



• REMUNERATION REPORT

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This remuneration report offers insight into the remuneration provided to the Company's Executive Directors and Non-Executive Directors during 2022.

The General Meeting on September 20, 2021 adopted the remuneration policies for the Executive Directors (the **Executive Directors' Remuneration Policy**) and Non-Executive Directors (the **Non-Executive Directors' Remuneration Policy**), outlining the framework to determine the remuneration for the Executive Directors and 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. For 2022, the remuneration of the Executive Directors continues to reflect the legacy arrangements contractually agreed with each Executive Director prior to being appointed to the Board. To further clarify, the Board had no input on such legacy arrangements.

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 May 11, 2023.

The Remuneration for the Executive Directors in 2022

In 2022, the Executive Directors were as follows:

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

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 provides for periodic re-benchmarking against peer companies, considering compensation levels and trends in the market as well as relevant remuneration standards. As explained above, however, the current Executive Directors' remuneration continues to be subject to legacy arrangements contractually agreed before the Listing and the adoption of the Executive Directors' Remuneration Policy and, therefore, when setting

their remuneration for 2022, these legacy arrangements were applied. As a result of the continuing legacy arrangements, the Board did not re-benchmark the remuneration of the Executive Directors in 2022.

Summary Overview of the Key Remuneration Elements and Approach to Remuneration for 2022

The table below sets out the key elements of the remuneration provided in the Executive Directors' Remuneration Policy versus the remuneration approach in 2022.

Element	Key remuneration elements per Executive Directors' Remuneration Policy	Remuneration approach for 2022
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: €15,412,990 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>STI for Executive Directors in 2022 was based on STI structure agreed in their pre-Listing contracts with the Company's previous owner, Vivendi, 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 €10,275,327, 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 to the Executive Directors in 2022 since they remained under their pre-Listing contracts
Retirement and other post-employment benefits	Customary retirement income and severance benefits to provide future income security, aligned with relevant market levels	For Chairman and CEO, the pension allowance equals 20% of base salary, capped at €1,512,049, per year, for a total potential maximum pension allowance of €302,410. The Deputy CEO, participates in the local UMG pension plan
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 2022, 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 2022 EBITA, which was paid in 2023; and (ii) a contingent cash bonus, subject to UMG meeting specific financial and non-financial targets. For 2022, 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 U.S. 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 2022, Vincent Vallejo's short-term incentive was based on the following performance metrics:

- UMG Adjusted EBITDA¹ (50% weighting)
- UMG Cash Flow from Operations (CFFO) (50% weighting)

Performance Metric	Weighting	Threshold ¹ (50% Payout)	Target ¹ (100% Payout)	Maximum ¹ (200% Payout)	Actual	Earned %
Adjusted EBITDA	50%	€1,875.2 M	€1,973.9 M	€2,072.6 M	€1,981.0 M ²	53.5%
CFFO	50%	€1,164.7 M	€1,226.0 M	€1,287.3 M	€1,244.9 M ²	65.4%
Total						118.9%

¹ 0% below threshold; Straight-line interpolation between targets.

² Actual 2022 restated at constant 2022 financial plan FX rates.

In 2022, actual UMG Adjusted EBITDA 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 118.9% of target or €570,929.

Long-Term Incentive

The Company did not grant Executive Directors any annual LTI in 2022. Their legacy contracts do not provide for any annual compensation to be paid in the form of LTI.

Special One-Time Awards

Prior to the Listing, Vivendi granted the Deputy CEO Vivendi equity awards in the form of performance shares payable in Vivendi stock. These Vivendi equity awards were not adjusted to offset the impact of the spin-off, following the Listing, and the value of these Vivendi equity awards significantly decreased as a result. To make the Deputy CEO whole and compensate him for the loss of value of these Vivendi equity awards, upon recommendation of the Remuneration Committee and in accordance with the mandate granted by the General Meeting on May 12, 2022, the Board granted the Deputy CEO 7,500 restricted stock units on November 30, 2022 under the 2022 UMG Global Equity Plan, vesting one year from grant in accordance with our Executive Directors' Remuneration Policy.

¹ Reflects the Adjusted EBITDA as defined in the Appendix in the Annual Report

Malus and Claw-back

In 2022, 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 2022.

