Lagardère

Paris, 1 July 2021

REMUNERATION POLICIES FOR THE EXECUTIVE CORPORATE OFFICERS APPROVED BY THE SHAREHOLDERS AT THE GENERAL MEETINGS HELD ON 30 JUNE 2021

In accordance with the provisions of articles R. 22-10-14 IV and R. 22-10-40 V of the French Commercial Code (*Code de commerce*), the remuneration policies for the executive corporate officers approved unanimously by the General Partners and by the Ordinary and Extraordinary General Meeting of shareholders held on 30 June 2021 (the "General Meeting") are set out below.

Given the transformation of Lagardère SCA (the "Company") into a French joint-stock company (*société anonyme*) with a board of directors, which was approved at the same General Meeting, and the resulting amendments to its governance structure, there are two distinct remuneration policies in respect of 2021:

(i) the remuneration policy applicable in first-half 2021 to the executive corporate officers of the Company in its form as a French partnership limited by shares (*société en commandite par actions)*[1]; and

(ii) the remuneration policy applicable in second-half 2021 to this same category of executive corporate officers subsequent to the Company's transformation into a joint-stock company[2].

It is specified that the remuneration policies approved for Arnaud Lagardère and Pierre Leroy as Chairman and Chief Executive Officer and Deputy Chief Executive Officer, respectively, as set out in section (ii) below are unchanged from the remuneration policies set out in section (i) below, which were approved by the shareholders for the Managing Partners for the period prior to the Company's transformation.

Consequently, both Arnaud Lagardère's and Pierre Leroy's fixed and variable remuneration would be paid to them in respect of the 2021 fiscal year first as Managing Partners and then as Chairman and Chief Executive Officer and Deputy Chief Executive Officer, respectively, on a pro rata basis.

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[1] The remuneration policy for the Managing Partners.

[2] The remuneration policies for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer.

(I) REMUNERATION POLICY FOR THE EXECUTIVE CORPORATE OFFICERS OF THE COMPANY IN ITS FORM AS A FRENCH PARTNERSHIP LIMITED BY SHARES (PRIOR TO THE CONVERSION)

The remuneration policy for the Managing Partners (Arnaud Lagardère, Pierre Leroy and Thierry Funck-Brentano) was approved by the shareholders voting at the General Meeting by 99.65% of votes cast, under the thirteenth resolution.

1. Underlying principles of the remuneration policy for executive corporate officers

In accordance with the legal framework set out in articles L. 22-10-75 *et seq.* of the French Commercial Code, the remuneration policy applicable to the executive corporate officers was approved by the General Partners on the advice issued by the Appointments, Remuneration and CSR Committee and by the Supervisory Board at their respective meetings of 30 March and 26 April 2021.

The contribution of the Supervisory Board and Appointments, Remuneration and CSR Committee, comprising only independent members, ensures that there are no conflicts of interest when preparing, reviewing and implementing the remuneration policy.

This procedure will be identical for any subsequent revision of the remuneration policy.

Most of the main principles underlying the remuneration policy for Lagardère SCA's executive corporate officers were set in 2003 and have been applied consistently since that date.

However, the different components of the remuneration policy are regularly reviewed and reassessed as part of the work performed by the General Partners and submitted to the Appointments, Remuneration and CSR Committee to ensure that they best reflect (i) changes in corporate governance best practices, including the recommendations of the Afep-Medef Corporate Governance Code, the French financial markets authority (*Autorité des marchés financiers* – AMF) and the French High Commission for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*), (ii) market practices as observed in the benchmarking of SBF120 companies or of comparable companies in the industries in which the Group operates, and (iii) observations and remarks that may be made to the Company within the scope of its dialogue with its shareholders and proxy advisory firms.

The aim of the remuneration policy is to achieve – through its various components – a fair balance, commensurate with the work performed and the level of responsibility, between a lump-sum, recurring portion (**annual fixed remuneration**), and a portion directly related to the operating environment, strategy and performance of the Group (annual variable remuneration and performance shares).

Within the variable portion, a balance is also sought between the portion based on short-term objectives (**annual variable remuneration contingent on performance for the year concerned**) and the portion based on long-term objectives (**free shares subject to performance conditions assessed over a minimum period of three consecutive years, with the vesting period followed by a holding period of no less than two years**). The aim of these performance share awards is to closely align the executive corporate officers' interests with those of the Company's shareholders in terms of long-term value creation.

The underlying performance criteria applicable to both the annual variable remuneration and the performance shares are mainly **quantitative financial criteria**, which are key indicators of the Group's overall health. These criteria are a way of assessing the Group's intrinsic performance, i.e., its year-on-year progress, based on internal indicators that are directly correlated with the Group's strategy.

The variable remuneration of the Group's executive corporate officers is also contingent on **quantitative non-financial criteria** related to the Group's key commitments under its Corporate Social Responsibility policy, which apply both to the short-term portion (annual variable remuneration) and the long-term portion (performance shares). The inclusion of these non-financial criteria is designed to encourage a model of steady, sustainable growth that mirrors the Group's corporate values and respects the environment in which it operates.

With the exception of Arnaud Lagardère, the annual variable remuneration of executive corporate officers also includes a minority portion contingent on **qualitative criteria**, based on a set of specific priority targets assigned to them each year.

In addition, executive corporate officers have a conditional right to receive a **supplementary pension** in addition to benefits under the basic state pension system. This benefit is taken into account when calculating their overall remuneration.

Lastly, **on a very exceptional basis**, bonuses may be awarded, under terms and conditions that always comply with best corporate governance principles and practices.

In light of all these elements, executive corporate officers do not receive:

- **multi-annual variable remuneration in cash**;
- **remuneration for any office held within the Group**;
- **benefits linked to taking up or terminating office**;
- **benefits linked to non-competition agreements**.

Furthermore, Arnaud Lagardère, who is a significant shareholder of Lagardère SCA, does not receive any free share awards or other share options, as his stake in the Company automatically guarantees that his actions over the long term will be closely aligned with the interests of shareholders, of which he is one.

Beyond the application of market practices, the remuneration policy for executive corporate officers takes account of the remuneration and employment conditions of Company and Group personnel. Accordingly, around 40% of Group employees have a variable component in their overall annual remuneration. Similarly, in accordance with best corporate governance practices, the Lagardère SCA free share plans are not just restricted to executive corporate officers and senior managers. They also cover over 400 Group employees, notably young high-potential managers identified during the talent management process. In addition, for a portion of the beneficiaries of these plans, free shares are allocated subject to the achievement of the same performance conditions as those applicable to the executive corporate officers.

As noted in the advice issued by the Supervisory Board and the Appointments, Remuneration and CSR Committee, **the policy ensures reasonable, fair and balanced remuneration, with a strong correlation between the interests of the executive corporate officers and the interests of the Company, its shareholders and all of its stakeholders, in line with the Group's strategy and its performance objectives**.

In accordance with the second paragraph of article L. 22-10-76, III of the French Commercial Code, exceptions may be decided as to the application of the remuneration policy by modifying, on the advice of the Appointments, Remuneration and CSR Committee, the objectives set for certain criteria applicable to the executive corporate officers' annual variable remuneration or long-term incentive instruments, provided that any such modification is justified by exceptional circumstances, such as a change in accounting standards, a material change in scope, the completion of a transformational transaction, a substantial change in market conditions or an unexpected development in the competitive landscape. Any such modification of the objectives, which would aim to ensure that the application of the criteria continues to reflect the actual performance of the Group and of the executive corporate officer, would be made public and justified, notably with regard to the Group's corporate and long-term interests. In all circumstances, the payment of variable remuneration remains subject to the approval of the shareholders.

2. Component of the remuneration policy for executive corporate officers

2.1 Short-term remuneration components

A) ANNUAL FIXED REMUNERATION

Annual fixed remuneration is paid in 12 equal monthly instalments over the year.

