

3.5. PRINCIPLES FOR REMUNERATION OF EXECUTIVE OFFICERS IN RESPECT OF 2022

Report on remuneration prepared in accordance with Article L. 22-10-8 of the French Commercial Code.

3.5.1. Components of remuneration to be awarded to the Chairman and Chief Executive Officer

The Board of Directors closed off and approved this report at its meeting of Wednesday 10 February 2022 upon recommendation of the Selection and Remuneration Committee. This remuneration policy is subject to the approval of the General Meeting of Shareholders of 14 April 2022 as part of the seventh resolution

General principles

The Board of Directors has determined nine general principles on the basis of which the 2022 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.
8. Discretion left to the Board of Directors to decide to pay exceptional remuneration in accordance with Article L. 22-10-8 of the French Commercial Code. This derogation is temporary and should be consistent with the Company's social interest. Exceptional circumstances could result in particular from an unexpected change in the competitive environment, a significant change in the Group's scope or a major event affecting markets, the economy and/or the sectors in which the Group operates.
9. No additional remuneration paid to the Executive Officer by any Group subsidiary apart from remuneration for serving as a Director.

Aware that its success and progress depends on the skills and mindset of the men and women who work within it, the Group strives to implement a remuneration policy in all its entities that rewards its employees for achieving or exceeding of individual and collective objectives.

The purpose of determining, reviewing and implementing the remuneration policy is to involve employees in the Company's results.

Criteria used in 2022 by the Board of Directors to determine, allocate and award the fixed, variable and supplementary pension components of the total remuneration and benefits of all kinds of the Executive Officer

Fixed remuneration

€920,000.

Annual variable remuneration

The Board of Directors and the Selection and Remuneration Committee ensure that the variable remuneration of the Chairman & Chief Executive Officer is aligned on the company's performance goals, such that it is consistent with the corporate interest and with the medium/long-term commercial strategy. It may not exceed 170% of fixed remuneration, i.e., it is capped at €1,564,000. The annual variable remuneration would be determined by applying six criteria, five of them referring to the first year of a three-year business plan, opening up the possibility of the Executive Officer receiving six variable components: P1, P2, P3, P4, P5 and P6.

- P1: Actual free cash flow⁽¹⁾ of TF1 for the financial year/Objective;
- P2: Actual net cash position/net debt of the TF1 group for the financial year/Objective;
- P3: Actual current operating margin of the TF1 group for the financial year/Objective;
- P4: Actual consolidated net profit (CNP)⁽²⁾ of TF1 for the financial year/Objective;
- P5: ROCE (return on capital employed) rate of Newen Division/Objective.
- P6: Three non-financial criteria:
 - Compliance (communicating and raising awareness on compliance, implication in compliance programmes): weighted 10%;
 - Social and environmental responsibility (comprising i) a health and safety criterion linked to the decrease of the frequency rate of work-related injuries, ii) an environmental criterion, in line with the Group's CO2 emissions reduction target to be verified by the SBTI (Science-based Targets Initiative), as well as internal training and raising awareness on environmental issues, and iii) a feminization of management criterion): weighted 15%;

(1) Free cash flow before changes in operating working capital relating to operating activities and to non-current assets used in operations. This indicator is adjusted to eliminate exceptional items.

(2) This indicator is adjusted to eliminate exceptional items.

- Managerial performance (policies against harassment, employee engagement, communication and social relations, of which remote working agreements and crisis management): weighted 15%.

Method used to determine annual variable remuneration for 2022

The method for determining the annual variable remuneration of the Executive Officer is based on six separate criteria – P1, P2, P3, P4, P5 and P6 – defined above. The variable remuneration for 2022 is based on the result calculated according to three pre-defined "thresholds" for each of the criteria.

(FR: fixed remuneration)

P1, P2, P3, P4 and P5

The variable portion awarded (P1, P2, P3, P4 and P5) reflects the actual performance achieved during the year. It is expressed as a % of fixed remuneration (% of FR). For each criterion, three thresholds have been determined:

- A "lower" threshold that determines the threshold for triggering the bonus;
- An "intermediate" threshold, corresponding to the expected results in 2022;
- An "upper" threshold for overperformance in excess of the financial goals of the intermediate threshold.

Each variable portion (P1, P2, P3, P4 and P5) is calculated as follows:

1. If the lowest target is met:
 - P1 = 10 to 20% of FR;
 - P2 = 10 to 20% of FR;
 - P3 = 15 to 30% of FR;
 - P4 = 10 to 20% of FR;
 - P5 = 7.5 to 15% of FR.
2. If the intermediate target is met:
 - P1 = 20% of FR;
 - P2 = 20% of FR;
 - P3 = 30% of FR;
 - P4 = 20% of FR;
 - P5 = 15% of FR.
3. If the upper threshold is reached:
 - P1 = 20 to 30% of FR;
 - P2 = 20 to 25% of FR;
 - P3 = 30 to 35% of FR;
 - P4 = 20 to 25% of FR;
 - P5 = 15% of FR.

Between these thresholds, the weight of each bonus varies linearly. If the lower threshold is not reached, P=0.

P6

For this bonus, the Board of Directors assesses the attainment of the indicator, without exceeding the 40% cap of fixed remuneration (FR).

Other remuneration

No additional remuneration paid to the Executive Officer by any Group subsidiary apart from remuneration for serving as a Director.

Benefits in kind

Benefits in kind consist of the use of a company car and the part-time assignment of a personal assistant and a chauffeur/bodyguard for the personal needs of the Executive Officer. A predetermined number of hours of tax advisory services is also allocated as well as employer funding of part of the contributions to a supplementary pension scheme.

