

MERCIALYS

Appointments, Compensation and Governance Committee Charter

During its meeting on August 22, 2005, the Board of Directors set up an Appointments and Compensation Committee, which changed its name on January 20, 2021 to the Appointments, Compensation and Governance Committee and extended the scope of its missions.

The Charter has been amended to notably ensure compliance with French legislation, European regulations and the new recommendations from the AFEP-MEDEF code.

The Board of Directors has defined the Appointments, Compensation and Governance Committee's remit, notably to assist with reviewing candidates for Executive Management positions and selecting future Directors, determining and checking the executive compensation policy, and ensuring the effective application of corporate governance principles within the Company.

In accordance with the Board of Directors' rules of procedure, the Appointments, Compensation and Governance Committee has consolidated and clarified its organizational and operational guidelines.

The Appointments, Compensation and Governance Committee has therefore drawn up this Charter, which presents the organizational and operational guidelines and the responsibilities and missions set by the Board of Directors, and it has also incorporated the good corporate governance principles that the Company has decided to implement.

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I. Appointments, Compensation and Governance Committee organization and operations:

1.1. Composition:

The Appointments, Compensation and Governance Committee has a minimum of three members, appointed by the Board of Directors, including the Chairman of the Board of Directors.

In accordance with the AFEP-MEDEF code, it is made up of a majority of Independent Directors as defined by said Code and cannot include any executive corporate officers. Its Chairman is chosen from among the independent members.

The members are appointed in a personal capacity and cannot be represented by others.

The Appointments, Compensation and Governance Committee members serve for a fixed term of office set by the Board of Directors, although they may resign or the Board may ask them to stand down before the end of this period.

1.2. Meetings:

The Committee meets at least twice a year, as convened by its Chairman, who may organize any additional meetings when required.

The Committee may also meet at any other time when requested by at least half of its members or if requested by the Chairman of the Board of Directors or Executive Management. Meetings are held at any location indicated in the notice to attend distributed by any means by the Chairman or, in his/her name, by any person appointed by the Chairman. The Chairman or his/her delegated representative prepares an agenda for each meeting that is provided to each Committee member in advance.

Meetings are chaired by the Committee Chairman. If the Committee Chairman is absent, the Committee appoints, for each session, one of its members who is present to chair the meeting.

The Appointments, Compensation and Governance Committee members attend all the meetings, with the option if they are unable to attend in person to take part via a conference call or videoconference or using any other telecommunications resources making it possible to identify the members concerned and guarantee their effective participation in meetings.

The Committee is considered to have met under valid conditions if at least half of the members participate in it.

The Committee's opinions are based on a simple majority of the Committee members who are present, while the Committee Chairman or, if applicable, the chairman of the meeting has a casting vote in the event of a tied vote.

The minutes of each meeting will be drawn up under the authority of the Committee Chairman, or the chairman of the meeting if applicable, and sent to the Committee members. They are also made available to all Board members once they have been approved by the Committee.

The Committee Chairman or, if applicable, the chairman of the meeting presents a report to the Board of Directors on the Committee's work, research and recommendations, and the Board of Directors has full responsibility and discretion to decide on the next steps that it intends to take based on them.

1.3. Resources:

1.3.1. Liaising with Executive Management, the Appointments, Compensation and Governance Committee is able to count on the cooperation and participation of the Group's Human Resources Department and Finance Department, particularly with regard to information for the Committee concerning the executive compensation policy.

1.3.2. The Appointments, Compensation and Governance Committee has the material and financial resources required to perform its mission, with the corresponding costs covered by the Company.

1.3.3. Each Appointments, Compensation and Governance Committee member is entitled to reimbursements for expenses incurred in connection with their mission. The Board of Directors may also decide to award specific or exceptional remuneration to the Committee members.

1.4. Committee's powers:

1.4.1. The Committee is authorized to obtain any information that it considers necessary regarding the Company and its subsidiaries from the executives and their employees. It also has the right to contact and organize any meetings required with executives from the Company and its subsidiaries after notifying Executive Management beforehand.

The Committee is authorized to carry out or ask Executive Management to carry out any investigations or research on any subjects within its area of responsibility.

1.4.2. The Committee is authorized to request any advice or opinions from any external experts or consultants if it considers this necessary.

The Committee may invite the consultants or experts of its choice to attend its meetings. It may also decide to invite any other people of its choice to its meetings as required. Only the Committee's members can take part in its deliberations.

1.4.3. Under the Committee's remit, it cannot be delegated any powers awarded to the Board of Directors by the law or the articles of association and cannot reduce or limit Executive Management's powers in any way.

Within this framework, the Committee issues opinions and recommendations when it considers this relevant, but it does not have any power to take decisions in its own name or on behalf of the Board of Directors.

II. Appointments, Compensation and Governance Committee's missions and remit:

2.1. Missions relating to appointments and governance:

- 2.1.1. The Committee reviews the composition of the Board of Directors and, in this capacity, proposals to appoint Directors in relation to their business experience and skills and their economic, social and cultural backgrounds.

Within this framework, the Committee is responsible for assessing each Director's situation in light of their positions and activities, as well as any relationships they might have with the Company, its subsidiaries or third parties (particularly its relationships with rival companies), that might compromise their independent judgement or lead to potential conflicts of interest with the Company, either directly or indirectly.

