recommendation from the Remuneration Committee, the Board of Directors reviewed the compensation policy for its members and decided that the compensation for directors would be paid purely in board fees only, with no variable component.

Also following a recommendation from the Remuneration Committee, the Board of Directors determined that in order to promote long-term performance for the Company and alignment with shareholder interests, compensation for the Executive Management should be delivered through a combination of fixed and variable components. The compensation package for members of the Executive Management comprises base salary, variable salary, pensions and other benefits. Variable salary includes a combination of short-term incentives (cash bonuses) and long-term incentives in the form of equity-related instruments awarded through "Performance Share Option Units".

Jean-Jacques Laborde
Chairman of the Remuneration Committee



2016 COMPENSATION REPORT

(free non-binding translation into English of the French language original prepared for the convenience of English speaking readers, for information purposes only)

INTRODUCTION

This Remuneration Report provides the information required by the Swiss Ordinance against excessive compensation in public companies of January 1, 2014 (the “Compensation Ordinance”), the Company’s Articles of Association (articles 35 and 45) and the Swiss Code of Best Practice for Corporate Governance (status August 28, 2014).

The Compensation Ordinance requires the Company to set out in its Articles of Association the principles for the determination of the compensation of the Board of Directors and the Executive Management. These principles have been included in the Articles which are available on the Company’s web site in the French language original under <http://www.geneuro.com/data/documents/Statuts-avril-2016.pdf>), together with the organisational rules and policies provided the basis for the principles of compensation.

In addition, we provide information to meet the compensation disclosure requirements under the Swiss Code of Obligations, art. 663 b bis.

COMPENSATION POLICY AND GUIDING PRINCIPLES

GeNeuro’s mission is to develop novel, safe and effective treatments against neurological disorders and autoimmune diseases (such as multiple sclerosis) by neutralizing causal factors encoded by HERVs, which represent 8% of human DNA.

GeNeuro recorded major milestones in 2016:

- The launch of a European Phase 2b study, CHANGE-MS, for GNBAC1, its lead product and a multiple sclerosis drug candidate, with the first injection at the end of April 2016 ;
- The successful initial public offering (IPO) of the Company in April on the regulated market of Euronext in Paris – this was one of the only two IPOs by biotech companies achieved in Paris during 2016 ;
- The agreement reached with its main development partner, Servier, to launch ANGEL-MS, a long-term extension study for patients with multiple sclerosis (MS) and treated with GNBAC1 under CHANGE-MS, with Servier committing to fully fund ANGEL-MS ;
- The completion of recruitment for CHANGE-MS at the end of December 2016, several months ahead of schedule ;
- The preparation of the expansion of GeNeuro’s pipeline, with major steps towards launching a new Phase 2 clinical trial in Type 1 diabetes.

To achieve its ambitious goals, GeNeuro depends to a large extent on the quality, motivation and commitment of its employees and executive management. Accordingly, its compensation policy is designed to attract, motivate and retain its employees and promote the delivery of outstanding individual performance. The award of variable, performance-related compensation, and in particular share-based compensation components, is intended to promote an entrepreneurial mindset and approach whilst aligning long-term employee and shareholder interests.

ORGANISATION AND COMPETENCIES

For further details on the organization of the Company, please refer to Chapter 16 of the 2016 Document de Référence which provides more information on the Company’s governance.

Remuneration Committee

The Remuneration Committee supports the Board of Directors in establishing and reviewing the compensation strategy and guidelines. Further, the Remuneration Committee supports the Board of Directors in preparing the proposals to the ordinary annual general meeting (“AGM”) of shareholders regarding the compensation of the Board of Directors and the Executive Management.

