

4.2 Compensation and benefits of directors and corporate officers

4.2.1 Directors' compensation and benefits

4.2.1.1 Principles of the compensation policy for directors

Several years ago, Mercialys introduced a compensation policy for directors which is intended to be balanced, virtuous and favorable to the Company's corporate interest. Accordingly, the Directors receive compensation in return for sharing their expertise and for their involvement in good governance of the Company, both of which are sources of sustainable development. Mercialys complies scrupulously with the recommendations of the AFEP-MEDEF Code in this domain. In particular it takes all necessary steps to avoid situations leading to potential conflicts of interest, including those that may concern determination of the compensation (the independence of the directors is assessed annually by the Appointments, Compensation and Governance Committee). These reviews are detailed in § 4.1.1, 4.1.7 and 4.1.8, p. 228 et seq. and p. 263 et seq.

The principles Mercialys applies to its compensation policy for directors are:

- **membership of one or more governance bodies:** in addition to their membership of the Board of Directors, the

Directors' participation in specialized committees gives rise to allocation of an additional compensation. The Chairpersons of the Committees and of the Board also receive specific compensation in this capacity;

- **the workload and the level of responsibility involved in belonging to specialized Committees:** the effort and time directors devote to the Company are taken into account;
- **the attendance:** compensation for directors includes a variable component that is larger than the fixed component, based on their effective individual rate of attendance at Board of Directors' Meetings and specialized Committees. It should be noted that the variable component of compensation for directors and/or Committee members who have been absent is not reallocated, except in exceptional circumstances;
- **the possibility of exceptional compensation:** in the case of specific events or situations that result in Extraordinary Meetings of the specialized Committees or Board of Directors, additional compensation can be allocated to all or some of the directors.

Mercialys determines and allocates the annual package for director compensation in accordance with the traditional procedure illustrated below:

METHODS FOR DETERMINING THE COMPENSATION POLICY FOR DIRECTORS

APPOINTMENTS, COMPENSATION AND GOVERNANCE COMMITTEE

Formulation of recommendations to the Board of directors:

On the arrangements for distribution of the overall compensation package for the directors for the previous year

On the amount of the overall compensation package for the directors for the upcoming year

BOARD OF DIRECTORS

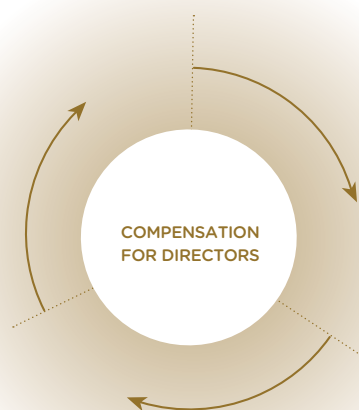
Determination of the methods for allocating the overall compensation package for the directors for the previous year

Proposal to the Annual General Meeting of shareholders of an overall compensation package for the directors for the upcoming year

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Ex post vote on the compensation allocated to the directors for the previous year

Ex ante vote on the overall package for compensation of directors for the upcoming year



4.2.1.2 Directors' compensation for fiscal year 2021

The General Meeting of April 20, 2016 set the overall amount of the package for compensation allocated to members of the Board of Directors and of the specialized Committees at Euro 325,000, in accordance with the principles of the policy set out above. This amount has remained unchanged since then, and was notably readopted by the General Meeting of April 22, 2021.

On the basis of the recommendations of the Appointments, Compensation and Governance Committee, the Board of Directors, at its meeting of December 8, 2021, approved the terms and conditions for the allocation of directors' compensation for fiscal year 2021, which are as follows:

- the annual unitary amount for compensation of members of the Board of Directors is set at Euro 15,000. This compensation consists of a fixed component and a variable component awarded according to attendance:

Board of Directors	
Fixed annual unitary amount	Euro 5,000
Variable annual unitary amount (for 100% attendance)	Euro 10,000

- additional compensation is paid to members of the specialized Committees. It consists of a fixed component and a variable component. The amounts set for each Committee are as follows:

	Strategy and Transformation Committee	Audit, Risks and Sustainable Development Committee	Appointments and Compensation Committee/ Appointments, Compensation and Governance Committee
Fixed annual unitary amount	€4,000	€4,000	€4,000
Variable annual unitary amount (for 100% attendance)	€11,000	€6,000	€6,000
Additional amount paid to the Committee Chairperson	€5,000	€5,000	€5,000

Note that:

- the individual or additional compensation indicated above is paid *pro rata temporis* depending on the date on which directorships began or ended;
- this compensation is paid in the month following the closing of each fiscal year;
- the individual or additional compensation for members representing or employed by the reference shareholder, the Casino group, or its group of controlled companies, is limited to 50% of the amounts indicated above;
- Generali Vie receives its compensation directly as a director on the Mercialis Board of Directors. Bruno Servant, permanent representative of Generali Vie until April 22, 2021, and Sébastien Pezet, permanent representative of Generali Vie since April 22, 2021, waived their compensation as members of the Strategy and Transformation Committee;

- the corporate officers of Mercialis benefit from an insurance policy taken out by the Company and covering the civil, personal or joint liability of all its senior executives and corporate officers, including those of its subsidiaries, whether directly or indirectly owned. The tax authorities have ruled that this insurance policy covers the risks inherent in corporate officers' activity and that the insurance premium paid by the Company does not, therefore, constitute a taxable benefit.

On this basis, the total gross amount of compensation paid in January 2022 in respect of fiscal year 2021 to members of the Board of Directors and of the specialized Committees totaled Euro 286,275, *versus* Euro 270,070 in respect of fiscal year 2020.

The tables below detail the compensation paid by Mercialis in 2020, 2021 and 2022 to each of the directors. It is stipulated that no compensation was paid by the companies it controls, and that the Company is not controlled in the sense of Article L. 233-16 of the French Commercial Code.

Note that the information concerning Éric Le Gentil, Chairman of the Board of Directors, is also presented in full detail in § 4.2.2.2, B, p. 276 et seq.

4 CORPORATE GOVERNANCE

Compensation and benefits of directors and corporate officers

COMPENSATION PAID TO DIRECTORS IN 2020 AND 2021 (IN RESPECT OF FISCAL YEARS 2019 AND 2020)

(in euros)	Amounts paid in 2020	Amounts paid in 2021
Stéphanie Bensimon	28,175	30,000
Victoire Boissier	23,750	31,362
Élisabeth Cunin	28,750	30,000
Dominique Dudan	45,000	45,000
Jacques Dumas	12,500	12,500
David Lubek	9,250	15,000
Ingrid Nappi	23,750	8,519 ⁽¹⁾
Pascale Roque	24,325	22,689
Michel Savart	20,000	20,000
Bruno Servant	0 ⁽²⁾	0 ⁽²⁾
Generali Vie	15,000 ⁽²⁾	15,000 ⁽²⁾
Sub-total excluding Éric Le Gentil, Chairman of the Board of Directors	230,500	230,070
Éric Le Gentil	41,211 ⁽³⁾	40,000
TOTAL	271,711	270,070

(1) Ingrid Nappi's term of office was not renewed at the General Meeting of April 23, 2020, the date on which her term of office ended.

(2) Generali Vie receives its compensation directly as a director on the Mercialis Board of Directors. Bruno Servant, permanent representative of Generali Vie until April 22, 2021, waived his compensation as a member of the Investment Committee and then of the Strategy and Transformation Committee.

(3) Éric Le Gentil received the additional compensation of Euro 20,000 in his capacity as Chairman and Chief Executive Officer until February 12, 2019, calculated on a pro rata basis.

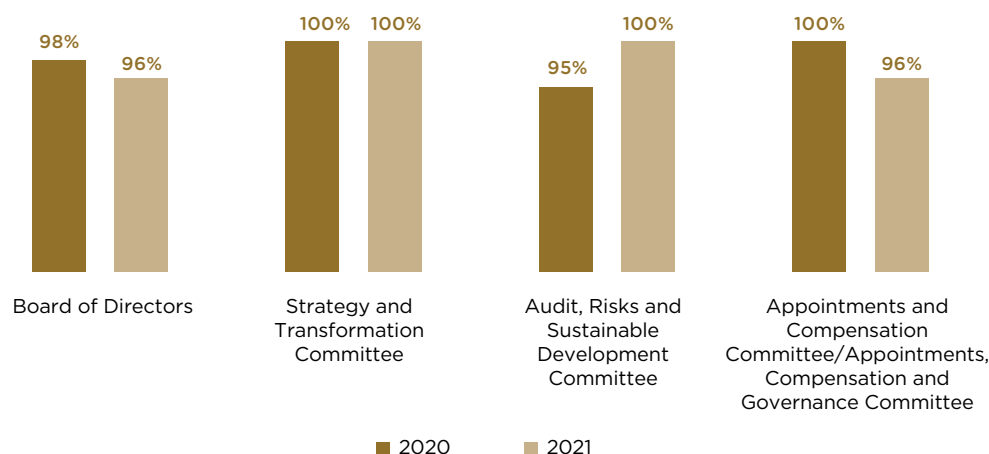
COMPENSATION PAID TO DIRECTORS IN 2022 (IN RESPECT OF FISCAL YEAR 2021)

(in euros)	Specialized committees								Total
	Board of Directors		Strategy and Transformation Committee		Audit, Risks and Sustainable Development Committee		Appointments and Compensation Committee/ Appointments, Compensation and Governance Committee		
	Fixed component	Variable component	Fixed component	Variable component	Fixed component	Variable component	Fixed component	Variable component	
Stéphanie Bensimon	5,000	10,000	4,000	11,000	9,000	6,000	-	-	45,000
Victoire Boissier	5,000	10,000	-	-	4,000	6,000	4,000	6,000	36,500
Élisabeth Cunin	5,000	8,750	9,000	11,000	-	-	4,260	6,000	45,510
Dominique Dudan	5,000	8,750	4,000	11,000	-	-	8,740	6,000	44,990
Jacques Dumas	2,500	5,000	-	-	-	-	2,000	2,400	12,500
David Lubek	2,500	4,375	-	-	-	-	-	-	6,875
Pascale Roque	5,000	10,000	-	-	4,000	6,000	-	-	25,000
Michel Savart	2,500	5,000	2,000	5,500	2,000	3,000	-	-	20,000
Generali Vie/ Bruno Servant/ Sébastien Pezet	5,000 ⁽¹⁾	10,000 ⁽¹⁾	0 ⁽²⁾	0 ⁽²⁾	-	-	-	-	15,000
Sub-total excluding Éric Le Gentil, Chairman of the Board of Directors	37,500	71,875	19,000	38,500	19,000	21,000	19,000	20,400	246,275
Éric Le Gentil	5,000	10,000	4,000	11,000	-	-	4,000	6,000	40,000
TOTAL	42,500	81,875	23,000	49,500	19,000	21,000	23,000	26,400	286,275

(1) Generali Vie receives its compensation directly as a director on the Mercialis Board of Directors.

(2) Bruno Servant, permanent representative of Generali Vie until April 22, 2021, and Sébastien Pezet, permanent representative of Generali Vie since April 22, 2021, waived their compensation as members of the Strategy and Transformation Committee.

ATTENDANCE RATE AT MEETINGS OF THE BOARD OF DIRECTORS AND SPECIALIZED COMMITTEES



4.2.1.3 Compensation policy for directors in respect of 2022

The Board of Directors intends to propose at the General Meeting to be held on April 28, 2022 the increase in the total amount of annual compensation for directors, which would increase from Euro 325,000 to Euro 370,000. This amount of Euro 325,000 has not changed since 2016.

The conditions for the distribution of directors' compensation would be as follows:

- the annual unitary amount for compensation of members of the Board of Directors would be maintained at Euro 15,000. This compensation consists of a fixed component and a variable component awarded according to attendance:

Board of Directors	
Fixed annual unitary amount	€5,000
Variable annual unitary amount (for 100% attendance)	€10,000

- additional compensation is paid to members of the specialized Committees. It consists of a fixed component, which would not be modified, and a variable component. The Board of Directors decided to harmonize the variable annual unitary amount attributable to the members of the specialized Committees to take into account the changes to the duties of the Committees in 2021 and in particular the increase in the duties of the Audit, Risks and Sustainable Development Committee and the

Appointments, Compensation and Governance Committee. This variable component would be reduced for members of the Strategy and Transformation Committee and increased for members of the Audit, Risks and Sustainable Development Committee and the Appointments, Compensation and Governance Committee. Thus, for participation on the specialized Committees, the amounts set by the committee would be as follows:

	Strategy and Transformation Committee	Audit, Risks and Sustainable Development Committee	Appointments, Compensation and Governance Committee
Fixed annual unitary amount	€4,000	€4,000	€4,000
Variable annual unitary amount (for 100% attendance)	€8,500	€8,500	€8,500
Additional amount paid to the committee Chairperson	€5,000	€5,000	€5,000

This harmonization of the variable component attributable to members of the committees does not require any change in the total annual compensation package for directors approved in 2016.

The individual or additional compensation of members representing or from the Casino group, or its group of controlled companies, would no longer be limited to 50% of the amounts indicated above. As the Casino group's equity interest stood at only 16.77% on December 31, 2021 (and 10.27% on February 28, 2022), special conditions for the compensation of

these directors no longer seem relevant. The removal of this limitation means the overall annual compensation package for directors needs to be increased.

In addition, unchanged from previous years:

- the individual or additional compensation indicated above will be paid *pro rata temporis* depending on the date on which directorships began or ended;
- this compensation is paid in the month following the closing of each fiscal year;

- Generali Vie receives its compensation directly as a director on the Mercialis Board of Directors. Sébastien Pezet, permanent representative of Generali Vie since April 22, 2021, has also waived his compensation as a member of the Strategy and Transformation Committee;
- the corporate officers of Mercialis benefit from an insurance policy taken out by the Company and covering the civil, personal or joint liability of all its senior executives and corporate officers, including those of its subsidiaries, whether directly or indirectly owned. The tax authorities have ruled that this insurance policy covers the risks inherent in corporate officers' activity and that the insurance premium paid by the Company does not, therefore, constitute a taxable benefit.

4.2.2 Executives' compensation and benefits

4.2.2.1 Principles of the compensation policy for executives

Several years ago, Mercialis introduced a compensation policy for executives which is intended to be balanced, virtuous and aligned with the Company's strategy and such as to contribute to its long-term performance. The Board of Directors is aware of the responsibility associated with setting the compensation and objectives of the executives, and has therefore decided to adopt best practice in the industry, ensuring that the compensation policy will motivate executives, secure their loyalty and reward their performance.

Accordingly, Mercialis complies with the recommendations defined by the AFEP-MEDEF Code when determining the compensation policy for its executives, *i.e.* exhaustiveness, balance between the components of compensation, benchmarking, coherence, intelligibility of the rules and measure.

Its approach is based on three structuring principles:

1. objective recognition of performance;
2. valuation of extra-financial aspects;
3. convergence of internal and external interests.

Objective recognition of performance	Valuing sustainability dimensions	Convergence of internal and external interests
<ul style="list-style-type: none"> • Compensation linked to the Company's performance, <i>via</i> predominance of the variable component in the executives' compensation package. • Predominance of quantifiable criteria within the annual and long-term variable compensation of executives. 	<ul style="list-style-type: none"> • Presence of quantifiable CSR criteria in the annual variable compensation of executives since 2018. • Presence of a quantifiable CSR criterion in the long-term variable compensation of executives since 2020. 	<ul style="list-style-type: none"> • Alignment of the interests of executives and shareholders: long-term variable compensation paid in the form of shares subject to the criteria of performance, service and ownership. • Internal fairness: differences in compensation over time between executives and employees to remain moderate and stable.

The Board of Directors reviews the compensation policy annually in the light of these criteria, after assessment by the Appointments, Compensation and Governance Committee, and the policy is then submitted for a vote by the Annual General Meeting of shareholders in accordance with the applicable legislation (*ex ante* vote).

Pursuant to Article L. 22-10-8, III (formerly Article L. 225-37-2) of the French Commercial Code, the Board of Directors, on the proposal of the Appointments, Compensation and Governance Committee, may decide to adjust the provisions relating to the quantifiable variable components of executive corporate officers' compensation in the event of exceptional circumstances and on a temporary basis, provided that the changes made are in the corporate interest and are necessary to ensure the Company's sustainability or viability. Events that could give rise to the use of this option are, in particular, any event beyond Mercialis' control that cannot be reasonably predicted or quantified when the compensation policy is approved, such as, in particular, the impacts of the Covid-19 pandemic.

In the absence of these specific exemptions, the compensation policy voted for, *ex ante*, by the Annual General Meeting may, on an exceptional basis, be reviewed during the year. If an unforeseen event were to occur, the Appointments, Compensation and Governance Committee could propose justified amendments to the Board of Directors. The Board will then assess the quality of their motivation and will submit this amended policy to the shareholders for approval.

It should not be forgotten that Mercialis, in which 60% of the members of the Board of Directors and Appointments, Compensation and Governance Committee are independent, has put in place the necessary procedures to avoid conflicts of interest within its governance bodies (see § 4.1.1, 4.1.6 and 4.1.7, p. 228 et seq., p. 262 et seq.) and, in particular, situations that may arise in the definition of its executives' compensation.

