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 CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2018

The Board of Directors closed off and approved this report at its meeting of Thursday 15 February 2018.

I – General principles

The Board of Directors has determined nine general principles on the basis of which the 2018 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 responsibility. 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 2018 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 the three-year business plan), opening up the possibility of the Executive Officer receiving five variable components: P1, P2, P3, P4 and P5.

P1 Actual consolidated net profit (CNP) of the Bouygues group for the financial year / Objective = CNP per the 2017 plan

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

P3 Actual consolidated net profit (CNP) of TF1 for the financial year / Objective = CNP per the 2017 plan

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

P5 Qualitative criteria

Method used to determine annual variable remuneration for 2018

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

(FR = Fixed Remuneration)

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) 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 effective weight of each component is determined by linear interpolation.

P5

The Board of Directors determines the effective 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 Executive Officer.

Benefits in kind

The Executive Officer would be allocated a company car.

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 contributions (cap of €313,824 in 2017).

6. Funding is contracted out to an insurance company, to which an annual contribution is paid.

7. Performance criteria

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

2018 financial year: Objective =	That the average of TF1 consolidated net profit figures for the 2016, 2017 and 2018 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) <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.