

Board of Directors' report on corporate governance

1. Corporate governance	130
1.1. Board of Directors	130
1.2. Code of corporate governance – Implementation of recommendations	130
1.3. Membership and operating procedures of the Board of Directors	131
1.4. Terms of office of members of management and supervisory bodies; Statutory Auditors	134
1.5. Executive Management	142
1.6. Performance Audit Committee	143
1.7. Nominations and Compensation Committee	143
1.8. Vice-Chairman of the Board of Directors	144
1.9. Advisory Board	144
1.10. Participation in Shareholders' Meetings	145
1.11. Summary of existing delegations and financial authorizations and use made of them	145
1.12. Information on the related-party agreements covered by article L. 225-37-4 2° of the french Commercial Code	147
1.13. Information that could have a bearing on a takeover bid or exchange offer	147
2. Compensation of company officers	148
2.1. Compensation policy	148
2.2. Compensation paid or granted in respect of fiscal year 2017	150
2.3. Presentation of the draft resolutions concerning the compensation of senior executive officers	156
3. Summary of transactions in Christian Dior securities during the fiscal year by senior executives and closely related persons	156
Annexes	157
Charter of the Board of Directors	157
Rules of procedure of the Performance Audit Committee	159
Rules of procedure of the Nominations and Compensation Committee	160
Bylaws	161

This report drawn up in accordance with the provisions of Article L. 225-37 et seq. of the French Commercial Code was approved by the Board of Directors at its meeting of February 2, 2018 and will be submitted for shareholders' approval at the Shareholders' Meeting of April 12, 2018.

1. Corporate governance

1.1. BOARD OF DIRECTORS

The Board of Directors is the strategic body of the Company which is primarily responsible for enhancing the Company's value and protecting its corporate interests. Its main missions involve the adoption of overall strategic orientations of the Company and the Group and ensuring these are implemented, the verification of the truthfulness and reliability of information concerning the Company and the Group and the overall protection of the Company's assets.

Christian Dior's Board of Directors acts as guarantor of the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

A Charter has been adopted by the Board of Directors which outlines rules governing its membership, duties, procedures, and responsibilities.

Two committees have been established by the Board of Directors: the Performance Audit Committee and the Nominations and Compensation Committee. Each has internal rules setting forth its composition, role and responsibilities.

The Charter of the Board of Directors and the internal rules governing the committees are communicated to all candidates for appointment as Director and to all permanent representatives of a legal entity before assuming their duties. These documents are appended in full to this report. They are regularly revised to take into account changes in laws and regulations and good governance practices.

Pursuant to the provisions of the Charter of the Board of Directors, all Directors must bring to the attention of the Chairman of the Board any instance, even potential, of a conflict of interest that may exist between their duties and responsibilities to the Company and their private interests and/or other duties and responsibilities. They must also provide the Chairman with details of any formal judicial inquiry, fraud conviction, any official public incrimination and/or sanctions, any disqualifications from acting as a member of an administrative or management body imposed by a court and any bankruptcy, receivership or liquidation proceedings to which they have been a party. No information has been communicated with respect to this obligation.

The Company's Bylaws require each Director to hold, directly and personally, at least 200 of its shares.

1.2. CODE OF CORPORATE GOVERNANCE – IMPLEMENTATION OF RECOMMENDATIONS

The Company refers to the AFEP/MEDEF Code of Corporate Governance for Listed Companies for guidance. This document may be viewed on the AFEP/MEDEF website: www.afep.com.

The following table contains the Company's explanations concerning points of the AFEP/MEDEF Code with which it has not strictly complied.

Recommendation of the AFEP/MEDEF Code	Explanation
Article 8 Independent Directors §8.5.6: Not to have been a Director of the Company for more than 12 years	The Board set aside this criterion considering that length of service is not likely to cloud the critical faculties or color the judgment of the relevant Directors, given both their personality and their current personal and professional circumstances. Moreover, their in-depth knowledge of the Group is a major asset during key strategic decision-making.
Article 24 Compensation of senior executive officers §24.3.3: Provision specific to stock options and performance shares: resolution authorizing the plan submitted to a vote at the Shareholders' Meeting must state a sub-ceiling for options or share awards granted to senior executive officers	In the resolutions put to the vote at the Shareholders' Meeting, the Board of Directors decided not to include a sub-ceiling for grants of options or bonus performance share awards to senior executive officers, considering that the Nominations and Compensation Committee – which consists mostly of Independent Directors and is tasked with making proposals on the granting of options or bonus performance share awards to senior executives – ensures an adequate degree of control over the policy for the granting of options and other awards.

1.3. MEMBERSHIP AND OPERATING PROCEDURES OF THE BOARD OF DIRECTORS

1.3.1. Membership

The Board of Directors has nine members who are appointed for three-year terms, as stipulated in the Bylaws.

Name	Nationality	Age as of 12/31/2017	Mandat Office held	Date of first appointment	End of term	Board Committees	
						Performance Audit Committee	Nominations and Compensation Committee
Bernard ARNAULT	French	68	Chairman of the Board of Directors	03/20/1985	2020		
Delphine ARNAULT	French	42	Director	04/05/2012	2018		
Nicolas BAZIRE	French	60	Director	07/26/2017	2019	Member	Member
Hélène Canadian DESMARAIS	Canadian	62	Director	04/05/2012	2018		Chairman
Renaud French DONNEDIEU de VABRES	French	63	Director	02/05/2009	2019	Member	
Ségolène GALLIENNE	Belgian	40	Director	04/15/2010	2019		
Christian de LABRIFFE	French	70	Director	05/14/1986	2019	Chairman	Member
Maria Luisa LORO PIANA	Italian	56	Director	04/13/2017	2020		
Sidney TOLEDANO	French	66	Chief Executive Officer and Director, Vice-Chairman of the Board of Directors	09/11/2002	2020		

1.3.2. Changes in membership of the Board of Directors

The following table summarizes the changes in membership of the Board of Directors during fiscal year 2017.

Name	Change	Date
Bernard ARNAULT	Renewal of his term of office as Director and as Chairman of the Board of Directors	April 13, 2017
Nicolas BAZIRE	Co-optation as a Director	July 26, 2017
Denis DALIBOT	Resignation as a Director	April 13, 2017
Pierre GODÉ	Term of office as Director not renewed	April 13, 2017
	Appointment as an Advisory Board member	April 13, 2017
Maria Luisa LORO PIANA	Appointment as a Director	April 13, 2017
Sidney TOLEDANO	Renewal of his term of office as Director, Vice-Chairman of the Board of Directors and Chief Executive Officer	April 13, 2017

To make the renewal of Directors' appointments as egalitarian as possible, and in any event to make them complete for each three-year period, the Board of Directors set up a system of rolling renewals that has been in place since 2010.

At its meeting of February 2, 2018, the Board of Directors (i) considered the terms of office of Delphine Arnault and H el ene Desmarais as Directors, which end at the close of the Shareholders' Meeting of April 12, 2018, as well as that of Nicolas Bazire, who was co-opted to the Board at its meeting of July 26, 2017 to replace Denis Dalibot who had resigned, and (ii) decided to submit a resolution at said Shareholders' Meeting to renew the terms of office of Delphine Arnault and H el ene Desmarais as Directors and to ratify the co-optation of Nicolas Bazire as Director.

During the meeting, the Board examined Jaime de Marichalar y S enz de Tejada's term of office as Advisory Board member and decided to submit a resolution at said Shareholders' Meeting to renew his term of office.

Owing to the sale of the Christian Dior Couture segment to LVMH SE, the Company no longer falls under the purview of the provisions on the representation of employees on the Board of Directors; the Company was previously eligible for the exemption applicable to holding companies and was therefore not subject to the requirement to appoint Directors representing employees.

Subject to decisions made at the Shareholders' Meeting of April 12, 2018, the Board of Directors will thus consist of nine members: Delphine Arnault, H el ene Desmarais, S egol ene Gallienne, Maria Luisa Loro Piana, Bernard Arnault, Nicolas Bazire, Renaud Donnedieu de Vabres, Christian de Labriffe and Sidney Toledano.

The Directors' personal details are presented in §1.4 of this report.

Since each gender is represented by at least 40% of Board members, the composition of the Board will continue to comply with the provisions of the French Commercial Code relating to gender equality on boards of directors.

Bernard Arnault (Chairman of the Board of Directors) and Sidney Toledano (Chief Executive Officer) do not hold more than two directorships in non-Group listed companies, including foreign companies.

1.3.3. Independence

During its meeting of February 2, 2018, the Board of Directors reviewed the status of each Director currently in office, in particular with respect to the independence criteria defined in Articles 8.5 to 8.7 of the AFEP/MEDEF Code, and set out below.

Criterion 1: not to be and not to have been during the course of the previous five years an employee or senior executive officer of the Company, or an employee, senior executive officer or a Director of a company that it consolidates, or of its parent company or a company consolidated by this parent.

Criterion 2: not to be a senior executive officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or a senior executive

officer of the Company (currently in office or having held such office during the last five years) is a Director.

Criterion 3: not to be a customer, supplier, commercial banker or investment banker that is material to the Company or its group or for a significant part of whose business the Company or its group accounts.

Criterion 4: not to be related by close family ties to a company officer.

Criterion 5: not to have been an auditor of the Company within the previous five years.

Criterion 6: not to have been a Director of the Company for more than 12 years.

Criterion 7: not to receive variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or Group.

Criterion 8: not to represent shareholders with a controlling interest in the Company.

At the end of this review, the Board of Directors took the view that:

- (i) H el ene Desmarais satisfies all criteria;
- (ii) S egol ene Gallienne should be considered an Independent Director notwithstanding her term of office on the Board of Directors of Ch ateau Cheval Blanc. In this case, the Board has set aside the recommendation of the AFEP/MEDEF Code with regard to the business relations resulting from the joint and equal ownership of Ch ateau Cheval Blanc by the LVMH group and the Fr ere-Bourgeois group, of which she is a Director, considering that these relations are not material in view of the size of the two groups and are not likely to call into question her independence;
- (iii) Renaud Donnedieu de Vabres should be considered an Independent Director notwithstanding his membership on the Board of Directors of La Fondation d'Entreprise Louis Vuitton, a non-profit institution intended to pursue cultural public interest initiatives not falling within the scope of application of the AFEP/MEDEF Code, which only applies to offices held in companies. Furthermore, he is not paid any compensation for this position;
- (iv) Christian de Labriffe should be considered an Independent Director notwithstanding his membership on the Board of Directors of the Company for more than 12 years and his term of office on the Board of Directors of Christian Dior Couture, consolidated by Christian Dior, no compensation being paid to him for this appointment at Christian Dior Couture. His length of service is not likely to cloud his critical thinking or color his judgment, given both his personality and his current personal and professional circumstances. Moreover, his in-depth knowledge of the Group is a major asset during key strategic decision-making.

Subject to decisions made at the Shareholders' Meeting of April 12, 2018, four out of the nine Directors who make up the Board of Directors are thus considered to be independent and to hold no interests in the Company. They represent 44% of the Board's membership.

The table below summarizes the independence evaluations for Directors following the Board of Directors' review of February 2, 2018 of the criteria for independence.

Name	AFEP/MEDEF criteria ^(a)								Independent Director ^(b)
	1	2	3	4	5	6	7	8	
Bernard ARNAULT			X		X				No
Delphine ARNAULT		X	X		X	X			No
Nicolas BAZIRE		X	X	X	X	X		X	No
Hélène DESMARAIS	X	X	X	X	X	X	X	X	Yes
Renaud DONNEDIEU DE VABRES	X	X	X	X	X	X	X	X	Yes
Ségolène GALLIENNE	X	X	X	X	X	X	X	X	Yes
Christian de LABRIFFE		X	X	X	X		X	X	Yes ^(b)
Maria Luisa LORO PIANA		X	X	X	X	X	X	X	No
Sidney TOLEDANO			X	X	X			X	No

(a) See §1.2 above for details of how the Company applies the independence criteria laid down in the AFEP/MEDEF Code.

(b) According to the criteria applied by the Company.

1.3.4. Operating procedures

- Over the course of the 2017 fiscal year, the Board of Directors met six times as convened by its Chairman. The average attendance rate for Directors at these meetings was 76.5%.

The Board approved the consolidated and parent company financial statements for the fiscal year from July 1, 2016 to December 31, 2016. It reviewed the Company's consolidated financial statements for the calendar year 2016, which did not correspond to any formal accounting period for the Company, given that the Company's fiscal year formerly began on July 1 and ended on June 30 of the subsequent year. It approved the half-year consolidated financial statements and reviewed quarterly activity. It also issued its opinion on the compensation of senior executive officers and renewed the terms of office of the Chairman of the Board of Directors and the Chief Executive Officer, who is also the Vice-Chairman, and co-opted Nicolas Bazire, a new Director, to replace Denis Dalibot, who had resigned.

In addition, the Board of Directors apprised itself of the plan to simplify the structures of the Christian Dior-LVMH group, greeted favorably the proposed public offer for Christian Dior shares not already held by Semyrhamis and other members of the Arnault Family Group, and deemed that the plan to sell the Christian Dior Couture segment to LVMH SE was in the corporate interest. In accordance with its Charter and the AMF's General Regulation, the Board of Directors (i) appointed Cabinet Finexsi as independent expert appraiser to issue a report on the financial terms of the public offer and an opinion on the fairness of the financial terms of the proposed sale and (ii) set up an ad hoc committee consisting of Hélène Desmarais, Renaud Donnedieu de Vabres and Christian de Labriffe, responsible for overseeing the independent expert appraiser's work and for issuing an opinion prior to any

decisions that the Board of Directors would have to make in respect of the proposed offer and the proposed sale. After apprising itself of the work performed by Cabinet Finexsi, and having considered the opinions of the ad hoc committee on the proposed Offer, and on the proposed sale of the Christian Dior Couture segment, the Board of Directors: (i) decided that the Offer was in the best interest of the Company and its shareholders, (ii) considered that the terms of the Offer were fair, and (iii) recommended that shareholders tender their shares to the Offer, and secondly authorized the execution of the agreement to sell the Christian Dior Couture segment and the vendor loan specified in the aforementioned agreement.

It renewed the authorizations granted to (i) the Chief Executive Officer to give sureties, collateral and guarantees to third parties and (ii) the Chairman and the Chief Executive Officer to issue bonds.

It reviewed previously authorized regulated agreements that remained in effect during the fiscal year.

The Board of Directors also conducted an evaluation of its capacity to meet the expectations of shareholders, reviewing its membership, its organization, and its procedures.

It also revised (i) the internal rules of the Performance Audit Committee in order to bring its remit in line with the new regulatory provisions and to amend the procedures for appointing the Committee's Chairman as well as the length of his/her term of office and (ii) the internal rules of the Nominations and Compensation Committee, expanding its remit to include selecting and reappointing the Chairman of the Performance Audit Committee. The Committee also renewed the appointment of the Chairman of the Performance Audit Committee. It also made changes to the membership of the Performance Audit Committee and the Nominations and Compensation Committee.

- At its meeting of January 24, 2018, the Board of Directors reviewed the terms of Sidney Toledano's medium-term incentive plan for 2014 to 2017. Acting on a proposal from the Nominations and Compensation Committee, it decided to liquidate this plan and to allocate the funds to compensation and bonus shares.
- At its meeting of February 2, 2018, the Board of Directors reviewed its composition, organization and *modus operandi*. The Board concluded that its composition is balanced with regard to the proportion of Independent Directors, given the ownership of the Company's share capital, and with regard to the diversity and complementarity of its members' expertise and experience.