The amount of this fixed remuneration reflects the responsibilities, skills and experience of each executive corporate officer, and is reviewed at relatively long intervals in accordance with the recommendations of the Afep-Medef Code.

Arnaud Lagardère receives **€1,140,729** in annual fixed remuneration, unchanged since 2009.

Pierre Leroy receives **€1,474,000** in annual fixed remuneration, unchanged since 2011.

Thierry Funck-Brentano receives **€1,206,000** in annual fixed remuneration, unchanged since 2011.

B) ANNUAL VARIABLE REMUNERATION

Annual variable remuneration is calculated as a portion of a benchmark amount set for each executive corporate officer, based on **a combination of specific criteria – both financial and non-financial – directly correlated with the Group's strategy**. Annual variable remuneration is also subject to a **cap expressed as a maximum percentage of fixed remuneration** for the same fiscal year.

In accordance with article L. 22-10-77 II of the French Commercial Code, the variable remuneration of the executive corporate officers can only be paid following the approval of the General Meeting of shareholders and of the General Partners.

Benchmark amounts, weighting of criteria and caps

For **Arnaud Lagardère** – who receives neither variable remuneration based on qualitative criteria nor share options or performance shares – his annual variable remuneration is based on a benchmark amount of **€1,400,000 (i.e., 123% of his annual fixed remuneration)** which has remained unchanged for several years.

Only quantitative criteria are applied to this benchmark amount, breaking down as **financial criteria (accounting for 75%)** and **non-financial CSR criteria (accounting for 25%)**.

His annual variable remuneration **may not exceed 150% of his annual fixed remuneration**.

The annual variable remuneration for the **other executive corporate officers** is based on an **aggregate benchmark amount of €600,000 (i.e., 41% of Pierre Leroy's fixed remuneration and 50% of Thierry Funck-Brentano's fixed remuneration)**. This amount has remained unchanged for several years.

This benchmark amount takes into account **quantitative financial criteria**, **breaking down as financial criteria (accounting for 50%), non-financial CSR criteria (25%), and qualitative criteria (25%).** Annual variable remuneration is therefore mostly (i.e., 75%) based on quantitative criteria. This is more than the weighting in the previous remuneration policy, when it accounted for 66%.

The annual variable remuneration of the Co-Managing Partners is also subject to a dual cap: for both of these executive corporate officers, their annual variable remuneration **may not exceed 75% of their annual fixed remuneration**, and the amount of the **qualitative portion** is **capped at 25% of their annual fixed remuneration**. The qualitative portion may not therefore represent more than 33% of their maximum annual variable remuneration.

Quantitative financial criteria

The quantitative financial criteria underlying the executive corporate officers' annual variable remuneration correspond to **two internal criteria which have an equal weighting**. These criteria reflect key indicators of the Group's solidity:

- **recurring operating profit of fully consolidated companies (recurring EBIT)**;
- **free cash flow.**

These criteria have been modified compared to the previous remuneration policy in order to reflect both (i) the impact of the Covid-19 crisis on the Group's traditional performance indicators, and (ii) the new strategic roadmap adapted to take into account the impacts of this crisis as defined in 2020.

For each of these two criteria, the General Partners validate, on the advice issued by the Appointments, Remuneration and CSR Committee, the "trigger level" and "target level" for the objectives, in line with the Group's provisional consolidated budget.

For each of these two criteria:

- if the target level is achieved, 100% of the benchmark amount allocated to the criterion will be awarded;
- if the level achieved is between the trigger and target levels, 0% to 100% of the benchmark amount allocated to the criterion will be awarded, as calculated on a straight-line basis;
- if the target level is exceeded, the award is proportionate to the outperformance, but cannot exceed the specified aggregate annual variable remuneration cap;
- if the trigger level is not achieved, 0% of the benchmark amount allocated to the criterion is awarded.

Quantitative non-financial CSR criteria

Four quantitative non-financial CSR criteria underline executive corporate officers' annual variable remuneration, **each with an equal weighting**. The criteria are related to the Group's priority commitments under its Corporate Social Responsibility policy.

Each of the four criteria used must be **relevant** to the Group's CSR roadmap, be **measurable and monitored over time** using reliable systems, and be subject to **specific procedures carried out by the independent third party** in the context of its report on the Group's non-financial statement, except for external criteria based on assessments performed by an independent third party.

Each of the criteria is set by the General Partners on the basis of proposals put forward by the Sustainable Development Department, on the advice of the Appointments, Remuneration and CSR Committee.

For each of the four criteria, trigger level and target level objectives are set under the same conditions. These targets must be demanding and consistent in terms of both the Group's historic performance and changes in its operating environment, notably in connection with its strategic refocusing.

For each of these four criteria:

- if the target level is achieved, 125% of the benchmark amount allocated to the criterion will be awarded;
- if the level achieved is between the trigger and target levels, 75% of the benchmark amount allocated to the criterion will be awarded;
- if the target level is exceeded, 150% of the benchmark amount allocated to the criterion will be awarded;
- if the trigger level is not achieved, 0% of the benchmark amount allocated to the criterion is awarded.

This system is set to evolve in 2022, with the four specific criteria listed above replaced by an **internal CSR composite index** covering a wider scope of indicators tracking the implementation of the Group's CSR strategy and performance.

Qualitative criteria

The qualitative criteria that apply to the **executive corporate officers' remuneration (with the exception of Arnaud Lagardère)** are based on the **following two areas, each with equal weighting**:

- **rollout of the Group's strategic plan;**
- **quality of governance and management.**

The performance levels achieved in these two areas are directly assessed by Arnaud Lagardère based on reports prepared by the relevant technical departments.

The performance level achieved – which is also submitted for approval to the Appointments, Remuneration and CSR Committee and Supervisory Board – can raise or lower the benchmark amount, although the qualitative portion of annual variable remuneration may not under any circumstances exceed 25% of the executive corporate officer's fixed remuneration for a given year.

Summary presentation of the annual variable remuneration structure

	Managing Partner			Co-Managing Partners		
	Weighting	Benchmark amount	Maximum amount (% of fixed remuneration)	Weighting	Benchmark amount	Maximum amount (% of fixed remuneration)
Quantitative financial criteria	**75%**	**€1,050,000**		**50%**	**€300,000**	
Recurring operating profit of fully consolidated companies	37.5%	€525,000		25%	€150,000	
Free cash flow	37.5%	€525,000		25%	€150,000	
Quantitative CSR criteria	**25%**	**€350,000**	**150%**	**25%**	**€150,000**	
Criterion 1	6.25%	€87,500		6.25%	€37,500	
Criterion 2	6.25%	€87,500		6.25%	€37,500	
Criterion 3	6.25%	€87,500		6.25%	€37,500	
Criterion 4	6.25%	€87,500		6.25%	€37,500	
Qualitative criteria	**-**	**-**	**-**	**25%**	**€150,000**	**25%**
Strategic plan				12.5%	€75,000	
Quality of management				12.5%	€75,000	
Total	**100%**	**€1,400,000**	**150%**	**100%**	**€600,000**	**75%**

Clawback clause

The General Partners decided, following approval of the Appointments, Remuneration and CSR Committee and of the Supervisory Board, to introduce a clawback clause in the remuneration policy. This clause allows some or all of the annual variable remuneration paid to the executive corporate officers to be "clawed back" under exceptional and serious circumstances.

The clawback clause is designed as an effective means of aligning the interests of management with those of shareholders. It can be activated in the exceptional event that, in the two years following payment of the annual variable remuneration, the financial data on which it was based are found to have been demonstrably and intentionally distorted. The amount clawed back in this case would represent the sums impacted by the fraud.

2.2 Long-term remuneration components

PERFORMANCE SHARE AWARDS

With the exception of Arnaud Lagardère, executive corporate officers are awarded performance shares on a yearly basis.