PRINCIPLES AND METHODS FOR DETERMINING THE COMPENSATION POLICY FOR EXECUTIVES

APPOINTMENTS, COMPENSATION AND GOVERNANCE COMMITTEE

Draws up the compensation policy for executives and proposes it to the Board of Directors. Its proposals concern:

On the one hand, determination of the compensation for the elapsed year, in light of the policy that was subject to an *ex ante* vote by shareholders;

On the other hand, the compensation policy for the upcoming year, based in particular on:

- the Company's strategic priorities;
- the performance of executives in relation to the criteria adopted in the previous year;
- changes in sectoral practices;
- discussions with shareholders and proxies.

COMPREHENSIVENESS
BALANCE
BENCHMARK
COHERENCE
INTELLIGIBILITY
MEASURE

BOARD OF DIRECTORS

Examines the proposals from the Appointments, Compensation and Governance Committee and submits the compensation and policies to a vote by the shareholders, in particular:

Decides upon the compensation for the elapsed year in accordance with the policy that was subject to an *ex ante* vote by the Annual General Meeting

Sets the methods of the compensation policy for the upcoming year, in particular the criteria and objectives for the short and long-term variable compensation

ANNUAL GENERAL MEETING OF SHAREHOLDERS

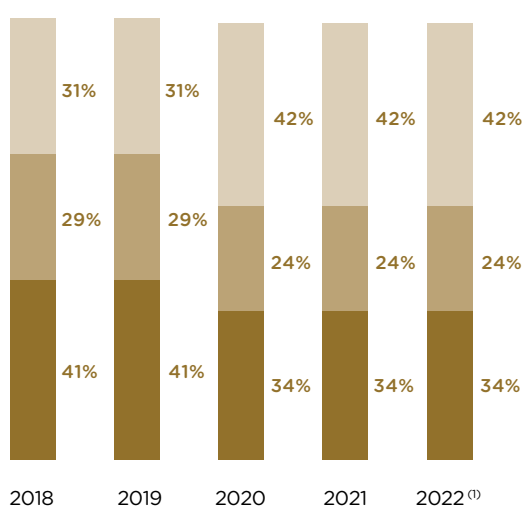
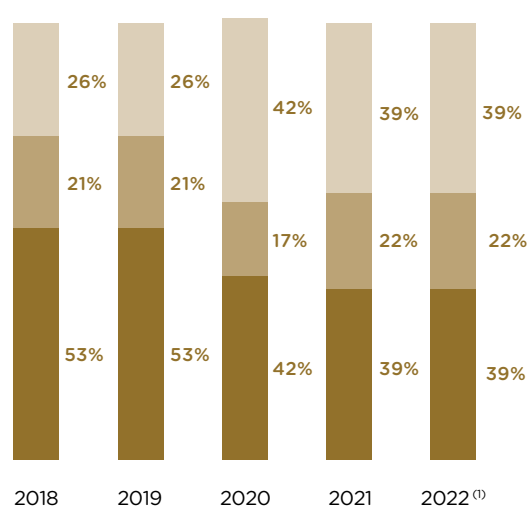
Approves or rejects the compensation and policies proposed by the Board of Directors:

Vote *ex post* on the compensation allocated to the executives for the elapsed year

Vote *ex ante* on the policy for compensation of executives for the upcoming year

CHANGES IN THE STRUCTURE OF THE TOTAL TARGET COMPENSATION FOR EXECUTIVES

(on the basis of the compensation policy in respect of the indicated year)

(CHAIRMAN)-CHIEF EXECUTIVE OFFICER**DEPUTY CHIEF EXECUTIVE OFFICER**

■ Fixed compensation ■ Annual variable compensation ■ Long-term variable compensation

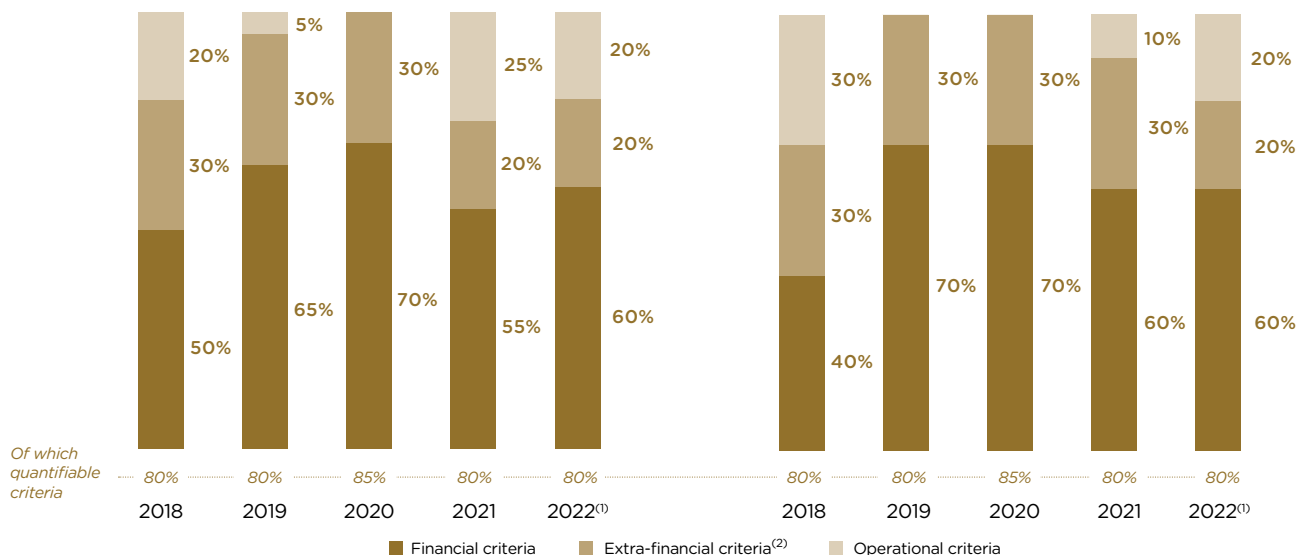
(1) Subject to approval of the 2022 compensation policy by the Ordinary General Meeting of April 28, 2022

CHANGES IN CRITERIA FOR THE ANNUAL VARIABLE COMPENSATION OF EXECUTIVE OFFICERS

(on the basis of the compensation policy in respect of the indicated year)

(CHAIRMAN)-CHIEF EXECUTIVE OFFICER

DEPUTY CHIEF EXECUTIVE OFFICER



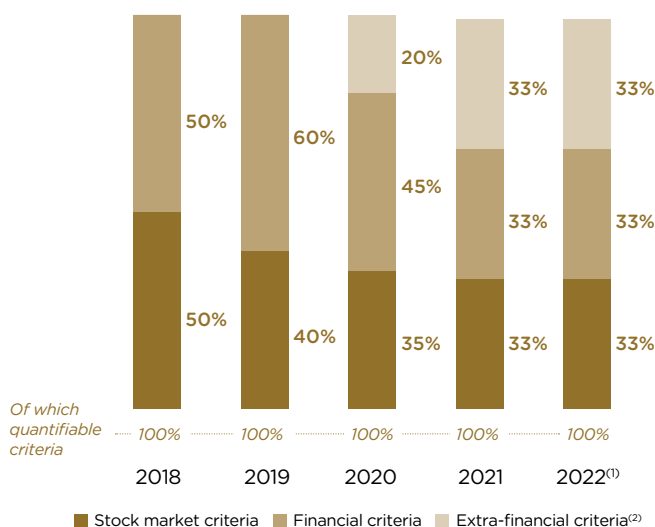
(1) Subject to approval of the 2022 compensation policy by the Ordinary General Meeting of April 28, 2022.

(2) Including, within extra-financial criteria: 10% CSR criteria in 2018 and 2019, 30% and 15% respectively for the Chief Executive Officer and the Deputy Chief Executive Officer in 2020, 20% and 30% respectively for the Chief Executive Officer and Deputy Chief Executive Officer in 2021, and 20% and 20% respectively for the Chief Executive Officer and Deputy Chief Executive Officer in 2022.

CHANGE IN CRITERIA FOR THE LONG-TERM VARIABLE COMPENSATION OF EXECUTIVE OFFICERS

(on the basis of the compensation policy in respect of the indicated year)

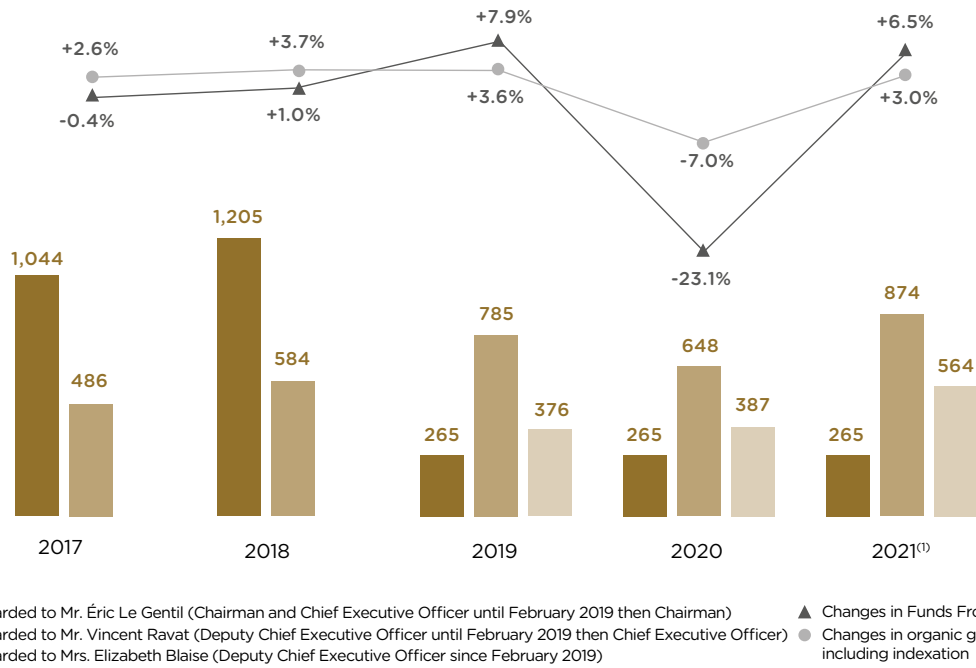
(CHAIRMAN)-CHIEF EXECUTIVE OFFICER AND DEPUTY CHIEF EXECUTIVE OFFICER



(1) Subject to approval of the 2022 compensation policy by the Ordinary General Meeting of April 28, 2022.

(2) The extra-financial criteria included in the long-term variable compensation relate entirely to CSR.

CHANGE IN THE COMPANY'S PERFORMANCE AND COMPENSATION AWARDED TO EXECUTIVE OFFICERS
 (in thousands of euros, for the indicated year)



(1) Subject to approval by the Ordinary General Meeting of April 28, 2022.

CHANGES IN DIFFERENCES IN COMPENSATION BETWEEN EMPLOYEES AND EXECUTIVE AND NON-EXECUTIVE OFFICERS (EQUITY RATIOS)

(amounts paid in respect of the year indicated, including payroll taxes and employer contributions - cost charged to the Company)

	2017	2018	2019	2020	2021
Employee compensation					
Average compensation	87,788	95,434	85,146	82,489	90,443
% change	11%	9%	-11%	-3%	+10%
Median compensation	71,979	86,188	74,196	68,558	80,487
% change	11%	20%	-14%	-8%	+17%
Chairman of the Board of Directors					
Éric Le Gentil					
			1,385,892	352,366	361,974
% change			-	-75%	+2.7%
Average ratios			16.3	4.3	4.1
% change			-	-74%	-5%
Median ratios			18.7	5.1	4.6
% change			-	-72%	-0.1%
Chairman-Chief Executive Officer					
Éric Le Gentil					
	1,721,000	1,602,958			
% change	15%	-7%			
Average ratios	19.6	16.8			
% change	4%	-14%			
Median ratios	23.9	18.6			
% change	4%	-22%			
Chief Executive Officer					
Vincent Ravat					
			940,965	1,041,674	830,977
% change			-	11%	-20%
Average ratios			11.1	12.6	9.2
% change			-	14%	-27%
Median ratios			12.7	15.2	10.3
% change			-	20%	-32%
Deputy Chief Executive Officer					
Elizabeth Blaise					
			571,837	581,295	530,847
% change			-	2%	-9%
Average ratios			6.7	7.0	5.9
% change			-	5%	-16%
Median ratios			7.7	8.5	6.6
% change			-	10%	-22%
Vincent Ravat					
	833,521	715,909			
% change	123%	-14%			
Average ratios	9.5	7.5			
% change	46%	-21%			
Median ratios	11.6	8.3			
% change	46%	-28%			

Calculation methodology

The equity ratios presented cover the entire workforce of all Mercialys group companies, as well as all of the regions in which it operates, *i.e.* mainland France and overseas territories. In addition, in accordance with AMF ⁽¹⁾ recommendations, to accurately reflect the governance changes that have come into effect at Mercialys since 2017 ⁽²⁾, the information is presented by position and by corporate officer holding the position. The veracity of this information was verified by the third-party organization independent of Mercialys, as part of the review of the Extra-Financial Performance Statement (DPEF) (see chapter 2, Appendix 3, p. 126 et seq.)

The compensation equity ratios presented are calculated using the following methodology:

- year N average ratio = compensation paid in year N to executive/average compensation paid in year N to employees (excluding executives and interns), including payroll taxes and employer contributions;
- year N median ratio = compensation paid in year N to executive/median of compensation paid in year N to employees (excluding executives and interns), including payroll taxes and employer contributions.

Compensation paid in year N consists of the following elements, in the numerator and the denominator:

- fixed salaries paid during year N, including payroll taxes and employer contributions;
- variable salaries paid during year N, including payroll taxes and employer contributions ⁽³⁾;
- exceptional compensation paid during year N, including payroll taxes and employer contributions;
- bonus shares vested during year N ⁽⁴⁾;
- compensation in respect of directorships paid in year N, including payroll taxes and employer contributions.

The methodology used resulted in the executive compensation used in the numerator of the equity ratio corresponds to the compensation paid for the year in question being submitted to the *ex-post* vote of shareholders at the Annual General Meeting, adjusted for employer contributions, as well as the social security regime for company managers, healthcare and pensions.

SUMMARY FOR 2021	Éric Le Gentil		Vincent Ravat		Elizabeth Blaise	
	Compensation Equity ratio	Compensation Ex-post vote	Compensation Equity ratio	Compensation Ex-post vote	Compensation Equity ratio	Compensation Ex-post vote
Fixed compensation	225,000	225,000	360,000	360,000	265,000	265,000
Annual variable compensation	0	0	252,000	252,000	106,000	106,000
Multi-annual variable compensation	0	0	0	0	0	0
Exceptional compensation	0	0	0	0	0	0
Compensation allocated on account of the directorship	40,000	40,000	0	0	0	0
Benefits in kind	0	3,760 ⁽⁴⁾	2,120 ⁽¹⁾	35,065 ⁽²⁾	0	32,945 ⁽³⁾
Employer's contributions on all compensatio components	96,974	0	216,857	0	159,847	0
TOTAL	361,974	268,760	830,977	647,065	530,847	403,945

(1) Company car.

(2) Company car, executive unemployment insurance and healthcare benefit plan.

(3) Executive unemployment insurance and healthcare benefit plan.

(4) Healthcare benefit plan.

Explanation of the main changes

The 2019 equity ratio of the Chairman of the Board of Directors includes the annual variable compensation paid in respect of his position as Chairman and Chief Executive Officer in 2018. In accordance with the applicable regulations, this variable compensation was paid to him following *ex-post* approval by the Annual General Meeting of April 25, 2019.

The 2020 equity ratios reflect the full-year impact of the change in governance in 2019.

The 2021 equity ratios are down sharply due to both an increase in the average and median compensation of Mercialys employees and a significant decrease in the variable compensation paid in 2021 *versus* 2020, due to the impact of the health crisis on performance.

The overall analysis of compensation equity ratios above shows that the compensation of Mercialys executives is reasonable. In addition to contributing to social cohesion within the Company, these levels of compensation correspond to the recommendations of the proxies.

(1) 2020 report on corporate governance and executive compensation for listed companies.

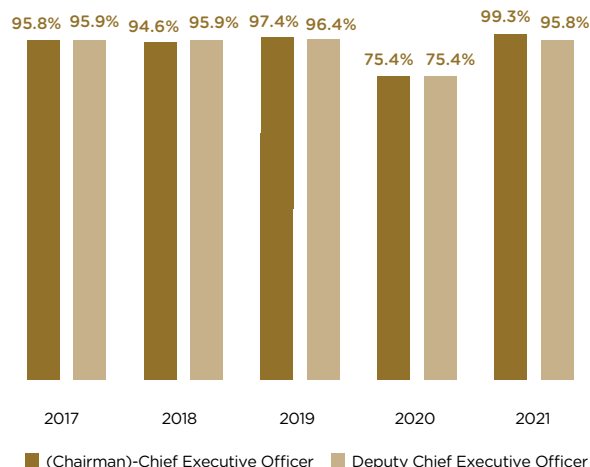
(2) In 2019, following the separation of the positions of Chairman and Chief Executive Officer, Éric Le Gentil was appointed Chairman of the Board of Directors, Vincent Ravat was appointed Chief Executive Officer, and Elizabeth Blaise was appointed Deputy Chief Executive Officer.

