



# ORGANISATION OF THE COMPANY AND THE GROUP – CORPORATE GOVERNANCE

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Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

## 7.1 GENERAL PRESENTATION OF FRENCH PARTNERSHIPS LIMITED BY SHARES AND OF LAGARDÈRE SCA

AFR

### 7.1.1 GENERAL PRESENTATION OF FRENCH PARTNERSHIPS LIMITED BY SHARES

A French partnership limited by shares (*société en commandite par actions* – SCA) has two categories of partners:

- ▶ one or more General Partners (*associés commandités*), who are indefinitely personally liable for the Company's liabilities;
- ▶ limited partners (*Associés Commanditaires* or shareholders), whose situation is the same as that of shareholders in a joint-stock corporation (*société anonyme*). Their holdings can be sold or otherwise transferred under the same conditions as shares in a joint-stock corporation, and they are liable for the Company's liabilities only to the extent of their contribution to the partnership. They are represented by a Supervisory Board.

A partnership limited by shares is managed by one or more Managing Partners (*Gérants*), who may be individuals or corporate entities. They are selected from amongst the General Partners or third parties, but may not be shareholders.

Because of the two categories of partners, collective decisions are taken at two different levels: by the limited partners in general meetings, and by the General Partners. Members of the Supervisory Board are appointed only by the limited partners. If a General Partner is also a limited partner he cannot take part in the vote.

### 7.1.2 PRESENTATION OF LAGARDÈRE SCA

The provisions of French law related to partnerships limited by shares, as well as the Company's Articles of Association (see Chapter 8, section 8.2), give Lagardère SCA an up-to-date organisational structure that is wholly in line with current corporate governance requirements as it effectively complies with the two basic principles of establishing a clear distinction between management and control, and closely involving shareholders in the oversight of the Company.

This structure is characterised as follows:

- ▶ There is a very clear segregation between the Managing Partners (*Gérants*), who are responsible for running the business, and the Supervisory Board which represents the shareholders and is responsible for overseeing the Company's accounts and management. The Managing Partners cannot be members of the Supervisory Board, and the General Partners cannot take part in appointing the members of the Supervisory Board.
- ▶ The Supervisory Board is entitled to oppose the General Partners' appointment or re-appointment of a Managing Partner, although

the final decision thereon is taken by shareholders in an Ordinary General Meeting (see Chapter 8, section 8.2.6). The term of office of a Managing Partner cannot exceed six years, but may be renewed.

- ▶ The General Partners' unlimited liability to the full extent of their assets is evidence of the proper balance between financial risk, power and responsibility.
- ▶ The Supervisory Board is entitled to receive the same information and has the same powers as the Statutory Auditors.
- ▶ The Supervisory Board must draw up a report on any proposed increase or reduction in the Company's share capital to be submitted to shareholders for approval.

These arrangements obviate the confusion, for which French joint-stock corporations are criticised, between the role of the Chairman (*Président*) when he also holds the position of Chief Executive Officer (*Directeur Général*) and the role of the Board of Directors of which he is a member.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

## 7.2 GENERAL PARTNERS, MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD

**AFR**

### 7.2.1 GENERAL PARTNERS

#### **Arnaud Lagardère**

4 rue de Presbourg – 75116 Paris

#### **Arjil Commanditée-Arco**

A French joint-stock corporation with share capital of €40,000  
4 rue de Presbourg – 75116 Paris

### 7.2.2 MANAGING PARTNERS

At 31 December 2013, the Company was managed by two Managing Partners:

- ▶ Arnaud Lagardère, and;
- ▶ Arjil Commanditée-Arco.

#### 7.2.2.1 ARNAUD LAGARDÈRE

4 rue de Presbourg – 75116 Paris

*Date of birth: 18 March 1961*

Number of Lagardère SCA shares held directly and indirectly (see Chapter 8, section 8.1.8.1.): 12,190,179

Arnaud Lagardère was appointed Managing Partner in March 2003 and was re-appointed on 11 March 2009 by the Supervisory Board on the recommendation of the General Partners, for a period of six years expiring on 11 March 2015.

Arnaud Lagardère also controls and is the Chairman of Lagardère SAS and Lagardère Capital & Management SAS. Arnaud Lagardère and these two companies held a combined 9.30% of Lagardère SCA's share capital at 31 December 2013 (see Chapter 8, section 8.1.8.1).

