

REPORT ON THE PRINCIPLES AND CRITERIA FOR DETERMINING, ALLOCATING AND AWARDING THE REMUNERATION PAYABLE TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2019

The Board of Directors closed off and approved this report at its meeting of Thursday 14 February 2019.

I- General principles

The Board of Directors has determined nine general principles on the basis of which the 2019 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;
 - directors' fees;
 - 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 directors' fees.

II- Criteria used in 2019 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 four criteria (three of them referring to the three-year business plan), opening up the possibility of the Executive Officer receiving four variable components: P1, P2, P3 and P4.

- P1** Actual free cash flow¹ of the Bouygues group for the financial year / Objective = Free cash flow per the 2019 plan
- P2** Actual current operating margin of TF1 for the financial year / Objective = current operating margin per the 2019 plan
- P3** Actual consolidated net profit (CNP)² of TF1 for the financial year / Objective = CNP per the 2019 plan, capped if 20% or more below CNP for the previous financial year (2018)
- P4** Qualitative criteria (including a CSR criterion)

Method used to determine annual variable remuneration for 2019

The method for determining the annual variable remuneration of the Executive Officer would be the following:

(FR = Fixed Remuneration)

P1, P2 and P3

The effective weight of each criterion used to determine each variable portion awarded (P1, P2 and P3) 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 20% below the Objective → P1 = 0
- If actual P1 performance is between [Objective – 20%] and the Objective → P1 = 0-40% of FR
- If actual P1 performance is between Objective and [Objective + 20%] → P1 = 40%-55% of FR

Between these limits the effective weight of P1 is determined by linear interpolation.

¹ Free cash flow after changes in working capital relating to operating activities and to non-current assets used in operations.

² This indicator will be adjusted to eliminate exceptional items.

2) For P2:

- If actual P2 performance is more than 10% below the Objective → P2 = 0
- If actual P2 performance is between [Objective – 10%] and the Objective → P2 = 0-35% of FR
- If actual P2 performance is between Objective and [Objective + 20%] → P2 = 35%-45% of FR

Between these limits the effective weight of P2 is determined by linear interpolation.

3) For P3:

- If actual P3 performance is more than 10% below the Objective → P3 = 0
- If actual P3 performance is between [Objective – 10%] and the Objective → P3 = 0-35% of FR
- If actual P3 performance is between Objective and [Objective + 20%] → P3 = 35%-60% of FR

Between these limits the effective weight of P3 is determined by linear interpolation.

This indicator will be adjusted to eliminate exceptional items.

If the consolidated net profit of TF1 per the plan is 20% or more below consolidated net profit for the previous financial year (2018), P3 is capped at 25%.

P4

The Board of Directors determines the effective weight of P4, subject to a strict cap of 40% of FR.

Cap

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

If neither the P2 nor the P3 component is payable, the total amount of components P1 and P4 may not exceed a cap of 75% of the fixed remuneration.

Directors' fees

Directors' fees paid by a subsidiary of the Group would be retained by the Executive Officer.

Benefits in kind

The Executive Officer would 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 shares³.

³ For details of how such options are awarded, refer to the Bouygues Registration Document.

Supplementary pension scheme

The Executive Officer would be eligible for a defined-benefit collective pension scheme governed by article L. 137-11 of the French Social Security Code. This pension scheme would have the following characteristics:

1. Pension rights that vest each year and are capped at 0.92% of the reference salary.
2. Conditions for joining the scheme and other eligibility conditions whereby the beneficiary must:
 - be a member of the Bouygues SA 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);
 - 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 mandatory supplementary schemes (ARRCO and AGIRC).
3. 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 scheme on the date of cessation of corporate office or of the termination of his contract of employment.

The reference gross salary is that used to calculate social security contributions in accordance with Article L. 242-1 of the French Social Security Code.

4. Frequency of vesting of rights: annual.
5. Cap: 8x the annual upper limit for Social Security contributions⁴ (cap of €317,856 in 2018).
6. Funding is contracted out to an insurance company, to which an annual contribution is paid.
7. Performance criteria

a) Definition of the performance objective ("the Objective")

2019 financial year: Objective = That the average of TF1 consolidated net profit figures for the 2017, 2018 and 2019 financial years ("Average CNP") is no more than 10% below the average of the consolidated net profit figures specified in the plans for those three financial years ("Plan Average").

Each subsequent financial year: Objective = that the average of TF1's consolidated net profit figures for the financial year then ended and the two financial years that preceded it ("Average CNP") is no more than 10% below the average of the consolidated net profit figures specified in the plan for the financial year then ended and the plans for the two financial years that preceded it.

b) Terms for determining the vesting of pension rights based on performance

- If the Average CNP meets the Objective

⁴ The upper limit for Social Security contributions was €39,732 for 2018.

Annual pension rights = 0.92% of the reference salary

- If the Average CNP is more than 20% below the Plan Average
Annual pension rights = 0

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