(3) The annual variable compensation paid during year N corresponds to the compensation payable in respect of year N-1.

(4) The shares awarded definitively in year N correspond to the plans in previous years. The share valuation is defined on the basis of the closing stock exchange price on the definitive vesting dates.

CHANGE IN THE LEVEL OF POSITIVE VOTING ON THE COMPENSATION POLICY FOR EXECUTIVES AT ANNUAL GENERAL MEETINGS

(Vote on the compensation policy for the current year at the Annual General Meeting held in the indicated year, it being specified that Mercialys holds its Annual General Meeting in April)



4.2.2.2 Compensation of the Chairman of the Board of Directors, non-executive corporate officer, in respect of fiscal year 2021

A. Reminder of the principles and criteria for determining, distributing and awarding the components of compensation of the Chairman of the Board of Directors in 2021

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind, attributable for 2021 to the Chairman of the Board of Directors, were submitted for the approval of the Ordinary General Meeting on April 22, 2021 (8th resolution).

At this General Meeting, the shareholders approved the compensation policy proposed for the Chairman of the Board of Directors, as set out below. The way in which this policy was followed is set out in point B below.

TABLE 1 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

<i>(in euros)</i>	Fiscal year 2021	Fiscal year 2020
Compensation awarded in respect of the fiscal year (see § 2, below)	265,000	265,000
Valuation of multi-annual variable compensation awarded during the fiscal year	-	-
Valuation of options awarded during the fiscal year	-	-
Valuation of bonus shares awarded (vesting subject to service and three-year performance conditions)	-	171,433 ⁽¹⁾
Valuation of other long-term compensation plans	-	-
TOTAL	265,000	436,433

⁽¹⁾ As the performance conditions associated with this plan were not met, this potential allocation plan did not give rise to any effective allocation of shares at the end of the three-year vesting period which finished at the end of 2020.

You are reminded that this compensation was set after consideration of the duties assigned to the Chairman of the Board of Directors, in addition to the general duties provided for by law, which are as follows:

- relations with major shareholders and with major financial and/or industrial partners;
- participation in strategy development and oversight of its implementation;
- interface between the Board and Senior Management.

The compensation of the Chairman of the Board of Directors consists of fixed compensation in respect of his position as Chairman, plus specific compensation paid for his participation in the Investment Committee and the Appointments and Compensation Committee:

- annual fixed compensation: Euro 225,000;
- compensation in his capacity as director: according to the rules applicable in the Company, as set out in § 4.2.1.1, p. 266.

The Chairman of the Board of Directors does not receive variable compensation either in cash or shares, other than the variable component included in his compensation as a director.

Furthermore, it is specified that Éric Le Gentil keeps the benefit of the bonus share plans that were awarded to him in his capacity as Chairman and Chief Executive Officer, provided that he is still a corporate officer at the end of the vesting period.

Lastly, the non-competition clause binding Éric Le Gentil to the Company in respect of his previous executive duties ended on December 31, 2020 and no other clause or benefit has been awarded to him.

B. Details of the compensation awarded in respect of fiscal year 2021 or paid in respect of the same fiscal year to Éric Le Gentil, Chairman of the Board of Directors

1. Summary table of compensation payable by Mercialys and the companies it controls or which control it

The compensation and benefits of any kind payable by Mercialys to Éric Le Gentil for fiscal years 2020 and 2021 are as follows, it being specified that he receives no compensation from the companies controlled by Mercialys and that Mercialys is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

2. Compensation awarded or paid by Mercialys and the companies it controls

Éric Le Gentil was awarded or paid the following compensation and benefits of any kind by the Company in his capacity as Chairman of the Board of Directors during, and in respect of, fiscal years 2020 and 2021, calculated respectively, on a *pro rata temporis* basis:

TABLE 2 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

(in euros)	Fiscal year 2021		Fiscal year 2020	
	Amounts awarded ⁽²⁾	Amounts paid ⁽³⁾	Amounts awarded ⁽²⁾	Amounts paid ⁽³⁾
Fixed compensation ⁽¹⁾	225,000	225,000	225,000	210,102 ⁽⁴⁾
Annual variable compensation ⁽¹⁾	-	-	-	-
Multi-annual variable compensation ⁽¹⁾	-	-	-	-
Exceptional compensation ⁽¹⁾	-	-	-	-
Compensation allocated in respect of his directorship ⁽¹⁾	40,000	40,000	40,000	41,211 ⁽⁵⁾
Benefits in kind	-	3,760	-	-
TOTAL	265,000	268,760	265,000	251,313

(1) Gross compensation before social security contributions and tax.

(2) Compensation awarded in respect of the fiscal year, regardless of the date of payment.

(3) Compensation paid during the fiscal year, regardless of the allocation date.

(4) The difference in compensation between the amount awarded and the amount paid is due to the reversal in 2020 of a 13th month paid in error in 2019.

(5) In accordance with the compensation policy as approved by the Annual General Meeting of April 25, 2019, the Chairman of the Board of Directors lost the benefit of the additional annual compensation of Euro 20,000 which was previously paid to the Chairman and Chief Executive Officer. Since Éric Le Gentil was Chairman and Chief Executive Officer up until February 12, 2019, this additional annual compensation was calculated on a *pro rata* basis for 2019, resulting in a payment of Euro 41,211 in respect of 2019, paid in January 2020.

The table below summarizes the amounts awarded and paid by the Company to Éric Le Gentil solely in his capacity as Chairman of the Board of Directors and as a director for fiscal years 2020 and 2021:

TABLE 3 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

(in euros)	Fiscal year 2021		Fiscal year 2020	
	Amounts awarded ⁽³⁾	Amounts paid ⁽⁴⁾	Amounts awarded ⁽³⁾	Amounts paid ⁽⁴⁾
Director's compensation ^{(1) (2)}	40,000	40,000	40,000	41,211 ⁽⁶⁾
Other compensation ⁽¹⁾	225,000	225,000	225,000	210,102 ⁽⁵⁾
TOTAL	265,000	265,000	265,000	251,313

(1) Gross compensation before social security contributions and tax.

(2) In accordance with the compensation policy as approved by the Annual General Meeting of April 22, 2021, the Chairman of the Board of Directors receives compensation in his capacity as director.

(3) Compensation awarded in respect of the fiscal year, regardless of the date of payment.

(4) Compensation paid during the fiscal year, regardless of the allocation date.

(5) The difference in compensation between the amount awarded and paid is due to the reversal in 2020 of a 13th month paid in error in 2019.

(6) In accordance with the compensation policy as approved by the Annual General Meeting of April 25, 2019, the Chairman of the Board of Directors lost the benefit of the additional annual compensation of Euro 20,000 which was previously paid to the Chairman and Chief Executive Officer. Since Éric Le Gentil was Chairman and Chief Executive Officer up until February 12, 2019, this additional annual compensation was calculated on a *pro rata* basis for 2019, resulting in a payment of Euro 41,211 in respect of 2019, paid in January 2020.

Éric Le Gentil does not receive any compensation or benefits of any kind from companies controlled by Mercialys.

3. Annual variable compensation

Éric Le Gentil no longer receives annual variable compensation with effect from February 13, 2019.

In his capacity as Chairman of the Board of Directors, a non-executive corporate officer, Éric Le Gentil no longer benefits from new bonus share plans.

4. Share subscription or purchase options and bonus shares awarded by the Company and/or the companies it controls

No share subscription or purchase options were awarded to Éric Le Gentil in 2020 or 2021 by the Company and/or companies it controls.

In light of the three-year performance criteria, the plan awarded in 2018 and which expired in 2021 did not give rise to any vesting of shares.

TABLE 10 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Plan 27
Date of the Annual General Meeting	April 26, 2018
Date of Board meeting	April 26, 2018
Total number of bonus shares awarded to corporate officers (subject to service and three-year performance conditions)	31,306
o/w shares awarded to Éric Le Gentil	21,673
Vesting date of shares	April 26, 2021
Holding period end date	April 26, 2023
Total number of shares vested at December 31, 2020, to corporate officers	0
o/w shares vested to Éric Le Gentil	0
Number of shares canceled or lapsed at December 31, 2021	31,306
Number of outstanding bonus shares for plans not yet matured at December 31, 2021	0

5. Employment contract, special pension plans, severance pay and non-competition clause

TABLE 11 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

Employment contract	Supplementary pension plan	Allowances or benefits payable or likely to be payable, due to the termination of or a change in position	Compensation linked to a non-competition clause
No ⁽¹⁾	No ⁽²⁾	No	No
○	○	○	○

(1) In accordance with the provisions of the AFEP-MEDEF Code, Éric Le Gentil, as Chairman of the Board of Directors, does not hold an employment contract with Mercialis.

(2) Éric Le Gentil does not benefit from any supplementary pension plan. He is included in the mandatory group pension plan (ARRCO and ARGIC) and in the insurance and healthcare benefit plan covering all the Company's employees.

It should be noted that all the tables in AMF (French Financial Markets Authority) Position/Recommendation DOC-2021-02 not appearing in the previous pages do not apply to Éric Le Gentil's compensation for fiscal year 2021, namely:

- table 4, on the share subscription or purchase options awarded in the fiscal year to each executive corporate officer by the issuer and by any Group company;
- table 5, on the share subscription or purchase options exercised in the fiscal year by each executive corporate officer;
- table 6, on the bonus shares allocated during the fiscal year to each corporate officer;
- table 7, on the bonus shares awarded during the fiscal year to each executive corporate officer;
- table 8, on the history of share subscription or purchase options granted;
- table 9, on the share subscription or purchase options awarded to the top ten employees who are not corporate officers and options exercised by them.

4.2.2.3 Compensation policy for the Chairman of the Board of Directors, non-executive corporate officer, in respect of fiscal year 2022

Board of Directors' report on the compensation policy for the Chairman of the Board of Directors for fiscal year 2022

(12th resolution of the Ordinary General Meeting of April 28, 2022)

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind, attributable for 2021 to the Chairman of the Board of Directors, must be submitted for the approval of the Ordinary General Meeting of April 28, 2022.

In this regard, the Board of Directors, at its meeting on February 14, 2022, established, on the basis of recommendations from the Appointments, Compensation and Governance Committee, the determining principles and the structure of the Chairman of the Board of Directors' compensation. This compensation was set after consideration of the duties assigned to the Chairman of the Board of Directors in addition to the general duties provided for by law, which are as follows:

- relations with major shareholders and with major financial and/or industrial partners;
- participation in strategy development and oversight of its implementation;
- interface between the Board and Senior Management.

The compensation of the Chairman of the Board of Directors consists of fixed compensation in respect of his position as Chairman, plus specific compensation paid for his participation in the Strategy and Transformation Committee and the Appointments, Compensation and Governance Committee:

- annual fixed compensation: Euro 225,000 (unchanged);
- compensation in his capacity as director: according to the rules applicable in the Company, as set out in § 4.2.1.1, p. 266.

The Chairman of the Board of Directors does not receive variable compensation either in cash or shares, other than the variable component included in his compensation as a director.

He also benefits from the Company's insurance and healthcare benefit plan.

4.2.2.4 Compensation of the Chief Executive Officer in respect of fiscal year 2021

A. Principles and criteria for determining, distributing and awarding the compensation components of the Chief Executive Officer in 2021

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind attributable for 2021 to the Chief Executive Officer in respect of his corporate term of office, were submitted for approval by the Ordinary General Meeting on April 22, 2021 (9th resolution).

At the Ordinary General Meeting of April 22, 2021, the shareholders approved the principles and criteria for determining and awarding the compensation of the Chief Executive Officer.

These principles adhere to the recommendations of the AFEP-MEDEF Code, and are detailed in § 4.2.2.1, p. 270 et seq.

A reminder is provided below of the 2021 compensation policy for the Chief Executive Officer. The way in which this policy was followed is set out in point B below.

Fixed compensation

Since February 13, 2019, the compensation of Vincent Ravat as Chief Executive Officer has not changed and remains set at Euro 360,000.

Annual variable compensation

It was proposed to maintain the 2020 variable compensation mechanism, which includes a CSR objective, for fiscal year 2021.

Vincent Ravat's variable compensation for 2021 is based on two types of objectives:

1. quantifiable objectives, weighted at 80%;
2. qualitative objectives, weighted at 20%, focused on CSR and Human Resources.

The target annual variable compensation of the Chief Executive Officer remains at 70% of his annual fixed compensation if the objectives set are achieved. It could reach 140% of his annual fixed compensation if these objectives are exceeded.

The selected criteria, and their weighting in determining the variable compensation, are as follows:

		% of fixed compensation		
		Minimum	Target	Maximum
Quantifiable objectives (80% of the total variable compensation)	FFO growth (20% of the total variable compensation)	0%	14%	28%
	EBITDA margin on a like-for-like basis (15% of the total variable compensation)	0%	10.5%	21%
	Difference between the change in footfall at Mercialis shopping centers and that of the national index (on a like-for-like basis and for comparable opening weeks) (10% of the total variable compensation)	0%	7%	14%
	Acceleration of the Company's digital transformation: development of last-mile activities (<i>retailer members as a% of the total number of retail outlets in the portfolio, excluding standalone units and minority interests</i>) (15% of the total variable compensation)	0%	10.5%	21%
	Bond maturity management (€M) (5% of the total variable compensation)	0%	3.5%	7%
	Asset disposals during the fiscal year (€M) (15% of the total variable compensation)	0%	10.5%	21%
Qualitative objectives (20% of the total variable compensation)	Social and Environmental Responsibility: improving sites' performance, contributing to value creation and responsible, long-term growth (10% of the total variable compensation)	0%	7%	14%
	Human resources and talent management: promoting diversity in the workforce, developing the internal training program, developing and diversifying skills, improving employee satisfaction and commitment (10% of the total variable compensation)	0%	7%	14%
TOTAL VARIABLE COMPENSATION AS A% OF FIXED COMPENSATION		0.0%	70.0%	140.0%

For each quantifiable criterion, a minimum threshold of achievement has been set, along with a target level corresponding to the objectives of Mercialis for a performance that meets objectives, and a level of outperformance of the targets. Variable compensation is calculated in a linear fashion between the minimum threshold and the maximum threshold.

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable portion of the compensation due for fiscal year 2021, after determining the amount based on the achievement of the objectives defined above, is conditional upon approval by the Ordinary General Meeting to be held on April 28, 2022.

Long-term compensation

In order to associate the Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 22-10-60 of the French Commercial Code, on the principle of bonus share plans.

Bonus shares may only be granted to executive corporate officers if the Company grants one of the following benefits to its employees and to at least 90% of employees in its subsidiaries:

- share purchase and/or subscription options;
- bonus share plans;
- the introduction of an incentive agreement or statutory profit-sharing agreement. For companies that already have such an agreement in place, the first allocation authorized by the Annual General Meeting held after the introduction of the Law of December 3, 2008, requires that each company (listed company and relevant subsidiaries) amend the calculation methods relating to one of these agreements, or pay a supplementary incentive or profit-sharing amount.

This award would represent a target of 125% of the annual fixed compensation (*i.e.* Euro 450,000) if the defined objectives are achieved, and up to 187.5% of the annual fixed compensation if each criteria is exceeded. The sum of the three criteria would in any event be capped at 160% of the annual fixed compensation (*i.e.* Euro 576,000), in order to comply with best market practices.

The bonus shares awarded will only be fully vested by the Chief Executive Officer at the end of a three-year vesting period, subject to service conditions (in his capacity as a corporate officer), it being specified that in the event of non-renewal of his corporate office (except in the event of resignation or removal from office), the Board of Directors may decide to maintain the plan benefits. The Company's performance conditions will also apply, said performance being assessed over a three-year period based on the following criteria and assessment tables:

1. A stock market criterion, namely the relative performance of Mercialis shares, including dividends (Total Shareholder Return - TSR), compared to the performance of a specific panel of comparable companies, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation.

To assess the relative stock market performance of Mercialys shares vis-à-vis its market sector peers, a panel of companies similar to Mercialys based on business, geographic and size criteria was set up as follows:

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization (€M) at December 31, 2021
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	1,222
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	1,974
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,179
Deutsche Euroshop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czech Republic, Austria, Hungary	905
Eurcommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,005
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,721
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	426
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,054
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	323
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	8,540
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	457
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	515

Mercialys' ranking will be determined by comparing the Company's performance with that of the companies comprising the panel, as follows:

Ranking of Mercialys' three-year average annual TSR compared with the companies comprising the panel

	Multiplier
1 st place	150%
2 nd place	140%
3 rd place	130%
4 th place	120%
5 th place	110%
6 th place	100%
7 th to 13 th place	0%

No compensation will be paid if the ranking falls below the average, given that the above table is based on the 12 companies comprising the panel at January 1, 2021, plus Mercialys.

Should the panel of comparable companies no longer comprise these 12 companies at December 31, 2023, in particular, due to takeovers, mergers, bankruptcies or delistings occurring during the securities' vesting period, Mercialys' ranking would, as a result, be based on other criteria.

