REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Drawn up in accordance with the provisions of Article L.225-37 of the French Commercial Code, this report was approved by the Board of Directors at its meeting on February 2, 2016.

Its purpose is notably to give an account of the membership of the Board of Directors of the Company, the preparation and organization of its work, the compensation policy applied to senior executives and company officers, as well as the risk management and internal control procedures established by the Board and in particular the procedures relating to the preparation and processing of accounting and financial information.

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.

The Board of Directors of LVMH Moët Hennessy - Louis Vuitton 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, the Performance Audit Committee and the Nominations and Compensation Committee, whose membership, role and missions are defined by internal rules, have been established by the Board.

The Charter of the Board of Directors and the internal rules governing the two 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 presented in full in the "*Other Information* – Corporate Governance" section. They are regularly amended to take into account changes in laws and regulations and good governance practices.

Pursuant to the provisions of the Board of Directors' Charter, 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 500 of its shares.

1.2. Code of corporate governance – Application 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 Company applies the recommendations of that code, subject,

- in the case of the assessment of Director independence, to criteria set *in abstracto* concerning the length of service and the business relations maintained with the Group, as specified in §1.3 "Membership and missions";
- concerning the composition of the Board of Directors, to preserving the gender balance among its members, as specified in §1.3 "Membership and missions";
- and for authorizations to issue performance options or shares, to setting a cap on allocations to senior executive officers in the resolutions, as specified in §1.11 "Compensation policy for company officers".

1.3. Membership and missions

• At its meeting of February 2, 2016, the Board of Directors (i) examined the appointments of Ms. Bernadette Chirac and Messrs. Bernard Arnault, Nicholas Clive Worms, Charles de Croisset, Francesco Trapani and Hubert Védrine, expiring at the end of the Shareholders' Meeting of April 14, 2016, and (ii) decided to submit to said Meeting a proposal to renew the Directors' appointments of Ms. Bernadette Chirac and Messrs. Bernard Arnault, Charles de Croisset and Hubert Védrine, and to appoint Ms. Clara Gaymard and Ms. Natacha Valla as Directors.

Directors are appointed for three-year terms, as stipulated in the Bylaws. 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.

- The Board of Directors, subject to the decisions of the Shareholders' Meeting of April 14, 2016, will thus consist of seventeen members: Ms. Delphine Arnault, Ms. Bernadette Chirac, Ms. Clara Gaymard, Ms. Marie-Josée Kravis, Ms. Marie-Laure Sauty de Chalon, Ms. Natacha Valla, Messrs. Bernard Arnault, Antoine Arnault, Nicolas Bazire, Antonio Belloni, Charles de Croisset, Diego Della Valle, Albert Frère, Pierre Godé, Yves-Thibault de Silguy, Hubert Védrine, and Lord Powell of Bayswater.

Women make up 35% of the members of the Board of Directors; the Board is gradually pursuing its policy of including more women with the aim of reaching the 40% threshold in 2017, as provided by the French Commercial Code.

Personal information relating to the Directors is included in the "*Other information* – Governance" section.

Messrs. Bernard Arnault (Chairman and Chief Executive Officer) and Antonio Belloni (Group Managing Director) do not hold more than two directorships in non-Group listed companies, including foreign companies.

During its meeting of February 2, 2016, the Board of Directors reviewed the status of each Director currently in office as well as each proposed appointee, in particular with respect to the independence criteria set forth in the AFEP/MEDEF Code, and considered that:

(i) Ms. Bernadette Chirac, Ms. Clara Gaymard, Ms. Marie-Josée Kravis, Ms. Marie-Laure Sauty de Chalon, Ms. Natacha Valla and Messrs. Charles de Croisset, Yves-Thibault de Silguy and Hubert Védrine satisfy all criteria;

(ii) Messrs. Diego Della Valle and Albert Frère, who have served on the Board of Directors for more than 12 years, must be deemed independent. In the matter of these two individuals, the Board has departed from the criteria set forth by the AFEP/MEDEF Code relating to:

- the number of years of their service on the Board, considering that this is not likely to cloud their critical faculties or color their judgment, given both their experience and status as well as their current personal and professional circumstances. Moreover, their in-depth knowledge of the Group is an incalculable asset during major strategic decision-making;
- the business relations resulting from the joint and equal ownership by the LVMH group and the Frère-Bourgeois group, chaired by Mr. Albert Frère, of Château Cheval Blanc, considering that these relations are not material in view of the size of the two groups and are not likely to call into question his independence.

Subject to the decisions of the Shareholders' Meeting of April 14, 2016, ten out of the seventeen Directors who make up the Board of Directors are thus considered to be independent and to hold no interests in the Company. They represent 59% of the composition of the Board of Directors. In regard to the criteria defined by the AFEP/MEDEF Code, independent Directors constitute a third of the composition of the Board of Directors, as recommended by the code in the case of controlled companies.

- Over the course of the 2015 fiscal year, the Board of Directors met four times as convened by its Chairman. The attendance rate of Directors at these meetings was 94% on average.

The Board approved the annual and half-yearly consolidated and parent company financial statements, reviewed the quarterly activity and expressed its opinions on subjects including the Group's major strategic guidelines and decisions, its budget, the compensation of company officers, the establishment of performance share plans and the implementation of the share repurchase program.

It renewed the authorizations granted to (i) the Chairman and Chief Executive Officer to give guarantees to third parties and (ii) the Chairman and Chief Executive Officer and the Group Managing Director to issue bonds. It examined the regulated agreements that remained in effect during the fiscal year and authorized the amendment of various regulated agreements, including with related companies or with certain companies in which certain Directors hold Executive Management positions. It also reduced the share capital by retiring treasury shares.

