



INFORMATION

MAISONS DU MONDE

INFORMATION ON THE COMPENSATION OF FRANCOIS-MELCHIOR DE POLIGNAC, CHIEF EXECUTIVE OFFICER

Vertou, 24 March 2023

In accordance with the Afep-Medef Corporate Governance Code and the recommendations of the French Financial Markets Authority (*Autorité des marchés financiers*), Maisons du Monde (Euronext Paris: MDM; ISIN Code: FR0013153541) is publicly disclosing the decisions taken by its Board of Directors meeting held on 22 March 2023 regarding the components of the compensation of Mr. François-Melchior de POLIGNAC, the Company's Chief Executive Officer appointed on 15 March 2023 for a three-year term.

Mr. François-Melchior de POLIGNAC's compensation

On 8 March 2023, Maison du Monde's Board of Directors decided to appoint Mr. François-Melchior de POLIGNAC as Chief Executive Officer effective 15 March 2023, the date on which he succeeded Ms. Julie WALBAUM, whose term of office as Chief Executive Officer had ended.

On the Nominations and Compensation Committee's recommendation, on 22 March, the Board of Directors set the components of Mr. François-Melchior de POLIGNAC's compensation in respect of such appointment as Chief Executive Officer as follows:

- **Annual fixed compensation**

Annual fixed compensation amounts to 500,000 euros (gross) per year. In 2023, this amount will be set *pro rata* temporis for the duration of his mandate as Chief Executive Officer, i.e. from 15th March 2023 to 31st December 2023. This compensation is in line with the compensation allocated to the previous Chief Executive Officer.

- **Annual variable compensation**

Mr. François-Melchior de POLIGNAC's annual variable compensation will be paid according to the achievement of criteria measuring the Group's financial performance (Sales, EBIT and Free Cash Flow) and CSR performance (climate and social). This variable compensation is in line with the compensation allocated to the previous Chief Executive Officer.

Each criterion will be independently evaluated against an objective defined by the Board. In respect of evaluating the attainment rate for each criterion, upon the Nominations and Compensation Committee's recommendation, the Board of Directors determined performance thresholds, a target and a cap. For the financial objectives, the triggering threshold corresponds to payment of 75% of the target amount; the target corresponds to 100%, and the caps are defined as follows:

- Financial objectives: 85% of the target variable



- o Group Sales: 30% of the target variable portion, capped at 125% in the event of outperformance
- o Group EBIT: 25% of target variable portion, capped at 140% in the event of outperformance
- o Group Free Cash Flow: 30% of the target variable portion, capped at 125%

Between the threshold, performance target and outperformance target, the variable compensation due for each achieved criterion is proportional and linear.

For confidentiality reasons, these preestablished and specifically defined objectives and the expected criterion achievement levels are not disclosed publicly.

- CSR objectives: 15%
 - Climate: 10% of the target variable portion, capped at 100%: Pursuit of Maison du Monde's ambition to reduce the carbon intensity of CO₂ emissions by 25% (tCO₂eq/m€ of sales) between 2018 and 2025 at the scope of the Group and in scopes 1, 2 and 3 and achieve a 21.5% reduction in carbon intensity by the end of 2023 compared to 2018.
 - Social: 5% of the target variable portion, capped at 100%: In the context of the Group's policy promoting young people and equal opportunity, this year's objective is to reach 230 working students (work-study or training contracts) in the Group at 31 December 2023. This objective aims to maintain the trajectory of 300 young people on work-study within the Group by the end of 2025.

The achievement of Mr. François-Melchior de POLIGNAC's annual variable compensation objectives will be assessed by the Board of Directors during its meeting at which the Company's 2023 accounts will be approved.

Depending on the achievement of these objectives, this annual variable compensation may be between 0% and 125% of annual gross fixed compensation (*pro rata temporis*).

The achievement of these objectives will be assessed over the period commencing upon his taking office within the Group. As a reminder, these objectives apply (*pro rata temporis*) for both the period of 25 January 2023 to 15 March 2023 when Mr. François-Melchior de POLIGNAC was Deputy Chief Executive Officer and for the period 16 March 2023 to 31 December 2023 when he held the position of Chief Executive Officer.

- **Medium- and long-term incentives**

As is the case with the Group's other executives, corporate officers and high potential employees, as appropriate, the Chief Executive Officer will be a beneficiary of free grants of performance shares allocated subject to a continued employment condition at the end of a period of three years and subject to a performance condition (awards subject to satisfying several demanding performance conditions measured over three years).

The yearly award cannot exceed an amount valued at 150% of annual gross fixed compensation.



Until the end of his mandate, the Chief Executive Officer must hold 40% of the awarded shares in registered form until such time as he reaches an aggregate holding of Company shares corresponding to 200% of his annual gross fixed compensation. The Chief Executive Officer cannot use hedging instruments covering the Company's shares or any financial instruments related thereto. It is noted that Mr. François-Melchior de POLIGNAC's has undertaken that he will not have recourse to such hedging transactions, including with respect to awarded performance shares.

It is specified that the Company's Board of Directors that met on 22nd March, granted performance shares to Mr. François-Melchior de POLIGNAC (see below).

- **Non-compete undertaking**

The Chief Executive Officer is subject to a 12-month non-compete obligation commencing upon the end of his term of office as Chief Executive Officer and covering companies that are likely to compete with the Company and whose main activity is the wholesale, semi-wholesale or retail sale of home furnishings. The non-compete obligation applies within the European Economic Area, Switzerland and the United Kingdom. In consideration of reliance on the provision and throughout the undertaking period, he will receive a special monthly lump-sum indemnity equal to 50% of his average monthly gross fixed compensation earned over the last 12 full months of his employment. The Company may waive the application of this non-compete obligation up until the day his corporate office expires.