In particular, should the panel of comparable companies, including Mercialys, comprise an uneven number of companies, the 100% performance would correspond to the ranking immediately above the arithmetical average. If, for example, only ten companies, *i.e.* a total of eleven companies including Mercialys, were still listed on the panel at December 31, 2023, the coefficient of 100% would correspond to 5th place. All the multipliers would be readjusted accordingly in a linear fashion between the average ranking determined in this way (coefficient of 100%) and 1st place (coefficient of 150%).

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2. A financial criterion, namely FFO growth measured as an annual average (CAGR) over three years between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation.

At the end of the three-year period, the number of shares vested on the basis of this performance criterion will be determined in accordance with the table below:

Average annual three-year FFO growth	Multiplier
0.00%	0%
1.00%	100%
2.00%	150%

The multiplier moves in a linear fashion between the limits set above.

3. An extra-financial criterion, namely the rate of certification of the portfolio as a percentage of its value, for 33.33% of the initial allocation.

At the end of the three-year period, the number of shares vested in respect of this performance criterion will be determined in accordance with the table below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

Three-year BREEAM In-Use certification rate (as a % of the portfolio value)	Multiplier
75%	0%
85%	100%
95%	150%

In the event of an exceptional event such as the impact of the Covid-19 epidemic, a change in ownership or a significant change in strategy, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will have discretionary power in particular to reduce, eliminate or postpone, for the TSR criterion, the application of an extra-financial criterion (a maximum of 33.3% of long-term compensation criteria).

The bonus shares awarded in 2021 will only become the beneficiary's property after a three-year vesting period which will end in 2024.

At the end of this three-year vesting period, the Chief Executive Officer will be required to keep 100% of his shares for a period of at least two years after they are fully vested, and thereafter to hold 50% of them as registered shares until the termination of his duties as corporate officer.

Furthermore, in accordance with the provisions of the final paragraph of Article 25.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the lock-up period.

Other compensation components

The Chief Executive Officer does not benefit from any additional pension plan. He participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the insurance and healthcare benefit plan in force within the Company for all employees. He also benefits from senior executive unemployment insurance. He does not receive any other benefit of any kind, except a company car.

No severance allowance shall be paid to the Chief Executive Officer resulting from the termination of, or change in, his position.

The Chief Executive Officer may also benefit from an indemnity relating to a non-competition clause. In the event of termination of his position, the Chief Executive Officer will be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of his employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of this clause. In exchange, the Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of his annual fixed compensation, which will be paid in installments during its term.

B. Details of the compensation, in respect of fiscal year 2021, of Vincent Ravat, Chief Executive Officer

1. Summary table of compensation payable by Mercialis and the companies it controls or which control it

The compensation and benefits of any kind payable by Mercialis and the companies it controls to Vincent Ravat for fiscal years 2020 and 2021 are as follows. It should be remembered that Mercialis is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

TABLE 1 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

(in euros)	Fiscal year 2021	Fiscal year 2020
Compensation awarded in respect of the fiscal year (see § 2 below)	873,865	647,563
Valuation of multi-annual variable compensation awarded during the fiscal year	-	-
Valuation of options awarded during the fiscal year	-	-
Cumulative value of current bonus share plans (vesting subject to service and performance conditions) ⁽¹⁾	251,549	220,924
Valuation of other long-term compensation plans	-	-
TOTAL	1,125,414	868,487

(1) Potential value in the consolidated financial statements of the shares awarded and not yet vested, for the fiscal year and subject to still being employed as a corporate officer as well as three-year performance conditions (see § 4 below).

2. Compensation awarded or paid by Mercialys and the companies it controls

The compensation and benefits of any kind paid or awarded by the Company to Vincent Ravat, in his capacity as Chief Executive Officer, during and in respect of fiscal years 2020 and 2021, are as follows:

TABLE 2 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

<i>(in euros)</i>	Fiscal year 2021		Fiscal year 2020	
	Amounts awarded ⁽⁵⁾	Amounts paid ⁽⁶⁾	Amounts awarded ⁽⁵⁾	Amounts paid ⁽⁶⁾
Fixed compensation ⁽¹⁾	360,000	360,000	360,000	360,000
Annual variable compensation ^{(1) (2)}	478,800	252,000	252,000	412,650
Multi-annual variable compensation ⁽³⁾	-	-	0	-
Exceptional compensation	-	-	-	-
Compensation allocated on account of the directorship	-	-	-	-
Benefits in kind ⁽⁴⁾	35,065	35,065	35,563	35,563
TOTAL	873,865	647,065	647,563	808,213

(1) Gross compensation before social security contributions and tax.

(2) The methods for determining variable compensation are restated in the 2021 compensation policy, as approved at the Ordinary General Meeting of April 23, 2021, in § 4.2.2.4, A, p. 279 et seq., and clarifications are provided in Table 3 below. It should be noted that the payment of this amount will be subject to the approval of the 6th resolution presented to the Ordinary General Meeting of April 28, 2022.

(3) Vincent Ravat does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not result in any shares vesting in 2019 or 2020.

(4) Company car, senior executive unemployment insurance and insurance and healthcare benefit plan covering all the Company's employees. The contribution of the latter is for 24 months, the coverage rate having been increased to 70% from 55% for tranches A and B, resulting in a higher contribution in 2022.

(5) Compensation awarded in respect of the fiscal year, regardless of the date of payment.

(6) Compensation paid during the fiscal year, regardless of the allocation date.

3. Annual variable compensation

The variable compensation of Vincent Ravat for fiscal year 2021 was determined by the Board of Directors at its meeting of April 28, 2022, on the proposal of the Appointments, Compensation and Governance Committee, applying the criteria in the table below:

	Assessment	% of fixed compensation				Amount (€)
		Minimum	Target	Maximum	Achieved	
	FFO, after being heavily impacted by the health crisis in 2020, is recovering despite the negative impact of disposals carried out in 2020 and the costs associated with protecting the balance sheet, as a result of rent-related measures, casual leasing, lower vacancy rates and cost control measures	0.0%	14.0%	28.0%	200.0%	
	FFO growth (20% of the total variable compensation)		2.5%		6.5%	100,800
	EBITDA normalization thanks to an increase in income and cost control measures which are much needed as a result of the health crisis and commitments related to the insourcing of certain functions	0.0%	10.5%	21%	200.0%	
	EBITDA margin (15% of the total variable compensation)		80%		84.0%	75,600
Quantifiable objectives (80% of the total variable compensation)	For shopping centers nationwide, due to health constraints affecting large shopping centers in particular, 2020 was marked by a high variability in site opening periods (especially in May/June and December 2020), making the opening scopes of the market panel non-comparable between 2021 and 2020. As such, it is only possible to make comparisons of changes on a like-for-like basis and comparable opening weeks between the 2021 and 2019 fiscal years. Over this two-year period, footfall in Mercialis' shopping centers fell by 14.18% on a like-for-like basis, versus a drop of 16.48% for the market panel on a like-for-like basis over comparable opening weeks.	0.0%	7.0%	14.0%	200.0%	
	Difference between the change in footfall at Mercialis shopping centers and that of the national index (on a like-for-like basis and for comparable opening weeks) (10% of the total variable compensation)		+100 bps		+230 bps	50,400

	Assessment	% of fixed compensation				Amount (€)	
		Minimum	Target	Maximum	Achieved		
Quantifiable objectives (80% of the total variable compensation)	Acceleration of the Company's digital transformation: development of last-mile activities (retailer members as a% of the total number of retail outlets in the portfolio, excluding standalone units and minority interests) (15% of the total variable compensation)	308 membership contracts for the Ocitô marketplace at December 31, compared with 210 a year earlier, representing a 46% increase in recruitment in a context where Click & Collect - instrumental to the Ocitô service - was gradually banned over the course of one quarter in early 2021. These 308 retailers now represent 20.13% of the 1,530 retail outlets eligible for the service, in shopping centers where Mercialis is the majority owner (excluded from the calculation are leases for retail services such as Photomaton, gold buying and the issue of vehicle registration documents, as well as standalone units not benefiting from collection/delivery services).	0.0%	10.5%	21.0%	200%	
				15.0%		20.13%	75,600
	Debt refinancing (in millions of euros) (5% of the total variable compensation)	Successful completion of an oversubscribed partial tender offer in the second half of the year as well as an <i>ad hoc</i> purchase in the first half of the year	0.0%	3.5%	7.0%	200.0%	
			€50M		€99.2M	25,200	
	Disposal of assets during the fiscal year (in millions of euros) (15% of the total variable compensation)	Disposal for a total volume of Euro 95.1 million, including Euro 28.0 million of disposals finalized and Euro 67.1 million under preliminary sales agreements without financing conditions precedent	0.0%	10.5%	21.0%	200.0%	
			€40M		€95.1M	75,600	

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	Assessment	% of fixed compensation				Amount (€)
		Minimum	Target	Maximum	Achieved	
	<p><u>For our environment</u> Reduction of energy consumption (in KWh/sq.m.): -8 % on a like-for-like basis Reduction of scopes 1 & 2 greenhouse gas emissions using the market-based method (in metric tons of CO₂): -14 % on a like-for-like basis over one year Increase in waste recovery rate: +3 % on a like-for-like basis CDP: continued A List ranking Increase in the BREEAM In-Use certification rate (as a % of portfolio value): +14 pt to 91 %, <i>versus</i> 77 % in 2020, and BREEAM In-Use certification rate after three years: 100% of strategic assets <i>versus</i> 83 % in 2020.</p> <p><u>For our regions</u> National partnership with Initiative France particularly active in the Gard region <u>Market best practices</u> <u>Grand Prix de la Transparence</u>: 2021 award for best Universal Registration Document GRESB: GREEN STAR status, score of 89/100 (+4 points <i>versus</i> 2020) Gaïa: 1st in the category for revenues between Euro 150 million and Euro 500 million</p>	0.0%	7.0%	14.0%	150.0%	
<p>Qualitative objectives (20 % of the total variable compensation)</p>	<p>Social and Environmental Responsibility: improving sites' performance, contributing to value creation and responsible, long-term growth (10 % of the total variable compensation)</p>				Progress beyond the objectives	37,800

	Assessment	% of fixed compensation				Amount (€)
		Minimum	Target	Maximum	Achieved	
Qualitative objectives (20% of the total variable compensation) Human resources and talent management: promoting diversity in the workforce, developing the internal training program, developing and diversifying skills, improving employee satisfaction (10% of the total variable compensation)	“Great Place to Work” label reflecting the positive trend in employee satisfaction and commitment in a sector heavily impacted by the health crisis. This change was notably measured through a response rate of 90%, 11 points higher than in 2020, a confidence index of Management Committee members close to 80%, and a significant improvement in the average results with 67% positive responses. In addition, the results highlight Mercialys’ excellence in terms of fairness and a healthy work-life balance. In 2021, 99% of employees received training. Turnover remained at approximately 15%, despite a strong focus on skills retention.	0.0%	7.0%	14.0%	150.0%	
			Stable		Improvement of satisfaction and commitment	37,800
TOTAL VARIABLE COMPENSATION AS A% OF FIXED COMPENSATION		0.0%	70.0%	140.0%	190.0%	478,800

During fiscal year 2021, in a context and economic sector still highly disrupted by the crisis associated with the Covid-19 pandemic, the Chief Executive Officer demonstrated his ability to step back in all circumstances to enable Mercialys to weather the crisis calmly and to come out the other side in a strong position. Under the leadership and responsibility of Vincent Ravat, Mercialys managed to achieve excellent performance in terms of both the quantitative and qualitative criteria that had been set.

From a financial standpoint, the management implemented led to a further positive change in cash flows, in contrast to the expected trend for the sector due to the health restrictions, and a return to a pre-crisis EBITDA margin on a like-for-like basis. The debt refinancing objectives were exceeded and the asset disposals signed at the end of the year made it possible to exceed the disposal target that had been set, thus consolidating the Company’s balance sheet on one of the most solid foundations in the sector.

On an operational level, the actions carried out have helped to improve the vacancy rate which had been put under pressure by the health crisis, the return to a standard rate of revenues for casual leasing, and footfall at shopping centers higher than the market average.

In addition, the Company’s digital transformation was actively pursued, notably through the further deployment of the “Ocitò” unified retail platform and the development of the “Prim Prim” loyalty program, whose operational upturn

actively helped to support the overall activities of member retailers.

Mention must also be made of the successful structuring of the new Coworking business line, rolled out under the “Cap Cowork” brand, with the opening of a fourth location at the end of 2021, combined with an excellent occupancy rate and the orchestration of a favorable trend in line with the sector mix objectives for shopping centers.

Mercialys stands out in all aspects of Social and Environmental Responsibility with practices that are among the best in the market. Its increasingly specialized management, thanks to the steering tools put in place, has contributed to a significant improvement in energy consumption on the Company’s sites, with a 12% drop in consumption. At the same time, the gradual certification of assets continued successfully. The Company’s ESG approach was regularly praised throughout the year, with awards at performance levels that were even better than in 2020.

Finally, the promotion of diversity within Mercialys was able to continue and the overall employee satisfaction index has clearly improved, enabling Mercialys to benefit from the “Great Place to Work” label.

This variable compensation will be paid subject to the approval of the 10th resolution proposed to the Company’s Ordinary General Meeting on April 28, 2022 (see chapter 8, p. 391).

4. Share subscription or purchase options and bonus shares awarded by the Company and/or the companies it controls

In 2021, Vincent Ravat, as Chief Executive Officer, was the beneficiary of a bonus share plan by the Company, as described below (Plan 36).

It is also stated that Vincent Ravat was the beneficiary, in 2014 and 2016, of bonus share plans awarded to him as an

employee, prior to his appointment as Deputy Chief Executive Officer (see chapter 7, § 7.2.5.3, p. 379 et seq.).

Vincent Ravat is the beneficiary of three potential bonus share plans, which have not yet expired and are subject to service and three-year performance conditions, in accordance with the following criteria, terms and conditions:

TABLE 6 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

Bonus shares awarded to Vincent Ravat						
No. and date of plan	Number of shares awarded during the fiscal year	Valuation of the shares according to the method adopted for the consolidated financial statements	Vesting date	Availability date	Performance conditions	
Plan 30, of 04/25/2019	21,329 ⁽²⁾	€140,197	04/25/2022	04/25/2024 ⁽¹⁾	YES ⁽³⁾	
Plan 33, of 04/23/2020	67,355 ⁽⁴⁾	€220,924	04/23/2023	04/23/2025 ⁽¹⁾	YES ⁽⁵⁾	
Plan 36, of 04/22/2021	46,497 ⁽⁶⁾	€251,549	04/22/2024	04/22/2026 ⁽¹⁾	YES ⁽⁷⁾	
TOTAL	135,181	€612,670				

(1) The Board of Directors has set at 50% the number of bonus shares definitively awarded, which the beneficiary is required to hold in registered form until the end of his corporate mandate within Mercialys.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Vincent Ravat will be 31,994 shares, corresponding to a value in the consolidated financial statements of Euro 210,200.

(3) Bonus shares shall only vest if the beneficiary (in their capacity as corporate officer) is still employed by the Company on the vesting date of the shares, and subject to the achievement of three performance criteria: 1) the relative performance of Mercialys shares including dividends (relative Total Shareholder Return) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2019, measured between January 1, 2019 and December 31, 2021, for 40% of the initial allocation, 2) organic growth in rental revenues, including Casual Leasing, excluding indexation, measured as an annual average over three years between January 1, 2019 and December 31, 2021, for 20% of the initial allocation, and 3) FFO growth measured as an annual average over three years between January 1, 2019 and December 31, 2021, for the remaining 40% of the initial allocation.

(4) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Vincent Ravat will increase to 86,215 shares, corresponding to a value in the consolidated financial statements of Euro 282,785.

(5) Bonus shares shall only vest if the beneficiary (in their capacity as corporate officer) is still employed by the Company on the vesting date of the shares, and subject to the achievement of three performance criteria: the relative performance of Mercialys shares including dividends (relative Total Shareholder Return) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial allocation; the Company's CDP (Carbon Disclosure Project) rating, measured once a year over a three-year period between January 1, 2020 and December 31, 2022, for 20% of the initial allocation; and FFO growth measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial allocation.

(6) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Vincent Ravat will increase to 59,516 shares, corresponding to a valuation in the consolidated financial statements of Euro 321,982.

(7) Bonus shares shall only vest if the beneficiary (in their capacity as corporate officer) is still employed by the Company on the vesting date of the shares, and subject to the achievement of three performance criteria: the relative performance of Mercialys shares including dividends (relative TSR) compared to the performance of a specific panel of comparable companies, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation; FFO growth measured as an annual average (CAGR) over three years between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation; and the portfolio's BREEAM In-Use certification rate as a percentage of its value for the remaining 33.33% of the initial allocation.

No shares vested under Plan 24, awarded in 2017 and maturing in 2020, as the performance criteria were not met.

No shares vested under Plan 27, awarded in 2018 and maturing in 2021, as the performance criteria were not met.

