

Paris, February 28, 2024

## Information on the compensation policy proposed for the Chairman and Chief Executive Officer in respect of fiscal year 2024

In accordance with the AFEP-MEDEF Code

*In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, Lectra SA (the « Company ») is publishing below the compensation policy that will apply to Daniel Harari, Chairman and Chief Executive Officer, in respect of fiscal year 2024, subject to approval of this policy by the Annual Shareholders' Meeting of April 26, 2024. This compensation policy was determined by the Board of Directors during its meeting on February 28, 2024, acting on a recommendation from the Compensation Committee. It should be noted that the Chairman and Chief Executive Officer is the sole executive officer of the Company.*

### Compensation principles that apply to the Chairman and Chief Executive Officer

The compensation policy for the Chairman and Chief Executive Officer, as determined by the Board of Directors at its meeting on February 28, 2024 in respect of fiscal year 2024 is in line, in terms of principles and structure, with the policy of previous fiscal years, and in particular, with the policy approved by the Shareholders' Meeting of April 28, 2023, except for the CSR criteria.

In accordance with the recommendations of the AFEP-MEDEF Code, and in keeping with good governance practices, the Board of Directors ensures that the compensation policy is clear and transparent; consistent with the long-term strategy and the environment in which Lectra operates, with the Group's challenges and objectives; and also that it is capable of incentivizing performance and competitiveness by the officer.

Furthermore, this policy reflects the experience, competencies and responsibilities of the Chairman and Chief Executive Officer; and takes into account the scope of the missions assigned to him.

The compensation of the Chairman and Chief Executive Officer includes variable compensation that is intended to promote consistent implementation of the strategy, year after year. The variable compensation is calculated on the basis of clear and complementary quantifiable criteria (to the exclusion of any qualitative criteria), expressed in terms of precisely-determined and predefined annual objectives reflecting the Company's strategy of profitable sales activity and earnings growth. In accordance with article 26.3.2 of the AFEP-MEDEF Code, these quantifiable criteria are simple, relevant and suited to the Company's strategy; and they account for the largest share of this compensation.

The six criteria used to determine the variable compensation of the Chairman and Chief Executive Officer correspond to:

- the Group's three performance criteria for the period covered by the 2023-2025 strategic roadmap, and
- three CSR performance criteria.

The annual objectives are set in advance, at the start of the year for that fiscal year, by the Board of Directors based on a recommendation by the Compensation Committee.

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

The Board of Directors is also responsible for ensuring that the compensation policy for the Chairman and Chief Executive Officer is appropriate in light of the conditions of employee compensation at Lectra. The performance criteria applicable to the variable compensation of Group employees eligible for this type of compensation are accordingly aligned with those applicable to the Chairman and Chief Executive Officer.

This compensation policy, the structure and fundamental principles of which have remained unchanged for several years, except for the CSR criteria added in 2023, has proved its worth both in tough years and in years of record profits.

## Structure of the compensation of the Chairman and Chief Executive Officer

The annual compensation of the Chairman and Chief Executive Officer comprises a fixed portion and a variable portion.

The total annual amount of compensation, the ratio of the fixed to variable components, and the criteria for performance evaluation are established and regularly reexamined by the Board of Directors, without necessarily being revised each year.

The compensation policy for the Chairman and Chief Executive Officer is subject to approval by the Shareholders' Meeting each year.

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

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

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

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

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

## Compensation of the Chairman and Chief Executive Officer in respect of 2024

In accordance with the above-mentioned principals and subject to approval by the Shareholders' Meeting of April 26, 2024, the Board of Directors, at its meeting on February 28, 2024, on a recommendation by the Compensation Committee, decided to:

- maintain the total annual target-based compensation of the Chairman and Chief Executive Officer at €840,000 for fiscal year 2024 ;
- maintain the fixed to variable compensation ratio for fiscal year 2024: the fixed and the variable parts of the compensation of the Chairman and Chief Executive Officer would each account for 50% of his total annual target-based compensation.

## Fixed compensation

In accordance with the decision of the Board of Directors at its meeting on February 28, 2024, and subject to approval by the Shareholders' Meeting of April 26, 2024, the fixed compensation of the Chairman and Chief Executive Officer for fiscal year 2024 would remain at €420,000.

## Variable compensation

In accordance with the decision of the Board of Directors at its meeting on February 28, 2024, and subject to approval by the Shareholders' Meeting of April 26, 2024, the target-based variable compensation of the Chairman and Chief Executive Officer for fiscal year 2024 would remain at €420,000.

In accordance with the abovementioned principles and on a recommendation by the Compensation Committee, at its meeting on February 28, 2024, the Board of Directors decided to maintain for 2024 the performance criteria reflecting the Company's strategy of profitable sales activity and earnings growth, used to determine the variable compensation of the Chairman and Chief Executive Officer, as set by the Board of Directors at its meeting on February 23, 2023, for the 2023-2025 period, in light of the 2023-2025 strategic roadmap's objectives (the "Strategic Scorecard"):

- (i) a criterion measuring the contributive value of growth in sales activity (accounting for 40%);
- (ii) EBITDA before non-recurring items (accounting for 30%);
- (iii) protection and growth of recurring contracts (accounting for 30%).

