1. Report of the board of directors to the Ordinary and Extraordinary Shareholders' Meeting

1.1 Ordinary meeting

Approval of corporate financial statements – First resolution
We request that you approve the transactions and financial statements for the year 2019, as presented, which show a net profit of EUR57,108,197.35.

Approval of consolidated financial statements – Second resolution
We request that you approve the transactions and consolidated financial statements for the year 2019, as presented, which show a net income for the Group of EUR2,413 million and an adjusted net income, which includes the adjusted EBITA, Price Purchase Allocation Amortization (excluding impairment), net financial income and loss, income tax expense on these elements at the effective tax rate discontinued operations net income, share of profit and loss of associates and impact of noncontrolling interests, of EUR2,933 million.

Distribution: appropriation of profit and setting of a dividend of EUR2.55 per share – Third resolution
We also recommend a distribution of **EUR2.55 per EUR4 par nominal value share**, which represents a distribution rate of 50.6% of the Group's net adjusted income. It will be paid on **May 7, 2020** on the 582,068,555 shares with dividend rights on January 1, 2020 that made up the capital on December 31, 2019. No dividend will be paid on shares held in treasury by the Company on the payment date.

This distribution will be paid out of distributable earnings consisting of:

(i) retained earnings of EUR3,246,040,431.39;
(ii) the net profit for the year amounting to EUR57,108,197.35;

Amounting to EUR3,303,148,628.74.

The total distribution will amount to EUR1,484,274,815.25 and the remaining profit available for distribution will be allocated to profit earnings. The distribution will be paid on May 7, 2020, according to the following schedule:

Dividend ex-date	Tuesday, May 05, 2020
Record date	Wednesday, May 06, 2020
Dividend payment date	Thursday, May 07, 2020

For individual shareholders resident for tax purposes in France, the distribution of EUR2.55 per share constitutes distributed income. As such, a social security tax of 17.2% will be charged on the gross amount when paid. The gross amount of French-source dividends received by resident individuals will also be subject to a mandatory non-definitive withholding tax of 12.8%.

Nevertheless, individuals belonging to a tax household whose taxable income for the penultimate year is less than EUR50,000 with the status of single, divorced or widowed taxpayer, and EUR75,000 for couples who file a joint tax return, can request exemption from this withholding tax. To this end, under their responsibility, they should submit their application for exemption to the paying entity, in the form of a sworn statement indicating that their reference taxable income listed on their tax form established under income for the penultimate year preceding the payment of the income, shows income lower than the thresholds indicated above. This application must be filed no later than November 30 of the year preceding that of the payment.

In 2021, dividends will in principle be subject to a flat tax ("Prélèvement Forfaitaire Unique" – "PFU") at the rate of 12.8%. However, taxpayers may opt for dividends to be subject to income tax at ordinary progressive rates. In such case, after applying a 40% (uncapped) allowance, only 60% of the dividends will be included in the taxable income, less any deductible charges and expenses. The option for taxation at the ordinary progressive tax rates is irrevocable and applies to all investment income received by the taxpayer. It is made in the income tax return filed every year following the one when the dividends are received.

The above-mentioned levy at source of 12.8% will be offset against the income tax that will be due in 2021 for income earned in 2020. If it exceeds the income tax due, the surplus will be paid back.

Shareholders are invited to contact their usual advisors for further information about the applicable tax regime.

Dividends/coupons paid by Schneider Electric SE in respect of the three most recent financial years are as follows:

	2016	2017	2018
Net dividend paid per share *in EUR*	2.04	2.20	2.35

Regulated agreements entered into under the article L.225-38 of the French Commercial Code – Fourth and fifth resolutions
We request that you approve and take note of regulated agreements described in the Statutory Auditors' special report prepared in accordance with Article L.225-40 of the French Commercial Code.

Under the **fourth resolution** regarding the implementation during the financial year of agreements already approved by the Annual Shareholders' Meeting, we request that you take note of the Statutory Auditors' special report on regulated agreements prepared in accordance with Article L.225-40 of the French Commercial Code. As a reminder, the regulated commitments concerning the status of Messrs. Jean-Pascal Tricoire and Emmanuel Babeau approved at the Annual Shareholders' Meeting of 24 April 2018 and applicable until the approbation of a new compensation policy which, if approved, will supersede them, shall no longer be mentioned in this report. As a result, no regulated agreement executed in the previous years had to be communicated to the statutory auditors.