Arnaud Lagardère holds a DEA higher degree in economics from the University of Paris Dauphine. He was appointed Director and Chief Executive Officer of MMB (which became Lagardère SCA) in 1987, and was Chairman of the US company Grolier Inc. from 1994 to 1998.

#### **A) PRINCIPAL POSITION**

Managing Partner of Lagardère SCA

#### **B) DIRECTORSHIPS AND OTHER POSITIONS HELD IN THE GROUP (AT 31 DECEMBER 2013)**

Chairman and Chief Executive Officer of Lagardère Media SAS  
4 rue de Presbourg – 75116 Paris – France

Director, Hachette Livre SA  
43 quai de Grenelle – 75015 Paris

Chairman of the Supervisory Board, Lagardère Services SAS  
2 rue Lord Byron – 75008 Paris – France

Chairman of the Supervisory Board, Lagardère Active SAS  
149-151 rue Anatole France – 92300 Levallois-Perret

Chairman of the Executive Committee, Lagardère Unlimited SAS  
16-18 rue du Dôme – 92100 Boulogne Billancourt

Director, Lagardère Ressources SAS  
42 rue Washington – 75008 Paris

Chairman, Lagardère Unlimited Inc.  
4711 Centerville Road, Suite 400, 19808 Wilmington, USA

Permanent representative, Lagardère Unlimited Inc.  
Managing Member, Lagardère Unlimited LLC  
4711 Centerville Road, Suite 400, 19808 Wilmington, USA

Chairman, Sports Investment Company LLC  
4711 Centerville Road, Suite 400, 19808 Wilmington, USA

Director, World Sport Group Investments Ltd  
PO Box 957, Offshore Incorporations Centre Road Town, Tortola, BVI

Director, World Sport Group Holdings Ltd  
PO Box 957, Offshore Incorporations Centre Road Town, Tortola, BVI

Chairman, Fondation Jean-Luc Lagardère  
4 rue de Presbourg – 75116 Paris – France

Chairman, Lagardère Paris Racing Ressources sports association (not-for-profit organisation)  
42 rue Washington – 75008 Paris

Chairman, Lagardère Paris Racing sports association (not-for-profit organisation)  
42 rue Washington – 75008 Paris

Chairman, Lagardère SAS  
4 rue de Presbourg – 75116 Paris – France

Chairman, Lagardère Capital & Management SAS  
4 rue de Presbourg – 75116 Paris – France

Chairman and Chief Executive Officer, Arjil Commanditée-Arco SA  
4 rue de Presbourg – 75116 Paris – France

#### **C) DIRECTORSHIPS AND OTHER POSITIONS HELD OUTSIDE THE GROUP**

None.

#### **D) DIRECTORSHIPS AND OTHER POSITIONS HELD DURING THE LAST FIVE YEARS**

Director, LVMH-Moët Hennessy Louis Vuitton SA  
22 avenue Montaigne – 75008 Paris (until May 2009)

Permanent representative of Lagardère Active Publicité to the Board of Directors, Lagardère Active Radio International SA  
28 rue François 1<sup>er</sup> – 75008 Paris (until May 2009)

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

Member of the Supervisory Board, Daimler AG  
Epplestrasse 225 – D 70546 Stuttgart – Möhringen, Germany  
(until April 2010)

Chairman, Association des Amis de Paris Jean-Bouin C.A.S.G.  
(not-for-profit organisation)  
121 avenue de Malakoff – Paris 75016 (until September 2010)

Chairman of the Supervisory Board, Lagardère Sports SAS  
4 rue de Presbourg – 75016 Paris (until May 2011)

Member of the Board of Directors, European Aeronautic Defence  
and Space Company – EADS NV  
Mendelweg 30, 2333 CS Leiden, the Netherlands (until April 2013)

Member of the Board of Directors, EADS Participations BV  
Teleportboulevard 140, 1043 EJ Amsterdam  
PO Box 2838, 1000 CV, the Netherlands (until April 2013)

Chairman and Director, Sogeadé Gérance SAS  
42 rue Washington – 75008 Paris (until October 2013)

### 7.2.2.2 ARJIL COMMANDITÉE-ARCO

A French joint-stock corporation with share capital of €40,000<sup>(1)</sup>

4 rue de Presbourg – 75116 Paris

Represented by Arnaud Lagardère and Pierre Leroy, as well as  
Dominique D'Hinnin and Thierry Funck-Brentano since 10 March 2010.