The Board noted that:

- overall, the Directors are satisfied with the frequency of Board meetings and the quality of the information provided on such topics as strategic guidelines, current business activity, the financial statements, the budget and the three-year plan,

- Directors' attendance, although lower than the level observed during the six-month fiscal year ended December 31, 2016, remained high,
- the gender balance, presence of non-French nationals and the Directors' areas of expertise ensure a wide range of approaches and views, as is essential to a global group,
- the Board is fulfilling its role with respect to its missions and objectives of increasing the Company's value and protecting its interests,
- overall, the Directors have no observations on the amount or the rules for allocating directors' fees or the minimum number of shares that each Director must hold; this is also the case regarding the composition of the two Committees and the quality of their work.

The Board of Directors also reviewed the Group's policy of preparing itself for future economic and financial developments.

1.4. TERMS OF OFFICE OF MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES; STATUTORY AUDITORS

1.4.1. List of positions and offices held by members of the Board of Directors

Currently serving Directors

Bernard ARNAULT, Chairman of the Board of Directors

Date of birth: March 5, 1949.

Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).

Number of Christian Dior shares held in a personal capacity: 139,744 shares.

Bernard Arnault began his career as an engineer with Ferret-Savinel, 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 has served as its Chairman and Chief Executive Officer since January 1989.

Current positions and offices

Christian Dior group

France	Christian Dior SE ^(a)	Chairman of the Board of Directors
	Financière Jean Goujon SAS	Member of the Supervisory Committee
	LVMH Moët Hennessy - Louis Vuitton SE ^(a)	Chairman and Chief Executive Officer
	Christian Dior Couture SA	Director
	Château Cheval Blanc SC	Chairman of the Board of Directors
International	Louis Vuitton, Fondation d'Entreprise	Chairman of the Board of Directors
	LVMH Moët Hennessy - Louis Vuitton Inc. (United States)	Director
	LVMH Moët Hennessy - Louis Vuitton Japan KK (Japan)	Director
	LVMH Services Limited (United Kingdom)	Director

(a) Listed company.

Groupe Arnault

France Groupe Arnault SEDCS Chairman of the Executive Board

Other

France Carrefour SA ^(a) Director

Positions and offices that have ended since January 1, 2013

France	Christian Dior SE ^(a)	Chief Executive Officer
	Groupe Arnault SAS	Chairman
International	LVMH International SA (Belgium)	Director

Sidney TOLEDANO, Vice-Chairman and Chief Executive Officer

Date of birth: July 25, 1951.

Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).

Number of Christian Dior shares held in a personal capacity: 88,444 shares.

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 Director 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.

Positions and offices as of December 31, 2017

Christian Dior group

France	Christian Dior SE ^(a) Christian Dior Couture SA John Galliano SA JP SAS IDMC Manufacture SAS	Vice-Chairman, Chief Executive Officer and Director Chairman and Chief Executive Officer Chairman of the Board of Directors Chairman Permanent Representative of Christian Dior Couture SA, Chairman
International	CDCH SA (Luxembourg) Christian Dior Australia Pty Ltd (Australia) Christian Dior Belgique SA (Belgium) Christian Dior Commercial (Shanghai) Co. Ltd (China) Christian Dior Couture CZ s.r.o. (Czech Republic) Christian Dior Couture Korea Ltd (South Korea) Christian Dior Couture Maroc SA (Morocco) Christian Dior Far East Limited (Hong Kong, China) Christian Dior Fashion Sdn Bhd (Malaysia) Christian Dior GmbH (Germany) Christian Dior Guam Ltd, Corporation (Guam) Christian Dior Hong Kong Ltd (Hong Kong, China) Christian Dior Inc., Corporation (United States) Christian Dior Italia Srl (Italy) Christian Dior KK (Kabushiki Kaisha) (Japan) Christian Dior Macao (Macao) Christian Dior New Zealand Ltd (New Zealand) Christian Dior S. de R.L. de C.V. (Mexico) Christian Dior Saipan Ltd, Corporation (Saipan) Christian Dior Singapore Pte Ltd (Singapore)	Chairman of the Board of Directors Director Permanent Representative of Christian Dior Couture SA, Director delegate Chairman Managing Director Director delegate Chairman of the Board of Directors Director Director Managing Director Director Director Chairman Chairman Director Director Director Chairman Director Director

^(a) Listed company.

Christian Dior

Board of Directors' report on corporate governance
Corporate governance

Christian Dior UK Limited (United Kingdom)	Chairman
Christian Dior Taiwan Limited (Hong Kong, China)	Director
Christian Dior Vietnam LLC (Vietnam)	Chairman
Gorgias SA (Luxembourg)	Director
Les Ateliers Horlogers Dior SA (Switzerland)	Director
Manufactures Dior Srl (Italy)	Director

Positions and offices that have ended since January 1, 2013

France	Christian Dior SE ^(a)	Group Managing Director
International	Fendi SA (Luxembourg)	Director
	Fendi Srl (Italy)	Director
	FNLB BV (Netherlands)	Chairman
	Manufactures Dior Srl (Italy)	Chairman of the Board of Directors

Renaud DONNEDIEU de VABRES

Date of birth: March 13, 1954.

Business address: 50, rue de Bourgogne – 75007 Paris (France).

Number of Christian Dior shares held in a personal capacity: 200 shares.

After serving in the prefectural administration as a sub-prefect, Renaud Donnedieu de Vabres was appointed as a member of France's highest administrative body, the Council of State, and embarked on a political career in 1986, notably serving as an

aide to the Minister of Defense. He was elected as a deputy to the National Assembly representing the Indre-et-Loire département in 1997 and remained in this post until 2007. In 2002, he was appointed as Minister Delegate for European Affairs and then as Minister of Culture and Communication, from 2004 to 2007. In 2008, he was named the Ambassador for Culture during the French presidency of the European Union. He is now Chairman of the company RDDV Partner.

Current positions and offices

Christian Dior group

France	Christian Dior SE ^(a)	Director, Member of the Performance Audit Committee
	Louis Vuitton, Fondation d'Entreprise	Director

Other

France	RDDV Partner SAS	Chairman
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Positions and offices that have ended since January 1, 2013

France	Atout France GIE	Chairman of the Board of Directors
	FPPM L'Européenne de Marbre	Chairman of the Supervisory Committee
	La Royale SAS	Chief Executive Officer

Ségolène GALLIENNE

Date of birth: June 7, 1977.

Business address: 17 allée des Peupliers – 6280 Gerpinnes (Belgium).

Number of Christian Dior shares held in a personal capacity: 200 shares.

Ségolène Gallienne holds a Bachelor of Arts in Business and Economics from Collège Vesalius in Brussels. She has worked as Public Relations Manager at Belgacom and as Director of Communications for Dior Fine Jewelry.

She currently serves on the Boards of Directors of various companies, in France and abroad, and is Chairman of the Board of Directors of Diane, a company specializing in the purchase, sale and rental of art objects.

(a) Listed company.

Current positions and offices

Christian Dior group

France	Christian Dior SE ^(a)	Director
	Château Cheval Blanc SC	Director

Other

France	Cheval Blanc Finance SAS	Director
International	Compagnie Nationale à Portefeuille SA (Belgium)	Director
	Esso SDC (Belgium)	Managing Director
	Diane SA (Switzerland)	Chairman of the Board of Directors
	Domaine Frère Bourgeois SA (Belgium)	Director
	Erbé SA (Belgium)	Director
	Frère Bourgeois SA (Belgium)	Director
	Fonds Charles Albert Frère ASBL (Belgium)	Director
	Groupe Bruxelles Lambert SA (Belgium) ^(a)	Director and member of the Standing Committee
	Pargesa Holding SA (Switzerland) ^(a)	Director
	Stichting Administratiekantoor Frère-Bourgeois (Netherlands)	Director
	Stichting Administratiekantoor Peupleraie (Netherlands)	Chairman of the Board of Directors

Positions and offices that have ended since January 1, 2013

None.

Christian de LABRIFFE

Date of birth: March 13, 1947.

Business address: Tikehau/Salvepar – 32, rue de Monceau – 75008 Paris (France).

Number of Christian Dior shares held in a personal capacity: 200 shares.

Christian de Labriffe began his career with Lazard Frères & Cie, where he was Managing Partner from 1987 to 1994. He then served as Managing Partner of Rothschild & Cie Banque until September 2013, then Chairman and Chief Executive Officer of Salvepar until March 31, 2017. Lastly, he has served as Chairman of the Supervisory Board of Tikehau Capital since March 31, 2017.

Current positions and offices

Christian Dior group

France	Christian Dior SE ^(a)	Director, Chairman of the Performance Audit Committee and Member of the Nominations and Compensation Committee
	Christian Dior Couture SA	Director

Other

France	Bénéteau SA ^(a)	Permanent representative of Parc Monceau SARL, Advisory Board member
	DRT SA	Permanent representative of Salvepar SA, Director
	Parc Monceau SARL	Managing Director
	TCA Partnership SAS	Chairman
	Tikehau Capital SCA	Member of the Supervisory Board
	Fondation Nationale des Arts Graphiques et Plastiques	Director

(a) Listed company.

Christian Dior

Board of Directors' report on corporate governance
Corporate governance

Positions and offices that have ended since January 1, 2013

France	Bénéteau SA ^(a) Delahaye Passion SC Financière Rabelais SAS HDL Développement SAS Montaigne Rabelais SAS Paris Orléans SA RCB Partenaires SNC Rothschild & Cie SCS Salvepar SA ^(a) Transaction R SCS	Member of the Supervisory Board Managing Director Chairman Permanent representative of Salvepar SA, Director Permanent Representative of Rothschild & Compagnie Banque SCS, Chairman Member of the Supervisory Board Managing Partner Managing Partner Chairman and Chief Executive Officer Managing Partner
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Maria Luisa LORO PIANA

Date of birth: November 15, 1961.

Business address: Loro Piana SpA – Via per Valduggia 22 – 13011 Borgosesia (VC) (Italy).

Number of Christian Dior shares held in a personal capacity: 200 shares.

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.

Current positions and offices

Christian Dior group

France	Christian Dior SE ^(a)	Director
Italy	Loro Piana SpA	Director

Other

Italy	Palma Società Semplice Sergio Loro Piana Foundation	Partner and Director Director
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Positions and offices that have ended since January 1, 2013

None.

(a) Listed company.

Ratification of the appointment of a Director co-opted to the Board

Nicolas BAZIRE

Date of birth: July 13, 1957.

Business address: LVMH – 22, avenue Montaigne – 75008 Paris (France).

Number of Christian Dior shares held in a personal capacity: 200 shares.

Nicolas Bazire became Chief of Staff of Prime Minister Edouard Balladur in 1993. He was Managing Partner at Rothschild & Cie Banque between 1995 and 1999 and has served as Managing Director of Groupe Arnault SEDCS since 1999.

Current positions and offices

Christian Dior group

France	Christian Dior SE ^(a)	Director, member of the Performance Audit Committee and member of the Nominations and Compensation Committee
	LVMH Moët Hennessy - Louis Vuitton SE ^(a)	Director
	Groupe Les Echos SA	Director
	Les Echos SAS	Vice-Chairman of the Supervisory Board, Chairman of the Compensation Committee and Member of the Appointments Committee
	Louis Vuitton Malletier SA	Permanent representative of Ufipar, Director
	LV Group SA	Director and Member of the Compensation Committee
	Louis Vuitton, Fondation d'Entreprise	Director

Groupe Arnault

France	Agache Développement SA	Director
	Europatweb SA	Director
	Financière Agache SA	Managing Director and Permanent Representative of Groupe Arnault, Director
	GA Placements SA	Permanent Representative of Montaigne Finance, Director
	Groupe Arnault SEDCS	Chief Executive Officer
	Montaigne Finance SAS	Member of the Supervisory Committee
	Semyrhamis SA	Non-Director Managing Director and Permanent Representative of Groupe Arnault, Director

Other

France	Atos SE ^(a)	Director and Chairman of the Nominations and Compensation Committee
	Carrefour SA ^(a)	Director, Member of the Accounts Committee, the Nominations Committee and the Strategy Committee
	Suez SA ^(a)	Director, Member of the Audit and Accounts Committee, the Nominations and Governance Committee and the Strategy Committee
International	Société des Bains de Mer de Monaco SA ^(a) (Principality of Monaco)	Permanent representative of Ufipar, Director and Rapporteur to the Finance and Audit Commission

Positions and offices that have ended since January 1, 2013

France	Financière Agache Private Equity SA	Director
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(a) Listed company.

Christian Dior

Board of Directors' report on corporate governance
Corporate governance

Directors whose terms of office are proposed for renewal at the Shareholders' Meeting

Delphine ARNAULT

Date of birth: April 4, 1975.

Business address: Louis Vuitton Malletier – 2, rue du Pont-Neuf – 75001 Paris (France).

Number of Christian Dior shares held in a personal capacity: 250,927 shares.

Delphine Arnault began her career at international strategy consultancy firm McKinsey, where she worked as a consultant

for two years. In 2000, she moved to designer John Galliano's company, which she helped develop, acquiring hands-on experience in the fashion industry. In 2001, she joined the Executive Committee of Christian Dior Couture, where she served as Deputy Managing Director until August 2013. Since September 2013, she has been Executive Vice President of Louis Vuitton, in charge of supervising all of Louis Vuitton's product-related activities.

Current positions and offices

Christian Dior group

France	Christian Dior SE ^(a) LVMH Moët Hennessy - Louis Vuitton SE ^(a)	Director Director and Member of the Ethics and Sustainable Development Committee
	Céline SA Christian Dior Couture SA Château Cheval Blanc SC	Director Director Director
International	Emilio Pucci Srl (Italy) Emilio Pucci International BV (Netherlands) Loewe SA (Spain)	Director Director Director

Other

France	Havas SA ^(a) Métropole Télévision "M6" SA ^(a)	Director Member of the Supervisory Board
International	21st Century Fox Corporation (United States) ^(a) Actar International SA Luxembourg (Luxembourg) Ferrari SpA (Italy) ^(a)	Director Permanent representative of Ufipar, Director Director

Positions and offices that have ended since January 1, 2013

France	Les Echos SAS	Member of the Supervisory Board
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(a) Listed company.

Hélène DESMARAIS

Date of birth: June 7, 1955.

Business address: Centre d'Entreprises et d'Innovation de Montréal (CEIM) – 751 square Victoria – Montreal (Quebec) H2Y 2J3 (Canada).

Number of Christian Dior shares held in a personal capacity: 200 shares.

Hélène Desmarais has been Chairman and Chief Executive Officer of Centre d'Entreprises et d'Innovation de Montréal, the biggest technology enterprise incubator in Canada, since it

was founded in 1996. She holds directorships in a large number of companies and organizations in both the public and private sectors and has led initiatives in the areas of economics, education and healthcare. Ms. Desmarais is Chairman of the Boards of Directors of HEC Montréal (Hautes Études Commerciales de Montréal) and the Montreal Economic Institute. She also serves as Director of Garda World Security Corporation and is a member of the Board of Governors of the International Economic Forum of the Americas.

Current positions and offices

Christian Dior group

France	Christian Dior SE ^(a)	Director, Chairman of the Nominations and Compensation Committee
	Christian Dior Couture SA	Director

Other

Canada	Centre d'Entreprises et d'Innovation de Montréal (CEIM) C.D. Howe Institute Garda World Security Corporation	Founder and Chairman of the Board of Directors Director Director and Member of the Verification Committee and the Corporate Governance Committee Member of the Board of Governors and Chairman of the Strategic Orientation Committee
	International Economic Forum of the Americas	Member of the Board of Governors and Chairman of the Strategic Orientation Committee
	Hautes Études Commerciales de Montréal (HEC Montreal) Institute for Governance of Private and Public Organizations PME MTL Centre-Ville	Chairman of the Board of Directors Founder and Director Founder and Chairman of the Board of Directors

Positions and offices that have ended since January 1, 2013

Canada	Société de développement économique Ville-Marie (SDÉVM)	Founder and Chairman of the Board of Directors
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^(a) Listed company.