Under the **fifth resolution**, we request that you approve, under the condition precedent of the approval by the Annual Shareholders' Meeting of the tenth resolution, the specific agreement setting the terms and conditions of the Deputy Chief Executive Officer Mr. Emmanuel Babeau's departure, effective from 30 April 2020. These specific modalities supersede the elements of Mr. Emmanuel Babeau's status last approved on 24 April 2018 and are reported in the compensation policy specifically applicable to the Deputy CEO Mr. Emmanuel Babeau for 2020 and submitted to your approval under the tenth resolution. Under this agreement, the board of Schneider Electric aimed at protecting the Group's interests by strengthening the non-compete obligations applicable to Mr. Emmanuel Babeau after his departure, by (i) extending its term to two years instead of one and by (ii) extending the non-compete scope to technology and engineering companies. The non-compete commitment expressly prohibits Mr. Emmanuel Babeau from performing executive or non-executive functions in these companies. In addition, this fresh non-compete commitment would be supplemented by specific restrictive covenants applicable to the departing corporate officer for two years after his effective departure, namely (i) non-solicitation, (ii) non-disparagement, (iii) confidentiality and (iv) cooperation in the context of legal or administrative proceedings involving the Company.

As a result, Mr. Emmanuel Babeau, whose contribution to the solid performance of the Group was acknowledged by the board of directors, waives the non-compete compensation to be paid at 60% of his annual fixed and target variable parts, including complementary payments for retirement, that he would have been entitled to in pursuance of the current agreements. The board of directors, by way of derogation, allows Mr. Emmanuel Babeau to retain the benefit of the performance shares granted to him in 2018 and 2019, in proportion of the time of his presence over the acquisition period of these plans, i.e. 18,056 shares granted on 26 March 2018 and 9,389 shares granted on 26 March 2019. The final number of shares eventually acquired by Mr. Emmanuel Babeau will be determined at the end of the vesting period of each plan, depending upon the achievement level of the performance conditions of the plan as well as the continuous compliance with of the above-mentioned commitments by Mr. Emmanuel Babeau. The board of directors noted that the equivalent value of these shares does not exceed twice the average of Mr. Emmanuel Babeau's effective annual compensation (fixed and target variable parts) of the past three years, to the exclusion of complementary payments for pension building.

You will find all details on this regulated agreement in the compensation policy applicable to Mr. Emmanuel Babeau with respect to 2020, pages 297-298.

Should the fifth or the tenth resolution be rejected, (i) the non-compete commitment approved by the Annual Shareholders' Meeting of 24 April 2018 shall apply and (ii) Mr. Emmanuel Babeau will be entitled to the components of the compensation previously authorized by the board of directors and approved by the Annual Shareholders' Meeting of 25 April 2019, i.e.:

- his annual fixed compensation until the termination date of his term of office as Deputy CEO of the Company, based on an annual amount of EUR 680,000;
- his annual variable compensation with respect to the financial year 2020, calculated *prorata temporis* and paid in 2021 subject to (i) the achievement rates of the performance conditions as set by the board of directors at the beginning of 2021 and (ii) the approval by the Annual Shareholders' Meeting of 2021 convened to approve the 2020 financial statements, of the fixed, variable and exceptional components of Mr. Emmanuel Babeau's total compensation and benefits of all types paid to him during the 2020 financial year or awarded in respect of the said financial year;
- the complementary payments for pension building (cash benefit) comprised of fixed and variable components, calculated *prorata temporis* until the date of termination of his term of office as Deputy CEO, being specified that the payment of the variable part will be subject to (i) the achievement rates of the performance conditions as set by the board of directors at the beginning of 2021 and (ii) the approval by the Annual Shareholders' Meeting of 2021 convened to approve the 2020 financial statements, of the fixed, variable and exceptional components of Mr. Emmanuel Babeau's total compensation and benefits of all types paid to him during the 2020 financial year or awarded in respect of the said financial year; and
- an allowance equal to 60% of his average compensation during the last twelve months of presence (fixed and target variable parts, including complementary payments for pension building), paid on monthly instalments during one year.

Mr. Emmanuel Babeau would however lose the benefit of the performance shares granted to him in 2018 and 2019.

It is specified that in any event, Mr. Emmanuel Babeau will not be entitled to any Involuntary Severance Pay as his departure does not qualify as a constraint departure.

