Report on the principles and the criteria for the determination, allocation and attribution of the fixed, variable and exceptional components of the total remuneration and benefits in kind attributable to corporate officers

The present report on the compensation policy of corporate officers of SPIE SA (the « Company ») describes the principles and the criteria for the determination, allocation and attribution of the fixed, variable and exceptional components of the total remuneration and benefits in kind attributable to corporate officers for the exercise of their mandate.

In accordance with the provisions of article L. 225-37-2 of the French commercial Code, the principles and criteria presented in the present report are subject to the approval of the shareholders’ meeting of May 16, 2017.

I. Principles and criteria for the determination, allocation and attribution of the compensation of the executive directors

The compensation policy of the executive director, Mr. Gauthier Louette in his quality as CEO of the Company at the date of the present report, is approved by the Board of Directors after review and advice by the Compensation Committee. The Board of Directors applies the recommendations of the AFEP/MEDEF Code, as amended on November 2016, relating to the compensation of executive directors of listed companies. In this context, the Board of Directors defines the principles for the determination of the CEO’s compensation while ensuring that the following principles are taken into consideration:

- Balance and proportionality principle: it is ensured that each component of the CEO’s compensation is clearly motivated and that none of said component is disproportionate.

- Competition principle: it is ensured that the CEO’s compensation is competitive, notably by way of compensation benchmark reviews.

- Interests’ alignment principle: the compensation policy is at the same time a management tool destined to attract, motivate and retain the talents which are vital to the company, but also answers the shareholders’ expectations in relation to the company’s performance.

- Performance principle: the CEO’s compensation is closely linked to the company’s performance, notably by way of a variable compensation measured each year. The payment of this variable portion is subject to the completion of simple and measurable objectives (economic as well as personal), closely linked to the Group’s objectives and regularly provided to the shareholders. It is specified that said annual variable components do not entail a guaranteed minimum payment and are based on clear and demanding operating performance criteria.

The CEO’s compensation includes a fixed portion and a variable portion based on a certain number of objectives defined on an annual basis. At the end of each fiscal year, the Board of Directors, on the Compensation Committee’s recommendation, defines the amount of the gross annual fixed compensation for the following fiscal year as well as the maximum amount of the annual variable compensation for the following fiscal year as well as the quantitative criteria based on which said variable compensation will be calculated. At the beginning of each fiscal year, the Board of Directors, on the Compensation Committee’s recommendation, defines the amount of the annual variable compensation owed for the previous fiscal year based on the results of the previous fiscal year and the completion of the quantitative and qualitative objectives, and defines the objectives for the qualitative portion of the annual variable compensation for the ongoing fiscal year.
Moreover, in order to associate the CEO with the long term performance, part of his compensation is composed of performance shares. This portion of the compensation is directly connected to the Group’s performance since the number of shares which will be granted to the CEO at the end of the acquisition period depends on the Group’s performances in terms of EBITA and cash conversion (ratio between the operating cash-flow and EBITA) as well as the total shareholder value.

II. Components of the CEO’s compensation

The compensation of the CEO includes:

1. A fixed compensation

The Board of Directors, on the Compensation Committee’s recommendation, defines the annual fixed compensation of the CEO notably based on a detailed study performed by an independent firm of the fixed and variable compensations of executive officers of companies of a comparable size.

The gross annual fixed portion of the CEO’s compensation was set, by the Board of Directors of December 8, 2016, at 740,300 euros for 2017, versus 729,300 euros for 2016, i.e. an increase of 1.5%.

2. A variable compensation

The Board of Directors, on the Compensation Committee’s recommendation, defines the annual variable compensation of the CEO on the basis of quantitative and qualitative criteria. For 2017, the Board of Directors of March 9, 2017, set the annual variable portion of the CEO’s compensation for completed objectives at 100% of its gross annual fixed compensation.

In order to support, in a dynamic way, the strategy and challenges of the Group, the respective weight of the quantitative and qualitative criteria applied to the annual variable portion is defined on the basis if the importance and the evolution of strategic stakes; for 2017, the quantitative criteria represent 65% and the qualitative criteria 35%.

– Quantitative criteria:

They rely on indicators that the Board of Directors, on the Compensation Committee’s recommendation, judged the most relevant to assess the financial performance of the Group. For 2017, the quantitative criteria represent 65% of the variable compensation, including 55% linked to the EBITA performance and 10% linked to the operating cash-flow performance, with an impact on the EBITA criteria based on the Group’s performance in terms of safety.

