

Compensation of executive corporate officers

At its meeting on February 23, 2021, on the recommendation of the Appointments and Compensation Committee, the Board of Directors of Fnac Darty considered and approved the following compensation for Mr. Enrique Martinez, Chief Executive Officer.

Variable compensation of Mr. Enrique Martinez for 2020

For 2020, the annual variable compensation of the Chief Executive Officer may be from 0% if no objective is fulfilled, to 100% of annual fixed compensation in the event that objectives are achieved. This variable compensation may reach a maximum of 150% of annual fixed compensation if the objectives are exceeded.

Business and financial criteria are the predominant considerations when structuring annual variable compensation. It is broken down as follows: 70% on business and financial targets, 10% on objectives relating to corporate, social and environmental responsibility and 20% on qualitative goals.

The 2020 business and financial targets set for the variable portion are as follows:

- Group current operating income (COI) for 35% of the maximum;
- Group free cash flow (FCF) for 15% of the maximum;
- Group revenues for 15% of the maximum;
- Evolution of the Group's market share for 5% of the maximum.

The objectives relating to the company's 2020 corporate, social and environmental responsibility set for the variable portion are as follows:

- The Group's non-financial rating for 5% of the maximum;
- Employee engagement for 5% of the maximum.

The level of attainment of the above criteria has been precisely established for each one. Each business, financial, and corporate, social and environmental responsibility objective is subject to:

- A trigger point below which no compensation is payable for the objective concerned, and
- A level of achievement beyond which the compensation is capped at 150% for the objective concerned.

The 2020 qualitative objectives set for the variable portion are as follows:

- Execution of the Confiance+ strategic plan for 10% of the maximum;
- Quality of management, Social climate, Quality of financial communication, Quality of shareholder reporting, Relations with directors for 5% of the maximum;
- Execution of the 2020 Performance Plan for 5% of the maximum.

The Board of Directors measured each of the business, financial, and corporate, social and environmental responsibility criteria, as well as the 2020 Performance Plan criteria based on performance throughout 2020. The qualitative criteria were assessed at the same meeting based on the Appointments and Compensation Committee's evaluation.

The total achievement rate of the 2020 variable portion was 66.09% of the maximum, and the gross amount due for 2020 is €743,530.

Pursuant to Article L.22-10-34 of the French Commercial Code, the payment of this annual variable compensation is subject to the approval of the elements of the compensation and benefits of any kind paid or awarded to Mr. Enrique Martinez for 2020 by the General Meeting on May 27, 2021.

Fixed and variable compensation of Mr. Enrique Martinez for 2021

The Board of Directors, on February 23, 2021, on the recommendation of the Appointments and Compensation Committee, pursuant to its decision of February 20, 2019, decided to maintain the fixed compensation of its Chief Executive Officer at €750,000 for 2021 with a potential variable amount also unchanged at a maximum of 150% of the fixed compensation to compensate outperformance.

In structuring the variable compensation for 2021 and in order to take into account the orientations of the new Everyday strategic plan presented on February 23, 2021, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, has decided to make changes in its structure. Business and financial criteria remain paramount. Variable compensation is broken down as follows: 60% on business and financial targets, 10% on an objective related to customer experience target, 10% on objectives relating to corporate, social and environmental responsibility and 20% on qualitative goals.

The 2021 business and financial targets set for the variable portion are as follows:

- Group current operating income (COI) for 20% of the maximum;
- Group free cash flow (FCF) for 20% of the maximum;
- Group revenues for 20% of the maximum.

The 2021 objective relative to customer experience is as follow:

- The Fnac Darty Net Promoter Score (NPS) for 10% of the maximum.

The objectives relating to the company's 2021 corporate, social and environmental responsibility set for the variable portion are as follows:

- The Group's non-financial rating for 5% of the maximum;
- Employee engagement for 5% of the maximum.

With regard to qualitative objectives, the Board of Directors decided in particular to renew the objectives related to the quality of management, the social climate, the quality of financial communication, the quality of shareholder reporting, the relations with directors. An objective linked to the launch and deployment of the Everyday strategic plan is also added.

All these targets, objectives and goals are predetermined according to a specific methodology.

Moreover, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, a decided to cap the potential variable amount for qualitative objectives at 100% of the potential for the objective achieved on these criteria, without the possibility of compensation for the outperformance. The reallocation of the maximum unused potential will be based on the financial targets.

Pursuant to Article L.22-10-8 of the French Commercial Code, the compensation policy of corporate officers for 2021 will be subject to the approval by the General Meeting on May 27, 2021.

Long-term incentive schemes

Given the very good resilience of the Group in 2020, which once again demonstrated the solidity of its business model, and the good financial performance recorded in the exceptional context of the Covid-19 health crisis with growth in revenues, a contained impact on profitability, and free cash flow growth, the Board of Directors has taken into account the lapsing of its decision of October 21, 2020 which aimed, if applicable, to neutralize the performance measured on the cash flow target for 2020 for the performance share plan awarded in 2019. As a consequence, there are no changes to the 2019 long-term incentive plan. It should also be noted that there are no changes to the other ongoing long-term incentive plans.