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Annual Shareholders' Meeting

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

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 non controlling 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 *pro rata 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 *pro rata 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 *pro rata 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.

2. Report of the Vice-Chairman independent lead director of the board of directors

2. Report of the Vice-Chairman independent lead director of the board of directors

Mr. Leo Apotheker hereby reports on the work he carried out in 2019 as part of his administrative functions as Vice-Chairman independent lead director.

At the Annual Shareholders' Meeting of April 25, 2016 where Mr. Leo Apotheker was re-elected as director, the board of directors appointed him as Vice-Chairman independent lead director for the term of his office, ie. till the Annual Shareholders' Meeting of 23 April 2020. At the end of this meeting, Mr. Leo Apotheker will lose his independence status as per the AFEP-MEDEF Corporate Governance Code and will be replaced at the position of Vice-Chairman independent lead director by Mr. Fred Kindle, subject to the latter's renewal of term (14th resolution).

1. Powers of the Vice-Chairman independent lead director

The Vice-Chairman independent lead director is appointed by the board of directors in pursuance of article 12 of the Articles of Association, which provide for the appointment of a Vice-Chairman with the function of a Senior Independent Director if the roles of Chairman and CEO are combined.

In compliance with article 12 of the Articles of Association, the duties of the Vice-Chairman lead director are defined by the internal regulations of the board of directors. Those internal regulations and the charter for the Vice-Chairman independent lead director can be found on pages 424 to 432 of this Universal Registration Document. They are also published on the Company's website, www.se.com.

2. Activities of the Vice-Chairman independent lead director

Information of the Vice-Chairman independent lead director

To be able to carry out his duties, the Vice-Chairman lead director must have excellent knowledge of the Group and be particularly well informed about its business performance.

As such, the Vice-Chairman is apprised of current events and the performance of the Group through weekly exchanges with the Chairman and CEO. He meets regularly all members of the Group Executive committee and pursues regular interactions with managers and other employees of the Group in various sites of Schneider Electric.

He is continuously kept informed of the evolution of the competitive environment, technological breakthroughs and business opportunities. Besides being the Chairman of the Governance and Remunerations Committee and a member of the Digital Committee, Mr. Leo Apotheker also takes part in the works of the Investment Committee, of which he is a standing invitee and which he will be called upon to chair after the Annual Shareholders' Meeting of 23 April 2020.

Participation in the preparation of the meetings of the board

The Vice-Chairman lead director participated in the preparation for meetings of the board of directors. As a result, he has participated in all the "pre-Board" meetings. As a matter of fact, each meeting of the board of directors is preceded by two pre-Board meetings, in which the Chairman, the Vice-Chairman lead director, the Deputy Chief Executive Officer and the Secretary of the board of directors review the topics and issues addressed by the committees, and establish the agenda prepared by the Chairman and the content of the meeting file.

Executive sessions

The Vice-Chairman lead director chairs the executive sessions (i.e. the meetings where Board members meet without the presence of the two executive Corporate Officers), convened at the end of each Board meeting. The employee directors are invited to attend all executive sessions following meetings of the Board at which they are present.

The board of directors held three executive sessions in 2019 during which its members expressed their views and observations on, among others, the Group's strategic options and the potential impact of the new legal requirements on governance. They also discussed the possible options regarding the executive corporate officers' succession planning depending upon the mode of exercise of general management. The Vice-Chairman lead director reported the conclusions thereof to the Chairman.

Interaction with shareholders

The Vice-Chairman lead director is the designated contact for the shareholders on matters pertaining to corporate governance. He carried out two shareholder engagement campaigns in 2019: one before the shareholders' meeting to present to those who so wished, the resolutions submitted to the shareholders' approval on 25 April 2019; the other one, in the fall semester, to freely exchange views on topical themes of corporate governance that do not materialize in resolutions submitted to the shareholders' approval and thus, are excluded from the usual dialog. On this occasion, the Vice-Chairman independent lead director, with the support of a Group expert on sustainable development, explained to the investors' representatives the growing importance of social and environmental topics at the board of directors and their reflection in the corporate officers' compensation.

Overall, these two campaigns comprised 28 face-to-face or phone meetings with analysts from a wide range of corporate governance cultures and covered around 40% of the share capital. The conclusions of these discussions have been reported in detail to the Governance and remunerations Committee and contributed to its on-going thought process on governance matters. Report thereon was subsequently made to the board.

Other duties

The Vice-Chairman independent lead director conducted the annual deliberation of the board on its composition, organization and operations as well as those of its committees, with the assistance of the secretary of the board of directors. In 2019, this self-assessment was carried out through an anonymous on-line survey and included a 360° individual assessment of each member in his/her individual capacity, with individual feedback done by the Vice-Chairman independent lead director. The conclusions of this assessment, which highlighted the quest for continuous improvement, are presented on page 242 of this Universal Registration Document. In 2020, a formal self-assessment will be performed with the assistance of an independent and external expert.

The Vice-Chairman lead independent director has also had frequent contacts with each of the directors.

He ensured that there was no conflict of interest within the board of directors, which he would have been responsible for bringing to the attention of the Chairman.

Thanks

The Vice-Chairman lead independent director sincerely thanks all the shareholders who accompanied him during these six years of vice-chairmanship, which he will remember as particularly dense and characterized by the fast-growing awareness that a robust governance like that of Schneider Electric is there to serve the company's performance.

3. Exhibits to the board of directors' report: internal regulations of the board and charter of the Vice-Chairman independent lead director

3. Exhibits to the board of directors' report: internal regulations of the board and charter of the Vice-Chairman independent lead director

3.1 Internal regulations of the board of directors of Schneider Electric SE

Schneider Electric refers to the AFEP/MEDEF corporate governance code.

The present internal regulations have been drawn up in application of Article 13.7 of the company's articles of association.

These regulations were adopted by the board of directors on April 25, 2013 and last amended on December 11, 2019.

Article 1 – Method of exercising general management – chairmanship and vice-chairmanship of the board of directors

A. Method of exercising general management

1. General management of the company is under the responsibility of either the chairperson of the board of directors, who will then go by the title of Chairman and Chief Executive Officer, or of another natural person appointed by the board of directors going by the title of Chief Executive Officer.
2. The board of directors decides between these two methods of exercising general management at the time when the chairman of the board of directors or the chief executive officer is appointed or when renewing their terms of office. If the board of directors has decided to combine the functions of chairman and chief executive officer, it will deliberate on this choice every year.
3. In order to maintain continuity in the company's operation if the chairman serving as CEO leaves his role or is prevented from doing so, the deputy CEO(s) shall take the interim responsibility for general management functions in the company, unless otherwise decided by the board, until such time as a new CEO is appointed. The vice-chairman shall temporarily take the Chair of the board of directors.

B. Chairperson of the board of directors

1. The board of directors shall elect a chairperson amongst its members ("chairman"). The chairman shall be appointed for a period that can be no longer than his/her term of office as a director. The chairman is eligible for re-election. He/she may be removed from office by the board of directors at any time.
2. The chairman of the board of directors organizes and manages the board's activities, and reports thereon at the annual general shareholders meeting.
3. The chairman of the board of directors sets the agenda and the schedule for board meetings with assistance from the vice-chairman lead director.
4. The chairman of the board of directors ensures that the different corporate bodies operate correctly and especially that the directors are in a position to fulfill their mission. The chairman may request any document or item of information useful to enlighten the board of directors when preparing its meetings.

C. Vice-chairman of the board of directors – lead independent director

1. The board of directors may appoint a vice-chairman. The vice-chairman shall be appointed for a period that may not be any longer than his term of office as a director. The vice-chairman is eligible for re-election. The vice-chairman may be removed from office by the board of directors at any time.
2. The vice-chairman shall preside over board meetings in the absence of the chairman.

The vice-chairman shall be called upon to replace the chairman of the board of directors in the event of any temporary inability of the latter to fulfill his/her functions or in the event of death. In the event of the chairman's inability to fulfill his/her functions, he/she will be replaced by the vice-chairman as long as his/her inability may last and, in the case of death, until the election of a new chairman.

