LATÉCOÈRE

# Compensation policies for corporate officers for 2022

Toulouse, May 12, 2022,

The compensation policies for corporate officers for the financial year 2022 were approved by the Combined Shareholders' Meeting of May 11, 2022 in its Sixth to Ninth resolution - Ordinary Resolutions. The results of the votes on these resolutions are as follows:

| Resolution No. | Wording ordinary resolution | Votes for | % | Vote against | % | Abstention | % | Result |
|---|---|---|---|---|---|---|---|---|
| Resolution 6 | Approval of the compensation policy for directors | 471 373 087 | 99,988% | 56 785 | 0,012% | 1 546 | 0.000% | Adopted |
| Resolution 7 | Approval of the compensation policy for the Chairman of the Board of Directors | 468 611 021 | 99,402% | 2 818 851 | 0,598% | 1 546 | 0.000% | Adopted |
| Resolution 8 | Approval of the compensation policy for the Chief Executive Officer | 465 725 313 | 98,790% | 5 703 895 | 1,210% | 2 210 | 0.000% | Adopted |
| Resolution 9 | Approval of the compensation policy for the Deputy Chief Executive Officer and/or any other executive corporate officer | 465 727 093 | 98,790% | 5 703 895 | 1,210% | 430 | 0.000% | Adopted |

## COMPENSATION POLICIES FOR CORPORATE OFFICERS APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS OF MAY 11, 2022 (TAKEN FROM THE UNIVERSAL REGISTRATION DOCUMENT 2021 (URD 2021))

Cross-references corresponding to paragraphs of URD 2021.

# COMPENSATION POLICIES FOR CORPORATE OFFICERS FOR 2022 (VOTE *EX ANTE*)

By way of an introduction, it should be recalled that the corporate officers' compensation policy as detailed below and established in application of Article L.22-10-8 of the French Commercial Code describes all component parts of the compensation awarded to the corporate officers of Latécoère on the basis of their appointments and explains the process adopted for its definition, distribution, revision and implementation.

The policy regarding the compensation awarded to the corporate officers of Latécoère consists of four separate policies, namely (i) the compensation policy applicable to the Chairman of the Board of Directors, (ii) the compensation policy applicable to the Chief Executive Officer, (iii) the compensation policy applicable to the Deputy Chief Executive Officer(s), and (iv) the compensation policy applicable to the Directors.

Each of these policies is submitted for approval to the General Shareholders' Meeting in application of Article L.22-10-8 II of the French Commercial Code. The compensation policy approved in year N applies to any person holding a corporate office in year N. The compensation policy described below will therefore be submitted for approval to the Shareholders' Meeting of May 11, 2022. Moreover, when a corporate officer is appointed between two Shareholders' Meetings, his or her compensation is then defined in application of the provisions of the compensation policy applicable thereto, as approved by the most recent General Shareholders' Meeting.

## General principles

The compensation policy for corporate officers is set by the Board of Directors upon proposal by the Appointments and Compensation Committee, duly taking Note of the principles listed in the Middlenext Code, in its September 2021 version. Each year, it is put to the vote at the General Shareholders' Meeting in accordance with the regulations in force (ex-ante vote).

As a result, in the development and determination of its executive compensation policy, Latécoère relies on the following seven principles: comprehensiveness, balance, benchmarking, consistency, readability, prudence and, lastly, transparency, and with this in mind takes into account the corporate interest, market practices and executive performance.

Latécoère measures compensation as a whole, considering every item granted or paid to executives, including the benefit represented by the severance pay they may receive. The components of their compensation are complementary and meet different objectives.

A balanced distribution between these various component parts is also sought in order for the compensation policy to act as an incentive over the long term, to remain competitive so as to guarantee the retention of talent, and to be in line with the corporate interest while enabling the implementation of the Company's strategy and contributing to the long-term application thereof.

The Board of Directors and the Appointments and Compensation Committee ensure the prevention and management of any conflicts of interest that could arise in this decision-making process in accordance with the Company's policy on the prevention of conflicts of interest. In accordance with the applicable regulations, the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer or Officers do not take part in the deliberations or the voting on the compensation or commitments relating to them submitted to the Board of Directors.

In the context of its assignment, the Appointments and Compensation Committee invites the Group's Head of Human Resources to each of its meetings and involves the latter in its work when examining the compensation policy applicable to corporate officers. The committee nevertheless deliberates when no guests are present.

Each year, the Appointments and Compensation Committee launches a dialogue with the members of the Audit and Risk Committee and with those of the Strategy Committee, in order to ensure that the compensation policy is being applied correctly with regard to the quantitative performance criteria on which it is based, the coherency of the contemplated performance criteria, and their relevance to the Company given its strategy, and in order to measure the financial impacts of the recommended compensation policy.