These awards are decided in the first half of the year, after publication of the Group's results for the previous year. Their terms and conditions are set by the Appointments, Remuneration and CSR Committee in compliance with the recommendations of the Afep-Medef Code. The terms and conditions in force are described below.

Number of performance shares awarded:

- the value of the performance share rights awarded each year to each executive corporate officer may not exceed **one-third of that officer's total remuneration** for the previous year;
- the overall number of performance share rights awarded to all executive corporate officers may not represent more than **20% of the total** free share awards authorised by the shareholders;
- furthermore, pursuant to the authorisation given by the Company's shareholders, the performance shares awarded yearly to each executive corporate officer may not exceed **0.025%** of the number of shares comprising the Company's share capital. This cap has not been revised since 2009.

Holding period for vested performance shares:

- **100% of the vested shares** must be held in a registered account (*nominatif pur*) for a period of **two years**, although there is no legal obligation to do so. At the end of this two-year period:

  - 25% of the vested shares must be held in a registered account (*nominatif pur*) until the beneficiary **ceases his duties as an executive corporate officer**;

  - 25% of the vested shares must be held in a registered account (*nominatif pur*) until the **value of the Lagardère SCA shares held equals at least one year's worth of the executive corporate officer's gross variable remuneration.** This value is assessed each year based on (i) the average Lagardère SCA share price for the month of December of the previous year and (ii) the fixed and variable remuneration due in respect of the past year, with the theoretical maximum level being used for the variable portion;
- each executive corporate officer formally agrees **not to enter into transactions to hedge** risks associated with their performance shares during the holding period;
- at the close of the mandatory holding periods, the corresponding shares become transferable and can be traded under the terms and conditions established by law and regulations and in accordance with the black-out periods established by Lagardère SCA in its **Confidentiality and Market Ethics Charter**.

Vesting conditions:

- ***Performance conditions***

The performance conditions are based on criteria representing key indicators used for the Group's strategy, which ensure that the beneficiaries' interests are closely aligned with those of the Company and its stakeholders.

One criterion has been modified compared to the previous remuneration policy in order to reflect (i) the impact of the Covid-19 crisis on the Group's traditional performance indicators, and (ii) the new strategic roadmap adapted to take into account the impacts of this crisis as approved in 2020. The weighting applicable to non-financial criteria has also been increased, from 20% to 30%.

The criteria are all **quantitative criteria** and are assessed over a minimum period of **three consecutive fiscal years,** including the fiscal year during which the performance shares are awarded (the "reference period").

- **For 25% of the performance shares** awarded: the achievement during the reference period of a pre-defined **return on capital employed (ROCE)**.

  ROCE is a relevant performance indicator reflecting the profitability of the return on the Company's operating assets and its ability to create value.

- **For 25% of the performance shares** awarded: the achievement during the reference period of a pre-defined **cumulative amount of free cash flow.**

  This criterion, which reflects the Group's capacity to finance its investments and pay dividends, is also a key indicator of the Group's financial health.

For each of these two objectives, the Managing Partners, further to the approval of the Appointments, Remuneration and CSR Committee and the Supervisory Board, validate the following:

- the **"target level"** to be reached for 100% of the shares allocated to the objective to vest;
- the **"trigger level"**, corresponding to the level (i) above which 0% to 100% of the shares allocated to the objective will vest (determined on a straight-line basis) and (ii) below which no shares will vest. The trigger level cannot be lower than **66% of the target level**.

- **For 20% of the performance shares** awarded: the **comparative positioning of** Lagardère SCA's **Total Shareholder Return (TSR)** during the reference period, measured as follows:

  - for 10% of the shares awarded, measured against the TSR of a panel of peer companies; and
  - for 10% of the shares awarded, measured against the TSR of the other companies in the CAC Mid 60 index.

  TSR incorporates both changes in share price and dividends paid, and therefore reflects the value delivered to shareholders as compared with the value created by other investments available to them. Consequently, TSR is also a key performance indicator for the Group.

  For each of the above-mentioned 10% portions:

  - 50% of the shares awarded vest if Lagardère SCA's average annual TSR during the reference period is at least equal to the average annual TSR of the reference panel;
  - 100% of the shares awarded vest if Lagardère SCA's average annual TSR during the reference period is at least 2% above the average annual TSR of the reference panel;
  - between 50% and 100% of the shares awarded vest on a straight-line basis if Lagardère SCA's average annual TSR during the reference period is between the average annual TSR of the reference panel and 2% above the reference panel's average annual TSR;
  - 0% of the shares awarded vest if Lagardère SCA's average annual TSR during the reference period is below the average annual TSR of the reference panel.

- **For 30% of the performance shares** awarded: the achievement of precise objectives based on three quantitative criteria related to the Group's key commitments under its **Corporate Social Responsibility** policy, each weighted equally (i.e., 10% for each criterion). This objective can for example concern gender equality, a reduction of the environmental impact of the Group's activities, employee working conditions, or overall non-financial performance.

  As is the case for the variable portion of the annual remuneration, both the criteria themselves and the target and trigger levels set for each criterion are approved by the Managing Partners on the basis of proposals put forward by the Sustainable Development and CSR Department as endorsed by the Appointments, Remuneration and CSR Committee and the Supervisory Board. The criteria used must be relevant to the Group's CSR roadmap, measurable and monitored over time using reliable systems, and subject to verifications by the independent third party.

  For each of the 10% portions:

- 100% of the shares awarded vest if the target level is achieved;
- 0% of the shares vest if the trigger level is not achieved;
- between 0% and 100% of the shares vest on a straight-line basis if the achievement is between the trigger level and the target level.

For each annual performance share plan, further to discussion by the Appointments, Remuneration and CSR Committee and the Supervisory Board, the Managing Partners set all of the precise performance conditions and levels, in accordance with the principles described above. The performance objectives set must be demanding and consistent, both in terms of the Group's historic performance and changes in its operating environment, notably in connection with its strategic refocusing.

► ***Presence condition***

In order for the performance shares to vest, the executive corporate officer concerned must **still be an executive corporate officer of Lagardère SCA three years after the award date.**

In respect of this presence condition, rights to performance shares are:

- **forfeited** if the executive corporate officer **resigns**, is **dismissed** or **removed** from office **due to misconduct** before the end of this three-year period;
- **retained in full** in the event his office is terminated ahead of term due to **death** or **incapacity** before the end of this three-year period;
- **retained in part** on a ***pro rata*** basis if the executive corporate officer **retires or is dismissed or removed from office for reasons other than misconduct** before the end of this three-year period.

Note that the performance conditions continue to apply in any event.

The rights to free shares are partly retained on a *pro rata* basis in the specific cases of retirement or forced departure for reasons other than misconduct, because they are an essential component of the executive corporate officer's annual remuneration and are awarded in consideration for duties performed in the year that the rights are awarded. The partial retention of these rights, which continue to be subject to achieving demanding long-term performance conditions, encourages the executive corporate officer to act in the long-term interests of the Group.

Consequently, all of the terms and conditions of the Company's performance share awards fully comply with the recommendations in the Afep-Medef Code. This is the case for (i) the applicable performance conditions, which are solely based on quantitative criteria and combine internal and comparative criteria, and financial and non-financial criteria, all corresponding to key indicators for the Company's strategy, and (ii) the other terms and conditions (number of shares, vesting period, holding period etc.). All of these terms and conditions combined ensure that the performance share awards are a way of retaining the beneficiaries concerned and closely aligning their interests with those of the Company and its stakeholders.

2.3 Other benefits

A) BENEFITS IN KIND – BUSINESS EXPENSES

The executive corporate officers are provided with a **company car**, the potential personal use of which corresponds to a benefit in kind.

The executive corporate officers are also entitled to the reimbursement of business travel and business entertainment expenses incurred in connection with their executive duties.

