BOARD OF DIRECTORS' REPORT ON THE DRAFT RESOLUTIONS

1. APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS AND OF RELATED-PARTY AGREEMENTS AND COMMITMENTS

The first items of business relate to:

- approval of the financial statements: you will be asked to vote to approve the financial statements of the parent company LVMH SE (**first resolution**) as well as the Group's consolidated financial statements (**second resolution**);
- the appropriation of net profit (**third resolution**): the dividend to be paid out will amount to 5.00 euros per share. Taking into account the interim dividend of 1.60 euros per share paid on December 7, 2017, the balance of 3.40 euros will be paid on April 19, 2018;
- approval of related-party agreements and commitments (**fourth resolution**): details of these agreements and commitments are set out in the Statutory Auditors' special report.

2. STRUCTURE OF THE BOARD OF DIRECTORS

It is proposed that you renew the terms of office as Director of Antoine Arnault, Nicolas Bazire, Charles de Croisset, Yves-Thibault de Silguy and Lord Powell of Bayswater (**fifth to ninth resolutions**) for three years ending at the close of the Ordinary Shareholders' Meeting to be convened in 2021 to approve the financial statements for the previous fiscal year. Their backgrounds are presented in §1.4.1.2 of the *Board of Directors' report on corporate governance*.

3. COMPENSATION OF SENIOR EXECUTIVE OFFICERS

3.1. Compensation paid or awarded in respect of 2017

Pursuant to Article L.225-100 of the French Commercial Code, you are hereby asked to approve the components of the total compensation paid or awarded to Bernard Arnault and Antonio Belloni in respect of the fiscal year ended December 31, 2017 (**tenth and eleventh resolutions**). See also §2.2 of the *Board of Directors' report on corporate governance*.

Summary of compensation paid to each senior executive officer

Bernard Arnault [(a)]

Gross compensation *(EUR)*	Amounts awarded/ paid in respect of fiscal year 2017	Description
Fixed compensation	1,139,947	Compensation payable to the Chairman and Chief Executive Officer includes a fixed component, which it has been decided to keep stable.
Variable compensation	2,200,000	Compensation paid to the Chairman and Chief Executive Officer also includes a variable annual component based on the achievement of quantifiable and qualitative targets in equal measure. The quantifiable criteria are financial in nature and relate to growth in the Group's revenue, operating profit and cash flow relative to budget, with each of these three components accounting for one-third of the total determination. The qualitative criteria have been 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. Given the choice made to keep fixed compensation amounts steady, the variable portion is capped at 250% of the fixed portion for the Chairman and Chief Executive Officer. Payment to the Chairman and Chief Executive Officer of the annual variable component of his compensation is now subject to prior approval of the amount at an Ordinary Shareholders' Meeting.
Multi-year variable compensation	-	
Exceptional compensation	-	
Bonus performance shares	4,482,312	October 25, 2017 plan. Number of performance shares allocated: 19,745. Performance shares only vest if LVMH's consolidated financial statements for each fiscal year Y+1 and Y+2 show a positive change compared to the fiscal year in which the plan was set up (fiscal year Y) in relation to one or more of the following indicators: the Group's profit from recurring operations, net cash from operating activities and operating investments, or current operating margin.
Directors' fees	116,413	
Benefits in kind	37,807	Company car
Severance payment	-	
Non-compete payment	-	
Supplementary pension plan	-	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 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 retirement benefit is equal to the difference between 60% of the reference remuneration amount (capped where appropriate) and all pension payments made in France (under the general social security plan and the ARRCO and AGIRC supplementary plans) and abroad. As of December 31, 2017, the total amount of pensions and the supplementary pension may not exceed 823,788 euros per year. As a result of the aforementioned system, on the basis of compensation paid to Bernard Arnault in 2017, the supplementary pension 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 the Company and his personal circumstances, the supplementary pension for which Bernard Arnault may qualify no longer gives rise to the annual vesting of additional benefits, or, consequently, to a correlative increase in the Company's financial commitment.