It conducted a formal evaluation of its capacity to meet the expectations of shareholders, reviewing its membership, its organization, and its procedures. It changed its Charter to (i) specify the missions of the Board of Directors regarding significant operations outside the scope of the strategic guidelines defined by the Board of Directors and information on the financial position of the company, (ii) forbid senior executive officers from using hedging transactions on their share purchase or subscription options or their performance shares until the end of the holding period set by the Board, (iii) allow company officers to exercise options during blackout periods, provided that the shares are not resold before expiry of the blackout period, and (iv) specified the conditions under which senior executive officers may accept an appointment to a new corporate office in a listed company.

It also changed the internal rules of the Nominations and Compensation Committee, specifying its operating rules when determining the compensation of senior executive officers.

Lastly, the Board was informed of the measures the Group has adopted as regards gender equality and equal pay.

- In its meeting of February 2, 2016, the Board of Directors reviewed its composition, organization and *modus operandi*. The Board came to the conclusion that its composition is balanced with regard to its percentage of external Directors, considering the breakdown of share capital, and the diversity and complementarity of the skills and experience of its members.

The Board noted that:

- 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, financial statements, budget and the three-year plan;
- attendance by Directors was high and stable versus 2014;
- the gender balance and presence of non-French nationals on the Board of Directors ensures a wide range of visions and sensitivities essential to a Group with a worldwide dimension;
- the Board is fulfilling its role with respect to its missions and objectives of increasing the Company's value and protecting its interests;
- the Directors have no observations on 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.

In addition, the Board of Directors reviewed the Group's policy to protect against the impact of future economic and financial developments.

1.4. Executive Management

Mr. Bernard Arnault has been Chairman and Chief Executive Officer of the Company since 1989. The Board of Directors has not limited the powers vested in the Chief Executive Officer.

The Board of Directors came to the conclusion that the combined role of Chairman and Chief Executive Officer was suited to the Company's specific shareholding structure, and furthermore enabled more rapid decision-making. Consequently, it decided not to dissociate the roles of Chairman and Chief Executive Officer. In September 2001, in response to the proposal of the Chairman and Chief Executive Officer, the Board appointed Mr. Antonio Belloni as Group Managing Director. The Group Managing Director has the same powers as the Chief Executive Officer.

The balance of powers within the Board of Directors is ensured by (i) the provisions of the Charter of the Board of Directors and the rules governing the two Committees formed within it, which specify the missions of each of these bodies, and (ii) their composition. More than a third of the Directors on the Board are independent, and all of the members of the Performance Audit Committee and the Nominations and Compensation Committee are independent Directors.

1.5. 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.

As of December 31, 2015, it consisted of three members appointed by the Board of Directors: Mr. Yves-Thibault de Silguy (Chairman), who has notably served as the European Commissioner for Economic and Monetary Affairs, a Trustee of the IFRS Foundation and CEO of Suez; Mr. Nicholas Clive Worms, who has been a managing partner of various companies in the Worms group; and Mr. Charles de Croisset, who has successively held top management positions at CFF, HSBC Holdings plc and Goldman Sachs International. By virtue of their professional experience (see also the "*Other Information* – Governance" section: "Principal positions and offices of members of the Board of Directors") and their familiarity with financial and accounting procedures applicable to corporate groups, Messrs. Yves-Thibault de Silguy, Nicholas Clive Worms and Charles de Croisset have the expertise necessary to fulfill their responsibilities.

All of its members are independent. In regard to the criteria defined by the AFEP/MEDEF Code, independent Directors constitute two-thirds of the composition of the Committee, as recommended by the Code.

The Performance Audit Committee met four times during the 2015 fiscal year, three times with all of its members in attendance, once with two-thirds of its members in attendance and once with a single member in attendance. The meetings to examine the financial statements were held no later than two days before the examination of the financial statements by the Board of Directors.

Attendees at these meetings also included the Statutory Auditors, the Chief Financial Officer, the Deputy Chief Financial Officer, the Audit and Internal Control Director, the Director of Tax, the Deputy Director of Tax, the Director of Legal Affairs, and, depending on the issues discussed, the Financing and Treasury Director, the Risk Management Director, the Director of Operations and the Managers of the departments or subsidiary concerned.

In addition to reviewing the annual and half-yearly parent company and consolidated financial statements, together with the detailed analysis of changes in the Group's activities and scope of consolidation, the Committee's work mainly addressed the following issues: internal control and the management of major risks at certain Group subsidiaries, the Group's policy on insurance, the impact of exchange rates, the amortization and impairment of brands and goodwill, matters relating to their valuation and current tax issues. Presentations on these points were made by the Group's Chief Financial Officer or by the heads of the departments or subsidiaries involved.

During its meeting on February 3, 2015, the President of the Wines and Spirits business group gave a presentation on the situation in China addressing the "anti-extravagance" campaign, its impact on the consumption of luxury products, and the measures taken to improve the situation. During its meeting on July 28, 2015, Sephora's President and Director of Operations gave a presentation on internal control and major risk management at Sephora.

Pursuant to the guidelines expressed in §16.2.3 of the AFEP/MEDEF Code, the Committee also led the selection procedure for the Statutory Auditors whose appointments expire in 2016 and submitted a recommendation to the Board of Directors on the Statutory Auditors proposed for appointment by the Shareholders' Meeting.

As part of the review of the parent company and consolidated financial statements, the Statutory Auditors gave a presentation covering, notably, 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.

1.6. Nominations and Compensation Committee

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

- proposals on compensation, benefits in kind, bonus shares 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 allocation of Directors' fees paid by the Company;
- opinions on candidates for the positions of Director, Advisory Board member, Group Executive Committee member or member of Executive Management of the Company's main subsidiaries.

As of December 31, 2015, it consisted of three members appointed by the Board of Directors. The current members of the Nominations and Compensation Committee are Messrs. Albert Frère (Chairman), Charles de Croisset and Yves-Thibault de Silguy.