3. In exception to 1 above, and in compliance with Article 12.2 of the articles of association, the appointment of a vice-chairman is compulsory if the roles of chairman and CEO are combined. In this case, the vice-chairman also takes on the role of lead independent director. In this respect:
 - The vice-chairman is kept informed of major events in Group life through regular contacts and monthly meetings with the chairman serving as CEO;
 - The vice-chairman is consulted by the chairman serving as CEO on the agenda and the sequence of events for every board meeting as well as on the schedule for board meetings;
 - At the end of every board meeting, the vice-chairman convenes executive sessions with non-executive members of the board of directors, over which he will preside. It is the vice-chairman's responsibility to appreciate for each topic discussed whether the employee directors should leave the meeting till the topic is closed. In addition, the vice-chairman may convene an executive session between two board meetings. Any director may ask the vice-chairman to convene additional executive sessions;

- The vice-chairman shall promptly report to the chairman serving as CEO on the conclusions of executive sessions;
 - The vice-chairman shall draw the attention of the chairman and of the board of directors to any possible conflicts of interest that he may have identified or which may be reported to him;
 - The vice-chairman is the chairperson of the Governance and remuneration committee;
 - Like any other member of the board, the vice-chairman may attend any meetings of committees of which he is not a member;
 - In order to complement his knowledge, the vice-chairman may meet the Group's leading managers and visit company sites;
 - The vice-chairman carries out annual assessments of the board of directors and, in this context, assesses the actual contribution of every member of the board to the board's activities;
 - The vice-chairman shall report on his actions at annual general shareholders meetings;
 - The vice-chairman shall meet any shareholder who wishes so and inform the board of their concerns on governance matters.
4. The vice-chairman lead director must be an independent member of the board, as defined in accordance with the criteria published by the company.

Article 2 – Roles and powers of the board of directors

1. The board of directors shall determine company business policies in accordance with its social interest and while considering its social and environmental aspects, and ensure that they are implemented. Subject to the powers expressly conferred to annual general shareholders meetings and within the limit of the corporate purpose, it shall deal with any issue affecting the company's efficient operation and take business decisions within its remit.

The board regularly reviews, in relation to the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken accordingly. To this end, the board of directors receives all of the information needed to carry out its task, notably from the executive corporate officers (Chief Executive Officer, deputy Chief Executive Officers).

The board ascertains the implementation of a process aimed at preventing and detecting corruption and influence peddling. It receives all of the information required for this purpose.

The board also checks that the executive corporate officers implement a policy of non-discrimination and diversity, notably with regard to the balanced representation of men and women on the governing bodies.

2. In accordance with legal or statutory provisions, it is the board of directors' responsibility to:
- Determine the method of exercising general management of the company;
 - Appoint executive corporate officers and also remove them from office as well as to set their remuneration and the benefits granted to them;
 - Co-opt directors whenever necessary;
 - Convene annual general shareholders meetings;
 - Approve corporate and consolidated accounts;
 - Draw up management reports and reports for annual general shareholders meetings;
 - Draw up management planning documents and the corresponding reports;
 - Draw up the corporate governance report as provided for in Article L.225-37 of the French Commercial Code;
 - Decide on the use of the delegations of authority granted at annual general shareholders meetings, more particularly for increasing company capital, redeeming the company's own shares, carrying out employee shareholding operations and cancelling shares;
 - Authorize the issue of bonds;
 - Decide on the handing out of options or restricted/performance shares within the limits of authorizations given at annual general shareholders meetings;
 - Authorize statutory conventions (conventions covered by Article L.225-38 and following of the Commercial Code);
 - Implement a process to regularly assess that the rules used to qualify a related party transaction as regulated agreement or not, are relevant and effective;
 - Authorize the issue of sureties, endorsements and guarantees;
 - Decide on the constitution of study committees and designate their members;
 - Decide on the dates for the payment of dividends and any possible down-payments on dividends;
 - Distribute directors' remuneration allocated at the annual general shareholders meeting amongst members of the board of directors.

In compliance with the provisions set forth in the Commercial Code, the board of directors delegates all powers to the chairman serving as CEO (or the CEO if appropriate):

- For issuing, with the possibility of sub-delegating, sureties, endorsements or guarantees within a maximum annual sum of 500 million euros, limited per surety, endorsement or guarantee to:
 - (i) EUR150 million for commitment guarantees made by Group subsidiaries for Group financial optimization operations,
 - (ii) EUR250 million for commitment guarantees made by Group subsidiaries, for taking over the company's commitments whenever acquisition operations are made on companies or business activities,
 - (iii) EUR100 million for other guarantees.

The above limits are not applicable to any sureties, endorsements and guarantees that may be issued with regard to tax or customs authorities.

3. Exhibits to the board of directors' report: internal regulations of the board and charter of the Vice-Chairman independent lead director

- For formally recording any increases in capital following conversions of convertible bonds, exercising warrants and stock options, as well as subscribing to capital securities or shares giving access to company capital in the context of increases in capital reserved for employees and carrying out all prior and subsequent formalities related to any such changes in capital and to any modifications to the articles of association.
3. To enable the board to exercise its duties as defined in 1 and beyond its specific powers summarized in 2, the board of directors:
- Shall be informed by its chairman or by its committees of any significant event concerning the company's efficient operation as well as the successful conclusions of any significant projects;
 - Shall give prior authorization for:
 - All disposals or acquisitions of holdings or assets by the company or by a Group company for a sum of more than 250 million euros,
 - Concluding any strategic partnership agreement;
 - Shall review every year its composition, its organization and its mode of operation;
 - Shall be consulted prior to acceptance by the chief executive officer or deputy chief executive officers of any corporate appointment in a listed company outside the Group;
 - Shall be informed about market developments, competitive environment and the most important challenges the company has to face, including in the area of social and environmental responsibility.
4. The activities of the board of directors and its committees shall be described in the corporate governance report.

Article 3 – Membership of the board of directors

In the proposals it makes and the decisions it takes, the board of directors shall ensure:

- That it reflects the international nature of the Group's activities and of its shareholders by having a significant number of members of non-French nationality;
- That it protects the independence of the board through the competence, availability and courage of its members;
- That it pursues its objective of diversifying the board of directors in compliance with the legal principle of attaining balanced representation between men and women on the board;
- That it appoints persons with the expertise required for developing and implementing the Group strategy while considering the objectives of diversity based on criteria such as age, professional skills and experiences;
- That employee shareholders and employees shall continue to be represented on the board in compliance with the provisions set forth in Articles 11.3 and 11.4 of the articles of association;
- That it preserves the continuity of the board by changing some of its members at regular intervals, if necessary by anticipating the expiry of members' terms of office.

Article 4 – Meetings of the board of directors

1. The board of directors shall meet whenever the interests of the company so require and at the least six times a year, including one meeting for examining strategy in detail.

Notices to attend shall be issued by all means, including verbally. They shall be sent via the secretary of the board.

2. Board meetings shall be convened by the chairman or, if such person is unable to do so, by the vice-chairman.

Moreover, if no board meeting takes place for over two months, the chairman must convene a meeting of the board at a date no later than fifteen days after at least one-third of the members of the board have made a justified request for this purpose. If the request goes unheeded, the person or persons requesting the meeting may convene a meeting himself or themselves, stating the agenda of the proposed meeting.

Similarly, the chief executive officer, if he is not chairman of the board of directors may also address a request to the chairman to convene a meeting on any given agenda.

The person responsible for convening the meeting shall set its agenda. The agenda may be modified or completed at the time of the meeting.

Board meetings shall be held at the company's registered offices or at any other place specified in the notice of the meeting, whether in France or abroad.

3. Any member of the board may appoint another member to represent him at a board meeting by means of a proxy form.

During the same meeting, each member of the board may only use one proxy form that he has received further to the foregoing paragraph.

Members of the board may attend board meetings by videoconference or telecommunication links, which allow them to be identified and which guarantee their effective participation. In such a case, they are counted among the members present to the meeting. However, in accordance with applicable laws, for the purposes of checking and controlling annual accounts, consolidated accounts and the management report, the members of the board of directors who attend the meeting by videoconference or telecommunication links shall not be taken into account for the purposes of determining the quorum or the majority.

Deliberations of the board of directors shall only be valid if at least half of the directors are present. However, in application of Article 15 of the articles of association, the board of directors may only deliberate validly on the methods for exercising general management if two-thirds of the directors are present or represented.

Decisions shall be taken on a majority vote by the directors present or represented. In the event of equality of votes, the chairman of the meeting shall have the casting vote.

4. Besides the secretary of the board, the deputy CEO in charge of finance shall attend board meetings.

The board of directors shall hear operational managers concerned by major issues submitted to examination by the board.

The board of directors may authorize persons who are not members of the board to attend board meetings including by videoconference or by telecommunication links.

5. An attendance register shall be kept at the registered office.

The proceedings of the board of directors shall be recorded in minutes.

The secretary of the board shall be authorized to certify copies or excerpts from the minutes of the board's proceedings.

Article 5 – Information for the board of directors

Members of the board of directors shall be provided with all the information necessary to enable them to carry out their duties and this within time limits that enable them to familiarize themselves with this information in a meaningful way. They may procure any documents they require for this purpose prior to meetings.

Any request for information made by members of the board on specific subjects shall be addressed to the chairman serving as CEO (and, if appropriate, to the CEO), who will reply thereto as promptly as possible.

In order to provide members of the board of directors with complete information, visits to sites and customers shall be organized for them. Members of the board of directors shall have the right to meet the main company executives. They shall inform the chairman serving as CEO (and, if appropriate, the CEO) thereof.

