

SUPPLEMENT TO THE SUPERVISORY BOARD'S REPORT ON CORPORATE GOVERNANCE

The report on corporate governance in chapter 2 of the 2019 Universal Registration Document describes the compensation policy for corporate officers for 2020 as set by the Supervisory Board, on the recommendation of the Appointments, Compensation and Governance Committee on March 3, 2020. In the context of the Covid-19 health crisis, the Supervisory Board, at its meeting on April 27, 2020, reflected in the compensation policy for the Chairman and members of the Management Board, their decision to waive part of their fixed compensation. Pursuant to Articles L. 225-82-2 and R. 225-56-1 of the French Commercial Code (Articles L. 22-10-26 et R. 22-10-18 since January 1, 2021), the shareholders, at the general shareholders' meeting of June 30, 2020, approved the compensation policy for corporate officers for 2020, as described in the report on corporate governance included in chapter 2 of the 2019 Universal Registration Document, and the supplement to that report describing the waiver by the members of the Management Board of part of their fixed compensation, as referred to above.

Compensation policy for the Chairman and members of the Management Board

The Supervisory Board, at its meeting on March 8, 2021, noted that, due to the Covid-19 health crisis, the quantitative performance criteria for the 2020 financial year, as initially established in application of the compensation policy, had not been met and therefore resulted in a quantitative portion of the variable portion equal to 0.

In order to realign the Group's entire management (*i.e.*, the top 400 operational managers) with new operational objectives (cost variabilization, cash-flow and customer retention), the Executive Committee recorded a variable portion equal to zero for the first half of the year, but reviewed the conditions of bonuses for operational managers for the second half of the year, limiting it to 70% of the maximum amount.

At the same time, a new trajectory was defined by the Supervisory Board at its meeting on June 30, 2020.

In the end, the Supervisory Board, at its meeting on March 8, 2021, on the recommendation of the Appointments, Compensation and Governance Committee, decided to revise the quantitative performance criteria used for determining the variable portion of the compensation of the Chairman and members of the Management Board for the 2020 financial year as follows:

- The quantitative targets (accounting for 70% of variable compensation) based on financial indicators are set, no longer on the basis of the budget preapproved by the Supervisory Board, but on the basis of new financial projections established on June 30, 2020 by the Board, taking into account the impact of the health crisis (in terms of client business volumes and changes in the main exchange rates) on the Group's theoretical trajectory.
- The nature (*i.e.*, revenue, EBIT and operating cash flow) of the quantitative performance criteria remains unchanged.
- However, the weighting of these quantitative performance criteria is significantly reduced to take into account the context of the health crisis: no variable portion is paid for the first half of the year and, for the second half of the year, the rate of achievement of the revenue and EBIT criteria is capped at 100%. Consequently, the maximum amount allocated is divided by three compared to 2019.

The sole purpose of this revision is to take into account the consequences of the Covid-19 health crisis and to recognize the high quality of the Group's performance during the crisis, well above the expectations discussed on June 30, and above the benchmark for European service companies:

Revenue totaled €2,806 million, down 13,3%, strongly impacted by negative customer activity (down approx. 16%). Over the whole year, Hospitality customers' activity (irrespective of price, business development and exchange rate effects) is down 55% due to health restrictions. ICS customers' activity is down 5%, while that of Healthcare customers is slightly negative.

The Board acknowledged the excellent work carried out by the teams on the part that depended on them:

- Highly responsive development of new offers adapted to the context, whether in professional clothing for the ICS, surgical gowns or waterproof over-blouses for Healthcare, hand-hygiene offers or disinfection, on a permanent or temporary basis (temporary hospitals in the UK, waterproof over-blouses in Brazil...);
- Quality of service maintained during the crisis, which improved customer satisfaction and led to some commercial successes.

The same applies to cost control, where the Board noted:

- A cost reduction effort that increased the EBITDA margin by 20bp, by making all costs variable,
- An effort to reduce investments, the EBITDA – capex indicator is up compared to 2019,
- The considerable effort made on customer collections, which resulted in a positive change in WCR,

That brings the FCF to €217 million, an improvement of €43 million compared to 2019, while EBITDA is down €155 million.

The other elements of the corporate officers' compensation policy for 2020, as described in the report on corporate governance in chapter 2 of the 2019 Universal Registration Document and the supplement to that report describing the first reduction in part of their compensation granted by the members of the Management Board, not taking into account such reduction (the theoretical fixed salary) in the calculation of the variable portion, remain applicable and unchanged.

The amended compensation policy for corporate officers for 2020 will be submitted to the vote of the general shareholders' meeting of May 20, 2021.

It should also be noted that, in the context of the Covid-19 health crisis, the members of the Management Board have twice reduced their fixed monthly compensation:

- In April, May and June, Xavier Martiré's fixed monthly compensation was reduced by 25%; and that of Louis Guyot and Matthieu Lecharny was reduced by 10%, and
- The members of the Management Board have again waived 10% of their fixed compensation paid in respect of November 2020.

The Supervisory Board

8 March 2021