All of its members are independent. In regard to the criteria defined by the AFEP/MEDEF Code, independent Directors constitute a majority of the composition of the Committee, as recommended by the code.

The Nominations and Compensation Committee met three times during the 2015 fiscal year, twice with all of its members in attendance and once with two-thirds of its members in attendance. In particular, it (i) issued proposals on the fixed and variable remuneration of the Chairman and Chief Executive Officer and the Group Managing Director, the allocation of performance shares to the latter and the requirement to retain possession of a portion of their shares which may have vested; (ii) gave its opinion on compensation, performance shares, and benefits in kind granted by the Company and its subsidiaries to certain Directors; (iii) took stock of the medium-term discretionary profit-sharing plans of certain senior executives and (iv) examined the table presenting the directors' fees paid to Directors and Advisory Board members during the 2014 fiscal year. It gave an opinion on the renewal of the Directors' appointments expiring in 2015. It examined the measures taken by the Group to ensure the safety of the Chairman and Chief Executive Officer and his family, and recommended increased vigilance.

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, and issued a favorable opinion on amending the Charter of the Board of Directors to (i) specify the missions of the Board of Directors regarding significant operations outside the scope of the strategic guidelines defined by the Board of Directors and information on the financial position of the company, (ii) forbid senior executive officers from using hedging transactions on their share purchase or subscription options or their performance shares until the end of the holding period set by the Board, (iii) allow company officers to exercise options during blackout periods, provided that the shares are not resold before expiry of the blackout period, and (iv) specify the conditions under which senior executive officers may accept an appointment to a new corporate office in a listed company. It also changes the internal rules of the Committee to specify the conditions governing the Committee's deliberations when determining the compensation of senior executive officers.

Prior to the Board of Directors meeting of February 2, 2016, the Committee reviewed the fixed compensation of senior executive officers and found no grounds for changing it. It examined the criteria established for determining the amount of their variable compensation and issued recommendations, notably on the variable compensation to be received for 2015 (i) by the Chairman and Chief Executive Officer and the Group Managing Director, which it proposed to maintain at the same level as for 2014, and (ii) by Directors receiving compensation from the Company or its subsidiaries, as well as on the fixed and variable compensation to be received by these same individuals for 2016. It examined all the appointments expiring in 2016 and expressed a favorable opinion on the appointments of Ms. Clara Gaymard and Ms. Natacha Valla.

1.7. 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. Mr. Pierre Godé has been Vice-Chairman since March 31, 2011.

1.8. Advisory Board

The Advisors are convened to the meetings of the Board of Directors and take part to the deliberations with a consultative vote. Their absence cannot however affect the validity of such deliberations.

They 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 competences.

The Advisory Board currently has three members: Messrs. Paolo Bulgari, Patrick Houël and Felix G. Rohatyn.

1.9. Participation in Shareholders' Meetings

The terms and conditions of participation by shareholders in Shareholders' Meetings, and in particular the conditions for the attribution of dual voting rights to registered shares, are defined in Article 23 of the Bylaws (see the "*Other information – Governance*" section).

1.10. Information that could have a bearing on a takeover bid or exchange offer

Information that might have a bearing on a takeover bid or exchange offer, as required by Article L.225-100-3 of the French Commercial Code, is published in the "*Management Report of the Board of Directors* – Parent company: LVMH Moët Hennessy-Louis Vuitton" section.

1.11. Compensation policy for company officers

Directors' fees paid to the members of the Board of Directors

The Shareholders' Meeting shall set the total amount of Directors' fees to be paid to the members of the Board of Directors. This total, annual amount has been set at 1,260,000 euros since the Shareholders' Meeting of April 5, 2012. It is divided among the Directors and the members of the Advisory Board, in accordance with the rule defined by the Board of Directors, based on the proposal submitted by 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 either Chairman or Vice-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 allocated to be paid as Directors' fees by the total number of units to be distributed.

A portion of Directors' fees to be paid to its members is contingent upon their attendance at meetings of the Board of Directors and, where applicable, at those of the 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, proportional to the number of Board Meetings the Director in question does not attend. 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, proportional to the number of meetings by Committee to which the Director in question participates which he or she does not attend.

In respect of the 2015 fiscal year, LVMH paid a total gross amount of 1,074,375 euros in Directors' fees to the members of its Board of Directors.

The Nominations and Compensation Committee is kept informed of the amount of Directors' fees paid to senior executive officers by the Group's subsidiaries in which they perform the role of company officers.

Other compensation

Compensation of senior executive officers is determined with reference to principles listed in the AFEP/MEDEF Code.

Compensation and benefits awarded to senior executive officers are mainly determined on the basis of the degree of responsibility ascribed to their missions, their individual performance, as well as the Group's performance and the achievement of targets. This determination also takes into account compensation paid by similar companies with respect to their size, industry segment and the extent of their international operations.

A portion of the compensation paid to senior executive officers of the Company is based on the attainment of both financial and qualitative targets. Quantitative and qualitative objectives carry an equal weighting for the purpose of determining the bonus of the Chairman and Chief Executive Officer; for the Group Managing Director, they carry the weighting of 2/3 and 1/3, respectively. The financial criteria are growth in revenue, operating profit and cash flow as compared to the budget, with each of these items representing one-third of the total determination. The qualitative criteria have been precisely established but are not made public for reasons of confidentiality. Given the choice made to keep fixed compensation amounts steady, the variable portion is set at 250% of the fixed portion for the Chairman and Chief Executive Officer and at 150% of the fixed portion for the Group Managing Director.

The breakdown of compensation and benefits awarded to the Chairman and Chief Executive Officer, and the Group Managing Director, is presented in the "*Management Report of the Board of Directors* – Parent company: LVMH Moët Hennessy - Louis Vuitton" section.