Stock options and performance shares and long-term remuneration

Because the Executive Officer (Gilles Pélisson) holds an employment contract with Bouygues SA, he may be awarded long-term remuneration in the form of a deferred and conditional allocation of Bouygues shares, the three main components of which, in terms of performance conditions, are: Bouygues ROCE, Bouygues and TF1 TSR (Total Share Return), and CSR conditions (climate and gender balance).

Supplementary pension

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).

Gilles Pélisson, who joined the scheme before 4 July 2019, was eligible for the defined-benefit collective supplementary pension scheme governed by Article L. 137-11 of the French Social Security Code.

Subject to his still being with the Bouygues group on retirement, the Chairman and Chief Executive Officer of TF1 was entitled to an annuity under this scheme.

In accordance with French Law No. 2019-486 of 22 May 2019 (the Pacte law) and French Order No. 2019-697 of 3 July 2019, this scheme was closed to new members from 4 July 2019 onwards, and the rights of existing members were frozen as of 31 December 2019.

Due to the closure of the scheme and the freezing of scheme members' rights, the Chairman and Chief Executive Officer of TF1 cannot accumulate any further rights under this pension scheme from 1 January 2020 onwards.

In application of Article 5 of Order No. 2019-697 of 3 July 2019, Bouygues plans to transfer the contingent rights under this scheme, governed by Article L. 137-11 of the French Social Security Code to a vested-rights scheme governed by Article L. 137-11-2 of the French Social Security Code, the characteristics of which are identical to those of the vested-rights scheme described below. This means that the pension benefits accumulated under the old scheme will, as a result of the transfer, no longer be contingent on the beneficiary still being with the Bouygues group when he takes retirement.

In any event, no rights may be transferred to the beneficiary above the cap of 30% of his average annual remuneration liable to social security contributions over the last three years under the scheme governed by Article L. 137-11 of the French Social Security Code.

Vested-rights 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)

Given the closure of and the freezing of contingent rights under defined-benefit pension schemes governed by Article L. 137-11 of the Social Security Code, the Board meetings of 13 November 2019 and 19 February 2020 decided (acting on a proposal from the Selection and Remuneration Committee) to introduce a new vested-rights pension scheme in compliance with currently applicable legislation (Article L.137-11-2 of the Social Security Code). The new scheme enables members of the Bouygues Management Committee 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 in place within Bouygues, subject to fulfilment of the performance conditions described below.

In accordance with the new regulations, pension rights will vest annually and will no longer be subject to the individual still being with the Company at retirement.

Gilles Pelisson is eligible for this new pension scheme.

This scheme has the following characteristics:

1. Conditions for joining the scheme and other eligibility conditions whereby the beneficiary must:
 - be a member of the Bouygues General Management Committee,
 - have at least three years' service within a Bouygues Group company;
2. Reference remuneration: gross annual fixed remuneration plus gross annual variable remuneration;
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 social security ceiling (cap of €329,088 in 2022).
6. Overall cap on vested rights under all schemes governed by Article L. 137-11-2 of the French Social Security Code: 30 points;
7. Funding is contracted out to an insurance company to which an annual contribution is paid;

3.5.2. Components of remuneration to be awarded to the Directors for 2022

The Annual General Meeting of 23 April 2003 set the total amount of remuneration of Directors at €350,000 annually; it is for the Board of Directors to determine how this amount should be allocated. The Selection and Remuneration Committee makes proposals on the system for remunerating Directors, and specifically on the arrangements for allocating remuneration between them.

Acting on a recommendation from the Committee, the amount of remuneration allocated to the Directors was adjusted from 1 April 2021. The amount is allocated as follows:

- remuneration allocated to each Director increased: €21,000 a year;
- remuneration allocated to each Audit Committee member: €12,000 a year;

8. Performance conditions:

The performance conditions for 2022 were:

- Financial year 2022: Objective = that the average of the TF1 group's consolidated net profit figures for the 2022 financial year and for the 2021 and 2020 financial years ("Average CNP") is no more than 10% below the average of the consolidated net profit figures specified in the 2022 plan and in the plans for the 2021 and 2020 financial years.
- The target set is 50% based on TF1 targets and 50% on Group targets.

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

- If average CNP is equal to the Objective or is greater than the Objective:
- Annual pension rights = 0.46% of the reference salary;
- If average CNP is more than 10% below the Objective: annual pension rights = 0.

Between this lower limit and this upper limit, the pension rights allocated by target are adjusted on a straight-line basis from 0 to 0.46% of the reference salary.

The amount of pensions paid under the pension schemes covered by Articles L. 137-11 (contingent-rights scheme) and L. 137-11-2 (vested-rights scheme) of the French Social Security Code in force within the Company is limited to eight times the annual social security ceiling (€329,088 in 2022).

Supplementary share-based pension

In addition to, and on the basis of vesting principles identical to those of the supplementary pension governed by Article L. 137-11-2 of the French Social Security Code, a supplementary share-based pension scheme is envisaged, based on a pension entitlement greater than eight times the annual social security ceiling and capped at fourteen times the annual social security ceiling.

This scheme applies to the beneficiary of the vested-rights governed by Article L. 137-11-2 of the French Social Security Code, providing it has reached the cap set by the Board of Directors of Bouygues (eight times the annual social security ceiling) for defined benefit pension plans in force within the Group.

- remuneration allocated to each Selection and Remuneration Committee member: €7,000 a year;
- remuneration allocated to each Ethics, CSR and Patronage Committee member: €7,000 a year;
- remuneration of €3,000 a year allocated to the Chair of each of the three committees.

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.

This remuneration policy is subject to approval by the General Meeting of Shareholders of 14 April 2022 within the framework of the eighth resolution.