B) SUPPLEMENTARY PENSION PLAN

A supplementary pension plan was set up by Lagardère Capital & Management on 1 July 2005 for executive corporate officers. This is a defined supplementary benefit plan as provided for in article L. 137-11 of the French Social Security Code (*Code de la sécurité sociale*) and article 39 of the French Tax Code (*Code général des impôts*).

In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed the statutory supplementary pension plan regime in France, **this plan was closed to new entrants as from 4 July 2019, and benefits accrued under the plan were frozen as at 31 December 2019.** No further benefits will be accrued under the plan as from that date.

The characteristics of this supplementary pension plan fully comply with the recommendations of the Afep-Medef Code.

Only employees or senior executives of Lagardère Capital & Management who were members of the Executive Committee were eligible for this plan.

The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 providing the beneficiary does not take up another post, (ii) long-term disability, and (iii) early retirement. In addition, beneficiaries are required to have been members of the Executive Committee for at least five years at the date that they retire.

In the event of the beneficiary's death, 60% of the pension is transferable to the surviving spouse.

Before the plan was frozen at 31 December 2019, its beneficiaries accrued supplementary pension entitlements at a rate equal to 1.75% of the benchmark remuneration per year of membership of the plan.

The benchmark remuneration corresponded to the average gross annual remuneration over the last five years (fixed + variable up to a maximum of 100% of the fixed portion). In addition, each annual remuneration could not exceed 50 times the annual limit defined by the French social security system i.e., a maximum amount of €2,026,200 in 2019. Each beneficiary's benchmark remuneration was frozen at 31 December 2019.

As the number of years of plan membership used to calculate the benefit entitlements is capped at 20, the supplementary pension could not exceed 35% of the benchmark remuneration.

The pension entitlements are fully borne by the Company and this benefit is taken into account in determining the overall remuneration of executive corporate officers.

Under current social security laws (article L. 137-11 of the French Commercial Code), the Company is required to pay a contribution equal to 32% of the amount of the benefits, at the time that such benefits are paid.

In addition to the tax and social security contributions applicable to pensions (levied at a rate of 10.1%, of which 5.9% is tax-deductible), under current tax and social security laws, the annuities that will be paid to the beneficiaries will also be subject to the specific contribution provided for in article L. 137-11-1 of the French Social Security Code, before income tax withheld at source and any surtaxes on high incomes.

In 2021, a new supplementary "vested benefits" pension plan is to be set up in accordance with the new legal framework introduced by article L. 137-11-2 of the French Social Security Code.

This will be an individual rather than collective plan and will be "portable", in that the benefits will be attached to the employee and will be carried over even in case of a change of employer.

The terms and conditions of this new pension plan, which will be available to members of the Executive Committee, will in any event comply with the applicable legislation.

Under this plan, the supplementary pension benefits will vest at a rate of 1.25% of the benchmark remuneration each year.

The benchmark remuneration corresponds to the gross annual remuneration (fixed + variable) and cannot exceed 50 times the annual ceiling used to calculate social security contributions.

Since the maximum vesting period is 20 years, the accumulated rights are capped at 25%.

In the event of the beneficiary's death, 60% of the pension will be transferable to the surviving spouse.

In accordance with applicable legislation, vesting is subject to performance conditions and will require an achievement rate of at least 75% for the annual financial and non-financial targets used to determine the beneficiary's annual variable remuneration.

In accordance with the provisions of the instruction of 23 December 2020, this new plan would apply with retroactive effect from 1 January 2020 and exceptionally, the performance conditions will not apply to rights in respect of the 2020 fiscal year.

C) TERMINATION BENEFIT

The Company has not given any commitments to the executive corporate officers in relation to granting them any termination benefits.

However, as they are employees of Lagardère Management, the executive corporate officers (with the exception of Arnaud Lagardère) may be eligible for benefits in certain cases of contract termination, pursuant to the applicable laws, regulations and collective bargaining agreements.

In all circumstances, any benefits paid to the executive corporate officers may not exceed the cap of two years' worth of fixed and variable remuneration recommended in the Afep-Medef Corporate Governance Code.

D) EXTRAORDINARY REMUNERATION

Bonuses may be granted to the executive corporate officers in very specific and exceptional circumstances, notably in connection with one-off transactions requiring extensive involvement of the executive corporate officers, particularly when the impacts of such transactions, despite being extremely significant for the Group, cannot be taken into account in determining the variable portion of their remuneration.

The conditions of any exceptional bonus awards and payments are determined in accordance with best corporate governance practices.

Any exceptional bonus award, which must be disclosed and justified in detail, may not in any case exceed 150% of the annual fixed remuneration of the executive corporate officer concerned.

Over the past six years, the executive corporate officers (with the exception of Arnaud Lagardère) have only once been awarded a special bonus: in 2014, when the Group sold its stake in EADS and Canal+ France. The total amount of the bonuses paid to the Co-Managing Partners represented 0.1% of the proceeds from these divestments, of which 58% was paid over to shareholders and on average, represented 85.68% of the annual fixed remuneration of the Co-Managing Partners.

2.4 Summary presentation of the remuneration structure

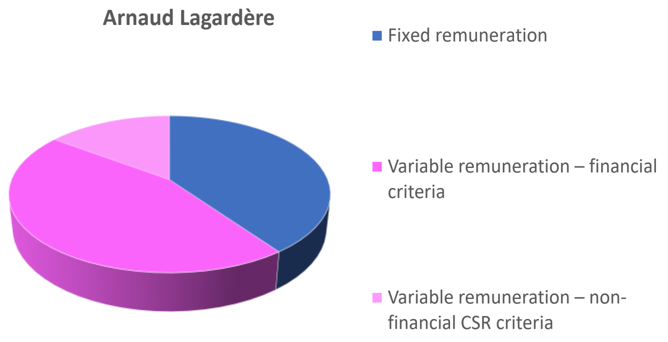
As described above, the annual remuneration of the Company's executive corporate officers is structured in compliance with best corporate governance practices. The principles underlying this structure are **straightforward, stable and transparent**, and they ensure that the **interests of the executives are closely aligned with the interests of the Company and its stakeholders**.

Arnaud Lagardère

Arnaud Lagardère's annual remuneration mainly comprises (i) **fixed remuneration** and (ii) **variable cash remuneration** that may not exceed 150% of his fixed remuneration. His variable remuneration is based on:

- **quantitative financial criteria (75% weighting);**
- **quantitative non-financial CSR criteria (25% weighting).**

As Arnaud Lagardère is a significant shareholder of Lagardère SCA, owning 7.26% of its capital and 11.03% of the voting rights, he is naturally exposed to the Company's share performance and therefore **does not receive any free share awards or share options**.



Pierre Leroy and Thierry Funck-Brentano

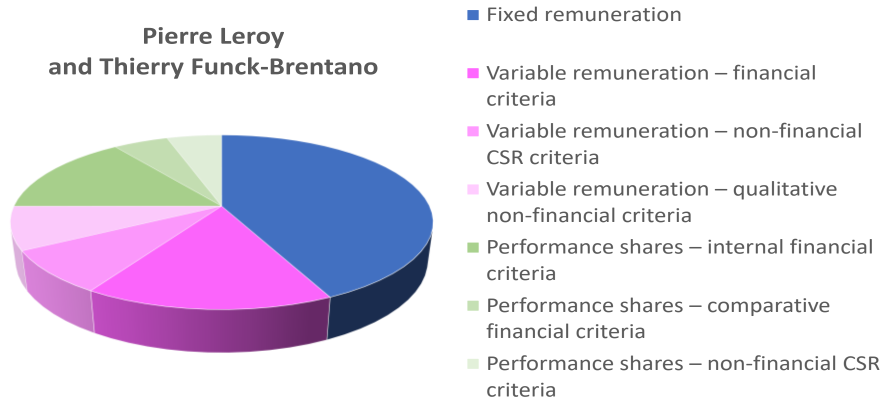
The annual remuneration of the other executive corporate officers mainly comprises (i) **fixed remuneration**, (ii) **variable cash remuneration**, and (iii) **performance share awards**.

