



REMUNERATION REPORT

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This is the first remuneration report since the Company's shares were first admitted to listing and trading on Euronext Amsterdam on 21 September 2021 (the "Listing"). This remuneration report offers insight into the remuneration provided to the Company's Executive Directors and Non-Executive Directors during 2021.

In connection with the Listing, the General Meeting on 20 September 2021 adopted the remuneration policies for the Executive Directors and Non-Executive Directors, outlining the framework to determine the remuneration for the Executive Directors and the Non-Executive Directors, respectively. Where, however, legacy arrangements are in place for the Executive Directors prior to being appointed to the Board, the Executive Directors' Remuneration Policy allows these arrangements to be respected even when not in line with the policy. For 2021, the remuneration of the Executive Directors reflects the legacy arrangements contractually agreed with each Executive Director prior to being appointed to the Board.

This remuneration report has been prepared in accordance with article 2:135b of the Dutch Civil Code and the Dutch Corporate Governance Code. It will be presented for an advisory vote to shareholders at the annual General Meeting to be held on 12 May 2022.

The Remuneration for the Executive Directors in 2021

In 2021, the Executive Directors were as follows:

Executive Director	Position
Sir Lucian Grainge	Chairman and Chief Executive Officer (CEO)
Vincent Vallejo	Deputy Chief Executive Officer

Executive Directors' Remuneration Policy

Pursuant to the Executive Directors' Remuneration Policy, the Board, at the recommendation of the Remuneration Committee, determines the remuneration of the Executive Directors. The remuneration structure for Executive Directors consists of the following elements:

- Base salary
- Short-term incentives
- Long-term incentives
- Retirement and other post-employment benefits
- Benefits

The Executive Directors' Remuneration Policy provides a compensation framework that allows the Company to attract, motivate and retain highly qualified Executive Directors and to incentivize and reward long-term, sustainable growth of the Company. The compensation offered under the Executive Directors' Remuneration Policy will be benchmarked periodically against peer companies, considering compensation levels and trends in the market as well as international remuneration standards. As explained above, however, the current Executive Directors are subject to legacy arrangements contractually agreed before the Listing and the adoption of the Executive Directors' Remuneration Policy and, therefore, the policy has not been applied when setting their remuneration for 2021.

Summary Overview of the Key Remuneration Elements and Approach to Remuneration for 2021

The below table sets out the key elements of the remuneration provided in the Executive Directors' Remuneration Policy versus the remuneration approach in 2021.

Element	Key remuneration elements per Executive Directors' Remuneration Policy	Remuneration approach for 2021
Base salary	Fixed level of cash compensation, aligned with the Executive Director's experience and scope of responsibilities	Pursuant to each Executive Director's contract, base salaries are as follows: <ul style="list-style-type: none"> - Chairman and CEO: €13,192,829 - Deputy CEO: €960,000
Short-term incentive ("STI")	<p>Variable compensation paid annually in cash, shares, or a combination thereof, subject to the achievement of annually pre-established objectives to ensure executive alignment with, and motivate achievement of, the annual business priorities for the applicable year</p> <p>Target STI of up to 300% of base salary, maximum STI of 200% of target</p>	<p>Operation of STI for Executive Directors in 2021 was based on STI structure agreed in their pre-Listing contracts as follows:</p> <ul style="list-style-type: none"> - Chairman and CEO: (i) an annual cash bonus equal to 1% of UMG's EBITA for the relevant financial year; and (ii) a contingent cash bonus of €8,795,220, subject to UMG meeting specific financial and non-financial targets - Deputy CEO: target cash bonus of 50% of annual base salary with a minimum payout of 0% and a maximum payout potential of two times the target bonus amount, subject to the achievement of specific financial targets
Long-term incentive ("LTI")	<p>Variable compensation payable in cash, shares, or a combination thereof, subject to pre-established objectives and/or continued employment to retain Executive Directors necessary to execute the Company's strategy, to align the financial interests of Executive Directors with those of shareholders, and reward delivery of long-term performance objectives and shareholder value creation</p> <p>LTI grant value is capped at 500% of base salary</p>	No LTI was granted in 2021
Retirement and other post-Employment	Customary retirement income and severance benefits to provide future income security, aligned with relevant market levels	<p>For Chairman and CEO, the Pension Allowance equal 20% of base salary, capped at €1,343,428 of base salary per year, for a total potential maximum Pension Allowance of €268,686</p> <p>For Deputy CEO, local statutory requirements apply</p>
Benefits	Customary and market competitive arrangements to compensate for any reasonable costs incurred or perks required for the performance of their duties	Covers health and welfare, housing allowance, tax equalization, life insurance, security, and home leave

Short-Term Incentive

For 2021, in accordance with his contract, Sir Lucian Grainge was entitled to receive: (i) an annual cash bonus in an amount equal to 1% of UMG's 2021 EBITA which was paid in 2022; and (ii) a contingent cash bonus of €8,795,220, subject to UMG meeting specific financial and non-financial targets. For 2021, Sir Lucian Grainge's contingent cash bonus was subject to meeting one of the following performance measures: UMG's year-over-year EBITA, maintaining market share of the US recorded music market and success of UMG's exclusively signed artists on the Billboard 100 or 200 chart.

Vincent Vallejo, in accordance with his contract, was eligible for a target bonus of 50% of annual base salary.

For 2021, Vincent Vallejo's short-term incentive was based on the following performance metrics:

- UMG EBITA (50% weighting)
- UMG Cash Flow from Operations (50% weighting)

In 2021, actual UMG EBITA performance was between target and maximum and actual UMG Cash Flow from Operations was between target and maximum.

As a result, Vincent Vallejo's resulting actual bonus was 166.8% of target or €602,859 after pro-rating for his partial year employment with the Company beginning on 1 April 2021.

