

# COMBINED SHAREHOLDERS' MEETING OF 6 SEPTEMBER 2022

COMPLEMENTARY EXPLANATIONS  
ON RESOLUTIONS 8, 9, 12 AND 13



technicolor



# AGENDA

## ORDINARY SHAREHOLDERS' MEETING

**Resolution No. 1:** Advisory opinion on the proposed exceptional distribution in kind and on the establishment of a *fiducie-sureté* covering the Technicolor Creative Studios shares

**Resolution No. 2:** Exceptional distribution by way of the grant of Technicolor Creative Studios shares to Technicolor shareholders, subject to conditions precedent

**Resolution No. 3:** Approval of a related-party agreement referred to in Articles L. 225-38 et seq. of the French Commercial Code entered into with Angelo Gordon and relating to the extension of the deadline for the issuance of the mandatory convertible notes

**Resolution No. 4:** Approval of related-party agreements referred to in Articles L. 225-38 et seq. of the French Commercial Code entered into with Bpifrance Participations SA and relating inter alia to the extension of the deadline for the issuance of the mandatory convertible notes

**Resolution No. 5:** Approval of related-party agreements referred to in Articles L. 225-38 et seq. of the French Commercial Code entered into with Angelo Gordon and relating inter alia to the signature of an engagement letter in connection with the refinancing of the Company

**Resolution No. 6:** Approval of the compensation policy applicable to directors in the event of the distribution of Technicolor Creative Studio shares

**Resolution No. 7:** Approval of the compensation policy applicable to the Chairperson of the Board of Directors in the event of the distribution of Technicolor Creative Studio shares

**Resolution No. 8:** Amendment of the compensation policy approved by the nineteenth resolution of the June 30, 2022 Shareholders' Meeting applicable to the Chief Executive Officer, subject to the distribution of Technicolor Creative Studios shares

**Resolution No. 9:** Approval of the compensation policy applicable to the Chief Executive Officer in the event of the distribution of Technicolor Creative Studio shares

## EXTRAORDINARY SHAREHOLDERS' MEETING

**Resolution No. 10:** Change of the company name to Vantiva as from the date of the final completion of the exceptional distribution in kind and amendment of Article 3 of the by-laws

**Resolution No. 11:** Amendment to the Annex to resolutions 1, 3, 5, 7, 9, 11, 13 and 15 adopted by the May 6, 2022 Shareholders' Meeting to modify the mandatory convertible notes issue date

**Resolution No. 12:** Amendment of the twenty-fifth resolution approved by the June 30, 2020 Shareholders' Meeting, "Authorization granted to the Board of Directors to allocate free shares to the employees or to a category of employees and/or the Corporate Officers of the Company as part of the 2020 Long-Term Incentive Plan", to reduce the minimum vesting period of two years to sixteen months, effective retroactively as from June 30, 2020

**Resolution No. 13:** Amendment of the twenty-sixth resolution approved by the Shareholders' Meeting of June 30, 2020, "Authorization granted to the Board of Directors to allocate additional free shares to the employees or to a category of employees and/or Corporate Officers as part of the 2020 Long-Term Incentive Plan", to reduce the minimum vesting period from two years to sixteen months, effective retroactively as from June 30, 2020

**Resolution No. 14:** Authorization granted to the Board of Directors for the purpose of granting free shares to the employees or to a category of employees and/or executive corporate officers of the Company under long-term incentive plans

**Resolution No. 15:** Powers to carry out formalities

# RESOLUTIONS 8

## **8<sup>th</sup> resolution: amendment, subject to the distribution of Technicolor Creative Studios' shares, of the compensation policy approved by the nineteenth resolution of the shareholder's meeting of June 30, 2022, applicable to the Chief Executive Officer**

- The accelerated vesting scenario for the LTIP and ASP 2020 approved in its principle by the Board of Directors on May 5, 2022, if further authorized by the 6 September GSM under the 12<sup>th</sup> and 13<sup>th</sup> resolutions, will impact retroactively the CEO's compensation policy already approved by the AGM under say on pay *ex-ante*
- Consequently, a new approval by the SGM is required under another say on pay *ex-ante* resolution (ordinary resolution) in addition to the approval of the 12<sup>th</sup> and 13<sup>th</sup> resolutions (extraordinary resolutions)

### Rationale (extract from the Report of the Board of Directors to the shareholders):

- *“In the context of the Distribution, in order to increase the retentions of the beneficiaries of these plans and to align their interests with those of the shareholders so as to allow them to participate in the Distribution, the Board of Directors, upon the proposal of the Compensation Committee, wanted to anticipate by a few months the definitive vesting of the free shares granted on the basis of resolution 25 and 26 of the 30 June 2020 SGM. This modification would allow the beneficiaries to benefit from the Distribution by receiving Technicolor Creative Studios shares at the time of its implementation.”*
- *“The amended compensation policy proposed to you is intended to allow Richard Moat to benefit from this acceleration of the vesting period in view of his involvement and his role in the envisaged Distribution transaction. This acceleration could result in Richard Moat [...] receiving a total theoretical number of 1,571,231 shares, allowing him to receive 1,571,231 Technicolor Creative Studios shares in the context of the Distribution.”*

# RESOLUTION 9

## 9<sup>th</sup> resolution: Approval of the Chief Executive Officer's compensation policy in case of distribution of TCS shares

- The purpose of such resolution is to approve, under the say on pay ex ante, the compensation policy to be applicable to Mr. Luis Martinez Amago as Vantiva's CEO as of spin off

