TF1 LE GROUPE

REPORT ON THE PRINCIPLES AND CRITERIA FOR DETERMINING, ALLOCATING AND AWARDING THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS PAYABLE TO THE CHIEF EXECUTIVE OFFICER IN 2017

The Board of Directors closed off and approved this report at its meeting of Tuesday 15 February 2017.

I –<u>General principles</u>

The Board of Directors laid down the following nine general principles on the basis of which the 2017 compensation and benefits of the Chief Executive Officer of TF1 would be determined.

1. Compliance with AFEP-MEDEF code recommendations.

2. No severance benefit or non-competition indemnity on leaving office.

3. Level of remuneration taking into account the existence of a capped supplementary pension and the fact that no severance benefit or non-competition indemnity has been granted.

4. Taking into account the level and difficulty of the responsibilities of the Chief Executive Officer. Taking into account his experience in office and his length of service with the Group.

5. Taking into account the practices 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 Chief Executive Officer by a subsidiary of the Group apart from directors' fees.

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II - Criteria used in 2017 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 Chief 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 receiving five components: P1, P2, P3,P4 and P5.

P1 Actual consolidated net profit of Bouygues for the financial year / Objective = consolidated net profit in the 2017 plan

P2 Actual current operating margin of TF1 for the financial year / Objective = current operating margin in the 2017 plan

P3 Actual consolidated net profit of TF1 for the financial year / Objective = consolidated net profit in the 2017 plan

P4 Actual consolidated net profit of TF1 for the financial year/ Objective = consolidated net profit of the 2016 financial year

P5 Qualitative criteria

Method for determining the annual variable remuneration for 2017

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

(FR = Fixed Remuneration)

P1, P2, P3 and P4:

The actual weight of each criterion determining the payment of each of the four components P1, P2, P3 and P4 is dependent on the performance achieved during the financial year.

Each P component is calculated as follows:

1) If actual performance is more than 10% below the Objective→the component concerned (P1, P2, P3 or P4) = 0

2) If actual performance is between (Objective – 10%) and the Objective:

   P1 = 0 to 30% of FR
   P2 = 0 to 10% of FR
   P3 = 0 to 25% of FR
   P4 = 0 to 35% of FR

3) If actual performance is higher than the Objective

   P1 = 30% to 60% of FR
   P2 = 10% to 20% of FR
   P3 = 25% to 50% of FR
   P4 = 35% to 70% of FR

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

P5:

The Board of Directors defines the actual weight of P5, subject to a strict cap of 50% 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**.

Where none of the three components P2, P3 and P4 is payable, the total amount of components P1 and P5 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 Chief Executive Officer.

Benefits in kind

A company car would be allocated to the Chief Executive Officer.

Supplementary pension scheme

The Chief Executive Officer would be eligible for a defined benefit collective pension scheme governed by article L. 137-11 of the 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 entry to the scheme and other conditions for entitlement:

- being a member of the Bouygues SA Management Committee on the day of departure or retirement,
- having at least 10 years' service with the Bouygues group at the time of departure or retirement,
- definitively completing his professional career with a Group company (this condition is fulfilled when the employee is a member of staff on the date of his departure or retirement),
- being at least 65 years old on the day of departure or retirement,
- fulfilling the eligibility criteria for the basic Social Security pension scheme and obligatory ARRCO and AGIRC supplementary pension schemes.

3. Reference salary equal to the average gross salary for the three best calendar years received by the executive 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 gross reference salary is understood as being the salary that is taken into account in calculating Social Security contributions pursuant to article L. 242-1 of the Social Security Code.

4. Frequency of vesting of rights: annual.

5. Cap: 8x the annual upper limit for Social Security contributions (€313,824 in 2017).

6. Financing outsourced to an insurance company outside the group to which a contribution is made annually.

7. Performance conditions

a) <u>Definition of the performance objective ("the Objective")</u>

2017 financial year:	Objective = that the average of TF1's consolidated net profit figures for the 2016 and 2017 financial years ("Average CNP") is no more than 10% below the average consolidated net profit specified in the two plans for 2016 and 2017 ("Plan Average").
Each later 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 consolidated net profit specified in the plan for the financial year then ended and the plans for the two financial years that preceded it.

b) <u>Terms for determining the vesting of pension rights based on performance</u>

- If the Average CNP meets the Objective
  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.