Approval of the compensation report in relation to the last financial year – Sixth resolution
In pursuance of Article L. 225-100 II of the French Commercial Code, you are requested to approve the information listed in Article L. 225-37-3 I of the French Commercial Code as enacted by the Bill of 27 November 2019 relating to corporate officers' compensation in listed companies and that are presented to you in the corporate governance report referred to in Article L. 225-37 of the French Commercial Code. You will find all this information set out in detail in section 4.7 of the Universal Registration Document dedicated to the Senior Management compensation.

1. Report of the board of directors to the Ordinary and Extraordinary Shareholders' Meeting

Approval of the components of the total compensation and benefits of all types paid during the 2019 financial year or awarded in respect of the said financial year to Messrs. Jean-Pascal Tricoire and Emmanuel Babeau –Seventh and eighth resolutions
In pursuance of Article L.225-100 III of the French Commercial Code as amended by the Bill of 27 November 2019 relating to corporate officers' compensation in listed companies, you are requested to approve fixed, variable and exceptional components of the total compensation and benefits of all types paid during the last financial year or awarded in respect of the said year, to the Chairman and CEO on the one side and to the Deputy-CEO on the other side.

These components are detailed in section 4.7 of the Universal Registration Document dedicated to the Senior Management compensation which is part of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code. They have been paid or awarded in accordance with the principles and criteria approved by the Annual Shareholders' Meeting of 24 April 2018 or by the Annual Shareholders' Meeting of 25 April 2019, as applicable.

For easy reference, you will find in section 4.7 a reminder of the principles and criteria governing the allocation of the corporate officers' compensation that you previously approved and pursuant to which the compensation and benefits of all types paid out in 2019 or awarded in respect of 2019 to the Chairman and CEO, Mr. Jean-Pascal Tricoire, and to the Deputy CEO, Mr. Emmanuel Babeau, were calculated and set by the board of directors at its meeting of February 19, 2020.

The achievement rates of the performance conditions are presented and commented therein.

A reminder is also given that cash variable components (annual incentive and complementary variable portion for building pensions) will only be paid out, subject to approval of the compensation of the concerned corporate officer by a majority of the shareholders.

By the **seventh resolution** you are requested to approve the elements of Mr. Jean-Pascal Tricoire's 2019 compensation and by the **eighth resolution**, those of Mr. Emmanuel Babeau.

Approval of the Chairman and Chief Executive Officer's compensation policy – ninth resolution
In pursuance of Article L. 225-37-2 II of the French Commercial Code as amended by the Bill of 27 November 2019 relating to corporate officers' compensation in listed companies, you are invited to approve the compensation policy of the Chairman and CEO. This policy as well as the manner in which it serves the corporate interest, contributes to the perennity of the company and fits its commercial strategy, are presented in section 4.7 of the Universal Registration Document. This section, dedicated to the Senior Management compensation, is part of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code.

The scope of the approval covers all components of remuneration in cash, fixed and variable, benefits of all types, including the long-term incentive in the form of performance shares, fringe benefits, pension cash allowances, as well as indemnities or other benefits payable or potentially due as a consequence of the departure of the corporate officer or after such departure.

Based on the principles and criteria for determining, allocating and granting the components of the compensation and benefits of all types awarded to the Chairman and CEO for 2019 approved by the shareholders at the 2019 Annual Shareholders' Meeting with more than 85 % support, the board of directors decided on February 19, 2020, based on the works and recommendations of the Governance and remunerations committee, which as a reminder is composed of 80% of independent members as per AFEP/MEDEF Code:

- to continue to apply in 2020 the fundamental pillars which command the principles governing the compensation of the corporate officers. These pillars are: pay-for-performance, alignment with shareholders' interests, and competitiveness. The structure of the corporate officers' compensation results from these pillars, notably the overweight of variable components (75 to 80% of the total target compensation) and the proportion of approximately 50% of the target compensation granted in the form of performance shares;
- to maintain the base salary of Mr. Tricoire in his capacity as Chairman and CEO at the level set and approved for 2019;
- to maintain the maximum payable Annual Incentive in proportion of the base salary at 260%, with no change;
- to keep as it is the structure of the Annual Cash Incentive, as simplified in 2019: its amount now depends exclusively on Group criteria (to the exclusion of individual criteria) that are measurable and communicated to the market. 80% are Financial (namely: Adj. EBITA margin (organic) improvement, Group Cash Conversion rate, Group Organic Sales Growth), and 20% reflect the Group's performance in the field of sustainability as measured by the Schneider Sustainability Impact;
- to use the new authorization given to the board of directors at the Annual Shareholders' Meeting of 25 April 2019 (21st resolution), to make grants of performance shares to employees and corporate officers of the Company based on a new acquisition scale which depends upon the Group's performance measured in terms of Adjusted EPS improvement (40%), Relative TSR (35%) and relative sustainability performance measured through the Schneider Sustainability External and Relative Index (25%);
- to keep as it is the maximum number of performance shares granted to the Chairman and CEO Mr. Tricoire;
- to maintain the rule according to which no compensation which is not provided by the compensation policy already approved by the shareholders be paid to corporate officers;
- to detail the circumstances under which the payment of an involuntary severance pay and/or non-compete indemnity may be due, specifying that only a resignation requested by the company may qualify as a constraint departure, and to remove the complementary payments for pension building from the reference compensation used to determine the quantum of these indemnities, if any.