The compensation policy is not subject to annual revision. However, certain details concerning the application of the compensation policy, such as the performance criteria applicable to the variable part of the annual compensation paid to the Chief Executive Officer and the Deputy Chief Executive Officer(s), are defined each year by the Board of Directors on the basis of recommendations made by the Appointments and Compensation Committee.

After having consulted the Appointments and Compensation Committee and, if applicable, the Audit and Risk Committee and the Strategy Committee, the Board of Directors may decide to grant temporary exceptions with regard to the compensation policy applicable to the Chief Executive Officer and the Deputy Chief Executive Officer(s) in the event of exceptional circumstances and to the extent that the changes made are in line with the corporate interest and necessary in order to guarantee the sustainability and success of Latécoère's commercial strategy.

The components of compensation which may be waived are the annual fixed compensation and the annual and long-term variable compensation (stock options and/or allocation of free ordinary and/or preferred shares). Exemptions may consist of an increase or decrease in the compensation concerned and, in the case of exemptions relating to variable compensation, they may relate to the modification of the performance conditions governing the acquisition of all or part of these elements of compensation and, in particular, the adjustment, both upwards and downwards, of one or more of the parameters attached to the performance criteria (weighting, triggering thresholds and objectives). Events liable to lead to an exception to the compensation policy applicable to the Chief Executive Officer and Deputy Chief Executive Officer(s) are, by way of an example, exceptional external growth transactions or a major change in strategy.

The Appointments and Compensation Committee ensures that any changes in the compensation paid to corporate officers over the medium term remain in correlation with those made to the compensation paid to Group employees as a whole. Its objective is also to have the performance criteria applicable to the flexible part of the annual compensation of the Chief Executive Officer and the Deputy Chief Executive Officer (s) come into line with those applicable to the variable part of the compensation paid to the Company's key managers, namely the members of the Executive Committee, in particular with regard to quantitative criteria. This also applies to long-term compensation paid in shares.

The policy regarding compensation paid in ordinary or preferred shares seeks to involve the employees and corporate officers in the achievement of the Company's long-term strategy and in its sustainability.

The Board of Directors, further to recommendations made by the Appointments and Compensation Committee, sets several performance conditions attached to compensation paid in shares, taking care to align this with the Company's long-term performance. For this purpose, performance is measured on the basis of the Business Plan defined by the Board of Directors, taking into account, for certain conditions, performance over several years. The awarding of ordinary performance shares is also subordinate to attendance conditions at the end of the period for which the performance criteria must be met. The failure or partial failure to fulfill the performance conditions is sanctioned by the loss of all or part of the initial amount allocated. The performance conditions applicable to those shares already awarded cannot be modified subsequently. Allocations of preferred shares are subject to performance conditions upon conversion into ordinary shares, as well as to a continued presence condition, in accordance with the terms and conditions appended to the Company's bylaws.

## COMPENSATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS

The elements of the compensation and various benefits in kind payable to the Chairman of the Board of Directors chiefly reflect the level of responsibility associated with his position and his competency in organizing and directing the work of the Company's Board.

The compensation policy applicable to the Chairman of the Board of Directors is the subject of a recommendation by the Appointments and Compensation Committee to the Board of Directors. The Chairman of the Board of Directors does not take part in the deliberations of the committee on the subject of their compensation.

### Annual fixed compensation

The compensation paid to the Chairman of the Board of Directors consists of fixed compensation set by the Board of Directors upon the advice of the Appointments and Compensation Committee. The maximum annual fixed compensation is set at €200,000. It is payable in 12 monthly installments and calculated, if necessary, pro rata temporis.

The compensation of the Chairman of the Board of Directors excludes any other compensation (including any compensation in respect of their duties as a Director) payable to non-executive corporate officers and subject to the items set forth below.

### Exceptional bonus

The Company may pay the Chairman of the Board of Directors an exceptional bonus to compensate them for their involvement in special circumstances affecting the Company or the Group. Payment of this bonus is subject to approval from the Shareholders' Meeting (ex-post vote).

### Compensation due or that might become due as a result of termination of office

Severance pay may be granted to the Chairman of the Board of Directors should their service be terminated at the Company's initiative.

The amount of the payment is calculated on the total compensation received by the beneficiary of the payment during the fiscal year preceding that in which they ceased to serve as Chairman of the Board of Directors.

## COMPENSATION POLICY FOR THE CHIEF EXECUTIVE OFFICER

The compensation policy for the Chief Executive Officer covers the principles and criteria used to determine, allocate and award the fixed, variable and exceptional items of the total compensation and the benefits of any kind payable to him. The policy is drawn up by the Board of Directors upon the recommendation of the Appointments and Compensation Committee then submitted to the General Shareholders' Meeting for approval. It remains applicable until modified.

The overall compensation paid to the Chief Executive Officer is calculated taking into account practices in the sector for companies comparable in size to Latécoère. This comparison is necessary to ensure that the Chief Executive Officer's compensation policy remains coherent and is vital for attracting and retaining key executives.