Arjil Commanditée-Arco was appointed as a Managing Partner of  
Lagardère SCA on 17 March 1998.

When this appointment was renewed for a further six-year period  
on 10 March 2010, the Supervisory Board, in application of  
article 14-2 of the Articles of Association, approved the following  
persons as the company's legal representatives on proposal of the  
General Partners:

- ▶ Arnaud Lagardère, Chairman and Chief Executive Officer;
- ▶ Pierre Leroy, Deputy Chairman and Chief Operating Officer;
- ▶ Dominique D'Hinnin, Chief Operating Officer;
- ▶ Thierry Funck-Brentano, Chief Operating Officer;

In their capacity as legal representatives of Arjil Commanditée-Arco,  
Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano are  
Co-Managing Partners of Lagardère SCA.

#### **Positions held by Arjil Commanditée-Arco in other companies:**

None.

#### **Positions held by the legal representatives of Arjil Commanditée-Arco in other companies (at 31 December 2013):**

##### **ARNAUD LAGARDÈRE (see above)**

##### **PIERRE LEROY**

4 rue de Presbourg – 75116 Paris – France

Date of birth: 8 October 1948

Number of Lagardère SCA shares held: 41,031

Pierre Leroy is a graduate of the École Supérieure de Commerce  
de Reims business school and holds a degree in law. He has spent  
his entire career with the Lagardère group.

He was appointed Director and Chief Executive Officer of MMB  
(which became Lagardère SCA) in 1987, then Chairman and Chief  
Executive Officer of Lagardère Sociétés in 1988 and Secretary  
General of the Lagardère group in 1993.

#### **A) PRINCIPAL POSITIONS**

Co-Managing Partner of Lagardère SCA

Secretary General of the Lagardère group

#### **B) DIRECTORSHIPS AND OTHER POSITIONS HELD IN THE GROUP (AT 31 DECEMBER 2013)**

Chairman, Lagardère Ressources SAS

Director, Deputy Chairman and Chief Operating Officer,  
Lagardère Media SAS

Director, Hachette Livre SA

Member of the Supervisory Board, Lagardère Services SAS

Member of the Supervisory Board, Lagardère Active SAS

Director, Lagardère Active Broadcast  
(a Monaco-based joint-stock corporation)

Manager, Financière de Pichat & Compagnie SCA

Chairman, Lagardère Participations SAS

Chairman, Lagardère Expression SAS

Chairman, Dariade SAS

Chairman, Sofrimo SAS

Chairman, Holpa SAS

Permanent representative of Lagardère Participations  
to the Board of Directors, Galice SA

Director, Ecrinvest 4 SA

Director, Fondation Jean-Luc Lagardère

Chairman and Chief Executive Officer, Lagardère Paris Racing  
Ressources SASP

Manager, Team Lagardère SNC

Director, Lagardère UK Ltd

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Director, Lagardère Capital & Management SAS

Director, Deputy Chairman and Chief Operating Officer,  
Arjil Commanditée-Arco SA

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(1) See section 8.2.4 of the individual financial statements of Arjil Commanditée-Arco.

**C) DIRECTORSHIPS AND OTHER POSITIONS HELD OUTSIDE THE GROUP**

Chairman, IMEC (*Institut Mémoires de l'Édition Contemporaine*)  
 Chairman, Fondation pour la Mémoire de la Création Contemporaine  
 Member of the Consultative Committee, Sotheby's  
 Member of the Board of Directors, Doucet-Littérature (not-for-profit organisation)  
 Chairman of the jury for the "Prix des Prix" literary awards  
 Member of the Cercle de la Bibliothèque nationale de France

**D) DIRECTORSHIPS AND OTHER POSITIONS HELD DURING THE LAST FIVE YEARS**

Member of the Supervisory Board  
 Matra Manufacturing & Services SAS (*until October 2009*)  
 Member of the Supervisory Board, Arlis SAS (*until January 2010*)  
 Member of the Supervisory Board, Le Monde SA (*until November 2010*)  
 Member of the Supervisory Board, Lagardère Sports SAS (*until May 2011*)  
 Manager, Presstalis (formerly NMPP) (*until June 2011*)  
 Director, Lagardère Entertainment SAS (*until June 2012*)  
 Chairman, Désirade SAS (*until April 2013*)  
 Director, Sogeadé Gérance SAS (*until April 2013*)

**DOMINIQUE D'HINNIN**

4 rue de Presbourg – 75116 Paris – France

*Date of birth: 4 August 1959*

Number of Lagardère SCA shares held: 65,083

Dominique D'Hinnin is an alumnus of the École Normale Supérieure and the École Nationale d'Administration, and is also an inspector of public finances. He joined the Lagardère group in 1990 as a special assistant to Philippe Camus.