Pursuant to the provisions of Article L.225-42-1 of the French Commercial Code, at its meeting on February 4, 2010, the Board of Directors approved the non-compete clause included in Mr. Antonio Belloni's employment contract – suspended during the duration of his mandate as Group Managing Director; this commitment not to compete for a twelve-month period provides for the payment of a monthly compensation equal to his monthly remuneration on the termination date of his functions, which would be supplemented by one twelfth of the last bonus received. Article 22 of the AFEP/MEDEF Code recommending the termination of the employment contract of an employee, when appointed as a senior executive officer, does not apply to the Group Managing Director, a position held since September 26, 2001 by Mr. Antonio Belloni.

Notwithstanding this clause, no other senior executive officer of the Company currently benefits from provisions granting them a specific compensation payment should they leave the Company or derogations from the rules governing the exercise of options or the vesting of bonus shares subject to performance conditions. Senior executive officers or employees are eligible for stock option or bonus share plans instituted by the Company. The information relating to the allocation terms and conditions of these plans is presented in the "*Management Report of the Board of Directors* – Parent company: LVMH Moët Hennessy - Louis Vuitton" section. In the resolutions submitted to a vote by the shareholders, the Board of Directors decided not to include a cap on the allocation of options or bonus performance shares to senior executive officers, considering that the Nominations and Compensation Committee – which is entirely composed of independent Directors and is tasked with making proposals on the granting of options or bonus performance shares to senior executives – ensures an adequate degree of control over the allocation policy. Under the plans set up in 2013, 2014 and 2015, the bonus performance shares allocated to senior executive officers over the past three fiscal years represent less than 9% of total allocations on average.

Concerning the option plans set up in 2007 and the bonus performance share plans set up in 2010, in the event of the vesting of their share allocations, the Chairman and Chief Executive Officer and the Group Managing Director are required to retain possession, in pure registered form and until the conclusion of their respective terms in office, of a number of shares under the terms and conditions defined by the plans and detailed in "*Management Report of the Board of Directors* – Parent company: LVMH Moët Hennessy - Louis Vuitton".

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

The members of the Group's Executive Committee who are employees or senior executive officers of French subsidiaries, and who have been members of the Committee for at least six years, are entitled to a supplementary pension provided that they liquidate any pensions acquired under external pension plans immediately upon terminating their duties in the Group. This is not required however, if they leave the Group at the latter's request after the age of 55 and resume no other professional activity until their external pension plans are liquidated. This supplementary retirement benefit is determined, based on a reference remuneration amount equal to the average of the three highest amounts of annual remuneration received during the course of their career with the Group, capped at 35 times the annual social security ceiling (i.e. 1,331,400 euros as of December 31, 2015). The annual supplementary retirement benefit is equal to the difference between 60% of the reference remuneration amount (i.e. 798,840 euros as of December 31, 2015) and all pension payments made in France (general social security regime and the additional ARRCO and AGIRC regimes) and abroad. On the basis of compensation paid in 2015 to senior executive officers, the supplementary retirement benefit that would be paid to them would not be more than 45% of their last annual compensation amount in accordance with the AFEP/MEDEF Code recommendations. Increases in provisions in 2015 for these supplementary retirement benefits are included in the amount shown for post-employment benefits under Note 32.4 to the consolidated financial statements.

An exceptional remuneration may be awarded by the Board of Directors to certain Directors, with respect to any specific mission with which they have been entrusted. The amount shall be determined by the Board of Directors and reported to the Company's Statutory Auditors.

2. IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

2.1. Definitions and objectives of risk management and internal control

2.1.1. Benchmarks

This section of the report and plan draw upon the Reference Framework issued by the AMF on July 22, 2010 relating to processes for monitoring the effectiveness of risk management and internal control systems.

With more specific regard to internal control, the Group uses an internal reference guide which is consistent with COSO principles (Committee of Sponsoring Organizations of the Treadway Commission) according to the latest version (2013).

2.1.2. Definition and objectives of risk management

According to the definition provided by the AMF's Reference Framework, risk represents the possibility of an event occurring that could affect the Company's personnel, assets, environment, objectives or reputation. The Group has defined "major" risks as risks with the potential to jeopardize the continuity of operations and/or the achievement of strategic objectives, and/or its reputation.

The objectives of risk management are to:

- protect the value, assets and reputation of the Group and its brands;
- enhance the security of decision-making and operational processes, by way of a comprehensive, objective and shared perspective on the Group's potential threats and opportunities;
- ensure that all employees embrace a shared vision of the main risks and challenges faced by our business activities.

2.1.3. Definition and objectives of internal control

Internal control refers to a set of control procedures and actions that apply to the specific characteristics of each Group company and which:

- contribute to controlling activities, the efficiency of its operations and the efficient use of its resources;
- must enable the entity to appropriately assess significant operational, financial and legal risks.

Internal control aims to provide reasonable assurance with respect to the achievement of the following objectives:

- compliance with applicable laws and regulations;
- the implementation of instructions and directions given by the Executive Management of the Group and the Management of operational units (the Group companies or brands and their subsidiaries);
- the proper functioning of internal processes, especially those relating to the protection of assets and brand value;
- the reliability and completeness of financial and operating information.

Internal control covers more than just accounting and finance, and must enable the management of the Group companies and subsidiaries to focus fully on the strategy, development and growth of the Group.

2.1.4. Limitations

No matter how well designed and applied, the risk management and internal control system can only provide reasonable (not absolute) assurance that the Group's overall risks and objectives are properly managed. There are inherent limitations to internal control because of external uncertainties, the judgment required to negotiate opportunity costs and trade-offs, and possible malfunctions due to human error or failure.

The structure of the Group, comprising a large number of subsidiaries with widely varying sizes, missions and purposes, is in itself a specific risk factor.