In addition, on February 28, 2024, the Board of Directors revised for 2024 the CSR performance criteria that reflect the Group's CSR objectives, as described in the Non-financial Statement, in order to take into account the action plan to reduce LECTRA's environmental footprint that will be implemented starting from 2024 (the "CSR Scorecard"):

- (i) improvement of non-financial ratings by independent rating agencies (accounting for 40%);
- (ii) improvement of the employee engagement rate (accounting for 30%), and
- (iii) progress in implementing the multi-year action plan to reduce LECTRA's environmental footprint (accounting for 30%).

The achievement target for each of the above criteria is specified in advance but is not made public for reasons of confidentiality. For each of these criteria, the variable compensation is equal to zero below specified thresholds, equal to 100% if the annual objectives are achieved, and capped at 200% if the annual objectives are exceeded. Between these thresholds, it is calculated on a straight-line basis. These results are then weighted by the relative weight of each criterion.

The result of the CSR Scorecard is then used as a bonus or penalty factor to adjust the results of the Strategic Scorecard criteria. Accordingly, if the result for the CSR criteria is zero, the result for the Strategic Scorecard is multiplied by 75%; if the result for the CSR criteria is 200%, the result for the Strategic Scorecard is multiplied by 125% (but cannot exceed 200%).

The targets of the annual Strategic Scorecard and the corresponding thresholds are reviewed each year in light of the Group's objectives for the year. The variable compensation is accordingly equal to 0% if none of the thresholds are met, and is capped at 200% of the target-based variable amount if the annual objectives are exceeded for all the criteria and cause each to be capped at 200%. As variable compensation accounts for 50% of the total annual target-based compensation, the actual total compensation can therefore vary, depending on performance, between 50% and 150% of the target-based amount.

The same criteria and targets apply also to the members of the Executive Committee, excluding the region leaders who are not company officers; the only differences being the weighting given to each criterion and the relative share of their target-based variable compensation, which is specifically geared to each of them and adapted to their duties and targets; their variable compensation thus ranges from 20% to 30% of total target-based compensation depending on the member of the Executive Committee. These criteria also apply to certain managers reporting to them, with the same specific features.

Under Article L. 22-10-8, III, paragraph 2 of the French Commercial Code, the Board of Directors may, on the recommendation of the Compensation Committee, temporarily derogate from the compensation policy for the Chairman and Chief Executive Officer in exceptional circumstances and insofar as the changes made are in the Company's interest and necessary to ensure the Company's continuity or viability.

The compensation component for which such derogation is permitted is the annual variable compensation. Such derogation would consist in a change to one or several performance criteria and the annual targets mentioned above, inter alia the upward or downward adjustment of one or more of the parameters for those criteria or targets, e.g., weight, threshold performance level, or basis for calculation), in the event of exceptional circumstances arising inter alia from a significant change in the Group's scope of consolidation following a merger or divestment, the acquisition or creation of a new business of material importance, or the discontinuation of a business of material importance, or a major change in strategy or major event affecting the Group's markets and/or business sector.

Modification of these performance criteria and targets by the Board of Directors could thus take into account changes in the Group's scope of consolidation following an exceptional external growth operation, if the situation of the Company and Group were to so warrant. Any such modification would ensure that the variable compensation continues to reflect the actual performance of the Group and of the Chairman and Chief Executive Officer. It would be implemented strictly, clearly explained and made public, with the Company providing specific information to justify the derogation in light of its situation and the reasons such derogation is required, and its alignment with the shareholders' interests. Under no circumstances may the amount of the target-based variable compensation or the maximum variable compensation be modified.

Payment of the variable compensation would in all cases continue to be subject to approval by the shareholders.

## **Compensation for directorship**

In accordance with the policy governing the compensation of the Directors for 2024, which is identical to the policy for 2023 and will be submitted for approval to the Annual Shareholders' Meeting of April 26, 2024, the annual compensation allotted to Daniel Harari for his directorship will include a fixed component of €28,000 (€25,000 for the chairmanship of the Board of Directors and €3,000 for the chairmanship of the Strategic Committee) and a variable component, which will be allocated base on his effective attendance at the meetings of the Board of Directors (€ 2,000 per meeting) and of the



Strategic Committee (€1,500 per meeting) and will represent approximately 70% of the annual compensation. This annual compensation will be capped at €65,000.

For example, based on 100% attendance to all the scheduled meetings in 2024 (7 meetings of the Board of Directors and 4 meetings of the Strategic Committee), the annual compensation for the fiscal year 2024 would amount to €48,000.

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Information relating to the company officers' compensation is detailed further in the Report on Corporate Governance, which was adopted by the Board of Directors at its meeting on February 28, 2024 and which will be presented to the shareholders at the Annual Shareholders' Meeting of April 26, 2024. This report will be included in the 2023 Annual Financial Report, which will be soon available on Lectra's website (<https://www.lectra.com/en/investors/financial-information/publications>).