Christian Dior

Board of Directors' report on corporate governance
Corporate governance

1.4.2. Statutory Auditors

Principal Statutory Auditors

	Start date of first term	Current term	
		Date of appointment/ renewal	End of term
ERNST & YOUNG et Autres 1-2, place des Saisons – 92400 Courbevoie – Paris la Défense 1 (France) represented by Jeanne Boillet	May 14, 2009 ^(a)	December 19, 2013	Annual Shareholders' Meeting called to approve the financial statements for fiscal year 2018
MAZARS Tour Exaltis, 61, rue Henri Regnault – 92400 Courbevoie (France) represented by Simon Beillevaire	May 15, 2003	December 19, 2013	Annual Shareholders' Meeting called to approve the financial statements for fiscal year 2018

(a) The Ernst & Young network has been a Statutory Auditor of Christian Dior since 1997.

Alternate Statutory Auditors

AUDITEX 1-2, place des Saisons – 92400 Courbevoie – Paris la Défense 1 (France)	May 14, 2009	December 19, 2013	Annual Shareholders' Meeting called to approve the financial statements for fiscal year 2018
Gilles Rainaut Tour Exaltis, 61, rue Henri Regnault – 92400 Courbevoie (France)	December 19, 2013	December 19, 2013	Annual Shareholders' Meeting called to approve the financial statements for fiscal year 2018

1.5. EXECUTIVE MANAGEMENT

At its meeting of April 13, 2017, the Board of Directors reappointed Bernard Arnault as Chairman of the Board of Directors and Sidney Toledano as Chief Executive Officer and also Vice-Chairman.

Pursuant to regulatory provisions applicable to the holding of multiple appointments, the Board of Directors decided not to modify the choice it had made to separate the roles of Chairman of the Board of Directors and Chief Executive Officer. It did not limit the powers vested in the Chief Executive Officer.

The balance of powers within the Board of Directors is ensured by the provisions of the Charter of the Board of Directors and the rules governing the two committees formed by it, which specify the duties of each of those Committees.

The Charter of the Board of Directors states that the role of the Board of Directors is to define the overall strategic direction of the Company and to approve any significant transactions falling outside the scope of the strategic direction set by the Board of Directors.

The Board of Directors may also establish one or more ad hoc committees for specific or important matters. In addition, independent Directors may meet separately from the other members of the Board of Directors.

The balance is also maintained by the membership of the Board of Directors and of its various committees. At least one-third of the Board's members are Independent Directors.

1.6. PERFORMANCE AUDIT COMMITTEE

The main tasks of the Performance Audit Committee are the monitoring of the process of preparing financial information, the effectiveness of internal control and risk management procedures, as well as the statutory audit of the individual company and consolidated financial statements by the Statutory Auditors. The Committee oversees the procedure for the selection of Statutory Auditors and ensures their independence.

The Committee consists of three members appointed by the Board of Directors: Christian de Labriffe (Chairman), who served as Managing Partner at Lazard Frères & Cie and at Rothschild & Cie Banque; Renaud Donnedieu de Vabres, who has held high public office; and Nicolas Bazire, LVMH's Senior Vice-President for Development and Acquisitions and Chief Executive Officer of Groupe Arnault. Given their professional experience (see also §1.4 "List of positions and offices held by members of the Board of Directors" above) and their familiarity with financial and accounting procedures applicable to corporate groups, each of these three members is qualified to fulfill their responsibilities.

The Performance Audit Committee met three times in fiscal year 2017, with all of its members in attendance. At these meetings, the Audit Committee members were able to discuss matters with the Statutory Auditors without any members of the Company's Executive Management or its Chief Financial Officer's department in attendance.

The meetings to review the financial statements were held in sufficient time before the review of the financial statements by the Board of Directors. These meetings were also attended by the Statutory Auditors, the Chief Financial Officer, the Deputy Chief Financial Officer, the Company's Accounting Director, and the Deputy Chief Financial Officer of LVMH.

On the basis of presentations made by Christian Dior's Chief Financial Officer, the work of the Performance Audit Committee covered the following areas: the process for the preparation and publication of financial information; a review of the Group's operations; a review of significant financial transactions of the Company; a detailed review of the parent company and consolidated financial statements for the six-month fiscal year ended December 31, 2016 and the half-year financial statements

as of June 30, 2017; a review of the consolidated financial statements and reports on the Group's operations for the period from January 1 to December 31, 2016; an assessment of the Group's exposure to risk, risk management procedures and off-balance sheet commitments; and the Christian Dior share repurchase program. The Committee also verified the independence of the Statutory Auditors and monitored the statutory audit of Christian Dior's parent company and consolidated financial statements, on the basis of presentations and summary reports by the Statutory Auditors; the Committee met several times with the Statutory Auditors, without any members of the Group's Executive Management in attendance. The Statutory Auditors also submitted to the Performance Audit Committee, pursuant to the audit reform and concerning, for the first time, the fiscal year from July 1, 2016 to December 31, 2016, the additional report on the scope of and timetable for the work to be performed by the Statutory Auditors, the materiality thresholds above which anomalies are reported, the approach by subsidiary to the audit of the consolidated financial statements, the principal risks and points requiring attention identified during the audit, and the accounting adjustments made by the Statutory Auditors.

Furthermore, the Performance Audit Committee held a meeting specifically dedicated to monitoring the effectiveness of internal control and risk management and internal audit systems at LVMH and Christian Dior Couture, which was notably attended by this company's Chief Financial Officer and Internal Audit Manager, as well as LVMH's Audit and Internal Control Director.

As part of the review of the parent company and consolidated financial statements, the Statutory Auditors gave a presentation covering, in particular, internal control, major events, and the main audit issues identified and accounting treatments adopted.

It was given the Statutory Auditors' independence declaration as well as the amount of the fees paid to the Statutory Auditors' network by companies controlled by the Company or the entity that controls it, in respect of services not directly related to the Statutory Auditors' engagement, and was informed of the services provided in respect of work directly related to the Statutory Auditors' engagement.

1.7. NOMINATIONS AND COMPENSATION COMMITTEE

The main responsibilities of the Nominations and Compensation Committee are to issue:

- proposals on compensation, benefits in kind, bonus share awards and share subscription or purchase options for the Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director(s) of the Company, as well as on the apportionment of directors' fees paid by the Company;
- opinions on candidates for the positions of Director, Advisory Board member or member of the Executive Management of the Company.

The Committee consists of three members appointed by the Board of Directors: H  l  ne Desmarais (Chairman), Nicolas Bazire, and Christian de Labriffe.

The Committee met twice in fiscal year 2017, with all of its members in attendance. The items of business handled in these meetings included (i) the review of the fixed compensation to be granted to Sidney Toledano by Christian Dior Couture in his capacity as its Chairman and Chief Executive Officer, (ii) the review of the criteria established for determining the variable compensation to be granted to Sidney Toledano by Christian Dior Couture in his capacity as its Chairman and Chief Executive

Officer, (iii) an evaluation of his performance with respect to the quantifiable and qualitative targets set, (iv) the drafting of an opinion on his variable compensation for 2016 as well as his fixed compensation for 2017 and his benefits in kind in respect of his appointment as Chairman and Chief Executive Officer of Christian Dior Couture, and (v) the examination of the apportionment of directors' fees paid to Directors and Advisory Board members during fiscal year 2016.

In addition, the Committee issued an opinion on the status of all members with regard, in particular, to the independence criteria set forth within the AFEP/MEDEF Code. It issued an opinion (i) on the renewal of the terms of office of Directors ending at the close of the Shareholders' Meeting of April 13, 2017, (ii) on the reappointment of the Chairman of the Board of Directors and of the Chief Executive Officer, and (iii) on candidacies for appointments as Directors or Advisory Board members.

After the approval of Christian Dior Couture's financial statements for the fiscal year ended December 31, 2017, it reviewed this company's financial performance, with special attention paid to its profit from recurring operations and the increase in the appeal of the Christian Dior brand and its market share, and it issued an opinion on the liquidation of Sidney Toledano's

medium-term incentive plan for 2014 to 2017 and the allocation of the funds to compensation and bonus shares.

Prior to the Board meeting of February 2, 2018, the Committee reviewed in particular the Company's compensation policy for senior executive officers. It conducted a review of the fixed compensation of the senior executive officers, with the Chairman of the Board of Directors having waived any payment of fixed compensation and variable compensation for 2018, and issued an opinion on the Chief Executive Officer's fixed compensation for 2018. It was informed of the annual fixed compensation due to the Chief Executive Officer paid by LVMH and reviewed the criteria established for determining the amount of the variable compensation to be granted to him by that company in respect of 2018. It also issued recommendations, including concerning Sidney Toledano's variable compensation in respect of 2017 in his capacity as Chairman and Chief Executive Officer of Christian Dior Couture.

In addition, it reviewed all the terms of office ending in 2018 and issued a favorable opinion on the renewal of the terms of office of Delphine Arnault and H el ene Desmarais as Directors and of Jaime de Marichalar y S aenz de Tejada as Advisory Board member.

1.8. VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

The Vice-Chairman is responsible for chairing the meetings of the Board of Directors or the Shareholders' Meeting in the absence of the Chairman of the Board of Directors. Sidney Toledano has been Vice-Chairman of the Board of Directors since December 1, 2015.

1.9. ADVISORY BOARD

1.9.1. Membership and operating procedures

Advisory Board members are appointed by the Shareholders' Meeting on the proposal of the Board of Directors and are chosen from among the shareholders on the basis of their competencies. Under the Bylaws, they are appointed for three-year terms.

They are invited to meetings of the Board of Directors and are consulted for decision-making purposes, but do not have a vote. They may be consulted by the Chairman of the Board of Directors

on the Group's strategic direction and, more generally, on any issues relating to the Company's organization and development. The Committee Chairmen may also elicit their opinion on subjects falling within the scope of their respective expertise. Their absence does not affect the validity of the Board of Directors' proceedings.

Subject to decisions made at the Shareholders' Meeting of April 12, 2018, the Company currently has one Advisory Board member, Jaime de Marichalar y S aenz de Tejada, whose extensive knowledge of the Group and the global luxury goods market represents a valuable asset for decision-making.

Composition of the Advisory Board

Name	Nationality	Age as of 12/31/2017	Date of first appointment	Renewal of the term of office
Jaime de MARICHALAR y S�AENZ de TEJADA	Spanish	54	05/11/2006 ^(a)	2018

(a) Date of first appointment to the Board of Directors.

1.9.2. Advisory Board members

Terms of office proposed for renewal

Jaime de MARICHALAR y SÁENZ de TEJADA

Date of birth: April 7, 1963.
Business address: SGIE – CC Plaza Norte 2, Plaza del Comercio – 28703 San Sebastián de los Reyes – Madrid (Spain).
Number of Christian Dior shares held in a personal capacity: 150 shares.

Jaime de Marichalar y Sáenz de Tejada began his career in 1986 in Paris where he worked for Banque Indosuez on the MATIF Futures Market. He then joined Credit Suisse and worked for its investment banking and private banking divisions. In January 1998, he was appointed Chief Executive Officer of Credit Suisse in Madrid.

Current positions and offices

Christian Dior group

France	Christian Dior SE ^(a)	Advisory Board member
International	LVMH group Loewe SA (Spain)	Advisor to the Chairman for Spain Director

Other

International	Art+Auction Editorial (United States and United Kingdom)	Member of the Supervisory Board
	La Sociedad General Inmobiliaria de Canarias 2000 SA (Spain)	Director
	Sociedad General Inmobiliaria de España SA (Spain)	Director

1.10. PARTICIPATION IN SHAREHOLDERS' MEETINGS

The terms and conditions of participation by shareholders in Shareholders' Meetings, and in particular conditions for the allocation of double voting rights to the holders of registered shares, are laid down in Articles 17 to 23 of the Bylaws, which are appended to this report.

1.11. SUMMARY OF EXISTING DELEGATIONS AND FINANCIAL AUTHORIZATIONS AND USE MADE OF THEM

1.11.1. Share repurchase programs (Articles L. 225-209 et seq. of the French Commercial Code)^(a)

Type	Authorization date	Expiry/Duration	Amount authorized	Use as of Dec. 31, 2017
Share repurchase program Maximum purchase price: 300 euros	SM December 6, 2016 (12th resolution)	June 5, 2018 (18 months)	10% of the share capital ^(b)	Movements during the fiscal year ^(c) Purchases: None Disposals: None 252,498 shares held as of December 31, 2017
Reduction of capital through the retirement of shares purchased under the share repurchase program	SM December 6, 2016 (14th resolution)	June 5, 2018 (18 months)	10% of the share capital per 24-month period ^(b)	Shares retired during the fiscal year: None

(a) A resolution renewing these authorizations in line with the terms and conditions stated in §4.1 of the Board of Directors' report on the draft resolutions will be presented at the Shareholders' Meeting of April 12, 2018.

(b) As a guide, this equates to 18,050,751 shares on the basis of the authorized share capital as of December 31, 2017.

(c) For purchases, including calls exercised, see also §6 of the Management report of the Board of Directors – Christian Dior parent company.

(a) Listed company.

1.11.2. Authorizations to increase the share capital

(Articles L. 225-129, L. 225-129-2 and L. 228-92 of the French Commercial Code) ^(a)

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of Dec. 31, 2017
Through the capitalization of profit, reserves, additional paid-in capital or other items (Articles L. 225-129-2 and L. 225-130)	SM December 6, 2016 (13th resolution)	February 5, 2019 (26 months)	80 million euros ^(b)	Not applicable	None
With preferential subscription rights: ordinary shares and securities giving access to the share capital	SM December 6, 2016 (15th resolution)	February 5, 2019 (26 months)	80 million euros ^{(b) (c)}	Free	None
Without preferential subscription rights: ordinary shares and securities giving access to the share capital:					
• by means of public offering (Articles L. 225-135 et seq.)	SM December 6, 2016 (16th resolution)	February 5, 2019 (26 months)	80 million euros ^{(b) (c)}	At least equal to the minimum price required by regulations ^(e)	None
• by means of private placement (Articles L. 225-135 et seq.)	SM December 6, 2016 (17th resolution)	February 5, 2019 (26 months)	80 million euros ^{(b) (c)} 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 ^(e)	None
Increase in the number of shares to be issued in the event that the issue is oversubscribed in connection with capital increases, with or without preferential subscription rights, carried out pursuant to the 15th, 16th and 17th resolutions of the Shareholders' Meeting of December 6, 2016	SM December 6, 2016 (19th resolution)	February 5, 2019 (26 months)	Up to 15% of the initial issue ^(b)	Same price as the initial issue	None
In connection with a public exchange offer (L. 225-148)	SM December 6, 2016 (20th resolution)	February 5, 2019 (26 months)	80 million euros ^(b)	Free	None
In connection with in-kind contributions (L. 225-147)	SM December 6, 2016 (21st resolution)	February 5, 2019 (26 months)	10% of the share capital at the date of the issue ^(d)	Free	None

(a) A resolution renewing these authorizations will be presented at the Shareholders' Meeting of April 12, 2018 in line with the terms and conditions stated in §4.2 of the Board of Directors' report on the draft resolutions.

(b) As a guide, this equates to 40,000,000 shares on the basis of the authorized share capital as of December 31, 2017. Maximum nominal amount. This is an overall limit set by the Shareholders' Meeting of December 6, 2016 for any issues made pursuant to the 13th, 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd, and 23rd resolutions.

(c) Up to the overall limit of 80 million euros referred to in ^(a), this amount may be increased to a maximum of 15% of the initial issue in the event that the issue is oversubscribed (Shareholders' Meeting of December 6, 2016 – 19th resolution).

(d) As a guide, this equates to 18,050,751 shares. Up to the overall limit of 80 million euros referred to above, against which this amount would be offset.

(e) Up to 10% of the share capital, the Board of Directors may freely determine the issue price, provided that this price is at least equal to 90% of the weighted average of the share price over the three days preceding its determination (Shareholders' Meeting of December 6, 2016 – 18th resolution).