Their **variable cash remuneration** – which may not exceed 75% of their fixed remuneration – is based on:

- **quantitative financial criteria (50% weighting);**
- **quantitative non-financial CSR criteria (25% weighting);**
- **qualitative criteria (25% weighting)**, it being specified that this qualitative variable portion may not exceed 25% of their fixed remuneration.

Performance share awards may not represent more than 33.33% of the overall remuneration (fixed and variable) of the executive corporate officers concerned, and the vesting of the shares is contingent on long-term performance (over three consecutive fiscal years). The **applicable performance criteria – which are solely quantitative** – correspond to:

- **internal financial criteria (50% weighting);**
- **comparative financial criteria (20% weighting);**
- **non-financial CSR criteria (30% weighting)**.



(II) REMUNERATION POLICY FOR THE EXECUTIVE CORPORATE OFFICERS OF THE COMPANY IN ITS FORM AS A JOINT-STOCK COMPANY (FOLLOWING THE CONVERSION APPROVED ON JUNE 30, 2021)

1. 2021 remuneration policy for the Chairman and Chief Executive Officer

The remuneration policy for the Chairman and Chief Executive Officer was approved by the shareholders voting at the General Meeting by 99.66% of votes cast, under the twenty-sixth resolution.

1.1 Short-term remuneration components

A) ANNUAL FIXED REMUNERATION

Annual fixed remuneration is paid in 12 equal monthly instalments over the year.

The amount of this fixed remuneration reflects the responsibilities, skills and experience of each executive corporate officer, and is reviewed at relatively long intervals in accordance with the recommendations of the Afep-Medef Code.

Arnaud Lagardère, as Chairman and Chief Executive Officer, will receive €1,140,729 in annual fixed remuneration, unchanged since 2009.

B) ANNUAL VARIABLE REMUNERATION

Annual variable remuneration is calculated as a portion of a benchmark amount set for the Chairman and Chief Executive Officer, based on a combination of specific criteria – both financial and non-financial – directly correlated with the Group's strategy. Annual variable remuneration is also subject to a cap expressed as a maximum percentage of fixed remuneration for the same fiscal year.

In accordance with article L. 22-10-34 II of the French Commercial Code, the variable remuneration of the Chairman and Chief Executive Officer can only be paid following the approval of the General Meeting of shareholders.

Benchmark amounts, weighting of criteria and caps

The annual variable remuneration of Arnaud Lagardère – who receives neither variable remuneration based on qualitative criteria nor share options or performance shares – is based on a benchmark amount of €1,400,000 (i.e., 123% of his annual fixed remuneration) which has remained unchanged for several years.

Only quantitative criteria are applied to this benchmark amount, breaking down as financial criteria (accounting for 75%) and non-financial CSR criteria (accounting for 25%).

His annual variable remuneration may not exceed 150% of his annual fixed remuneration.

Quantitative financial criteria

The quantitative financial criteria underlying the Chairman and Chief Executive Officer's annual variable remuneration correspond to two internal criteria which have an equal weighting. These criteria reflect key indicators of the Group's solidity:

- recurring operating profit of fully consolidated companies (recurring EBIT);
- free cash flow.

These criteria have been modified compared to the 2020 remuneration policy in order to reflect both (i) the impact of the Covid-19 crisis on the Group's traditional performance indicators, and (ii) the new strategic roadmap adapted to take into account the impacts of this crisis as defined in 2020.

For each of these two criteria, the Board of Directors validates, on the advice issued by the Appointments, Remuneration and CSR Committee, the "trigger level" and "target level" for the objectives, in line with the Group's provisional consolidated budget.

For each of these two criteria:

- if the target level is achieved, 100% of the benchmark amount allocated to the criterion will be awarded;
- if the level achieved is between the trigger and target levels, 0% to 100% of the benchmark amount allocated to the criterion will be awarded, as calculated on a straight-line basis;
- if the target level is exceeded, the award will be proportionate to the outperformance, but cannot exceed the specified aggregate annual variable remuneration cap;

- if the trigger level is not achieved, 0% of the benchmark amount allocated to the criterion will be awarded.

Quantitative non-financial CSR criteria

Four quantitative non-financial CSR criteria underlie the Chairman and Chief Executive Officer's annual variable remuneration, each with an equal weighting. The criteria are related to the Group's priority commitments under its Corporate Social Responsibility policy.

Each of the four criteria used must be relevant to the Group's CSR roadmap, be measurable and monitored over time using reliable systems, and be subject to specific procedures carried out by the independent third party in the context of its report on the Group's non-financial statement, except for external criteria based on assessments performed by an independent third party.

Each of the criteria is set by the Board of Directors on the basis of proposals put forward by the Sustainable Development Department, on the advice of the Appointments, Remuneration and CSR Committee.

For each of the four criteria, trigger level and target level objectives are set under the same conditions. These targets must be demanding and consistent in terms of both the Group's historic performance and changes in its operating environment, notably in connection with its strategic refocusing.

For each of these four criteria:

- if the target level is achieved, 125% of the benchmark amount allocated to the criterion will be awarded;
- if the level achieved is between the trigger and target levels, 75% of the benchmark amount allocated to the criterion will be awarded;
- if the target level is exceeded, 150% of the benchmark amount allocated to the criterion will be awarded;
- if the trigger level is not achieved, 0% of the benchmark amount allocated to the criterion will be awarded.

Summary presentation of the annual variable remuneration of the Chairman and Chief Executive Officer

Arnaud Lagardère

	Weighting	Benchmark amount	Maximum amount (% of fixed remuneration)
Quantitative financial criteria	**75%**	**€1,050,000**	
Recurring operating profit of fully consolidated companies	37.5%	€525,000	
Free cash flow	37.5%	€525,000	
Quantitative CSR criteria	**25%**	**€350,000**	**150%**
Criterion 1	6.25%	€87,500	
Criterion 2	6.25%	€87,500	
Criterion 3	6.25%	€87,500	
Criterion 4	6.25%	€87,500	
TOTAL	**100%**	**€1,400,000**	**150%**

Clawback clause

It was decided to introduce a clawback clause in the remuneration policy. This clause allows some or all of the annual variable remuneration paid to the Chairman and Chief Executive Officer to be "clawed back" under exceptional and serious circumstances.

The clawback clause is designed as an effective means of aligning the interests of management with those of shareholders. It can be activated in the exceptional event that, in the two years following payment of the annual variable remuneration, the financial data on which it was based are found to have been demonstrably and intentionally distorted. The amount clawed back in this case would represent the sums impacted by the fraud.

1.2 Long-term remuneration components – Performance share awards

Arnaud Lagardère, who is a significant shareholder of Lagardère SCA, does not receive any free share awards or other share options, as his stake in the Company automatically guarantees that his actions over the long term will be closely aligned with the interests of shareholders, of which he is one.

1.3 Other benefits

A) BENEFITS IN KIND – BUSINESS EXPENSES

The Chairman and Chief Executive Officer is provided with a company car, the potential personal use of which corresponds to a benefit in kind.

The Chairman and Chief Executive Officer is also entitled to the reimbursement of business travel and business entertainment expenses incurred in connection with his executive duties.

B) SUPPLEMENTARY PENSION PLAN

A supplementary pension plan was set up by Lagardère Capital & Management on 1 July 2005 for the Chairman and Chief Executive Officer. This is a defined supplementary benefit plan as provided for in article L. 137-11 of the French Social Security Code (Code de la sécurité sociale) and article 39 of the French Tax Code (Code général des impôts).