He subsequently served as the Group's Internal Audit Manager and then as Chief Financial Officer of Hachette Livre in 1993 before becoming Executive Vice-President of Grolier Inc. (Connecticut, USA) in 1994. On his return to France in 1998 Dominique D'Hinnin was appointed as Lagardère SCA's Chief Financial Officer.

**A) PRINCIPAL POSITIONS**

Co-Managing Partner of Lagardère SCA  
 Chief Financial Officer, Lagardère group

**B) DIRECTORSHIPS AND OTHER POSITIONS HELD IN THE GROUP**

Chief Operating Officer, Arjil Commandité-Arco SA  
 Chairman and Chief Executive Officer, Ecrinvest 4 SA  
 Director and Chief Operating Officer, Lagardère Media SAS  
 Member of the Supervisory Board, Lagardère Active SAS  
 Permanent representative of Lagardère Media SAS to the Board of Directors of Lagardère Active Broadcast (a Monaco-based joint-stock corporation)  
 Member of the Supervisory Board, Lagardère Services SAS  
 Director, Hachette Livre SA  
 Director, Lagardère Ressources SAS

Member of the Supervisory Board, Financière de Pichat & Compagnie SCA

Member of the Supervisory Board, Matra Manufacturing & Services SAS

Director, Lagardère North America, Inc. (USA)

**C) DIRECTORSHIPS AND OTHER POSITIONS HELD OUTSIDE THE GROUP**

Member of the Strategy Board, PricewaterhouseCoopers France

Chairman, Club des Normaliens dans l'Entreprise  
 Treasurer, Fondation de l'École Normale Supérieure  
 Chairman, Institut de l'École Normale Supérieure

**D) DIRECTORSHIPS AND OTHER POSITIONS HELD DURING THE LAST FIVE YEARS**

Chairman, Eole SAS (*until February 2009*)  
 Member of the Supervisory Board and Chairman of the Audit Committee, Le Monde SA (*until November 2010*)  
 Chairman, Club des Trente (an association for the Chief Financial Officers of France's largest listed companies) (*until January 2011*)  
 Deputy Chairman of the Board of Directors and Chairman of the Audit Committee, Atari SA (*until March 2011*)  
 Member of the Supervisory Board, Lagardère Sports SAS (*until May 2011*)  
 Director, Le Monde Interactif SA (*until December 2011*)  
 Director, Lagardère Entertainment SAS (*until June 2012*)  
 Director, Sogeadé Gérance SAS (*until April 2013*)  
 Member of the Board of Directors, European Aeronautic Defence and Space Company – EADS NV (*until April 2013*)  
 Member of the Board of Directors, EADS Participations BV (*until April 2013*)  
 Permanent representative of Hachette Filipacchi Presse to the Board of Directors, Les Éditions P. Amaury SA (*until May 2013*)  
 Deputy Chairman, member of the Supervisory Board and member of the Audit Committee, Canal+ France SA (*until November 2013*)

**THIERRY FUNCK-BRENTANO**

4 rue de Presbourg – 75116 Paris, France

*Date of birth: 2 May 1947*

Number of Lagardère SCA shares held: 44,862

Thierry Funck-Brentano holds a master's degree in management from the University of Paris Dauphine as well as an MBA from Northwestern University (Kellogg) in the United States. He has spent his entire career with the Lagardère group.