In accordance with applicable law, the payment of any variable or exceptional cash component in relation to the exercise of his office in 2020 will be subject to your approval at the Annual Shareholders' Meeting following year-end 2020.

Under the **ninth resolution** you are requested to approve this policy which now only applies to the Chairman and CEO.

Approval of the compensation policy and of the components of the total compensation and benefits of all types paid during the 2020 financial year or awarded in respect of the said financial year to the Deputy Chief Executive Officer Mr. Emmanuel Babeau – Tenth resolution

Under this **tenth resolution**, you are requested to approve the new compensation policy applicable to Mr. Emmanuel Babeau in 2020, which reflects the terms and conditions of the regulated agreement submitted to your approval under the fifth resolution, and to approve the amount and the payment of the sums that are mentioned therein, namely, the fixed compensation (base salary), the annual incentive at target and the fixed and variable complementary payments for pension building, calculated *prorata temporis* for 2020 till Mr. Emmanuel Babeau's effective departure on 30 April 2020. The respective annual amounts of these elements are unchanged from 2019 policy and their calculation detailed in the corporate governance report, pages 290-291 of the Universal Registration Document for 2019.

Approval of the board members' compensation policy – Eleventh resolution

In pursuance of Article L.225-37-2 II of the French Commercial Code as amended by the Bill of 27 November 2019 referred to herein above, we request you to approve the compensation policy of the members of the board of directors, which means, firstly, the maximum amount that is proposed to be allocated to the board members annually and secondly, the allocation rules of this amount. Both the maximum annual amount and the allocation rules are proposed to remain unchanged in 2020. These elements are presented in detail in section 4.7 of the Universal Registration Document, which forms part of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code.

Composition of the board of directors – Twelfth to sixteenth resolutions

We remind you that the terms of office of Mr. Léo Apotheker, Ms. Cécile Cabanis, Mr. Fred Kindle and Mr. Willy Kissling are due to expire after the 2020 Annual Shareholders' Meeting. The board of directors has unanimously decided, upon recommendation of its Governance and remunerations committee, to propose:

- the renewals of Mr. Léo Apotheker, Ms. Cécile Cabanis, Mr. Fred Kindle and Mr. Willy Kissling; and
- the appointment of Ms. Jill Lee.

These recommendations are in line with the board continuity planning that implies changing some of its members at regular intervals and serves the objective of attaining a balanced representation between women and men on the board. They also aim at ensuring diversity in terms of geographies, generations and competences in the best manner to address the challenges and strategic orientations of the Group, while keeping the current strong competences of the board and a reasonable size.

Ms. Jill Lee joined Schneider Electric SE's board of directors as a non-voting member on January 1st, 2020. Ms. Jill Lee, 56 years old, a Singaporean citizen, has been serving as the Group Chief Financial Officer of Sulzer Ltd. since April 2018. Ms. Lee began her career in finance in 1986 at AT&T and Tyco Electronics in Singapore. She pursued her career within Siemens and then ABB, mainly in China and Europe. In addition to strong financial skills, Ms. Lee brings to the board her thorough knowledge of Schneider Electric's activities and an expert understanding of the Asian markets. Ms. Lee is an advisory board member of Nanyang Business School (Nanyang Technological University) in Singapore and a member of the supervisory board of the Dutch leading lighting company Signify Ltd. (formerly Philips Lighting).

Ms. Jill Lee will qualify as an independent director with regard to all the criteria set by Article 9.5 of the AFEP/MEDEF corporate governance Code and will join the Audit and risks committee.