The Appointments and Compensation Committee also ensures that the overall compensation paid to the Chief Executive Officer is and remains balanced with regard to all of its component parts (fixed, variable, exceptional and long-term) through performance shares and/or stock options.

The compensation policy applicable to the Chief Executive Officer seeks to motivate and reward his performance via a significant part subject to the fulfillment of financial and non-financial criteria reflecting the operational and strategic targets set by the Company, while at the same time remaining compliant with the corporate interest and the objective of value creation.

The annual variable compensation and the long-term compensation in shares seek to bring the interests of the Chief Executive Officer into line with the interests of the shareholders and stakeholders.

The Chief Executive Officer receives compensation composed of a fixed annual payment, an annual variable payment, an exceptional payment and a long-term payment. Each of these component parts is set out below:

| Compensation items | Form of payment | Maximum amount | Ceiling | Performance conditions for allocation | Performance indicators | Relative weight of the indicator in the corresponding compensation item | Ceiling applicable to the annual variable part by criterion |
|---|---|---|---|---|---|---|---|
| Annual fixed part | Amount paid in cash over calendar year N in 12 monthly payments | Amount set by the Board: maximum €500,000 | Not applicable | no | Not applicable | Not applicable | Not applicable |
| Annual variable part | Amount paid in cash during calendar year N+1 following approval by the General Shareholders' Meeting on the basis of an ex-post vote | Amount of between 0 and the ceiling applicable to the annual variable part | 167.5% of the fixed amount determined by the Board | yes | Recurring EBITDA € millions (coverage ratio) | 20% | 175% |
| | | | | | Operating cash flow (before financing) | 20% | 175% |
| | | | | | Organic growth € millions @1.24 | 20% | 175% |
| | | | | | Workplace accident frequency rate (with lost time) | 10% | 175% |
| | | | | | Individual criteria | 30% | 150% |
| | | | | | **TOTAL ANNUAL VARIABLE PART** | **100%** | **167.50%** |
| Exceptional part | Amount paid in cash during the calendar year N+1 following approval by the General Shareholders' Meeting on the basis of an ex-post vote | Amount set by the Board | 100% of the annual fixed amount | no | Not applicable | Not applicable | Not applicable |
| Long-term variable part | Provision of preferred shares subject to the terms and conditions provided for in the Company's bylaws | Number of shares set by the Board | Not applicable | *at grant time*: no *at the time of conversion into ordinary shares*: yes | Not applicable | Not applicable | Not applicable |
| | Delivery of Latécoère shares, subject to a performance condition, after a vesting period and a holding period of at least one year each | Number of shares set by the Board | 100% of ceiling applicable to the annual compensation (fixed and variable) | yes | Revenue | 33.1/3% | Not applicable |
| | | | | | EBITDA/revenue ratio | 33.1/3% | Not applicable |
| | | | | | Stock market performance (ratio change in the Latécoère share price/change in the aeronautical index) | 33.1/3% | Not applicable |
| | | | | | **TOTAL LONG-TERM VARIABLE PART** | **100%** | |

## Annual fixed compensation

The fixed portion of the annual compensation is reviewed each year by the Board, after consulting the Appointments and Compensation Committee and remains unchanged, unless the Board decides otherwise on the proposal of the Appointments and Compensation Committee, in particular in view of market conditions and changes in the Company's situation. It is payable in 12 monthly installments and calculated, if necessary, pro rata temporis. The maximum annual fixed compensation is set at €500,000.

## Annual variable compensation

The variable portion of the annual compensation is meant to reflect the personal contributions of executive corporate officers to the development of the Company and the improvement of its earnings. It is balanced against the fixed portion of the compensation.

Performance evaluation in terms of the variable compensation of the Chief Executive Officer takes into account qualitative and quantitative criteria, financial and extra-financial which are ambitious and in line with the Group's strategy.

The variable portion is determined as a percentage of the fixed portion of the annual compensation, which may not exceed 167.5%, with a target of 100%.

The collective and individual objectives applicable to the Chief Executive Officer's variable compensation are set each year, for the current year, by the Board, on the proposal of the Appointments and Compensation Committee, no later than the beginning of each fiscal year.

Each year, the Board of Directors may, if so proposed by the Appointments and Compensation Committee, change the collective and individual objectives based on quantitative and qualitative criteria in order to tailor them and make them consistent with the Company's situation, outlook for development and trends in financial performance.

Each year, simultaneously with the finalization of the Company's parent company and consolidated financial statements for the previous fiscal year, the Appointments and Compensation Committee assesses the achievement by the Chief Executive Officer of the targets linked to the quantitative and qualitative criteria on the basis of the factual items and figures provided by the Finance Department and Executive Management. It then reports on its work to the Board of Directors which assesses the Chief Executive Officer's performance criterion by criterion and records the size of the variable portion of their annual compensation for the past fiscal year based on the rate of satisfaction of the criteria.

