

## Adjustment of certain elements of the Management Board's compensation

Saint-Cloud, March 10, 2021

### Adjustment of the 2018 and 2019 performance share plans

As part of a dynamic policy of involving employees in the company's performance, the Group grants performance shares each year to several hundred employees, including the members of the Management Board.

The Chairman and members of the Management Board benefit in particular from the following two performance share plans:

- A performance share plan adopted by the Management Board on March 29, 2018, with the authorization of the Supervisory Board dated December 14, 2017 and March 6, 2018. The number of shares granted to each member of the Management Board under this plan is as follows:

| Beneficiaries     | Total number of shares granted | Number of Class A shares granted | Number of Class B shares granted |
|-------------------|--------------------------------|----------------------------------|----------------------------------|
| Xavier Martiré    | 117,995                        | 88,496                           | 29,499                           |
| Louis Guyot       | 49,164                         | 34,415                           | 14,749                           |
| Matthieu Lecharny | 39,331                         | 24,582                           | 14,749                           |

- A performance share plan adopted by the Management Board on May 2, 2019, with the authorization of the Supervisory Board dated March 6 and May 2, 2019. The number of shares granted to each member of the Management Board under this plan is as follows:

| Beneficiaries     | Number of shares granted |
|-------------------|--------------------------|
| Xavier Martiré    | 116,580                  |
| Louis Guyot       | 45,337                   |
| Matthieu Lecharny | 32,383                   |

Under these plans, the vesting of the performance shares granted, respectively set for April 6, 2021 (for the 2018 plan) and May 2, 2022 (for the 2019 plan), is subject to the fulfillment of performance conditions, assessed over a period of three consecutive financial years.

Given the exceptional impact of the health crisis, the Supervisory Board, at its meeting on March 8, 2021, on the recommendation of the Appointments, Compensation and Governance Committee, decided, in compliance with the compensation policy respectively applicable and approved by the shareholders at the general shareholders' meetings of May 18, 2018 (for the 2018 plan) and May 23, 2019 (for the 2019 plan), to adjust the performance criteria as follows:

- For the Class A shares granted under the 2018 plan and the shares granted under the 2019 plan, adjustment of the performance criteria based on new projections approved by the Board, taking into account the impact of the health crisis (in terms of client business volumes and changes in the main exchange rates) on the Group's theoretical trajectory ; and
- For the Class B shares granted under the 2019 plan, adjustment of the 2nd performance criterion (EBIT margin Germany), considering that the target would have been achieved without the health crisis. The 3rd criterion (operating synergies) had already been validated and communicated; on the other hand, the 1st criterion (EBIT margin UK) is considered not to have been met.

Pursuant to this adjustment, the number of shares definitely vested by each member of the Management Board under the 2018 performance share plan should represent 50% of the number of Class A shares and 66% of the number of Class B shares initially granted, according to the following breakdown:

| <b>Beneficiaries</b> | <b>Total number of shares vested</b> | Number of Class A shares vested | Number of Class B shares vested |
|----------------------|--------------------------------------|---------------------------------|---------------------------------|
| Xavier Martiré       | 63,717                               | 44,248                          | 19,469                          |
| Louis Guyot          | 26,942                               | 17,208                          | 9,734                           |
| Matthieu Lecharny    | 22,025                               | 12,291                          | 9,734                           |

The fulfillment of the performance conditions attached to the 2019 performance share plan will be assessed in 2022, based on the Group's performance during the financial year ending December 31, 2021.

It should be noted that such adjustments have been made for all of the 500 managers concerned.

#### **Proposed revision of the performance criteria used for determining the variable portion of the compensation of the members of the Management Board**

The Supervisory Board, at its meeting on March 8, 2021, noted that the quantitative performance criteria for the 2020 financial year had not been met and therefore resulted in a quantitative portion of the variable portion equal to 0.