The Role of the Board of Directors and the Remuneration Committee

Following are the key matters on which the Remuneration Committee provides recommendations to the Board of Directors:

- Compensation strategy, system and guidelines
- Definition of performance criteria (for cash bonus and equity-based incentives)
- Assessment of performance and decision on vesting multiple for equity-based incentive plan
- Compensation of the Board of Directors
- Compensation of the Executive Management (base salary and variable incentive)
- Grant of equity-based incentives to staff other than to the Executive Management
- Proposals to the AGM for maximum compensation of Executive Management and Board of Directors
- Proposals on other compensation-related issues
- Compensation report to the shareholders

Description of Benchmarks Used, Salary Comparisons and Support from External Consultants

A benchmark review of the total compensation of each member of the Board of Directors and Executive Management was performed by Willis Tower Watson, an independent external consulting firm, to assess market competitiveness of GeNeuro's compensation levels. Compensation data for 2015 and, when available, for 2016 of 14 Swiss and French peer biotechnology companies listed on the SIX Swiss Exchange, Euronext Paris and NASDAQ were collected. Each Executive Management position (except the CSO, who is employed by the French subsidiary) was evaluated by Willis Towers Watson, which found that the base salary of the CEO and Executive Management fall broadly around the 50th percentile point of the peer group and that the total direct compensation fall broadly within a range of the 25th to the 50th percentile of the peer group. It is intended that this benchmarking will be performed every 2-3 years to enable the Company to assess its competitiveness among its peer group. A more detailed compensation analysis is also expected to be conducted to encompass compensation structure, form of equity incentives, and directors' compensation.

Shareholders' Vote

For the first time since its listing on Euronext Paris, the Company is subject to the Compensation Ordinance, which requires a "say on pay" approval mechanism for the compensation of the Board of Directors and the Executive Management, under which shareholders must vote on the compensation of the Board of Directors and the Management Board on an annual basis.

Compensation approval process

Beneficiaries	Proposal	Decision ^a	Binding approval by shareholders at AGM	
			At the first AGM following the IPO	Subsequent AGMs
Members of the Board of Directors	Remuneration Committee	Board of Directors	<i>Maximum total compensation:</i> for the period from April 15, 2016 to the 2017 AGM and for the period from the 2017 AGM to the 2018 AGM	<i>Maximum total compensation:</i> for the period between two consecutive AGMs
Members of the Executive Management ^b	Remuneration Committee	Board of Directors	<i>Maximum aggregate compensation:</i> for the period from April 15, 2016 to December 31, 2017, and for the period from January 1, 2018 to December 31, 2018	<i>Maximum aggregate compensation:</i> for the period from January 1 to December 31 of the same year

a: subject to shareholders' binding vote

b : the Executive Management (EM) is defined as the Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO), Chief Scientific Officer (CSO), Chief Development Officer (CDO) and Chief Medical Officer (CMO)

COMPENSATION COMPONENTS

Board of Directors

The compensation of the members of the Board of Directors may, as per the Company's Articles of Association, consist of fixed and variable compensation. Following the Board of Directors' decision of December 7, 2016, the compensation of the members of the Board of Directors consists exclusively of a fixed annual monetary compensation per term from one general meeting of shareholders to the next. At present only directors who are not linked to one of the large shareholders are remunerated by the Company.

In addition, the Company pays social security contributions where applicable and reimburses members of the Board of Directors for out-of-pocket expenses incurred in relation to their services on an on-going basis. For further information on the compensation for members of the Board of Directors, please refer to the section "Disclosure of 2016 Compensation Paid to the Board of Directors" on page 7.

Executive Management

The compensation of the members of the Executive Management includes a base salary, variable compensation, pension plan contributions and other benefits such as disability insurance and car allowances. Variable compensation comprises performance-related bonus and equity-based incentives (Performance Share Option Units, or PSOs, described on page 218 of the Reference Document under section 21.1.4 "Conditional capital"). The contractual notice period for members of the Executive Management does not exceed three months and only one member of the Executive Management, pursuant to his 2009 employment contract (which thus pre-dates the Compensation Ordinance), is entitled to termination indemnities of 5 months of salary; in addition, this person benefits from a possible non-competition indemnity, which could be paid to him on certain conditions at the Company's decision; the maximum amount due would be based on 50% of the annual salary, to be paid annually for the period of the non-competition obligation period, i. e., a maximum of three years.

