



## Information to FDJ shareholders relative to the 2024 AGM

Dear Shareholders,

As in previous years, La Française des Jeux ("FDJ") sees great value in engaging and proactively reaching out to its shareholders.

This year again, we want to provide some useful observations and share our perspective on key resolutions that are submitted to your approval at FDJ 2024 Annual General Meeting ("AGM"), scheduled on 25 April 2024.

### FDJ performance – A Continued and Responsible Growth

2023 has been a year of solid growth and results for FDJ. The Company performed across all activities thus generating strong revenues with EBITDA margin improvement and net result strong increase. Based on these, the Board of directors proposes a dividend of €1.78 per share at the 2024 AGM (**resolution 3**), +30% vs. previous year, representing a payout ratio of 80%, in line with the Company's dividend policy to distribute between 80% and 90% of the consolidated net profit.

FDJ's growth is also responsible, with strengthened extensive and recreational gaming model and recognised societal commitments. The Board pays attention that the Group's performance benefits all stakeholders, including retailers, suppliers and employees; in 2023 FDJ generated an important economic and societal contribution measured at €6.6bn.

2023 was also an important year in the implementation of the Group's strategy. The acquisitions of ZEturf and Premier Lotteries Ireland were completed in September and November 2023. FDJ also announced a tender offer on Kindred Group plc in January 2024, fully in line with its strategy, and unanimously recommended by Kindred's Board of directors. The transaction would result in the creation of a European gaming Champion, with enhanced financial and extra financial performance to the benefit of all stakeholders.

### Board of directors' composition

On the occasion of the end of term of the two Executive Corporate Officers, Ms. Stéphane Pallez, Chairwoman and CEO, and Mr. Charles Lantieri, Deputy CEO, at the 2024 AGM, and given the context and results afore mentioned, the Board of directors reaffirmed the importance of a stable leadership structure.

As such, FDJ submits to your vote the mandate renewal of Ms. Stéphane Pallez as a director (**resolution 5**), with the intention of renewing her as Chairwoman and CEO of the Group for a four-years term.

The Board of directors unanimously confirmed the combination of roles under Ms. Pallez' leadership is the most relevant structure for FDJ, providing agility and efficiency in the decision-making process. The Board notably considered her achievements and track record over the past years. Chairwoman and CEO of the Group since 2014, Ms. Pallez initiated the digital transformation of the Group while confirming its territorial anchoring. She successfully led FDJ's IPO in 2019 which was the basis of an in-depth transformation of the Group and its strategy. Most recently, FDJ undertook new steps in its development and changed dimension with the successful acquisitions of Zeturf in September 2023 and Premier Lotteries Ireland in November 2023, concretizing the diversification of its activities and its internationalization.

In 2024, the launch of the tender offer over Kindred takes FDJ to a major stage in the development of its activities in France and abroad. The Board acknowledged the importance of maintaining a stable leadership to carry out this structuring operation and ensure a smooth integration.

The Board of directors, also mindful of good governance principles, ensured that effective counterpowers are in place as safeguards of a good Board functioning and independent overview of the Management. Notably, the level of independence is stable at 50% (excluding employee and employee shareholder representatives) since 2020 and the function of Lead Independent director was created in December 2020, with extensive powers including conducting annual reviews of the Board functioning, convening and leading executive sessions, overseeing potential conflict of interest, etc. Mr Philippe Lazare was designated in this role in 2023 to replace Mr. Pierre Pringuet. Additionally, all Board committees are chaired by independent directors and composed of a majority of independent members.

The Board also submits to your vote the mandate renewals of Union des Blessés de la Face et de la Tête (UBFT), a veterans association owning 10.1% of FDJ's issued share capital and represented by Mr. Olivier Roussel, its managing director (**resolution 6**); and Fédération Nationale André Maginot (FNAM), owning 4.3% of FDJ's issued share capital and represented by Mr. Jacques Sonnet (**resolution 7**). As historical shareholders of the Group, their knowledge of FDJ's activities and specificities are valuable and key in the context of the upcoming strategic developments, they also ensure that the historical legacy and corporate culture of Française des Jeux is maintained, which appeared instrumental to the Board in the context of the contemplated integration of Kindred.

The mandate renewal of Predica, shareholder of FDJ, owning 5.33% of FDJ's issued share capital and represented by Ms. Florence Barjou, Chief Investment Officer at Crédit Agricole Assurances, is also submitted to your approval (**resolution 8**). Ms. Florence Barjou will continue to bring to the Board and to the Audit and Risk Committee her knowledge of corporations in an international context and expertise in financial matters, which is particularly relevant with the transformation and internationalization of the Group.