In order to take into account the consequences of the Covid-19 health crisis and to recognize the performance of the Executive Committee during this crisis, the Supervisory Board, at its meeting on March 8, 2021, on the recommendation of the Appointments, Compensation and Governance Committee, decided to submit to the vote of the general shareholders' meeting the following revision of the quantitative performance criteria used for determining the variable portion of the compensation of the Chairman and members of the Management Board for the 2020 financial year:

- The quantitative targets (accounting for 70% of variable compensation) based on financial indicators would be set, no longer on the basis of the budget preapproved by the Supervisory Board, but on the basis of new financial projections established on June 30, 2020 by the Board, taking into account the impact of the health crisis (in terms of client business volumes and changes in the main exchange rates) on the Group's theoretical trajectory
- The nature (i.e., revenue, EBIT and operating cash flow) of the quantitative performance criteria would remain unchanged
- On the other hand, the weighting of these criteria would be significantly reduced to take into account the context of the health crisis: no variable portion would be paid for the first half of the year and, for the second half of the year, the rate of achievement of the revenue and EBIT criteria would be capped at 100%. Consequently, the maximum amount allocated would be divided by three compared to 2019

In the end, the Supervisory Board, at its meeting on March 8, 2021, considered that the Group's performance during the crisis proved to be of very high quality, well above the expectations discussed on June 30, and above the benchmark for European service companies:

Revenue totaled €2,806 million, down 13.3%, strongly impacted by negative customer activity (down approx. 16%). Over the whole year, Hore customers' activity (irrespective of price, business development and exchange rate effects) is down 55% due to health restrictions. ICS customers' activity is down 5%, while that of Healthcare customers is slightly negative.

The Board acknowledged the excellent work carried out by the teams on the part that depended on them:

- highly responsive development of new offers adapted to the context, whether in professional clothing for the ICS, blockwear or waterproof over-blouses for Healthcare, hand-hygiene offers, disinfection... permanently or temporarily (temporary hospitals in the UK, waterproof over-blouses in Brazil...)
- quality of service maintained during the crisis, which improved customer retention and led to some commercial successes

The same applies to cost control, where the Board noted:

- a cost reduction effort that increased the EBITDA margin by 20bp, by making all costs variable,
- an effort to reduce investments,
- the considerable effort made on customer collections, which resulted in a positive change in WCR,

That brings the FCF to €217 million, an improvement of €43 million compared to 2019, while EBITDA is down €155 million.

In the end, the quantitative variable portions allocated to the members of the Management Board for 2020 would be as follows, a sharp decrease (-64%) compared to 2019:

| <b>Beneficiaries</b> | <b>2020 Amount</b> | <b>2019 Amount</b> |
|----------------------|--------------------|--------------------|
| Xavier Martiré       | €360,000           | €995,180           |
| Louis Guyot          | €126,000           | €348,313           |
| Matthieu Lecharny    | €94,500            | €261,235           |

The conditions that led to this proposed revision are also detailed in the supplementary report of the Supervisory Board, whose information will be included in the 2020 Universal Registration Document of the company.

The revision of the performance criteria will be submitted to the vote of the shareholders at the next general shareholders' meeting on May 20, 2021, in accordance with the provisions of Article L. 22-10-26 of the French Commercial Code (« ex ante vote »). The payment of the annual variable compensation to the members of the Management Board will also be subject to the prior approval of the shareholders at the same shareholders' meeting, in accordance with the provisions of Article L. 22-10-34 of the French Commercial Code (« ex post vote »).

It should also be noted that, in the context of the Covid-19 health crisis, the members of the Management Board have twice reduced their fixed compensation:

- In April, May and June, Xavier Martiré reduced his compensation by 25%; Louis Guyot and Matthieu Lecharny by 10%, and
- The 3 members of the Management Board have again waived 10% of their fixed compensation paid in respect of November 2020.

The other elements of the corporate officers' compensation policy for 2020, as described in the corporate governance report in Chapter 2 of the 2019 Universal Registration Document and the supplement to that report describing the first reduction in part of their compensation granted by the members of the Management Board, remain applicable and unchanged.

### **Contact**

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