2.2. Organization and stakeholders of the risk management and internal control systems

2.2.1. Organization of the system

LVMH comprises five main business groups: Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing. Other activities comprise the Les Echos media group, Royal Van Lent yachts, hotel and real estate activities and holding companies. The business groups are composed of companies of varying sizes owning prestigious brands, established on every continent. The autonomy of the brands, decentralization and the responsibilities of senior executives are among the fundamental principles underlying the Group's organization.

The risk management and internal control policies applied across the Group is based on the following organizational principles:

- the holding companies, including the parent company LVMH SE, are responsible for their own risk management and internal control systems; LVMH SE also acts as leader and coordinator on behalf of all Group companies. It makes available to them the single reference guide and methodology to be applied as well as a computer platform that centralizes all risk and internal control data (see §2.4.1 below);

- the President of a Group company is responsible for the risk management and internal control of all the subsidiaries that contribute to developing the brand worldwide;
- each subsidiary's President is similarly responsible for its own operations.

2.2.2. Elements of the overall compliance framework

The Group's ethical values

The Group has always expressed its commitment to integrity and ethical behavior in relations with customers, suppliers, employees and other business partners; it demands that clear organizational structures, responsibilities and authorities be defined and formalized according to the principle of a segregation of duties, regular monitoring of staff performance, and a commitment to skills management and the professional development of Group employees.

These ethical and governance principles are set out in the Code of Conduct, the Supplier Code of Conduct, and the LVMH Environmental Charter, all of which are available on the corporate website, www.lvmh.com. Those LVMH charters and codes serve as a common foundation and a source of inspiration for all of the brands. The Group oversees the proper application of these principles at its companies as well as the implementation of their own codes of conduct, supplier charters, procedures for declaring conflicts of interest, and delegation matrices that outline the responsibilities and powers of each employee.

Skills and talent management

Skills management is a significant aspect of internal control. LVMH devotes special care to matching employees' profiles and responsibilities, formalizing annual performance reviews, developing skills through continuous training, and promoting internal mobility. More information on this can be found in the Reference Document, under §6 of the "*Management Report of the Board of Directors* – Human resources".

Fraud prevention

The Group has introduced a program to raise awareness of the risk of fraud, by means of periodic communiqués listing attempted and known cases of fraud within the Group. For each scenario a prevention plan is presented. Group companies and subsidiaries must check that appropriate measures are in place to prevent such scenarios. These communiqués are disseminated widely within the Group.

Internal standards and procedures

The Group makes available on its Finance Intranet all of the regularly updated procedures contributing to accounting and financial information applicable to all the consolidated companies, covering procedures mainly relating to accounting policies and standards, consolidation, taxation, investments, financial reporting (budget and strategic plan), cash flow and financing (cash pooling, foreign exchange and interest rate hedging, etc.); these procedures also detail the format, content and frequency of financial reports.

The Finance Intranet is also used for the dissemination of Internal Control principles and best practices:

- a top-level guide, "Internal Control Essentials", which describes the bases of the general environment and the salient features of the main processes: Sales, Retail Sales, Purchases, Inventory, Financial Statements Closing and Information Systems (general IT controls);
- the LVMH internal control reference guide, which covers 12 key business processes: Sales, Retail Sales, Purchases, Licenses, Travel and Movements, Inventory, Production, Cash Management, Fixed Assets, Human resources, Information Systems and Financial Statements Closing. Special processes have been developed to reflect the specific characteristics of certain activities (*Eaux-de-vie* and Vineyard Land for Wines and Spirits, End-of-Season Operations for Fashion and Leather Goods, Concessions for Duty-Free businesses). This reference guide details the key controls expected for each risk. This reference guide is regularly updated to take into account developments in information systems and procedures;
- best practices and tools for issues that the Group considers important: fraud, conflicts of interest, delegations of authority, business continuity plans, IT disaster recovery plans, policies and guidelines for information system security, the segregation of duties, the control of media expenses, and best practices in-store.

The "Major Risks" section of the Finance Intranet contains a risk list and the procedures and tools for the evaluation, prevention and coverage of such risks. Best practices are also available on the site. These materials may be accessed by all personnel involved in the application of the Group's risk management. Risk managers, operational staff and internal control personnel also take part in a community dedicated to these concerns using the Group's enterprise collaboration portal.

Information and communication systems

Strategic plans for developing the Group's information and communication systems are coordinated by the Information Systems Department, which ensures the standardization of the solutions implemented as well as business continuity. Aspects of internal control (segregation of duties, access rights, etc.) are integrated when implementing new information systems and then regularly reviewed.

The information and telecommunications systems and their associated risks (physical, technical, internal and external security, etc.) are subject to special procedures: a Business Continuity Plan methodology tool kit has been distributed within the Group in order to define, for each significant entity, the broad outline of such a plan as well as those of a Disaster Recovery Plan. A Business Continuity Plan and a Disaster Recovery Plan have been developed and tested at the level of the French holding companies.

All significant entities have appointed a Chief Information & Security Officer (CISO). The activities of CISOs are coordinated by the Group CISO; together they constitute a vigilance network to monitor the development of risks affecting information systems, and implement adequate defenses depending on the likelihood of a given type of risk and its potential impact.

An overall approach of intrusion testing has also been applied to evaluate internal and external threats as well as third-party risks. Action plans are followed by the Group Information Systems Department.

2.2.3. System stakeholders

Stakeholders are presented according to the three-lines-of-defense model, whereby the control and supervision of systems is provided by governing bodies.

Group governing bodies

The Performance Audit Committee ensures that the effectiveness of internal control and risk management is monitored. It examines the results of Internal Audit work and approves Internal Audit program strategy in terms of geographic, business and risk coverage.

The Board of Directors contributes to the general control environment through the know-how and responsibility of its members and the clarity and transparency of its decisions. The Board is kept informed on a regular basis of the maturity of the internal control system, and oversees the effective management of major risks, which are disclosed in its Management Report (see §2 Business risk and insurance policy).

