

PRINCIPLES FOR DETERMINING THE REMUNERATION OF CORPORATE OFFICERS IN RESPECT OF 2020

Report on remuneration in accordance with Article L. 225-37-2 of the French Commercial Code

1.1 COMPONENTS OF COMPENSATION TO BE AWARDED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN RESPECT OF 2020

The Board of Directors closed off and approved this report at its meeting of Thursday 13 February 2020.

I- General principles

The Board of Directors has determined nine general principles on the basis of which the 2020 remuneration and benefits of the Chairman and Chief Executive Officer of TF1 will be determined.

1. Compliance with AFEP/MEDEF code recommendations.
2. No severance benefit or non-competition indemnity on leaving office.
3. Level of remuneration that takes into account the existence of a capped supplementary pension and the fact that no severance benefit or non-competition indemnity has been granted.
4. Remuneration commensurate with the level and difficulty of the Executive Officer's responsibilities. Remuneration commensurate with the Executive Officer's experience in the position held and his length of service with the Group.
5. Remuneration that takes account of the practices applied in groups or enterprises carrying on comparable activities.
6. An incentivising remuneration structure comprising the following:
 - fixed remuneration;
 - annual variable remuneration;
 - remuneration for serving as a director;
 - limited benefits in kind;
 - supplementary pension.
7. No deferred annual variable remuneration. No multi-year variable remuneration.
8. Discretion left to the Board of Directors to decide to pay exceptional remuneration, but reserved for truly exceptional circumstances.
9. No additional remuneration paid to the Executive Officer by any Group subsidiary apart from remuneration for serving as a director.

II- Criteria used in 2020 by the Board of Directors to determine, allocate and award the fixed, variable and exceptional components of the total remuneration and benefits of all kinds of the Executive Officer

Fixed remuneration

€920,000.

Annual variable remuneration

A maximum of 150% of fixed remuneration, i.e. capped at €1,380,000.

The annual variable remuneration would be determined by applying five criteria (four of them referring to a three-year business plan), opening up the possibility of the Executive Officer receiving five variable components: P1, P2, P3, P4 and P5.

- P1** Actual free cash flow¹ of Bouygues for the financial year / Objective = Free cash flow per the 2020 plan
- P2** Actual free cash flow¹ of the TF1 group for the financial year / Objective = Free cash flow per the 2020 plan
- P3** Actual current operating margin of the TF1 group for the financial year / Objective = current operating margin per the 2020 plan
- P4** Actual consolidated net profit (CNP)² of the TF1 group for the financial year / Objective = CNP per the 2020 plan, capped if 20% or more below CNP for the previous year (2019)
- P5** Three extra-financial criteria:
 - Compliance (commitment to developing compliance programmes and implementing the Sapin 2 law): weighted 10%;
 - Corporate social responsibility (increasing the proportion of women on the Management Committee³ and TF1 retaining its place in at least two extra-financial ratings indices: weighted 10%;
 - Managerial performance: weighted 20%.

The Selection and Compensation Committee also plans to set an objective for reducing CO² emissions from 2021 onwards; between now and then, the Committee will work on defining how to measure the Group's CO² emissions.

Method used to determine annual variable remuneration for 2020

The method for determining the annual variable remuneration of the Executive Officer would be as follows (FR = Fixed Remuneration):

¹ Free cash flow after changes in working capital relating to operating activities and to non-current assets used in operations. This indicator will be adjusted to eliminate exceptional items.

² This indicator will be adjusted to eliminate exceptional items.

³ Committee made up of senior TF1 group managers (around 150 people).

P1, P2, P3 and P4

The effective weight of each criterion used to determine each variable portion awarded (P1, P2, P3 and P4) reflects the actual performance achieved during the year.

Each variable portion (P) is calculated as follows:

1) For P1:

- If actual P1 performance is more than 10% below the Objective → P1 = 0% of FR;
- If actual P1 performance is between [Objective -10%] and the Objective → P1 = 10% to 25% of FR;
- If actual P1 performance equals the Objective → P1 = 25% of FR;
- If actual P1 performance is between the Objective and [Objective +10%] → P1 = 25% to 30% of FR.

Between these limits the effective weight of each component is determined by linear interpolation.

2) For P2:

- If actual P2 performance is more than 6.7% below the Objective → P2 = 0% of FR;
- If actual P2 performance is between [Objective -6.7%] and the Objective → P2 = 10% to 15% of FR;
- If actual P2 performance equals the Objective → P2 = 15% of FR;
- If actual P2 performance is between the Objective and [Objective +13.3%] → P2 = 15% to 25% of FR.

Between these limits the effective weight of each component is determined by linear interpolation.

3) For P3:

- If actual P3 performance is more than 10% below the Objective → P3 = 0% of FR;
- If actual P3 performance is between [Objective -10%] and the Objective → P3 = 0% to 35% of FR;
- If actual P3 performance equals the Objective → P3 = 35% of FR;
- If actual P3 performance is between the Objective and [Objective +20%] → P3 = 35% to 45% of FR.

Between these limits the effective weight of each component is determined by linear interpolation.

4) For P4:

- If actual P4 performance is more than 10% below the Objective → P4 = 0% of FR;
- If actual P4 performance is between [Objective -10%] and the Objective → P4 = 0% to 35% of FR;
- If actual P4 performance equals the Objective → P4 = 35% of FR;
- If actual P4 performance is between the Objective and [Objective +20%] → P4 = 35% to 60% of FR.

Between these limits the effective weight of each component is determined by linear interpolation.

If TF1 group consolidated net profit as specified in the business plan is 20% or more below that of the previous year (2019), P4 is capped at 25%.