Below is a summary of the bonus share plans from which Vincent Ravat has benefited as a corporate officer:

TABLE 10 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Plan 24	Plan 27	Plan 30	Plan 33	Plan 36
Date of the Annual General Meeting	04/27/2017	04/26/2018	04/25/2019	04/23/2020	04/22/2021
Date of Board meeting	04/27/2017	04/26/2018	04/25/2019	04/23/2020	04/22/2021
Total number of bonus shares awarded to corporate officers (subject to service and performance conditions)	27,833	31,306	30,414 ⁽¹⁾	107,020 ⁽²⁾	73,879 ⁽³⁾
o/w number of shares awarded to Vincent Ravat	8,564	9,633	21,329 ⁽¹⁾	67,355 ⁽²⁾	46,497 ⁽³⁾
Vesting date of shares	04/27/2020	04/26/2021	04/25/2022	04/23/2023	04/22/2024
Holding period end date	04/27/2022	04/26/2023	04/25/2024	04/23/2025	04/22/2026
Total number of shares vested at December 31, 2020, to corporate officers	0	0	na ⁽⁵⁾	na ⁽⁴⁾	na ⁽⁴⁾
o/w number of shares vested to Vincent Ravat	0	0	na ⁽⁵⁾	na ⁽⁴⁾	na ⁽⁴⁾
Number of shares canceled or lapsed at December 31, 2021	27,833	31,306	na ⁽⁵⁾	na ⁽⁴⁾	na ⁽⁴⁾
Number of outstanding bonus shares for plans not yet matured at December 31, 2021	0	0	30,414	107,020	73,879

(1) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will be 45,621, of which 31,994 shares for Vincent Ravat, corresponding to a valuation in the consolidated financial statements of Euro 210,200.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will be 137,779, of which 86,215 shares for Vincent Ravat, corresponding to a valuation in the consolidated financial statements of Euro 282,785.

(3) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will be 95,112, of which 59,516 shares for Vincent Ravat, corresponding to a valuation in the consolidated financial statements of Euro 321,982.

(4) Since the three-year plan has not yet expired, the final allocations at December 31, 2021 cannot be calculated.

5. Employment contract, special pension plan, severance pay and non-competition clause

TABLE 11 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

Employment contract		Supplementary pension plan		Allowances or benefits payable or likely to be payable, due to the termination of, or a change in, position		Compensation linked to a non-competition clause	
Yes	No	Yes	No ⁽¹⁾	Yes	No	Yes ⁽²⁾	No
	○		○		○		○

(1) Vincent Ravat does not benefit from any supplementary pension plan. He is included in the mandatory group pension plan (ARRCO and ARGIC) and the insurance and healthcare benefit plan covering all the Company's employees.

(2) Vincent Ravat may benefit from a payment linked to a non-competition and non-solicitation clause that would apply for a period not to exceed the time of his employment at the Company, up to a maximum of one year; it is specified that the Company may reduce or waive the application of such clause. In exchange, he would be paid a monthly sum equivalent to one-twelfth of 50% of his annual fixed compensation. This compensation will be paid in installments during his directorship.

As mentioned for Éric Le Gentil on p. 278, all the tables in AMF (French Financial Markets Authority) Position/Recommendation DOC-2021-02 not appearing in the previous pages do not apply to Vincent Ravat's compensation for fiscal year 2021 (Tables 3, 4, 5, 7, 8, 9).

Pursuant to the provisions of Article L. 225-100, III, of the French Commercial Code, the Ordinary General Meeting of April 28, 2022 is called to approve the fixed, variable and exceptional components of the compensation package and the benefits of any kind paid or awarded in respect of the previous fiscal year to the Chief Executive Officer for his mandate in fiscal year 2020. Details and comments about this information can be found in Chapter 8, Appendix 2, p. 412 et seq.

4.2.2.5 Compensation policy for the Chief Executive Officer in respect of fiscal year 2022

Board of Directors' report on the compensation policy for the Chief Executive Officer for fiscal year 2022

(13th resolution of the Ordinary General Meeting of April 28, 2022)

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind attributable for 2022 to the Chief Executive Officer in respect of his corporate term of office must be submitted for approval by the Ordinary General Meeting on April 28, 2022.

In this regard, the Board of Directors, at its meeting on February 14, 2022, established, on the basis of recommendations from the Appointments, Compensation and Governance Committee, the determining principles and the structure of the Chief Executive Officer's compensation for 2022.

A. Principles

The Board of Directors refers to the principles of the AFEP-MEDEF Code for determining the compensation of executive corporate officers: completeness, balance among the compensation components, benchmark, consistency, intelligibility of the rules and their measurement. Details of the main principles governing its approach are given in § 4.2.2.1 p. 270 et seq.

Note that the Board of Directors always ensures that executive compensation is competitive, is in line with corporate strategy and context and, in particular, aims to drive the Company's medium and long-term performance and competitiveness by incorporating one or more Social and Environmental Responsibility criteria. To this end, it ensures that:

1. compensation attracts, retains and motivates high-performing executives. Compensation must be competitive and reflect each individual's scope of responsibility.

Every year, the Appointments, Compensation and Governance Committee employs an independent company to conduct a market survey amongst a panel of comparable stakeholders in terms of type and portfolio size. This keeps the compensation system consistent and maintains a good balance between fixed and variable components;

2. compensation is based on corporate strategy and performance.

The Appointments, Compensation and Governance Committee ensures that the Company's interests are in line with those of its shareholders and sets its executives' objectives. These objectives are subject to measurable and quantifiable performance conditions, over 80% of which must be achieved;

3. compensation incorporates Social and Environmental Responsibility criteria.

Being aware of the major environmental, as well as social issues, Mercialis sets ambitious and measurable short- and long-term objectives for its executives;

4. compensation is consistent and in line with employees' compensation.

The Appointments, Compensation and Governance Committee ensures consistency between compensation across the Company. For this reason, some corporate officers' objectives are incorporated into the Group share of employees' variable compensation. In addition, in order to further align their interests, one of the corporate officers' objectives is to develop employee satisfaction and commitment, diversity and to develop effective training.

These principles apply to all compensation components, including long-term compensation.

Note that the concept of compensation for exceptional circumstances is not part of executive compensation policy.

Lastly, in accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors deliberates without the interested party being present.

B. Components of the Chief Executive Officer's compensation

Fixed compensation

Since February 13, 2019, *i.e.* for the past three years, the annual fixed compensation of Vincent Ravat as Chief Executive Officer has remained unchanged and stood at Euro 360,000.

For 2022, the annual fixed compensation of the Chief Executive Officer is increased by 19.5%, it being specified that the structure and terms of allocation of the annual variable compensation and long-term incentive plans would remain unchanged. The proposed increase would bring the new annual fixed compensation of the Chief Executive Officer to Euro 430,000.

In addition to the absence of an increase in the annual fixed compensation of the Chief Executive Officer since he began his directorship, this proposal is justified by the factors described below.

Firstly, the increase in compensation is intended to reflect the successful assumption of duties by Vincent Ravat. Indeed, at the meeting of October 21, 2021, the independent directors of the Company's Board of Directors praised the successful management of the crisis by Senior Management and its ability to step back in all circumstances. They also emphasized the accessibility and availability of Senior Management, as well as the fluidity and quality of exchanges and the consideration by Senior Management of the suggestions of independent directors and their implementation (particularly with regard to the quality of the Company's ESG approach and the creation of a new Strategy and Transformation Committee that meets expectations).

The proposal also takes into account the change in the Company's profile, resulting in an extension of the responsibilities and duties of Senior Management. This change was notably seen through the gradual insourcing of support functions in 2020 and 2021: on the one hand, arbitrage, acquisitions and fund management activities, and on the other hand, major functions such as human resources management (HR and payroll), IT and, for 2022, the secretariat of the Board, accounting and corporate finance.

The level of the Chief Executive Officer's annual fixed compensation, after taking into account the proposed increase, would remain reasonable and consistent with the level of annual fixed compensation of the executives of comparable companies. In accordance with the AMF's recommendation in its 2020 report on Corporate Governance and the Executive Compensation of Listed Companies, a benchmark was established by AON in January 2022 with regard to the level of compensation of the executives of a panel of twenty companies comparable to Mercialis. Two methodologies were applied: a constant methodology analysis (used in the previous benchmarks established by AON in 2019 and 2020) called "Pricing", which compares the compensation of the Chief Executive Officer with that of executives of similar or smaller companies in terms of size, or that of the N-1 of the top executive of the largest company, and a so-called "Proxies" analysis, which compares the compensation of the Chief Executive Officer with that of same-level executives within the companies in the selected panel.

This benchmark shows, according to the so-called "Pricing" analysis, that the annual fixed compensation of the Chief Executive Officer is 21% below the average and 11% below the median observed in the sample of 19 companies comparable to Mercialis. According to the "Proxies" analysis, the annual fixed compensation of the Chief Executive Officer is 43% below the average and 28% below the median of the same panel.

This difference could therefore be mitigated by an increase in the annual fixed compensation of the Chief Executive Officer.

In addition, the Proxinvest ranking of the executive compensation of SBF 120 companies for fiscal year 2020 shows that Mercialis is in the first quartile of the compensation ranking, *i.e.* the lowest quartile of the panel.

The data presented in the Proxinvest report, details an average fixed compensation allocated to SBF 120 executive corporate officers of Euro 865,197 per year, and the last two benchmarks established by AON show that the level of compensation of Mercialis' Senior Management remains significantly lower than the level of executive compensation of comparable companies.

Lastly, this proposal is in line with the interests of stakeholders, particularly the Group's employees. Indeed, the Proxinvest study on the executive compensation of French companies for fiscal year 2020 shows that Mercialis is one of the "best" companies in terms of equity ratio (8th in the SBF 120). In fact, the difference between Senior Management compensation and that of employees is one of the lowest among the panel of SBF 120 companies, and well below the average and median; only semi-public companies achieve a better ratio.

Annual variable compensation

Annual variable compensation rewards performance for the year in question and aims to establish a link between executives' interests and Mercialis' operational strategy over the period.

This compensation is conditional upon the achievement of specific and ambitious targets.

The target annual variable compensation for Vincent Ravat in 2022 would remain at 70% of his annual fixed compensation if the objectives set are achieved.

The maximum achievement rate for each objective could be as high as 200%.

In the event of outperformance, this variable compensation could reach up to 140% of the annual fixed compensation.

In the event of leaving the Group, the CEO's variable portion would be calculated *pro rata temporis*, on the basis of service and in his capacity as CEO.

Variable compensation would remain structured around two types of objectives; quantitative objectives weighted at 80% and two objectives, both quantitative and qualitative, on the HR and CSR aspects for 20%. As a result, Mercialis' compensation policy would continue to comply with the highest market standards, with a very high percentage of quantifiable criteria.

The proposed annual variable compensation is designed to reflect the major challenges facing the Company in 2022. As a result, it would cover both aspects of financial, operational and extra-financial performance and balance sheet positions. For the sake of balance, two criteria were used for each type of performance.

1. Financial criteria

- FFO growth, measuring the change in Mercialis' recurring income;
- EBITDA margin, measuring effective operational management.

2. Operational criteria

- downward trend in the portfolio's overall vacancy rate, reflecting a normalization of activity and enabling Mercialis to confirm its cash flow outlook;
- human resources management to ensure the retention of talent in the context of pressure on the sector's job market, ongoing development of training, and the continuous improvement of employee satisfaction.

3. Balance sheet criteria

- debt refinancing to extend terms and continue to strengthen the protection of the Company's liquidity and balance sheet positions;
- net investment over the fiscal year to resume a growth trajectory.

4. Extra-financial criteria

- increase in the proportion of centers certified in part 2 to a level at least equal to VERY GOOD of the BREEAM In-Use certification standard;
- continuity of the Company's adherence to best practices and the highest levels of sustainability rating in terms of Social and Environmental Responsibility.

4 CORPORATE GOVERNANCE

Compensation and benefits of directors and corporate officers

		% of fixed compensation		
		Minimum	Target	Maximum
Quantifiable objectives (80% of the total variable compensation)	FFO growth (20% of the total variable compensation)	0%	14.0%	28.0%
	EBITDA margin on a like-for-like basis (20% of the total variable compensation)	0%	14%	28.0%
	Reduction in overall vacancy rate (10% of the total variable compensation)	0%	7.0%	14.0%
	Percentage of shopping centers certified in part 2 to a level at least equal to VERY GOOD of the BREEAM In-Use certification standard (10% of the total variable compensation)	0%	7.0%	14.0%
	Debt refinancing to extend terms (€M) (10% of the total variable compensation)	0%	7.0%	14.0%
	Net investment over the fiscal year (€M) (10% of the total variable compensation)	0%	7.0%	14.0%
Qualitative objectives (20% of the total variable compensation)	Social and Environmental Responsibility: continuity of benchmark performance in sustainability rating (10% of the total variable compensation)	0%	7.0%	14.0%
	Human resources management to ensure the retention of talent in the context of pressure on the sector's job market, ongoing development of training, and the continuous improvement of employee satisfaction (10% of the total variable compensation)	0%	7.0%	14.0%
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		0%	70.0%	140.0%

For each quantitative criterion, a minimum achievement threshold is set, as well as a target level corresponding to Mercialis' objectives for a performance that meets objectives, and a performance level that exceeds the target. Variable compensation is calculated in a linear fashion between the minimum threshold and the maximum threshold.

The Board of Directors, on a recommendation from the Appointments, Compensation and Governance Committee, may adjust the objectives and thus take into account exceptional events on a nationwide scale, such as a health crisis, when assessing the achievement of the performance objectives to ensure, in the Company's corporate interest, that the implementation of the compensation policy is in line with performance.

The Board of Directors may, by the same reasoning, adjust trigger thresholds, objectives and targets in the event of changes in accounting standards and methods.

In addition, in the event of a material change in the Group's strategy or scope (in particular, following a merger or disposal, a change of ownership, the acquisition or creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on a recommendation of the Appointments, Compensation and Governance Committee, will be able to use its discretion to adjust, upwards or downwards, one or more performance criteria-related parameters (weighting, trigger thresholds, objectives, targets, etc.) of the Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both his performance and that of the Group.

In any event, and pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable component of compensation for fiscal year 2022, after determination of its amount based on the achievement of the objectives defined above, will be conditional on the approval by the Company's Ordinary General Meeting to be held in 2023.

Long-term compensation

In order to associate the Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 22-10-60 of the French Commercial Code, on the principle of bonus share plans.

Bonus shares may only be granted to executive corporate officers if the Company grants one of the following benefits to its employees and to at least 90% of employees in its subsidiaries:

- share purchase and/or subscription options;
- bonus share plans;
- the introduction of an incentive agreement or statutory profit-sharing agreement. For companies that already have such an agreement in place, the first allocation authorized by the Annual General Meeting held after the introduction of the Law of December 3, 2008, requires that each company (listed company and relevant subsidiaries) amend the calculation methods relating to one of these agreements, or pay a supplementary incentive or profit-sharing amount.

This award would represent a target of 125% of the annual fixed compensation (*i.e.* Euro 537,500) if the defined objectives are achieved, and up to 187.5% of the annual fixed compensation if each criteria is exceeded. The sum of the three criteria would in any event be capped at 160% of the annual fixed compensation (*i.e.* Euro 688,000), in order to comply with best market practices.

The bonus shares awarded would only be fully vested by the Chief Executive Officer at the end of a three-year vesting period, subject to service conditions (in his capacity as a corporate officer), it being specified that in the event of non-renewal of his corporate office (except in the event of resignation or removal from office), the Board of Directors may decide to maintain the plan benefits.

In the event of the Chief Executive Officer's forced departure (except in the event of resignation or dismissal for serious or gross misconduct) following a change of ownership or change in strategy, any bonus share entitlement that he may have been awarded prior to his effective departure date would be maintained on a *pro rata temporis* basis in relation to his service as a Mercialis executive corporate officer during the vesting period, while remaining subject to the performance conditions of the plan in question. The performance conditions would then be calculated on the basis of the plan's performance criteria, assessed at the end of the year in which the Chief Executive Officer ceases to perform his duties (and without taking into account the impact of the year, or years, after the termination of his duties). In such a case, the Chief Executive Officer would also be released from any holding obligation at the end of the aforementioned vesting period.

To measure Mercialis' share performance against that of its market sector peers and bring executives into line with their shareholders, it is proposed that the stock market performance measurement criterion should be maintained in relative terms and that the panel of companies used in 2021 will be used again.

This panel is made up of companies similar to Mercialis in terms of business activity, geographical location or size. It is set up as follows:

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization (€M) at December 31, 2021
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	1,222
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	1,974
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,179
Deutsche Euroshop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czech Republic, Austria, Hungary	905
Eurcommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,005
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,721
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	426
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,054
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	323
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	8,540
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	457
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	515

In addition, in order to assess changes in the Company's financial performance, it is proposed to use a criterion of FFO growth measured as an annual average over three years, between January 1, 2022 and December 31, 2024, in order to align executives' interests with those of the shareholders.

Lastly, with regard to the CSR policy, an objective to reduce the carbon intensity of the Mercialis portfolio is maintained, in order to ensure the Company's positive contribution to the fight against climate change.

The award of all shares will be subject to the following performance conditions, measured at the end of the three-year period on the basis of three equally-weighted criteria.

- The relative performance of the Mercialisys share, including dividends (Total Shareholder Return - TSR), compared to the performance of a specific panel of comparable companies, measured between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation.