The chairman serving as CEO shall meet each member of the board individually once a year.

Article 6 – The status of members of the board of directors

1. Members of the board of directors shall represent all the shareholders and shall act in the interests of the company in all circumstances.
2. Members of the board of directors shall attend board meetings and meetings of the committees of which they are members.

Any member, who has not attended at least half of the meetings held during the year, unless there are exceptional reasons, shall be deemed to wish to terminate his term of office and shall be invited to resign from the board of directors or the committee concerned, as appropriate.

3. Members of the board of directors shall be bound by a general confidentiality obligation with respect to the deliberations of the board and the committees and with respect to information which is not in the public domain, which they receive further to performing their duties.
4. Directors may not exercise more than 4 other terms of office in listed companies outside the Group.
5. Members of the board of directors shall have a duty to inform the board of directors of any office they may hold or no longer hold in other companies.
6. Members of the board of directors have a permanent duty to ensure that their personal situation shall not give rise to a conflict of interest with the company. In this respect, they shall disclose:
 - the existence of any conflict of interest, even a potential one, upon assuming their duties and then each year in response to a request made by the company at the time of preparation of its Universal Registration Document;
 - upon occurrence of any event which would render the statement above mentioned totally or partially inaccurate.

Any member of the board of directors having a conflict of interest, even a potential one, has a duty to notify it to the vice-chairman lead director who shall in turn inform the board of directors. The board of directors shall rule upon the conflict of interest and may request to the member(s) of the board of directors concerned to correct his/her situation. The member of the board of directors having a conflict of interest, even a potential one, shall not take part to the discussions nor to the vote of the corresponding decision and shall leave the meeting of the board of directors when the decision is debated.

7. During their term of office, members of the board of directors, to the exclusion of the directors representing employees, shall possess at least 1,000 shares in Schneider Electric SE. For applying this obligation, except for the 250 shares which must be held to comply with Article 11.1 of the articles of association, shares held via a company mutual fund essentially invested in the company shares can be taken into account. The Schneider Electric shares that they hold shall either be in purely registered (*nominatif pur*) or in managed registered (*administré*) form.

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8. Members of the board of directors shall inform the French financial market authority within three business days from the completion of the operation, by e-mail at the following address: <https://onde.amf-france.org/RemiseInformationEmetteur/Client/PTRemiseInformationEmetteur.aspx>, as well as the secretary of the board, of any acquisition, sale, subscription or exchange concerning shares issued by Schneider Electric SE or any operation on financial instruments linked thereto, conducted on their own account or on their behalf.
- 8A. Members of the board of directors shall provide the secretary of the board with the list of the persons closely associated with them as defined by the European Regulation n°596/2014 ("Market Abuse Regulation"), whom they shall notify of their individual duties to inform the French financial market authority and Schneider Electric SE (to the attention of the secretary of the board), similar to those applicable to themselves pursuant to paragraph 8 above.
9. Members of the board of directors undertake to abide by the compliance code governing stock-market ethics, of which they have received a copy, with respect to their personal financial transactions. In consequence, members of the board of directors may not acquire or dispose of options or any other derivative relating to Schneider Electric SE shares, except authorized hedging of stock-options plans in order to hedge stock option plans (eg: hedging of shares subscribed upon exercise of options).

Members of the board of directors shall refrain from carrying out any transaction involving company's listed shares during the 31 days before the day following publication of annual or half-yearly accounts, and during the 16-day period before the day following publication of quarterly information. The same principle applies when they hold insider information, i.e. precise information concerning the company, which has not been made public and which, if it were made public, could have a marked impact on share price or on any financial instrument related to them.
10. Members of the board of directors shall attend annual general shareholders meetings.
11. Members of the board of directors shall be remunerated by the payment of an annual fixed amount allocated at annual general shareholders meetings. The said amount will be distributed by the board of directors to its members. The board of directors may grant exceptional remuneration for assignments or offices conferred upon directors.
12. Travelling expenses, notably including hotel and restaurant expenses, incurred by the members of the board of directors in relation to the performance of their duties, shall be borne by the company on presentation of supporting documents.
13. Members of the board of directors shall complete the on-boarding programme offered to them at the beginning of their first term.

Article 7 – Non-voting directors

The non-voting directors shall attend board meetings in a consultative capacity.

They shall receive the same information as the other members of the board. They may be appointed as members of committees, except for the Audit committee.

They shall act in the interest of the company under all circumstances.

They shall be bound by the same general confidentiality obligation as the members of the board of directors and shall be subject to the same limitations regarding transactions involving the company's shares. Their remuneration shall be determined by the board of directors.

Article 8 – The committees of the board of directors

1. The committees created by the board of directors shall be as follows:

- Governance and remuneration committee,
- Audit and risks committee,
- Human Resources and Corporate Social Responsibility committee,
- Investment committee,
- Digital committee.

2. The role of these committees shall be to research and prepare certain matters to be considered by the board of directors. They shall make proposals, give recommendations and issue opinions, as appropriate, in their area of competence.

Created by virtue of Article 13 of the articles of association, they shall only have a consultative role and shall act under the authority of the board of directors.

3. The chairpersons and members of the committees shall be appointed by the board of directors. However, the vice-chairman lead director shall preside over the Governance and remuneration committee. They shall be appointed in a personal capacity and may not be represented.

The terms of office of committee members shall coincide with their terms of office as members of the board of directors. The terms of office of committee members may be renewed.

As a matter of good governance and to the exclusion of the Governance and remuneration committee chaired by the vice-chairman lead director, committee chairs should be rotated and not exceed four-years for a given committee. The board of directors shall deliberate annually on the chairmanship of the concerned committee whenever such four-year limit is reached or exceeded.

4. Committees shall meet on the initiative of their chairperson or on request from the chairman of the board of directors or the CEO.

5. The chairman serving as CEO or the CEO shall be kept informed of committee meetings. He/she shall be in regular contact with committee chairmen.
6. Committee meetings shall be held at the company's registered offices or any other place decided upon by the chairperson of the committee with an agenda prepared by the latter. If necessary they may be held by audio or video conference. Members of the board of directors may attend meetings of committees of which they are not a member. Only the members of the committee shall take part in the committee's discussions.

A secretary will prepare the minutes of the meetings, which shall be recorded in an *ad hoc* register specific to each committee by the secretary of the board.

A report on each committee's activities shall be given by the committee's chairperson or one of its members at the next board meeting. Minutes of committee meetings shall be provided for the members of the board of directors.

After referring the matter to the chairman of the board, every committee may request studies from external consultants. Every committee may invite any person of its choice to its meetings, as and when required.

7. Other than the permanent specialist committees that it has created, the board of directors may also decide to set up any ad hoc committees for specific operations or assignments.

Article 9 – The Audit and Risks committee

1. Membership and operation of the Audit committee

The committee shall be comprised of at least three members, two-thirds of whom must be independent members of the board of directors. At least one of the members must possess special skills concerning matters of finance and accountancy and be independent with regard to specified, published criteria.

The deputy CEO in charge of finance shall act as the Audit committee's contact.

The head of internal audit shall act as secretary to the Audit committee.

The committee shall meet at least five times a year. The chairperson of the committee shall draw up agendas for meetings.

The meetings shall be attended by members of the finance department and of the company's internal audit department and, with respect to meetings devoted to examining accounts, by the statutory auditors. The committee may invite any person it wishes to hear to its meetings. It may also require the CEO to provide any documents it deems to be useful.

Outside the presence of company representatives, the committee shall regularly hear the statutory auditors and the head of the internal audit.

2. The duties of the Audit committee

The Audit Committee monitors questions on drawing up and controlling accounting, financial and extra-financial information. It prepares the board of directors' decisions in these domains. It issues recommendations to the board for the purpose of ensuring the integrity of the financial and extra-financial information and gives advices. For this purpose:

- It shall prepare for annual and half-yearly accounts to be approved by the board and therefore, more particularly:
 - Checks the appropriateness and consistency of the accounting methods used for drawing up consolidated and corporate accounts, as well as checking that significant operations on Group level have been dealt with appropriately and that rules relating to the consolidation perimeter have been complied with;
 - Examines off-balance-sheet risks, including those of a social and environmental nature, and commitments as well as the cash situation;
 - Examines the process for drawing up financial and extra-financial information.
- It examines the draft annual report, which bears the status of Universal Registration Document and contains the information on internal control, the draft half-yearly report and, where applicable, any remarks made by the French Financial Market Authority (AMF) concerning these reports, as well as the other key financial information documents.
- It handles follow-up on legal control of annual and consolidated accounts made by statutory auditors, notably by examining the external audit plan and results of controls made by statutory auditors.
- After a consultation process, it shall suggest reappointing the existing statutory auditors or appointing new statutory auditors.
- It shall check the independence of statutory auditors, especially at the time of examining fees paid by the Group to their firm or their network, and by giving prior approval to any missions that are not strictly included in the scope of the statutory audit.
- It monitors the efficiency of internal control and risk management systems. For this purpose:
 - It shall examine the organization and resources used for internal audit, as well as its annual work program. It shall receive summaries of reports produced on audits on a quarterly basis. However, the chairperson of the committee shall receive these reports in full;
 - The committee shall examine operational risk-mapping and make sure that measures exist for preventing or minimizing risks;
 - It shall examine how to optimize risk coverage on the basis of reports requested from internal audit;
 - It shall examine Group internal control measures and look into the results of entities' self-assessments with respect to internal control. It shall ensure that a relevant process exists for identifying and processing incidents and anomalies;
 - It shall ascertain the existence of Group compliance policies notably concerning competition, anti-bribery, ethics and data protection and the measures implemented to ensure that these policies are circulated and applied.