In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed the statutory supplementary pension plan regime in France, this plan was closed to new entrants as from 4 July 2019, and benefits accrued under the plan were frozen as at 31 December 2019. No further benefits will be accrued under the plan as from that date.

The characteristics of this supplementary pension plan fully comply with the recommendations of the Afep-Medef Code.

Only employees or senior executives of Lagardère Capital & Management who were members of the Executive Committee were eligible for this plan.

The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 providing the beneficiary does not take up another post, (ii) long-term disability, or (iii) early retirement. In addition, beneficiaries are required to have been members of the Executive Committee for at least five years at the date that they retire.

In the event of the beneficiary's death, 60% of the pension is transferable to the surviving spouse.

Before the plan was frozen at 31 December 2019, its beneficiaries accrued supplementary pension entitlements at a rate equal to 1.75% of the benchmark remuneration per year of membership of the plan.

The benchmark remuneration corresponded to the average gross annual remuneration over the last five years (fixed + variable up to a maximum of 100% of the fixed portion). In addition, each annual remuneration could not exceed 50 times the annual limit defined by the French social security system, i.e., a maximum amount of €2,026,200 in 2019. Each beneficiary's benchmark remuneration was frozen at 31 December 2019.

As the number of years of plan membership used to calculate the benefit entitlements is capped at 20, the supplementary pension could not exceed 35% of the benchmark remuneration.

The pension entitlements are fully borne by the Company and this benefit is taken into account in determining the overall remuneration of the Chairman and Chief Executive Officer.

Under current social security laws (article L. 137-11 of the French Commercial Code), the Company is required to pay a contribution equal to 32% of the amount of the benefits, at the time that such benefits are paid.

In addition to the tax and social security contributions applicable to pensions (levied at a rate of 10.1%, of which 5.9% is tax-deductible), under current tax and social security laws, the annuities that will be paid to the beneficiaries will also be subject to the specific contribution provided for in article L. 137-11-1 of the French Social Security Code, before income tax withheld at source and any surtaxes on high incomes.

In 2021, a new supplementary "vested benefits" pension plan is to be set up in accordance with the new legal framework introduced by article L. 137-11-2 of the French Social Security Code.

This will be an individual rather than collective plan and will be "portable", in that the benefits will be attached to the employee and will be carried over even in case of a change of employer.

The terms and conditions of this new pension plan, which will be available to members of the Executive Committee, will in any event comply with the applicable legislation.

Under this plan, the supplementary pension benefits will vest at a rate of 1.25% of the benchmark remuneration each year.

The benchmark remuneration corresponds to the gross annual remuneration (fixed + variable) and cannot exceed 50 times the annual ceiling used to calculate social security contributions.

Since the maximum vesting period is 20 years, the accumulated rights are capped at 25%.

In the event of the beneficiary's death, 60% of the pension will be transferable to the surviving spouse.

In accordance with applicable legislation, vesting is subject to performance conditions and will require an achievement rate of at least 75% for the annual financial and non-financial targets used to determine the beneficiary's annual variable remuneration.

In accordance with the provisions of the instruction of 23 December 2020, this new plan would apply with retroactive effect from 1 January 2020 and, exceptionally, the performance conditions will not apply to rights in respect of the 2020 fiscal year.

C) TERMINATION BENEFIT

The Company has not given any commitments to the Chairman and Chief Executive Officer in relation to granting him any termination benefits.

D) REMUNERATION AS A DIRECTOR

The Chairman and Chief Executive Officer, like the other members of the Board of Directors, may receive remuneration for his role as a director according to the allocation rules set out in the remuneration policy for the members of the Board of Directors, as presented in the General Meeting Brochure.

E) EXTRAORDINARY REMUNERATION

Bonuses may be granted to the executive corporate officers in very specific and exceptional circumstances, notably in connection with one-off transactions requiring extensive involvement of the Chairman and Chief Executive Officer, particularly when the impacts of such transactions, despite being extremely significant for the Group, cannot be taken into account in determining the variable portion of their remuneration.

The conditions of any exceptional bonus awards and payments are determined in accordance with best corporate governance practices.

Any exceptional bonus award, which must be disclosed and justified in detail, may not in any case exceed 150% of the annual fixed remuneration of the Chairman and Chief Executive Officer.

2. 2021 Remuneration policy for the Deputy Chief Executive Officer

The remuneration policy for the Deputy Chief Executive Officer was approved by the shareholders voting at the General Meeting by 99.67% of votes cast, under the twenty-seventh resolution.

1.1 Short-term remuneration components

A) ANNUAL FIXED REMUNERATION

Annual fixed remuneration is paid in 12 equal monthly instalments over the year.

The amount of this fixed remuneration reflects the responsibilities, skills and experience of each executive corporate officer, and is reviewed at relatively long intervals in accordance with the recommendations of the Afep-Medef Code.

Pierre Leroy, as Deputy Chief Executive Officer, will receive €1,474,000 in annual fixed remuneration, unchanged since 2011.

B) ANNUAL VARIABLE REMUNERATION

Annual variable remuneration is calculated as a portion of a benchmark amount set for the Deputy Chief Executive Officer, based on a combination of specific criteria – both financial and non-financial – directly correlated with the Group's strategy. Annual variable remuneration is also subject to a cap expressed as a maximum percentage of fixed remuneration for the same fiscal year.

In accordance with article L. 22-10-34 II of the French Commercial Code, the variable remuneration of the Deputy Chief Executive Officer can only be paid following the approval of the General Meeting of shareholders.

Benchmark amounts, weighting of criteria and caps

The annual variable remuneration for Pierre Leroy is based on an aggregate benchmark amount of €600,000 (i.e., 41% of Pierre Leroy's fixed remuneration). This amount has remained unchanged for several years.

This benchmark amount takes into account quantitative financial criteria, breaking down as financial criteria (accounting for 50%), non-financial CSR criteria (25%), and qualitative criteria (25%). Annual variable remuneration is therefore mostly (i.e., 75%) based on quantitative criteria. This is more than the weighting in the previous remuneration policy, when it accounted for 66%.

The annual variable remuneration of the Deputy Chief Executive Officer is also subject to a dual cap: Pierre Leroy's annual variable remuneration may not exceed 75% of his annual fixed remuneration, and the amount of the qualitative portion is capped at 25% of his annual fixed remuneration. The qualitative portion may not therefore represent more than 33% of his maximum annual variable remuneration.

Quantitative financial criteria

The quantitative financial criteria underlying the Deputy Chief Executive Officer's annual variable remuneration correspond to two internal criteria which have an equal weighting. These criteria reflect key indicators of the Group's solidity:

- recurring operating profit of fully consolidated companies (recurring EBIT);
- free cash flow.

These criteria have been modified compared to the previous remuneration policy in order to reflect both (i) the impact of the Covid-19 crisis on the Group's traditional performance indicators, and (ii) the new strategic roadmap adapted to take into account the impacts of this crisis as defined in 2020.

For each of these two criteria, the Board of Directors validates, on the advice issued by the Appointments, Remuneration and CSR Committee, the "trigger level" and "target level" for the objectives, in line with the Group's provisional consolidated budget.

For each of these two criteria:

- if the target level is achieved, 100% of the benchmark amount allocated to the criterion will be awarded;
- if the level achieved is between the trigger and target levels, 0% to 100% of the benchmark amount allocated to the criterion will be awarded, as calculated on a straight-line basis;
- if the target level is exceeded, the award will be proportionate to the outperformance, but cannot exceed the specified aggregate annual variable remuneration cap;
- if the trigger level is not achieved, 0% of the benchmark amount allocated to the criterion will be awarded.

Quantitative non-financial CSR criteria

Four quantitative non-financial CSR criteria underlie the Deputy Chief Executive Officer's annual variable remuneration, each with an equal weighting. The criteria are related to the Group's priority commitments under its Corporate Social Responsibility policy.