### Reminder of the rationale (extract from the Report of the Board of Directors to the Shareholders):

- *“The employment contract of Mr. Luis Martinez Amago with Technicolor Connected Home USA LLC will be suspended for the duration of his corporate mandate. The Board of Directors considers that this continuation of the employment contract is justified in this case in view of his age and his seniority of almost 8 years within the Group.*
- *The termination of Mr. Luis Martinez Amago's employment contract would have had the effect of depriving him of the rights attached to the performance of the employment contract gradually built up during his career with the Company, which is undergoing significant structural change in view of the Distribution business. The Chief Executive Officer has nevertheless agreed to amend the protection from which he benefits in the event of departure so that the compensation to which he may be entitled is subject to performance conditions”*

# RESOLUTION 9

## Complementary explanations:

- Mr. Richard Moat did benefit from the impatriate tax regime which is not the case of Mr. Luis Martinez-Amago. If Mr. Richard Moat would not have been able to benefit from this favorable tax regime, his annual base salary would have been higher.
- Mr. Luis Martinez-Amago's annual base salary is not increased due to the change of role, it remains unchanged at 750k\$ per annum.
- Mr. Luis Martinez-Amago's on-target payout % is higher in absolute value but lower in % compared to the previous CEO (120% instead of 133,3%). STI performance criteria are currently unknown and will be discussed post spin-off with the Vantiva Remuneration Committee and Board.
- Richard Moat's peer group was made of French listed company market when Luis Martinez-Amago's peer group is a mix of 30 companies (17 Europe based and 13 US based; 17 in the technology sector, 7 in the industrial/engineering sector and 6 in the media/communication sector; out of which Daily Mail & General Trust Plc and Sagemcom in Europe ; Cadence Design Systems and Acuity Brands the US). Based on this peer group, Mr. Luis Martinez-Amago's compensation belongs to the 1<sup>st</sup> Quartile (being the bottom quartile).
- Travel and lodging: Richard Moat was living in France and thus paying for his own lodging. Luis Martinez Amago lives in the US (Atlanta). He has been requested to spend a significant amount of his time in Paris, at the detriment of his family life. That is the reason of the lodging that will be treated as benefits in kind
- LTIP: based on the peer group, the median target for LTIP is 65% of the total compensation. With the proposed LTIP Grant, Mr. Luis Martinez-Amago's LTIP will represent 43% of his total compensation. Given this benchmark and his level of seniority, long term value creation must be the main driver of Mr. Luis Martinez-Amago's performance, which is the reason of the amount of grant proposed.

# RESOLUTIONS 12 and 13

## 12<sup>th</sup> and 13<sup>th</sup> resolutions: Accelerated vesting of 2020 LTIP & ASP

- ✓ **Modification of 25<sup>th</sup> and 26<sup>th</sup> resolutions approved by 30 June 2020 AGM, in order to reduce the minimum vesting period of 2020 LTIP and 2020 ASP from 2 years to 16 months - As to comply with the French regulations providing for a minimum cumulated vesting and holding periods of two years, a holding period shall be substituted from vesting date until at least the second anniversary of each grant.**

Reminder of the Rationale : (extract from the Report of the Board of Directors to the shareholders):

- *“In the context of the distribution, upon the remunerations committee’s proposal, the board of directors wishes, for the purpose encouraging the loyalty of the beneficiaries of these plans and aligning their interests with those of the shareholders so as to allow them to participate in this transaction, to reduce by several months the vesting of the free shares under these resolutions. this change would make it possible for the beneficiaries to benefit from the distribution by receiving technicolor creative studios shares at the time the distribution is implemented.”*
- *“At that meeting, the Board of Directors has also specified that the combined duration of the vesting and holding periods would be maintained at three years regarding the 2020 LTIP, and that such combined duration would be set at two years regarding the Incentive & Investment Plan.”*
- *“.....regarding the EBITA target, the reference period taken into account would begin on January 1, 2021 and end on June 30, 2022 without adjustment of the target levels set by the Board of Directors; regarding the TSR target, the Point of Reference would be changed from December 31, 2022 to “seven days before the date of the general shareholders’ meeting approving the distribution transaction”. The method for calculating TSR would guarantee a rate of return at least equal to the rate of return initially set, adjusted over the new reference period.”*

# RESOLUTIONS 12 and 13

## 12<sup>th</sup> and 13<sup>th</sup> resolutions: Accelerated vesting of 2020 LTIP & ASP

### Complementary Explanatory :

Accelerated vesting is the sole solution which guarantees :

- (i) a clean-cut pre-spinoff allowing all categories of beneficiaries to focus on their future (leavers, TCS and Vantiva),
- (ii) a fair treatment between LTIP/ASP beneficiaries and other shareholders,
- (iii) a clean separation of both legal entities in terms of value creation.

It is driven by exceptional circumstances (the spin-off), where equity and fairness are the unique drivers of those changes.

Concerning the performance conditions and their reassessment, the indications about EBITA and TSR targets that were shared publicly as part of the Notice of meeting of June 30th, 2020 AGM, pages 49 & 50, remain unchanged :

- Page 49 for EBITA: “this objective will be set precisely by the Board of Directors and shall at least be equal to the guidance to be published by the Company”. This has been done accordingly for the LTIP and ASP 2020, the EBITA objective being still based and therefore reassessed without any change on the guidance which is disclosed (as historically done by the Company for the previous plans for which we can appreciate a posteriori the stringency of the criteria);
- Page 49 for TSR: “this objective will be determined by the Board of Directors and will at least assure an average 20% return on an annual basis”. Even if the Company cannot disclose the targets and thresholds, these have been set by the Board taking this principle into consideration in order to be aligned with shareholders’ interests.

THANK YOU