3. Exhibits to the board of directors' report: internal regulations of the board and charter of the Vice-Chairman independent lead director

The Audit committee shall examine proposals for distribution as well as the amount of financial authorizations submitted for approval at annual general shareholders meetings.

The Audit committee reports to the board on the implementation of Schneider Electric SE's Charter on the related party transactions and on the relevance of the criteria to qualify related party transactions as regulated agreements or not.

The Audit committee shall examine all financial and accounting questions and questions related to risk-management submitted to it by the board of directors.

The Audit committee reports to the board on the findings of its works and how they contributed to the integrity of the financial and extra-financial information. It informs the board of the follow-up actions that it proposes to take. The chairperson of the Audit Committee shall keep the chairman and the vice-chairman lead director promptly informed of any difficulties encountered by the committee.

Article 10 – Governance and remuneration committee

1. Membership and operation of the Governance and remuneration committee

The committee shall be comprised of at least three members.

The Governance and remuneration committee shall be presided by the vice-chairman lead director. Failing this, the board shall appoint the chairperson of the committee.

The secretary of the board shall be the secretary of the Governance and remuneration committee.

The committee shall meet at the initiative of its chairperson. The agenda shall be drawn up by the chairperson of the committee after consultation with the chairman of the board of directors. The committee shall meet at least three times a year.

In order to carry out its assignments, the committee may hear any person it wishes.

2. The Governance and remuneration committee's duties:

The committee will formulate proposals to the board of directors in view of any appointment made:

- (i) To the board of directors:
 - Directors or non-voting directors,
 - Chairman of the board of directors, vice-chairman and vice-chairman- lead director,
 - Chairpersons and members of committees;
- (ii) For general management of the company. The committee will also give its opinion to the board on nominations for any deputy CEO's.

The committee shall formulate proposals to the board of directors on the compensation policy of the executive corporate officers (chairman of the board of directors and/or CEO, deputy CEO), ensuring in particular its alignment with the corporate interest. The committee shall prepare annual assessments of the persons concerned and make recommendations to the board of directors concerning the determination of the components of the compensation due to executive corporate officers in accordance with the compensation policy. To this end, it uses the works of the Human Resources and CSR committee.

The committee shall prepare the draft corporate governance report of the board of directors.

When the committee reports to the board on these matters, the board of directors debates and deliberates without the presence of the executive corporate officers.

The committee shall propose measures to the board of directors that will reassure both shareholders and the market that the board of directors carries out its duties with all necessary independence and objectivity. For this purpose, it will organize for yearly assessments to be made of the board of directors. It shall make proposals to the board of directors on:

- Determining and reviewing directors' independence criteria and directors' qualifications with regard to these criteria;
- Missions carried out by the committees of the board of directors;
- The evolution, organization and operation of the board of directors and its committees;
- The company's use of national and international corporate governance practices;
- The total amount of board members' remuneration proposed at annual general shareholders meetings together with its allocation amongst them.

Article 11 – Human Resources and Corporate Social Responsibility committee

1. Membership and operation of the Human Resources and Corporate Social Responsibility Committee

The committee shall be comprised of at least three members.

The director of Human Resources for the Group shall be the secretary to the Human Resources and Corporate Social Responsibility committee.

The committee shall meet at the initiative of its chairperson. The agenda shall be drawn up by the chairperson of the committee after consultation with the chairman serving as CEO. The committee shall meet at least three times a year.

In order to carry out its assignments, the committee may hear any person it wishes.

2. The committee's duties:

The committee shall formulate proposals to the board of directors on setting up share subscription/purchase options plans and free/performance shares plans.

The committee shall formulate projects on proposals made by general management on:

- Compensation of the members of the executive committee.
- Principles and criteria for determining the compensation of Group executives.

The committee shall be informed of any nomination of members of the executive committee and of the main Group executives.

It shall examine succession plans for key Group executives.

The committee shall prepare the board of directors' deliberations on (i) expansion of employee shareholding, (ii) review by the board on social and financial impacts of major re-organization projects and major human resource policies, (iii) monitoring risks management in relation to human resources and (iv) examining the different aspects of the "CSR" Group policy.

Article 12 – Investment Committee

1. Membership and operation of the Investment committee

The committee shall be comprised of at least three members.

The director of Group Strategy will be secretary to the Investment committee.

The committee shall meet at the initiative of its chairperson. The agenda shall be drawn up by the chairperson of the committee after consultation with the chairman serving as CEO. The committee shall meet three times a year, less or more depending on the circumstances.

In order to carry out its assignments, the committee may hear any person it wishes and call upon the Group M&A director.

2. The Investment committee's duties:

The committee prepares the board of directors' deliberations on investment policy.

To this purpose, the committee:

- Shall elaborate recommendations for the board on major capital deployment decisions;
- Shall advise the management team on capital deployment strategies;
- May launch, at the board's request, or suggest research projects leading to material investments for the company, typically for capital deployment decisions of €250million or above;
- May investigate matters of smaller scale, if the strategic significance warrants it or the board/chairman of the board specifically requires it;
- Shall provide recommendations on major merger, alliances and acquisition projects;
- Shall pay special attention to reconfiguration or consolidation scenarios happening in the sectors the company is operating in or likely to operate in;
- Shall examine portfolio optimizations and divestment projects of financial or strategic significance;
- Shall support the management in the elaboration of investment policies linked to the long-term positioning of Schneider Electric, such as innovation and R&D strategies or any major organic growth investments;
- Shall present to the board social and environmental aspects of the strategic projects submitted to it such as M&A projects.

Article 13 – Digital Committee

1. Membership and operation of the Digital committee

The committee shall be comprised of at least 3 members.

The Chief Digital Officer or the Chief Information Officer will be secretary to the Digital committee.

The committee shall meet at the initiative of its chairperson. The agenda shall be drawn up by the chairperson of the committee after consulting with the chairman & CEO. The committee shall meet at least three times a year, including a joint review on Cyber-security risks with the Audit and risk committee.

In order to carry out its assignments, the committee may hear any person it wishes.

3. Exhibits to the board of directors' report: internal regulations of the board and charter of the Vice-Chairman independent lead director

2 The Digital committee's duties

The purpose of the Digital committee is to assist the board in digital matters in order to guide, support and control the Group in its digitization efforts. The Digital committee prepares the board of directors' deliberations on digital matters.

For this purpose, the Digital Committee will review, appraise and follow-up projects and, generally, advise, inter alia on 7 areas:

1. Development and growth of the EcoStruxure digital business, including (i) enhancing Core Businesses with Connectivity & Analytics, (ii) building new digital offers & business models, (iii) establishing its contribution to and consistency with the overall strategy;
2. Improvement and transformation of the Group's Digital Customers & Partners Experience;
3. Improvement of Schneider Electric's Operational Efficiency through the effective use of Information Technology and digital automation capabilities;
4. Assessment of Cyber Risks and enhancement of the Group's Cyber Security posture (jointly with the audit committee);
5. Assessment of the contribution of potential M&A operations to the Group's Digital strategy;
6. Monitoring and analysis of the Digital landscape (competitors and disrupters, threats and opportunities);
7. Checking that the company is equipped with the right pool of talents for digital transformation.

Article 14 – Perimeter of internal regulations

The present internal regulations have been unanimously approved by the board of directors. A purely internal act, their objective is to complete the articles of association by stipulating the main conditions of organization and operation of the board of directors. Their purpose is not to replace the articles of association. They may not be relied upon by shareholders or third parties for use against members of the board of directors, the company, or any company in the Schneider Electric Group. They may be modified at any time solely by deliberation of the board of directors.

3.2 Charter of the Vice-Chairman independent lead director

1. The board of directors may appoint a Vice-Chairman. The Vice-Chairman shall be appointed for a period that may not be any longer than his term of office as a director. The Vice-Chairman is eligible for re-election. The Vice-Chairman may be removed from office by the board of directors at any time.
2. The Vice-Chairman shall preside over board meetings in the absence of the Chairman.