Each of the four criteria used must be relevant to the Group's CSR roadmap, be measurable and monitored over time using reliable systems, and be subject to specific procedures carried out by the independent third party in the context of its report on the Group's non-financial statement, except for external criteria based on assessments performed by an independent third party.

Each of the criteria is set by the Board of Directors on the basis of proposals put forward by the Sustainable Development Department, on the advice of the Appointments, Remuneration and CSR Committee.

For each of the four criteria, trigger level and target level objectives are set under the same conditions. These targets must be demanding and consistent in terms of both the Group's historic performance and changes in its operating environment, notably in connection with its strategic refocusing.

For each of these four criteria:

- if the target level is achieved, 125% of the benchmark amount allocated to the criterion will be awarded;
- if the level achieved is between the trigger and target levels, 75% of the benchmark amount allocated to the criterion will be awarded;
- if the target level is exceeded, 150% of the benchmark amount allocated to the criterion will be awarded;
- if the trigger level is not achieved, 0% of the benchmark amount allocated to the criterion will be awarded.

This system is set to evolve in 2022, with the four specific criteria listed above replaced by an internal CSR composite index covering a wider scope of indicators tracking the implementation of the Group's CSR strategy and performance.

Qualitative criteria

The qualitative criteria that apply to the Deputy Chief Executive Officer's remuneration are based on the following two areas, each with equal weighting:

rollout of the Group's strategic plan;

quality of governance and management.

The performance levels achieved in these two areas are directly assessed by the Board of Directors based on reports prepared by the relevant technical departments.

The performance level achieved – which is also submitted for approval to the Appointments, Remuneration and CSR Committee – can raise or lower the benchmark amount, although the qualitative portion of annual variable remuneration may not under any circumstances exceed 25% of the executive corporate officer's fixed remuneration for a given year.

Summary presentation of the annual variable remuneration of the Deputy Chief Executive Officer

	Pierre Leroy		
	Weighting	Benchmark amount	Maximum amount (% of fixed remuneration)
Quantitative financial criteria	**50%**	**€300,000**	
Recurring operating profit of fully consolidated companies	25%	€150,000	
Free cash flow	25%	€150,000	
Quantitative CSR criteria	**25%**	**€150,000**	
Criterion 1	6.25%	€37,500	
Criterion 2	6.25%	€37,500	
Criterion 3	6.25%	€37,500	
Criterion 4	6.25%	€37,500	
Qualitative criteria	**25%**	**€150,000**	
Strategic plan	12.5%	€75,000	**25%**
Quality of management	12.5%	€75,000	
TOTAL	**100%**	**€600,000**	**75%**

Clawback clause

It was decided to introduce a clawback clause in the remuneration policy. This clause allows some or all of the annual variable remuneration paid to the Deputy Chief Executive Officer to be "clawed back" under exceptional and serious circumstances.

The clawback clause is designed as an effective means of aligning the interests of management with those of shareholders. It can be activated in the exceptional event that, in the two years following payment of the annual variable remuneration, the financial data on which it was based are found to have been demonstrably and intentionally distorted. The amount clawed back in this case would represent the sums impacted by the fraud.

1.2 Long-term remuneration components – performance share awards

The Deputy Chief Executive Officer is awarded performance shares on a yearly basis.

These awards are decided after publication of the Group's results for the previous year. Their terms and conditions are set by the Board of Directors and the Appointments, Remuneration and CSR Committee. The terms and conditions in force are described below.

Number of performance shares awarded:

- the value of the performance share rights awarded each year to the Deputy Chief Executive Officer may not exceed one-third of that officer's total remuneration for the previous year;
- the overall number of performance share rights awarded to all executive corporate officers may not represent more than 20% of the total free share awards authorised by the shareholders;
- furthermore, pursuant to the authorisation given by the Company's shareholders, the performance shares awarded yearly to the Deputy Chief Executive Officer may not exceed 0.025% of the number of shares comprising the Company's share capital. This cap has not been revised since 2009.

Holding period for vested performance shares:

- 100% of the vested shares must be held in a registered account (*nominatif pur*) for a period of two years, although there is no legal obligation to do so. At the end of this two-year period:
  - 25% of the vested shares must be held in a registered account (*nominatif pur*) until the beneficiary ceases his duties as an executive corporate officer,
  - 25% of the vested shares must be held in a registered account (*nominatif pur*) until the value of the Lagardère SA shares held equals at least one year's worth of the executive corporate officer's gross variable remuneration. This value is assessed each year based on (i) the average Lagardère SA share price for the month of December of the previous year and (ii) the fixed and variable remuneration due in respect of the past year, with the theoretical maximum level being used for the variable portion;
- each executive corporate officer formally agrees not to enter into transactions to hedge risks associated with their performance shares during the holding period;
- at the close of the mandatory holding periods, the corresponding shares become transferable and can be traded under the terms and conditions established by law and regulations and in accordance with the black-out periods established by Lagardère SA in its Confidentiality and Market Ethics Charter.

Vesting conditions:

Performance conditions

The performance conditions are based on criteria representing key indicators used for the Group's strategy, which ensure that the beneficiaries' interests are closely aligned with those of the Company and its stakeholders.

One criterion has been modified compared to the 2020 remuneration policy in order to reflect (i) the impact of the Covid-19 crisis on the Group's traditional performance indicators, and (ii) the new strategic roadmap adapted to take into account the impacts of this crisis as approved in 2020. The weighting applicable to non-financial criteria has also been increased, from 20% to 30%.

The criteria are all quantitative criteria and are assessed over a minimum period of three consecutive fiscal years, including the fiscal year during which the performance shares are awarded (the "reference period").

- **For 25% of the performance shares awarded:** the achievement during the reference period of a pre-defined ROCE.

  ROCE is a relevant performance indicator reflecting the profitability of the Company's operating assets and its ability to create value.

- **For 25% of the performance shares awarded:** the achievement during the reference period of a pre-defined cumulative amount of free cash flow.

  This criterion, which reflects the Group's capacity to finance its investments and pay dividends, is also a key indicator of the Group's financial health.

  For each of these two objectives, the Board of Directors, further to the approval of the Appointments, Remuneration and CSR Committee, validates the following:

  - the "target level" to be reached for 100% of the shares allocated to the objective to vest, and
  - the "trigger level", corresponding to the level (i) above which 0% to 100% of the shares allocated to the objective will vest (determined on a straight-line basis) and (ii) below which no shares will vest. The Trigger Level cannot be lower than 66% of the target level.

- **For 20% of the performance shares awarded**: the comparative positioning of Lagardère SA's Total Shareholder Return (TSR) during the reference period, measured as follows:

  - for 10% of the shares awarded, measured against the TSR of a panel of peer companies, and
  - for 10% of the shares awarded, measured against the TSR of the other companies in the CAC Mid 60 index.

  TSR incorporates both changes in share price and dividends paid, and therefore reflects the value delivered to shareholders as compared with the value created by other investments available to them. Consequently, TSR is also a key performance indicator for the Group.

  For each of the 10% portions:

  - 50% of the shares awarded vest if Lagardère SA's average annual TSR during the reference period is at least equal to the average annual TSR of the reference panel,
  - 100% of the shares awarded vest if Lagardère SA's average annual TSR during the reference period is at least 2% above the average annual TSR of the reference panel,
  - between 50% and 100% of the shares awarded vest on a straight-line basis if Lagardère SA's average annual TSR during the reference period is between the average annual TSR of the reference panel and 2% above the reference panel's average annual TSR,
  - 0% of the shares awarded vest if Lagardère SA's average annual TSR during the reference period is below the average annual TSR of the reference panel.