P5

The Board of Directors determines the effective weight of P5, subject to a cap of 40% of FR.

Cap

The sum of the five components P1, P2, P3, P4 and P5 calculated according to the above method may never exceed a **cap of 150% of FR**.

If none of the P2, P3 or P4 components is payable, the total amount of components P1 and P5 may not exceed a cap of 70% of the fixed remuneration.

Other remuneration

Any other remuneration paid by a Group subsidiary would be retained by the Executive Officer.

Termination benefit – salaried position

A termination benefit may be paid in respect of salaried positions within the Group, excluding any period of service as a corporate officer, in accordance with the French Labour Code and the national collective agreement applied by the company in question.

Corporate officers are not paid any non-compete indemnity when they leave office.

Benefits in kind

The Executive Officer will be allocated a company car.

Stock options and performance shares

The Executive Officer (Gilles Pélisson) has a contract of employment with Bouygues SA. Consequently, the Bouygues Board of Directors may award him options giving entitlement to subscribe for new Bouygues shares⁴.

Supplementary pension scheme

Contingent-rights collective pension scheme governed by Article L. 137-11 of the French Social Security Code (rights for periods of employment prior to 1 January 2020).

The Executive Officer (Gilles Pélisson), who joined the scheme before 4 July 2019, is eligible for the defined-benefit supplementary pension scheme governed by Article L. 137-11 of the French Social Security Code. That scheme has been brought into compliance with the requirements of law no. 2019-486 of 22 May 2019 (the “Pacte” law) and of Order no. 2019-697 of 3 July 2019. Consequently, the scheme was closed to new members from 4 July 2019 onwards, and the rights of existing members were frozen as of 31 December 2019.

Provided that they end their career within the Bouygues group, executives who joined the scheme prior to 4 July 2019 retain their rights under that scheme, the terms of which are:

1. Conditions for joining the scheme and other eligibility conditions whereby the beneficiary must:
 - be a member of the Bouygues Management Committee on the date of retirement;
 - have at least ten years' service with the Bouygues group at the date of retirement;
 - have definitively ended his professional career at a Group company (this condition is fulfilled when the employee is part of the workforce at the date of retirement);

⁴ For details of how such options are awarded, refer to the Bouygues Universal Registration Document.

- be at least 65 years old at the date of retirement;
 - fulfil the eligibility criteria for pension benefits under the basic social security pension scheme and the AGIRC-ARRCO mandatory supplementary scheme.
2. Reference salary equal to the average gross salary for the three best calendar years received by the Executive Officer within the Bouygues group during his period of membership of the Bouygues Management Committee, adjusted to reflect changes in the value of pension entitlement points under the AGIRC-ARRCO scheme on the date of cessation of office or of the termination of his contract of employment. The reference gross salary applied consists of the annual fixed and variable remuneration used to calculate social security contributions in accordance with Article L. 242-1 of the French Social Security Code.
 3. Frequency of vesting of rights: annual.
 4. Annual cap on vested pension rights = 0.92% of the reference salary.
 5. Overall cap: 8x the annual upper limit for Social Security contributions (cap of €324,192 in 2019);
 6. Funding is contracted out to an insurance company, to which an annual contribution is paid.
 7. Performance conditions

The performance conditions for 2019 were:

2019 financial year: Objective = that the average of the TF1 group's consolidated net profit figures for the 2019 financial year and for the 2018 and 2017 financial years ("Average CNP") is no more than 10% below the average of the consolidated net profit figures specified in the plan for the 2019 financial year and in the plans for the 2018 and 2017 financial years.

Terms for determining the vesting of pension rights based on performance:

- if average CNP is equal to or greater than the Objective → annual pension rights = 0.92% of reference salary;
- if average CNP is more than 10% below the Objective → annual pension rights = 0.

Between those lower and upper limits, the pension rights awarded will vary on a straight-line basis between 0% and 0.92% of the reference salary.

The criteria were met for 2019, so his vested rights amounted to 0.92% of the reference salary.

Due to the closure of the scheme and the freezing of scheme members' rights, no further rights can vest under this scheme on or after 1 January 2020. From that date onwards it is no longer necessary to set performance conditions for the scheme.

Vested-rights collective pension scheme governed by Article L. 137-11-2 of the French Social Security Code (rights for periods of employment subsequent to 1 January 2020).

The Board of Directors has decided to introduce a new pension scheme in compliance with currently applicable legal requirements. The new scheme will enable executive officers who have not reached the cap adopted by the Board to accumulate pension rights for periods of employment subsequent to 1 January 2020 such that they will receive the same level of annuity (0.92% a year) as under the previous scheme, subject to fulfilment of the performance conditions described above. In accordance with the new regulations, pension rights will vest annually and will no longer be subject to the individual still being with the Bouygues group at retirement.

The Executive Officer (Gilles Pélisson) is eligible for this new pension scheme.

1.2 COMPONENTS OF REMUNERATION TO BE AWARDED TO CORPORATE OFFICERS FOR 2020

The Annual General Meeting of 23 April 2003 set the total amount of remuneration of corporate officers for serving as directors at €350,000 annually, leaving it to the Board of Directors to determine how this amount should be allocated.

The principles for allocating that amount are as follows:

- The theoretical annual fee for each director is €18,500.
- Committee members:
 - Audit Committee: €3,000 per member per quarter;
 - Selection and Remuneration Committee: €1,350 per member per quarter;
 - Ethics, CSR and Philanthropy Committee: €1,350 per member per quarter.

Those amounts will be allocated 70% on the basis of attendance at Board and Committee meetings, and 30% on the basis of the director's responsibilities.