The Vice-Chairman shall be called upon to replace the Chairman of the board of directors in the event of any temporary inability of the latter to fulfill his functions or his death. In the event of the Chairman's inability to fulfill his functions, he will be replaced by the Vice-Chairman as long as his inability may last and, in the case of his death, until the election of a new Chairman.

3. In exception to 1 above, and in compliance with article 12.2 of the articles of association, the appointment of a Vice-Chairman is compulsory if the roles of Chairman and CEO are combined. In this case, the Vice-Chairman also takes on the role of independent lead director. In this respect:
 - the Vice-Chairman is kept informed of major events in Group life through regular contacts and monthly meetings with the Chairman serving as CEO;
 - the Vice-Chairman is consulted by the Chairman serving as CEO on the agenda and the sequence of events for every board meeting as well as on the schedule for board meetings;
 - the Vice-Chairman may convene executive sessions with non-executive members of the board of directors, over which he will preside. An executive session shall be included on the agenda of every board meeting. It is the Vice-Chairman's responsibility to decide whether it should be held or not. It is therefore held as decided by the Vice-Chairman, either directly before or after each board meeting. In addition, the Vice-Chairman may convene an executive session between 2 board meetings. Any director may ask the Vice-Chairman to convene an executive session;
 - the Vice-Chairman shall promptly report to the Chairman serving as CEO on the conclusions of executive sessions;
 - the Vice-Chairman shall draw the attention of the Chairman and of the board of directors to any possible conflicts of interest that he may have identified;
 - the Vice-Chairman is Chairman of the Governance committee;
 - like any other member of the board, the Vice-Chairman may attend any meetings of committees of which he is not a member;
 - in order to complement his knowledge, the Vice-Chairman may meet the Group's leading managers and visit company sites;
 - the Vice-Chairman carries out annual and biennial assessments of the board of directors and, in this context, assesses the actual contribution of every member of the board to the board's works;
 - the Vice-Chairman shall report on his actions at Annual General Shareholders' Meetings;
 - the Vice-Chairman shall meet any shareholder who wishes so and inform the board of their concerns on governance matters.
4. The Vice-Chairman lead director must be an independent member of the board, as defined in the criteria published by the company.

As a transitional measure, article 12.2 of the articles of association provides for the first Vice-Chairman lead director to be the former Chairman of the supervisory board for the remaining duration of his term of office.

4. Statutory Auditors' report on related party agreements

4. Statutory Auditors' report on related party agreements

4.1 Statutory Auditors' report on related party agreements

To the Shareholders of Schneider Electric SE,

In our capacity as statutory auditors of your Company, we hereby report to you on related party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms, conditions and reasons underlying company's interest of agreements that have been disclosed to us or that we may have been identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R. 225-31 of the French commercial code in relation to the implementation during the year of agreements previously approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with the guidance issued by the French Institute of statutory auditors (*Compagnie nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements submitted to the approval of the shareholders' meeting

Agreements authorized and concluded during the financial year

We have been informed of no agreements authorized during the last year and requiring the approval of the Shareholders' Meeting by virtue of article L. 225-38 of the French commercial code.

Agreements authorized after closing

We have been informed of the following related party agreement, authorized and concluded after closing date, that has been authorized by the Board of directors dated February 28, 2020.

Agreement concluded with Mr. Emmanuel Babeau (Deputy Chief Executive Officer in charge of Finance and Legal Affairs) in the context of his departure from the Group on April 30, 2020

It is specified that Mr. Emmanuel Babeau benefited, as Deputy Chief Executive Officer, of related party commitments previously authorized by your Board of Directors and regularly approved by your shareholders' meeting. In connection with his departure from the Schneider Electric Group, the Company entered into a related party agreement with Mr. Emmanuel Babeau setting out the terms and conditions for the termination of his duties and updating or supplementing the commitments previously in force. This related party agreement is submitted to your approval under the 10th resolution of this shareholders' meeting, which pertains to the compensations granted to Mr. Emmanuel Babeau for fiscal year 2020. Its terms and conditions are as follows:

Fixed compensation for fiscal year 2020

The amount of the fixed annual compensation of the Deputy Chief Executive Officer would remain unchanged at 680,000 euros for fiscal year 2020. The fixed compensation paid to Mr. Emmanuel Babeau would be calculated *pro rata temporis* until the term of his duties as Deputy Chief Executive Officer.

Mr. Emmanuel Babeau would thus receive 226,667 euros until April 30, 2020 as part of his fixed compensation.

Variable compensation for fiscal year 2020

The target level of 680,000 euros set for fiscal year 2020, and not its maximum, would be deemed vested for Mr. Emmanuel Babeau, who would be granted variable compensation calculated *pro rata temporis* until the term of his duties as Deputy Chief Executive Officer.

The variable portion of the compensation due to Mr. Emmanuel Babeau for fiscal year 2020 would thus be 226,667 euros.

Additional pension payments (cash benefit)

Mr. Emmanuel Babeau would receive the following amounts in respect of additional pension payments for 2020, calculated *pro rata temporis* until the term of his duties as Deputy Chief executive Officer:

- a fixed part of 51,100 euros (calculated on an annual basis of 153,300 euros); and
- a variable part of 51,100 euros, should the target be met (calculated on an annual basis of 153,300 euros for a variable compensation amount equal to 100% of the annual compensation amount, in the event the target is deemed to have vested for 2020).

Application of a new non-compete agreement and of additional commitments

Mr. Emmanuel Babeau was bound by a non-compete agreement in the event of his departure, pursuant to the decisions of the Board of Directors of June 18 and 19, 2013 (amended on October 24, 2013 and February 18, 2015, then reiterated and amended again on April 25, 2017 and February 14, 2018), as approved by the Shareholders' Meeting of April 24, 2018 in the context of the related party commitments regime.

This one-year commitment is remunerated at 60% of the annual target compensation (fixed and variable, including additional pension payments), i.e. a total amount of 999,960 euros.

4. Statutory Auditors' report on related party agreements

Given the recent changes in the Group's scope of consolidation and the specific responsibilities assumed by Mr. Emmanuel Babeau in this context, this non-compete agreement would be modified in order to protect the best interests of the Company and the Group after the departure of the Deputy Chief Executive Officer.

Mr. Emmanuel Babeau, who has been with the Group for more than ten years, including seven years as Deputy Chief Executive Officer, has in-depth knowledge of the Group's operations and development. As Vice-Chairman and non-executive director of Aveva Group Plc. since 2018, he has also developed transversal, strategic and operational skills in the industrial and engineering software sector, a sector considered key to the current and future development of the group.

Consequently, this commitment would be replaced by a new two-year non-compete agreement (the "Non-Compete Agreement") with a scope extended to:

- salaried, executive or corporate officer duties (including any participation in a governance body) in companies already covered by the initial non-compete agreement and in companies in the industrial and engineering software sector; and
- any service provision activity or consulting mission for the benefit of the above-mentioned companies.

Mr. Emmanuel Babeau would waive the non-compete indemnity in cash equal to 60% of his annual target compensation (including additional payments) that he would be entitled to receive pursuant to the Non-Compete Agreement approved by the shareholders' meeting of April 24, 2018.

This Non-Compete Agreement would be supplemented by additional commitments related to his departure: (i) non-solicitation, (ii) non-disparagement, (iii) confidentiality and (iv) cooperation in judicial or administrative proceedings involving the company, to be borne by Mr. Emmanuel Babeau for a period of two years (together with the Non-Compete Agreement, the "Commitments").

Subject to complying with the Commitments, Mr. Emmanuel Babeau may retain the benefit of the performance shares he was granted in 2018 and 2019, proportionally to the time he spent in the company over the vesting period of the performance share plans concerned, under the conditions set out below.

Long-term compensation (performance share plans)

The condition of presence provided for by the performance share plans would be waived in favor of Mr. Emmanuel Babeau, who would retain the benefit of the 52,000 performance shares he was granted free of charge in 2018 and 2019 and that are still subject to a vesting period, proportionally to his presence over the vesting period of the performance share plans concerned, i.e. a maximum of 27,445 performance shares, and under the following conditions:

- 18,056 performance shares granted in 2018 would be deemed vested on March 26, 2021, subject to the Deputy Chief Executive Officer's compliance with the Commitments until that date; and
- 9,389 performance shares granted in 2019 would be deemed vested on March 28, 2022, subject to the Deputy Chief Executive Officer's compliance with the Commitments until that date.

Other conditions provided for in the performance share plans rules, in particular the performance conditions, would remain applicable.

The final number of performance shares likely to be acquired by Mr. Emmanuel Babeau will be known at the end of the respective acquisition periods, subject to continually complying with the Commitments and the Board of Directors' decision on the achievement rate of the applicable performance conditions.