- **For 30% of the performance shares awarded**: the achievement of precise objectives based on three quantitative criteria related to the Group's key commitments under its **Corporate Social Responsibility policy**, each weighted equally (i.e., 10% for each criterion). This objective can for example concern gender equality, a reduction of the environmental impact of the Group's activities, employee working conditions, or overall non-financial performance.

As is the case for the variable portion of the annual remuneration, both the criteria themselves and the target and trigger levels set for each criterion are approved by the Board of Directors on the basis of proposals put forward by the Sustainable Development and CSR Department as endorsed by the Appointments, Remuneration and CSR Committee. The criteria used must be relevant to the Group's CSR roadmap, measurable and monitored over time using reliable systems, and subject to verifications by the independent third party.

For each of the 10% portions:

- 100% of the shares awarded vest if the target level is achieved;
- 0% of the shares vest if the trigger level is not achieved;
- between 0% and 100% of the shares vest on a straight-line basis if the achievement is between the trigger level and the target level.

For each annual performance share plan, further to discussion by the Appointments, Remuneration and CSR Committee, the Board of Directors sets all of the precise performance conditions and levels, in accordance with the principles described above. The performance objectives set must be demanding and consistent, both in terms of the Group's historic performance and changes in its operating environment, notably in connection with its strategic refocusing.

Presence condition

In order for the performance shares to vest, the executive corporate officer concerned must still be an executive corporate officer of Lagardère SA three years after the award date.

In respect of this presence condition, rights to performance shares are:

- forfeited if the executive corporate officer resigns, is dismissed or removed from office due to misconduct before the end of this three-year period;
- retained in full in the event his office is terminated ahead of term due to death or incapacity before the end of this three-year period;
- retained in part on a pro rata basis if the executive corporate officer retires or is dismissed or removed from office for reasons other than misconduct before the end of this three-year period.

Note that the performance conditions continue to apply in any event.

The rights to free shares are partly retained on a pro rata basis in the specific cases of retirement or forced departure for reasons other than misconduct, because they are an essential component of the executive corporate officer's annual remuneration and are awarded in consideration for duties performed in the year that the rights are awarded. The partial retention of these rights, which continue to be subject to achieving demanding long-term performance conditions, encourages the executive corporate officer to act in the long-term interests of the Group.

Consequently, all of the terms and conditions of the Company's performance share awards fully comply with the recommendations in the Afep-Medef Code. This is the case for (i) the applicable performance conditions, which are solely based on quantitative criteria and combine internal and comparative criteria, and financial and non-financial criteria, all corresponding to key indicators for the Company's strategy, and (ii) the other terms and conditions (number of shares, vesting period, holding period, etc.). All of these terms and conditions combined ensure that the performance share awards are a way of retaining the beneficiaries concerned and closely aligning their interests with those of the Company and its stakeholders.

1.3 Other benefits

A) BENEFITS IN KIND - BUSINESS EXPENSES

The Deputy Chief Executive Officer is provided with a company car, the potential personal use of which corresponds to a benefit in kind.

The Deputy Chief Executive Officer is also entitled to the reimbursement of business travel and business entertainment expenses incurred in connection with his executive duties.

B) SUPPLEMENTARY PENSION PLAN

A supplementary pension plan was set up by Lagardère Capital & Management on 1 July 2005 for the Deputy Chief Executive Officer. This is a defined supplementary benefit plan as provided for in article L. 137-11 of the French Social Security Code and article 39 of the French Tax Code.

In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed the statutory supplementary pension plan regime in France, this plan was closed to new entrants as from 4 July 2019, and benefits accrued under the plan were frozen as at 31 December 2019. No further benefits will be accrued under the plan as from that date.

The characteristics of this supplementary pension plan fully comply with the recommendations of the Afep-Medef Code.

Only employees or senior executives of Lagardère Capital & Management who were members of the Executive Committee were eligible for this plan.

The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 providing the beneficiary does not take up another post, (ii) long-term disability, or (iii) early retirement. In addition, beneficiaries are required to have been members of the Executive Committee for at least five years at the date that they retire.

In the event of the beneficiary's death, 60% of the pension is transferable to the surviving spouse.

Before the plan was frozen at 31 December 2019, its beneficiaries accrued supplementary pension entitlements at a rate equal to 1.75% of the benchmark remuneration per year of membership of the plan.

The benchmark remuneration corresponded to the average gross annual remuneration over the last five years (fixed + variable up to a maximum of 100% of the fixed portion). In addition, each annual remuneration could not exceed 50 times the annual limit defined by the French social security system, i.e., a maximum amount of €2,026,200 in 2019. Each beneficiary's benchmark remuneration was frozen at 31 December 2019.

As the number of years of plan membership used to calculate the benefit entitlements is capped at 20, the supplementary pension could not exceed 35% of the benchmark remuneration.

The pension entitlements are fully borne by the Company and this benefit is taken into account in determining the overall remuneration of the Deputy Chief Executive Officer.

Under current social security laws (article L. 137-11 of the French Commercial Code), the Company is required to pay a contribution equal to 32% of the amount of the benefits, at the time that such benefits are paid.

In addition to the tax and social security contributions applicable to pensions (levied at a rate of 10.1%, of which 5.9% is tax-deductible), under current tax and social security laws, the annuities that will be paid to the beneficiaries will also be subject to the specific contribution provided for in article L. 137-11-1 of the French Social Security Code, before income tax withheld at source and any surtaxes on high incomes.

In 2021, a new supplementary "vested benefits" pension plan is to be set up in accordance with the new legal framework introduced by article L. 137-11-2 of the French Social Security Code.

This will be an individual rather than collective plan and will be "portable", in that the benefits will be attached to the employee and will be carried over even in case of a change of employer.

The terms and conditions of this new pension plan, which will be available to members of the Executive Committee, will in any event comply with the applicable legislation.

Under this plan, the supplementary pension benefits will vest at a rate of 1.25% of the benchmark remuneration each year.

The benchmark remuneration corresponds to the gross annual remuneration (fixed + variable) and cannot exceed 50 times the annual ceiling used to calculate social security contributions.

Since the maximum vesting period is 20 years, the accumulated rights are capped at 25%.

In the event of the beneficiary's death, 60% of the pension will be transferable to the surviving spouse.

In accordance with applicable legislation, vesting is subject to performance conditions and will require an achievement rate of at least 75% for the annual financial and non-financial targets used to determine the beneficiary's annual variable remuneration.

In accordance with the provisions of the instruction of 23 December 2020, this new plan would apply with retroactive effect from 1 January 2020 and, exceptionally, the performance conditions will not apply to rights in respect of the 2020 fiscal year.

C) TERMINATION BENEFIT

The Company has not given any commitments to the Deputy Chief Executive Officer in relation to granting him any termination benefits.

However, as Pierre Leroy is an employee of Lagardère Management, he may be eligible for benefits in certain cases of contract termination, pursuant to the applicable laws, regulations and collective bargaining agreements.

In all circumstances, any benefits paid to the executive corporate officers may not exceed the cap of two years' worth of fixed and variable remuneration recommended in the Afep-Medef Corporate Governance Code.

D) REMUNERATION AS A BOARD ADVISOR (CENSEUR)

The Deputy Chief Executive Officer may receive remuneration for his duties as a Board Advisor in accordance with the terms and conditions set out in the Articles of Association.

E) EXTRAORDINARY REMUNERATION

Bonuses may be granted to the executive corporate officers in very specific and exceptional circumstances, notably in connection with one-off transactions requiring extensive involvement of the Deputy Chief Executive Officer, particularly when the impacts of such transactions, despite being extremely significant for the Group, cannot be taken into account in determining the variable portion of their remuneration.

The conditions of any exceptional bonus awards and payments are determined in accordance with best corporate governance practices.

Any exceptional bonus award, which must be disclosed and justified in detail, may not in any case exceed 150% of the annual fixed remuneration of the Deputy Chief Executive Officer.