Mr. Léo Apotheker, Ms. Cécile Cabanis, Mr. Fred Kindle and Mr. Willy Kissling's biographies and their terms of office are provided on pages 428 to 430.

Messrs. Léo Apotheker and Willy Kissling, beyond their thorough knowledge of the Group and their respective expertises, contribute to the balanced composition of the board of directors.

Ms. Cécile Cabanis executive and non executive functions within Danone group are not impediments, in terms of availability, to the performance of her term of office as a director of Schneider Electric SE, as evidenced by her individual attendance average rate at the board of directors' meetings over 2018 and 2019 reaching 93% corresponding to only one absence over two years, i.e. the day of Danone's Annual Shareholders' Meeting.

Ms. Cécile Cabanis and Mr. Fred Kindle are independent directors under AFEP/MEDEF corporate governance Code contrary to Mr. Willy Kissling due to his long tenure on the board. For the same reason, Mr. Léo Apotheker will no longer qualify as an independent director as from the 2020 Annual Shareholders' Meeting. In pursuance of Article 11.2 of the Articles of Association which provides that when an appointment is made of a director who will reach the age of 70 before the expiry of his/her term, its duration is limited to the period expiring at the close of the Annual Shareholders' Meeting held in the year during which such director will reach the age of 70, Mr. Apotheker's term of office shall be renewed for a three-year period only.

If you approve the proposals made in the **twelfth to sixteenth resolutions**, the board of directors will comprise 13 members, 42% of women (director representing employees excluded pursuant to the provisions of the French Commercial Code), 69% of foreign directors and 73% of independent directors (in accordance with AFEP/MEDEF corporate governance Code).

The board of directors considers that in addition to Mr. Jean-Pascal Tricoire, to Ms. Xiaoyun Ma, representing employee shareholders, and to Mr. Patrick Montier, representing employees, Messrs. Léo Apotheker and Willy Kissling do not qualify as independent directors. At the date of the Annual Shareholders' Meeting of 2020, both will no longer qualify as independent directors due to their long years of service on the board. All of the other directors are independent.

1. Report of the board of directors to the Ordinary and Extraordinary Shareholders' Meeting

Share buybacks – Seventeenth resolution
We request that you renew the authorization given to the Company by the Annual Shareholders' Meeting of April 25, 2019, to buy back its shares by any appropriate method, pursuant to the provisions of Article L.225-209 of the French Commercial Code and European Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse (regulation concerning market abuse) which came into force on July 3, 2016.

The Company buyback programs may have various objectives: to reduce share capital, cover allocation on performance shares plans to employees or corporate officers, fulfill obligations related to convertible bonds, and engage in market making as part of a liquidity contract, as well as engage in external acquisitions, as may be permitted under the regulations in force.

Shares bought back may be cancelled under the authorization adopted by the Annual Shareholders' Meeting of April 25, 2019 (twenty-fourth resolution).

We remind you that on February 14, 2019 Schneider Electric initiated a new EUR1.5bn to EUR2.0bn share buyback program over the period 2019-2021. The program has been launched under the fifteenth resolution approved at the 2018 Annual Shareholders' Meeting and pursued under the fourteenth resolution approved at the 2019 Annual Shareholders' Meeting. These buybacks were part of a policy to neutralize the dilution resulting from capital increases reserved for employees or from performance share plans and the exercise of options.

As part of the authorization granted at the Annual Shareholders' Meeting on April 25, 2019, and through implementation of the announced projects, Schneider Electric proceeded from April 26, 2019 to February 19, 2020 to a buyback of 3.5 million shares, for a total sum of EUR266.3 million. Since the beginning of the program, February 14, 2019, the Company bought back 3.5 million shares for EUR266.3 million.

Further information on the Company's share buyback programs can be found on page 397.

In the **seventeenth resolution**, you are requested to authorize the Company to buy back shares representing a maximum of 10% of the issued capital as of the date of the Shareholders' Meeting (for reference purposes, based on the issued capital on December 31, 2019: 58,206,855 shares). The maximum purchase price is brought up to EUR150. We remind you that this authorization may not be used during public offer periods.

1.2 Extraordinary Meeting

Amendments to the Articles of Association – Eighteenth and nineteenth resolutions
The board of directors recommends you to amend Article 11.4 of the Articles of Association pursuant to Article L.225-27-1 of the French Commercial Code modified by Law n°2019-486 of May 22, 2019 relating to companies' growth and transformation, known as PACTE Law, which reduces the threshold for appointment of a second director representing employees from twelve to eight.