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 €1,950,839 for lost value of Vivendi restricted stock units in a lump sum in case of termination by Sir Lucian Grainge for good reason or by the Company without cause, subject to signing a release agreement.
- 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 termination by the Company without cause. If terminated, the restricted stock units awarded in 2022 would be paid out pro-rata under the provisions of the 2022 UMG Global Equity Plan covering death, retirement, or redundancy.

Total Remuneration¹

Total remuneration of the Executive Directors is presented in the table below. For Sir Lucian Grainge who is compensated in U.S. Dollars, the year-over-year increase in total remuneration includes the impact of FX rate volatility where the average 2021 USD to EUR FX rate was 0.84 and the 2022 USD to EUR FX rate was 0.95, for an approximate impact of +13%. On a constant currency basis, Sir Lucian Grainge's total remuneration increased by approximately 3%.

¹ The Remuneration Table includes information and figures that are audited as part of [Note 24](#) of the Annual Consolidated Financial Statements and [Note 11](#) of the Company Financial Statements

Name	Reported year	Fixed remuneration	Variable remuneration		Benefits and one-off amounts			Total remuneration ¹	Proportion fixed – variable remuneration
		Base Salary	Short-Term Incentive	Long-Term Incentive	Retirement Benefits	Other Benefits	Other Payments		
Sir Lucian Grainge, Chairman and CEO ²	2022	€15,412,990	€28,768,466	€0	€302,410	€2,807,202	€0	€47,291,068	39% / 61%
	2021	€13,192,829	€24,673,885	€0	€0 ³	€2,994,992	€0	€40,861,707	40% / 60%
Vincent Vallejo, Deputy CEO	2022	€960,000	€570,929	€0	€41,053	€83,739	€968,750 ⁴	€2,624,471	41% / 59%
	2021	€720,000	€602,859	€0	€0 ³	€62,838 ⁵	€800,000 ⁴	€2,185,698	36% / 64%

1 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 to 133 of the Company's prospectus dated September 14, 2021, which is available on the investor relations part of the UMG website (the Prospectus) for further details.

2 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 Prospectus that outline the following payments: €17,530,000 for the Tencent-led Consortium acquiring an additional 10% of the Shares, €20,909,789 for the Pershing Entities acquiring their 10% interest in the Company and €194,982,887 for the Listing.

3 For 2021, Retirement Benefits were included as part of Other Benefits. For 2022, we have separated Retirement Benefits into its' own column. For 2021, the Chairman and CEO's Retirement Benefits amount was €268,686, included in the 2021 Other Benefits amount of €2,994,992. For 2021, the Deputy CEO's Retirement Benefits amount was €25,243, of which €9,900 was included in the 2021 Other Benefits amount of €62,838 and €15,343 of 2021 Retirement Benefits was excluded.

4 Amounts reflect the recognition awards paid in 2021 and 2022 by UMG in connection with the Listing and, for 2022, the value of the one-time LTI award for the lost value of Vivendi equity awards in connection with the Listing which was granted on November 30, 2022 at €22.50 of €168,750. Additionally, in February 2023, the Deputy CEO has received a €800,000 cash retention payment, which will be included in the 2023 remuneration disclosures.

5 For 2021, Other Benefits excluded €6,750 for company car related expenses.

Share-Based Remuneration

Total share-based remuneration of the Executive Directors in 2022 is presented in the table below:

Name of Director, position	The main conditions of share award plans					Information regarding reported financial year					
	Specification of plan	Performance period	Award date	Vesting date	End of holding period	Opening balance	During the year		Closing Balance		
						Shares awarded at the beginning of the year	Shares awarded	Shares vested	Shares subject to a performance condition	Shares awarded and unvested as of year end	Shares subject to a holding period

Vincent Vallejo, Deputy CEO	2022 UMG Global Equity Plan	N/A	11/30/2022	11/30/2023	N/A	0	7,500	0	0	7,500	N/A
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¹As noted in the Corporate Governance section under 'Compliance with the Code', the Deputy CEO's Shares, once vested, are not subject to a holding period.

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. For Sir Lucian Grainge who is compensated in U.S. Dollars, the year-over-year increase in total remuneration includes the impact of FX rate volatility where the average 2021 USD to EUR FX rate was 0.84 and the 2022 USD to EUR FX rate was 0.95, for an approximate impact of +13%. On a constant currency basis, Sir Lucian Grainge's total remuneration increased by approximately 3%.