Long-Term Incentive

The Company had not yet introduced a long-term incentive plan for 2021 and, as a result, did not grant Executive Directors any LTI in 2021.

Malus and Clawback

In 2021, no application of claw-back was applied on any kind of variable payments for the Executive Directors.

Severance Payments

No severance payments were made to any Executive Director in 2021.

Executive Directors are entitled to the following legacy severance benefits contractually agreed in their contracts:

- Sir Lucian Grainge: two years' salary, target bonus, pension contributions, car allowance, protection compensation and health and welfare benefits and €1,774,229 for lost value of Vivendi Restricted Stock Units in a lump sum in case of termination by Sir Lucian Grainge for good reasons or by the Company without cause
- Vincent Vallejo: pay out of remainder of fixed term contract including base salary, target bonus, contractually agreed exceptional premiums, and any unpaid retention bonus or other bonuses in a lump sum, in case of a termination by the Company without cause

Total Remuneration⁴

Total remuneration of the Executive Directors in 2021 is presented in the table below:

Name	Reported year	Fixed remuneration	Variable remuneration		Benefits and one-off amounts			Total remuneration ²	Proportion fixed – variable remuneration	
		Base salary	Short-Term Incentive	Long-Term Incentive	Retirement benefits	Other benefits	Other payments			
Sir Lucian Grainge, Chairman and CEO ¹	2021	€13,192,829	€24,673,885		€0	€0	€2,994,992	€0	€40,861,707	40% / 60%
Vincent Vallejo, Deputy CEO	2021	€720,000	€602,859		€0	€0	€62,838	€800,000 ³	€2,185,698	36% / 64%

- In addition, other payments were made by Vivendi in connection with but not limited to the Listing. Reference is made to pages 129 and 131 of the Company's prospectus dated 14 September 2021, which is available on the investor relations part of the UMG website (the "Prospectus"), that outline the following payments: €17,530,000 for Tencent-led Consortium acquiring an additional 10% of the Shares in the Company, €20,909,789 for Pershing Entities acquiring their 10% interests in the Company and €194,982,887 for the Listing.
- The Chairman and CEO and the Deputy CEO participated in Vivendi Share Schemes prior to the Listing that are not included. Reference is made to pages 131 - 133 of the Prospectus for further details.
- Recognition award paid by UMG in connection with the Listing. The Deputy CEO will receive a similar €800,000 cash recognition award payment in April 2022 and a €800,000 cash retention payment in February 2023, provided that he remains employed until 1 February 2023.
- This table includes information and figures that are audited as part of Note 25 of the Annual Consolidated Financial Statements and Note 12 of the Company Financial Statements

Remuneration and Company Performance Development

The overview below provides insight into the development of the remuneration of the Executive Directors, company performance and employee pay.

Element	2021 ¹
Remuneration	
Chairman and CEO	€40,861,707
Deputy CEO	€2,185,698
Annual Change	Not applicable
Company performance	
Adjusted EBITDA (in millions of euros)	€1,788
Average annual remuneration on an FTE basis of employees	
Average annual ²	€131,961
Annual change	Not applicable

- The information in this table regards the financial year 2021 only, as this was the first financial year for UMG as a publicly listed company and the directors took office in February 2021.
- Reflects the total personnel costs reported in Note 5, adjusted to be aptly comparable with the remuneration of Executive Directors disclosed above.

The Remuneration for the Non-Executive Directors in 2021

The fee structure for Non-Executive Directors has been designed to ensure that UMG attracts, retains and appropriately compensates a diverse and internationally experienced group of Non-Executive Directors. In 2021 from the Listing onwards, the Non-Executive Directors' remuneration for participating in the Board and Board committees was as follows:

- €90,000 per annum for performing their role as a Non-Executive Director;
- €50,000 per annum for performing the role of Chairman of the Board;
- €20,000 per annum for performing their role as a member of a Board committee; and
- €10,000 per annum for performing the role of chair of a Board committee.

Total Remuneration²

Total remuneration of the Non-Executive Directors paid in 2021 is presented in the table below:

	Commencement Date	Board	Audit Committee	Remuneration Committee	Nomination Committee	2021 Remuneration
J.S.J. Craymer	20/09/2021	Chairman		Member	Member	€49,932
A.R.J.C. Fievet	20/09/2021	Vice-Chairman		Member		€30,514
M. Frerejean-Taittinger	20/09/2021	Member		Member	Chair	€38,836
A.K. Jones	20/09/2021	Member	Member	Chair		€38,836
C.F.L. Lawson-Hall	20/09/2021	Member	Member	Member		€36,062
L.A.J. Van Os	20/09/2021	Member		Chair	Member	€38,836
J.G. Mitchell ¹	20/09/2021	Member		Member	Member	-
M.L. Doherty ¹	20/09/2021	Member				-

1 Voluntarily elected to not receive any Non-Executive Director remuneration in 2021.

2 This table contains information and figures that are audited as part of Note 25 of the Annual Consolidated Financial Statements and Note 12 of the Company Financial Statements.

Remuneration is reviewed annually and is not linked to the price of the Company's shares or UMG's performance. Each Non-Executive Director is also entitled to reimbursement of reasonable expenses incurred in connection with the attendance of Board and Board committee meetings. The Non-Executive Directors are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in the Company's bonus or pension schemes.

The Non-Executive Directors are subject to confidentiality undertakings without limitation in time. They are not subject to non-compete restrictive covenants.

Deviation from Remuneration Policies since Last Shareholders' Vote

UMG did not deviate from the Remuneration Policies. As this remuneration report is the first remuneration report that is subject to an advisory vote since the Listing, there is no previous advisory vote of the General Meeting to consider this year.