1.11.3. Employee share ownership ^(a)

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of Dec. 31, 2017
Bonus share awards (Articles L. 225-197-1 et seq.)	December 1, 2015 (14th resolution)	January 31, 2018 (26 months)	1% of the share capital ^(b)	Not applicable	Granted: 139,362 shares Available to be granted: 1,665,713 shares
Share subscription or purchase options (Articles L. 225-177 et seq.)	December 6, 2016 (22nd resolution)	February 5, 2019 (26 months)	1% of the share capital ^(b)	Average share price over the preceding the grant date ^(c) with no discount	Granted: None Available to be granted: 1,805,075 shares
Capital increase reserved for employees who are members of a company savings plan (L. 225-129-6)	December 6, 2016 (23rd resolution)	February 5, 2019 (26 months)	1% of the share capital ^(b)	Average share price over the 20 trading days preceding the grant date, with a maximum discount of 20%	None

(a) A resolution renewing these authorizations in line with the terms and conditions stated in §4.3 of the Board of Directors' report on the draft resolutions will be presented at the Shareholders' Meeting of April 12, 2018.

(b) As a guide, this equates to 1,805,075 shares on the basis of the authorized share capital as of December 31, 2017. Up to the overall limit of 80 million euros referred to above, against which this amount would be offset.

(c) In the case of purchase options, the price may not be lower than the average purchase price of the shares.

1.12. INFORMATION ON THE RELATED-PARTY AGREEMENTS COVERED BY ARTICLE L. 225-37-4 2° OF THE FRENCH COMMERCIAL CODE

We hereby inform you that no related-party agreements covered by Article L. 225-37-4 2° of the French Commercial Code were entered into or remained in effect in fiscal year 2017.

1.13. INFORMATION THAT COULD HAVE A BEARING ON A TAKEOVER BID OR EXCHANGE OFFER

Pursuant to the provisions of Article L. 225-37-5 of the French Commercial Code, information that could have a bearing on a takeover bid or exchange offer is presented below:

- capital structure of the Company: the Company is controlled by the Arnault Family Group, which, as of December 31, 2017, controlled 96.52% of the share capital and 98.12% of the voting rights that may be exercised in Shareholders' Meetings;

- share issues and repurchases under various resolutions:

- the shareholders have delegated to the Board of Directors the power to:
 - acquire Company shares up to a maximum of 10% of the share capital,
 - increase the share capital, either with or without preferential subscription rights and via public offering or private placement, in a total nominal amount not to exceed

80 million euros, equivalent to more than 22% of the Company's current share capital,

- increase the share capital in connection with a public exchange offer or in-kind contributions.

These delegations of authority are suspended during takeover bids or exchange offers:

- the shareholders have also delegated to the Board of Directors the power to:

- grant share subscription options or awards of bonus shares to be issued in a total amount not to exceed 1% of the share capital,
- increase the share capital through an issue for employees up to a maximum of 1% of the share capital.

These delegations of authority are not suspended during takeover bids or exchange offers.

2. Compensation of company officers

The Board of Directors determines executive compensation policy after consulting the Nominations and Compensation Committee, whose responsibilities include (i) making proposals on fixed and variable compensation and benefits in kind payable to the Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director, if there is one; (ii) giving an opinion on the granting of options or bonus performance share awards to these individuals and on the requirement to retain possession of a portion of any such shares; (iii) formulating a position on supplementary pension plans put in place by the

Company for its senior executives; and (iv) making proposals on any retirement benefits that might be paid to a senior executive when he/she steps down.

Compensation and benefits awarded to senior executive officers mainly reflect the degree of responsibility attached to their roles, their individual performance and the Group's results, and the achievement of the targets set. They also take into account compensation paid by companies of a similar size, industry sector and international presence.

2.1. COMPENSATION POLICY

2.1.1. Compensation and benefits in kind

Compensation payable to senior executive officers is determined with reference to the principles laid down in the AFEP/MEDEF Code.

This compensation breaks down as follows:

- *Annual fixed/variable compensation*

The Chairman of the Board of Directors waived his entitlement to fixed or variable compensation from Christian Dior SE in 2018. The fixed and variable compensation indicated in §2.2 below is that granted and paid by the LVMH group.

Fixed compensation payable to the Chief Executive Officer has been reviewed by the Nominations and Compensation Committee. On its recommendation, the Board of Directors decided that Christian Dior SE would pay fixed annual compensation to him with effect from February 1, 2018, given the change in the Chief Executive Officer's duties within the Group. Up to that date, the Chief Executive Officer would not receive any fixed or variable annual compensation from Christian Dior SE, since any such compensation granted to him is payable by Christian Dior Couture until January 31, 2018, when his term of office at that company ends.

- *Granting of options and bonus share awards*

The Company has not set up any share subscription option or purchase plans since 2010.

The Chairman of the Board of Directors and the Chief Executive Officer are eligible for the bonus share plans put in place by the Company for the Group's employees and senior executives. Any bonus share awards granted to them must be subject to performance conditions laid down by the Board of Directors on the recommendation of the Nominations and Compensation Committee.

For all the option plans put in place between 2007 and 2009, and all performance share plans put in place since 2010, the Chairman of the Board of Directors and the Chief Executive Officer must, if they exercise their options or if their shares vest, retain possession, in registered form and until the conclusion of

their respective terms of office, of a number of shares under the terms laid down in those plans (see §4.1 and §4.4 of the Management report of the Board of Directors – Christian Dior parent company).

In the resolutions put to the vote at the Shareholders' Meeting, the Board of Directors decided not to include a specific cap on the allocation of options or bonus performance shares to senior executive officers, considering that the Nominations and Compensation Committee – which is mainly composed of Independent Directors and is tasked with making proposals on the granting of options or bonus performance share awards to senior executives – ensures an adequate degree of control over the allocation policy. No bonus share plans were put in place in 2017.

Furthermore, the Charter of the Board of Directors forbids senior executive officers from hedging the risk on their share purchase or subscription options or their performance shares until the end of the holding period set by the Board.

- *Directors' fees*

The shareholders vote at a Shareholders' Meeting to set the total amount of directors' fees allotted to the members of the Board of Directors.

This total annual amount has been set at 147,715 euros since the Shareholders' Meeting of May 15, 2008. It is apportioned among the members of the Board of Directors and members of the Advisory Board, in accordance with the rules defined by the Board of Directors, at the proposal of the Nominations and Compensation Committee, namely:

- (i) Two units for each Director or member of the Advisory Board;
- (ii) One additional unit for serving as a Committee member;
- (iii) Two additional units for serving as both a Committee member and a Committee Chairman;
- (iv) Two additional units for serving as Chairman of the Company's Board of Directors;

with the understanding that the amount corresponding to one unit is obtained by dividing the overall amount of directors' fees to be distributed by the total number of units to be distributed.

A portion of the directors' fees to be paid to Board members is contingent upon their attendance at meetings of the Board of Directors and, where applicable, at those of any of its Committees to which they belong. A reduction in the amount to be paid is applied to two-thirds of the units described under (i) above, in proportion to the number of Board meetings not attended by the Director in question. In addition, for Committee members, a reduction in the amount to be paid is applied to the additional fees mentioned under (ii) and (iii) above, in proportion to the number of Committee meetings not attended by the Director in question.

In respect of fiscal year 2017, Christian Dior paid a total gross amount of 127,605 euros in directors' fees to members of its Board of Directors and Advisory Board.

The Nominations and Compensation Committee is kept informed of the amount of directors' fees paid to senior executive officers by the Group's subsidiaries for which they also serve as company officers.

• *Exceptional compensation*

Exceptional compensation may be awarded to certain Directors, in respect of any specific duties entrusted to them by the Board of Directors. The amount is determined by the Board of Directors and reported to the Company's Statutory Auditors.

In 2017, the Board of Directors awarded each of the three members of its ad hoc Committee exceptional gross compensation of 15,000 euros in connection with the project aimed at simplifying the structures of the Christian Dior – LVMH group.

• *Benefits in kind*

Christian Dior SE does not award any benefits in kind to the Chairman of the Board of Directors or the Chief Executive Officer.

2.1.2. Other undertakings and agreements

• *Severance benefits*

At its meeting of February 2, 2018 and in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, the Board of Directors approved the non-compete clause included in Sidney Toledano's employment contract with LVMH SE, which entered into force on February 1, 2018. This non-compete commitment provides for the payment, for a period of 12 months, of compensation equal to his monthly average gross salary received over the 12 months preceding the effective termination of his employment contract. It should be noted that Sidney Toledano's employment contract with Christian Dior Couture – which included a 24-month non-compete clause and provided for the payment, every month of its application, of compensation equal to his monthly average gross salary received over the previous 12 months – expired on January 31, 2018.

Notwithstanding this clause, neither the Chairman of the Board of Directors nor the Chief Executive Officer benefit from provisions granting them specific compensation upon leaving the Company or exemption from rules governing the exercise of share purchase options or the vesting of bonus performance shares.

• *Supplementary pensions*

LVMH SE has set up a defined-benefit pension plan for its senior executives. Employees and senior executives of French companies who have been members of the Executive Committee of the LVMH group for at least six years qualify for a supplementary pension provided that they liquidate any pensions acquired under external pension plans immediately upon terminating their duties with the LVMH group. This is not required, however, if they leave the LVMH group at its request after the age of 55 and take up no other professional activity until their external pension plans are liquidated. This supplementary pension benefit is determined on the basis of a reference amount of compensation equal to the average of the three highest amounts of annual compensation received during the course of their career with the LVMH group, capped at 35 times the annual social security ceiling (i.e. 1,372,980 euros as of December 31, 2017). The annual supplementary pension benefit is equal to the difference between 60% of the reference compensation amount and all pension payments made in France (under the general social security plan and the ARRCO and AGIRC supplementary plans, in particular) and abroad. As of December 31, 2017, the total amount of pensions and the supplementary pension may not exceed 823,788 euros per year.

In line with the foregoing and on the basis of compensation paid to the Chairman of the Board of Directors by the LVMH group in 2017, the supplementary pension benefit payable to him would not exceed 45% of the amount of his last annual compensation, in accordance with the recommendations set out in the AFEP/MEDEF Code. The supplementary pension only vests when retirement benefits are claimed.

Given the characteristics of the plan put in place by LVMH and Bernard Arnault's personal circumstances, the supplementary pension for which he may qualify no longer gives rise to the annual vesting of additional benefits or, consequently, to a correlative increase in LVMH's financial commitment.

Recipients' potential benefits are funded by contributions paid to an insurer, which are deductible from the corporate tax base and subject to the contribution tax provided for by Article L. 137-11, I, 2°, a) of the French Social Security Code, the rate of which is set at 24%.

The increase in provisions for these supplementary retirement benefits as of December 31, 2017 is included in the amount shown for post-employment benefits under Note 32.4 to the consolidated financial statements.

2.2. COMPENSATION PAID OR GRANTED IN RESPECT OF FISCAL YEAR 2017

2.2.1. Summary of compensation, options and bonus shares granted to senior executive officers^(a)

Bernard Arnault – Chairman of the Board of Directors

(EUR)	Dec. 31, 2017 (12 months)	Dec. 31, 2016 (6 months)
Fixed and variable compensation due in respect of the fiscal year ^(b)	3,339,947	1,675,814
Medium-term incentive plan	-	-
Valuation of options granted during the fiscal year	-	-
Valuation of bonus performance shares provisionally allocated during the fiscal year ^(c)	4,482,312	4,482,204

Sidney Toledano – Chief Executive Officer

(EUR)	Dec. 31, 2017 (12 months)	Dec. 31, 2016 (6 months)
Fixed and variable compensation due in respect of the fiscal year	2,590,000	1,185,000
Medium-term incentive plan ^(c)	8,000,000	-
Valuation of options granted during the fiscal year	-	-
Valuation of bonus performance shares provisionally allocated during the fiscal year ^(d)	1,505,303	1,505,187

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled by it, as provided for in Article L. 225-37-3 of the French Commercial Code, excluding directors' fees.

(b) Compensation due or paid by the LVMH group, with no compensation being due or paid by Christian Dior.

(c) In addition, under a medium-term incentive plan and paid for by Christian Dior SE, LVMH bonus shares with a value of 8 million euros were awarded to Sidney Toledano.

(d) A breakdown of equity securities or securities giving access to equity allocated to company officers during the fiscal year is set out in §2.2.5 below.

2.2.2. Summary of compensation paid to each senior executive officer^(a)

Christian Dior SE did not pay any fixed or variable compensation to Bernard Arnault in respect of fiscal year 2017. The amounts of fixed and variable compensation listed below correspond solely to compensation due or paid to him by the LVMH group.

Bernard Arnault	Amounts due for the fiscal year		Amounts paid during the fiscal year	
	Dec. 31, 2017 (12 months)	Dec. 31, 2016 (6 months)	Dec. 31, 2017 (12 months)	Dec. 31, 2016 (6 months)
Compensation (EUR)				
Fixed compensation ^(b)	1,139,947	575,814	1,139,947	575,814
Variable compensation ^(b)	2,200,000 ^(c)	1,100,000 ^(d)	2,200,000 ^(e)	2,200,000 ^(f)
Medium-term incentive plan	-	-	-	-
Directors' fees ^(g)	116,413	57,659	102,659	115,345
Benefits in kind ^(h)	37,807	19,659 ⁽ⁱ⁾	37,807	39,317
TOTAL	3,494,167	1,753,132	3,480,413	2,930,476

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled by it, as provided for in Article L. 225-37-3 of the French Commercial Code.

(b) Compensation due or paid by the LVMH group, with no compensation being due or paid by Christian Dior.

(c) Subject to shareholder approval at the LVMH Shareholders' Meeting of April 12, 2018.

(d) Amount corresponding to the six-month portion (from July 1 to December 31, 2016) of variable annual compensation of 2,200,000 euros set for the 2016 calendar year.

(e) Variable compensation paid by LVMH in respect of LVMH's 2016 fiscal year.

(f) Variable compensation paid by LVMH in respect of LVMH's 2015 fiscal year.

(g) The rules for apportioning directors' fees within the Company are set out in §2.1.1 of this report.

(h) Company car.

(i) Amount corresponding to the six-month portion (from July 1 to December 31, 2016).

Sidney Toledano	Amounts due for the fiscal year		Amounts paid during the fiscal year	
	Dec. 31, 2017 (12 months)	Dec. 31, 2016 (6 months)	Dec. 31, 2017 (12 months)	Dec. 31, 2016 (6 months)
Compensation (EUR)				
Fixed compensation ^(b)	1,090,000	535,000	1,090,000	540,471
Variable compensation ^(b)	1,500,000	650,000 ^(c)	1,300,000 ^(d)	-
Medium-term incentive plan ^(e)	8,000,000 ^{(e)(f)}	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees ^(g)	36,848	18,424	31,924	9,590
Benefits in kind ^(h)	15,325	6,403 ⁽ⁱ⁾	15,325	12,807
TOTAL	10,642,173	1,209,827	2,437,249	562,868

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled by it, as provided for in Article L. 225-37-3 of the French Commercial Code.

(b) Compensation due or paid by Christian Dior Couture.

(c) Amount corresponding to the six-month portion (from July 1 to December 31, 2016) of variable annual compensation of 1,300,000 euros set for the 2016 calendar year.

(d) Variable annual compensation paid in 2017 in respect of calendar year 2016.

(e) Subject to shareholder approval at the Christian Dior SE Shareholders' Meeting of April 12, 2018.

(f) In addition, under a medium-term incentive plan and paid for by Christian Dior SE, LVMH bonus shares with a value of 8 million euros were awarded to Sidney Toledano.

(g) The rules for apportioning directors' fees within the Company are set out in §2.1.1 of this report.

(h) Company car.

(i) Amount corresponding to the six-month portion (from July 1 to December 31, 2016).