It is specified that all the performance shares likely to be acquired by Emmanuel Babeau would represent, at the term of his duties as Deputy Chief Executive Officer, an individual value of 54.69 euros per performance share granted in 2018 and 53.84 euros per performance share granted in 2019. The valuation of the performance shares was calculated in accordance with the Company's past practices and in accordance with the recommendations of the Afep-Medef Code. This valuation represents a total amount of 1,492,940.90 euros (987,446.53 euros for the preference shares granted in 2018 and 505,494.37 euros for the preference shares granted in 2019), i.e. a sum below two years of annual compensation (fixed and variable) of Mr. Emmanuel Babeau.

Legal and tax assistance

Emmanuel Babeau would benefit from legal and tax assistance until the completion of the study on the consequences of his expatriation to the United Kingdom from July 2014 to July 2018 for the purposes of the integration of Invensys Ltd. which is currently underway by the service provider, and hypothetically until December 31, 2020 at the latest. The maximum cost of this benefit is estimated at EUR 15,000.

The Board of Directors determined the company's interest in entering into this agreement pertains to protecting the Group's interests by strengthening the guarantees following the departure of a corporate officer who has been in charge for more than ten years and whose scope of expertise has been extended to technology and engineering companies. It also noted that the right to maintain performance shares on a prorata temporis basis is proportionate in amount to the commitments made by Mr. Emmanuel Babeau and corresponds, in duration, to the period during which these commitments must be fulfilled.

The elements of compensation allocated or paid to Mr. Emmanuel Babeau in connection with the termination of his duties as Deputy Chief Executive Officer of the Company would represent a maximum amount of 2,063,474.90 euros.

Agreements previously approved by the shareholders' meeting

We have not been notified of any agreements previously approved by the Shareholders' Meeting that remained in force during the past financial year.

Signed in Paris-La Défense and in Courbevoie, on March 10, 2019

The Statutory Auditors

ERNST & YOUNG ET AUTRES

Jean-Yves Jégourel
Alexandre Resten

MAZARS

Loïc Wallaert
Mathieu Mougard

4. Statutory Auditors' report on related party agreements

4.2 Statutory auditors' report on the issuance of shares or securities giving access to capital reserved for members of a Company Savings Plan

To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to authorize your board of directors to decide whether to proceed with an issue of shares or securities giving access to the share capital of the company with cancellation of preferential subscription rights, reserved for participants in a Company Savings Plan of the company and of the French or non-French companies affiliated with the company in accordance with article L. 225-180 of the French Commercial code (*Code de commerce*) and article L. 3344-1 of the French Labor code (*Code du travail*), an operation upon which you are called to vote.

The maximum nominal amount of the increase in capital that may result from this issue is 2 % of the share capital on the date of implementation of this delegation, it being specified that this amount shall be deducted from the ceilings referred to in the 15th and 17th resolutions adopted by the shareholders' meeting dated April 25, 2019.

This operation is submitted for your approval in accordance with articles L. 225-129-6 of the French Commercial code (*Code de commerce*) and L. 3332-18 et seq. of the French Labor code (*Code du travail*).

Your board of directors proposes that, on the basis of its report, it be authorized, with the right of sub-delegation, for a period of twenty-six months from the date of this shareholders' meeting, to decide on whether to proceed with an issue and proposes to cancel your preferential subscription rights to the equity securities to be issued. If applicable, it shall determine the final conditions of this operation.

This delegation may only be used from June 30, 2020 and will from that date render ineffective the authorization granted by the shareholders' meeting of April 25, 2019 in its 22nd resolution, for the amounts not used by the board of directors.

It is the responsibility of the board of directors to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights, and on other information relating to the share issue provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the board of director's report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of director's report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your board of directors has exercised this authorization.

Signed in Paris-La-Défense and in Courbevoie, on March 10, 2020

The Statutory Auditors

ERNST & YOUNG ET AUTRES

Jean-Yves Jégourel
Alexandre Resten

MAZARS

Loïc Wallaert
Mathieu Mougard

4.3 Statutory Auditors' report on the issuance of shares or securities reserved for a category of beneficiaries

To the Shareholders,

In our capacity as Statutory auditors of your company and in compliance with articles L. 228-92 and 225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to issue ordinary shares or securities giving access to the share capital of the company, with cancellation of preferential subscription right reserved for (i) employees and officers of companies of the Schneider Electric Group affiliated with the company under the terms and conditions set forth in article L. 225-180 of the French Commercial code (*Code de commerce*) and article L. 3344-1 of the French Labor code (*Code du travail*) and the head office of which is located outside France; (ii) and/or OPCVM mutual investment funds or other entities, with or without legal personality, of employee shareholders invested in equity securities of the company, the unit holders or shareholders of which consist of persons described in (i) of this paragraph; (iii) and/or any banking institution or affiliate or subsidiary of such institution acting at the company's request for purposes of implementing and giving effect to a shareholder incentive or investment or savings plan for the benefit of the persons described in (i) of this paragraph, an operation upon which you are called to vote.

The maximum nominal amount of the increase in capital that may result from this issue is 1 % of the share capital on the date of this shareholders' meeting, it being specified that this amount shall be deducted from the 2 % ceiling referred to in the 20th resolution of this shareholders' meeting, but is autonomous and distinct from the ceiling referred to in the 15th and 17th resolutions adopted by the shareholders' meeting dated April 25, 2019.

Your board of directors proposes that, on the basis of its report, it be authorized, with the right of sub-delegation, for a period of eighteen months from the date of this shareholders' meeting, to decide on whether to proceed with an issue and proposes to cancel your preferential subscription rights to the equity securities to be issued.

This delegation may only be used from August 1, 2020 and will from that date render ineffective the authorization granted by the shareholders' meeting of April 25, 2019 in its 23rd resolution for the amounts not used by the Board of Directors.

It is the responsibility of the board of directors to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights, and on other information relating to the share issue provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the board of director's report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the board of director's report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your board of directors has exercised this authorization.

Signed in Paris-La-Défense and in Courbevoie, on March 10, 2020

The Statutory Auditors

ERNST & YOUNG ET AUTRES

Jean-Yves Jégourel
Alexandre Resten

MAZARS

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Mathieu Mougard

5. Draft resolutions

5. Draft resolutions

Ordinary Meeting

FIRST RESOLUTION (Approval of corporate financial statements for the 2019 financial year)

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, having heard the board of directors' report on the Company financial statements and the Statutory Auditors' report, approves the corporate financial statements for the 2019 financial year as presented, as well as the transactions reflected in these statements or summarized in such reports showing a net profit of EUR57,108,197.35.

SECOND RESOLUTION (Approval of consolidated financial statements for the 2019 financial year)

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, having heard the board of directors' report on the Company consolidated statements and the Statutory Auditors' report, approves the consolidated statements for the 2019 financial year as presented, as well as the transactions reflected in these statements or summarized in such reports.

THIRD RESOLUTION (Appropriation of profit for the financial year and setting the dividend)

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, upon proposal of the board of directors:

- (i) after taking into account that the retained earnings amount to EUR3,246,040,431.39 and the total distributable earnings to EUR3,303,148,628.74;
- (ii) decides on the distribution to the 582,068,555 shares with a par value of EUR4 comprising the share capital on December 31, 2019, and dividend rights on January 1, 2020, at EUR2.55 per share, and as a result sets at EUR1,484,274,815.25 the amount to withhold on distributable earnings to carry out this distribution.

Net profit	EUR57,108,197.35
Retained earnings	EUR3,246,040,431.39
Distributable earnings	EUR3,303,148,628.74
Total amount of the distribution	EUR1,484,274,815.25
Amount of the retained earnings after withholding from the distribution	EUR1,818,873,813.49

With regard to taxation, it is specified that this distribution of EUR2.55 per share constitutes distributed income subject to a social security tax of 17.2% 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 levy at source of 12.8%, but exemption from this levy. In 2021, dividends will in principle be subject to a flat tax ("Prélèvement Forfaitaire Unique" – "PFU") at the rate of 12.8% unless option 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 above-mentioned levy at source of 12.8% will be imputed on the income tax that will be due in 2021 for income earned in 2020.

Dividends/coupons paid by Schneider Electric SE for the three most recent financial years are as follows, in EUR:

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

FOURTH RESOLUTION (Information regarding regulated agreements executed during previous financial years)

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, takes due note of the information set forth in the Statutory Auditors' special report relating to the agreements executed during previous financial years and approved by the Annual Shareholders' Meeting.

FIFTH RESOLUTION (Approval of a new regulated agreement in relation to the terms and conditions of the departure of the Deputy CEO Mr. Emmanuel Babeau)

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, having heard the board of directors' report and the Statutory Auditors' special report presented in accordance with the provisions of Article L. 225-40 of the French Commercial Code on the agreements referred to in Article L. 225-38 of the said Code, and subject to the condition precedent of the approval of the 10th resolution by the Annual Shareholders' Meeting, approves the agreement relating to the departure of the Deputy CEO Mr. Emmanuel Babeau presented in these reports.

