

LVMH

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MOËT HENNESSY ♦ LOUIS VUITTON

RULES OF PROCEDURE OF THE NOMINATIONS AND  
COMPENSATION COMMITTEE

AS OF JANUARY 28, 2020

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

## 1. Membership of the Committee

The Nominations and Compensation Committee shall be made up 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 the Committee's members.

Neither the Chairman of the Board of Directors, nor any Director serving as Chief Executive Officer or Group Managing Director of LVMH, or who is compensated by any LVMH 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 an LVMH Director 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 discusses whether Board members may be deemed Independent Directors with regard to applicable criteria.

Pursuant to Article L.225-53 of the French Commercial Code, the Committee ensures that, whenever a Group Managing Director is appointed or reappointed, there are candidates of both genders present up until the final decision is made in designating said Group Managing Director.

It also makes proposals on the appointment or reappointment of the Chairman of the Performance Audit Committee.

As part of the preparation of the Board of Directors' report on corporate governance, the Committee gives its opinion on the diversity policy applicable to members of the Board of Directors, the description of the goals of that policy, the terms of its implementation and the results obtained over the fiscal year covered by the aforementioned report.

The Committee's opinion may also be sought by the Chairman of the Board of Directors, or by any Director serving as Chief Executive Officer or Group Managing Director, on potential appointments to the Group's Executive Committee and candidates for executive management positions at the Group's main subsidiaries. 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 makes proposals on the apportionment of the maximum overall annual amount set at the Shareholders' Meeting that may be allocated to Directors (and Advisory Board members, where applicable) as compensation for their work, and prepares a summary table of the payments made to each Director and Advisory Board member.

It makes proposals to the Board on the fixed, variable, exceptional, immediate and deferred 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; where applicable, it also issues an opinion on any consulting agreements entered into, either directly or indirectly, with these same individuals. The Committee issues recommendations regarding the qualitative and quantifiable criteria used to determine the variable portion of

compensation for senior executive officers, as well as the performance conditions applicable to the exercise of options and the vesting of bonus shares.

The Committee expresses its opinion on the general policy for the allocation of options and bonus shares within the Group, also making proposals on the granting 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 adopts positions on any supplementary pension plans set up by the Company for its senior executives, and issues recommendations on any retirement bonuses that may be paid to a senior executive officer upon leaving the Company.

The Committee issues an opinion on the fixed, variable, immediate and deferred compensation and benefits in kind to be received by members of the Group's Executive Committee and by other senior executives of the Group's main subsidiaries, and on the allocation of options and bonus shares to these same individuals. 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 also monitors procedures relating to the payment of external contractors' fees and reimbursement of their expenses, and makes any recommendations deemed necessary on this subject.

The Committee shall prepare a draft report every year for the Shareholders' Meeting, which it shall submit to the Board of Directors, on the compensation of company officers, any bonus shares granted to them during the fiscal year, and any options granted to them or exercised by them in 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

A Director's agreement to serve on the Committee implies that he/she will devote the necessary time and energy to his/her duties on the Committee.

The Committee shall meet whenever necessary, at the initiative of either its Chairman, the Chairman of the Board of Directors, the Director serving as Chief Executive Officer, or two Committee members.

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

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

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

### 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 members and the Chairman of the Committee may receive specific compensation, determined by the Board of Directors and offset against the maximum overall annual amount set at the Shareholders' Meeting that may be allocated to Directors as compensation for their work.