**A) PRINCIPAL POSITIONS**

Co-Managing Partner of Lagardère SCA  
 Chief Human Relations, Communications and Sustainable Development Officer, Lagardère group

**B) DIRECTORSHIPS AND OTHER POSITIONS HELD IN THE GROUP**

Director, Deputy Chairman and Chief Operating Officer, Arjil Commandité-Arco

Director, Lagardère Media SAS  
Permanent representative of Lagardère Media SAS  
to the Board of Directors, Hachette Livre  
Member of the Supervisory Board, Lagardère Active SAS  
Member of the Supervisory Board, Lagardère Services SAS  
Chairman and member of the Management Committee,  
Lagardère Unlimited SAS  
Director, World Sport Group Holdings Ltd  
Director, World Sport Group Investments Ltd  
Director, Lagardère Active Broadcast  
(a Monaco-based joint-stock corporation)  
Director, Lagardère Ressources SAS  
Chairman and Chief Executive Officer, Sopredis SA  
Director, Lagardère Capital & Management SAS  
Chairman of the Supervisory Board,  
Matra Manufacturing & Services SAS  
Director, Ecrinvest 4 SA  
Director, Fondation Jean-Luc Lagardère  
Director, Secretary and Treasurer, Association Lagardère Paris  
Racing Ressources

Secretary, Association Lagardère Paris Racing

**C) DIRECTORSHIPS AND OTHER POSITIONS  
HELD OUTSIDE THE GROUP**

Director, Université Paris IX Dauphine  
Director, Fondation de l'Université Paris IX Dauphine

**D) DIRECTORSHIPS AND OTHER POSITIONS  
HELD DURING THE LAST FIVE YEARS**

Chairman, Edifinance Participations SAS (*until March 2009*)  
Member of the Supervisory Board, Lagardère Sports SAS  
(*until May 2011*)  
Director, Hachette Filipacchi Presse SA (*until June 2011*)  
Manager, Presstalis (formerly NMPP) (*until June 2011*)  
Manager, SAEM Transports Presse (*until June 2011*)  
Director, Mediakiosk SAS (formerly AAP) (*until November 2011*)  
Director, SGEL (Sociedad General Española de Librería) (Spain)  
(*until July 2012*)  
Chairman and Chief Executive Officer, Sopredis SA  
(*until January 2013*)

**7.2.3 MEMBERS OF THE SUPERVISORY BOARD**

List of members of the Supervisory Board during 2013

		Date of first appointment or re-appointment	End of current term of office
Chairman of the Board Chairman of the Audit Committee	<b>Xavier de Sarrau</b> Independent member of the Board <sup>(1)</sup>	10 March 2010	2014 OGM <sup>(*)</sup>
Member of the Board Member of the Audit Committee	<b>Nathalie Andrieux</b> Independent member of the Board <sup>(1)</sup>	3 May 2012	2016 OGM <sup>(*)</sup>
Member of the Board	<b>Antoine Arnault</b> Independent member of the Board <sup>(1)</sup>	3 May 2012	30 October 2013
Member of the Board	<b>Martine Chêne</b> Independent member of the Board <sup>(1)</sup>	29 April 2008	2014 OGM <sup>(*)</sup>
Member of the Board Member of the Appointments and Remuneration Committee	<b>Georges Chodron de Courcel</b> Non-independent member of the Board <sup>(1)</sup>	3 May 2012	2016 OGM <sup>(*)</sup>
Member of the Board Member of the Audit Committee Chairman of the Appointments and Remuneration Committee	<b>François David</b> Independent member of the Board <sup>(1)</sup>	29 April 2008	2014 OGM <sup>(*)</sup>
Member of the Board Member of the Appointments and Remuneration Committee	<b>Pierre Lescure</b> Independent member of the Board <sup>(1)</sup>	29 April 2008	2014 OGM <sup>(*)</sup>
Member of the Board	<b>Jean-Claude Magendie</b> Independent member of the Board <sup>(1)</sup>	27 April 2010 <sup>(**)</sup>	2014 OGM <sup>(*)</sup>
Member of the Board	<b>Soumia Belaidi Malinbaum</b> Independent member of the Board <sup>(1)</sup>	3 May 2013	2017 OGM <sup>(*)</sup>
Member of the Board	<b>Hélène Molinari</b> Independent member of the Board <sup>(1)</sup>	3 May 2012	2016 OGM <sup>(*)</sup>
Member of the Board	<b>Javier Monzón</b> Independent member of the Board <sup>(1)</sup>	29 April 2008	2014 OGM <sup>(*)</sup>
Member of the Board Member of the Audit Committee	<b>Amélie Oudéa-Castéra</b> Non-independent member of the Board <sup>(1)</sup>	3 May 2012	3 May 2013
Member of the Board Member of the Audit Committee	<b>Didier Pineau-Valencienne</b> Independent member of the Board <sup>(1)</sup>	29 April 2008	3 May 2013
Member of the Board	<b>François Roussely</b> Independent member of the Board <sup>(1)</sup>	3 May 2012	2016 OGM <sup>(*)</sup>
Member of the Board Member of the Audit Committee	<b>Aline Sylla-Walbaum</b> Independent member of the Board <sup>(1)</sup>	3 May 2013	2017 OGM <sup>(*)</sup>
Member of the Board	<b>Susan M. Tolson</b> Independent member of the Board <sup>(1)</sup>	10 May 2011 <sup>(***)</sup>	2015 OGM <sup>(*)</sup>
Member of the Board Member of the Audit Committee	<b>Patrick Valroff</b> Independent member of the Board <sup>(1)</sup>	27 April 2010	2014 OGM <sup>(*)</sup>
Board Secretary	<b>Laure Rivière-Doumenc</b>		