SIXTH RESOLUTION (Approval of the compensation report in relation to the last financial year)

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, after perusal of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L.225-100 II of the said Code, the information mentioned in Article L. 225 -37-3 I of the French Commercial Code as presented therein.

SEVENTH RESOLUTION**(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 Mr. Jean-Pascal Tricoire)**

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, after perusal of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 225-100 III of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits of all types paid during the 2019 financial year or awarded in respect of the 2019 financial year to the Chairman and CEO Mr. Jean-Pascal Tricoire as presented therein.

EIGHTH RESOLUTION**(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 Mr. Emmanuel Babeau)**

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, after perusal of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, in pursuance of Article L. 225-100 III of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits of all types paid during the 2019 financial year or awarded in respect of the 2019 financial year to the Deputy CEO Mr. Emmanuel Babeau as presented therein.

NINTH RESOLUTION**(Approval of the Chairman and Chief Executive Officer's compensation policy)**

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, after perusal of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code which describes the features of the corporate officers' compensation policy, approves, in pursuance of Article L. 225-37-2 II of the French Commercial Code, the compensation policy of the Chairman and Chief Executive Officer as presented therein.

TENTH RESOLUTION**(Approval of (i) the compensation policy specifically applicable to Mr. Emmanuel Babeau, Deputy Chief Executive Officer, in pursuance of his departure and (ii) the components of the compensation and benefits of all types paid to him during the 2020 financial year or awarded to him in respect of the said financial year)**

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, after perusal of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code, approves, subject to the condition precedent of the approval by the Annual Shareholders' Meeting of the fifth resolution:

- (i) in pursuance of Article L. 225-37-2 of the French Commercial Code, the compensation policy specifically applicable to Mr. Emmanuel Babeau, Deputy Chief Executive Officer, until April 30, 2020, as described in the corporate governance report referred to in Article L. 225-37 of the French Commercial Code; and
- (ii) in pursuance of Article L. 225-100 of the French Commercial Code and considering that Mr. Emmanuel Babeau will step down from his functions as Deputy Chief Executive Officer after this Annual Shareholders' Meeting, the fixed, variable and exceptional components of the total compensation and benefits of all types paid during the 2020 financial year or awarded in respect of the 2020 financial year to Mr. Emmanuel Babeau, Deputy Chief Executive Officer until April 30, 2020 as described in the corporate governance report referred to in Article L. 225-37 of the French Commercial Code.

ELEVENTH RESOLUTION**(Approval of the board members' compensation policy)**

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, after perusal of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code which describes the features of the corporate officers' compensation policy, approves, in pursuance of Article L. 225-37-2 II of the French Commercial Code, the compensation policy of the members of the board of directors as presented therein.

TWELFTH RESOLUTION**(Renewal of a directorship: Mr. Léo Apotheker)**

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, having heard the board of directors' report, hereby resolves to re-elect Mr. Léo Apotheker as a director for a three-year term, due to the statutory provisions relating to the age of the directors, expiring at the close of the Annual Shareholders' Meeting to be held in 2023 to approve the financial statements for the financial year ending December 31, 2022.

THIRTEENTH RESOLUTION**(Renewal of a directorship: Ms. Cécile Cabanis)**

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, having heard the board of directors' report, hereby resolves to re-elect Ms. Cécile Cabanis as a director for a four-year term expiring at the close of the Annual Shareholders' Meeting to be held in 2024 to approve the financial statements for the financial year ending December 31, 2023.

FOURTEENTH RESOLUTION**(Renewal of a directorship: Mr. Fred Kindle)**

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, having heard the board of directors' report, hereby resolves to re-elect Mr. Fred Kindle as a director for a four-year term expiring at the close of the Annual Shareholders' Meeting to be held in 2024 to approve the financial statements for the financial year ending December 31, 2023.

FIFTEENTH RESOLUTION**(Renewal of a directorship: Mr. Willy Kissling)**

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, having heard the board of directors' report, hereby resolves to re-elect Mr. Willy Kissling as a director for a two-year term expiring at the close of the Annual Shareholders' Meeting to be held in 2022 to approve the financial statements for the financial year ending December 31, 2021.

SIXTEENTH RESOLUTION**(Appointment of a director: Ms. Jill Lee)**

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, having heard the board of directors' report, hereby appoints Ms. Jill Lee as a director for a four-year term expiring at the close of the Annual Shareholders' Meeting to be held in 2024 to approve the financial statements for the financial year ending December 31, 2023.

5. Draft resolutions

SEVENTEENTH RESOLUTION (Authorization granted to the board of directors to buy back Company shares – maximum purchase price per share EUR150)

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for ordinary meetings, having heard the board of directors' report, hereby authorizes the board of directors, pursuant to the provisions of Article L.225-209 of the French Commercial Code and of Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse (market abuse regulation), to acquire or have acquired the Company's shares for the purpose of:

- reducing the share capital within the maximum legal limit;
- covering share allocations plans to employees or officers of the Company or an associated company;
- fulfilling obligations related debt securities convertible into shares of the Company;
- undertaking (for exchange, payment or other purposes) external growth transactions, mergers, spin-offs or contributions (up to a limit of 5% of the share capital);
- engage in market making under and pursuant to a liquidity agreement consistent with the *Autorité des Marchés Financiers* accepted market practices; or
- implementing and carrying out any other market practice that may be recognized by law or the AMF.

The maximum number of shares that may be acquired under and pursuant to this authority shall not exceed 10% of the aggregate number of shares constituting the share capital on the date of the Annual Shareholders' Meeting (i.e. for information purposes, 58,206,855 shares on the basis of the share capital as of December 31, 2019).

The maximum share purchase price is set at EUR150 per share without exceeding the maximum price set by applicable laws and regulations.

As a result of the aforesaid limits, the maximum aggregate amount of share buy-backs shall not exceed EUR8,731,028,250.

The acquisition, sale or transfer of such shares may be made on one or more occasions by any means, in the market, on a multilateral trading facility (MTF), *via* a systemic internalizer, or by individual, person-to-person (over-the-counter) trade in compliance with applicable law and regulations. Such means and methods may include acquisition or sale of blocks on a regulated exchange or directly between individuals (over-the-counter), to the extent compliant with applicable law and regulations.

These transactions may be carried out at any time, in accordance with current regulations, except during public offerings on the Company's share capital.

Shares acquired may also be canceled, subject to compliance with the provisions of Articles L.225-204 and L.225-205 of the French Commercial Code and in accordance with the twenty-fourth resolution adopted by the Annual Shareholders' Meeting of April 25, 2019.

The board of directors may adjust the prices set forth above in the event of the capitalization of reserves or earnings giving rise either to an increase in the par value of the shares, or to the issuance and free award of shares, in the event of a division of the par value of the shares (stock split) or amalgamation of shares (reverse split), and, more generally, in the event of a transaction involving shareholders' equity, to account for the impact of the consequences of such transactions on the value of the shares, such price then to be adjusted by a multiplier coefficient equal to the ratio between the number of shares constituting the share capital prior to the transaction and such number following such transaction.

Any and all authority is hereby granted to the board of directors with power to grant delegations of authority to implement and carry out this resolution.

This authority shall be valid for a maximum of 18 months from the date of this Annual Shareholders' Meeting.

Extraordinary Meeting

EIGHTEENTH RESOLUTION (Amendment of Article 11.4 of the Articles of Association to make it consistent with the amended laws and provide for the appointment of the second director representing employees by the European Works Council)

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for extraordinary shareholders' meetings, after the Group Council's positive opinion and having heard the board of directors' report, decides to amend Article 11.4 of the Articles of Association to make it consistent with the amended laws and provide for the appointment of the second director representing employees by the European Works Council as follows:

- in the second paragraph, the number "twelve" is replaced by the number "eight", twice;
- in the third paragraph, the second sentence is replaced by the following sentence: "When two Directors representing employees are to be appointed, the second is designated, pursuant to Article L.225-27-1, III, 4° of the French Commercial Code, by the European Works Council (employees representative body set up in application of Article L.2352-16 of the French Labor Code)";
- the eighth and last paragraph is replaced by the following one: "This Article shall cease to apply when, at the end of a financial year, the Company no longer meets the prerequisites for the appointment of Directors representing employees, being specified that the office of any Director representing employees will cease at the end of the Annual Shareholders' Meeting ruling upon the accounts of said financial year."

The other provisions of Article 11.4 of the Articles of Association remain unchanged.

NINETEENTH RESOLUTION (Amendment of Articles 13 and 16 of the Articles of Association to reflect the amended laws and correct a material error)

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for extraordinary shareholders' meetings, after having heard the board of directors' report, decides to amend Articles 13 and 16 of the Articles of Association to correct a material error and make them consistent with the amended laws as follows:

- in Article 13.4, the word "conditions" is replaced by the word "sureties";
- in Article 13.5, the reference to Article "L.225-42-1" is replaced by the reference to "L.225-42";
- in Article 16.1, the portion of the sentence ", as attendance fees" is deleted;
- in Article 16.2, the words "these attendance fees" are replaced by "this remuneration".

