

Paris, April 21, 2020

Decisions of the Supervisory Board with respect to the elements of remuneration of the Management Board

Following a series of meetings that took place between March 9 and March 20, 2020, the Supervisory Board (SB), upon the recommendation of the Remuneration Committee (RC), approved the elements of remuneration of the Management Board (MB) Members to be paid or granted in 2020.

The Remuneration Policy and all of its components were approved by the Annual General Meeting (AGM) on May 17, 2019. They remain broadly unchanged for 2020.

	MB Remuneration 2020				
	Fixed Income (FI)	Short-term Incentive (STI) due for 2019 ¹	Supplementary Contribution Scheme	Long-Term Incentive (LTI) ²	Other Benefits (estimate)
Mr Christophe Cuvillier - Group CEO & MB Chairman	€1,250,000	€1,979,388	€412,939	Grant of: <ul style="list-style-type: none"> • 33,164 Performance Shares (PS) • 60,000 Performance Stock Options (SO) • for a total IFRS value of €875,000 (70% of FI) 	Approx. €25,000 ³
Mr Jaap Tonckens - Group CFO	€800,000	€901,662	€215,166	Grant of: <ul style="list-style-type: none"> • 21,225 PS • 38,400 SO • for a total IFRS value of €560,000 (70% of FI) 	Approx. €50,000 ⁴

¹ Payment subject to prior approval by the 2020 AGM

² IFRS 2 economic value of Performance Stock Options (SO) and Performance Shares (PS)

³ Company car and unemployment contribution GSC type

⁴ Company car, expatriate health insurance policy and International Assignment Extra-Compensation

Comments on the above table

1. Fixed Income (FI)

The FI remains unchanged as approved by the 2018 and 2019 AGMs. In the context of Covid-19, on April 8th, 2020, the MB members announced that they had volunteered for a 25% reduction of their FI for the time the company would benefit from the partial activity scheme in France.

2. Short-Term Incentive (STI)

A. STI policy for 2020

The STI structure remains unchanged as approved by the 2018 and 2019 AGMs. In the context of Covid-19, the MB also volunteered for a reduction of their 2020 STI in the same proportions as the FI.

B. Determination of the STI due for 2019

The Group presented a solid performance in 2019, which, after stringent assessment by the RC, in particular on the delivery of cost and revenue synergies, resulted in a score of 85.9% of maximum STI for the Group CEO and 84.9% for the Group CFO.

Despite this strong performance, and in light of recent share price developments, the Group CEO and CFO volunteered to the SB to reduce their overall payments to the same level as awarded for 2018. Upon the recommendation of the RC, the SB decided to accept their proposal (corresponding to 79.2% and 75.1% of maximum STI, or €1,979,388 and €901,662, for the Group CEO and Group CFO, respectively).

3. Long-Term Incentive (LTI)

A. LTI policy adjustments

The LTI structure and performance conditions remain broadly unchanged as approved by the 2019 AGM, with one adjustment and one clarification, in line with shareholder feedback:

- As already announced at the 2019 AGM, the SO TSR performance condition test on the day of exercise has now been changed into a single TSR test at the end of the three-year performance period;
- The RC's mid-term aim is to re-balance the MB's remuneration more towards the long-term. To that end, the LTI grant size policy has been clarified. Under normal circumstances, the RC expects the LTI grant size to be between 70% and 90% of FI.

B. 2020 LTI grant

In setting the 2020 LTI award, the SB, upon recommendation of the RC, took into consideration the 70% to 90% target range, its willingness to rebalance more to the long-term, and the more demanding performance condition resulting from a single TSR test at the end of the three-year performance period.

On the grant date (March 21, 2020), the market conditions resulted in the key parameters used for the IFRS2 valuation by an independent advisor to be outside the usual norms:

- the SO exercise price, set at the average of the 20 preceding opening share prices, was €92.03 vs a share price at grant of €67.24 (and an opening price of €54.58 on April 21, 2020), thereby significantly reducing option value;
- an unusually high dividend yield, thereby further reducing the value of both SO and PS; and
- the usual external and internal performance conditions result even more stringent in the current context of global uncertainty.

As a result, the 2020 SO and PS IFRS values were significantly lower than in previous years, reflecting the exceptionally demanding parameters of this LTI grant.

In view of the above-mentioned market conditions prevailing at the grant date, the SB, upon recommendation of the RC, decided:

- to keep the grant date in March, in line with previous years, and in compliance with the Afep-Medef recommendations on year-on-year stability of LTI grant dates, as well as with the resolution on SO approved by the 2019 AGM;
- to not compensate the more demanding performance condition linked to the move to the single TSR testing of the SO;
- to set the 2020 LTI award value at the bottom of the target range, at 70% of FI, unchanged from 2019;
- to cap the number of SO for the Group CEO and the Group CFO with an exercise price at €92.03;
- to grant with PS the remainder of the 70% of FI;
- to grant the LTI awards of all other URW beneficiaries in the exact same SO/PS proportions as for the CEO and the CFO.

In addition, to keep full capacity to address any further unexpected share price development, the SB, upon recommendation of the RC, reserves the right to exercise its discretion in adjusting downwards the LTI grants, determining or adjusting LTI targets or vesting if unforeseeable circumstances (such as the very specific and unstable COVID-19 crisis context) had significant effects on the level of achievement of one or more performance criteria, outside management control. This provision will allow the SB to ensure the adequacy between the implementation of the remuneration policy and the performance of the Group. Any exercise of discretion by the SB shall be disclosed, explained and justified in regard, amongst other considerations, of alignment with shareholders' interests.

For further details on the 2020 MB Remuneration Policy and each remuneration component including the 2019 STI, please refer to Sections 3.3.1.1 and 3.3.2 of the 2019 Universal Registration Document (pages 164 to 185).