– Qualitative criteria:

Regarding the non-financial criteria, which represent 35% of the variable compensation for 2017, they rely on the following indivual qualitative objectives:

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company digital strategy</td>
<td>10 %</td>
</tr>
<tr>
<td>Relations with shareholders and financial communication</td>
<td>7 %</td>
</tr>
<tr>
<td>External growth in particular in Germany</td>
<td>8 %</td>
</tr>
<tr>
<td>Strategic review of the activity (over 2/3 years)</td>
<td>5 %</td>
</tr>
<tr>
<td>Continuity and succession plan of the executive committee and especially the CEO</td>
<td>5 %</td>
</tr>
<tr>
<td>TOTAL</td>
<td>35 %</td>
</tr>
</tbody>
</table>
3. Allocation of Performance Shares

To the annual remuneration is further added the allocation of performance shares which will be definitely acquired subject to certain performance criteria being reached at Group level.

On 25 May, 2016, the Shareholders’ Meeting of the Company has, pursuant to its 20th resolution, authorized the Board of Directors, under certain conditions, to implement a free performance share plans to the benefit of a number of corporate officers and employees of the Company and its subsidiaries, in accordance with the provisions of Articles L.225-197-2 of the French Commercial Code.

On 28 July, 2016, on the basis of the authorisation granted by the Shareholders’ Meeting, the Board of Directors implemented two free performance share plans to the benefit of a number of corporate officers and employees of the Company and its subsidiaries for a total of 1,098,155 performance shares including a SPIE 2016 Plan 1 relating to 225,115 performance shares, and a SPIE 2016 Plan 2, relating to 872,040 performance shares. Mr. Gauthier Louette, CEO of the Company, is part of the beneficiaries of the SPIE 2016 Plan 1 for which the Board of Directors has, upon proposition of the Compensation Committee, defined the definitive allocation criteria, the performance conditions to be reached as well as the minimum quantity of shares to be kept in registered form by beneficiaries until the end of their office.

With the SPIE 2016 Plan 1, 64,040 performance shares have been granted to Mr. Gauthier Louette during the year ended December 31, 2016, it being specified that the number of performance shares granted to each beneficiary represents a percentage of the fixed gross annual compensation of each of them, calculated based on a stock price of the SPIE SA shares of €16.197 (corresponding to the average of the closing stock price of the SPIE SA shares during the 20 trading days between June 20th and 15 July, 2016, inclusive) to which is applied, in order to take the performance conditions provided for under the Plans into account, a discount of 29.69%.

Regarding the CEO of the Company, the acquisition of the performance shares is submitted to the following conditions:

- The performance shares will be definitely acquired at the end of a period of three years starting on July 28, 2016;
- The beneficiary must be bound to the Company by corporate duties of an employment agreement throughout the entire duration of the acquisition period.
- Performance conditions are assessed over the 2016-2018 period (three calendar years) including two internal conditions, one linked to the AAGR (average annual growth rate) of EBITA and the other to cash conversion (ratio of operating cash flow to EBITA), and one external condition associated with TSR (total Shareholder value). The relative weighting of the three conditions is 37.5% for EBITA, 37.5% for cash conversion and 35% for TSR.

  - The EBITA-related condition is as follows:
    - if 2016-2018 AAGR is less than 5% no shares acquired;
    - if 2016-2018 AAGR is 5%, 50% of shares acquired;
    - if 2016-2018 AAGR is 7% or more, 100% of shares acquired;
  - The cash conversion-related condition is as follows:
If average cash conversion during 2016-2018 is less than 100%, no shares acquired;
if average cash conversion during 2016-2018 is 100% or more, 100% of shares acquired.

The TSR-related condition is as follows:

- if TSR from 1 January 2016 to 31 December 2018 is less than the average TSR of the SBF 120, no shares acquired;
- if TSR from 1 January 2016 to 31 December 2018 is 5% higher than the average TSR of the SBF 120 median, 100% of shares acquired;

The award rate is calculated on a straight-line basis between limits.

Finally, the Board of Directors also decided that the CEO of the Company shall be required, until the end of his office, to hold 25% of the acquired performance shares in fully registered form.

4. Benefits in kind

The benefits in kind consist of a Company car provided to the CEO.

5. Pension plan

Gauthier Louette has a defined benefit supplemental pension plan set up within SPIE SA (now SPIE Operations) on 1 January 2001 and a defined contribution executive pension plan established within Financière SPIE in 2009 and then SPIE SA in 2013. The defined benefit executive pension plan policy taken out by SPIE SA with Cardiff (owned by BNP Paribas) since 2001, in accordance with Article L.137-11 of the French Social Security Code, was set up for SPIE’S senior executives.

To benefit from the plan, beneficiaries must:

- have been with the Group for at least 5 years at the time of departure; and
- be at least 60 years-old at the time of departure and be eligible for their full State pension, or be at least 55 years-old at the time of departure and not be in gainful employment before receiving their State pension (in the second case, a pension is paid at the time of departure only if the departure is initiated by the Company).

The base pay used to calculate beneficiaries’ pensions is based on their average compensation for the three years preceding their departure from the Company. Compensation means the sum of gross annual fixed compensation and gross annual variable compensation.

Pensions are vested on an annual basis, i.e., 2% of the base pay for each year under the plan for the first five years and 3% thereafter, subject to the following two caps:

- annual vesting as described above is capped at 20% of the annual base pay; and
- annuities paid under the plan, to which annual State pensions and pensions paid under the ARRCO and AGIRC private pension plans must be added, are capped at 50% of the base pay.

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1 The defined contribution pension scheme (known as «Article 83»), put in place in 2009 in the form of a collective retirement savings contract, benefiting employees and corporate officers whose compensation exceeds 4 PASS (annual social security ceiling). The annual contribution paid by the Company for Gauthier Louette is 16% x (annual compensation-4 PASS) limited to 16% x 4 PASS (representing €24,714 in 2016) and is capitalised each year in a multi-instrument investment fund managed by BNP Paribas Epargne Retraite.

2 Gauthier Louette has been with the Company for 30 years.

3 This 20% ceiling was reached for Gauthier Louette before the 2015 financial year.
At January 1st, 2017, the theoretical annual amount of his pension would equal €290,008.

The Company recorded a provision to finance these obligations with management outsourced to Cardiff.

6. Severance package and non-compete

The Chairman and CEO benefits from a severance package of one year of compensation (fixed plus variable excluding exceptional bonuses if any). The performance conditions, applicable to this termination indemnity, are based on the rate of achievement of the economic and financial criteria applicable to the variable part of his compensation is decided by the Board of Directors upon recommendation from the Compensation Committee (EBITA and operating cash-flow). The average rate of achievement of the objectives based on these criteria for the last three years must be equal to or greater than 70%.

Eventually, the Chairman and CEO is a participant in the social guarantee for heads of companies (GSC) that provides, in the event of job loss, payment for 24 months of an annual benefit capped at 40% x 6 ASSC (Annual Social Security Cap) (PASS – plafond annuel de la Sécurité sociale).

The Chairman and CEO does not benefit from any indemnity which would be due to compensate a non-compete provision.

III. Summary table of the principles and criteria for the determination, allocation and attribution of the fixed, variable and exceptional components of the total remuneration and benefits in kind attributable to the CEO

<table>
<thead>
<tr>
<th>Composition of the compensation</th>
<th>Principle</th>
<th>Assessment criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed compensation</td>
<td>The CEO receives a fixed compensation in 12 monthly payments.</td>
<td>The annual gross amount is set at 740,300 euros for FY2017.</td>
</tr>
<tr>
<td>Variable compensation</td>
<td>The CEO receives a variable compensation defined based on the Group’s performance. This compensation is paid during the fiscal year following the one during which such performances are recorded. In accordance with the provisions of article L. 225-37-2 of the commercial Code, the payment of the variable compensation is subject to the approval by a shareholders’ meeting of the components of the compensation of the CEO in the conditions defined in article L. 225-100 of the commercial Code.</td>
<td>The annual variable portion of the compensation of the CEO for completed objectives is equal to 100% of his gross annual fixed compensation, of which 55% are linked to EBITA, 10% are linked to operating cash-flow, and 35% are linked to qualitative individual objectives, as described above, with an impact of the EBITA criteria based on the Group’s performance in terms of safety.</td>
</tr>
<tr>
<td>Long term compensation (performance shares)</td>
<td>The CEO benefits from a conditional allocation of shares in the Company. The Board of Directors records the definitive number of shares which shall be attributed to the CEO at the end of a 3 years period based on performance criteria it defined.</td>
<td>The number of allocated shares is determined by the Board of Directors under the conditions and subject to the completion of the objectives described in section 3 above. The value of these shares depends on the market value of the SPIE SA shares at the time of the allocation.</td>
</tr>
<tr>
<td>Pension plan</td>
<td>The CEO is eligible to a pension plan set up by the Company for its executive officers.</td>
<td>Said plan is described in section 5 above. The annual amount of the pension paid in accordance with this plan, to which the annual State pensions and pensions paid under the ARRCO and AGIRC private pension plans must be added is capped at 50% of the reference compensation.</td>
</tr>
<tr>
<td>Severance package</td>
<td>The CEO benefits from a severance package in case the Board of Directors decides to put an end to his office, and benefits from the social guarantee for heads of companies (GSC).</td>
<td>The severance package is subject to performance conditions described in section 6 above. Its amount is capped at 12 months of fixed and variable compensation without potential exceptional bonuses. The GSC provides, in the event of job loss, payment for 24 months of an annual benefit capped at 40% x 6 ASSC (Annual Social Security Cap) (PASS – plafond annuel de la Sécurité sociale).</td>
</tr>
<tr>
<td>Benefit in kind</td>
<td>The CEO benefits from a company car.</td>
<td>Not applicable</td>
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</table>

la Sécurité sociale).

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