- 2.1.2. With a view to submitting them to the Board of Directors, the Committee is responsible for preparing and updating the Board of Directors' rules of procedure and the charters for the specialized committees set up within the Board, the charter for related-party agreements, and any other charters in force. In this respect, the Committee regularly reviews the Board of Directors' rules of procedure and these charters.

The Committee reviews the changes in corporate governance rules (particularly in connection with the AFEP-MEDEF code) and identifies emerging practices or significant developments concerning corporate governance regulations and/or practices in France.

More specifically, it ensures compliance with the AFEP-MEDEF code and analyzes the Company's situation in relation to the reports concerning corporate governance issued by the AMF and the High Committee on Corporate Governance.

It conducts reviews and issues recommendations to the Board of Directors concerning corporate governance best practices and, if applicable, the actions to be taken.

It prepares the Board of Directors' review of matters relating to corporate governance.

The Committee may propose to refer matters relating to any provisions from or interpretation of the AFEP-MEDEF code to the High Committee on Corporate Governance. It informs the Chairman of the Board of Directors of its actions.

Each year, the Committee reviews the draft corporate governance report and submits its observations prior to the report's approval by the Board of Directors.

- 2.1.3. The Committee periodically assesses the structure, size and composition of the Board of Directors, and submits recommendations to it concerning potential changes.

The Committee regularly reviews the composition of the Board and its Committees, as well as the balanced representation of men and women, nationalities and diverse areas of expertise. It reviews the Board of Directors' requirements concerning the skills of its members, including various issues relating to corporate social responsibility.

- 2.1.4. The Committee reviews the independence of the Directors, notably based on the criteria proposed by the AFEP-MEDEF code.
- 2.1.5. The Committee proposes the reappointment or appointment of Directors. To ensure this, it organizes a procedure for selecting future Directors. Based on the requirements defined by the Board of Directors, it carries out its own research on potential candidates before any actions are taken with them and may appoint an external recruitment firm.

It is also responsible for reviewing proposed candidates for the position of Chief Executive Officer and, where applicable, Deputy Chief Executive Officer.

- 2.1.6. The Committee must prepare a succession plan, in order to be able to present it at any time to the Board of Directors, in the event of unexpected vacancies in the Company's executive positions.
- 2.1.7. The Committee reviews matters relating to diversity, workplace equality and gender parity within the Company.

2.2. Missions relating to compensation:

- 2.2.1. The Committee prepares to set the compensation for the Chairman of the Board, the Chief Executive Officer and any Deputy Chief Executive Officer(s).

It proposes qualitative and quantifiable criteria for determining the variable component of this compensation, incorporating several criteria relating to corporate social responsibility, including at least one criterion linked to the Company's climate objectives, while ensuring that these criteria are consistent with the annual assessment of the performances of the Chief Executive Officer and any Deputy Chief Executive Officer(s), as well as with the Company's strategy. It must then check the annual application of these rules.

The Committee assesses all the other benefits and compensation awarded to the Chief Executive Officer and any Deputy Chief Executive Officer(s), including insurance and retirement benefits.

- 2.2.2. The Committee prepares to set the compensation for the Chairman of the Board of Directors, if the Chairman and Chief Executive Officer roles are separated.
- 2.2.3. The Committee reviews proposed stock option and bonus share plans for the Group's employees and executives so that the Board of Directors can set the overall and/or individual amount of options awarded or bonus shares to be allocated, as well as the terms and conditions for awarding them.
- 2.2.5. The Committee reviews and makes any proposals required concerning the setting of the overall compensation budget for Board members and the distribution of compensation or other remuneration and benefits awarded to the Directors, the members of the Committees and, if applicable, any observers, particularly with regard to taking into account Directors' attendance record for Board of Directors meetings.

2.3. Assessment of the Board of Directors:

The Committee is responsible for regularly organizing and conducting assessments of the Board of Directors, focusing in particular on its expertise, operations and organization.

In this capacity, the Committee may be assisted by an external consultancy.

2.4. Code of Conduct:

The Committee must review compliance with and the effective application of the code of conduct and specifically the guidelines covered by Section V of the Board of Directors' rules of procedure.

2.5. Appointments, Compensation and Governance Committee's other missions:

- 2.5.1. The Committee may carry out any other mission relating to its role under this Charter as requested by the Board of Directors.
- 2.5.2. The Committee regularly checks that the missions assigned to it under this Charter are carried out under satisfactory conditions. It regularly assesses this Charter's suitability in relation to the requirements and guidelines defined by the Board of Directors.

III. Responsibility of Committee members:

In connection with their missions, the Committee members do not assume any other legal responsibilities in addition to their responsibilities as members of the Board of Directors.

IV. Confidentiality:

The Committee members and any people associated with them are bound by a strict duty of confidentiality as defined by the Board of Directors' rules of procedure in section 19.

V. **Approval of the Appointments, Compensation and Governance Committee Charter:**

This Charter was approved by the Board of Directors during its meeting on December 1, 2005 and its latest update was approved on February 14, 2024.

The Board of Directors reserves the right to modify, supplement or amend the Charter, if necessary, as requested by the Committee or on its own initiative.
