



## Information

### MAISONS DU MONDE

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

Nantes, 11 March 2024

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 ; Code ISIN : FR0013153541) is publicly disclosing the decisions taken by its Board of Directors meeting held on 11 March 2024 regarding the components of the compensation of Mr. François-Melchior de Polignac, the Company's Chief Executive Officer since 15 March 2023, after serving as Deputy Chief Executive Officer from 25 January 2023 to 15 March 2023 as part of the transition from the previous Chief Executive Officer.

#### **Mr. François-Melchior de POLIGNAC's variable compensation in respect of the 2023 financial year to be paid in 2024**

Further to the Nominations and Compensation Committee's recommendation, Maison du Monde's Board of Directors set the amount of Mr. François-Melchior de POLIGNAC's variable compensation in respect of the 2023 financial year.

In accordance with article L.22-10-34 II of the French Commercial Code, this compensation will be paid only after it is approved by the next General Shareholders' Meeting of 21 June 2024. It is noted that the Board of Directors had set the terms applicable to this variable compensation at its 22 March 2023 meeting further to the recommendation of the Nominations and Compensation Committee.

These compensation terms were subsequently approved by the General Shareholders' Meeting of 29 June 2023.

Each criterion was independently evaluated against its objective. In evaluating the attainment rate for each criterion, further to the Nominations and Compensation Committee's recommendation, the Board of Directors applied the pre-defined performance thresholds, targets and caps to assess the attainment of the performance conditions as follows:

- Evaluation of financial objectives:
  - Group Sales: 30% of the target variable portion, capped at 125% in the event of outperformance. The attainment rate is 0%.
  - Group EBIT: 25% of target variable portion, capped at 140% in the event of outperformance. The attainment rate is 0%.
  - Group Free Cash Flow: 30% of the target variable portion, capped at 125% in the event of outperformance. The attainment rate is 0%.

- Evaluation of non-financial objectives:
  - Climate: Reduction of carbon intensity of CO2 emissions: 10% of the target variable portion, capped at 100%. The achievement rate is 0%.
  - Social: Number of working students (work-study or training contracts) in the Group at 31/12/2023: 5% of the target variable portion, capped at 100%. The achievement rate is 100% with 254 working students in the Group at 31/12/2023 for an objective of 230 working students.

Further to the Nominations and Compensation Committee’s recommendation, the Board of Directors evaluated the overall attainment of the Chief Executive Officer with regards to his 2023 variable compensation performance at 5%, with achievement rates and weighting per criterion as follows:

Variable 2023	% per objective	Achievement rate of the objective	% target bonus
<b>Financial objectives</b>			
- Group sales	30%	0%	0%
- Group EBIT	25%	0%	0%
- Free-cash-flow	30%	0%	0%
<b>Non-financial objectives</b>			
- CSR	15%	33.33%	5%
<b>Achievement rate / variable portion</b>			<b>5%</b>
Reference fixed compensation	500 000€		
Variable target portion: 100% of the fixed compensation	500 000€		
Maximum variable portion: 125% of the fixed compensation	625 000€		
<b>Variable portion to be paid</b>			<b>25 000€</b>

Therefore, the annual variable compensation in respect of 2023 that will be paid after the shareholders’ approval at the 21 June 2024 General Meeting amounts to 25 000 euros (gross), i.e., 5% of the reference annual gross fixed compensation for the period.

During its meeting on 11 March, the Board of Directors took note of these results, which are largely due to the difficult economic environment for the Home and Decoration sector (geopolitical uncertainties, unprecedented inflation, falling consumer confidence).

As such, the Board of Directors considered that the variable consideration of the Chief Executive Officer with respect to 2023 (resulting from criterion set at the beginning of 2023) is in line with the

performance of Maisons du Monde in 2023 but does not reflect either the quality of the Chief Executive Officer's work or his commitment as assessed and evaluated by the Board of Directors as a whole.

### **The components of the Chief Executive Officer's fixed compensation and the target and maximum amounts of his annual variable compensation, for 2024**

#### **Mr. François-Melchior de POLIGNAC's compensation**

On the Nominations and Compensation Committee's recommendation, on 11 March 2024, the Board of Directors set the components of Mr. François-Melchior de POLIGNAC's compensation as follows:

#### **Annual fixed compensation**

Annual fixed compensation remains fixed at 500 000 euros (gross) per year.

#### **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 and Free Cash Flow), proper execution of the strategic plan (*Inspire Everyday*) and the Group's CSR performance (climate and social). This annual variable compensation may be between 0% and 150% of the gross annual fixed compensation.