- **Health cover - provident scheme - disability and retirement**

The Chief Executive Officer shall benefit from additional guarantees equivalent to those applicable to all the Company's senior executives and will be added to contracts between the Company and its insurers. In this regard, the Chief Executive Officer will benefit from the "disability – invalidity – death" (*incapacité – invalidité – décès*) provident scheme and health expense scheme applicable within the Company. He will also benefit from the "PERO" complementary retirement scheme in place within the Company benefiting the Company's senior executives.

- **Unemployment insurance**

The Chief Executive Officer will benefit from unemployment insurance taken out from GSC (known as the "formule 70" plan) for a 12-month indemnity term, it being specified that this indemnification period will be increased to 18 months as soon as the terms of the GSC so allow during the 2023 financial year, to the extent the shareholders have approved the increase at the time of the ex ante individual vote on the compensation policy applicable to the Chief Executive Officer's compensation at the 29 June 2023 General Meeting.

- **Benefits in kind**

The Chief Executive Officer will receive benefits in kind corresponding to the private use of a company car. The Company will pay all maintenance and insurance expenses relating to such vehicle. A gas card will be made available to him for the exercise of his professional functions.

- **Miscellaneous**

The Chief Executive Officer will not be entitled to severance pay.

Mr. François-Melchior de POLIGNAC must provide 6 months' advance notice should he step down from his position as Chief Executive Officer



Decision to award free performance shares to the Chief Executive Officer in respect of the 2023 financial year

In the framework of the authorization granted by the 31st May 2022 General Meeting, and on the Nominations and Compensation Committee's proposal, the Board of Directors, decided to grant the Chief Executive Officer 71 944 free performance shares. These shares are existing shares of the Company or shares of the Company that are to be issued and correspond to 0.16% of the Company's share capital. The value of these shares under IFRS2 is up to 120% of the Chief Executive Officer's fixed compensation.

The grant of these shares is taking place at the same time as an award made in favor of nearly 200 employees of the Maisons du Monde Group, relating to a total of 0.96% of the capital.

The vesting of all the shares allocated to Mr. François-Melchior de POLIGNAC is subject to a 3-year continued employment condition, up to 15 March 2026, and the performance conditions defined hereafter.

- SALES CAGR: Annualized average growth rate for years 2022-2025.
- EBIT 23+24+25: Expected level of cumulated EBIT for the period 2023-2025 (in millions of Euros).
- Total Shareholder Return: Rate of return on the share measured by the sum of its evolution (calculated on the average of the 30 quotations before the date of allocation of the plan and before the maturity date of this plan) and of its return (including dividends), compared to a specific index composed of (i) up to 50%, of the CAC Mid 60. GR index (including dividends) and (ii) up to 50%, of an index composed equally of 6 European retailers (Fnac Darty / Roche Bobois / Cafom / Home 24 SE / Dunhelm Group PLC / DFS Furniture PLC). However, no payment will be due under this performance criterion if the average of the 30 share prices before the maturity date of this plan does not reach a minimum price that is higher than the share price on the day of the grant.
- CSR:
 - Environmental (*Good is Beautiful* offer)
Objective of number of "Good is Beautiful" references in the 2025 collection/number of references in the 2025 collection
 - Social (engagement rate): 10%
2025 employee engagement rate measured by the arithmetical average of 4 identical questions in the engagement survey "Your Voice" carried out by the Group in 2022 (excluding Mekong).

CRITERIA RETAINED	WEIGHT OF CRITERIA
Sales CAGR	20%
EBIT	40%
TSR	20%
CSR :	20%
• CLIMATE	10%
• SOCIAL	10%

The Board of Directors, on the proposal of the Nomination and Remuneration Committee, has set the expected quantifiable threshold and target levels for each of the performance conditions as follows:



Concerning the economic criteria:

- The minimum performance threshold entitles the holder to 50% of the shares.
- The performance target (at 100% of the target) entitles the holder to 100% of the shares.
- Below the threshold, no shares for this performance are acquired.
- Between the threshold and the performance target, the shares under this condition vest proportionally and linearly.

Concerning the TSR criteria:

Subject to the achievement of a demanding floor share price, higher than the share price on the day of the grant:

- The minimum performance threshold allowing the acquisition of 50% of the shares carrying this TSR condition was set at the achievement of a performance at least equivalent to the specific index retained.
- The target allowing the acquisition of 75% of the shares carrying a TSR condition is set at 120% of the index.
- The target for the acquisition of 100% of the shares carrying a TSR condition is set at 130% of the index.
- The outperformance level allowing the acquisition of 125% of the shares linked to this criterion outperformance is set at 150% of the index.
- Between the different performance levels, the shares under this TSR condition vest proportionally and linearly.

If the number of the performance shares obtained after the above performance conditions are applied exceeds the number of shares granted, the number of shares acquired cannot in any event exceed 100% of the shares granted. Finally, if the number of shares is not a whole number, such number will be rounded down to the nearest whole number.

Until the end of his mandate, the Chief Executive Officer must hold 40% of the awarded shares in registered form until such time as he reaches an aggregate holding of Company shares corresponding to 200% of his annual gross fixed compensation.

The Chief Executive Officer cannot use hedging instruments covering the Company's shares or any financial instruments related thereto. It is noted that Mr. François-Melchior de POLIGNAC's has undertaken that he will not have recourse to such hedging transactions, including with respect to awarded performance shares.

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