The table below describes for fiscal year 2022 the criteria applicable to the variable portion of the annual compensation of the Chief Executive Officer:

| Annual variable part | % ceiling of annual variable compensation | Criteria | Relative weight of the indicator in the corresponding compensation item | Explanation of the relevance of the indicators and detailed implementation methods |
|---|---|---|---|---|
| **Collective targets** | 70% | Recurring EBITDA € millions (coverage ratio) | 20% | These indicators show the quality of the financial and economic management of the Group, from various complementary angles. The Group's financial performance is assessed through the three indicators referred to over, recorded as of December 31 of each year. The method consists in comparing the level of each of these indicators recorded as of December 31 of the past year (N) with that set by the Board of Directors for year N in the context of the budget and in acknowledging the corresponding discrepancy. A bonus is associated with each performance indicator. The size of the bonus is based on the discrepancy observed between the level of achievement and the budget for the corresponding indicator. This is within a range of between 0 and a ceiling equal to 175% of the value of the annual variable part which can be awarded on the basis of the criterion in question, in accordance with a table set by the Board. |
| | | Operating cash flow (before financing) € millions | 20% | |
| | | Organic Growth € millions @1.24 | 20% | |
| | | Workplace accident frequency rate (with lost time) | 10% | Maintain and improve the Group's performance in terms of workplace safety |
| **Individual targets** | 30% | M&A | 10% | Pursue the external growth strategy announced by the Group as part of the Ambition 2025 Plan |
| | | Talent development and organizational strengthening | 10% | Develop and retain talent through a targeted recruitment plan, a compensation policy aligned with performance indicators and launch of a Group Employee Engagement survey to identify potential areas for improvement |
| | | Sustainable development policy (ESG/CSR criteria) | 5% | Deploy the Sustainability Policy in the three areas identified (see Chapter 4 - NFPS) |
| | | Operational Excellence | 5% | Improved customer satisfaction and quality level |

*At the start of each year, the Board sets the targets and allocates a weighting coefficient to each to reflect its priorities. The Board may without restriction make changes to these indicators based on the environment and the context. When the financial statements for fiscal year N-1 are in the approval process, the Board's decisions are made further to an examination of the recommendations of the Appointments and Compensation Committee. The Board sets the performance level for each target and calculates the corresponding bonus on this basis. The Chief Executive Officer does not take part in the deliberations.*

For confidentiality reasons in relation to the Group's strategy and targets, the level of achievement required (target) for the quantitative criteria as well as the details of the qualitative criteria, although pre-established precisely, cannot be disclosed. These criteria are always assessed taking into account performance at a Group level. There is no provision for the option to ask for the repayment of an annual variable compensation's part.

In accordance with the provisions of Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the components of the Chief Executive Officer's variable compensation for fiscal year N-1 shall be paid in year N only after the Ordinary Shareholders' Meeting has approved (in an ex-post vote) the fixed, variable and exceptional items making up the total compensation and the benefits of any kind paid or granted to the Chief Executive Officer for fiscal year N-1.

## Exceptional compensation

The Chief Executive Officer may receive exceptional compensation up to a maximum amount corresponding to 100% of his or her annual fixed compensation if the Company carries out a significant strategic project. The amount will be set by the Board after consulting the Appointments and Compensation Committee.

In accordance with the provisions of Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code, the components of the Chief Executive Officer's exceptional compensation for fiscal year N-1 shall be paid in year N only after the Ordinary Shareholders' Meeting has approved (in an ex-post vote) the fixed, variable and exceptional items making up the total compensation and the benefits in kind paid or granted to the Chief Executive Officer for fiscal year N-1.

## Payment on assumption of duties

The Chief Executive Officer may at the time of his or her hiring be awarded a signing bonus to make up for the loss of benefits he or she used to enjoy but must relinquish on joining the Company. The amount of such payment will be set by the Board of Directors, upon the advice from the Appointments and Compensation Committee.

The purpose of such a signing bonus would be notably to enable the Company to recruit experienced, competent executives in a highly competitive environment and give them an incentive to join the Group.

## Compensation due or that might become due as a result of termination of office

A severance payment may be made to the Chief Executive Officer should he or she terminate his or her service at the Company's initiative or be forced to leave the Group.

No severance shall be paid should the Chief Executive Officer terminate his or her service at the Company's initiative or be forced to leave the Group on the grounds of gross misconduct or negligence or if the Chief Executive Officer resigns their position and leaves the Group on his or her own initiative, unless the departure chosen by the Chief Executive Officer can be considered a forced departure in light of the surrounding circumstances.

Any severance payment potentially owed is subject to compliance with any performance conditions applicable to the beneficiary, assessed with regard to those of the Company.