Mercialisys' ranking will be determined by comparing the Company's performance with that of the companies comprising the panel, as follows:

Ranking of Mercialisys' three-year average annual TSR compared with the companies comprising the panel	Multiplier
1 st place	150%
2 nd place	140%
3 rd place	130%
4 th place	120%
5 th place	110%
6 th place	100%
7 th to 13 th place	0%

No compensation will be paid if the ranking falls below the average, given that the above table is based on the 12 companies comprising the panel at January 1, 2022, plus Mercialisys.

Should the panel of comparable companies no longer comprise these 12 companies at December 31, 2024, in particular, due to takeovers, mergers, bankruptcies or delistings occurring during the securities' vesting period, Mercialisys' ranking would, as a result, be based on other criteria.

In particular, should the panel of comparable companies, including Mercialisys, comprise an uneven number of companies, the 100% performance would correspond to the ranking immediately above the arithmetical average. If, for example, only ten companies, *i.e.* a total of eleven companies including Mercialisys, were still listed on the panel on December 31, 2024, the coefficient of 100% would correspond to 5th place. All the multipliers would be readjusted accordingly in a linear fashion between the average ranking determined in this way (coefficient of 100%) and 1st place (coefficient of 150%).

- FFO growth measured as the three-year annual average (CAGR) between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation.

At the end of the three-year period, the number of shares vested on the basis of this performance criterion will be determined in accordance with the table below:

Average annual three-year FFO growth	Multiplier
2.00%	0%
3.00%	100%
4.00%	150%

The multiplier moves in a linear fashion between the limits set above.

- Reduction over three years of the carbon intensity of the Mercialisys portfolio for 33.33% of the initial allocation.

The Mercialisys portfolio carbon intensity indicator is the surface intensity on scopes 1 & 2 following Mercialisys' SBTi carbon trajectory (in kgCO₂eq./sq.m., on a like-for-like basis with Mercialisys' portfolio, the "market-based" method). The minimum value at the end of 2024 is set at

17.4 kgCO₂eq./sq.m., corresponding to the Company's target commitment by the end of 2024 of a 25% reduction in emissions *versus* 2017 (reference year of the certified trajectory).

At the end of the three-year period, the number of shares vested in respect of this performance criterion will be determined in accordance with the table below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

Reduction of carbon intensity on scopes 1 & 2 on the portfolio's current scope (three-year change <i>versus</i> reference value of the 2017 trajectory)	Multiplier
-25%, <i>i.e.</i> 17.4 kgCO ₂ eq./sq.m.	0%
-30%, <i>i.e.</i> 16.3 kgCO ₂ eq./sq.m.	100%
-35%, <i>i.e.</i> 15.1 kgCO ₂ eq./sq.m.	150%

The multiplier moves in a linear fashion between the limits set above.

In the event of an exceptional event such as the impact of the Covid-19 epidemic, a change in ownership or a significant change in strategy, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will have discretionary power in particular to reduce, eliminate or postpone, for the TSR criterion, the application of an extra-financial criterion (a maximum of 33.3% of long-term compensation criteria).

The bonus shares awarded in 2022 will only become the beneficiary's property after a three-year vesting period which will end in 2025.

In accordance with the provisions of Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code, the Board of Directors must either decide that the shares vested to corporate officers may not be sold before the end of their directorship, or set the number of shares they are required to keep in registered form until the end of their directorship.

At the end of this three-year vesting period, the Chief Executive Officer would be required to keep 100% of his shares for a period of at least two years after they are fully vested, and thereafter to hold 50% of them as registered shares until the termination of his duties as corporate officer.

Furthermore, in accordance with the provisions of the final paragraph of Article 25.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the lock-up period.

Other compensation components

The Chief Executive Officer does not benefit from any additional pension plan. He participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the insurance and healthcare benefit plan in force within the Company for all employees. He also benefits from senior executive unemployment insurance. In the event of the forced departure of the Chief Executive Officer, the benefit of the Company's health plan will be extended to the period covered by the social security guarantee for company managers.

He does not receive any other benefit of any kind, except a company car.

No severance allowance shall be paid to the Chief Executive Officer resulting from the termination of, or change in, his position.

However, in the event of termination of his duties, the Chief Executive Officer may receive compensation under a non-competition and non-solicitation clause. In the event of termination of his duties, the Chief Executive Officer will be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of his employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of this clause. In return, the Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of his total annual compensation (fixed and variable) by applying the average total compensation paid for the two fiscal years preceding his departure. This compensation, paid for one year, would not exceed six months of compensation (fixed and variable).

4.2.2.6 Compensation of the Deputy Chief Executive Officer in respect of fiscal year 2021

A. Principles and criteria for determining, distributing and awarding the components of the Deputy Chief Executive Officer's compensation in 2021

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind attributable for 2021 to the Deputy Chief Executive Officer in respect of her corporate office, were submitted for approval by the Ordinary General Meeting on April 22, 2021 (11th resolution).

At the Ordinary General Meeting of April 22, 2021, the shareholders approved the principles and criteria for determining and awarding the compensation of the Deputy Chief Executive Officer.

These principles adhere to the recommendations of the AFEP-MEDEF Code, and are detailed in § 4.2.2.1, p. 270 et seq.

The 2021 compensation policy for the Deputy Chief Executive Officer is set out below. The way in which this policy was followed is set out in point B below.

Fixed compensation

Elizabeth Blaise's fixed compensation as Deputy Chief Executive Officer is set at Euro 265,000.

It should be noted that the Deputy Chief Executive Officer retained her employment contract as Chief Financial Officer during fiscal year 2021. Accordingly, her annual fixed and variable compensation continue to be divided into two parts, half on the basis of her corporate function and half on the basis of her employment contract.

Annual variable compensation

It was proposed to maintain the variable compensation mechanism in force in 2020, which included a CSR objective, with the proportion of qualitative criteria being increased from 15% to 20%.

The variable compensation is therefore structured around four types of objectives:

1. Financial criteria:
 - FFO growth, measuring the change in Mercialis' recurring income;
 - EBITDA margin, measuring the efficiency of its operational management.
2. Operational criteria:
 - maintenance of the Company's best financial reporting practices, as assessed by market bodies such as EPRA and the *Grand Prix de la Transparence*, contributing to Mercialis' ability to enhance its KPIs and create value for its shareholders;
 - insourcing, by end-2021, of functions terminated by Mercialis under the Service agreement: corporate legal and insurance functions, which are decisive both for the governance of the listed company and for business continuity.
3. Balance sheet criteria:
 - partial refinancing of bond debt to lengthen its duration and continue to strengthen the protection of the Company's liquidity and balance sheet positions against an uncertain macro-economic and health backdrop;
 - asset disposals during the fiscal year to strengthen the protection of the Company's liquidity and balance sheet positions.
4. Extra-financial criteria:
 - deployment of the new sustainable development plan such that Mercialis continues to follow best market practices in terms of CSR;
 - human resources and talent management to ensure that employees' skills are constantly being adapted to a changing market.

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The selected criteria, and their weighting in determining the variable compensation, would be as follows:

		% of fixed compensation		
		Minimum	Target	Maximum
Quantifiable objectives (80% of the total variable compensation)	FFO growth (20% of the total variable compensation)	0.00%	11.00%	22.00%
	EBITDA margin on a like-for-like basis (15% of the total variable compensation)	0.00%	8.25%	16.50%
	EPRA and <i>Grand Prix de la Transparence</i> (10% of the total variable compensation)	0.00%	5.50%	11.00%
	Implementation of action plans for the deployment of the new CSR strategy by 2030 (<i>as a% of the number of predefined objectives</i>) (10% of the total variable compensation)	0.00%	5.50%	11.00%
	Bond maturity management (€M) (15% of the total variable compensation)	0.00%	8.25%	16.50%
	Asset disposals during the fiscal year (€M) (10% of the total variable compensation)	0.00%	5.50%	11.00%
Qualitative objectives (20% of the total variable compensation)	Internalization of functions terminated by Mercialys under the Service agreement, by the end of 2021 (10% of the total variable compensation)	0.00%	5.50%	11.00%
	Human resources and talent management: promoting diversity in the workforce, developing the internal training program, developing and diversifying skills, improving employee satisfaction and commitment (10% of the total variable compensation)	0.00%	5.50%	11.00%
TOTAL VARIABLE COMPENSATION AS A% OF FIXED COMPENSATION		0.00%	55.00%	110.00%

For each quantifiable criterion, a minimum threshold of achievement has been set, along with a target level corresponding to the objectives of Mercialys for a performance that meets objectives, and a level of outperformance of the targets. Variable compensation is calculated in a linear or graduated fashion between the minimum threshold and the maximum threshold.

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable portion of the compensation due for fiscal year 2021, after determining the amount based on the achievement of the objectives defined above, is conditional upon approval by the Ordinary General Meeting to be held on April 28, 2022.

Long-term compensation

In order to associate the Deputy Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 22-10-60 of the French Commercial Code (as mentioned on p. 291 for the Chief Executive Officer), on the principle of bonus share plans.

This award would represent a target of 100% of the annual fixed compensation (*i.e.* Euro 265,000) if the defined objectives are achieved, and up to 150% of the annual fixed compensation if each criteria is exceeded. The sum of the three criteria would in any event be capped at 130% of the annual fixed compensation (*i.e.* Euro 344,500), in order to comply with best market practices.

The bonus shares awarded would only be fully vested by the Deputy Chief Executive Officer at the end of a three-year vesting period, subject to service conditions (in her capacity

as corporate officer and/or employee), it being specified that in the event of non-renewal of her corporate office (except in the event of resignation or removal from office), the Board of Directors may decide to maintain the plan benefits.

In the event of the Deputy Chief Executive Officer's forced departure (except in the event of resignation or dismissal for serious or gross misconduct) following a change of ownership or change in strategy, any bonus share entitlement that she may have been awarded prior to her effective departure date would be maintained on a *pro rata temporis* basis in relation to her service as a Mercialys executive corporate officer during the vesting period, while remaining subject to the performance conditions of the plan in question. The performance conditions are then calculated on the basis of the plan's performance criteria, assessed at the end of the year in which the Deputy Chief Executive Officer ceases to perform her duties (and without taking into account the impact of the year, or years, after the termination of her duties). In such a case, the Deputy Chief Executive Officer would also be released from any holding obligation at the end of the aforementioned vesting period.

To measure Mercialys' share performance against that of its market sector peers and bring executives into line with their shareholders, it is proposed that the stock market performance measurement criterion should be maintained in relative terms, but that the panel of companies should be adapted in order to be more comparable and relevant than the EPRA NAREIT/Eurozone index used until now. This new panel is made up of companies more like Mercialys in terms not only of business, but also geography or size. It is set up as follows:

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization (€M) at December 31, 2021
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	1,222
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	1,974
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,179
Deutsche Euroshop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czech Republic, Austria, Hungary	905
Eurcommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,005
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,721
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	426
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,054
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	323
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	8,540
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	457
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	515

In addition, in order to assess changes in the Company's financial performance, it is proposed to use a criterion of FFO growth, measured as an annual average over three years between January 1, 2021 and December 31, 2023, in order to align executives' interests with those of the shareholders to restore the Company's growth trajectory and, as a result, its stock market performance.

Lastly, with regard to the CSR policy, an objective is set to achieve a certification rate under the BREEAM nomenclature of 85% of Mercialis' portfolio in order to ensure the sustainability of the Company's portfolio by managing it according to the best market standards. This rate includes the regular renewal of certifications already obtained, in the context of increasing requirements, as well as the certification of additional assets.

The award of all shares will be subject to the following performance conditions, measured at the end of the three-year period on the basis of three equally-weighted criteria.

1. The relative performance of Mercialis shares, including dividends (Total Shareholder Return - TSR), compared to the performance of a specific panel of comparable companies, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation:

Mercialis' ranking will be determined by comparing the Company's performance with that of the companies comprising the panel, as follows:

Ranking of Mercialis three-year average annual TSR compared with the companies comprising the panel	Multiplier
1 st place	150%
2 nd place	140%
3 rd place	130%
4 th place	120%
5 th place	110%
6 th place	100%
7 th to 13 th place	0%

No compensation will be paid if the ranking falls below the average, given that the above table is based on the 12 companies comprising the panel at January 1, 2021, plus Mercialis.

Should the panel of comparable companies no longer comprise these 12 companies at December 31, 2023, in particular, due to takeovers, mergers, bankruptcies or delistings occurring during the securities' vesting period, Mercialis' ranking would, as a result, be based on other criteria.

In particular, should the panel of comparable companies, including Mercialis, comprise an uneven number of companies, the 100% performance would correspond to the ranking immediately above the arithmetical average. If, for example, only ten companies, *i.e.* a total of eleven companies including Mercialis, were still listed on the panel at December 31, 2023, the coefficient of 100% would correspond to 5th place. All the multipliers would be readjusted accordingly in a linear fashion between the average ranking determined in this way (coefficient of 100%) and 1st place (coefficient of 150%).

2. FFO growth measured as the three-year annual average (CAGR) between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation:

At the end of the three-year period, the number of shares vested on the basis of this performance criterion will be determined in line with the table below:

Average annual three-year FFO growth	Multiplier
0.00%	0%
1.00%	100%
2.00%	150%

The multiplier moves in a linear fashion between the limits set above.

3. Portfolio certification rate as a percentage of its value, for 33.33% of the initial allocation.

At the end of the three-year period, the number of shares vested in respect of this performance criterion will be determined in accordance with the table below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

Three-year BREEM In-Use certification rate (as a% of the portfolio value)	Multiplier
75%	0%
85%	100%
95%	150%

In the event of an exceptional event such as the impact of the Covid-19 epidemic, a change in ownership or a significant change in strategy, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, may use its discretionary power in particular to reduce, eliminate or postpone, for the TSR criterion, the application of extra-financial criteria (a maximum of 33.3% of long-term compensation criteria).

The bonus shares awarded in 2021 will only become the beneficiary's property after a three-year vesting period which will end in 2024.

In accordance with the provisions of Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code, the Board of Directors must either decide that the shares vested to corporate officers may not be sold before the end of their term of office, or set the number of shares they are required to keep in registered form until the end of their term of office. This information is published in the management report.

At the end of this three-year vesting period, the Deputy Chief Executive Officer will be required to keep 100% of her shares for a period of at least two years after they are fully vested, and thereafter to hold 50% of them as registered shares until the termination of her duties as corporate officer.

Furthermore, in accordance with the provisions of the final paragraph of Article 25.3.3 of the AFEP-MEDEF Code, the Deputy Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the lock-up period.

Moreover, it should be noted that Elizabeth Blaise is the beneficiary of bonus share plans which were awarded to her as a Mercialis employee, prior to her appointment as Deputy Chief Executive Officer.

Other compensation components

The Deputy Chief Executive Officer does not benefit from any additional pension plan. She participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the pension plan in force within the Company for all employees. She also benefits from senior executive unemployment insurance. She does not receive any other benefit of any kind.

No severance allowance shall be paid to the Deputy Chief Executive Officer resulting from the termination of, or change in, her position.

The Deputy Chief Executive Officer may also benefit from an indemnity relating to a non-competition clause. In the event of the termination of her position, the Deputy Chief Executive Officer would be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of her employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of such clause. In exchange, the Deputy Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of her annual fixed compensation as a corporate officer, which will be paid in installments during its term.

B. Details of the compensation, in respect of fiscal year 2021, of Elizabeth Blaise, Deputy Chief Executive Officer

1. Summary table of compensation payable by Mercialys and the companies it controls or which control it

Compensation and benefits of any kind payable by Mercialys and the companies it controls to Elizabeth Blaise, for fiscal year 2021 are as follows. It should be remembered that Mercialys is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

TABLE 1 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

<i>(in euros)</i>	Fiscal year 2021	Fiscal year 2020
Compensation awarded in respect of the fiscal year (see § 2 below)	563,939	386,725
Valuation of multi-annual variable compensation awarded during the fiscal year	-	-
Valuation of options awarded during the fiscal year	-	-
Valuation of bonus shares awarded (vesting subject to service and performance conditions) ⁽¹⁾	148,137	130,101
Valuation of other long-term compensation plans	-	-
TOTAL	712,076	516,826

(1) Potential value in the consolidated financial statements of the shares awarded and not yet vested, for the fiscal year and subject to still being employed as a corporate officer as well as three-year performance conditions (see § 4 below).

2. Compensation awarded or paid by Mercialys and the companies it controls

The compensation and benefits of any kind awarded or paid to Elizabeth Blaise, in respect of her office as Deputy Chief Executive Officer, during and in respect of fiscal years 2020 and 2021, are as follows:

TABLE 2 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

<i>(in euros)</i>	Fiscal year 2021		Fiscal year 2020	
	Amounts awarded ⁽⁵⁾	Amounts paid ⁽⁶⁾	Amounts awarded ⁽⁵⁾	Amounts paid ⁽⁶⁾
Fixed compensation ⁽¹⁾	132,500	132,500	132,500	132,500
Annual variable compensation ⁽¹⁾⁽²⁾	132,994	53,000	53,000	72,864
Multi-annual variable compensation ⁽³⁾	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation allocated on account of the directorship	-	-	-	-
Benefits in kind ⁽⁴⁾	29,800	29,800	12,581	12,581
TOTAL	295,294	215,300	198,081	217,945

(1) Gross compensation before social security contributions and tax.

