

## REMUNERATION POLICIES FOR THE EXECUTIVE CORPORATE OFFICERS APPROVED BY THE SHAREHOLDERS AT THE GENERAL MEETING HELD ON 22 APRIL 2022

In accordance with the provisions of articles R. 22-10-14 IV of the French Commercial Code (*Code de commerce*), the remuneration policies for the executive corporate officers approved by the Ordinary and Extraordinary General Meeting of shareholders held on 22 April 2022 (resolutions n°11 and 12 adopted at 98.10% and 98.09% respectively) are set out below.

### REMUNERATION POLICIES FOR THE EXECUTIVE CORPORATE OFFICERS

#### 1. Underlying principles of the remuneration policies for executive corporate officers

In accordance with the legal framework set out in articles L. 22-10-8 *et seq.* of the French Commercial Code, the remuneration policies for the executive corporate officers for 2022 were approved by the Board of Directors on the recommendation of the Appointments, Remuneration and CSR Committee at the Board's meeting on 14 March 2022.

The same procedure will be followed for any subsequent revision of the remuneration policies.

**The role of the Appointments, Remuneration and CSR Committee, comprising only independent members and the employee director, is to ensure that there are no conflicts of interest when preparing, reviewing and implementing the remuneration policies.**

Most of the main principles governing the remuneration policies for the Company's executive corporate officers were established in 2003, but have been regularly amended to reflect the rules of good governance.

The aim of these remuneration policies for executive corporate officers is to achieve – through their 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 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.

The annual variable remuneration of the executive corporate officers also includes a portion contingent on **qualitative criteria**, based on a set of specific priority targets assigned 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, the executive corporate officers do not receive:

- ▶ **multi-annual variable remuneration in cash;**
- ▶ **benefits linked to taking up or terminating office;**
- ▶ **benefits linked to non-competition agreements.**

Furthermore, Arnaud Lagardère, who is a significant shareholder of Lagardère SA, 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, 40% of Group employees have a variable component in their overall annual remuneration. Similarly, in accordance with best corporate governance practices, the Lagardère SA free share plans are not just restricted to executive corporate officers and senior managers. They also cover some 450 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 Deputy Chief Executive Officer.

The overall policy implemented is designed to ensure **reasonable, fair and balanced remuneration**, and to create **a strong correlation between the interests of the executive corporate officers and the interests of the Company, its shareholders and all of its stakeholders**, tailored to the Group's strategy and its **performance objectives**.

In order to ensure continuity and stability in remuneration principles for both the Company and its shareholders, the initial remuneration policies adopted in 2021 to apply immediately to the Company in its new form as a French joint-stock company (*société anonyme*) as from 30 June 2021 have been structured in a strictly identical manner to the most recent policies previously applicable to the Company in its form as a French partnership limited by shares (*société en commandite par actions*) up to 30 June 2021.

As part of its duty to make recommendations to the Board of Directors on the remuneration of corporate officers, the new Appointments, Remuneration and CSR Committee appointed on 30 June 2021 nevertheless decided to review these remuneration policies, in order to assess their alignment with the rules of good governance (Afep-Medef Corporate Governance Code, AMF and HCGE recommendations on corporate governance, voting policies of proxy advisory firms, etc.), as well as with the market practices observed for various relevant panels (Next 40 index and ad hoc benchmark group composed of competitors from the publishing and travel retail industries). The purpose of this review was to enable the Committee to recommend to the Board changes to these policies that would also take into account the Company's new governance and the context of the public tender offer for the Company.

The Appointments, Remuneration and CSR Committee was assisted in this role by Boracay, an **external service provider** selected from among the most specialised and best-known players in the sector.

Based on this work, the following changes, detailed below, were made to the remuneration policies for executive corporate officers for 2022:

- ▶ increase in the benchmark and maximum amounts applicable to the annual variable remuneration of the Chairman and Chief Executive Officer;

## 2. Components of the remuneration policy for the Chairman and Chief Executive Officer

### 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 the executive corporate officer, and is reviewed at relatively long intervals in accordance with the recommendations of the Afep-Medef Code.

- ▶ alignment of the annual variable remuneration structures for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer, with qualitative criteria now included in the Chairman and Chief Executive Officer's annual variable remuneration and an adjustment to the respective weighting of financial and non-financial criteria; and
- ▶ adjustment of one of the criteria applicable to the performance share plans, in order to take into account the exceptional context of the public offer for the Company.

The Board of Directors may decide to make exceptions as to the application of the remuneration policies by adjusting, on the advice of the Appointments, Remuneration and CSR Committee, the objectives set and/or certain criteria applicable to the executive corporate officers' annual variable remuneration or long-term incentive instruments, provided that any such adjustment 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 and/or criteria with the aim of ensuring that the actual performance of the Group and of the executive corporate officer continues to be reflected, would be made public and justified, notably with regard to the Group's corporate interests. In all circumstances, the payment of variable remuneration remains subject to the approval of the shareholders.