Each criterion will be independently evaluated against an objective defined by the Board. In respect of evaluating the achievement rate for each criterion, further to 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 50% of the target amount; the target corresponds to 100%, and the caps are defined as follows:

#### Financial objectives: 65% of the target variable

- Group sales (*Like for Like*): 35% of the target variable portion, capped at 175% in the event of outperformance
- Group Free Cash Flow: 30% of the target variable portion, capped at 175% in the event of outperformance

Between the threshold, performance target and outperformance target, the variable compensation due for each financial criterion is achieved in stages and is determined proportionally and linearly between two stages.

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

#### Objectives related to the strategic plan: 20% of the target variable

- Inspire Everyday Plan: 20% of the target variable portion, capped at 100%

This indicator is an overall qualitative indicator of the execution of the strategic plan by the Chief Executive Officer and will be assessed by the Board of Directors on the basis of four key elements: the number of stores to be opened or transferred to franchises or affiliates, improving the retail conversion rate, implementing the savings plan and transforming the offering of Maisons du Monde.

CSR objectives: 15% of the target variable

- Climate: 10% of the target variable portion, capped at 100%:
  - o Climate Objective 1: 5% of the target variable portion, capped at 100%: As part of the overhaul of the Group's carbon trajectory, assessment of the progress made on design, sourcing and purchasing policies and processes to better reflect sustainability commitments in collections.
  - o Climate Objective 2: 5% of the target variable portion, capped at 100%: Continue Maisons du Monde's ambition to reduce CO2 emissions by maintaining the Group's CO2 emissions (Scopes 1, 2 and 3), at a level below, in absolute value, a 15% reduction compared to 2021.
  
- Social: 5% of the target variable portion, capped at 100%: As part of Maisons du Monde's commitment to the integration of young people, continuation of the target set in 2022 to mentor 500 young people by the end of 2026 through individual and group mentoring, bymentoring100 young people in 2024, including at least 30 through individual mentoring.

Between the threshold and the performance target, variable compensation for each CSR criterion is achieved in stages.

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 2024 accounts will be approved.

**Chief Executive Officer retention plan**

Further to the Nominations and Compensation Committee's recommendation, the Board of Directors decided to implement a retention plan for the Chief Executive Officer.

The key features of this Chief Executive Officer retention plan are the following:

This retention plan covers the years 2024, 2025 and 2026, with an eventual target amount of €500,000, which can be doubled depending on the achieved performance.

The bonus is conditional:

- half of the bonus, is conditional on the presence of the Chief Executive Officer in the company on 31/12/2026, and
- for the other half, on the same condition of presence and on the average success rate of the performance targets set for the annual variable compensation for the years 2024, 2025 and 2026.

The Board of Directors has decided that the final allocation of the amounts provided for in the retention plan would only take place before the end of the vesting period in the event of (i) death or (ii) disability of the beneficiary within the meaning of paragraphs 2 and 3 of Article L. 341- 4 of the French Social Security Code.

In the event of departure during the period, no amount will vest, except in the specific case of a forced departure within 12 months of a change of control of the company, in which case the retention bonus will vest on a pro rata temporis basis and be paid at maturity. Similarly, if, in this specific case of departure, the payment under the retention plan, combined with any non-competition indemnity, were to exceed two years' remuneration (fixed and annual variable), then the sum due under the

retention plan would be reduced accordingly.

### **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).

As part of the implementation of a plan to boost the Group's commercial and financial performance, the Annual General Meeting approved the Board's proposal of March 2023 to grant, in addition to the 50 000 performance shares planned each year, an additional allocation of 90 000 shares, with the aim of tying the Chief Executive Officer's long-term compensation in the months following his arrival closely to this recovery plan.

In application of this policy, any acquisition of shares from performance shares awarded to the Chief Executive Officer will be subject to the achievement of several demanding performance conditions measured over three years on:

- one or more internal quantifiable indicators, including at least one CSR performance condition,
- an additional stock market performance condition of TSR type.

Until the end of his mandate, the Chief Executive Officer must hold 55 % of the vested shares in registered form.

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 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 11<sup>th</sup> March, granted performance shares to Mr. François-Melchior de POLIGNAC (see below).

### **Non-compete undertaking**

The Chief Executive Officer remains subject to a 12-month non-compete obligation starting 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 an 18-month indemnity term.