(2) The methods for determining variable compensation are restated in the 2021 compensation policy, as approved at the Ordinary General Meeting of April 22, 2021, in § 4.2.2.6, A, p. 295 et seq., and clarifications are provided in Table 3 below. It should be noted that the payment of this amount will be subject to the approval of the 11th resolution presented to the Ordinary General Meeting of April 28, 2022.

(3) Elizabeth Blaise does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not result in any shares vesting in 2019, 2020 or 2021 for her corporate office.

(4) Executive unemployment insurance and healthcare benefit plan.

(5) Compensation awarded in respect of the fiscal year, regardless of the date of payment.

(6) Compensation paid during the fiscal year, regardless of the allocation date.

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In addition, Elizabeth Blaise still holds the employed position of Chief Financial Officer at Mercialys. In this respect, the amounts of compensation and benefits of any kind paid for fiscal years 2020 and 2021 are as follows:

TABLE 2 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

(in euros)	Fiscal year 2021		Fiscal year 2020	
	Amounts awarded ⁽⁵⁾	Amounts paid ⁽⁶⁾	Amounts awarded ⁽⁵⁾	Amounts paid ⁽⁶⁾
Fixed compensation ⁽¹⁾	132,500	132,500	132,500	132,500
Annual variable compensation ^{(1) (2)}	132,997	53,000	53,000	72,864
Multi-annual variable compensation ⁽³⁾	-	-	-	671
Exceptional compensation	-	-	-	-
Compensation allocated on account of the directorship	-	-	-	-
Benefits in kind ⁽⁴⁾	3,145	3,145	3,144	3,144
TOTAL	268,642	188,645	188,644	209,179

(1) Gross compensation before social security contributions and tax.

(2) The methods for determining the variable compensation are presented in § 4.2.2.6, A, p. 295 et seq., and details are provided in Table 3 below.

(3) Elizabeth Blaise does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not result in any shares vesting in 2019, 2020 or 2021 for her corporate office. The amount of Euro 671 paid in 2020 corresponds to the benefit, as an employee of the Company, of democratic bonus share plan No. 29 awarded on 04/26/2018, under which the 87 shares it comprised fully vested to Elizabeth Blaise on 04/26/2020.

(4) Benefit plan covering all the Company's employees.

(5) Compensation awarded in respect of the fiscal year, regardless of the date of payment.

(6) Compensation paid during the fiscal year, regardless of the allocation date.

3. Annual variable compensation

The variable compensation of Elizabeth Blaise for fiscal year 2021 was determined by the Board of Directors at its meeting of February 14, 2022, on the proposal of the Appointments,

Compensation and Governance Committee, applying the criteria in the table below:

	Assessment	% of fixed compensation				Amount (€)
		Minimum	Target	Maximum	Achieved	
	FFO, after being heavily impacted by the health crisis in 2020, is recovering despite the negative impact of disposals carried out in 2020 and the costs associated with protecting the balance sheet, as a result of rent-related measures, casual leasing, lower vacancy rates and cost control measures	0.0%	11.0%	22.0%	200%	
FFO growth (20% of the total variable compensation)			2.5%		6.5%	58,300
Quantifiable objectives (80% of the total variable compensation)	EBITDA normalization thanks to an increase in income and cost control measures which are much needed as a result of the health crisis and commitments related to the insourcing of certain functions	0.0%	8.25%	16.50%	200%	
EBITDA margin (15% of the total variable compensation)			80%		84%	43,725
EPRA and Grand Prix de la Transparence (10% of the total variable compensation)	For the 5 th consecutive year, Mercialys has been recognized for its exemplary financial and extra-financial communication practices, obtaining this year the prize for the best Universal Registration Document whilst maintaining its EPRA Gold status.	0.0%	5.50%	11.0%	200%	
			Gold + Top 5 Labrador		Gold + Grand Prix	29,150

	Assessment	% of fixed compensation				Amount (€)
		Minimum	Target	Maximum	Achieved	
Quantifiable objectives (80% of the total variable compensation)	Implementation of action plans for the deployment of the new MERY 2030 sustainable development plan (as a% of the number of predefined objectives) (10% of the total variable compensation)	0.0%	5.50%	11.0%	200%	
			40%		69%	29,150
	Bond maturity management (€M) (15% of the total variable compensation)	0.0%	8.25%	16.50%	200%	
			€50M		€99.2M	43,725
	Asset disposals during the fiscal year (€M) (10% of the total variable compensation)	0.0%	5.50%	11.0%	200%	
			€40M		€95.1M	29,150
Qualitative objectives (20% of the total variable compensation)	Insourcing of functions terminated by Mercialis under the Service agreement by the end of 2021 (10% of the total variable compensation)	0.0%	5.50%	11.0%	125%	
						18,219

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	Assessment	% of fixed compensation				Amount (€)
		Minimum	Target	Maximum	Achieved	
Qualitative objectives (20% of the total variable compensation) Human resources and talent management: promoting diversity in the workforce, developing the internal training program, developing and diversifying skills, improving employee satisfaction and commitment (10% of the total variable compensation)	“Great Place to Work” certification reflecting the positive trend in employee satisfaction and commitment in a sector heavily impacted by the health crisis and in the context of improving overall participation in the annual survey (90%). Improvement in the satisfaction of teams under the direct responsibility of the Deputy Chief Executive Officer, with average levels that could be improved further compared to the overall average. The high turnover of certain teams was offset by recruitment with a positive impact on internal skills in terms of diversified profiles.	0.0%	5.50%	11.0%	105%	14,575
		TOTAL VARIABLE COMPENSATION AS A% OF FIXED COMPENSATION	0.0%	55.0%	110.0%	

During 2021, Elizabeth Blaise continued a rigorous and optimized management of financial indicators and balance sheet positions, and carried out remarkable work on the rating and improving the Company’s liquidity.

In a still depressed environment for shopping centers, she maintained effective and productive dialog with financial counterparties including rating agencies, bonds and bank stakeholders, helping to consolidate the liquidity of the balance sheet and the rating, key factors of strength in an industry that uses a significant level of leverage. Discussions with investors and analysts were very high quality, supporting a relationship of trust, including in a downward cycle. These actions led to the success of debt buyback and refinancing operations.

She continued to provide the Company, its governance and its stakeholders with maximum visibility, participating in rapid and appropriate decision-making in an ever-changing context. Once again, this work resulted in the award for the best Universal Registration Document across all categories, in line with the awards received by Mercialis for several years.

Throughout the year, the teams under her responsibility carried out significant work on the renegotiation of leases and systematically monitored recovery in the context of the Covid-19 epidemic, making it possible to secure positions and cash flows, despite an unfavorable environment.

In addition to crisis management, the Deputy Chief Executive Officer maintained positive interactions with all of the Company’s teams regarding previously agreed strategic projects such as risk mapping, the active implementation of the CSR policy, compliance, and diversity and ethics training and communications.

Lastly, in 2021, Elizabeth Blaise was heavily involved in the continuation of the insourcing projects: operational management of insourcings initiated in previous years, preparation for the insourcing of accounting (scheduled for April 2022), corporate finance, tax and insurance.

This variable compensation will be paid subject to the approval of the 11th resolution proposed to the Company’s Ordinary General Meeting on April 28, 2022 (see chapter 8, p. 392).

4. Share subscription or purchase options and bonus shares awarded by the Company and/or the companies it controls

In 2021, Elizabeth Blaise, as Deputy Chief Executive Officer, was the beneficiary of a bonus share plan by the Company, as described below (Plan 36).

It is also stated that Elizabeth Blaise was the beneficiary of bonus share plans awarded to her as an employee, prior to her appointment as Deputy Chief Executive Officer (see chapter 7, § 7.2.5.3, p. 379 et seq.).

TABLE 6 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

Bonus shares awarded to Elizabeth Blaise						
No. and date of plan	Number of shares awarded during the fiscal year	Valuation of the shares according to the method adopted for the consolidated financial statements	Vesting date	Availability date	Performance conditions	
Plan 30, of 04/25/2019	9,085 ⁽²⁾	€59,688	04/25/2022	04/25/2024 ⁽¹⁾	YES ⁽³⁾	
Plan 33, of 04/23/2020	39,665 ⁽⁴⁾	€130,101	04/23/2023	04/23/2025 ⁽¹⁾	YES ⁽⁵⁾	
Plan 36, of 04/22/2021	27,382 ⁽⁶⁾	€148,137	04/22/2024	04/22/2026 ⁽¹⁾	YES ⁽⁷⁾	
TOTAL	76,132	€337,926				

(1) The Board of Directors has set at 50% the number of bonus shares definitively awarded, which the beneficiary is required to hold in registered form until the end of her corporate mandate within Mercialis.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will be 13,627 shares, corresponding to a valuation in the consolidated financial statements of Euro 89,529.

(3) Bonus shares shall only vest if the beneficiary (in their capacity as corporate officer and/or employee) is still employed by the Company on the vesting date of the shares, and subject to the achievement of three performance criteria: 1) the relative performance of Mercialis shares including dividends (relative Total Shareholder Return) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2019, measured between January 1, 2019 and December 31, 2021, for 40% of the initial allocation, 2) organic growth in rental revenues, including Casual Leasing, excluding indexation, measured as an annual average over three years between January 1, 2019 and December 31, 2021, for 20% of the initial allocation, and 3) FFO growth measured as an annual average over three years between January 1, 2019 and December 31, 2021, for the remaining 40% of the initial allocation.

(4) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will be 51,564 shares, corresponding to a valuation in the consolidated financial statements of Euro 169,129.

(5) Bonus shares shall only vest if the beneficiary (in their capacity as corporate officer) is still employed by the Company on the vesting date of the shares, and subject to the achievement of three performance criteria: the relative performance of Mercialis shares including dividends (relative Total Shareholder Return) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial allocation; the Company's CDP (Carbon Disclosure Project) rating, measured once a year over a three-year period between January 1, 2020 and December 31, 2022, for 20% of the initial allocation; and FFO growth measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial allocation.

(6) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will be 35,596 shares, corresponding to a valuation in the consolidated financial statements of Euro 192,575.

(7) Bonus shares shall only vest if the beneficiary (in their capacity as corporate officer) is still employed by the Company on the vesting date of the shares, and subject to the achievement of three performance criteria: the relative performance of Mercialis shares including dividends (relative TSR) compared to the performance of a specific panel of comparable companies, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation; FFO growth measured as an annual average (CAGR) over three years between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation; and the portfolio's BREEAM In-Use certification rate as a percentage of its value for the remaining 33.33% of the initial allocation.

No shares became available in fiscal year 2021 for her corporate office.

Below is a summary of the bonus share plans granted to Elizabeth Blaise as a corporate officer:

TABLE 10 - FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Plan 30	Plan 33	Plan 36
Date of the Annual General Meeting	04/25/2019	04/23/2020	04/22/2021
Date of Board meeting	04/25/2019	04/23/2020	04/22/2021
Total number of bonus shares awarded to corporate officers (subject to service and performance conditions) ⁽¹⁾	30,414 ⁽¹⁾	107,020 ⁽²⁾	73,879 ⁽³⁾
o/w number of shares awarded to Elizabeth Blaise	9,085 ⁽¹⁾	39,665 ⁽²⁾	27,382 ⁽³⁾
Vesting date of shares	04/25/2022	04/23/2023	04/22/2024
Holding period end date	04/25/2024	04/23/2025	04/22/2024
Total number of shares vested at December 31, 2021, to corporate officers	na ⁽⁴⁾	na ⁽³⁾	na ⁽³⁾
o/w number of shares vested to Elizabeth Blaise	na ⁽⁴⁾	na ⁽³⁾	na ⁽³⁾
Number of shares canceled or lapsed at December 31, 2021	na ⁽⁴⁾	na ⁽³⁾	na ⁽³⁾
Number of outstanding bonus shares for plans not yet matured at December 31, 2021	30,414	107,020	73,879

(1) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will be 13,627 shares, corresponding to a valuation in the consolidated financial statements of Euro 89,529.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will be 51,564 shares, corresponding to a valuation in the consolidated financial statements of Euro 169,129.

(3) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will be 35,596 shares, corresponding to a valuation in the consolidated financial statements of Euro 192,574.

(4) Since the three-year plan has not yet expired, the final allocations at December 31, 2021 cannot be calculated.

Moreover, it should be noted that Elizabeth Blaise is the beneficiary of bonus share plans which were awarded to her as a Mercialis employee, prior to her appointment as Deputy Chief Executive Officer.

5. Employment contract, special pension plans, severance pay and non-competition clause

TABLE 11 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

Employment contract		Supplementary pension plan		Allowances or benefits payable or likely to be payable, due to the termination of, or a change in, position		Compensation linked to a non-competition clause	
Yes ⁽¹⁾	No	Yes	No ⁽²⁾	Yes	No	Yes ⁽³⁾	No
○			○		○	○	

(1) Elizabeth Blaise, as Chief Financial Officer, holds an employment contract with Mercialys SA.

(2) Elizabeth Blaise does not benefit from any supplementary pension plan. She is included in the mandatory group pension plan (ARRCO and ARGIC) and in the insurance and healthcare benefit plan covering all the Company's employees.

(3) Elizabeth Blaise may benefit from a payment linked to a non-competition and non-solicitation clause that would apply for a period not to exceed the time of her employment by the Company, up to a maximum of one year; it is specified that the Company may reduce or waive the application of such clause. In exchange, she would be paid a monthly sum equivalent to one-twelfth of 50% of her annual fixed compensation. This compensation will be paid in installments during her term of office.

As mentioned for Éric Le Gentil on p. 278, all the tables in AMF (French Financial Markets Authority) Position/Recommendation DOC-2021-02 not appearing in the previous pages do not apply to Elizabeth Blaise's compensation for fiscal year 2021 (Tables 3, 4, 5, 7, 8, 9).

Pursuant to the provisions of Article L. 225-100, III, and L. 22-10-34 of the French Commercial Code, the Ordinary General Meeting of April 28, 2022 is called to approve the fixed, variable and exceptional components of the compensation package and the benefits of any kind paid or awarded in respect of the previous fiscal year to the Deputy Chief Executive Officer for her mandate in fiscal year 2021. Details and comments about this information can be found in chapter 8, Appendix 3, p. 414 et seq.

4.2.2.7 Compensation policy regarding the Deputy Chief Executive Officer in respect of fiscal year 2022

Board of Directors' report on the compensation policy for the Deputy Chief Executive Officer for fiscal year 2022

(14th resolution of the Ordinary General Meeting of April 28, 2022)

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind attributable for 2022 to the Deputy Chief Executive Officer in respect of her corporate term of office must be submitted for approval by the Ordinary General Meeting on April 28, 2022.

In this regard, the Board of Directors, at its meeting on February 14, 2022, established, on the basis of recommendations from the Appointments, Compensation and Governance Committee, the determining principles and the structure of the Deputy Chief Executive Officer's compensation for 2022.

A. Principles

The Board of Directors refers to the principles of the AFEP-MEDEF Code for determining the compensation of executive corporate officers: completeness, balance among the compensation components, benchmark, consistency, intelligibility of the rules and their measurement. Details of the main principles governing its approach are given in § 4.2.2.1 p. 270 et seq.

Note that the Board of Directors always ensures that executive compensation is competitive, is in line with corporate strategy and context and, in particular, aims to drive the Company's medium and long-term performance and competitiveness by incorporating one or more Social and Environmental Responsibility criteria. To this end, it ensures that:

1. compensation attracts, retains and motivates high-performing executives. Compensation must be competitive and reflect each individual's scope of responsibility.

Every year, the Appointments, Compensation and Governance Committee employs an independent company to conduct a market survey amongst a panel of comparable stakeholders in terms of type and portfolio size. This keeps the compensation system consistent and maintains a good balance between fixed and variable components;

2. compensation is based on corporate strategy and performance.

The Appointments, Compensation and Governance Committee ensures that the Company's interests are in line with those of its shareholders and sets its executives' objectives. These objectives are subject to measurable and quantifiable performance conditions, over 80% of which must be achieved;

3. compensation incorporates Social and Environmental Responsibility criteria.

Being aware of the major environmental, as well as social, issues, Mercialys sets ambitious and measurable short- and long-term objectives for its executives;

4. compensation is consistent and in line with employees' compensation.

The Appointments, Compensation and Governance Committee ensures consistency between compensation across the Company. For this reason, some corporate officers' objectives are incorporated into the Group share of employees' variable compensation. In addition, in order to further align their interests, one of the corporate officers' objectives is to develop employee satisfaction and commitment, diversity and to develop effective training.

These principles apply to all compensation components, including long-term compensation.

Note that the concept of compensation for exceptional circumstances is not part of executive compensation policy.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors deliberates without the interested party being present.

B. Components of the Deputy Chief Executive Officer's compensation

Fixed compensation

The gross annual fixed compensation of Elizabeth Blaise has been Euro 265,000 since January 1, 2020.

The Deputy Chief Executive Officer has retained her employment contract as Chief Financial Officer. Accordingly, her annual fixed and variable compensation has been divided into two parts, half on the basis of her corporate function and half on the basis of her employment contract.

