



UNIVERSAL MUSIC GROUP

NON - EXECUTIVE DIRECTORS REMUNERATION POLICY

UNIVERSAL MUSIC GROUP N.V.

1. INTRODUCTION

- 1.1. This document sets out the Remuneration Policy for the Non-Executive Directors of Universal Music Group N.V. (*UMG* or the *Company*) (the *Remuneration Policy*) as adopted by the Company's general meeting of shareholders, effective May 16, 2024.
- 1.2. The Remuneration Policy has been developed by the Remuneration Committee (the *Remuneration Committee*) of the Board of Directors of UMG (the *Board*) and it contains the framework for remunerating the Non-Executive Directors of the Board (the *Non-Executive Directors*).
- 1.3. When determining the Remuneration Policy, the Remuneration Committee has considered the compensation levels offered in the relevant peer market, the development of UMG's share price, and general societal views with respect to remuneration of the Non-Executive Directors.
- 1.4. The responsibility for implementing the Remuneration Policy lies with the Board. At the recommendation of the Remuneration Committee, the Board will determine the remuneration of the Non-Executive Directors with due observance of the provisions of the Remuneration Policy.
- 1.5. At least every four years, the Remuneration Committee will review the Remuneration Policy and make recommendations to the Board in respect of any proposed changes. The Remuneration Policy can be amended or restated by the Company's general meeting of shareholders in accordance with the Company's articles of association and Dutch law.
- 1.6. In 2024, the Remuneration Committee reviewed the compensation program for the Non-Executive Directors. With the assistance of a compensation consultant, the Remuneration Committee reviewed market competitiveness of the compensation program for the Non-Executive Directors within two market reference groups: a sector peer group consisting of leading media and entertainment companies of similar scale to assess the global talent market (predominantly U.S. companies), and a Dutch peer group comprised of large Dutch companies across various industries. The outcome of this review was that the remuneration provided to the Non-Executive Directors falls at the low end of the sector peer group. A significant factor contributing to this pay gap is the Company's lack of equity compensation for the Non-Executive Directors, which constitutes a significant portion of pay among sector market peers. To bring the remuneration of the Non-Executive Directors closer to the compensation levels of sector market peers and to enhance and strengthen UMG's ability to attract, motivate and retain highly qualified Non-Executive Directors, the Board has proposed to increase the remuneration of the Non-Executive Directors



UNIVERSAL MUSIC GROUP

through the granting of restricted share units. In preparing this revision of the Remuneration Policy, the Remuneration Committee also took into consideration the views and perspectives of shareholders regarding the Remuneration Policy and UMG's remuneration reports since the initial adoption of the Remuneration Policy in 2021.

- 1.7. A copy of the current Remuneration Policy for the Non-Executive Directors is available on the Company's website: [Universal Music Group | Investor Relations](#).

2. THE OBJECTIVES AND PRINCIPLES OF THE REMUNERATION POLICY

- 2.1. The objective of the Remuneration Policy is to provide a compensation structure that allows the Company to attract, motivate and retain highly qualified Non-Executive Directors who possess the necessary leadership skills to promote the Company's strategy, long-term interests and sustainability. In order to ensure that the Remuneration Policy is aligned with the Company's identity, mission and core values (Authenticity, Boldness, Creativity, Connection, Drive, and Insight), it is built on the following principles:

- The program is simple and transparent
- Non-Executive Directors should be compensated competitively against market, considering the level of work required for a company that is similar in size, scope, and complexity to UMG
- Non-Executive Directors' remuneration is differentiated, as appropriate, for differing Committee responsibilities and time commitments
- In order to ensure independent supervision, remuneration of Non-Executive Directors is fixed and not dependent on the Company's financial results or the attainment of performance conditions

3. BENCHMARKING AND COMPENSATION PEER GROUP

- 3.1. The remuneration offered to the Non-Executive Directors is benchmarked against peer companies periodically, considering compensation levels and trends in the market as well as relevant governance structures.
- 3.2. The Remuneration Committee will regularly review the compensation peer group and potential compensation peer companies with whom the Company is most likely to compete for talent at the Non-Executive Director level. The Remuneration Committee aims to identify a peer group that best reflects the aspects of UMG's international business environment, governance structure and company size. The composition of the compensation peer group will be disclosed in UMG's remuneration report.



UNIVERSAL MUSIC GROUP

4. INTERNAL PAY RATIOS

- 4.1. When determining the total remuneration of the Non-Executive Directors, the Remuneration Committee considers the internal pay ratios between Non-Executive Director pay and ordinary employee pay.

5. COMPENSATION COMPONENTS

- 5.1. The compensation structure for the Non-Executive Directors promotes adequate performance and reflects the time spent and the responsibilities of their role. The gross annual remuneration for the Non-Executive Directors is paid in cash and restricted share units and amounts to:

For performing the role of Non-Executive Director

- €90,000 cash
- €160,000 restricted share units

For performing the role of Chairman of the Board (premium)

- €50,000 cash
- €50,000 restricted share units

For serving on a Committee

- Member: €20,000 cash
- Chairperson: €10,000 cash (premium)

- 5.2. **One-year cliff vesting:** Each annual grant of restricted share units shall be subject to a one-year vesting period, with all such restricted share units vesting on the first anniversary of the grant date. Following vesting of the restricted share units, the shares will not be subject to any holding requirements. **Share ownership guidelines:** In order to ensure alignment between the interests of the Non-Executive Directors and the Company's sustainable long-term value creation, the Board may impose share ownership guidelines for the Non-Executive Directors, whereby the Non-Executive Directors may in principle not dispose of their shares until they meet these share ownership guidelines. If share ownership guidelines are imposed, the Non-Executive Directors will in any event be allowed to sell a portion of their shares to cover tax obligations resulting from the vesting of restricted share units (*'sell to cover'*).
- 5.3. Additionally, the Non-Executive Directors are entitled to reimbursement of reasonable expenses incurred in the performance of their duties of the Company, and tax gross up to the extent, if any, that these



UNIVERSAL MUSIC GROUP

expenses are not tax-deductible. The Non-Executive Directors are not eligible for pensions or other employee benefits. The Company does not provide loans, including mortgage loans or advance payments to the Non-Executive Directors, nor provides guarantees to the Non-Executive Directors.

6. TERMS OF ENGAGEMENT

6.1. In accordance with the Company's articles of association, the appointment of each of the Non-Executive Directors is typically for an initial term of 2 years, subject to reappointment, with the exception of the Non-Executive Directors who were appointed around the time of listing of UMG and who were appointed until the annual general meeting of shareholders to be held in 2024, again subject to reappointment. The Nomination Committee of the Board periodically assesses the skills represented on the Board and determines whether these meet the Company's needs.

6.2. No notice period or termination fees are payable when a Non-Executive Director leaves the Board.

7. DEROGATION

7.1. The Board may decide, upon recommendation of the Remuneration Committee, to temporarily derogate from the Remuneration Policy. This derogation will only apply in case of exceptional circumstances when it is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability. This may concern all aspects of the Remuneration Policy. Deviations shall be disclosed in UMG's remuneration report.