At regular intervals, the Board and its Performance Audit Committee receive information on the results of the operation of these systems, any weaknesses noted and the action plans decided with a view to their resolution.

The Executive Committee, comprised of the Group's executive, operational and functional directors, defines strategic objectives on the basis of the orientations decided by the Board of Directors, coordinates their implementation, ensures that the organization adapts to changes in the business environment, and oversees both the definition and proper application of the responsibilities and delegations of authority of Executive Management.

First line of defense

All Group employees help to support and enrich the internal control system.

Operational management: a key aspect of the internal control system applied to business processes is the appropriation of internal control within each entity by operational managers; each day they implement suitable controls for the processes they are responsible for and pass on appropriate information to the second line of defense.

The Management Committees of the Group companies and subsidiaries are responsible for the introduction and smooth functioning of the internal control system for all operations within their sector. The Management Committees of the Group companies are also in charge of the system for managing major risks; they review the risk mapping each year, assess the level of control as well as the progress of risk coverage strategies and the associated action plans.

Second line of defense

The Group Legal Department has a key advisory role for the Group's various business groups and ensures that the laws and regulations in force in the countries where it operates are applied.

The Group Risk Management and Insurance Department, alongside the operational staff who are responsible for risks inherent in their businesses, is particularly involved at Group level in providing tools and methods, cataloguing risks, preventing losses and defining the strategy for risk coverage and financing.

The Group Risk Management and Insurance Department collaborates with the Internal Audit team on the definition and implementation of evaluation methods and processes for handling certain major or large-scale risks.

The other functional departments, presented in §2.3.1, contribute to risk management related to financial and accounting information.

The Internal Control Department, which reports to the Director of Internal Audit of the Group, coordinates the implementation of internal control and risk management systems. It monitors and anticipates regulatory changes in order to adapt the systems. It coordinates a **network of internal controllers responsible**, within the Group companies and under the responsibility of their Management Committees, for ensuring compliance with the Group's internal control procedures and preparing controls tailored to their businesses. They also spearhead the various projects related to the internal control and risk management systems and promote the dissemination and application of guidelines.

Dedicated committees:

- **The Employee Safety Committee** meets twice a year to analyze the effectiveness of the systems that ensure the safety of travelers and employees of the Group abroad, and make any decisions required in exceptional situations.
- **A Strategic Committee** was set up in 2014 with the mission of providing proactive analysis of matters related to the Group's social and environmental responsibility; this mission is carried out in close collaboration with the operational departments in the business groups and Group companies. These studies and decisions, made well in advance, are intended to help prevent media crises harmful to the reputation of our brands.

Equivalent departments in the brands or business groups: the organization described above at Group level has its equivalent in the main business groups and Group companies.

Third line of defense

The Audit and Internal Control Department had a staff of a dozen professionals as of December 31, 2015. Although this team's supervision is centralized, its members operate out of two offices in Paris and Hong Kong and are active throughout the Group.

The Internal Audit team applies a multi-year audit plan, which is revised annually. The audit plan is used to monitor and reinforce the understanding and correct application of expected control activities. The audit plan is prepared on the basis of an analysis of potential risks, either existing or emerging, by type of business (such as size, contribution to profits, geographical location, quality of local management, etc.) and on the basis of meetings held with the operational managers concerned; it can be modified during the year in response to changes in the political and economic environment or internal strategy. The audit plan is also prepared with a view to covering all Group companies.

Internal Audit intervenes both in operational and financial matters. About fifty audit assignments are carried out each year; as planned, coverage was slightly increased in 2015 in the Fashion and Leather Goods, Perfumes and Cosmetics, and Selective Retailing business groups, as well as in the Asia region and France. A review of the self-assessment process and its results is performed systematically on the significant entities involved. Follow-ups on recommendations made in the context of past assignments are reinforced through systematic on-site visits to companies with the most significant issues.

Internal Audit reports on its conclusions to management of the entity concerned and to Executive Management of the Group by way of an Executive Summary and a detailed report explaining its recommendations and setting out managers' commitment to apply them within a reasonable period of time. Internal Audit sends copies of the reports that it issues to the Statutory Auditors and meets with them periodically to discuss current internal control issues. The main features of the audit plan, the main conclusions of the current year and the follow-up of the main recommendations of previous assignments are presented to the Performance Audit Committee and to the business groups concerned.

External stakeholders

The external auditors and the various certifying bodies (RJC, ISO 14001, etc.) help to reinforce the current system through their work and recommendations.

2.3. Risk management and internal control procedures related to financial and accounting information

2.3.1. Organization and stakeholders

Risk management and internal controls of accounting and financial information are the responsibility of the following departments, which are all part of Group Finance: Accounting and Consolidation and Management Control, Information Systems, Corporate Finance and Treasury, Tax and Financial Communication.

Accounting and Consolidation are responsible for preparing and producing the individual company accounts of the holding companies, the consolidated financial statements, and the half-year and annual publications, in particular the Interim Financial Report and Reference Document. To this end, the Accounting Standards and Practices department defines and disseminates the Group's accounting policies, monitors and enforces their application and organizes any related training programs that may be deemed necessary. The Consolidation department also coordinates the Group's Statutory Auditors.

Management Control is responsible for coordinating the budget process, its revisions during the year and the five-year strategic plan, as well as the impairment testing of fixed assets. The Management Control department produces the monthly operating report and all reviews required by Executive Management (see below §2.3.4 Management reporting); it also tracks capital expenditures and cash flow, as well as producing statistics and specific operational indicators. By virtue of its area of competence and the structure of the reports it produces, Management Control is an essential participant in the internal control and financial risk management system.

These two departments are attached to the **Assistant Finance Department**.