It is envisaged that, in the event of renewal of her directorship, all the compensation of the Deputy Chief Executive Officer will be transferred to her corporate office and that her employment contract as Chief Financial Officer will therefore be terminated, without her being paid any contractual severance pay. It should also be noted that Elizabeth Blaise shall not benefit from any severance pay in the event of the termination of her duties as Deputy Chief Executive Officer. However, such termination would give rise to the calculation of a balance of any account.

The end of her employment contract and the waiver of any contractual severance pay in this respect, as well as the absence of any severance payment linked to her corporate office, help to justify a proposal to increase her annual fixed compensation.

For 2022, it is proposed to increase the annual fixed compensation of the Deputy Chief Executive Officer, it being specified that the structure and terms of allocation of the annual variable compensation and her long-term compensation would remain unchanged.

The AFEP-MEDEF Code provides in its recommendation 25.3.1 that "Fixed compensation should in principle only be reviewed at relatively long intervals".

At the time of her appointment, on February 13, 2019, it was decided to set the annual fixed compensation of Elizabeth Blaise as Deputy Chief Executive Officer at Euro 230,000. Since January 1, 2020, her annual fixed compensation has been increased by approximately 15% to take into account the level of compensation observed at comparable companies and has since been set at Euro 265,000. This compensation has remained unchanged for two years. The proposed increase would bring the new annual fixed compensation of the Deputy Chief Executive Officer to Euro 318,000, *i.e.* an increase of 20% *versus* 2021.

In addition to the absence of an increase in the annual fixed compensation of the Deputy Chief Executive Officer over the past two years, this proposal is justified by the factors described below.

Firstly, the increase in compensation is intended to reflect her successful assumption of duties as Deputy Chief Executive Officer. At the meeting of October 21, 2021, the independent directors on the Company's Board of Directors emphasized the accessibility and availability of Senior Management, as well as the fluidity and quality of exchanges and the consideration by Senior Management of the suggestions of independent directors and their implementation (particularly with regard to the quality of the Company's ESG approach and the creation of a new Strategy and Transformation Committee that meets expectations).

The proposal also takes into account the change in the Company's profile, resulting in an extension of the responsibilities and duties, as well as the strong involvement, of Senior Management. This change was notably seen through the gradual insourcing of support functions between

2020 and 2022, a significant part of which has been under the responsibility of Elizabeth Blaise: property management control activities, insurance, and for 2022, accounting and taxation; this resulted in a 25% increase in the Mercialys workforce between 2019 and 2021.

The level of the Deputy Chief Executive Officer's annual fixed compensation, after taking into account the proposed increase, would remain reasonable and consistent with the level of annual fixed compensation of the executives of comparable companies. In accordance with the AMF's recommendation in its 2020 report on Corporate Governance and Executive Compensation of Listed Companies, a benchmark was established by AON in January 2022 with regard to the level of compensation of a panel of twenty companies comparable to Mercialys. Two methodologies were applied: a constant methodology analysis (used in the previous benchmarks established by AON in 2019 and 2020) called "Pricing", which compares the compensation of the Deputy Chief Executive Officer with that of Deputy Chief Executive Officers of similar or smaller companies in terms of size, or that of business line managers of larger companies, and a so-called "Proxies" analysis, which compares the compensation of the Chief Executive Officer with that of same-level executives within the companies in the selected panel.

This benchmark shows, according to the so-called "Pricing" analysis, that the annual fixed compensation of the Deputy Chief Executive Officer is 11% lower than the average and 12% lower than the median observed in the sample of 19 companies comparable to Mercialys. According to the so-called "Proxies" analysis, the annual fixed compensation of the Deputy Chief Executive Officer is 31% lower than the average and 20% lower than the median of the same panel.

This difference could therefore be mitigated by the proposed 20% increase in the annual fixed compensation.

With regard to the Deputy Chief Executive Officer, the proposal to increase the annual fixed compensation is also in line with a desire to align it with the compensation of a male Deputy Chief Executive Officer over an equivalent period. In fact, the annual fixed compensation of the Company's previous Deputy Chief Executive Officer at the end of his directorship in 2019 was Euro 300,000. This approach is therefore fully in line with the Group's efforts in respect of workplace gender equality.

In addition, the Proxinvest ranking of the executive compensation of executives of SBF 120 companies for fiscal year 2020 shows that the level of compensation of Mercialys Senior Management remains significantly lower than the level of executive compensation of comparable companies.

Lastly, this proposal is in line with the interests of stakeholders, particularly the Group's employees. In fact, the Proxinvest study on the executive compensation of French companies for fiscal year 2020 shows that Mercialys is among the "best" companies in terms of equity ratio. In fact, the difference between Senior Management compensation and that of employees is one of the lowest among the panel of SBF 120 companies, and well below the average and median; only semi-public companies can offer a better ratio.

The Deputy Chief Executive Officer would not retain her employment contract as Chief Financial Officer after the Board of Directors' Meeting following the Ordinary General Meeting. Until then, her annual fixed and variable compensation will continue to be divided into two parts, half on the basis of her corporate function and half on the basis of her employment contract.

Annual variable compensation

Short-term variable compensation rewards performance for the year N-1 and aims to establish a link between the interests of executives and Mercialys' operational strategy for the period.

This compensation is conditional upon the achievement of specific and ambitious targets.

The variable compensation scheme for Elizabeth Blaise remains unchanged for 2022.

As a reminder, the target variable compensation for Elizabeth Blaise in 2021 was 55% of her annual fixed compensation.

The maximum achievement rate for each objective could be as high as 200%. In the event of outperformance, this variable compensation could reach up to 110% of her annual fixed compensation.

In the event of leaving the Group, the Deputy Chief Executive Officer's variable portion will be calculated *pro rata temporis* on the basis of service as Deputy Chief Executive Officer.

Variable compensation is structured around two types of objectives, quantitative objectives weighted at 80% and two quantitative and qualitative objectives on the HR and insourcing of functions remaining within the scope of the Service agreement with the Casino group aspects for 20%. Mercialys' compensation policy will continue to comply with the highest market standards, with a very high percentage of quantifiable criteria.

A set of balanced criteria has been maintained for 2022, covering aspects of financial performance, operational performance, extra-financial performance and balance sheet positions. For each of these four types of criteria, we have chosen two criteria that we believe are the most relevant in the current context. The eight objectives selected reflect the

main challenges facing the Company for the coming year; they are ambitious and measurable:

1. Financial criteria
 - FFO growth, measuring the change in Mercialys' recurring income;
 - EBITDA margin, measuring effective operational management.
2. Operational criteria
 - gross recovery rate of rent and charges for 2021;
 - successful insourcing of accounting functions, treasury and implementation of adequate internal management and control procedures.
3. Balance sheet criteria
 - debt refinancing to extend terms and continue to strengthen the protection of the Company's liquidity and balance sheet positions;
 - net investment over the fiscal year to resume a growth trajectory.
4. Extra-financial criteria
 - compliance with CSR objectives associated with changes in bank line margins;
 - human resources management to ensure the retention of talent in the context of pressure on the sector's job market, ongoing development of training, and the continuous improvement of employee satisfaction.

The selected criteria, and their weighting in determining the variable compensation, would be as follows:

		% of fixed compensation		
		Minimum	Target	Maximum
Quantifiable objectives (80% of the total variable compensation)	FFO growth (20% of the total variable)	0%	11.0%	22.0%
	EBITDA margin on a like-for-like basis (20% of the total variable compensation)	0%	11.0%	22.0%
	Gross recovery rate of rents and charges 2021 (10% of the total variable compensation)	0%	5.5%	11.0%
	Compliance with CSR objectives associated with changes in bank line margins (10% of the total variable compensation)	0%	5.5%	11.0%
	Debt refinancing to extend terms (<i>in millions of euros</i>) (10% of the total variable compensation)	0%	5.5%	11.0%
	Net investment over the fiscal year (<i>in millions of euros</i>) (10% of the total variable compensation)	0%	5.5%	11.0%
Qualitative objectives (20% of the total variable compensation)	Internalization of functions terminated by Mercialys under the Service agreement (10% of the total variable compensation)	0%	5.5%	11.0%
	Human resources management to ensure the retention of talent in the context of pressure on the sector's job market, ongoing development of training, and the continuous improvement of employee satisfaction (10% of the total variable compensation)	0%	5.5%	11.0%
TOTAL VARIABLE COMPENSATION AS A% OF FIXED COMPENSATION		0%	55.0%	110.0%

For each quantitative criterion, a minimum achievement threshold is set, as well as a target level corresponding to Mercialys' objectives for a performance that meets objectives, and a performance level that exceeds the target. Variable compensation is calculated in a linear or graduated fashion between the minimum threshold and the maximum threshold.

The Board of Directors, on a recommendation from the Appointments, Compensation and Governance Committee, may adjust the objectives and thus take into account exceptional events on a nationwide scale, such as a health crisis, when assessing the achievement of the performance objectives to ensure, in the Company's corporate interest, that the implementation of the compensation policy is in line with performance.

The Board of Directors may, by the same reasoning, adjust trigger thresholds, objectives and targets in the event of changes in accounting standards and methods.

In addition, in the event of a material change in the Group's strategy or scope (in particular, following a merger or disposal, a change of ownership, the acquisition or the creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will be able to use its discretion to adjust, upwards or downwards, one or more performance criteria-related parameters (weighting, trigger thresholds, objectives, targets, etc.) of the Deputy Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both her performance and that of the Group.

In any event, and pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable component of compensation for fiscal year 2022, after determination of its amount based on the achievement of the objectives defined above, will be conditional on the approval by the Company's Ordinary General Meeting to be held in 2023.

Long-term compensation

In order to associate the Deputy Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 22-10-60 of the French Commercial Code, on the principle of bonus share plans.

Bonus shares may only be granted to executive corporate officers if the Company grants one of the following benefits to its employees and to at least 90% of employees in its subsidiaries:

- share purchase and/or subscription options;
- bonus share plans;

- the introduction of an incentive agreement or statutory profit-sharing agreement. For companies that already have such an agreement in place, the first allocation authorized by the Annual General Meeting held after the introduction of the Law of December 3, 2008, requires that each company (listed company and relevant subsidiaries) amend the calculation methods relating to one of these agreements, or pay a supplementary incentive or profit-sharing amount.

This award would represent a target of 100% of the annual fixed compensation (*i.e.* Euro 318,000) if the defined objectives are achieved, and up to 150% of the annual fixed compensation if each criteria is exceeded. The sum of the three criteria would in any event be capped at 130% of the annual fixed compensation (*i.e.* Euro 413,400), in order to comply with best market practices.

The bonus shares awarded would only be fully vested by the Deputy Chief Executive Officer at the end of a three-year vesting period, subject to service conditions (in her capacity as corporate officer and/or employee), it being specified that in the event of non-renewal of her corporate office (except in the event of resignation or removal from office), the Board of Directors may decide to maintain the plan benefits.

In the event of the Deputy Chief Executive Officer's forced departure (except in the event of resignation or dismissal for serious or gross misconduct) following a change of ownership or change in strategy, any bonus share entitlement that she may have been awarded prior to her effective departure date would be maintained on a *pro rata temporis* basis in relation to her service as a Mercialys executive corporate officer during the vesting period, while remaining subject to the performance conditions of the plan in question. The performance conditions are then calculated on the basis of the plan's performance criteria, assessed at the end of the year in which the Deputy Chief Executive Officer ceases to perform her duties (and without taking into account the impact of the year, or years, after the termination of her duties). In such a case, the Deputy Chief Executive Officer would also be released from any holding obligation at the end of the aforementioned vesting period.

To measure Mercialys' share performance against that of its market sector peers and bring executives into line with their shareholders, it is proposed that the stock market performance measurement criterion should be maintained in relative terms and that the panel of companies used in 2021 will be used again.

This panel is made up of companies similar to Mercialys in terms of business activity, geographical location or size. It is set up as follows:

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Compensation and benefits of directors and corporate officers

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization (€M) at December 31, 2021
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	1,222
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	1,974
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,179
Deutsche Euroshop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czech Republic, Austria, Hungary	905
Eurcommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,005
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,721
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	426
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,054
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	323
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	8,540
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	457
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	515

In addition, in order to assess changes in the Company's financial performance, it is proposed to use a criterion of FFO growth measured as an annual average over three years, between January 1, 2022 and December 31, 2024, in order to align executives' interests with those of the shareholders.

Lastly, with regard to the CSR policy, an objective to reduce the carbon intensity of the Mercialis portfolio is maintained, in order to ensure the Company's positive contribution to the fight against climate change.

All initiatives will be subject to the following performance conditions, measured at the end of the three-year period on the basis of three equally-weighted criteria.

1. The relative performance of the Mercialis share, including dividends (Total Shareholder Return – TSR), compared to the performance of a specific panel of comparable companies, measured between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation.

Mercialis' ranking will be determined by comparing the Company's performance with that of the companies comprising the panel, as follows:

Ranking of Mercialis three-year average annual TSR compared with the companies comprising the panel

	Multiplier
1 st place	150%
2 nd place	140%
3 rd place	130%
4 th place	120%
5 th place	110%
6 th place	100%
7 th to 13 th place	0%

No compensation will be paid if the ranking falls below the average, given that the above table is based on the 12 companies comprising the panel at January 1, 2022, plus Mercialis.

Should the panel of comparable companies no longer comprise these 12 companies at December 31, 2024, in particular, due to takeovers, mergers, bankruptcies or delistings occurring during the securities' vesting period, Mercialis' ranking would, as a result, be based on other criteria.

In particular, should the panel of comparable companies, including Mercialis, comprise an uneven number of companies, the 100% performance would correspond to the ranking immediately above the arithmetical average. If, for example, only ten companies, *i.e.* a total of eleven companies including Mercialis, were still listed on the panel on December 31, 2024, the coefficient of 100% would correspond to 5th place. All the multipliers would be readjusted accordingly in a linear fashion between the average ranking determined in this way (coefficient of 100%) and 1st place (coefficient of 150%).

2. FFO growth measured as the three-year annual average (CAGR) between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation.

At the end of the three-year period, the number of shares vested on the basis of this performance criterion will be determined in accordance with the table below:

Average annual three-year FFO growth	Multiplier
2.00%	0%
3.00%	100%
4.00%	150%

The multiplier moves in a linear fashion between the limits set above.

3. Reduction over three years of the carbon intensity of the Mercialis portfolio for 33.33% of the initial allocation.

The Mercialis portfolio carbon intensity indicator is the surface intensity on scopes 1 & 2 following Mercialis' SBTi carbon trajectory (in kgCO₂eq/sq.m., on a like-for-like basis with Mercialis' portfolio, the "market-based" method). The minimum value at the end of 2024 is set at 17.4 kgCO₂eq/m², corresponding to the Company's target commitment by the end of 2024 of a 25% reduction in emissions *versus* 2017 (reference year of the certified trajectory).

At the end of the three-year period, the number of shares vested in respect of this performance criterion will be determined in accordance with the table below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

Reduction of carbon intensity on scopes 1 & 2 on the portfolio's current scope (three-year change <i>versus</i> reference value of the 2017 trajectory)	Multiplier
-25%, <i>i.e.</i> 17.4 kgCO ₂ eq/sq.m.	0%
-30%, <i>i.e.</i> 16.3 kgCO ₂ eq/sq.m.	100%
-35%, <i>i.e.</i> 15.1 kgCO ₂ eq/sq.m.	150%

The multiplier moves in a linear fashion between the limits set above.

In the event of an exceptional event such as the impact of the Covid-19 epidemic, a change in ownership or a significant change in strategy, the Board of Directors, on the recommendation of the Appointments, Compensation and

Governance Committee, will have discretionary power in particular to reduce, eliminate or postpone, for the TSR criterion, the application of an extra-financial criterion (a maximum of 33.3% of long-term compensation criteria).

The bonus shares awarded in 2022 will only become the beneficiary's property after a vesting period lasting three years which will end in 2025.

In accordance with the provisions of Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code, the Board of Directors must either decide that the shares vested to corporate officers may not be sold before the end of their term of office, or set the number of shares they are required to keep in registered form until the end of directorship.

At the end of this three-year vesting period, the Deputy Chief Executive Officer will be required to keep 100% of her shares for a period of at least two years after they are fully vested, and thereafter to hold 50% of them as registered shares until the termination of her duties as corporate officer.

Furthermore, in accordance with the provisions of the final paragraph of Article 25.3.3 of the AFEP-MEDEF Code, the Deputy Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the lock-up period.

Other compensation components

The Deputy Chief Executive Officer does not benefit from any additional pension plan. She participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the pension plan in force within the Company for all employees. She also benefits from senior executive unemployment insurance. In the event of the forced departure of the Deputy Chief Executive Officer, the benefit of the Company's health plan will be extended to the period covered by the social security guarantee for company managers.

She does not receive a company car or any other benefit of any kind.

No severance allowance shall be paid to the Deputy Chief Executive Officer resulting from the termination of, or change in, her position.

However, in the event of termination of her duties, the Deputy Chief Executive Officer may receive compensation under a non-competition and non-solicitation clause. In the event of the termination of her position, the Deputy Chief Executive Officer would be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of her employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of such clause. In return, the Deputy Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of her total annual compensation (fixed and variable) by applying the average total compensation paid for the two fiscal years preceding her departure. This compensation, paid for one year, would not exceed six months of compensation (fixed and variable).