

## Information to shareholders relative to the 2023 AGM

Dear Shareholders,

As in previous years, we wanted to proactively reach out ahead of La Française des Jeux (“FDJ”) 2023 Annual General Meeting (“AGM”), scheduled on 27 April 2023 and take this opportunity to present the key developments concerning FDJ’s governance, remuneration practices and CSR, as well as share our perspective on the main resolutions submitted to your approval at the upcoming AGM.

### **Financial and extra financial performance for 2022**

In 2022, la Française des Jeux recorded very strong financial results with an increase in all its business activities and an improvement in all its KPI. The Group reiterated its 2023 guidance and updated its 2025 objectives, all in line with its responsible growth trajectory.

This performance benefited all FDJ’s stakeholders, including its employees and retailers, and allowed an important economic and societal contribution of €6.5bn.

It benefits also FDJ’s shareholders. In this regard, you will be asked to approve a dividend of €1.37 per share, up 10% from FY 2021 (**resolution 3**). The proposed amount of dividend corresponds to a payout ratio of 85%, in line with the Company’s dividend policy to distribute between 80% and 90% of the consolidated net profit.

FDJ also pursues its CSR ambitions and continued to strengthen its social commitments, in particular its actions to prevent excessive and underage gambling with more than 10% of the overall advertising budget dedicated to responsible gambling.

The CSR ambitions are at the heart of the Group’s strategic orientations, and FDJ delivered a strong extra-financial performance in 2022 with notably an A+ Moody’s ESG notation for the fourth consecutive year; with an overall grade of 72/100 (vs 70/100 the previous year). The Group also maintained a 100/100 grade to “Pénicaud” Index illustrating its strong commitment to gender equality within the Group.

### **Board of Directors composition**

The Board regularly evaluates its composition, it notably took into account that Mr. Pierre Pringuet will not seek the renewal of his mandate at the 2023 AGM. Following a structured nomination process, Mr. Philippe Lazare was nominated as a censor in June 2022 with the aim of being appointed independent Director at the 2023 AGM (**resolution 8**). As the former top executive of payment specialist Ingenico till 2018 and thanks to his past executive role at Eurotunnel (now Getlink), Philippe Lazare is bringing his strong experience in leading international companies, in managing corporate transactions as well as his knowledge in the new technologies’ area to the Board. He is also a member of the High Committee on Corporate Governance, which is a valuable insight. As per the criteria set in the Afep-Medef Code, Philippe Lazare is deemed independent.

Subject to the General Meeting's approval, Mr. Lazare will take over the Lead Independent Director function and will chair the Governance, Nominations and Remuneration Committee. The duties of the Lead Independent Director remain unchanged, including (but not limited to):

- Obtaining feedback from shareholders on governance matters;
- Being able to suggest additional items to Board meetings' agenda;
- Chairing Board meetings in the absence of the Chair;
- Conducting the Board's evaluation process;
- Leading executive sessions;
- Attending all meetings of Board Committees of which he is not a member.

The Board also proposes to renew the terms of office of the independent directors Ms. Fabienne Dulac, Ms. Françoise Gri and Ms. Corinne Lejbowicz (**resolutions 5, 6 and 7**), after considering their individual performance and the value they each bring to the Board. It also took into consideration their availability and strong commitment to FDJ's Board, as evidenced by their high level of attendance (93% each) to the Board's meetings and their respective Committees.

These renewals and the new appointment, upon shareholders' approval, will strengthen the expertise and skills on the Board and maintain a high level of efficiency. They would notably allow the Board to maintain a level of independence of 50% and a balanced gender diversity.

### **Reinforced Remuneration Structure**

The level of executive pay for 2022 fully reflects FDJ's strong performance. For the second year, the progressive mechanism aiming at increasing the on-target bonus to 100% of fixed remuneration by 2024 (excluding overperformance) was implemented. 2022 pay-mix appears balanced with an annual bonus representing 94% of the fixed remuneration and a grant in performance shares (at target) of 100% of fixed remuneration, i.e. 66% of performance-based remuneration (**resolutions 10 and 11**).

For 2023, in line with what was previously announced, the fixed component is unchanged for the remaining duration of the two Corporate Officers' mandate, at €320,000 and €248,000 for the Chairwoman & Chief Executive Officer and the Deputy Chief Executive Officer respectively.

While in 2022 the Group had improved and structured CSR/Responsible Gaming criteria in the short-term remuneration scheme to better align the executive remuneration to its CSR ambitions, the Board carefully listened to shareholders' feedback and proposes to reinforce the link to CSR commitments in 2023 by:

- Replacing the CSR external criterion (Moody's ESG rating) by an internal criterion linked to gender diversity within the Group's management for a weight of 5%, and
- Conditioning the overperformance of the annual bonus to a minimum achievement level of CSR and Responsible Gaming criteria. The bonus payout will indeed be capped at 100% and won't allow for the remuneration of overperformance of financial metrics if CSR criteria reach less than 20/30 points.

The Board also increased the level of transparency by disclosing prospectively the targets for the managerial performance criterion (10% of the STI); as well as a more granular vesting scale for this criterion allowing for a more accurate assessment of the performance at the end of the performance period.

In addition, in the framework of the discretionary power of the Board of directors, the potential grant of an exceptional remuneration would now be capped at 100% of the Corporate Officers' fixed compensation. As a reminder, such a remuneration could only be granted in specific circumstances and the use of the discretionary power would be disclosed and justified. No exceptional remuneration was granted to Corporate Officers in 2022.

The long-term incentive plan proposed for 2023 is unchanged compared to 2022 and maintains a strong link with the financial and extra-financial performance of the Group. The Board has set stringent targets to ensure a strong alignment between pay and performance (**resolution 12**).

We hope that the above commentary are helpful and that you will support the Board in its efforts to constantly align with best practice and market standards.

We count on your participation to this year's General Meeting and look for your support on all items submitted to your vote.

Do not hesitate to contact us at [invest@lfdj.com](mailto:invest@lfdj.com) should you need further explanations regarding the 2023 AGM agenda.

Yours faithfully,

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