(1) Under the AFEP-MEDEF corporate governance criteria applied by the Supervisory Board (see section 7.4.2 below).

(\*) The Ordinary General Meeting to be held in the year indicated to approve the financial statements for the previous year.

(\*\*) Jean-Claude Magendie's appointment took effect on 1 May 2010.

(\*\*\*) Susan M. Tolson's appointment took effect on 1 July 2011.

**XAVIER DE SARRAU**

16 West Halkin Street - SW1 X8JL London, United Kingdom

*Date of birth:* 11 December 1950

*Nationality:* French

Date of appointment: 10 March 2010<sup>(1)</sup>

End of current term of office: 2014 OGM<sup>(2)</sup>

Number of Lagardère SCA shares held: 150

Chairman of the Supervisory Board of Lagardère SCA and of its Audit Committee.

Xavier de Sarrau is a graduate of the HEC Business School and holds a doctorate in tax law. He is a lawyer registered with the Bars of Paris and Geneva and specialises in issues concerning the governance and organisational structure of family-owned companies and private holdings.

Xavier de Sarrau worked with the Arthur Andersen Group from 1978 to 2002, serving as Managing Partner for France, Managing Partner for EMEA, and Managing Partner for Worldwide Global Management Services, and was also a member of the firm's World Executive Committee.

After founding his own law firm outside France, in 2005 Xavier de Sarrau was one of the founders of the Paris law firm Sarrau Thomas Couderc. In 2008, he left Sarrau Thomas Couderc (which was subsequently renamed STC Partners) and since that date he has not held any interests in the firm.

**Directorships and other positions held in other companies*****In France:***

Member of the Supervisory Board, JC Decaux

Chairman of the Audit Committee and Ethics Committee, JC Decaux

***Outside France:***

Chairman of the Board, Thala SA (Switzerland)

Director, IRR SA (Switzerland)

Member of the Board, EFTC (USA)

Member of the Board, 16 West Halkin (UK)

Director, Oredon Associates (UK)

Director, Verny Capital (Kazakhstan)

**Directorships and other positions held during the last five years**

Member of the Supervisory Board, Financière Atlas

Member of the Supervisory Board, Bernardaud SA

Member of the Board, Dombes SA (Switzerland)

Member of the Board, FCI Holding SA

Member of the Board, Continental Motors Inns SA (Luxembourg)

**NATHALIE ANDRIEUX**

Tour Cristal – 7-11 Quai André Citroën – 75015 Paris

*Date of birth:* 27 July 1965

*Nationality:* French

Date of appointment: 3 May 2012

End of current term of office: 2016 OGM<sup>(2)</sup>

Number of Lagardère SCA shares held: 150

Member of the Audit Committee of Lagardère SCA.

Nathalie Andrieux graduated from the École Supérieure d'Informatique (SUPINFO) in Paris in 1988. She began her career in banking with the Banques Populaires Group, where she was involved in information systems development projects. In 1997, she joined the La Poste group as manager of the corporate information systems department. In late 2001, she became head of strategic marketing within the strategy division and, in 2003, was appointed head of La Poste's innovation and e-Services department. Based on her solid background in management, strategy, innovation and organisation, Nathalie became Chief Executive Officer of Mediapost in 2004.

Nathalie Andrieux is responsible for Mediapost's 2010-2013 strategic plan. After a phase of European expansion as of 2008, which led to subsidiaries being opened in Portugal, Spain and Romania, she then focused on consolidating Mediapost's growth by adding new expertise either developed in-house or through acquisitions. Having created the home media promotion agency Mediapost Publicité in June 2010, Mediapost acquired Sogec (a leader in promotional marketing) in December of that year, followed by a majority interest in Mediaprism (a communications and customer knowledge agency) in March 2011. Lastly, Nathalie Andrieux created and became Chair of the Mediapost group in September 2011 as well as Chair of its various entities. She was appointed Deputy CEO of La Poste's digital activities in October 2012 and since 17 January 2013, she has been a member of the French Digital Board (*Conseil National du Numérique*).