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled, in addition to compensation and benefits in kind paid or borne by Financière Jean Goujon and Christian Dior, subject to the provisions of Article L.225-102-1 of the French Commercial Code.

Antonio Belloni [a]

Gross compensation *(EUR)*	Amounts awarded/ paid in respect of fiscal year 2017	Description
Fixed compensation	3,241,552	Compensation payable to the Group Managing Director includes a fixed component, which it has been decided to keep stable.
Variable compensation	2,315,250	Compensation paid to the Group Managing Director includes a variable annual component based on the achievement of quantifiable targets (weighted two-thirds) and qualitative targets (weighted one-third). The quantifiable criteria are financial in nature and relate to growth in the Group's revenue, profit from operations and cash flow relative to budget, with each of these three components accounting for one-third of the total. The qualitative criteria have been 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. Given the choice made to keep fixed compensation amounts steady, the variable portion is capped at 150% of the fixed portion for the Group Managing Director. Payment to the Group Managing Director of the annual variable component of his compensation is now subject to prior approval of the amount at an Ordinary Shareholders' Meeting.
Multi-year variable compensation	-	
Exceptional compensation	-	
Bonus performance shares	2,021,297	October 25, 2017 plan. Number of performance shares allocated: 8,904. Performance shares only vest if LVMH's consolidated financial statements for each fiscal year Y+1 and Y+2 show a positive change compared to the fiscal year in which the plan was set up (fiscal year Y) in relation to one or more of the following indicators: the Group's profit from recurring operations, net cash from operating activities and operating investments, or current operating margin.
Directors' fees	87,245	
Benefits in kind	10,188	Company car
Severance payment	-	
Non-compete payment	-	Employment contract suspended for the duration of the term of Group Managing Director. Covenant not to compete for a twelve-month period included in the employment contract providing for the monthly payment during its application of a compensation equal to the monthly compensation on the termination date of his functions, supplemented by one-twelfth of the last bonus received.
Supplementary pension plan	-	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 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 retirement benefit is equal to the difference between 60% of the reference remuneration amount (capped where appropriate) and all pension payments made in France (under the general social security plan and the ARRCO and AGIRC supplementary plans) and abroad. As of December 31, 2017, the total amount of pensions and the supplementary pension may not exceed 823,788 euros per year. As a result of the aforementioned system, on the basis of compensation paid to Antonio Belloni in 2017, the supplementary pension 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 the Company and his personal circumstances, the supplementary pension for which Antonio Belloni may qualify no longer gives rise to the annual vesting of additional benefits, or, consequently, to a correlative increase in the Company's financial commitment.

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled, in addition to compensation and benefits in kind paid or borne by Financière Jean Goujon and Christian Dior, subject to the provisions of Article L.225-102-1 of the French Commercial Code.

3.2. Compensation policy

In accordance with Article L.225-37-2 of the French Commercial Code, it is proposed that you approve the principles and criteria used to determine, allocate and award the fixed and variable components of the total compensation and benefits in kind payable to Bernard Arnault and Antonio Belloni for performing their duties during the 2018 fiscal year and constituting the compensation policy applicable to them (**twelfth resolution**).

These principles and criteria approved by the Board of Directors at its meeting on January 25, 2018, on the recommendation of the Nominations and Compensation Committee of January 25, 2018, are set out in §2.1.1 of the *Board of Directors' report on corporate governance* provided for by the aforementioned article. Payment to the Chairman and Chief Executive Officer and Group Managing Director of the annual variable portion of their compensation is subject to prior approval of the amount at the Ordinary Shareholders' Meeting under the conditions provided by Article L.225-100 of the French Commercial Code.

4. AUTHORIZATIONS PROPOSED AT THE SHAREHOLDERS' MEETING

4.1. Share repurchase program (L.225-209 *et seq.* of the French Commercial Code)

Table summarizing the resolutions to be submitted at the Shareholders' Meeting of April 12, 2018.