The variable portion of compensation paid to senior executive officers is based on the attainment of both quantifiable and qualitative targets. The variable portion of compensation paid to the Chairman of the Board of Directors is paid by the LVMH group; quantifiable and qualitative targets carry an equal weighting for the purposes of determining the bonus.

For the Chief Executive Officer, in his capacity as Chairman and Chief Executive Officer of Christian Dior Couture, an office he held until January 31, 2018, quantifiable and qualitative targets carry respective weightings of two-thirds and one-third. The quantifiable criteria are financial in nature and relate to growth in revenue, operating profit and cash flow relative to budget,

with each of these items representing one-third of the total determination. The qualitative criteria are precisely established but are not made public for reasons of confidentiality. The method used for assessing performance has been reviewed by the Nominations and Compensation Committee. The annual variable portion is capped at 150% of fixed compensation for the Chief Executive Officer.

The Chief Executive Officer also qualifies for a medium-term incentive plan covering calendar years 2014 to 2017, primarily based on growth in Christian Dior Couture's consolidated profit from recurring operations. This incentive plan is exclusively paid for by Christian Dior SE.

2.2.3. Summary of directors' fees, compensation, benefits in kind and commitments given to other company officers ^(a)

Director	Directors' fees paid during the fiscal year		Fixed compensation paid during the fiscal year		Variable compensation paid during the fiscal year		Exceptional compensation paid during the fiscal year	
	Dec. 31, 2017 (12 months)	Dec. 31, 2016 (6 months)	Dec. 31, 2017 (12 months)	Dec. 31, 2016 (6 months)	Dec. 31, 2017 (12 months)	Dec. 31, 2016 (6 months)	Dec. 31, 2017 (12 months)	Dec. 31, 2016 (6 months)
(EUR)								
Delphine Arnault ^{(b) (i)}	61,987	53,314	869,522	420,077	1,780,000 ^(c)	-	-	-
Nicolas Bazire ^{(b) (d) (e) (i)}	55,000	55,000	1,235,000	617,500	2,700,000	-	-	-
Denis Dalibot ^(f)	28,724	40,031	60,000 ⁽ⁱ⁾	25,000 ⁽ⁱ⁾	-	-	-	-
Hélène Desmarais	9,848	17,257	-	-	-	-	15,000 ^(h)	-
Renaud Donnedieu de Vabres	7,386	14,385	-	-	-	-	15,000 ^(h)	-
Ségolène Gallienne	4,924	8,314	-	-	-	-	-	-
Christian de Labriffe	12,310	23,975	-	-	-	-	15,000 ^(h)	-
Maria Luisa Loro Piana ^(g)	-	-	-	-	-	-	-	-

(a) Directors' fees, gross compensation and/or fees and benefits in kind paid or borne by the Company and companies controlled by it, as provided for in Article L. 225-37-3 of the French Commercial Code, and received by the company officer or a company he or she controls.

(b) A breakdown of equity securities or securities giving access to equity awarded to company officers during the fiscal year is set out in §2.2.5 below.

(c) Of which 1,200,000 euros under a medium-term incentive plan.

(d) Co-opted as a Director on July 26, 2017.

(e) Other benefit: supplementary pension.

(f) Resigned April 13, 2017.

(g) Appointed April 13, 2017.

(h) As a member of the ad hoc Committee. See §1.3.4 above.

(i) Consulting agreement.

(j) Benefits in kind: company car.

In addition, gross attendance fees paid by the Company to Advisory Board members in 2017 were as follows:

Advisory Board member	(EUR)
Pierre Godé	2,735
Jaime de Marichalar y Sáenz de Tejada	4,924

2.2.4. Options awarded to and exercised by company officers during the fiscal year

See also §4.1 of the "Stock option and bonus share plans" section of the Management report of the Board of Directors – Christian Dior parent company for the terms under which options are awarded and must be held.

No new option plans were put in place during the period from January 1, 2017 to December 31, 2017.

Options exercised by senior executive officers of the Company ^(a)

Recipient	Company awarding the options	Date of plan	Number of options	Exercise price/ Subscription price (EUR)
Bernard Arnault	Christian Dior	01/31/2007	217,633	78.11
	LVMH	05/10/2007	474,893	77.526

(a) After adjusting for the distributions of Hermès International shares on December 17, 2014.

Options exercised by other company officers of the Company^(a)

Recipients	Company awarding the options	Date of plan	Number of options	Exercise price (EUR)
Delphine Arnault	Christian Dior	05/15/2008	7,463	67.31
	"	05/14/2009	3,501	47.88
Nicolas Bazire	LVMH	05/14/2009	18,480	50.861

(a) After adjusting for the distributions of Hermès International shares on December 17, 2014.

2.2.5. Shares awarded to company officers during the fiscal year

See also §4.4 of the Management report of the Board of Directors – Christian Dior parent company for the terms and conditions of allocating and holding shares.

Shares provisionally allocated to senior executive officers of the Company during the fiscal year

Recipients	Company awarding the shares	Date of Shareholders' Meeting	Date of plan	Number of performance shares	% of share capital	Valuation of shares (EUR)
Bernard Arnault	LVMH	04/14/2016	10/25/2017	19,745	0.0039	4,482,312
Sidney Toledano	LVMH	04/14/2016	10/25/2017	6,631	0.0013	1,505,303

Shares provisionally allocated to other company officers of the Company during the fiscal year

Recipients	Company awarding the shares	Date of plan	Number of performance shares
Delphine Arnault	LVMH	10/25/2017	4,673
Nicolas Bazire	LVMH	10/25/2017	8,904

Performance shares vested to senior executive officers of the Company^(a)

Recipients	Company awarding the shares	Date of plan	Number of performance shares
Bernard Arnault	Christian Dior	10/16/2014	22,271
	LVMH	10/23/2014	5,117
Sidney Toledano	Christian Dior	10/16/2014	13,394

(a) After adjusting for the distribution of Hermès International shares on December 17, 2014.

Bonus and performance shares vested to other company officers of the Company^(a)

Recipients	Company awarding the shares	Date of plan	Number of bonus shares	Number of performance shares
Delphine Arnault	Christian Dior	10/16/2014	-	7,104
	LVMH	10/23/2014	-	733
Nicolas Bazire	LVMH	10/25/2014	-	4,929

(a) After adjusting for the distribution of Hermès International shares on December 17, 2014.

2.2.6. Prior allocations of options

Share subscription option plans

No share subscription option plans were in effect as of December 31, 2017.

Share purchase option plans

The terms and conditions of exercise of purchase options and, for the plan put in place in 2009, the performance conditions relating to the exercise of options are set out in §4.1 of the

“Stock option and bonus share plans” section of the Management report of the Board of Directors – Christian Dior parent company.

For plans put in place since 2007, if the Chairman of the Board of Directors and Chief Executive Officer decide to exercise their options, they must retain possession, in registered form and until the conclusion of their respective terms of office, of a number of shares representing a sliding percentage of between 50% and 30% (based on the remaining term of the plan) of the notional capital gain, net of tax and social security contributions, determined on the basis of the closing share price on the day before the exercise date.

Date of Shareholders' Meeting	05/11/2006	05/11/2006	05/11/2006	
Date of Board meeting	01/31/2007	05/15/2008	05/14/2009	Total
Total number of options awarded at plan inception ^(f)	480,000	484,000	332,000	1,296,000
o/w Company officers ^(a)	285,000	320,000	150,000	755,000
Bernard Arnault ^(b)	200,000	200,000	100,000	500,000
Delphine Arnault ^(b)	25,000	25,000	25,000	75,000
Sidney Toledano ^(b)	50,000	50,000	50,000	150,000
o/w Top ten employee recipients ^(c)	133,000	147,000	159,000	439,000
Number of recipients	28	25	26	
Earliest option exercise date	01/31/2011	05/15/2012	05/14/2013	
Expiry date	01/30/2017	05/14/2018	05/13/2019	
Exercise price ^(d) (EUR)	78.11	67.31 ^(e)	47.88	

(a) Options awarded to company officers in service at the plan commencement date.

(b) Company officers serving as of December 31, 2017.

(c) Options awarded to employees – other than company officers – in service at the plan commencement date.

(d) After adjusting for the distributions in kind of Hermès International shares on December 17, 2014.

(e) Purchase price for Italian residents after adjusting for the distributions in kind of Hermès International shares on December 17, 2014: 67.52 euros.

(f) Before adjusting for the distributions in kind of Hermès International shares on December 17, 2014.

Exercise of such options does not lead to any dilution for shareholders, since they are options to purchase existing shares.

2.2.7. Prior awards of bonus shares and performance shares

The terms and conditions of allocation and the performance conditions relating to the vesting of shares are set out in §4.4 of the “Stock option and bonus share plans” section of the Management report of the Board of Directors – Christian Dior parent company.

For plans set up since 2010, if their shares vest, the Chairman of the Board of Directors and the Chief Executive Officer must retain possession, in registered form until the conclusion of their respective terms of office, of a number of shares corresponding to one-half of the notional capital gain, net of tax and social security contributions, calculated at the vesting date of those shares on the basis of the opening share price on the vesting date for plans set up before 2013, and on the basis of the closing share price on the day before the vesting date for plans set up since 2013.

Date of Shareholders' Meeting	10/26/2012		10/26/2012		12/01/2015		12/01/2015		
Date of Board meeting	07/25/2013		10/16/2014		12/01/2015		12/06/2016		
	Bonus shares	Performance shares	Bonus shares	Performance shares	Bonus shares	Performance shares	Bonus shares	Performance shares	Total
Total number of shares provisionally allocated at plan inception^(e)	6,000	82,521	6,000	89,185	5,000	64,511	5,000	64,851	323,068
<i>o/w</i> Company officers ^(a)	-	36,694	-	39,302	-	28,585	-	26,724	131,305
Bernard Arnault ^(b)	-	19,108	-	20,466	-	14,656	-	13,702	67,932
Delphine Arnault ^(b)	-	6,095	-	6,528	-	4,675	-	4,371	21,669
Sidney Toledano ^(b)	-	11,491	-	12,308	-	9,254	-	8,651	41,704
<i>o/w</i> Top ten employee recipients ^(c)	6,000	24,370	6,000	27,653	5,000	18,296	5,000	18,717	111,036
Number of recipients	1	40	1	40	1	44	1	52	
Vesting date	07/25/2016	07/25/2016 ^(d)	10/16/2017	10/16/2017 ^(d)	12/01/2018	12/01/2018	12/06/2019	12/06/2019	
Date as of which the shares may be sold	07/25/2018	07/25/2018 ^(d)	10/16/2019	10/16/2019 ^(d)	12/01/2018	12/01/2018	12/06/2019	12/06/2019	
Performance conditions	-	Satisfied	-	Satisfied	-	Satisfied	-	Satisfied in 2017	

(a) Total number of performance shares allocated to company officers serving as of the provisional allocation date.

(b) Company officers serving as of December 31, 2017.

(c) Bonus shares and performance shares allocated to employees – other than company officers – active as of the provisional allocation date.

(d) Shares vest and become available on July 25, 2017 and October 16, 2018 for recipients who are not French residents for tax purposes.

(e) Before adjusting for the distributions in kind of Hermès International shares on December 17, 2014.

2.2.8. Employment contracts, specific pensions, severance benefits and non-compete clauses for senior executive officers

	Employment contract		Supplementary pension plan		Compensation or benefits due or likely to become due upon ceasing or changing duties		Compensation under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Senior executive officers								
Bernard Arnault Chairman of the Board of Directors		X	X			X		X
Sidney Toledano Chief Executive Officer	X ^(a)			X		X	X ^(a)	

(a) Covenant not to compete for a period of 24 months included in the employment contract – suspended for the duration of the term of office as Chairman and Chief Executive Officer of Christian Dior Couture – providing for the payment, during each month of its application, of compensation equal to the average gross salary received over the previous 12-month period; the employment contract in question expired on January 31, 2018.

LVMH SE has set up a defined-benefit pension plan, in accordance with the provisions of Article L. 137-11 of the French Social Security Code, for senior executives.

The supplementary pension only vests if the recipient has served for at least six years on the LVMH group's Executive Committee and claims all of his or her retirement benefits, acquired under the basic and compulsory supplementary plans, immediately upon terminating his or her duties within the Group. However,

this last condition does not apply if the recipient leaves at the Group's request after the age of 55, provided that the recipient does not engage in any other professional activity between his or her departure from the Group and date on which the pension claim is made. Furthermore, in the event of the death of the potential recipient before his or her benefits are claimed, the derived rights are maintained, with the surviving spouse as the beneficiary.

This supplementary pension benefit is determined on the basis of a reference amount of compensation equal to the average of the three highest amounts of annual compensation received during the course of their career with the Group, capped at 35 times the annual social security ceiling (i.e. 1,372,980 euros as of December 31, 2017). The annual supplementary pension benefit is equal to the difference between 60% of the reference compensation amount (capped where appropriate) and all pension payments under pension plans in France (under the general social security plan and the ARRCO and AGIRC supplementary plans, in particular) and abroad. As of December 31, 2017, the total amount of pensions and the supplementary pension may not exceed 823,788 euros.

In line with the foregoing and on the basis of compensation paid to the Chairman of the Board of Directors by the LVMH group in 2017, the supplementary pension benefit payable to him would not exceed 45% of the amount of his last annual compensation, in accordance with the recommendations set out

in the AFEP/MEDEF Code. The supplementary pension only vests when retirement benefits are claimed.

Given the characteristics of the plan put in place by LVMH SE and Bernard Arnault's personal circumstances, the supplementary pension for which he may qualify no longer gives rise to the annual vesting of additional benefits or, consequently, to a correlative increase in LVMH's financial commitment.

Recipients' potential benefits are funded by contributions paid to an insurer, which are deductible from the corporate tax base and subject to the contribution tax provided for by Article L. 137-11, I, 2°, a) of the French Social Security Code, the rate of which is set at 24%.

The increase in provisions for these supplementary retirement benefits as of December 31, 2017 is included in the amount shown for post-employment benefits under Note 32.4 to the consolidated financial statements.

2.3. PRESENTATION OF THE DRAFT RESOLUTIONS CONCERNING THE COMPENSATION OF SENIOR EXECUTIVE OFFICERS

Information concerning compensation paid in 2017 or awarded in respect of fiscal year 2017 to senior executive officers for performing their duties at Christian Dior SE is set out in §3.1 of the Board of Directors' report on the draft resolutions.

In connection with the compensation policy to be submitted for approval at the Shareholders' Meeting of April 12, 2018, all relevant information can be found in §3.2 of the Board of Directors' report on the draft resolutions.

3. Summary of transactions in Christian Dior securities during the fiscal year by senior executives and closely related persons ^(a)

Director concerned	Type of transaction	Number of shares/securities	Average price (EUR)
Bernard Arnault	Collateral	201,717	-
	Exercise ^(b)	217,633	78.11
	Gift	441,110	302.25
Person(s) related to Bernard Arnault	Pledge	33,780,000	252.35
	Release of pledge	2	241.78
	Monetization ^(c) (termination)	1,448,468	179.50
	Acquisition	40,461,613	257.76
Delphine Arnault	Exercise ^(b)	10,964	57.60
	Gift received	88,222	302.25
Nicolas Bazire	Acquisition	200	280.22

(a) Related persons within the meaning of Article R. 621-43-1 of the French Monetary and Financial Code.

(b) Exercise of share purchase options.

(c) Synthetic financing transaction using forward financial instruments index-linked to the Christian Dior share price (prepaid forward sale of shares associated with an equity swap) and involving the pledging of these securities.

Annexes

CHARTER OF THE BOARD OF DIRECTORS

The Board of Directors is the strategic body of Christian Dior SE. The competence, integrity and responsibility of its members, clear and fair decisions reached collectively, and effective and secure controls are the ethical principles that govern the Board.