The variable compensation elements may be subject to the attainment of performance targets (annual corporate and individual targets) that may take into account the achievement of annual operational, strategic, financial or other objectives.

Fixed base salary

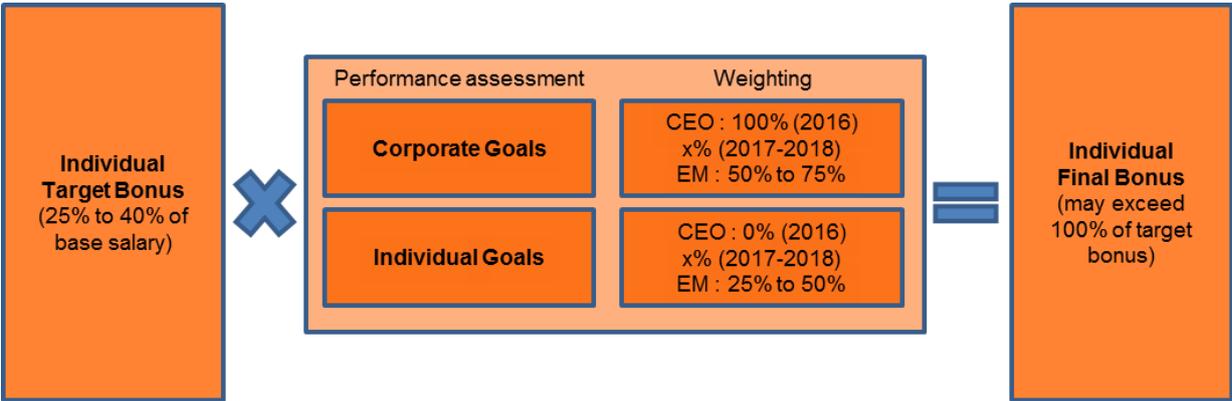
The fixed base salary is reviewed based on the position, responsibilities, experience and skills of each member of the Executive Management and takes into account individual performance. The Remuneration Committee reviews the fixed base salaries at the beginning of each year to ensure the Company remains an attractive employer.

Indirect benefits

The Company contributes to the corporate pension plan and provides car allowances and representation allowances for the members of its Executive Management.

Performance-related bonus

Performance-related cash bonuses are reviewed annually and are based on individual and corporate performance. Potential bonuses range from 25 % to 40 % of fixed compensation depending on position and are assessed based on individual and corporate performance, with corporate performance representing from 50% to 75% of the weighting, except for the CEO where it represents 100%. In case of exceptional performance, the bonus may exceed 100% of the target.



Corporate goals: Given the current development stage of GeNeuro, the corporate goals are closely linked to the successful advancement of the clinical trials under way, notably the major CHANGE-MS Phase 2b clinical trial in the multiple sclerosis indication, for which top line 6-month results are expected to be published in the fourth quarter of 2017. In addition, corporate development and other goals are also set by the Board of Directors during the first quarter of each year.

Individual goals relate to the roles and responsibilities of the members of the Executive Management and are aligned with the corporate strategy and annual corporate goals. Individual goals are set by the CEO (except in the case of the CEO, where they are set by the Board of Directors) during the first quarter of each year.

Equity Incentive Plans

In November 2015, the Board of Directors adopted the principle of a long-term equity incentive plan for its Executive Management, with formal approval of grants and terms by the Board of Directors on June 22, 2016.

The purpose of the GeNeuro Performance Share Option Units (PSOUs) program is to provide Executive Management members with an opportunity to obtain stock options and benefit from any potential gain in value, thereby providing an additional incentive for participants to contribute to the future success of the Company. The program is therefore aligned with shareholders' interest to enhance shareholder value and increase the ability of the Company to attract and retain individuals with exceptional skills.