Moreover, the payment may only be made with the prior acknowledgment by the Board of Directors that the conditions it imposed have been met.

The amount of the payment is calculated on the basis of total compensation – fixed, variable and in kind – received during the fiscal year preceding that in which the beneficiary is obliged to cease serving as an executive corporate officer and leaves the Group.

## Compensation due in respect of his duties as Director

If the Chief Executive Officer also sits on the Board of Directors, he or she does not receive any compensation on the basis of these duties.

## Stock options and performance shares (ordinary or preferred shares)

The Chief Executive Officer is eligible for the performance-based incentive plans that the Company makes available to Group employees and executives, including stock subscription or purchase options and awards of performance shares (ordinary and/or preferred shares). Shares awarded on performance encourage those eligible to achieve the Group's long-term objectives and create value that should flow to the shareholders. The potential awarding of performance shares to the Chief Executive Officer is decided after having taken into account the fulfillment of a presence condition and of the ambitious economic and stock market performance conditions set by the Board of Directors on the basis of recommendations made by the Appointments and Compensation Committee, and the acknowledgment of the fulfillment of these conditions by the Board of Directors on the basis of the work carried out by the Appointments and Compensation Committee. The awarding of performance shares to the Chief Executive Officer in year 0, after acknowledgment of the fulfillment of attendance and performance conditions on December 31 in year -1, are followed by a vesting period and a holding period, each of a minimum of one year.

If the Chief Executive Officer leaves during the fiscal year, the presence condition is not met on December 31 of year N-1 and no shares can therefore be allocated to them in year N on the basis of year N-1.

Each allocation of performance shares to the Chief Executive Officer is completed in consideration of his overall compensation, of earlier allocations, and of allocations completed in favor of other employees.

The Chief Executive Officer is subject, while still in office, to a retention obligation imposing the holding of a number of registered shares in the Company corresponding to 5% of the shares acquired, in application of the provisions of Article L.225-197-1 II of the French Commercial Code.

The Chief Executive Officer may also be granted preferred shares subject to the terms and conditions set out in the Notes to the Company's bylaws. The conversion ratio of preferred shares into ordinary shares is determined on the basis of performance criteria set out in the Notes to the bylaws. The preferred shares will vest at the end of a vesting period of one year from the date of their allocation (unless otherwise specified in the plan regulations), subject to compliance with a presence condition; they will then be subject to a holding period expiring on the second

anniversary of their grant date (subject to exceptions specified in the plan regulations).

### Non-compete commitment

The Covid-19 health crisis has profoundly changed the competitive environment in which the Group's executives operate.

Thus, in the event of termination of their duties, and in the event that they leave the Group within twelve months of the end of their term of office, the Chief Executive Officer may be bound by a non-compete obligation for a minimum period of 12 months, restricting the Chief Executive Officer's freedom to perform the duties of an employee or corporate officer for a competitor or to carry out consulting assignments directly or through an intermediary legal entity. This prohibition of competition would, where applicable, be accompanied by financial compensation paid in installments, the amount of which may not exceed 50% of the fixed and variable compensation due during the twelve months preceding their effective departure from the Company in respect of their mandate.

It is also specified that the Board may waive the implementation of this commitment upon the departure of the Chief Executive Officer. The payment of this indemnity is excluded (i) if the Chief Executive Officer is also eligible for a non-compete indemnity under an employment contract with the Company or a Group company, and (ii) if the Chief Executive Officer exercises their retirement rights, in accordance with Article R.22-10-14 III of the French Commercial Code.

### Benefits in kind

#### UNEMPLOYMENT INSURANCE

The Company may take out private unemployment insurance for the Chief Executive Officer (a policy type known by the French acronym GSC).

In addition, the Company may agree to offer him or her special compensation in the absence of payment by the private insurer should there be a waiting period or if the circumstances of his or her termination do not enable him or her to receive the coverage subscribed. This specific compensation can be cumulated with the compensation due or likely to be due on account of the termination of the duties.

#### HEALTH EXPENSES

The Chief Executive Officer benefits from the Company's coverage of his or her mutual or private health insurance.

#### SUPPLEMENTAL PENSION AND PROTECTION PLANS

The Chief Executive Officer may benefit from the payment by the Company of a supplementary pension. They may also be affiliated with a pension plan paid for by the Company.

#### OTHER BENEFITS

The Chief Executive Officer may have the use of a company car.

The Company may also pay some or all of the Chief Executive Officer's relocation costs in first assuming his or her duties in the Group.

## COMPENSATION POLICY FOR THE DEPUTY CHIEF EXECUTIVE OFFICER (AND, WHERE APPLICABLE, ANY OTHER EXECUTIVE CORPORATE OFFICERS)

The compensation policy for the Deputy Chief Executive Officer covers the principles and criteria used to determine, allocate and award the fixed, variable and exceptional items of the total compensation and the benefits in kind payable to him. The policy is drawn up by the Board of Directors upon the recommendation of the Appointments and Compensation Committee then submitted to the General Shareholders' Meeting for approval. It remains applicable until modified.