Type	Resolution	Duration	Amount authorized
Share repurchase program Maximum purchase price: 400 euros	13th	18 months	10% of the share capital [a]
Reduction of capital through the retirement of shares purchased under the repurchase program	14th	18 months	10% of the share capital per 24-month period [a]

(a) As a guide, this equates to 50,698,029 shares on the basis of the authorized share capital as of December 31, 2017.

It is proposed that the Board of Directors be authorized to purchase the Company's shares for a period of 18 months from the date of this Shareholders' Meeting. These acquisitions may be carried out to meet any objective compatible with provisions in force at the time, and in particular to (i) provide market liquidity, (ii) allocate shares in order to cover stock option plans, bonus share allocations or any other employee share ownership operations, (iii) cover securities conferring entitlement to the Company's shares, (iv) retire them, or (v) hold them for subsequent exchange or payment in connection with any external growth transactions (further details on transactions carried out under the previous program are set out in §6.1 in the "Parent company: LVMH Moët Hennessy - Louis Vuitton" section of the *Management Report of the Board of Directors*). Unless it obtains prior authorization from the Shareholders' Meeting, the Board of Directors may not use this authorization as from the date at which a third party files a proposal for a tender offer for the Company's shares; this restriction shall hold until the end of the offer period.

The purchase price at which the Company may acquire its own shares may not exceed 400 euros per share, with the understanding that the Company may not purchase shares at a price greater than the higher of the following two values: the last quoted share price resulting from the execution of a transaction in which the Company was not a stakeholder, or the highest current independent purchase offer on the trading platform where the purchase is to take place.

This authorization renders null and void the delegation of authority granted by the Shareholders' Meeting of April 13, 2017 in its 17th resolution.

It is also proposed that the Board of Directors be authorized for a period of 18 months with effect from this Shareholders' Meeting to reduce the Company's share capital through the retirement of some or all of the shares acquired or to be acquired by the Company itself, subject to an upper limit of 10% of the share capital per 24-month period. The authorization to reduce the share capital through the retirement of shares acquired under the share repurchase program may be used in particular to offset the dilution resulting from the exercise of share subscription options. This authorization renders null and void the delegation of authority granted by the Shareholders' Meeting of April 13, 2017 in its 19th resolution.

4.2. Employee share ownership

Resolution submitted at the Shareholders' Meeting of April 12, 2018

Type	Resolution	Duration	Amount authorized	Issue price determination method
Bonus share allotment (L.225-197-1 *et seq.*)	15th	26 months	1% of the share capital [a]	Not applicable

(a) As a guide, this equates to 5,069,802 shares on the basis of the authorized share capital as of December 31, 2017. Up to the overall maximum of 50 million euros referred to in the 29th resolution of the Shareholders' Meeting of April 13, 2017, or, as appropriate, any upper limit set by a resolution of the same kind that may supersede it during the period of validity of this delegation.

It is proposed that the Board of Directors be authorized to proceed with a bonus allotment of existing or new shares to employees and/or senior executive officers of the Company or related entities, subject to an upper limit of 1% of the share capital (**fifteenth resolution**).

This delegation of authority would be granted for a period of 26 months with effect from the Shareholders' Meeting of April 12, 2018 and would render null and void with effect from said Shareholders' Meeting the unused portion of the authorization granted by the Shareholders' Meeting of April 14, 2016 in its 19th resolution. If a bonus allotment of shares is to be made, the maximum amount of the resulting increase in capital will count against the overall maximum of 50 million euros adopted by the 29th resolution at the Shareholders' Meeting of April 13, 2017, or, as appropriate, any upper limit set by a resolution of the same kind that may supersede it during the period of validity of this delegation of authority.

5. AMENDMENTS TO THE BYLAWS

It is proposed that Article 16.3 of the Bylaws be amended to increase the age limit applicable to the Group Managing Director from 65 to 70 years.

It is also proposed that you amend Article 21 of the Bylaws (Advisory Board) to specify the remit and powers with which the Advisory Board members may be entrusted.