Besides and in line with the prescription of Article L.225-27-1, III, 4° of the French Commercial Code, the second director representing employees will be appointed by the European Works Council, employee representative body of the Company set up in pursuance of Article L.2352-16 of the French Labor Code, ensuring thereby a higher representativity of the Group employees within the board.

Finally, under the amendment to the Articles of Association proposed to you, without prejudice of the four-year duration of the term of office of directors representing employees, provision is made for establishing the principle based on which when, at the end of a financial year, the Company no longer meets the prerequisites for the appointment of directors representing employees, the term of office of any director representing employees will cease at the close of the Annual Shareholders' Meeting ruling upon the accounts of the said financial year.

Such is the purpose of the **eighteenth resolution**.

Under the **nineteenth resolution**, we present four other amendments to the Articles of Association concerning Articles 13 and 16 to reflect the amended laws and correct a material error.

Capital increases reserved for employees with cancellation of preferential subscription rights of shareholders – Twentieth and twenty-first resolutions
Schneider Electric is convinced of the importance of developing the Company's employee shareholder base and issues new shares to employees each year. As of December 31, 2019, employees held 3.7% of the capital.

We remind you that the twenty-second and the twenty-third resolutions of the Annual Shareholders' Meeting of April 25, 2019 authorized the board of directors to issue shares reserved for employees participating in the Company Savings Plan within the limit of 2% of the share capital, and to issue shares reserved for employees of foreign Group companies or entities set up on their behalf, within the limit of 1% of the share capital.

As part of these authorizations, at its meetings of December 11, 2019, the board of directors decided to renew the annual employee shareholder plan in 2020, within a limit of 3.7 million shares (approximately 0.64% of the capital). This plan, which will not include a leveraged offer, will be offered in 40 countries representing more than 80% of the Group's employees. The shares will be offered with a discount on the share price of 15% to all subscribers and a maximum employer contribution of EUR1,400.

The Company carried out capital increases reserved for Group employees in 2019 (WESOP 2019). These transactions are presented on page 399 of this Universal Registration Document.

To allow for the implementation of a new global employee share ownership plan in 2021, you are requested to renew these authorizations under the same conditions.

Such is the purpose of the twentieth and twenty-first resolutions.

Under the **twentieth resolution**, you are requested to grant the board of directors the authority to carry out capital increases reserved for employees participating in the Company Savings Plan within the limit of 2% of the Company's capital, with the provision that the maximum discount at which the shares could be offered is set at 30%.

This authority requires shareholders to waive their preferential subscription right in favor of members of the Company Savings Plan. It is valid for a period of 26 months; the authority in force as voted by the Annual Shareholders' Meeting of April 25, 2019 in its twenty-second resolution shall cease to be effective as from June 30, 2020.

The maximum nominal amount of capital increases carried out on the basis of the twentieth resolution will be deducted from the ceilings outlined in the fifteenth and seventeenth resolutions approved by the Annual Shareholders' Meeting of April 25, 2019.

Under the **twenty-first resolution**, we request that you renew the authorization to carry out capital increases reserved for employees and corporate officers of non-French Group companies or to entities set up on their behalf. We remind you that the authorization will not exceed 1% of the capital. The issues to be carried out will be deducted from the ceiling of 2% of the capital set for the issuance of shares to employees who are members of the Company Savings Plan. At the discretion of the board of directors, the issue price will be based on either (i) the opening or closing price of the Company's shares quoted on the trading day on which the decision of the board or its delegate setting the issue price is made, or (ii) the average of the opening or closing prices quoted for the Company's shares over the 20 trading days preceding the decision of the board or its delegate setting the issue price under the twentieth resolution of this Annual Shareholders' Meeting. A maximum discount of 30% may be applied in relation to the benchmark stock price. The application of such a discount will be assessed by the board of directors in consideration, in particular, of the legal, regulatory and tax regulations of the foreign legal system applicable to beneficiaries of the issue. Issues performed will be deducted from the ceiling of 2% provided for by the twentieth resolution.

This authorization is valid for a period of 18 months and may only be used on or after August 1, 2020. As from August 1, 2020, it shall supersede the existing authorization granted in the twenty-third resolution adopted by the Annual Shareholders' Meeting of April 25, 2019 for the amounts remaining unused at July 31, 2020.

Finally, under the **twenty-second resolution** we request that you grant us the powers necessary to carry out the formalities.