As part of the regular assessment of its composition, the Board of directors confirmed the mix of skills and experiences, and the board's composition are fully adapted to guide and challenge the management as to its implementation of the board's strategy.

Finally, you will also be asked to elect the Employee shareholder representative, among the two candidates (**resolutions 9 and 10**) that were designated in line with legal provisions and article 13.1.b) of FDJ bylaws.

### **Impact of CSRD on Governance**

Consecutively to the transposition into French law of the CSRD Directive, FDJ has amended its Board of directors' rules. New rules notably provide for a reinforced role of the Audit and Risk Committee by setting up joint meeting at least once a year with the CSR and Responsible Gaming Committee and tasking the Audit and Risk Committee with ensuring the relevance and integrity of the information provided to the Board on CSR and, more generally, the consistency between non-financial and financial developments.

Board rules also now provide that the recruitment and training of directors should focus on CSR issues and include the obligation to have a climate-related performance condition in the remuneration of Executive Corporate Officers.

In line with CSRD, FDJ also submits to your approval the nomination of its Sustainability auditors (**resolutions 11 and 12**), designating the current financial auditors of the Group Deloitte & Associés and PricewaterhouseCoopers Audit. The selection was driven by the recognition of high-performance teams, trained in sustainability issues, with access to a global network, as well as a focus on their experience and knowledge of the FDJ. To support its decision, the Board notably acknowledged the importance of aligning financial accounts with sustainability commitments, especially regarding climate. The suggested appointments of two sustainability auditors will also provide the Board with a twofold critical thinking on FDJ's sustainability reporting to effectively challenge the Company's practices and promote long-term sustainable value creation.

### **Remuneration Policy for 2024**

On recommendation of the Governance, Nominations and Remuneration Committee, the mandate renewals of Ms. Stéphane Pallez and Mr. Charles Lantieri were considered a relevant point in time to review their remuneration structure, unchanged since 2021, and the Board notably proposes under the remuneration policy for Corporate Officers (**resolution 16**) to increase their fixed remuneration by 20%, to K€ 384 and K€ 297.6 respectively.

This increase reflects the evolution of the Group and its transformation over the years with the different acquisitions, as well as its evolution in terms of number of employees.

The Board considered the remuneration levels of top executives at SBF 80 companies and aimed at narrowing the gap between FDJ's Corporate Officers' remuneration levels and the positioning of the Company on the market in terms of market capitalization, turnover and number of employees.

FDJ is indeed now positioned globally at median with these three indicators while Corporate Officers were at the 78<sup>th</sup> position (over 80) in terms of fixed remuneration.

As a reminder, the pay equity ratio between average and median remuneration of the Chairwoman-CEO and FDJ Group (FDJ SA and FDP) employees stand at 11.48 and 12.93 respectively for 2023.

Also, the Board of directors confirmed that the level of fixed remuneration will remain unchanged until the end of the Corporate Officers' new mandate.

In addition, the structure of the annual variable remuneration is simplified with the ending, by anticipation, of the progressive increase mechanism that was implemented in 2021. Indeed, the objective of rebalancing progressively the short-term remuneration scheme to 100% of the fixed remuneration was already reached in 2023 and the increase mechanism was terminated. The STI opportunity is set at 100% on target and 130% at maximum starting 2024.

The structure of the performance conditions is also reinforced to align the executive remuneration with current strategic challenges. To this end, a performance condition related to the integration of the recent acquisitions is included, weighting 20%, and an environmental criterion related to the monitoring of scope 3 is added, for 5%, aiming at onboarding our suppliers on the climate transition journey.

In line with our strong commitment on sustainability targets and roadmap, the stringent mechanism allowing a payout of the overperformance on financial criteria only if extra financial criteria reach a minimum of 20 points over 30 is maintained.

The long-term remuneration opportunity remains unchanged at 100% of fixed remuneration on-target and 145% at maximum. The criteria used in the long-term incentive plan are also being adjusted to mirror the long-term strategy and challenges of the Group. To reflect FDJ's digitalization drive, a growth rate in sales from the Group's online gambling business criterion is included, weighting 20%. Sustainability criteria are also reinforced to align with the sustainability roadmap of FDJ. While still globally weighting 20%, the measure of sustainability performance now relies on GHG emissions reductions (5%, scope 1 and 2), a gender diversity criterion (5%) and one metric on global ESG rating mix (10%).

As in previous years, we count on your participation to the 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 2024 AGM agenda.

Yours faithfully,

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