

Information on the compensation policy for the Chairman and Chief Executive Officer in respect of fiscal year 2020

In accordance with Article R.225-29-1 of the French Commercial Code

In accordance with the provisions of Article R.225-29-1 of the French Commercial Code and the recommendations of the AFEP-MEDEF Corporate Governance Code, Lectra SA (the « Company ») is publishing below the compensation policy that applies to Daniel Harari, Chairman and Chief Executive Officer, in respect of fiscal year 2020. This compensation policy was determined by the Board of Directors at its meeting on February 25, 2020, acting on a recommendation from the Compensation Committee, then it was approved by the Combined Shareholders' Meeting of April 30, 2020 with a 99.99% vote. It should be noted that the Chairman and Chief Executive Officer is the sole executive officer of the Company.

Compensation principles that apply to the Chairman and Chief Executive Officer

The compensation policy for the Chairman and Chief Executive Officer in respect of fiscal year 2020, as determined by the Board of Directors at its meeting on February 25, 2020 and approved by the Combined Shareholders' Meeting of April 30, 2020, is in line, in terms of principles and structure, with the policy of previous fiscal years, and in particular, with the policy approved by the Shareholders' Meeting of April 30, 2019.

It takes into account the extent of the duties assigned to the Chairman and Chief Executive Officer.

This policy is clear, consistent with the long-term strategy, objectives and challenges of the Group; and directly linked to its performance. It reflects his experience, competencies and responsibilities. It has proved its worth both in tough years and in years of record profits.

The total annual compensation of the Chairman and Chief Executive Officer comprises a fixed portion and an annual variable portion. Each year the Board of Directors determines its amount, based on the achievement of annual targets.

The variable compensation is calculated on the basis of clear and complementary quantifiable criteria (to the exclusion of any qualitative criteria) expressed in terms of precisely-determined annual targets, reflecting the Company's strategy of profitable sales activity and earnings growth. In accordance with article 25.3.2 of the AFEP-MEDEF Code, these quantifiable criteria are simple, relevant, suited to the Company's strategy; and they account for the largest share of this compensation.

Annual targets are set by the Board of Directors based on the recommendations of the Compensation Committee. The Compensation Committee is responsible for ensuring that the rules for setting the variable portion of compensation each year are consistent and in line with the evaluation of company officers' performance, with progress made in implementing the Company's medium-term strategy, general macroeconomic conditions, and in particular those of the geographic markets and market sectors in which the Company operates. After the close of each fiscal year, the Compensation Committee verifies the annual application of these rules and the final amount of variable compensation, on the basis of the audited financial statements.

The only benefit accorded concerns the valuation of the utilization of a company car; the amount is set out in the Board of Directors' management report for each fiscal year.

The Chairman and Chief Executive Officer also receives compensation for being a member of the Board of Directors.

The compensation of the Chairman and Chief Executive Officer does not include any multiyear variable compensation, any exceptional compensation, any form of bonuses, stock options, performance-based shares or other long-term component of compensation, or any indemnity relating to the take-up or termination of his function, nor any supplementary retirement plan.

The compensation of the Chairman and Chief Executive Officer is paid in its entirety by the Company. He receives no compensation or particular benefit from companies controlled by Lectra within the meaning of article L. 233-16 of the French Commercial Code. Lectra is not controlled by any company.

The Chairman and Chief Executive Officer has never combined his positions as company officer with an employment contract.

Compensation of the Chairman and Chief Executive Officer in respect of 2020

In accordance with the above-mentioned principles and on a recommendation from the Compensation Committee, the Board of Directors at its meeting on February 25, 2020 decided to maintain the total annual target-based compensation of the Chairman and Chief Executive Officer to €780,000 for the year 2020, that is €390,000 in respect of fixed compensation and €390,000 in respect of variable compensation. It determined the components of Daniel Harari's compensation as detailed below.

Fixed compensation

The fixed compensation is set at €390,000, this amount remains unchanged since July 27, 2017.

Variable compensation

The annual target-based variable compensation is set at €390,000, this amount remains unchanged since July 27, 2017.

Acting on a recommendation from the Compensation Committee, the Board of Directors, at its meeting on February 25, 2020, decided to revise for the 2020-2022 period the performance criteria reflecting the Company's strategy of profitable sales activity and earnings growth used to determine the variable compensation of the Chairman and Chief Executive Officer, reducing the number to three criteria and increasing the weighting for growth of recurring contracts in light of the 2020-2022 strategic roadmap's objectives:

- (i) contributive value of growth in sales activity (accounting for 40%);
- (ii) consolidated income before tax, excluding net financial expense and non-recurring items (accounting for 30%);
- (iii) growth in recurring contracts (accounting for 30%).

All the other rules¹ remain identical to those for 2017-2019.

¹ These calculation rules are detailed further on page 86 of the 2018 Annual Financial Report and reiterated in chapter 2.1.3 of the 2019 Report on Corporate Governance which is included in the 2019 Annual Financial Report.

Compensation for directorships

In accordance with the allocation rules governing the Directors' compensation, as set by the Board of Directors at its meeting on February 11, 2016, Daniel Harari's compensation for being a member of the Board of Directors amounts to a maximum of €40,000², this amount remains unchanged compared with previous fiscal years.

Information relating to the company officers' compensation is detailed further in the Report on Corporate Governance, which is included in the 2019 Annual Financial Report available on Lectra's website: <https://www.lectra.com/en/investors/financial-information/2019-financial-report>.

² This maximum amount of €40,000 represents the amount payable to Daniel Harari provided that he actually attends all of the Board of Directors' meetings that will be held in fiscal year 2020.