The key priorities pursued by Christian Dior's Board of Directors are enterprise value creation and the defense of the Company's interests.

Christian Dior's Board of Directors acts as guarantor of the rights of each shareholder and ensures that shareholders fulfill all their duties.

The Company adheres to the Code of Corporate Governance for Listed Companies published by AFEP and MEDEF.

Each of these elements contributes to the performance and transparency required for the business to maintain the confidence of shareholders and partners in the Group.

1. Membership of the Board of Directors

The Board of Directors shall have a maximum of 12 members, at least one-third of whom shall be appointed from among prominent independent persons with no interests in the Company.

In determining whether a Director may be considered independent, the Board of Directors shall refer in particular to the criteria set out in the AFEP/MEDEF Code of Corporate Governance for Listed Companies.

The number of Directors, or permanent representatives of legal entities, from outside listed companies in which the Chairman of the Board of Directors or any Director serving as Chief Executive Officer or Group Managing Director holds office shall be limited to two. The Chairman of the Board of Directors and any Director serving as Chief Executive Officer or Group Managing Director must seek the opinion of the Board of Directors before accepting a new appointment at a listed company.

2. Duties of the Board of Directors

As well as selecting the Company's Executive Management structure and appointing the Chairman of the Board of Directors, Chief Executive Officer and Group Managing Director(s), the principal duties of the Board of Directors are to:

- ensure that the Company's interests and assets are protected;
- define the Company's and the Group's broad strategic direction and ensure that it is put into practice;
- approve any significant transactions that fall outside the scope of the strategic direction defined by the Board of Directors;

- keep abreast of the Company's financial position, cash position and commitments;
- approve the Company's annual and interim financial statements;
- review the essential characteristics of internal control and risk management systems adopted and implemented by the Group;
- ensure that the key risks to which the Company is exposed are in keeping with its strategies and objectives, and are taken into account in the management of the Company;
- verify the quality, reliability and fairness of information provided to shareholders concerning the Company and the Group and, in particular, ensure that the management structure and internal control and risk management systems in place are adequate to guarantee the quality and reliability of financial information disclosed by the Company and to provide a true and fair view of the performance and financial position of the Company and the Group;
- set out the organizational principles and procedures of the Performance Audit Committee;
- disseminate the shared values that guide the Company and its employees and govern relationships with consumers as well as with partners and suppliers of the Company and the Group;
- promote a policy of economic development consistent with a corporate social responsibility approach based, in particular, on respect for human rights and protection of the environment in which the Group operates.

3. Operating procedures of the Board of Directors

The Board of Directors shall meet at least four times a year.

Any individual who agrees to serve as a Director, or Permanent Representative of a legal entity appointed as Director, of the Company shall undertake to regularly attend Board of Directors' and Shareholders' Meetings.

The Board may use videoconferencing or other means of telecommunication to organize meetings with Directors participating remotely. No such means shall be used, however, when the Board meets to draft and approve the parent company financial statements and Management Report, or when it meets to draft the consolidated financial statements and the report on the Group's management.

To ensure that the relevant Directors are identified and in attendance at a Board meeting, these means of telecommunication shall, at minimum, transmit participants' voices as well as satisfy technical criteria for a continuous, real-time connection with the meeting. All remote participants at a meeting shall confirm their identity. Attendance by any non-Board member must be reported to and approved by all Directors participating in the meeting.

Directors participating remotely by videoconferencing or conference call shall be deemed present for the purposes of calculating quorum and majority.

The minutes of the meeting shall include the identities of any Directors who participated remotely, the means of communication used and any connection issues that may have occurred during the meeting and disrupted proceedings.

At the proposal of the Board's Nominations and Compensation Committee, repeated unjustified absences by a Director may lead the Board of Directors to reconsider his/her directorship.

So that members of the Board of Directors can fully serve the function entrusted to them, the Chief Executive Officer shall provide members with any and all information necessary for the performance of their duties.

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

Independent Directors may, if they deem appropriate, meet together without the other members of the Board of Directors.

For specific or important matters, the Board of Directors may establish one or more ad hoc committees.

Each member of the Board of Directors shall act in the interests of and on behalf of all shareholders.

Once a year, the Board of Directors shall evaluate its procedures and inform shareholders of its conclusions in a report presented to the shareholders at a Shareholders' Meeting. In addition, a formalized review of the work of the Board, its organization and its procedures shall be conducted at least once every three years.

4. Responsibilities

The members of the Board of Directors shall be required to familiarize themselves with the general and specific obligations of their office, and with all applicable laws and regulations.

The members of the Board of Directors shall be required to maintain the confidentiality of any information of which they may become aware in the course of their duties concerning the Company or the Group, until such information is made public by the Company.

The members of the Board of Directors undertake not to trade in the Company's shares, either directly or indirectly, whether on their own account or on behalf of any third party, on the basis of inside information disclosed to them in the course of their duties that is not known to the public.

Moreover, members of the Board of Directors shall refrain from trading in the Company's shares or related financial instruments, and from exercising options for the duration of periods:

- beginning, as the case may be, on the 30th calendar day preceding the date of publication of the Company's annual or interim consolidated financial statements or the 15th calendar day preceding the date of publication of the Company's quarterly consolidated revenue release; and
- ending (i) at 2:00 p.m. on the day after the aforementioned publication, if publication occurs in the afternoon, or (ii) at 9:00 a.m. on the day after the aforementioned publication, if it occurs in the morning.

However, this restriction shall not apply to the exercise of share purchase or share subscription options, provided that no shares are resold before the end of the blackout period in question.

Senior executive officers shall refrain from engaging in any hedging transactions on their share subscription or purchase options, shares acquired from the exercise of options, or performance shares; this restriction shall apply until the end of their respective holding periods set by the Board of Directors.

The Directors undertake to:

- notify the Chairman of the Board of Directors of any actual or potential conflict of interest between their duties to the Company and their personal interests and/or other duties;
- abstain from voting on any matter that directly or indirectly pertains to them;
- inform the Chairman of the Board of Directors of any transaction or agreement entered into with any Christian Dior group company to which they are a party;
- notify the Chairman of the Board of Directors of any formal investigation, conviction for fraud, official public indictment and/or sanction, or court-ordered disqualification from serving as a member of an administrative, management or supervisory body, as well as of any bankruptcy, receivership or liquidation proceedings in which they may have been involved.

The Chairman of the Board of Directors shall pass on any information of this type to the Performance Audit Committee.

RULES OF PROCEDURE OF THE PERFORMANCE AUDIT COMMITTEE

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

1. Membership of the Committee

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

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

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(s) 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

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(s) 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

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.

RULES OF PROCEDURE OF THE NOMINATIONS AND COMPENSATION COMMITTEE

The Board of Directors has formed a specialized committee responsible for selecting directors and determining their compensation, acting under the Board of Directors' responsibility.

1. Membership of the Committee

The Nominations and Compensation Committee shall consist of at least three Directors and/or Advisory Board members. The majority of its members shall be independent. Its members shall be appointed by the Board of Directors.

The Board of Directors shall appoint a Chairman of the Committee from among its members.

Neither the Chairman of the Board of Directors, nor any Director serving as Chief Executive Officer or Group Managing Director of Christian Dior or compensated by any Christian Dior subsidiary, 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

After undertaking its own review, the Committee is tasked with issuing opinions on applications and reappointments to the positions of Director and Advisory Board member, making certain that the Company's Board of Directors includes prominent independent persons from outside the Company. In particular, it shall discuss the independence of Board members with respect to applicable criteria. Furthermore, it shall make proposals on the appointment or reappointment of the Chairman of the Performance Audit Committee.

The Chairman of the Board of Directors or any Director serving as Chief Executive Officer or Group Managing Director may also seek the Committee's opinion on candidates for senior management positions within the Company. The Committee is the consultative body responsible for defining the steps to be taken if such an office should unexpectedly fall vacant.

After review, the Committee shall make proposals on the apportionment of directors' fees paid by the Company and shall prepare a summary table of the directors' fees actually paid to each Director.

It shall make proposals to the Board on fixed and variable compensation and benefits in kind to be awarded to (i) the Chairman of the Company's Board of Directors, its Chief Executive Officer and its Group Managing Director(s) and (ii) Directors and Advisory Board members who are employees of the Company or any of its subsidiaries by virtue of an employment contract; it shall also issue an opinion on any consulting agreements entered into, whether directly or indirectly, with those same individuals. The Committee shall make recommendations as to the qualitative and numerical criteria based on which the variable portion of compensation for senior executive officers is to be determined as well as the performance conditions applicable to the exercise of options and the vesting of bonus shares.

The Committee shall express its opinion on the general policy for the allotment of options and bonus shares by the Company, and shall make proposals on the award of options and bonus shares to senior executive officers and to Directors and Advisory Board members who are employees of the Company or any of its subsidiaries by virtue of an employment contract.

It shall formulate a position on any supplementary pension plans put in place for senior executive officers of the Company and make recommendations on any retirement benefits that might be paid to them upon leaving the Company.

The Committee shall issue an opinion on fixed and variable components of compensation, whether immediate or deferred, benefits in kind, and options and bonus shares to be awarded by the Company to its Directors and senior executive officers. To this end, the Committee may request copies of any agreements entered into with those individuals and of any accounting information pertaining to payments made.

The Committee shall also keep abreast of procedures relating to the payment of external contractors' fees and reimbursement of their expenses, and shall make any recommendations deemed necessary pertaining thereto.

The Committee shall prepare a draft report each year for the Shareholders' Meeting, which it shall submit to the Board of Directors, on the compensation of Company officers, any bonus shares awarded to them during the fiscal year and any stock options awarded to or exercised by them during the same period. This report shall also list the ten employees of the Company who received and exercised the most options.

3. Operating procedures of the Committee

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 as often as necessary, at the initiative of its Chairman, the Chairman of the Board of Directors, the Director serving as Chief Executive Officer, or any two Committee members.

BYLAWS

The Bylaws take into account the amendments proposed at the Shareholders' Meeting of April 12, 2018.

Part I

Legal form – Corporate name – Corporate purpose – Registered office – Term

Article 1 – Legal form

Christian Dior, first established in the form of a limited liability partnership under the terms of a private agreement entered into on October 8, 1946 in Paris, filed on October 18, 1946 with the clerk of the Paris commercial court and published in the Journal Special des Sociétés Françaises par Actions of October 18, 1946, was transformed into a joint-stock corporation (Société Anonyme) without creating a new legal entity, following a decision of the Extraordinary Meeting of Partners held on December 21, 1979.

The Company was then transformed into a European Company (Societas Europaea or "SE") by decision of the Combined Shareholders' Meeting of December 9, 2014. It is governed by European Community and national provisions in effect, and by these Bylaws.

The Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director shall not take part in any of the Committee's work pertaining to their compensation.

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.

4. Prerogatives of the Committee

The Committee shall report on its work to the Board of Directors. It shall submit its findings, recommendations and suggestions to the Board.

Members of the Committee may request any and all available information that they deem necessary for the purposes of performing their duties.

Unfavorable opinions issued by the Committee on any proposal must be substantiated.

5. Compensation of Committee members

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.

Article 2 – Corporate purpose

The Company's purpose, in France and in any other country, is the taking and management of interests in any company or entity, whether commercial, industrial, or financial, whose direct or indirect activity involves the manufacture and/or dissemination of prestige products, through the acquisition, in any form whatsoever, of shares, corporate interests, bonds, or other securities or investment rights.

It may also pursue direct or indirect equity investment in any industrial or commercial operations by creating new companies, contributions, subscriptions, or purchases of shares or corporate interests, merger, takeover, joint venture, or other method.

More generally, it may also engage in any commercial, financial, and industrial activities and those involving real and moveable assets, in such a way as to facilitate, favor, or develop the Company's activity.

Article 3 – Corporate name

The name of the Company is: **Christian Dior**.

In all legal instruments or documents issued by the Company and addressed to third parties, this name must always be immediately preceded or followed by the words "société européenne" or the initials "SE", which should appear legibly, and by the disclosure of the amount of the share capital.

Article 4 – Registered office

The address of the Company's registered office is 30, avenue Montaigne, 75008 Paris, France.

It may be transferred to any other place in France by decision of the Board of Directors subject to such decision being ratified at the next Ordinary Shareholders' Meeting, and to any other place pursuant to a resolution passed at an Extraordinary Shareholders' Meeting.

Agencies, branch offices, warehouses and retail outlets may be established in any place and in any country, by simple resolution of the Board of Directors, which may later relocate or close these entities at its discretion.

Article 5 – Term

The term of the Company is ninety-nine years, starting from its date of incorporation, on the eighth day of October, in the year one thousand nine hundred and forty-six.

Part II

Share capital – Shares

Article 6 – Share capital

The share capital of the Company is 361,015,032 euros, consisting of 180,507,516 fully paid-up shares with a par value of 2 euros each, all of which belong to the same class.

The Company issued 4,351,808 shares further to the contribution by the various shareholders of Djedi Holding SA of 5,159,349 shares held in absolute ownership and 206,374 shares held in bare ownership in the said company, valued at 1,958,313,600 French francs.

Article 7 – Changes in the share capital

The share capital may be increased or decreased by a resolution of the Extraordinary Shareholders' Meeting, as provided by law.

The Shareholders' Meeting may delegate the authority or powers necessary to effect such a change to the Board of Directors.

Article 8 – Shares

PAYMENT

Shares subscribed in cash must be paid up, upon subscription, in an amount equivalent to at least one-quarter of their par value, plus, where applicable, the entirety of the issue premium. The remainder shall be called by the Board of Directors within a maximum period of five years.

Payment for shares may be made by offsetting against liquid and demandable receivables due from the Company.

Shareholders shall be informed of calls for funds at least fifteen days in advance, either by a notice inserted in a legal gazette published where the registered office is located or by registered letter with acknowledgment of receipt sent to each shareholder.

Shares allocated in the form of a contribution in kind or by way of the capitalization of unappropriated retained earnings, reserves or issue premiums as well as shares the amount of which

results, in part, from a capitalization of reserves, unappropriated retained earnings or issue premiums and in part, from a cash payment, must be fully paid up upon issue.

Any late payment for shares incurs, automatically and without prior formal notice, an interest charge due to the Company, calculated at the legal rate in commercial matters as of the payment date, plus three percentage points.

FORM

Fully paid-up shares may be in registered or bearer form, at the discretion of the shareholder.

When the owner of the shares is not a French resident within the meaning of Article 102 of the French Civil Code, any intermediary may be registered on behalf of such owner. Such registration may be made in the form of a joint account or several individual accounts, each corresponding to one owner.

At the time such an account is opened through either the issuing company or the financial intermediary authorized as account holder, the registered intermediary shall be required to declare, under the terms and conditions laid down by decree, its capacity as intermediary holding shares on behalf of another party.

TRANSFER OF SHARES

Shares are freely negotiable, unless prohibited by applicable laws or regulations, in particular as regards shares with payments in arrears and contributing shares.

Registered shares are transferred via inter-account transfer based on the instructions of the account holder or his or her legal representative.

INDIVISIBILITY

Shares are indivisible as far as the Company is concerned. Joint holders of shares shall be required to be represented vis-à-vis the Company by only one of the joint holders or by a mutually agreed permanent representative.

RIGHTS ATTACHED TO THE SHARES

Ownership of a share automatically implies acceptance of these Bylaws and of resolutions passed by Shareholders' Meetings.

Each share entails the right to take part, as provided by law and these Bylaws, in Shareholders' Meetings and in votes on resolutions.

Each share entitles the holder to a share of corporate profits and assets proportional to the number of outstanding shares, in consideration of the par value of the shares.

All shares currently comprising, or that shall comprise in future, the Company's share capital are equivalent for tax purposes. Accordingly, each share shall entitle the holder, as much during the active existence of the Company as in the event of liquidation, to the payment of the same net amount at the time of any distribution or redemption, such that all taxes or tax exemptions relating to said distribution or redemption shall be consolidated, without distinction between the shares.