Information Systems designs and implements the information systems needed by the Group's central functions. It disseminates the Group's technical standards, which are indispensable given the decentralized structure of the Group's equipment, applications, networks, etc., and identifies any potential synergies between businesses, while respecting brand independence. It develops and maintains a telecommunications system, IT hosting platforms, and transversal applications shared by all entities in the Group. It drives policies for system and data security and helps the brands prepare emergency contingency plans. In cooperation with the subsidiaries, Information Systems supervises the creation of three-year plans for all information systems across the Group, by business group and by entity.

Corporate Finance and Treasury is responsible for applying the Group's financial policy, which includes effective balance sheet management, financing strategies, the monitoring of financing costs, returns on cash surpluses and investments, improvements to financial structure, and the prudent management of solvency, liquidity, market and counterparty risks.

Within this department, International Treasury focuses particularly on pooling the Group's surplus cash and forecasts the financing requirements of Group companies on the basis of quarterly updates prepared by these companies, while meeting the short, medium term liquidity and financing requirements of subsidiaries. It is also responsible for applying a centralized foreign exchange risk management strategy.

The Markets department, which is also in this department, is delegated the responsibility of implementing the policy of hedging market risks generated by Group companies. In that respect, it is responsible for applying a centralized interest rate risk and counterparty risk management strategy, designed to limit the negative impact of interest rate fluctuations and counterparty credit risk in financial transactions and investments.

To this end, strict procedures and a management policy have been established to measure, manage and consolidate these market risks. Within this team, the separation of Front office and Back office activities, combined with an independent control team reporting to the Deputy CFO, allow for a greater segregation of duties. This organization relies on an integrated computerized system allowing real-time controls on hedging transactions. The hedging mechanism is periodically presented to the Performance Audit Committee. Hedging decisions are made according to a clearly established process that includes regular presentations to the Group's Executive Committee and detailed documentation.

The Tax team, which coordinates the preparation of tax returns and ensures compliance with applicable tax laws and regulations, provides advice to the different business groups and companies and defines a tax planning strategy based on the Group's operational requirements. It organizes appropriate training courses in response to major changes in tax law and provides uniform reporting of tax data.

The Financial Communication department is responsible for coordinating all information issued to the financial community to enable it to acquire a clear, transparent and precise understanding of the Group's performance and prospects. It also provides Executive Management with the perspectives of the financial community on the Group's strategy and its positioning within its competitive environment. It defines the key messages to be communicated in close collaboration with Executive Management and the business groups. It harmonizes and coordinates the distribution of corporate messages through various channels (publications such as the annual and half-yearly reports, financial presentations, meetings with shareholders and analysts, the website, etc.).

Each of these departments is responsible for ensuring the quality of internal control in its own area of activity via **the Finance departments of the business groups, companies and subsidiaries**, which are in charge of similar functions in their respective entities. In this way, each of the central departments runs its control mechanism through its functional chain of command (Controller, Head of Accounting, Consolidation Manager, Treasurer, etc.). The finance departments of the main companies of the Group and the departments of the parent company, LVMH, described above periodically organize joint finance committees. Run and coordinated by the central departments, these committees deal particularly with applicable standards and procedures, financial performance and any corrective action needed, together with internal control relating to accounting and management data.

2.3.2. Accounting and management policies

The subsidiaries adopt the accounting and management policies circulated by the Group for the purposes of published consolidated financial statements and internal reporting; they all use the same benchmark (LVMH chart of accounts and manual of accounting policies) and the accounts and management reporting system operated by the Group, ensuring the consistency of internal and published data.

2.3.3. Consolidation process

The consolidation process is laid out in a detailed set of instructions; it has a specially adapted data submission system designed to facilitate consistent, complete and reliable data processing within suitable timeframes. The Chairman and CFO of each company undertake to ensure the quality and completeness of financial information sent to the Group – including off-balance sheet items – in a signed letter of representation which gives added weight to the quality of their financial information.

Sub-consolidations are carried out at Group company and business group level, which act as primary control filters and help ensure consistency.

At Group level, the teams in charge of consolidation are organized by type of business and are in permanent contact with the business groups and companies concerned, thereby enabling them to better understand and validate the reported financial data and anticipate the treatment of complex transactions.

The quality of financial information, and its compliance with standards, are also guaranteed through ongoing exchanges with the Statutory Auditors whenever circumstances are complex and open to interpretation.

2.3.4. Management reporting

Each year, all of the Group's consolidated entities produce a strategic plan, a complete budget and annual forecasts. Detailed instructions are sent to the companies for each process.

These key steps represent opportunities to perform detailed analyses of actual data compared with budget and prior year data, and to foster ongoing communication between companies and the Group – an essential feature of the financial internal control mechanism.

A team of controllers at Group level, specialized by business, is in permanent contact with the business groups and companies concerned, thus ensuring better knowledge of performance and management decisions, as well as appropriate controls.

Specific meetings to close out the half-yearly and annual financial statements are attended by the Finance Team departments concerned; during those meetings the Statutory Auditors present their conclusions with regard to the quality of financial and accounting information and the internal control environment of the different companies of the Group.

2.4. Formalization and management of the risk management and internal control systems

2.4.1. The Enterprise Risk and Internal Control Assessment (ERICA) approach

In line with European directives and the ordinance of December 2008, the Group introduced changes to its Enterprise Risk and Internal Control Assessment (ERICA) approach, a comprehensive process for improving and integrating systems for managing major risks and internal control related to its ordinary activities.

The main brands and business groups acknowledge their responsibility in relation to this process and the implemented systems each year by signing two letters of representation:

- an ERICA letter of representation concerning the risk management and internal control systems, signed on June 30. By signing the letter, the Chairman, Chief Financial Officer and/or members of the Management Committee confirm their responsibility for these systems, and give their assessment of them, identifying major weaknesses and the corresponding remediation plans. The letters are analyzed, followed up on and consolidated at each higher level of the Group's organizational structure (Region, Group company, business group); they are forwarded to the Finance Team and to the Group Audit and Internal Control department. They are also made available to the Statutory Auditors;
- the annual letter of representation on financial reporting, including a paragraph devoted to internal control, mentioned above in §2.3.3.