The overall compensation paid to the Deputy Chief Executive Officer is calculated taking into account practices in the sector for companies comparable in size to Latécoère. This comparison is necessary to ensure that the Deputy Chief Executive Officer's compensation policy remains coherent and is vital for attracting and retaining key executives.

The Appointments and Compensation Committee also ensures that the overall compensation paid to the Deputy Chief Executive Officer is and remains balanced with regard to all of its component parts, fixed, variable, and long-term through performance shares.

The compensation policy applicable to the Deputy Chief Executive Officer seeks to motivate and reward his performance via a significant part subject to the fulfillment of financial and non-financial criteria reflecting the operational and strategic targets set by the Company, while at the same time remaining compliant with the corporate interest and the objective of value creation.

The annual variable compensation and the long-term compensation in shares seek to bring the interest of the Deputy Chief Executive Officer into line with the interests of the shareholders and stakeholders.

It is applicable to any and every other executive corporate officer other than the Chief Executive Officer.

When the Deputy Chief Executive Officer is otherwise bound to the Company by an employment contract, he may receive compensation under the said contract that continues, whether or not in addition to his compensation as Deputy Chief Executive Officer. All compensation, rights and benefits related to the employment contract are not covered by the provisions of Articles L.22-10-8 and L.22-10-34 II of the French Commercial Code and are therefore not subject to a vote at the Company's General Shareholders' Meeting.

The Deputy Chief Executive Officer can receive compensation composed of a fixed annual payment, an annual variable payment and a long-term payment. Each of these component parts is set out below:

| Compensation items | Form of payment | Maximum amount | Ceiling | Performance conditions for allocation | Performance indicators | Relative weight of the indicator in the corresponding compensation item | Ceiling applicable to the annual variable part by criterion |
|---|---|---|---|---|---|---|---|
| **Annual fixed part** | Amount paid in cash over calendar year N in 12 monthly payments | Amount set by the Board: maximum €330,000 | Not applicable | no | Not applicable | Not applicable | Not applicable |
| **Annual variable part** | Amount paid in cash during calendar year N+1 following approval by the General Shareholders' Meeting on the basis of an ex-post vote | Amount of between 0 and the ceiling applicable to the annual variable part | 167.5% of the fixed amount determined by the Board | yes | Recurring EBITDA € millions (coverage ratio) | 20% | 175% |
| | | | | | Operating cash flow (before financing) € millions | 20% | 175% |
| | | | | | Organic growth € millions @1.24 | 20% | 175% |
| | | | | | Workplace accident frequency rate (with lost time) | 10% | 175% |
| | | | | | Individual criteria | 30% | 150% |
| | | | | | **TOTAL ANNUAL VARIABLE PART** | **100%** | **167.50%** |
| **Exceptional part** | Amount paid in cash during the calendar year N+1 following approval by the General Shareholders' Meeting on the basis of an ex-post vote | Amount set by the Board | 100% of the annual fixed amount | no | Not applicable | Not applicable | Not applicable |
| **Long-term variable part** | Provision of preferred shares subject to the terms and conditions provided for in the Company's bylaws | Number of shares set by the Board | Not applicable | *at grant time:* no *at the time of conversion into ordinary shares: yes* | Not applicable | Not applicable | Not applicable |
| | Delivery of Latécoère shares, subject to a performance condition, after a vesting period and a holding period of at least one year each | Number of shares set by the Board | 100% of ceiling applicable to the annual compensation (fixed and variable) | yes | Revenue | 33.1/3% | Not applicable |
| | | | | | EBITDA/revenue ratio | 33.1/3% | Not applicable |
| | | | | | Stock market performance (ratio change in the Latécoère share price/change in the aeronautical index) | 33.1/3% | Not applicable |
| | | | | | **TOTAL LONG-TERM VARIABLE PART** | **100%** | |

## Annual fixed compensation

The fixed portion of the annual compensation is reviewed every year by the Board of Directors, together with the opinion of the Appointments and Compensation Committee. It remains unchanged unless the Board of Directors votes otherwise upon the recommendation of the Appointments and Compensation Committee, particularly in light of market conditions and changes over time in the Company's financial position. It is payable in 12 monthly installments and calculated, if necessary, pro rata temporis. Maximum annual fixed compensation is capped at €330,000 for the 2022 fiscal year.

## Annual variable compensation

The variable portion of the annual compensation is meant to reflect the personal contributions of executive corporate officers to the development of the Company and the improvement of its earnings. It is balanced against the fixed portion of the compensation.