Arnaud Lagardère, as Chairman and Chief Executive Officer, receives **€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**, 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

For Arnaud Lagardère, who receives neither share options nor performance shares, annual variable remuneration is based on a **benchmark amount of €1,426,000 (i.e., 125% of his annual fixed remuneration)**.

The following are then applied to this reference amount:

- ▶ **quantitative financial criteria (70% weighting);**
- ▶ **quantitative non-financial CSR criteria (15% weighting);**
- ▶ **qualitative criteria (15% weighting).**

His total annual variable remuneration **may not exceed 200% of his annual fixed remuneration**.

The target and maximum amounts of the annual variable remuneration, previously set at 123% and 150% of the fixed remuneration respectively, were increased to 125% and 200%. This increase, recommended by the Appointments, Remuneration and CSR Committee, was decided by the Board of Directors – taking into account market practices observed for the Company's panels of comparable companies – with a view to encouraging the Chairman and Chief Executive Officer to outperform, and increasing the "contingent" portion of his remuneration.

Similarly, the Board of Directors decided to introduce a "qualitative" component into the annual variable remuneration and to adjust the respective weighting of the quantitative financial and CSR criteria in order to bring this component into line with observed market practices. However, financial criteria (70%) and quantitative criteria (85%) clearly remain predominant, in full compliance with the recommendations of the Afep-Medef Code and the rules of good governance.

### 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) (35% weighting);**
- ▶ **free cash flow (35% weighting).**

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 provisional consolidated budget adopted by the Board.

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

**Three quantitative non-financial CSR criteria** underlying 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 three 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 advice of the Appointments, Remuneration and CSR Committee.

For each of the three criteria, trigger level and target level objectives are set under the same conditions. These objectives must be demanding and consistent in terms of both the Group's historical performance and changes in its operating environment.

For each of these three 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.

**For 2022, the three criteria are:**

- ▶ **environmental (5%): the reduction in Lagardère's carbon footprint, as measured by the rate of CO<sub>2</sub> emissions from Scopes 1 & 2 and part of Scope 3 as a ratio of the workforce**; As indicated in section 4.3.2. of this Universal Registration Document, in 2022 Lagardère will conduct a detailed analysis of its Scope 3 emissions with the aim of defining a path to reduce all such emissions. Pending completion of this necessary analysis, the Group nevertheless considered it appropriate to set a specific objective in 2022 targeting some of the indirect emissions corresponding to staff travel on which it can already take effective action;
- ▶ **social (5%): improving the gender balance in executive bodies and in positions of senior responsibility, as measured by the proportion of female "top executives"**;
- ▶ **ethical (5%): promoting ethical and responsible governance, as measured by the Group's regular assessment of the environmental, social and ethical performance of its suppliers and subcontractors.**

## Qualitative criteria

The Board of Directors decided to include qualitative criteria in the Chairman and Chief Executive Officer's remuneration based on the following two areas, each with equal weighting:

- ▶ **rollout of the Group's strategic plan (7.5% weighting);**
- ▶ **quality of governance and management (7.5% weighting),** covering (i) actions to motivate and retain talent and (ii) the effective engagement of General Management in the deployment of compliance, risk management and corruption prevention programmes.

The performance levels achieved in these two areas are assessed by the Board of Directors, based on the recommendations of the Appointments, Remuneration and CSR Committee. The performance levels as recorded by the Board can raise or lower the benchmark amount set, although the **qualitative portion** of annual variable remuneration **may not under any circumstances exceed 30%** of the Chairman and Chief Executive Officer's **fixed remuneration**.

Specific trigger and target levels for each criteria were set by the Board of Directors, on the recommendation of the Appointments, Remuneration and CSR Committee. However, as this information relates to the Group's budget and internal goals (themselves not public knowledge), it is not disclosed. The level of achievement of the financial and non-financial criteria will be reported to the Annual General Meeting to be held in 2023, the approval of which will be a condition for the payment of the annual variable portion in 2023.