Since 2013, and depending on circumstances, Presidents of Group companies have been required to present to the Audit Committee the approach implemented to achieve progress within their area of responsibility, as well as their achievements, action plans in progress and outlook.

Finally, the Audit Committee decided in 2013 to implement the ERICA system within all Group entities by 2015; recently acquired entities are allowed two years to apply the approach, once the integration process is complete.

As of June 30, 2015, this self-appraisal system covered 90% of the Group's operating entities and 97% of revenue. The internal control and major risk assessment are input by each entity and centralized in a database application managed by the holding company.

2.4.2. Management of major risks

Risks relating to our brands and business activities are managed at the level of each of our business groups and Group companies. As part of the budget cycle and in connection with the preparation of the three-year plan, major risks affecting strategic, operational and financial objectives are identified and evaluated, and formalized in specific chapters.

Once an acceptable risk level has been determined and validated, risks are handled via preventive and protective measures; the latter include business continuity plans (BCP) and crisis management plans in order to organize the best response to risks once they have arisen. Finally, depending on the types of risk to which a particular brand or entity is exposed and the amount of residual risk, the entity may decide, in collaboration with the Group, to use the insurance market to transfer part or all of the residual risk and/or assume this risk.

Specific monitoring procedures apply to some of the risks associated with the Group's businesses (damage to image or reputation, counterfeit goods and parallel markets, industrial and environmental risks, foreign currency and interest rate risk…); these risks are discussed in §2 "Business risk factors and insurance policy" of the "*Management Report of the Board of Directors – LVMH group*" included in the Reference Document.

2.4.3. Management of the internal control system

Ongoing monitoring of the internal control system and periodic reviews of its functioning are carried out on several levels.

Managers and operational staff at Group companies are empowered, with the support of internal controllers, to assess the level of internal control based on key controls, identify weaknesses and take corrective action. Exception reports make it possible to enhance detective controls in addition to preventive measures.

There is a **formal annual self-assessment process**, including a single list of 82 key controls drawn up by the Group internal control department and taken from the internal control reference guide described in §2.2.2 applied by the Management of each significant entity. Each entity follows the same methodology, which has been in use since 2006:

- review of shortcomings and follow-up by supervisors and management of the measures implemented to remedy them;
- formal documentation of this review.

The Statutory Auditors are kept informed on the progress of this approach, as is the Performance Audit Committee, by means of regular reports.

Reviews are carried out by Group Internal Audit and the Statutory Auditors, the results and recommendations of which are passed on to the management of the entities and the Executive Management of the Group. The overall review of the ERICA system and the qualitative analysis of self-assessments is an integral part of the audits conducted by the Internal Audit team at all audited entities.

2.4.4. Recent actions taken to reinforce the risk management and internal control system

Since 2011, at the instigation of the Group Audit and Internal Control department, the brands have worked to implement and maintain their business continuity plans (BCPs); regular sessions are organized to provide training and exchange good practices. A Group conference was held at the end of 2014 on supply chain risk. At the end of 2015, the Group started a process for the independent assessment of the business continuity plans of its 10 most significant companies. The assessments will take place over the course of 2016 and 2017 with the help of an external firm.

In terms of major risks, the ERICA approach that was rolled out three years ago has been raising Group companies' awareness of the need to identify and manage risks that may threaten their strategy, business or brand. The main risks actively managed by Group companies in 2015 were: media risk – employee and general public safety and security risk – loss of sensitive data – major site accidents – property damage, loss and theft – strategic supplier default – critical failure of IT systems including production systems – supply risk – social and environmental risks.

The importance of risk management was again reinforced at the beginning of 2015 with two practical workshops focusing notably on methodologies and best practices in the Group and at other publicly traded companies.

With regard to Internal Control, numerous initiatives were taken in a variety of areas. For example:

- our Maisons implemented the Store MAnager Retail Toolkit (SMART) developed by the Group in 2014;
- internal controls on inventory and receivables quality were enhanced in response to economic tensions in certain geographical regions;
- IT systems security was improved and awareness-raising was provided on cybersecurity risks;
- the Maisons engaged in ongoing fraud awareness initiatives.

Meanwhile, the scope of the self-assessment process was narrowed for the upcoming 2016 cycle, to focus on:

- a more targeted selection of entities, namely those deemed most significant or "at-risk";
- a more selective core self-assessment process, with 67 checks versus 82 in 2015 and 2014;
- extended guidelines covering the basic controls specific to our businesses. This project was initiated in 2015 with the Perfumes and Cosmetics, Watches and Jewelry, and Wines and Spirits business groups; it will be continued and expanded to the Group's other businesses in 2016.

3. STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF LVMH MOËT HENNESSY - LOUIS VUITTON

To the Shareholders,

In our capacity as Statutory Auditors of LVMH Moët Hennessy - Louis Vuitton and in accordance with Article L.225-235 of the French Commercial Code (*Code de commerce*), we hereby outline our observations on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Commercial Code for the fiscal year ended December 31, 2015.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by Article L.225-37 of the French Commercial Code, relating to matters such as corporate governance.

Our role is to:

- report on any matters pertaining to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- confirm that the report also includes the other information required by Article L.225-37 of the French Commercial Code. It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information, that we may have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures, on in relation to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L.225-37 of the French Commercial Code.

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, February 12, 2016

The Statutory Auditors

DELOITTE & ASSOCIÉS

Thierry Benoit   Guillaume Troussicot

ERNST & YOUNG et Autres

Jeanne Boillet   Gilles Cohen

This is a free translation into English of the Independent Verifier's report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.