The assessment of the achievement of the performance target relating to the variable compensation paid to the Deputy Chief Executive Officer, takes into account financial and non-financial and quantitative and qualitative criteria which are ambitious and linked to the strategy of the Group.

The variable portion is determined as a percentage of the fixed portion of the annual compensation, which may not exceed 167.5%, with a target of 100%.

The collective and individual targets applicable to the Deputy Chief Executive Officer's variable compensation are set each year, for the current year, by the Board, on the proposal of the Appointments and Compensation Committee, no later than the beginning of each fiscal year.

Each year, the Board of Directors may, if so proposed by the Appointments and Compensation Committee, change the individual and financial objectives based on quantitative and qualitative criteria in order to tailor them and make them more consistent with the Company's situation, outlook for development and trends in financial performance.

Each year, simultaneously with the finalization of the Company's parent company and consolidated financial statements for the previous fiscal year, the Appointments and Compensation Committee assesses the achievement by the Chief Executive Officer of the targets linked to the quantitative and qualitative criteria on the basis of the factual items and figures provided by the Finance Department and Executive Management. They then report on their work to the Board of Directors which assesses the Deputy Chief Executive Officer's performance criterion by criterion and records the size of the variable portion of their annual compensation for the past fiscal year based on the percentage reflecting the satisfaction of the criteria.

The table below describes, for fiscal year 2022, the criteria applicable to the variable portion of the annual compensation of the Deputy Chief Executive Officer:

| Annual variable part | % ceiling of annual variable compensation | Criteria | Relative weight of the indicator in the corresponding compensation item | Explanation of the relevance of the indicators and detailed implementation methods |
|---|---|---|---|---|
| **Collective targets** | 70% | Recurring EBITDA € millions (coverage ratio) | 20% | These three indicators give an understanding of the quality of the Group's economic and financial management from various complementary angles. The Group's financial performance is assessed through the three indicators referred to over, recorded as of December 31 of each year. The method consists in comparing the level of each of these indicators recorded as of December 31 of the past year (N) with that set by the Board of Directors for year N in the context of the budget and in acknowledging the corresponding discrepancy. A bonus is associated with each performance indicator. The size of the bonus is based on the discrepancy observed between the level of achievement and the budget for the corresponding indicator. This is within a range of between 0 and a ceiling equal to 175% of the value of the annual variable part which can be awarded on the basis of the criterion in question, in accordance with a table set by the Board. |
| | | Operating cash flow (before financing) € millions | 20% | |
| | | Organic Growth € millions @1.24 | 20% | |
| | | Workplace accident frequency rate (with lost time) | 10% | Maintain and improve the Group's safety efforts |
| **Individual targets** | 30% | Representation and reputation of the Group | 20% | Represent the Group before institutions and administrations |
| | | Acting as CEO in the event of vacancy | 10% | Acting in the event of a vacancy in the position of Chief Executive Officer and ensuring the continuity of the Group's Management |

For confidentiality reasons in relation to the Group's strategy and targets, the level of achievement required (target) for the quantitative criteria as well as the details of the qualitative criteria, although pre-established precisely, cannot be disclosed. These criteria are always assessed taking into account performance at a Group level.

There is no provision for the option to ask for the repayment of part of the annual variable compensation.

In accordance with the provisions of Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the items of the Deputy Chief Executive Officer's variable compensation for fiscal year N-1 shall be paid in year N only after the Ordinary Shareholders' Meeting has approved (in an ex-post vote) the fixed, variable and exceptional items making up the total compensation and the benefits in kind paid or granted to the Deputy Chief Executive Officer for fiscal year N-1.

## Payment on assumption of duties

The Deputy Chief Executive Officer may at the time of his or her hiring be awarded a signing bonus to make up for the loss of benefits he or she used to enjoy but must relinquish on joining the Company. The amount of such payment would be set by the Board of Directors, upon the advice from the Appointments and Compensation Committee.

The purpose of such a signing bonus would be notably to enable the Company to recruit experienced, competent executives in a highly competitive environment and give them an incentive to join the Group.

## Compensation due or that might become due as a result of termination of office

A severance payment may be made to the Deputy Chief Executive Officer should he or she terminate his or her service at the Company's initiative or be forced to leave the Group.

No severance pay shall be made should the Deputy Chief Executive Officer terminate his or her service at the Company's initiative or be forced to leave the Group on the grounds of gross misconduct or negligence or if the Deputy Chief Executive Officer resigns that position and leaves the Group on his or her own initiative, unless the departure chosen by the Deputy Chief Executive Officer can be considered a forced departure in light of the surrounding circumstances.

Any severance payment potentially owed is subject to compliance with any performance conditions applicable to the beneficiary, assessed with regard to those of the Company.

Moreover, the payment may only be made with the prior acknowledgment by the Board of Directors that the conditions it imposed have been met.