Element	2021 ¹	2022 ¹
Remuneration		
Chairman and CEO	€ 40,861,707	€ 47,291,068
<i>Annual Change</i>	<i>Not applicable</i>	16%
Deputy CEO ²	€ 2,630,851	€ 2,624,471
<i>Annual Change</i>	Not applicable	0 %
Company performance		
Adjusted EBITDA (in millions of euros)	€ 1,788	€ 2,135
<i>Annual Change</i>	Not applicable	19%
Average annual remuneration on an FTE basis of employees		
Average annual ³	€ 131,961	€ 142,039
<i>Annual Change</i>	Not applicable	8 %

1 The information in this table regards the financial years 2021 and 2022 only, as 2021 was the first financial year for UMG as a publicly listed company.

2 In the table above, the Deputy CEO was employed by UMG effective April 2021. Accordingly, the remuneration for 2021 has been updated and annualized from €2,185,698 to €2,630,851 for year-over-year comparison purposes.

3 Reflects the total personnel costs reported in [Note 4](#), adjusted to be aptly comparable with the remuneration of Executive Directors disclosed above.

The Remuneration for the Non-Executive Directors in 2022

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 2022, 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
- €10,000 per annum for performing the role of chair of a Board committee.

Total Remuneration¹

Total remuneration of the Non-Executive Directors paid in 2022 is presented in the table below:

	Commencement Date	Board ¹	Audit Committee ¹	Remuneration Committee ¹	Nomination Committee ¹	2022 Remuneration (in euros)
J.S.J. Craymer	9/20/2021	Chairman		Member	Member	180,000
A.R.J.C. Fiévet	9/20/2021	Vice-Chairman	Member			110,000
A.K. Jones	9/20/2021	Member	Member	Chair		140,000
W.A. Ackman ²	5/12/2022	Member			Member	0
C.F.L. Lawson-Hall	9/20/2021	Member	Member			120,000
C.M.C. Bolloré	5/12/2022	Member		Member		67,329
J.G. Mitchell ²	9/20/2021	Member		Member		0
L.A.J. Van Os	9/20/2021	Member	Chair			130,000
M.L. Doherty ²	9/20/2021	Member			Member	0
M. Frerejean-Taittinger	9/20/2021	Member	Member		Chair	140,000
N.A. Avant	5/12/2022	Member			Member	67,329
S.L. Lansing	5/12/2022	Member		Member		67,329

¹ Composition of the Board and Board committees as of December 31, 2022.

² Voluntarily elected to not receive any Non-Executive Director remuneration in 2022.

¹ The Remuneration Table contains information and figures that are audited as part of [Note 24](#) of the Annual Consolidated Financial Statements and [Note 11](#) of the Company Financial Statements.

Year-Over-Year % Change

Non-Executive Directors

2022 vs. 2021¹

J.S.J. Craymer	0%
A.R.J.C. Fiévet	0%
A.K. Jones	0%
W.A. Ackman ²	N/A
C.F.L. Lawson-Hall	0%
C.M.C. Bolloré	N/A
J.G. Mitchell ²	0%
L.A.J. Van Os	0%
M.L. Doherty ²	0%
M. Frerejean-Taittinger	0%
N.A. Avant	N/A
S.L. Lansing	N/A

¹ 2021 remuneration amounts have been annualized for purposes of calculating the year-over-year percentage change.

² Voluntarily elected to not receive any Non-Executive Director remuneration in 2022.

Remuneration is reviewed annually and is not linked to the price of the 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.

2021 Remuneration Report Shareholders' Voting Results

Last year, 71.02% of the Shareholders supported the 2021 remuneration report exceeding the required threshold for approval under Dutch law. After the annual General Meeting held on May 12, 2022, UMG engaged with Shareholders to understand their perspective on the 2021 remuneration report and solicit overall feedback about our Executive Director pay design and practices. Feedback was gathered and reviewed within the context that there are existing legacy contracts with each Executive Director in place from prior to the Listing and the adoption of the Executive Directors' Remuneration Policy.

Deviation from Remuneration Policies

UMG did not deviate from the Remuneration Policies. The Executive Directors are subject to legacy arrangements contractually agreed before the Listing and the adoption of the Executive Directors' Remuneration Policy and, therefore, when setting their remuneration for 2022 these legacy arrangements have been applied.