**Directorships and other positions held in other companies*****In France:***

Chair of Mediapost Holding

Chair of Matching

Chair of Media Prisme

Director of Maileva

Member of the Steering Committee, Mediapost

Member of the Steering Committee, Mediapost Publicité

Member of the Steering Committee, SMP

Member of the Steering Committee, Cabestan

Director of Mix Commerce

Member of the French Digital Board

Member of the Supervisory Board, La Banque Postale

Member of the Investment Committee, XAnge Capital 2

***Outside France:***

Director, Mediapost SGPS (Portugal)

Director, Mediapost Spain

Director, Mediapost Hit Mail (Romania)

**Directorships and other positions held during the last five years**

Member of the Steering Committee, Neopress

Chair of Mediapost

Chair of Mediapost Publicité

Chair of SMP

Chair of Financière Adverline

Chair of Cabestan

Chair of Mix Commerce

Committee member, Multicanal

(1) Coopted by the Supervisory Board on 10 March 2010 and approved by the General Meeting on 27 April 2010.

(2) Ordinary General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Chair and Chief Executive Officer, Mediapost  
 Chair of the Board of Directors, Mediapost  
 Chair of the Board of Directors, Adverline  
 Chair of the Board of Directors, Mediapost Hit Mail (Romania)  
 Chair of the Board of Directors, Mediapost SGPS (Portugal)  
 Chair of the Board of Directors, Mediapost Spain

### ANTOINE ARNAULT

120 rue du Faubourg Saint-Honoré – 75008 Paris

*Date of birth: 4 June 1977*

*Nationality: French*

Date of appointment: 3 May 2012

End of current term of office: 30 October 2013

Number of Lagardère SCA shares held: 150

Antoine Arnault is a graduate of HEC Montréal and holds an MBA from INSEAD. In 2000, he set up a dot.com company involved in domain name registration.

In 2002, he sold his interest in the company and joined the LVMH group, where he was successively Head of Marketing and then Head of Louis Vuitton France's regional network.

In 2007, he became Head of Communications for Louis Vuitton, responsible for advertising, publishing, digital development and media purchasing.

He has been Chief Executive Officer of Berluti since 2011. During the same year, Antoine Arnault was the inspiration behind the "Les Journées Particulières" campaign. At end-2013, he was also appointed Chairman of Loro Piana.

#### Directorships and other positions held in other companies

##### *In France:*

Director, LVMH – Moët Hennessy Louis Vuitton SA  
 Chairman of the Executive Board, Berluti SA  
 Member of the Supervisory Board, Echos SAS  
 Director, Comité Colbert  
 Director, Madrigall SA  
 Chairman, AA Conseil SAS

##### *Outside France:*

Manager, Berluti LLC (USA)  
 Director, Berluti Hong Kong Company Limited  
 Director, Berluti (Shanghai) Company Limited (China)  
 Director, Berluti Orient FZ-LLC (United Arab Emirates)  
 Chairman of the Board of Directors, Loro Piana SpA (Italy)  
 Director, Manifattura Berluti SRL (Italy)

#### Directorships and other positions held during the last five years

Chairman, F.G. SAS  
 Legal representative, Berluti, and Managing Partner, Société de Distribution Robert Estienne SNC (SDRE)  
 Chairman of the Board of Directors, Société Nouvelle de Chemiserie Arnys  
 Member of the Supervisory Board, Sport Runner, Inc. (USA)

### MARTINE CHÊNE

64 rue du Parc – 34980 Saint-Gely-du-Fesc

*Date of birth: 12 May 1950*

*Nationality: French*

Date of appointment: 29 April 2008

End of current term of office: 2014 OGM<sup>(1)</sup>

Number of Lagardère SCA shares held: 150

Martine Chêne joined the Lagardère group in 1984, and worked as an archivist at Hachette Filipacchi Associés (HFA) until March 2009.

She was the secretary of HFA's Works Committee, a CFDT union representative and an employee representative.

She represented the CFDT union on the Group Employees' Committee.