## Summary of the annual variable remuneration of the chairman and chief executive officer

### Arnaud Lagardère

	Weighting	Benchmark amount	Maximum amount (% of fixed remuneration)
<b>Quantitative financial criteria</b>	<b>70 %</b>	<b>€998,200</b>	<b>30 %</b>
Résop	35 %	€499,100	
Free cash-flow	35 %	€499,100	
<b>Quantitative CSR criteria</b>	<b>15 %</b>	<b>€213,900</b>	
CO <sub>2</sub> emissions	5 %	€71,300	
Proportion of female top executives	5 %	€71,300	
Ecovadis assessment	5 %	€71,300	
<b>Qualitative criteria</b>	<b>15 %</b>	<b>€213,900</b>	
Rollout of strategic plan	7.5 %	€106,950	
Quality of governance and management	7.5 %	€106,950	
<b>TOTAL</b>	<b>100 %</b>	<b>€1,426,000</b>	<b>200 %</b>

### Clawback clause

The remuneration policy applicable to the Chairman and Chief Executive Officer includes a clawback clause. 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.

### C) Remuneration as a director

Like the other members of the Board of Directors, the Chairman and Chief Executive Officer receives remuneration for his duties on the Board and its committees, in accordance with the rules set out in the remuneration policy described in section 2.6 below.

#### 2.2 Long-term remuneration components – performance share awards

Arnaud Lagardère, who is a significant shareholder of the Company, 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.

#### 2.3 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

The Chairman and Chief Executive Officer is eligible for a supplementary pension plan operated by Lagardère Management. This is a defined supplementary benefit plan as provided for in article 39 of the French Tax Code (*Code général des impôts*) and article L. 137-11 of the French Social Security Code (*Code de la sécurité sociale*).

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 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 were fully borne by the Company and this benefit was 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.

At its meeting on 17 December 2021, the Board of Directors decided, on the recommendation of the Appointments, Remuneration and CSR Committee, to set up a new "vested benefits" supplementary pension plan for 2020 and 2021 in accordance with the new legal framework introduced by article L. 137-11-2 of the French Social Security Code. The main features of this pension plan, as set out in the remuneration policy approved by the General Meeting of 30 June 2021, are described below.

This is an individual rather than collective plan and is "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 characteristics of this supplementary pension plan fully comply with applicable legislation and with the recommendations of the Afep-Medef Corporate Governance Code.

Under this plan, the supplementary pension benefits will vest to the Chairman and Chief Executive Officer 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 is transferable to the surviving spouse.

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

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

The new plan may be continued in 2022.

### **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) 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.



### 3. Components of the remuneration policy for the Deputy Chief Executive Officer

#### 3.1 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 the 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, receives **€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, 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 fixed remuneration)**. This amount has remained unchanged for several years.

The following are then applied to this reference amount:

- ▶ **quantitative financial criteria (70% weighting);**
- ▶ **quantitative non-financial CSR criteria (15% weighting);**

##### ▶ **qualitative criteria (15% weighting).**

The weighting formula has therefore been changed compared to the previous remuneration policy, in which quantifiable financial criteria had a weighting of 50%, quantitative non-financial CSR criteria 25% and qualitative criteria 25%.

This change, decided by the Board of Directors on the recommendation of the Appointments, Remuneration and CSR Committee, is designed to bring this component of remuneration into line with observed market practices.

With regard to the Deputy Chief Executive Officer, this change leads to a further increase in the financial criteria (70%) and quantifiable criteria (85%) components, both of which therefore become clearly predominant, in full compliance with the recommendations of the Afep-Medef Corporate Governance Code and the rules of good governance.

The Deputy Chief Executive Officer's annual variable remuneration is also subject to two caps: **the total annual variable remuneration may not exceed 75% of his annual fixed remuneration, and the amount of the qualitative portion is capped at 25% of the 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 are identical to those applicable to the Chairman and Chief Executive Officer, and 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) (35% weighting);**
- ▶ **free cash flow (35% weighting).**

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 provisional consolidated budget adopted by the Board.

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

**Three 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 three 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 advice of the Appointments, Remuneration and CSR Committee.

For each of the three 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 historical performance and changes in its operating environment.**

For each of these three 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.

**For 2022, the three criteria adopted are identical to those adopted for the Chairman and Chief Executive Officer, namely:**

- ▶ **environmental (5%): the reduction in Lagardère's carbon footprint, as measured by the rate of CO<sub>2</sub> emissions from Scopes 1 & 2 and part of Scope 3 as a ratio of the workforce;**
- ▶ **social (5%): improved gender balance in executive bodies and in senior positions of responsibility, as measured by the proportion of female "top executives";**
- ▶ **ethical (5%): promoting ethical and responsible governance, as measured by the Group's regular assessment of the environmental, social and ethical performance of its suppliers and subcontractors.**

## Qualitative criteria

The qualitative criteria that apply to the Deputy Chief Executive Officer's remuneration, which are identical to those applicable to the Chairman and Chief Executive Officer, are based on the **following two areas, each with equal weighting**:

- **rollout of the Group's strategic plan (7.5% weighting);**

- **quality of governance and management (7.5% weighting)**, covering (i) actions to motivate and retain talent and (ii) the effective engagement of General Management in the deployment of compliance, risk management and corruption prevention programmes.

