

# Christian Dior

## **RULES OF PROCEDURE OF THE PERFORMANCE AUDIT COMMITTEE**

**AS OF JANUARY 29, 2019**

The Board of Directors has formed a specialized committee responsible for auditing performance, acting under the Board's responsibility.

## **1. MEMBERSHIP OF THE COMMITTEE**

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The Performance Audit Committee shall consist of at least three Directors appointed by the Board of Directors. At least two-thirds of its members shall be Independent Directors. The majority of the Committee's members must have served in Executive Management or equivalent roles or have specific expertise in finance, accounting or statutory audit.

At the proposal of the Nominations and Compensation Committee, the Board of Directors shall appoint a Chairman of the Committee from among its members. The Chairman of the Committee may serve for a maximum of five years, and may be reappointed for the same period.

Neither the Chairman of the Board of Directors nor any Director serving as Chief Executive Officer or Group Managing Director of Christian Dior may be a member of the Committee.

A Director may not be appointed to the Committee if he/she comes from a company within which a Director of Christian Dior serves on a committee comparable in function.

## **2. ROLE OF THE COMMITTEE**

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The principal duties of the Committee are to:

- monitor the process of preparing financial information, and in particular the individual and consolidated financial statements and, where applicable, make recommendations to ensure their integrity;
- monitor the work of the Statutory Auditors, taking into account, as the case may be, the observations and findings of the Haut Conseil du Commissariat aux Comptes (the supervisory body for the French audit industry) on checks carried out by it pursuant to Articles L. 821-9 et seq. of the French Commercial Code;
- ensure the existence, pertinence, application and effectiveness of internal control, risk management and internal audit procedures, monitor the ongoing effectiveness of those procedures, and make recommendations to senior management on the priorities and general direction of the work of the internal audit function;
- examine risks to the Statutory Auditors' independence and, as the case may be, safeguards put in place to minimize the potential of risks to compromise their independence, issue an opinion on fees paid to the Statutory Auditors, as well as those paid to the network to which they belong, by the Company and companies it controls or by which it is controlled, in respect of either their statutory audit duties or ancillary services, oversee the procedure for selecting the Company's Statutory Auditors, and make recommendations on appointments to be proposed at Shareholders' Meetings in light of the outcome of such consultation;
- analyze the Company's and the Group's exposure to risks, and in particular to those risks identified by internal control and risk management systems, as well as material off balance sheet commitments of the Company and the Group;
- approve services, other than certifying the financial statements, provided by the Statutory Auditors or members of the network to which they belong to the Company, or to persons or entities that control or are controlled by the Company within the meaning of the first and second paragraphs of Article L. 233-3 of the French Commercial Code, after analyzing risks to the Statutory Auditors' independence and safeguarding measures adopted by them;
- review key agreements entered into by Group companies and agreements entered into by any Group company with a third party company in which a Director of Christian Dior SE is also a senior executive or principal shareholder. Significant transactions falling within the scope of the provisions of Article L. 225-38 of the French Commercial Code require an opinion issued by an independent expert appointed at the proposal of the Performance Audit Committee;
- assess any conflicts of interest that may affect a Director and recommend appropriate measures to prevent or correct them.

### **3. OPERATING PROCEDURES OF THE COMMITTEE**

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Agreement by a Director to serve on the Committee implies that he/she will devote the necessary time and energy to his/her duties as a member of the Committee.

The Committee shall meet at least twice a year, without the Chairman of the Board of Directors, the Chief Executive Officer or the Group Managing Director<sup>(s)</sup> being in attendance, before meetings of the Board of Directors whose agenda includes a review of the annual and interim parent company and consolidated financial statements.

If necessary, the Committee may be required to hold one-off meetings whenever an event occurs that may have a material impact on the parent company or consolidated financial statements.

Before each meeting, all relevant documents and analyses relating to the various agenda items shall be sent to each member of the Committee.

Any document provided to members of the Committee in connection with their responsibilities shall be considered confidential as long as it has not been made public by the Company.

The proceedings of the Committee are confidential and shall not be discussed outside the Board of Directors.

Decisions by the Committee shall be made by simple majority vote and shall be deemed to have been reached by the Committee as a whole.

A summary report shall be drawn up after each Committee meeting.

### **4. PREROGATIVES OF THE COMMITTEE**

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The Committee shall report on its work to the Board of Directors. It shall also report on the outcome of the process of certifying the financial statements, how that process contributed to the integrity of financial information, and the role played by the Committee in the process. It shall submit its findings, recommendations and suggestions to the Board.

The Committee may request any and all accounting, legal or financial documents it deems necessary to the performance of its duties.

The Committee may at any time summon employees of the Company responsible for preparing the financial statements, carrying out internal control procedures, conducting internal audits, applying risk management or cash management procedures, and managing the Company's tax or legal affairs, as well as the Statutory Auditors, to appear before it, without the Chairman of the Board of Directors, the Chief Executive Officer or Group Managing Director<sup>(s)</sup> of Christian Dior being in attendance. These meetings may also take place in the absence of those responsible for the accounting and financial functions.

After duly notifying the Chairman of the Board of Directors, the Committee may seek assistance from external experts if circumstances so require.

### **5. COMPENSATION OF COMMITTEE MEMBERS**

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The Committee's members and Chairman may receive specific attendance fees, the amount of which shall be determined by the Board of Directors and counted against the total budget approved by the shareholders at a Shareholders' Meeting.