The liability of shareholders is limited to the amount of their contribution to the Company's share capital.

Under no circumstances may a shareholder's heirs, representatives or creditors apply for seals to be placed on or initiate proceedings against the Company's property and assets, request the division or public sale by auction of the same, nor interfere in any way with the actions of the Company's management. These individuals must refer to the Company's schedules of assets and liabilities and must respect the decisions of Shareholders' Meetings.

CROSSING OF SHAREHOLDER THRESHOLD

Any legal entity or natural person who comes to possess a number of shares representing more than 1% of the Company's share capital shall notify the Company no later than eight days after the crossing of this threshold and each time that a further threshold of 1% is crossed. However, this obligation shall cease to be applicable when the portion of capital held is equal to or greater than 60% of the Company's share capital.

In the event of a failure to comply with this disclosure obligation, the shares in excess of the percentage that should have been declared shall be deprived of their voting rights at any Shareholders' Meeting to be held within a period of three months following the date on which proper notification is made, provided that a request to this effect has been recorded in the minutes of the Shareholders' Meeting by one or more shareholders holding at least 5% of the Company's share capital.

IDENTIFIABLE BEARER SHARES

In order to identify the holders of securities, the Company is entitled to request, at any time, at its own expense, that the central custodian of financial instruments provide the name, or in the case of a legal entity, the Company name, the nationality, the year of birth or incorporation, and the address of the holders of shares conferring the right to vote, immediately or at some point in the future, at its own Shareholders' Meetings, as well as the number of shares held by such natural persons or legal entities and the restrictions, if any, which may exist upon the shares.

In light of the list sent by the aforementioned body, the Company shall be entitled to request information concerning the owners of the shares listed above, either through the intervention of that body, or directly, under the same terms and conditions and subject to the penalties stipulated in Article L. 228-3-2 of the French Commercial Code, of the persons appearing on that list and who might be, in the Company's opinion, registered on behalf of third parties.

When they act as intermediaries, such persons shall be required to disclose the identity of the owners of such shares. The information shall be provided directly to the authorized financial intermediary holding the account, who shall in turn be responsible for communicating it to the issuing company or the aforementioned body, as applicable.

Part III

Chapter I: Corporate governance

Article 9 – Membership of the Board of Directors

Subject to the exceptions provided by law, the Company is administered by a Board of Directors composed of at least three and no more than eighteen members, appointed by the Shareholders' Meeting for a term of office lasting three years.

A legal entity may be appointed as a Director but is required, at the time of its appointment, to designate an individual who shall serve as its permanent representative on the Board of Directors. The term of office of a permanent representative is the same as that of the legal entity Director he or she represents and must be reconfirmed at each renewal of the latter's term of office.

When the legal entity dismisses its permanent representative, it must at the same time provide for its replacement, and must send notification to the Company, by registered letter, of this dismissal as well as the identity of the new permanent representative. The same provision applies in case of death or resignation of the permanent representative.

A Director's appointment shall terminate at the close of the Ordinary Shareholders' Meeting convened to approve the accounts of the preceding fiscal year and held in the year during which the term of office of said Director comes to an end.

However, in order to allow a renewal of the terms which is as egalitarian as possible and in any case complete for each three-year period, the Board of Directors will have the option of determining the order in which Directors' appointments expire by the impartial selection at a Board meeting of one-third of the Directors each year. Once the rotation has been established, renewals will take place according to seniority.

No one over the age of eighty-five years shall be appointed Director if, as a result of his or her appointment, the number of Directors who are more than eighty-five years old would exceed one-third of the members of the Board. The number of members of the Board of Directors who are more than eighty-five years old may not exceed one-third (rounded to the next higher number if this total is not a whole number) of the Directors in office. Whenever this limit is exceeded, the term in office of the oldest appointed member shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was exceeded.

Directors may be re-elected indefinitely. They may be revoked at any time by decision of the Ordinary Shareholders' Meeting.

In the event of the death or resignation of one or more Directors, the Board of Directors may make provisional appointments between two Shareholders' Meetings, subject to their ratification by the next Ordinary Shareholders' Meeting.

When the number of members of the Board of Directors falls below the statutory minimum, the remaining Directors must immediately convene an Ordinary Shareholders' Meeting in order to supplement the membership of the Board of Directors.

A Director appointed to replace another Director shall serve as Director only for the remainder of his, her or its predecessor's term of office.

Article 10 – Shares held by Directors

Each Director must own at least two hundred shares of the Company for the entire duration of his, her or its term of office.

If, when appointed, a member of the Board of Directors does not own the required number of shares, or if the member ceases to own this required number at any point in his, her or its term of office, the member shall be allowed a period of six months to purchase a sufficient number of shares, failing which he, she or it shall be automatically considered to have resigned.

Article 11 – Organization of the Board of Directors

The Board of Directors shall elect a Chairman, who must be an individual, from among its members. It shall determine his or her term of office, which cannot exceed that of his or her office as Director.

The Chairman of the Board of Directors cannot be more than seventy-five years old. Should the Chairman reach this age limit during his or her term of office, his or her appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached. Subject to this provision, the Chairman of the Board may always be re-elected.

In case of temporary disability or death of the Chairman, the Board may temporarily delegate a Director to perform the duties of the Chairman. In case of temporary disability, this delegation is granted for a limited duration and is renewable. In case of death, it is granted until the election of the new Chairman.

The Board of Directors may also appoint a Secretary, who may or may not be chosen from among the members of the Board.

Article 12 – Operating procedures of the Board of Directors

1. The Board meets as often as required by the interests of the Company and at least every three months, and is convened by its Chairman on his or her own initiative, or if he or she is not also the Chief Executive Officer, at the request of the Chief Executive Officer or the Director temporarily delegated to perform the duties of Chairman.

If the Board of Directors has not met for more than two months, a meeting may also be convened by any group of Directors, representing at least one-third of the members of the Board, who shall indicate the agenda of the meeting.

Meetings are held at the registered office or at any other location specified in the convening notice. Board meetings are chaired by the Chairman of the Board of Directors, or by the Director temporarily designated to perform the duties of Chairman or, if unavailable, by another Director selected by the Board of Directors.

Notice is served in the form of a letter sent to each Director, at least eight days prior to the meeting; it shall mention the agenda of the meeting as set by the person convening the meeting. However, the Board may meet without notice upon verbal notice and the agenda may be set at the opening of the meeting if all Directors in office are present or represented or when it is convened by the Chairman during a Shareholders' Meeting.

Any Director may give a proxy to another Director, even by letter or cable, to represent him or her and vote on his or her behalf on resolutions of the Board of Directors, for a specific meeting. However, each Director may only dispose of one proxy during the meeting.

An attendance register shall be kept and signed by all the Directors attending each meeting.

2. A meeting of the Board of Directors shall be valid if at least half of its members are present or represented.

Directors who participate in Board meetings by means of videoconferencing or other telecommunication methods under the conditions defined by the internal rules of the Board of Directors shall be deemed to be present for the purposes of calculating the quorum and majority. However, actual presence or representation shall be necessary for any Board resolutions relating to the preparation of the parent company financial statements and consolidated financial statements, and to the drafting of the Management Report and the report on the Group's Management.

Decisions are made by a majority of the votes of members present or represented. In the event of a tie vote, the Chairman's vote is the deciding vote.

3. Proceedings of the Board of Directors shall be officially recorded in the form of minutes in a special numbered and initialed minute book kept at the registered office, or on separate sheets, consecutively numbered and initialed.

These minutes shall be signed by the Chairman of the meeting and by a Director. If the Chairman of the meeting is unavailable, they may be signed by two Directors.

The production of abstracts or copies of the minutes to a meeting shall serve as sufficient justification of the number of Directors in office and their presence or representation by proxy at the meeting.

To be valid, copies or abstracts of the minutes of the meeting shall be certified by the Chairman of the Board of Directors, the Chief Executive Officer, the Secretary, the Director temporarily delegated to perform the duties of Chairman, or by a representative duly authorized to that effect.

In the event of the liquidation of the Company, these copies or abstracts shall be validly certified by a single liquidator.

Article 13 – Powers of the Board of Directors

The Board of Directors sets guidelines for the Company's activities and shall ensure their implementation. Subject to the powers expressly granted to the Shareholders' Meetings and within the limits of the corporate purpose, it addresses any issue relating to the Company's proper operation and settles the affairs concerning it through its resolutions.

In its relations with third parties, the Company is bound even by acts of the Board of Directors falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such a purpose or that it could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient proof thereof.

The Board of Directors performs such monitoring and verifications as it deems appropriate. Each Director receives all necessary information for completing his or her assignment and may request any documents he or she deems useful.

The Board of Directors shall exercise the powers defined by the law and regulations applicable in France, or delegated or authorized by a Shareholders' Meeting pursuant to said laws and regulations; these powers shall include inter alia:

- setting, annually, either an overall limit within which the Chief Executive Officer may undertake commitments on behalf of the Company in the form of sureties, endorsements, guarantees or letters of intent involving an obligation of means; or a maximum amount for each of the above commitments. The decision to exceed the overall limit or the maximum amount set for a commitment may be made only by the Board of Directors. The Chief Executive Officer may delegate all or part of the powers granted to him in accordance with law and regulations;
- the ability to set an annual limit on issues of bonds that may or may not entitle the holder to other bonds or existing equity securities, and to delegate to one or more of its members, the Chief Executive Officer or, with the latter's consent, one or more Group Managing Directors, the necessary powers to carry out and define the terms of bond issues within that limit. The Board of Directors must be notified of any use of such delegation of powers at its next meeting after a bond issue is launched.

Members of the Board of Directors shall be forbidden from divulging any information about the Company, even after their terms of office have ceased, where such disclosure may be prejudicial to the Company's interests, except where such disclosure is permitted by current law and regulations or for the public benefit.

The Board of Directors may adopt internal rules establishing, inter alia, its membership, duties and operating procedures and the responsibilities of its members.

The Board of Directors may also create special-purpose committees of Directors, which may be permanent or temporary. Such committees may include but are not limited to: a special-purpose Committee to monitor the preparation and auditing of accounting and financial information, a Committee that oversees compensation and a Committee that oversees appointments; a single Committee may oversee both compensation and appointments. Committee composition and responsibilities shall be set forth in internal regulations adopted by the Board of Directors.

The decisions of the Board of Directors shall be carried out either by the Chief Executive Officer or by any person specifically appointed by the Board for that purpose.

Furthermore, the Board may grant one of its members or any third parties, whether shareholders or not, any special offices for one or more specific purposes, with or without the option, for the persons so appointed, to themselves delegate, whether in full or in part, the performance of these duties.

Article 14 – Compensation of the Directors

The Shareholders' Meeting may allocate to the Directors in compensation for their services a fixed sum as attendance fees, the amount of which is to be included in the overhead expenses of the Company.

The Board shall divide the amount of these attendance fees among its members as it deems fit. In particular, it may decide to allow Directors who serve on committees a greater portion of these fees.

It may also allow exceptional compensation for specific duties or offices assigned to Directors.

These payments shall be subject to the legal provisions applicable to agreements requiring the prior authorization of the Board of Directors.

Article 14a – Advisory Board members

Between one and three Advisory Board members may be appointed. They may each be appointed for a term of no longer than three years. They may be re-elected. Their appointment or dismissal is subject to the same rules as those applying to Directors. However, Advisory Board members need not be shareholders and as such are not subject to rules relating to the holding of multiple appointments as Directors or to similar positions.

Advisory Board members are convened to the meetings of the Board of Directors, in which they have a consultative vote.

The compensation paid to Advisory Board members is determined each year by the Board of Directors and is set off from the total attendance fees allocated by the Shareholders' Meeting to the members of the Board of Directors.

The Advisory Board Members may be consulted by the Chairman of the Board of Directors on the Group's strategic direction and, more generally, on any issues relating to the Company's organization and development. The Committee Chairmen may also solicit their opinion on matters falling within their respective areas of expertise.

Chapter II: Management of the Company

Article 15 – Chairman – General Management

I - CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors chairs the meetings of the Board, and organizes and directs its work, for which he or she reports to the Shareholders' Meeting. He/she shall ensure the proper operation of corporate bodies and, in particular, shall verify that the Directors are able to perform their duties.

The Board shall determine the compensation to be paid to the Chairman.

II - GENERAL MANAGEMENT

1. Choice between the two methods of General Management

The Company's General Management is performed, under his responsibility, either by the Chairman of the Board of Directors, or by another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer, depending upon the decision of the Board of Directors choosing between the two methods of exercising the General Management function. It shall inform the shareholders thereof in accordance with the regulatory conditions.

When the Company's General Management is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer shall apply to him or her.

2. Chief Executive Officer

The Chief Executive Officer may or may not be chosen from among the Directors. The Board sets his or her term of office as well as his or her compensation. The age limit for serving as Chief Executive Officer is seventy years. Should the Chief Executive Officer reach this age limit, his or her term of office shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. If the dismissal is decided without just cause, it may give rise to damages, unless the Chief Executive Officer assumes the duties of Chairman of the Board of Directors.

The Chief Executive Officer is vested with the most extensive powers to act under any circumstances on behalf of the Company. He/she exercises such powers within the limits of the corporate purpose, and subject to the powers expressly granted by law to the Shareholders' Meeting and to the Board of Directors.

He or she shall represent the Company in its relations with third parties. The Company is bound even by acts of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient to establish such proof.

The provisions of the Bylaws or decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not binding on third parties.

3. Group Managing Directors

Upon the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer, with the title of Group Managing Director, for whom it shall set the compensation.

There may not be more than five Group Managing Directors serving in this capacity at the same time.

Group Managing Directors may be dismissed at any time by the Board of Directors, upon the proposal of the Chief Executive Officer. If the dismissal is decided without just cause, it may give rise to damages.

When the Chief Executive Officer ceases to exercise his/her duties or is prevented from doing so, the Group Managing Directors remain in office with the same powers until the appointment of the new Chief Executive Officer, unless resolved otherwise by the Board.

In agreement with the Chief Executive Officer, the Board of Directors sets the scope and duration of the powers granted to Group Managing Directors. With regard to third parties, they shall have the same powers as the Chief Executive Officer.

The age limit for eligibility to perform the duties of Group Managing Director is seventy years. Should a Group Managing Director reach this age limit during his or her term of office, his

or her appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

Chapter III: Company audit

Article 16 – Statutory Auditors

The Company shall be audited by one or more Statutory Auditors appointed by the Ordinary Shareholders' Meeting.

One or more alternate Statutory Auditors shall also be appointed.

The term of office for a Statutory Auditor is six fiscal years, expiring following the Ordinary Shareholders' Meeting convened to approve the financial statements for the sixth fiscal year.

Statutory Auditors may be removed from office by the Shareholders' Meeting in the event of negligence or inability.

They are required to attend meetings of the Board of Directors convened to approve the annual or half-yearly financial statements of the preceding fiscal year as well as all Shareholders' Meetings.

The compensation paid to Statutory Auditors is determined in accordance with applicable regulatory procedures.

A Statutory Auditor appointed to replace another shall remain in office only until the expiration of the term of office of his or her predecessor.

Part IV

Shareholders' Meetings

Chapter I: General provisions

Article 17

IMPACT OF DECISIONS

Shareholders' Meetings deemed to be duly convened and held represent all shareholders. Decisions taken during Shareholders' Meetings, in accordance with the law and the provisions of these Bylaws, shall be binding for all shareholders, even those who are absent, indisposed or dissenting.

CONVENING NOTICES

Shareholders meet every year, within six months of the end of each fiscal year, at an Ordinary Shareholders' Meeting.

Additional Shareholders' Meetings may be convened at any time during the year, whether as Ordinary Shareholders' Meetings held on an extraordinary basis or as Extraordinary Shareholders' Meetings.