#### Directorships and other positions held in other companies

Martine Chêne exercises no positions in any other companies.

#### Directorships and other positions held during the last five years

Martine Chêne has not held any other directorships or other positions in the last five years.

### GEORGES CHODRON DE COURCEL

7 bis rue de Monceau – 75008 Paris

*Date of birth: 20 May 1950*

*Nationality: French*

Date of appointment: 19 May 1998

Date of renewal: 3 May 2012

End of current term of office: 2016 OGM<sup>(1)</sup>

Number of Lagardère SCA shares held: 150

Member of the Appointments and Remuneration Committee of Lagardère SCA.

Georges Chodron de Courcel is an engineering graduate of the École Centrale de Paris. In 1972, he joined BNP where he became Head of Equity Research within the finance division in 1978 and General Secretary of Banexi in 1982. He then became Head of Asset Management, followed by Director of Corporate Finance. In 1989, Georges Chodron de Courcel was appointed Chairman of Banexi, followed by Head of French Retail Banking at BNP in 1990. In 1995, he became Deputy Managing Director, before assuming the role of Chief Operating Officer of BNP between 1996 and 1999.

Following the merger with Paribas in August 1999, Georges Chodron de Courcel was made Head of Corporate and Investment Banking at BNP Paribas from 1999 to 2003. He has been Chief Operating Officer of BNP Paribas since June 2003.

#### Directorships and other positions held in other companies

##### *In France:*

Director, Bouygues SA  
 Director, Nexans SA  
 Director, Alstom SA  
 Director, FFP SA (Société Foncière, Financière et de Participations)  
 Director, Verner Investissements SAS  
 Board Advisor (*censeur*), Exane SA

##### *Outside France:*

Chairman, BNP Paribas (Suisse) SA, Switzerland

(1) Ordinary General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Deputy Chairman, Fortis Bank SA/NV (Belgium)  
 Director, Erbé SA (Belgium)  
 Director, GBL - Groupe Bruxelles Lambert (Belgium)  
 Director, Scor Holding (Switzerland) AG, Switzerland  
 Director, Scor Global Life Rückversicherung Schweiz AG (Switzerland)  
 Director, Scor Switzerland AG (Switzerland)  
 Director, SGLRI (SCOR Global Life Reinsurance Ireland)

**Directorships and other positions held during the last five years**

Chairman and Director, BNP Paribas UK Holdings Ltd (UK)  
 Director, BNP Paribas ZAO (Russia)  
 Director, CNP (Compagnie Nationale à Portefeuille – Belgium)  
 Board Advisor (*censeur*), Safran SA  
 Board Advisor (*censeur*), Scor SE  
 Chairman, Compagnie d'Investissement de Paris SAS  
 Chairman, Financière BNP Paribas SAS

**FRANÇOIS DAVID**

121 avenue des Champs-Élysées – 75008 Paris  
 Date of birth: 5 December 1941  
 Nationality: French

Date of appointment: 29 April 2008  
 End of current term of office: 2014 OGM<sup>(1)</sup>  
 Number of Lagardère SCA shares held: 150  
 Member of the Audit Committee of Lagardère SCA.

Chairman of the Appointments and Remuneration Committee of Lagardère SCA.

François David is a graduate of the Institut d'études politiques de Paris and holds a degree in sociology. He began his career at the French Finance Ministry in 1969 as an administrative officer with a range of duties in the Foreign Trade Mission. In 1986, he was appointed Chief of Staff at the Foreign Trade Ministry. He became Head of Foreign Trade Relations at the French Ministry of Finance and Economics in 1987, and was the General Director of International Affairs at Aerospatiale from 1990 to 1994. François David was Chairman of the Board of Directors of Coface from 1994 to 2012.

**Directorships and other positions held in other companies**

**In France:**

Honorary Chairman, Coface group  
 Director, Rexel  
 Member of the Supervisory Board, Areva  
 Member of the Board of Directors, Natixis Coficine  
 Member of the Supervisory Board, Galatée Films  
 Member of the Board, Order of the Legion of Honour

**Directorships and other positions held during the last five years**

Director, Vinci  
 Chairman, International Credit Insurance & Surety Association (ICISA)  
 European Adviser, CityGroup  
 Chairman of the Board of Directors, Coface Services

Chairman, Centre d'Etudes Financières  
 Chairman, OR Informatique  
 Chairman of the Supervisory Board, