

Christian Dior

BOARD OF DIRECTORS' REPORT
ON THE DRAFT RESOLUTIONS

Board of Directors' report on the draft resolutions

1. Approval of the parent company financial statements and of related-party agreements

The first items of business relate to:

- the approval of the financial statements: you will be asked to vote to approve the financial statements of the parent company Christian Dior SE (**first resolution**), as well as the Group's consolidated financial statements (**second resolution**);
- the appropriation of net profit (**third resolution**): the dividend to be distributed will amount to 34.00 euros per share. Given the ordinary interim dividend of 2.20 euros per share decided on July 24, 2019 and the exceptional interim dividend of 29.20 euros per share decided on November 13, 2019, thus a total amount of 31.40 euros per share, which was paid in cash on December 10, 2019, the final dividend is 2.60 euros per share. The final dividend will be paid on July 9, 2020;
- the approval of related-party agreements (**fourth resolution**): details of these agreements are set out in the Statutory Auditors' special report.

2. Structure of the Board of Directors

Based on the recommendations of the Nominations and Compensation Committee, you are asked to renew the terms of office as Director of Bernard Arnault, Sidney Toledano and Maria Luisa Loro Piana (**fifth to seventh resolutions**) for three years ending at the close of the Ordinary Shareholders' Meeting to be convened in 2023 to approve the financial statements for the previous fiscal year.

Detailed information on Directors whose terms of office are proposed for renewal can be found in §1.4.1 of the Board of Directors' Report on Corporate Governance (see the 2019 Annual Report).

Their background and experience are presented below, as well as the reasoning behind your Board of Directors' decision to propose these renewals.

Bernard Arnault

Age: 71 – Nationality: French

After graduating from École Polytechnique, Bernard Arnault began his career as an engineer with Ferret-Savinell, where he became Senior Vice-President for construction in 1974, Chief Executive Officer in 1977 and finally Chairman and Chief Executive Officer in 1978.

He remained with the company until 1984, when he became Chairman and Chief Executive Officer of Financière Agache and of Christian Dior. Shortly thereafter, he spearheaded a reorganization of Financière Agache following a development strategy focusing on luxury brands. Christian Dior was to become the cornerstone of this new structure.

In 1989, he became the leading shareholder of LVMH Moët Hennessy - Louis Vuitton, and thus created the world's leading luxury products group. He assumed the position of Chairman in January 1989.

Sidney Toledano

Age: 68 – Nationality: French

Sidney Toledano began his career in 1977 as a marketing consultant with Nielsen International. He then served as Company Secretary of Kickers before joining the Executive Management of Lancel in 1984. He joined Christian Dior Couture in 1994 as Deputy Chief Executive Officer. He served as its Chairman and Chief Executive Officer until January 31, 2018. Since then he has been Chairman of LVMH's Fashion Group.

Sidney Toledano – who served as Chairman and Chief Executive Officer of Christian Dior for many years and currently leads LVMH Fashion Group – brings to the Board of Directors his in-depth knowledge of the world of luxury and all the global markets where the Group operates.

Maria Luisa Loro Piana

Age: 58 – Nationality: Italian

Maria Luisa Decol Loro Piana was born and grew up in Venice. After living in London for a number of years, she worked for Krizia, initially in the press department and later on the product team. After meeting Sergio Loro Piana, she worked with him for over 20 years to successfully create and position the Loro Piana brand, opening more than 100 stores worldwide.

She is currently a Director of Loro Piana SpA, as well as an ambassador for the company's brand and image.

Maria Luisa Decol Loro Piana, who has devoted more than 20 years to developing the Loro Piana business and its creations, brings to the Board of Directors her passion for culture, style and elegance, which are among the Group's core values.

3. Compensation of company officers

3.1 DISCLOSURES REQUIRED UNDER ARTICLE L. 225-37-3 I OF THE FRENCH COMMERCIAL CODE

Pursuant to Article L. 225-100 II of the French Commercial Code, you are asked to approve the disclosures required under in Article L. 225-37-3 I of the French Commercial Code, as presented in §2.2 of the Board of Directors' Report on Corporate

Governance (see the 2019 Annual Report), it being specified that the aforementioned items concerning the Chairman of the Board of Directors and the Chief Executive Officer will be covered by separate resolutions (**eighth resolution**).

3.2 COMPENSATION PAID TO SENIOR EXECUTIVE OFFICERS DURING FISCAL YEAR 2019 OR AWARDED IN RESPECT OF SAID FISCAL YEAR

Pursuant to Article L. 225-100 of the French Commercial Code, you are asked to approve the disclosures required under Article L. 225-37-3 I of the aforementioned Code as well as the fixed, variable and exceptional components of the total compensation and any benefits in kind paid during the fiscal year ended

December 31, 2019 or awarded in respect of said fiscal year to Bernard Arnault and Sidney Toledano in respect of their duties at the Company, as presented in §2.2 of the Board of Directors' Report on Corporate Governance (see the 2019 Annual Report) (**ninth and tenth resolutions**).

Summary of compensation paid to each senior executive officer

Bernard Arnault

Christian Dior SE did not pay any fixed or variable compensation to Bernard Arnault in respect of fiscal year 2019.

Items of compensation (EUR)	Gross amount awarded in respect of fiscal year 2019	Gross amount paid during fiscal year 2019	Remarks
Fixed compensation	-	-	None
Variable compensation	-	-	None
Medium-term incentive plan	-	-	None
Exceptional compensation	-	-	None
Bonus performance shares	-	-	None
Compensation for serving as a Director (formerly known as directors' fees)	15,319	14,443 ^(a)	
Benefits in kind	-	-	None
Severance pay	-	-	None
Non-compete payment	-	-	None
Supplementary pension plan	-	-	None ^(b)

(a) Amount paid in respect of the prior fiscal year.

(b) Supplementary pension at LVMH, as a member of its Executive Committee.

Sidney Toledano

Items of compensation (EUR)	Gross amount awarded in respect of fiscal year 2019	Gross amount paid during fiscal year 2019	Remarks
Fixed compensation	200,000	200,000	The Nominations and Compensation Committee set Sidney Toledano's annual fixed gross compensation at 200,000 euros, with effect from February 1, 2018.
Variable compensation	-	-	None
Medium-term incentive plan	-	-	None
Exceptional compensation	-	-	None
Bonus shares	-	-	None
Compensation for serving as a Director (formerly known as directors' fees)	9,848	9,848 ^(a)	
Benefits in kind	-	-	None
Severance pay	-	-	None
Non-compete payment	-	-	None ^(b)
Supplementary pension plan	-	-	None ^(c)

(a) Amount paid in respect of the prior fiscal year.

(b) Employment contract with LVMH SE as Chairman of its Fashion Group: non-compete clause providing for the payment, for a period of 12 months, of compensation equal to his monthly average gross salary over the 12 months preceding the effective termination of his employment contract.

(c) Supplementary pension at LVMH, as a member of its Executive Committee.

3.3 COMPENSATION POLICY

In accordance with Article L. 225-37-2 II of the French Commercial Code, you are asked to approve the compensation policy for company officers (Directors and Advisory Board members) (**eleventh resolution**), as well as that for senior executive officers (**twelfth and thirteenth resolutions**).

The compensation policy approved by the Board of Directors at its meeting on January 28, 2020, on the recommendation of the

Nominations & Compensation Committee of January 28, 2020, is set out in §2.1 of the Board of Directors' report on corporate governance (see 2019 Annual Report). No compensation of any type whatsoever may be calculated, awarded or paid unless it complies with the compensation policy approved or, where there is no such policy, with the compensation or practices set forth in Article L. 225-37-2 II of the French Commercial Code.

4. Authorizations proposed at the Shareholders' Meeting of April 30, 2020.

4.1 SHARE REPURCHASE PROGRAM (L. 225-209 ET SEQ. OF THE FRENCH COMMERCIAL CODE)

Type	Resolution	Expiry/Duration	Amount authorized
Share repurchase program Maximum purchase price: 650 euros	SM April 30, 2020 (14th resolution)	December 29, 2021 (18 months)	10% of the share capital ^(a)
Reduction of capital through the retirement of shares purchased under the share repurchase program	SM April 30, 2020 (15th resolution)	December 29, 2021 (18 months)	10% of the share capital per 24-month period ^(a)

(a) As a guide, this equates to 18,050,752 shares on the basis of the authorized share capital as of December 31, 2019.

You are asked to authorize the Board of Directors to purchase the Company's shares for a period of 18 months from the date of this Shareholders' Meeting (**fourteenth resolution**). These acquisitions may be carried out to meet any objective compatible with provisions in force at the time, and in particular to (i) provide market liquidity, (ii) allocate shares in order to cover stock option plans, bonus share awards or any other employee share ownership operations, (iii) cover securities conferring entitlement to the Company's shares, (iv) retire them, or (v) hold them for subsequent exchange or payment in connection with any external growth transactions (further details on transactions carried out under the previous program are set out in the 2019 Annual Report in §5.1 of the Management Report of the Board of Directors – Christian Dior parent company).

Unless it obtains prior approval from the Shareholders' Meeting, the Board of Directors may not use this authorization as from the date at which a third party files a proposal for a tender offer for the Company's shares; this restriction shall hold until the end of the offer period.

The purchase price at which the Company may acquire its own shares may not exceed 650 euros per share, with the understanding

that the Company may not purchase shares at a price greater than the higher of the following two values: (i) the last quoted share price resulting from the execution of a transaction to which the Company was not a party, and (ii) the highest current independent purchase offer on the trading platform where the purchase is to take place.

This authorization would supersede the delegation granted by the Shareholders' Meeting of April 18, 2019 in its seventeenth resolution.

You are also asked to authorize the Board of Directors, for a period of 18 months from the date of this Shareholders' Meeting, to reduce the Company's share capital through the retirement of some or all of the shares repurchased or to be repurchased by the Company, up to a maximum of 10% of the share capital per 24-month period (**fifteenth resolution**). The authorization to reduce the share capital through the retirement of shares acquired under the share repurchase program may be used in particular to offset the dilution resulting from the exercise of share subscription options. This authorization would supersede the delegation granted by the Shareholders' Meeting of April 18, 2019 in its eighteenth resolution.

4.2 AUTHORIZATIONS TO INCREASE THE SHARE CAPITAL (ARTICLES L. 225-129, L. 225-129-2 AND L. 228-92 OF THE FRENCH COMMERCIAL CODE)

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method
Through the capitalization of profit, reserves, additional paid-in capital or other items (L. 225-129-2 and L. 225-130)	SM June 30, 2020 (16th resolution)	August 29, 2022 (26 months)	120 million euros ^(a)	Not applicable
With preferential subscription rights – Ordinary shares and securities giving access to the share capital	SM June 30, 2020 (17th resolution)	August 29, 2022 (26 months)	120 million euros ^{(a)(b)}	Free
Without preferential subscription rights – Ordinary shares and securities giving access to the share capital:				
• by means of public offering (L. 225-135 et seq.)	SM June 30, 2020 (18th resolution)	August 29, 2022 (26 months)	120 million euros ^{(a)(b)}	At least equal to the minimum price required by regulations ^(c)
• for qualified investors or a restricted group of investors (L. 225-135 et seq.)	SM June 30, 2020 (19th resolution)	August 29, 2022 (26 months)	120 million euros ^{(a)(b)} Issue of shares capped at 20% of the share capital per year, determined as of the issue date	At least equal to the minimum price required by regulations ^(c)
Increase in the number of shares to be issued in the event that the issue is oversubscribed in connection with share capital increases, with or without preferential subscription rights, carried out pursuant to the 17th, 18th and 19th resolutions of the Shareholders' Meeting of April 16, 2020	SM June 30, 2020 (21st resolution)	August 29, 2022 (26 months)	Up to 15% of the initial issue ^(a)	Same price as the initial issue
In connection with a public exchange offer (L. 225-148)	SM June 30, 2020 (22nd resolution)	August 29, 2022 (26 months)	120 million euros ^(a)	Free
In connection with in-kind contributions (L. 225-147)	SM June 30, 2020 (23rd resolution)	August 29, 2022 (26 months)	10% of the share capital at the issue date ^{(a)(d)}	Free

(a) Maximum nominal amount (i.e. 60,000,000 shares based on a nominal value of 2 euros per share). This is an overall cap set by the Shareholders' Meeting of June 30, 2020 for any issues decided upon pursuant to the 16th, 17th, 18th, 19th, 21st, 22nd, 23rd, 24th, 25th and 27th resolutions.

(b) The amount of the capital increase decided by the Board of Directors may be increased up to a maximum of 15% of the initial issue in the event that the issue is oversubscribed up to the overall cap of 120 million euros stated in^(a) (Shareholders' Meeting of June 30, 2020, 21st resolution).

(c) Up to a maximum of 10% of the share capital, the Board of Directors may freely determine the issue price, provided that this price is equal to at least 90% of the weighted average share price over the three trading days preceding the date on which the subscription price is determined (Shareholders' Meeting of June 30, 2020, 20th resolution).

(d) As a guide, this equates to: 18,050,751 shares on the basis of the share capital under the Bylaws as of December 31, 2019.

You are asked to authorize the Board of Directors to increase the share capital by way of:

- capital increases through the capitalization of profits, reserves, additional paid-in capital or other items and awards of new shares to the shareholders or by raising the par value of existing shares (**sixteenth resolution**);
- issues, either with preferential subscription rights for shareholders (**seventeenth resolution**) or without preferential subscription rights but potentially granting a priority right to shareholders if the issues take place in the French market and through a public offering with the possibility of priority rights (**eighteenth resolution**), or for qualified investors or a select group of investors (**nineteenth resolution**), it being specified that the Board of Directors would be authorized to set the issue price in accordance with certain exceptional rules and in a total issue amount not to exceed 10% of the share capital per year (**twentieth resolution**).

In the event of a capital increase issued without preferential share subscription rights, the issue price of the shares must be at least equal to the minimum price required by the laws and regulations in force at the time of the issuance.

In the event that the issue is oversubscribed in connection with a capital increase, the number of shares to be issued may be increased by the Board of Directors as provided by law (**twenty-first resolution**).

You are also asked to authorize the Board of Directors, for a period of 26 months from the date of this Shareholders' Meeting, to increase the share capital by issuing shares in consideration for either securities tendered as part of a public exchange offer (**twenty-second resolution**) or, within the limit of 10% of the share capital, contributions in kind of equity securities or other securities giving access to the share capital granted to the Company (**twenty-third resolution**).

The Board of Directors has not used these delegations of authority. You are asked to renew these authorizations and delegations of authority for a period of 26 months to give the Board of Directors greater flexibility to seize market opportunities or finance the Group's growth.

Unless it obtains prior approval from the Shareholders' Meeting, the Board of Directors may not use these delegations of authority from the date on which a third party files a proposal for a tender offer for the shares of the Company and until the end of the offer period.

4.3 EMPLOYEE SHARE OWNERSHIP

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method
Share subscription or purchase options (L. 225-177 et seq.)	SM June 30, 2020 (24th resolution)	August 29, 2022 (26 months)	1% of the share capital ^{(a)(b)}	Average share price over the 20 trading days preceding the grant date ^(d) , with no discount ^(c)
Grant of existing or newly issued bonus shares for employees and/or senior executive officers (L. 225-197-1 et seq. of the French Commercial Code)	SM June 30, 2020 (27th resolution)	August 29, 2022 (26 months)	1% of the share capital ^{(a)(b)}	Not applicable
Capital increase reserved for employees who are members of a company savings plan (L. 225-129-6)	SM June 30, 2020 (25th resolution)	August 29, 2022 (26 months)	1% of the share capital ^{(a)(b)}	Average share price over the 20 trading days preceding the grant date, with a maximum discount of 30%

(a) Up to the overall maximum of 120 million euros referred to in the 26th resolution, or, as appropriate, any upper limit set by a resolution of the same kind that may supersede it during the period of validity of this delegation.

(b) As a guide, this equates to 18,050,752 shares on the basis of the share capital under the Bylaws as of December 31, 2019.

(c) For purchase options, the price may not be less than the average purchase price of the shares.

The authorization to grant (i) share subscription or purchase options, (ii) bonus shares to Group employees and/or senior executive officers (**twenty-fourth and twenty-seventh resolutions**) provides the Board of Directors with different ways to build loyalty among the Group's employees and senior executives who contribute most directly to its results by involving them in its future performance.

The various authorizations to increase the share capital that the shareholders are asked to approve include the obligation to put to their vote a resolution authorizing the Board of Directors

to increase the share capital for Company employees who are members of a company savings plan (**twenty-fifth resolution**).

These delegations of authority would be granted for a period of 26 months dating from the Shareholders' Meeting of June 30, 2020.

The maximum nominal amount of capital increases carried out under these authorizations (sixteenth to twenty-seventh resolutions) must not exceed the overall ceiling of one hundred twenty (120) million euros (**twenty-sixth resolution**).

5. Amendments to the bylaws

Amendment to Article 12 of the Bylaws

You are asked to amend the means by which meetings of the Board of Directors are convened, replacing the requirement to convene Board meetings by sending a letter to each Director with the possibility of convening Board meetings by any means (**twenty-eighth resolution**).

Consequently, the fourth paragraph of Item 1 would read as follows:

"Notice is served to each Director by any means, at least eight days prior to the meeting. The notice of meeting shall mention the agenda of the meeting as set by the person convening the meeting. However, the Board may meet without notice and the agenda may be set at the opening of the meeting [...]" (The rest of the paragraph remains unchanged.)

You are also asked to add a fourth paragraph to Item 2 of Article 12 of the Bylaws to allow the Board of Directors, pursuant to Article L. 225-37 of the French Commercial Code, to cast votes in writing, as provided by regulatory requirements:

New Paragraph 4

The new Paragraph 4 of Item 2 would read as follows:

"The Board of Directors may adopt the following types of decisions by written consultation:

- *co-optation (i) following a vacancy having occurred by death, (ii) following a vacancy having occurred by resignation, (iii) when the number of Directors becomes lower than the statutory minimum, or (iv) when the Board's gender balance is no longer maintained;*
- *authorizations of sureties, endorsements and guarantees given by the Company;*

- *transfer of the Company's registered office within the same French administrative department;*
- *amendment to the Bylaws to comply with new legal and regulatory requirements;*
- *convening of Shareholders' Meetings.*

The procedures applying to this written consultation are set out in the Charter of the Board of Directors."

The remainder of the Article remains unchanged.

Amendment to Article 13 of the Bylaws

You are asked to amend Article 13 of the Bylaws (Powers of the Board of Directors), pursuant to Article L. 225-35 of the French Commercial Code, as amended by the French Law of May 22, 2019 on business growth and transformation, known as the PACTE law, to specify that the Board of Directors sets guidelines for the Company's activities and shall ensure their implementation, taking into account the social and environmental issues facing its business and, where applicable, the Company's mission statement (**twenty-ninth resolution**).

Consequently, the first paragraph of Article 13 of the Bylaws would read as follows:

"The Board of Directors sets guidelines for the Company's activities and shall ensure their implementation, in accordance with its corporate interest, taking into account the social and environmental issues facing its business. It also takes into consideration, as appropriate, the Company's mission statement pursuant to Article 1835 of the French Civil Code."

Amendment of the Bylaws to bring them into compliance with various provisions of the French Law of May 22, 2019, known as the PACTE law (articles 8, 14, 14bis, 17, 19 et 26)

Lastly, you are asked to amend the Bylaws to bring them into compliance with legal and regulatory provisions, in particular various provisions of the French Law of May 22, 2019, and consequently to amend the following articles (**thirtieth resolution**):

(i) Article 8 – Shares – Identification of the holders of securities

The title of the Article would be “Identification of the holders of securities” and Article 8 would read as follows:

“The Company may, at any time, in accordance with applicable laws and regulations, for a fee it shall pay, which may not exceed the

maximum set by France’s Minister of the Economy, request, either from the central depository of financial instruments or directly from one or more intermediaries defined by legal and regulatory provisions, information pertaining to the holders of securities conferring immediate or future access to voting rights at its Shareholders’ Meetings.

“The identification of holders of securities is carried out as provided by law and regulations.”

(ii) Articles 14, 14a and 19 of the Bylaws: All references to “directors’ fees” would be removed.

(iii) Article 17: Replacement of all mentions of “Works Council” with “Economic and Social Committee”.

(iv) Article 26, Item 3 of the Bylaws: The paragraph relating to the allocation to the special reserve of long-term capital gains would be removed, as this procedure is no longer in use. The expressions “next” and “on balance” are therefore removed from the following paragraph.

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