The performance levels achieved in these two areas are assessed by the Board of Directors, based on the advice of the Appointments, Remuneration and CSR Committee. The performance levels as recorded by the Board can raise or lower the benchmark amount set, although the qualitative portion of annual variable remuneration may not under any circumstances exceed 25% of the Deputy Chief Executive Officer's fixed remuneration.

## Summary of the annual variable remuneration of the Deputy Chief Executive officer

### Pierre Leroy

	Weighting	Benchmark amount	Maximum amount (% of fixed remuneration)
<b>Quantitative financial criteria</b>	<b>70 %</b>	<b>€420,000</b>	
Résop	35 %	€210,000	
Free cash-flow	35 %	€210,000	
<b>Quantitative CSR criteria</b>	<b>15 %</b>	<b>€90,000</b>	
CO <sub>2</sub> emissions	5 %	€30,000	
Proportion of female top executives	5 %	€30,000	
Ecovadis assessment	5 %	€30,000	
<b>Qualitative criteria</b>	<b>15 %</b>	<b>€90,000</b>	
Rollout of strategic plan	7.5 %	€45,000	
Quality of governance and management	7.5 %	€45,000	
<b>TOTAL</b>	<b>100 %</b>	<b>€600,000</b>	<b>75 %</b>

### **Clawback clause**

The remuneration policy for the Deputy Chief Executive Officer includes a clawback clause. 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.

### **C) 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 (see section 2.9 Appendices) and the rules outlined in the remuneration policy described in section 2.6 below.

### **3.2 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;

- ▶ 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 eligible to receive performance shares 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.

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").

In order to take into account the exceptional circumstances resulting from Vivendi SE's public tender offer for the Company, which includes a subsidiary tender offer guaranteeing a minimum price for the purchase of the Company's shares until 15 December 2023, likely to have an impact on the share price during this period, the Board of Directors, on the recommendation of the Appointments, Remuneration and CSR Committee, decided, for plans awarded in 2022, to remove the Total Shareholder Return (TSR) indicator provided for in the previous policies and to replace it by an additional internal financial criterion.

Accordingly, the performance criteria applicable in 2022 will be as follows:

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

ROCE, a criterion that has remained unchanged, 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, also unchanged, 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 20% of the performance shares awarded:** the achievement during the reference period of a pre-defined **operating margin percentage**.

This indicator is calculated by dividing recurring operating profit of fully consolidated companies (Group recurring EBIT) by revenue, reflecting the profitability of the business, and is also a key indicator for steering the Group's strategy.

For each of these three objectives, the Board of Directors, on the advice of the Appointments, Remuneration and CSR Committee and in line with the provisional consolidated budget it adopted, approves 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 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 recommendations put forward 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 two 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.

#### **Presence condition**

In order for the performance shares to vest, the Deputy Chief Executive Officer 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.

### **3.3 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**

The Deputy Chief Executive Officer is eligible for a supplementary pension plan effective from 1 July 2005 and in force within Lagardère Capital & Management. 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 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 were fully borne by the Company and this benefit was 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.

At its meeting on 17 December 2021, the Board of Directors decided, on the recommendation of the Appointments, Remuneration and CSR Committee, to set up a new "vested benefits" supplementary pension plan for 2020 and 2021 in accordance with the new legal framework introduced by article L. 137-11-2 of the French Social Security Code. The main features of this pension plan, as set out in the remuneration policy approved by the General Meeting of 30 June 2021, are described below:

This is an individual rather than collective plan and is "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 characteristics of this new supplementary pension plan fully comply with applicable legislation and with the recommendations of the Afeq-Medef Corporate Governance Code.

Under this plan, the supplementary pension benefits will vest to the Deputy Chief Executive Officer 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 is transferable to the surviving spouse.

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

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

The new plan may be continued in 2022.

### **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 the Deputy Chief Executive Officer is an employee, 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) 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.

At its meeting on 14 March 2022, following the recommendation of the Appointments, Remuneration and CSR Committee, the Board of Directors agreed the principle of awarding an extraordinary bonus of this kind to the Deputy Chief Executive Officer in 2022 in recognition of his necessarily extensive future involvement in managing the combination with the Vivendi group within the context of the takeover of the Company in the event the public tender offer is successful. The amount of any such extraordinary bonus shall be determined by the Board of Directors of the Company based on its assessment of the Deputy Chief Executive Officer's performance for each of the specified criteria, with a particular focus on the social component and subject to the 150% ceiling mentioned above. Payment of any exceptional bonus will in any case be subject to the approval of shareholders at the 2023 General Meeting.