Under this discretionary plan, members of the Executive Management are eligible to be granted PSOU, which vest on the third anniversary of grant date and are subject to performance conditions (other than market conditions). At the end of the PSOU vesting period and subject to the achievement of the performance conditions, the number of share options actually delivered ranges from 0% to 125% of the initial grant. Options so delivered can be exercised during a period of 5 years after the end of the PSOU vesting period. Any value, income or other benefit derived from any share option is not considered part of the participant's salary or compensation for the purposes of calculating any pension or retirement benefits. The strike price is determined by the Board of Directors at the time of award of the PSOU.

The Company made a first issuance of PSOU in June 2016, with a strike price of EUR 13 per share, corresponding to the IPO price, vs. a market price on June 21, 2016 of EUR 9.30 per share.

For the PSOU granted in 2016, although there is no cash value of the PSOU at grant, their fair value was determined at the grant date using a Black & Scholes model and equals to EUR 2.29 per PSOU. For more information about the underlying Plan, see note 9 "Stock Option Plans" in the consolidated financial statements.

According to the results of the external benchmarking, the equity-based compensation level for all positions except the CEO are below the 25th percentile of the market, whilst for the CEO it was between the median and the 75th percentile.

Structure of compensation

The compensation strategy and split for the period from January 1, 2016 to Dec. 31, 2017 has been structured as follows:

- Board of Directors: 100% fixed cash fee;
- Executive Management: for 2016, the compensation structure for the CEO was 49% fixed cash salary (base salary), 23% short-term cash bonus and 28% long-term equity-based incentive in the form of PSOU with 3 year cliff-vesting, and for the other positions was 68% fixed cash salary (base salary), 17% short-term cash bonus and 15% long-term equity-based incentive in the form of PSOU with 3 year cliff-vesting. For 2017 and 2018, the overall balance between the fixed component and the variable component are under review by the Remuneration Committee and the Board of Directors to promote entrepreneurial drive and ensure a high level of accountability as well as alignment with the long-term shareholder interest.

COMPENSATION DISCLOSURE¹

DISCLOSURE OF 2016 COMPENSATION PAID TO THE BOARD OF DIRECTORS

The total compensation of the members of the Board of Directors is as follows:

For the period from January 1, 2016 to December 31, 2016 (audited):

<u>in EUR thousands</u>	<u>Annual cash fee</u>	<u>Social security</u>	<u>Total compensation</u>
Jesús Martin Garcia ⁽¹⁾ <i>Chairman and CEO</i>	-	-	-
Marc Bonneville	-	-	-
Giacomo Di Nepi	24.5	2.2	26.7
Michel Dubois	22.9	0.6	23.5
Eric Falcand	-	-	-
Gordon Francis	31.7	1.3	33
Christophe Guichard	-	-	-
Jean-Jacques Laborde	-	-	-
Andrew Parker ⁽²⁾	-	-	-
Total	79.1	4.1	83.2

(1): Mr Martin Garcia receives no compensation as a director but only as the CEO, which is disclosed under the Executive Management compensation

(2): Mr Parker resigned from the Board of Directors effective June 30, 2016.

<u>in CHF thousands</u>	<u>Annual cash fee</u>	<u>Social security</u>	<u>Total compensation</u>
Jesús Martin Garcia ⁽¹⁾ <i>Chairman and CEO</i>	-	-	-
Marc Bonneville	-	-	-
Giacomo Di Nepi	26.7	2.4	29.1
Michel Dubois	25.0	0.7	25.6
Eric Falcand	-	-	-
Gordon Francis	34.6	1.4	36.0
Christophe Guichard	-	-	-
Jean-Jacques Laborde	-	-	-
Andrew Parker ⁽²⁾	-	-	-
Total	86.2	4.5	90.7

¹ Shareholders will be called to approve the compensation for the Board of Directors and the Executive Management from the date of the IPO rather than from January 1, 2016; however, because there has been no significant change in the annual compensation following the IPO, the compensation presented here is for the full financial year rather than the stub period from April 18, 2016 to December 31, 2016.