The amount of the payment is calculated on the basis of total compensation – fixed, variable and in kind – received during the fiscal year preceding that in which the beneficiary is obliged to cease serving as an executive corporate officer and leaves the Group.

## Compensation in respect of duties as Director (formerly Directors' fees)

If the Deputy Chief Executive Officer also sits on the Board of Directors, he or she does not receive any compensation on the basis of these duties.

## Stock options and performance shares (ordinary or preferred shares)

The Deputy Chief Executive Officer is eligible for the performance-based incentive plans that the Company makes available to Group employees and executives, including stock subscription or purchase options and awards of shares conditioned on performance (ordinary and/or preferred shares). Shares awarded for performance encourage those eligible to achieve the Group's long-term objectives and create value that should flow to the shareholders. The potential awarding of performance shares to the Deputy Chief Executive Officer is decided after having taken into account the fulfillment of a presence condition and of the ambitious economic and stock market performance conditions set by the Board of Directors on the basis of recommendations made by the Appointments and Compensation Committee, and to the acknowledgment of the fulfillment of these conditions by the Board of Directors on the basis of the work carried out by the Appointments and Compensation Committee. The awarding of performance shares to the Deputy Chief Executive Officer in year N, after acknowledgment of the fulfillment of attendance and performance conditions on December 31 in year N-1, are followed by a vesting period and a holding period, each of a minimum of one year.

If the executive leaves during the fiscal year, the presence condition is not met on December 31 of year N-1 and no shares can therefore be allocated to them in year N on the basis of year N-1.

Each allocation of performance shares to the Deputy Chief Executive Officer is completed in consideration of his overall compensation, of earlier allocations, and of allocations completed in favor of other employees.

The Deputy Chief Executive Officer is subject, while still in office, to a retention obligation imposing the holding of a number of registered shares in the Company corresponding to 5% of the shares acquired, in application of the provisions of Article L.225-197-1 II of the French Commercial Code.

## Benefits in kind

### UNEMPLOYMENT INSURANCE

The Company may take out private unemployment insurance for the Deputy Chief Executive Officer (a policy type known by the French acronym GSC).

In addition, the Company may agree to offer him or her special compensation in the absence of payment by the private insurer should there be a waiting period or if the circumstances of his or her termination do not enable him or her to receive the coverage subscribed.

### SUPPLEMENTAL PENSION AND PROTECTION PLANS

The Deputy Chief Executive Officer may benefit from the payment by the Company of a supplementary pension. They may also be affiliated with a pension plan paid for by the Company.

### OTHER BENEFITS

The Deputy Chief Executive Officer can have the use of a company car.

The Company may also pay some or all of the Deputy Chief Executive Officer's relocation costs in first assuming his or her duties in the Group.

## COMPENSATION POLICY FOR DIRECTORS

As part of the total compensation package for Board Directors authorized by the Shareholders' Meeting, the terms on which payments are made to Directors are approved by the Board of Directors upon proposal by the Appointments and Compensation Committee.

The rules for compensating Directors were amended by the Board of Directors on December 5, 2018, principally to reflect their attendance rate.

The distribution of the annual fixed sum decided by the Shareholders' Meeting among the members of the Board of Directors is freely decided by the Board of Directors, it being specified that, the maximum amount attributable to each member is €50,000 per year, excluding the specific compensation of committee chairs.

By way of exception, no compensation shall be paid to (i) members of the Board of Directors who are employees or corporate officers of a shareholder of the Company or of any legal entity directly or indirectly associated with a shareholder of the Company, (ii) the representative of shareholding employees, (iii) the Chief Executive Officer, (iv) the Deputy Chief Executive Officers, or (v) the Chairman of the Board of Directors. It should be Noted that the Chief Executive Officer and the Chairman of the Board of Directors each receives specific compensation, set by the Board of Directors, for their duties as senior executives.

The allocation voted by the Board of Directors primarily reflects the attendance by each member of the Board and the time the member devotes to his or her responsibilities, including any work done on the committees. Indeed, Directors' compensation includes a fixed annual amount, calculated pro rata temporis for appointments which come to an end during the course of the fiscal year, to which a variable portion is added, awarded by the Board of Directors on the basis of attendance by Directors at meetings of the Board of Directors and of those committees of which they are members.

An exception to this rule is made for the chair of each committee, unless the latter is also the Chair of the Board of Directors, who only receives, on the basis of their duties within the committee, annual fixed compensation of €10,000 in addition to any compensation to which they may be entitled as a Director. Certain members of the Board of Directors may occasionally be entrusted with specific assignments by the Board of Directors for which they are remunerated on a case-by-case basis.

Lastly, all members of the Board of Directors are entitled to reimbursement, upon submission of receipts, for travel expenses incurred in the performance of their duties.

The maximum overall annual compensation awarded to the Directors had been set at €480,000 by the General Shareholders' Meeting of June 29, 2015. No proposal to modify this amount will be made in 2022.