### **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 2024 financial year**

In the framework of the authorization granted by the 29<sup>th</sup> June General Meeting, and on the Nominations and Compensation Committee’s proposal, the Board of Directors, decided to grant the Chief Executive Officer 140 000 free performance shares. These shares are existing shares of the Company or shares of the Company that are to be issued and correspond to 0.34% of the Company’s share capital.

The grant of these shares is taking place at the same time as an award made in favor of nearly 110 employees of the Maisons du Monde Group, relating to a total of 1.77% of the share 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 10 March 2027, and the performance conditions defined hereafter:

#### **(i) half of the shares are awarded subject to economic and CSR performance conditions**

- LIKE FOR LIKE SALES CAGR: Annualized average growth rate for years 2023-2026
- AVERAGE EBIT RATE/SALES: Average EBIT/sales ratio for financial years 2024, 2025 and 2026
- Cumulative FREE CASH FLOW: cumulative FCF in millions of euros expected over the years 2024, 2025 and 2026
- “Inspire Everyday” Plan:
  - Percentage of stores in affiliation/franchise reached in 2026: share of stores in affiliation/franchise in 2026 vs. 2023
  - Share of "new business" sales achieved in 2026 vs 2023: level of new business sales expected in 2026 (B2B, services, new offering categories)

- CSR:
  - Environmental (*circular economy*):
    - Sales objective for "second chance web" and circular economy (sales for spare parts...) achieved in 2026
  - Social (*Commitment rate*):
    - 2026 employee engagement rate measured by the arithmetic mean of 4 questions identical to the "Your Voice" engagement survey vs. market benchmark

The performance conditions are summarized as follows:

CRITERIA RETAINED	WEIGHT OF CRITERIA
Like for Like Sales CAGR	25%
Average EBIT/sales ratio	25%
Cumulative FCF	20%
INSPIRE EVERYDAY	15%
<ul style="list-style-type: none"> <li>• Percentage of stores in affiliation/franchise</li> </ul>	7,5%
<ul style="list-style-type: none"> <li>• Share of new business sales</li> </ul>	7,5%
CSR:	15%
<ul style="list-style-type: none"> <li>• CLIMATE</li> </ul>	10%
<ul style="list-style-type: none"> <li>• SOCIAL</li> </ul>	5%

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, excluding CSR conditions (that are determined on a fixed stage basis).

**(ii) the other half of shares are awarded subject to the same economic and CSR performance conditions and an additional TSR condition**

These 50% of shares granted will be conditional on the achievement of a TSR criterion as follows, and, cumulatively and proportionally, of the economic performance conditions mentioned in (i).

This TSR has been defined by the Board of Directors in the following manner:  $(VWAP\ 90\ days\ end\ of\ period - VWAP\ 90\ days\ beginning\ of\ period + dividends\ for\ the\ period) / (VWAP\ beginning\ of\ period)$ .

The TSR performance trigger threshold has been set at a minimum of 45% and will give rise to a vesting of 15% of the shares subject to this condition. Below this performance threshold, none of the shares subject to the TSR condition will vest.

The performance level enabling 100% of the shares linked to this criterion to be acquired has been set at the achievement of a TSR performance of over 400%.

Several levels have been defined between the triggering threshold and the maximum.

Between two thresholds, TSR performance will be determined on a proportional and linear basis.

Thus, half of the shares allocated are subject to economic and CSR performance conditions, and the other half of the shares allocated will be delivered subject to the cumulative conditions of achievement (on a proportional basis) of the above-mentioned economic and CSR conditions and achievement of the TSR condition.

The granting of shares will also be conditional on the beneficiary remaining with the company at the end of the vesting period, it being specified that:

- (i) in the event of forced departure (request for resignation, dismissal, non-renewal), other than for serious or gross misconduct, other than that referred to in (ii), the Board of Directors may waive the condition of presence, on a duly justified decision, it being specified that in the aforementioned cases, the "prorata temporis" rule for shares in the course of acquisition will always be applied
- (ii) in the event of forced departure other than for serious misconduct or gross negligence within 12 months of a takeover, the condition of presence will be automatically lifted, it being specified that in this case, the "pro rata temporis" rule will always be applied to shares during the vesting period (the financial year that has commenced will be considered as fully completed).

In addition, the Board of Directors has provided for the definitive allocation of shares before the end of the vesting period, and the free transferability of these shares, in the event of the death or disability of the Chief Executive Officer corresponding to classification in the second or third of the categories provided for in Article L. 341- 4 of the Social Security Code.

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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