DISCLOSURE OF 2016 COMPENSATION PAID TO THE EXECUTIVE MANAGEMENT

The total compensation of the members of the Executive Management is as follows:

For the period from January 1, 2016 to December 31, 2016 (audited):

<u>In EUR</u>	<u>Base salary</u>	<u>Cash bonus</u> ⁽¹⁾	<u>Non-Cash Equity incentives</u> ⁽²⁾	<u>Social Security, pension & others</u> ⁽³⁾	<u>Total Compensation</u>	<u>Number of PSOU's granted</u> ⁽²⁾
Jesús Martin Garcia Chairman and CEO	366,901	168,776	583,892	129,473	1,249,042	254,520
Other 5 members of the Executive Management	1,252,990	326,016	848,267	313,690	2,740,963	369,762
Total	1,619,891	494,792	1,432,159	443,163	3,990,005	624,282

<u>In CHF</u>	<u>Base salary</u>	<u>Cash bonus</u> ⁽¹⁾	<u>Non-Cash Equity incentives</u> ⁽²⁾	<u>Social Security, pension & others</u> ⁽³⁾	<u>Total Compensation</u>	<u>Number of PSOU's granted</u> ⁽²⁾
Jesús Martin Garcia Chairman and CEO	399,995	184,000	636,559	141,151	1,361,705	254,520
Other 5 members of the Executive Management	1,366,010	355,423	924,781	341,985	2,988,198	369,762
Total	1,766,005	539,422	1,561,340	483,136	4,349,903	624,282

(1) : cash bonus has been paid in February 2017

(2) : under the form of PSOU's, each valued at EUR 2,29 based on Black & Scholes model. The number reflects the total allocation of PSOU's under the three-year plan, with the actual award after three years depending on performance conditions; for 2016, only 92,920 PSOU's for the CEO, and 127,097 PSOU's for the other members of the Executive Management have been confirmed, representing an accounting value of €194,631 for the CEO and €282,756 for the five other members of the Executive Management.

(3) : including a provision for social security charges calculated on the valuation of equity incentives based on the entire PSOU grant. Actual social charges will be due only at the time of exercise of the underlying share option, and will be calculated on the gain realized at that time.

LOANS AND CREDITS

As of December 31, 2016, the Company has not granted any loans, credit lines or post-retirements beyond the occupational benefit schemes to members of the Board of Directors or the Management Board, except for one loan, representing three months of salary, to one of its officers, Mr Alois B Lang, as permitted by the Company's Articles of Association. Furthermore, the Company has not paid any compensation to nor granted any loans or credit lines to former members of the Board of Directors or related persons.

SHARE OWNERSHIP INFORMATION

Disclosure of shareholdings in the Company by members of the Board of Directors as of Dec. 31, 2016

	<u>Number of shares</u>
Jesús Martin Garcia ⁽¹⁾ <i>Chairman and CEO</i>	-
Marc Bonneville	-
Giacomo Di Nepi	15,000
Michel Dubois	48,446
Eric Falcand	-
Gordon Francis	30,000
Christophe Guichard	-
Jean-Jacques Laborde	3,000
Total	96,446

(1): Mr Martin Garcia's equity ownership is disclosed under the Executive Management's shareholdings

Disclosure of shareholdings in the Company by members of the Executive Management as of Dec. 31, 2016

	<u>Number of shares</u>	<u>Number of stock options (vested)</u>	<u>Number of PSOUs (unvested)</u>
Jesús Martin Garcia	-	-	254,520
François Curtin	20,250	60,000	73,467
Robert Glanzman	-	-	74,862
Alois Lang	20,250	20,000	72,800
Miguel Payró	-	-	74,984
Hervé Perron	80,000	30,000	73,649
Total	120,500	110,000	624,282

For the auditor's report on the Compensation Report, please refer to the French original.