The other provisions of Articles 13 and 16 of the Articles of Association remain unchanged.

A copy of the Articles of Association of Schneider Electric SE is attached to the minutes of this meeting.

TWENTIETH RESOLUTION (Delegation of authority to the board of directors to undertake capital increases reserved for participants in a Company Savings Plan up to a limit of 2% of share capital, without shareholders' preferential subscription right)

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements required for extraordinary meetings, having heard the report of the board of directors and the special report of the Statutory Auditors, pursuant to the provisions of Articles L.3332-1 *et seq.* of the French Labor Code and Articles L.225-129-2, L.225-129-6, L.225-138-1 and L.228-92 of the French Commercial Code and in accordance with the provisions of that code:

- delegates to the board of directors the authority, with the power to subdelegate, for a period of 26 months from the date of this Annual Shareholders' Meeting, to undertake a capital increase on one or more occasions at its discretion by issuing shares or securities carrying the right to acquire shares of the Company, under the terms and conditions set forth in Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor code, reserved for participants in a Company Savings Plan and French or non-French companies affiliated with the Company in a maximum par value, or paid-in capital, amount of 2% of the share capital on the date this authorization is implemented and given effect, with the possibility to issue shares against cash or by capitalizing reserves, profits or premium in case of grants of free shares or of securities granting access to share capital on account for the discount or the matching contribution, it being specified that (i) such limit shall be charged against the limits set forth in the fifteenth and seventeenth resolutions adopted by the Annual Shareholders' Meeting of April 25, 2019, and (ii) this authorization may be used only from and after June 30, 2020;
- hereby resolves to set a maximum discount to be offered in connection with Company Savings Plan at 30% of an average of the trading price of the Company's shares on Euronext Paris during the 20 trading sessions preceding the date of the decision of the board of directors or of its authorized representative setting the date to begin taking subscriptions. The Annual Shareholders' Meeting, however, hereby resolves expressly to authorize the board of directors to reduce the aforementioned discount within applicable legal and regulatory requirements, or not to grant one, in particular so as to take into account the laws and regulations applicable in countries where such offering may be implemented;
- hereby authorizes the board of directors to make grants of free ordinary shares or other securities granting immediate or deferred access to ordinary share capital, in total or partial substitution for the discount and/or, as the case may be, for the matching contribution, provided that the value of the benefit resulting from this grant on account for the discount or the matching contribution, shall not exceed the limits imposed by applicable law and regulations;
- hereby resolves that the characteristics of the other securities granting access to Company capital shall be decided and determined by the board of directors under the terms and conditions set by applicable law and regulations;
- hereby resolves to waive in favor of the participants in a Company Savings Plan the shareholders' preferential right to subscribe for the shares and securities granting access to capital to be issued under and pursuant to this resolution;
- acknowledges that this authorization entails an automatic waiver to preferential subscription rights to shares of which the securities issued on the basis of this resolution may carry the right to acquire;
- hereby resolves that this authorization cancels, effective June 30, 2020, the authorization given by the Annual Shareholders' Meeting of April 25, 2019, in its twenty-second resolution, for its amounts unused by the board of directors;
- the shareholders hereby take note that the board of directors has all authority, with the power to subdelegate authority, to undertake the transactions set forth in this resolution and to record and complete the capital increases resulting therefrom.

5. Draft resolutions

TWENTY-FIRST RESOLUTION (Delegation of powers to the board of directors to undertake capital increases reserved for a category of beneficiaries: in favor of employees of foreign companies of the Group, either directly or via entities acting on their behalf thereof to offer employees of foreign companies of the Group benefits comparable to those offered to participants in the Company Savings Plan up to 1% of share capital, without shareholders' preferential subscription right)

The Annual Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for extraordinary shareholder meetings, having heard the board of directors' report and the Statutory Auditors' special report, and in accordance with Articles L.225-129-1, L.225-138 and L.228-92 *et seq.* of the French Commercial Code:

- hereby delegates to the board of directors the authority, with the power to grant subdelegations of authority, necessary to undertake increases in the share capital on one or more occasions, at the times and in the proportions it deems appropriate up to a maximum of 1% of the share capital on the date of this shareholders' meeting, by issuing shares or securities providing access to the capital of the Company, granting the same rights as previously issued shares, such issue to be reserved for persons meeting the characteristics of the class defined below, provided, however, that (i) the 1% limit set forth above shall be charged against the 2% limit set forth in the twentieth resolution of this Annual Shareholders' Meeting, but, which, on the other hand, is separate and apart from the limits set forth in the fifteenth and seventeenth resolutions adopted by the Annual Shareholders' meeting of April 25, 2019, and (ii) this authorization may be used only from and after August 1, 2020;
- hereby resolves to waive the shareholders' preferential right to subscribe for shares or other securities granting access to the share capital pursuant to this resolution and to reserve the right to subscribe to one and/or another class of beneficiaries or recipients having the following characteristics: (i) employees and officers of companies of Schneider Electric Group affiliated with the Company under the terms and conditions set forth in Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labor Code and the head office of which is located outside France; (ii) and/or OPCVM mutual investment funds or other entities, with or without legal personality, of employee shareholders invested in equity securities of the Company, the unit holders or shareholders of which consist of persons described in (i) of this paragraph; (iii) and/or any banking institution or affiliate or subsidiary of such institution acting at the Company's request for purposes of implementing and giving effect to a shareholder incentive or investment or savings plan for the benefit of the persons described in (i) of this paragraph, to the extent that subscription of the person authorized in accordance with this resolution would make it possible for employees of subsidiaries located outside France to benefit from and take advantage of forms of shareholder incentive or investment or savings plans equivalent in terms of economic benefit to those from which the other employees of the Group benefit;
- hereby takes note that this authorization shall constitute automatically and by law an express waiver by the shareholders, in favor of the holders of securities granting access to Company capital, of their preferential right to subscribe for ordinary shares of the Company which such securities carry the right to acquire;
- hereby resolves that the amount payable to the Company for all shares issued, or to be issued, and pursuant to this resolution shall be set by the board of directors on the basis of the trading price of the Company's shares on Euronext Paris; the issue conditions shall be determined at the discretion of the board of directors on the basis of either (i) the first or last quoted trading price of the Company's shares at the trading session on the date of the decision by the board of directors or the authorized representative thereof setting the issue conditions, or (ii) of an average of the quoted prices for the Company's shares during the 20 trading sessions preceding the date of the decision by the board of directors or the authorized representative thereof setting the issue conditions under this resolution or setting the issue price under the twentieth resolution of this Annual Shareholders' Meeting; the board of directors may set the issue price by applying a maximum discount of 30% of the trading price of the Company's shares determined in accordance with either of the two methods set forth in clauses (i) and (ii) of this paragraph; the percentage of such discount applied to the trading price of the Company's shares shall be determined by the board of directors taking into consideration, among other things, legal, tax, and regulatory provisions of foreign law applicable, as the case may be, to the persons benefiting from the issue;
- hereby resolves that the board of directors shall have full authority, on the terms and conditions provided by law and within the limits set forth hereinabove, to implement and give effect to this authorization and determine the list of the beneficiaries and recipients within the classes described in this resolution and the number of securities to be offered to each thereof, provided that the board of directors may decide that the capital increase shall be completed for the amounts subscribed, on the condition that a minimum of 75% of the shares or other offered securities providing access to capital have been subscribed, as well as, among other things:
 - to determine the characteristics of the securities to be issued, to decide on the issue price, dates, time periods, terms and conditions of subscribing therefore, paying the paid-in capital, or nominal amount thereof, delivery and effectiveness of the shares and equity securities, the lock-up and early release period, within applicable limits of the law and regulations,
 - to record and determine the capital increase, to undertake the issuance of the shares and other securities carrying the right to acquire shares, to amend the Articles of Association accordingly,
 - and, as a general rule, to enter into any agreement, in particular to ensure the due and proper completion of the contemplated issuances, take all steps and complete any required formalities in connection with the issue, the listing and financial servicing of the securities issued under and this authorization, as well as the exercise of the rights attaching thereto, and, more generally, to do whatever may be necessary;
- resolves that this delegation shall nullify as of August 1, 2020, the authority given by the Annual Shareholders' Meeting of April 25, 2019, in its twenty-third resolution for its amounts not used by the board of directors.

The authorization granted under and pursuant to this resolution shall be valid for 18 months from and after this Annual Shareholders' Meeting.

Ordinary Meeting

TWENTY-SECOND RESOLUTION (Powers for formalities)

The Annual Shareholders' Meeting confers full powers upon the bearer of a copy or excerpts of the minutes confirming these resolutions for the purposes of carrying out all legal and administrative formalities.