Shareholders' Meetings shall be convened and held as provided by law.

One or more shareholders who together hold at least 10% of the company's subscribed share capital may also request that the Board of Directors convene a Shareholders' Meeting, and draw up its agenda.

Convening notices are sent to shareholders at least fifteen days prior to the planned date of the Shareholders' Meeting. This period is reduced to ten days for reconvened Shareholders' Meetings and for postponed meetings.

ATTENDANCE

The Shareholders' Meeting comprises all shareholders, irrespective of the number of shares they own.

The right to attend and vote at Shareholders' Meetings is subject to the registration of the shareholder in the Company's share register.

A shareholder is entitled to attend and vote at any meeting provided that the shares held are registered in the accounts in the name of the shareholder or intermediary authorized to act on his or her behalf as of 00:00 (midnight), Paris time, two business days prior to the meeting, either in the accounts of registered shares maintained by the Company or in the accounts of bearer shares maintained by the officially authorized financial intermediary. The registration of bearer shares in the accounts is certified by a statement delivered by the financial intermediary authorized as account holder.

Holders of shares not paid up within a period of thirty calendar days from the notice issued by the Company shall not be admitted to Shareholders' Meetings. These shares shall be subtracted when calculating the quorum.

A shareholder can always be represented in a valid manner at a Shareholders' Meeting by another shareholder, his or her spouse, the partner with whom he or she has entered into a "Pacte civil de solidarité" (PACS, the French civil union contract), or any other private individual or legal entity of his or her choice. Written notice must be sent to the Company of the appointment of any proxy, and where applicable the rescindment of this appointment.

Shareholders may address their proxy form and/or their voting form for any meeting, in accordance with applicable laws and regulations, either by mail or, if decided by the Board of Directors, by electronic transmission.

Pursuant to the provisions of Article 1316-4, paragraph 2 of the French Civil Code, in the event of the use of an electronically submitted form, the shareholder's signature shall make use of a reliable identification process that ensures the link with the document to which it is attached.

A shareholder who has voted by mail or by electronic transmission, sent a proxy or requested an admittance card or certificate stating the ownership of shares may not select another means of taking part in the meeting.

Any shareholder not deprived of voting rights may be appointed as a proxy by another shareholder in order to be represented at a meeting.

Any intermediary who meets the requirements set forth in paragraphs 7 and 8 of Article L. 228-1 of the French Commercial Code may, pursuant to a general securities management agreement, transmit to a Shareholders' Meeting the vote or proxy of a shareholder, as defined in paragraph 7 of that same article.

Before transmitting any proxies or votes to a Shareholders' Meeting, the intermediary registered pursuant to Article L. 228-1 of the French Commercial Code shall be required, at the request of the issuing company or its agent, to provide a list of the non-resident owners of the shares to which such voting rights are attached. Such a list shall be supplied as provided by either Article L. 228-2 or Article L. 228-3 of the French Commercial Code, whichever is appropriate.

A vote or proxy issued by an intermediary who either is not declared as such, or does not disclose the identity of the shareholders, may not be counted.

Legal representatives of legally incapacitated shareholders, and natural persons representing shareholders that are legal entities, shall take part in meetings regardless of whether or not they personally are shareholders.

Shareholders have as many votes as they hold shares. However, a voting right equal to twice the voting right attached to other shares, with respect to the portion of the share capital that they represent, is granted:

- to all fully paid-up registered shares which can be shown to have been registered to the same shareholder for at least three years;
- to registered shares allocated to a shareholder, in the event of an increase in the share capital by way of capitalization of reserves, earnings or additional paid-in capital, on the basis of shares already held that bear such entitlement.

This double voting right shall automatically lapse in the case of registered shares being converted into bearer shares or conveyed in property. However, any transfer by right of inheritance, by way of liquidation of community property between spouses or deed of gift inter vivos to the benefit of a spouse or an heir shall neither cause the acquired right to be lost nor interrupt the abovementioned three-year qualifying period. The same shall also apply to any transfer, following the merger or spin-off of a shareholding company, to the absorbing company or the company benefiting from the spin-off, or, as the case may be, to the new company created as a result of the merger or spin-off.

When a Works Council exists within the Company, two of its members, appointed by the Council, may attend Shareholders' Meetings. At their request, their opinions must be heard on the occasion of any vote requiring the unanimous approval of shareholders.

Article 18 – Convening and conduct of Shareholders' Meetings

Shareholders' Meetings shall be convened as provided by law.

Meetings are held at the registered office or at any other place mentioned in the convening notice.

In accordance with the conditions set by applicable legal and regulatory provisions, and pursuant to a decision of the Board of Directors, Shareholders' Meetings may also be held by means of videoconference or through the use of any telecommunications media allowing the identification of shareholders.

A Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in his or her absence, by the Vice-Chairman of the Board of Directors or, in the absence of both of these individuals, by a member of the Board of Directors appointed by the Board for that purpose. If no Chairman has been appointed, the shareholders at the meeting elect the Chairman.

The agenda of the meeting shall be set, in the usual course of events, by the person(s) convening the meeting.

The two members of the meeting present, having the greatest number of votes, and accepting that role, are appointed as scrutineers.

The officers of the meeting appoint a secretary, who may but need not be a shareholder.

An attendance sheet is drawn up and initialed by the shareholders present, and certified as accurate by the officers of the meeting.

Proceedings of the Shareholders' Meeting shall be officially recorded in the form of minutes in a special numbered and initialed minute book kept at the registered office, or on separate sheets, consecutively numbered and initialed.

These minutes shall be signed by the officers of the meeting. Copies or abstracts of the minutes shall be validly certified by the Chairman of the Board of Directors, by a Director temporarily delegated to perform the duties of the Chief Executive Officer, or by the secretary of the meeting.

Chapter II: Ordinary Shareholders' Meetings

Article 19 – Powers

The shareholders at the Ordinary Shareholders' Meeting shall hear the reports prepared by the Board of Directors, its Chairman, and the Statutory Auditors. They also review the financial statements prepared by the Company.

The shareholders at the meeting discuss, approve, amend or reject the financial statements submitted. They decide upon the distribution and appropriation of profits.

They decide upon any amounts to be allocated to reserve funds. They also determine the amounts to be withdrawn from reserves and decide upon their distribution.

They determine the total amount of attendance fees to be allocated to the members of the Board of Directors.

They appoint, replace, re-elect or dismiss Directors.

They ratify any appointments of Directors made on a provisional basis by the Board of Directors.

They appoint the Statutory Auditors and examine their special report.

They hear all proposals that do not fall within the exclusive remit of the Extraordinary Shareholders' Meeting.

Article 20 – Quorum and majority

In order to pass valid resolutions, the Ordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fifth of total voting shares.

When convened upon second notice, the deliberations of an Ordinary Shareholders' Meeting shall be valid regardless of the number of shares represented.

The resolutions are approved by a majority of validly cast votes. Votes cast do not include votes attaching to shares in respect of which the shareholder has not taken part in the vote, has abstained, or has returned an uncompleted or invalid voting paper.

Chapter III: Extraordinary Shareholders' Meetings

Article 21 – Powers

The shareholders at the Extraordinary Shareholders' Meeting may amend the Bylaws in any of its provisions and may also decide upon the transformation of the Company into a company having any other legal form.

The shareholders may vote at an Extraordinary Shareholders' Meeting to delegate to the Board of Directors the power to make necessary amendments to the Bylaws to harmonize them with legal and regulatory requirements, subject to any such amendments being ratified at the next Extraordinary Shareholders' Meeting.

However, in no event, unless by unanimous decision of the shareholders, may it increase the duties of the latter, nor may it violate the principle of equal treatment of all shareholders, except in the case of transactions resulting from a duly completed regrouping of shares.

Article 22 – Quorum and majority

1. In order to pass valid resolutions, the Extraordinary Shareholders' Meeting, convened upon first notice, must consist of shareholders, present or represented, holding at least one-fourth of total voting shares. The deliberations of an Extraordinary Shareholders' Meeting convened upon second notice or held as a result of the postponement of the meeting convened upon second notice shall be valid provided it consists of shareholders holding at least one-fifth of total voting shares.

The resolutions are approved by a two-thirds majority of validly cast votes. Votes cast do not include votes attaching to shares in respect of which the shareholder has not taken part in the vote, has abstained, or has returned an uncompleted or invalid voting paper.

2. When deciding upon or authorizing the Board of Directors to effect a capital increase through the capitalization of reserves, unappropriated retained earnings, or issue premiums, resolutions are passed subject to the quorum and majority conditions of Ordinary Shareholders' Meetings.

3. A capital increase effected by way of an increase in the par value of shares to be paid up in cash, or through the offsetting of receivables, requires the unanimous approval of shareholders, representing the entirety of shares making up the share capital.

Chapter IV: Constitutive Shareholders' Meetings**Article 23 – Quorum and majority**

The shareholders at Constitutive Shareholders' Meetings, which are those convened to approve contributions in kind or benefits in kind, shall pass valid resolutions subject to the quorum and majority conditions of Extraordinary Shareholders' Meetings specified in the previous article.

At these meetings, neither the contributor nor the recipient may vote, on his or her own behalf or as a proxy. His or her shares shall not be taken into account when calculating the quorum and majority.

Part V**Parent company financial statements****Article 24 – Fiscal year**

Each fiscal year lasts twelve months, commencing on the first day of January and ending on the thirty-first day of December of each year.

Article 25 – Company accounts

Regular accounts shall be kept of the Company's operations in conformity with the law and normal commercial practice.

At the end of each fiscal year, the Board of Directors shall draw up the schedule of the assets and liabilities existing as of the fiscal year-end as well as the annual accounts. The amount of commitments in the form of sureties, guarantees or collateral shall be mentioned in the balance sheet.

The Board of Directors shall also draw up a Management Report.

All of these documents shall be made available to the Statutory Auditors in accordance with applicable laws and regulations.

Article 26 – Distributable earnings

1. The net proceeds of each fiscal year, minus general expenses and other expenses incurred by the Company, including all amortization, depreciation and provisions, represents the net profit or loss of the fiscal year.
2. From the net profit for each fiscal year, minus prior losses, if any, an amount equal to at least one-twentieth must be deducted and allocated to the formation of a "legal reserve" fund. This deduction is no longer required when the amount of the legal reserve has reached one-tenth of the share capital. It is resumed when, for whatever reason, the legal reserve falls below this fraction.
3. Distributable earnings consist of the remaining balance, plus any profits carried forward.

From these distributable earnings:

The Shareholders' Meeting may deduct the necessary amounts for allocation to the special reserve for long-term capital gains, as provided for by current tax provisions, if other legal or optional reserves do not allow such a contribution at the time the allocation is taxable in order to defer payment at the full corporate income tax rate applicable to long-term capital gains realized during the fiscal year.

The Shareholders' Meeting may then deduct from the balance such sums as it deems appropriate, either to be carried forward to the following fiscal year, or to be applied to one or more general or special reserve funds, whose allocation or use it shall freely determine.

Any remaining balance is to be distributed among all shareholders in the form of a dividend, prorated in accordance with the share capital represented by each share.

The Shareholders' Meeting convened to approve the fiscal year's financial statements may grant each shareholder, upon the proposal of the Board of Directors, in relation to all or part of the dividend distributed, a choice between payment of the dividend in cash or in shares. The Board of Directors has the same authority for the distribution of interim dividends.

In addition, the Shareholders' Meeting may decide to distribute assets recorded in the balance sheet of the Company and, in particular, securities by taking sums from the profits, retained earnings, reserves or premiums. The Shareholders' Meeting may decide that rights forming fractional shares shall neither be tradable nor assignable. The Shareholders' Meeting may notably decide that, when the portion of the distribution to which the shareholder is entitled does not correspond to a whole number in the unit of measure used for the distribution, the shareholder shall receive the whole number, in the unit of measure, immediately below that amount, together with an equalization payment in cash.

4. Except in the case of a capital reduction, no distribution may be made to shareholders when equity is or would subsequently become less than the total share capital.
5. When a balance sheet, drawn up during or at the end of the fiscal year and certified by a Statutory Auditor, shows that the Company, since the close of the preceding fiscal year, after having made the necessary charges to depreciation, amortization and provisions, and after deduction of prior losses, if any, as well as of the amounts which are to be allocated to the reserves provided by law or by these Bylaws, and taking into account profits carried forward, if any, has available earnings, the Board of Directors may resolve to distribute interim dividends prior to the approval of the financial statements of the fiscal year, and may determine the terms thereof notably with regard to the amount and date. These interim dividends may be distributed in cash or in kind, notably in the form of assets from the Company's balance sheet (which may include securities). In the event of an interim distribution in kind, the Board of Directors may decide that fractional rights will be neither negotiable nor transferable. The Board of Directors may notably decide that, when the portion of the distribution to which the shareholder is entitled does not correspond to a whole number in the unit of measure used for the distribution, the shareholder shall receive the whole number, in the unit of measure, immediately below that amount, together with an equalization payment in cash. The amount of such interim dividends cannot exceed the amount of the profits as defined in this paragraph.

Part VI

Transformation – Dissolution – Extension – Liquidation – Litigation

Article 27 – Transformation

The Company may be transformed into a company having a different legal form provided that, at the time of the transformation, it has been in existence for at least two years and the balance sheets of its first two years of existence have been approved by the shareholders.

Any transformation of the Company must be decided upon and published as provided by law.

Article 28 – Net assets amounting to less than one-half of the share capital

If, as a consequence of losses showed by the Company's accounts, the equity of the Company is reduced to below one-half of the share capital of the Company, the Board of Directors shall, within four months of the approval of the accounts showing such a loss, convene an Extraordinary Shareholders' Meeting in order to decide whether the Company ought to be dissolved before its statutory term.

If the dissolution is not resolved, the Company must, no later than the end of the second fiscal year following the fiscal year during which the losses were established, reduce its share capital by an amount at least equal to the losses which could not be charged to reserves if, by the conclusion of the aforementioned period, the net assets have not been replenished to an amount at least equal to one-half of the share capital.

In either case, the resolution adopted by the Shareholders' Meeting shall be published, in accordance with the law.

Article 29 – Premature dissolution – Extension

An Extraordinary Shareholders' Meeting may at any time declare the premature dissolution of the Company or, at the expiration of the Company's term of existence, its extension.

At least one year prior to the expiration of the Company's term of existence, the Board of Directors shall convene an Extraordinary Shareholders' Meeting, in order to decide whether the Company's term ought to be extended.

Article 30 – Liquidation

Upon the expiration of the Company's term of existence or in the event of its premature dissolution, the Shareholders' Meeting shall decide the methods of liquidation and appoint one or several liquidators whose powers it shall determine.

The appointment of the liquidator(s) terminates the office of the Directors and that of the Statutory Auditors.

During the period of the liquidation, the Shareholders' Meeting shall retain the same powers as those it exercised during the existence of the Company.

The net proceeds of the liquidation, after payment of liabilities, shall be used first for the repayment of the amount paid up on shares that has not already been repaid to shareholders by the Company, with the balance divided among all the shares.

The shareholders are convened at the end of the liquidation in order to decide on the final accounts, to discharge the liquidators from liability for their acts of management and the performance of their office, and to formally acknowledge the termination of the liquidation process. The conclusion of the liquidation shall be published as provided by law.

Article 31 – Litigation – Election of domicile

Any litigation that may arise, during the term of existence of the Company or its liquidation, either between the shareholders and the Company, or among the shareholders themselves, with respect to Company activities, shall be heard by the competent courts with jurisdiction over the location of the Company's registered office.

To this end, all shareholders must elect domicile within the same area of jurisdiction as the registered office and all summons or notices shall be validly served at this domicile.

Where no such domicile is elected, summons and notices shall be validly served before the Procureur de la République (French public prosecutor) at the Tribunal de Grande Instance (French civil court) that has jurisdiction over the location of the registered office.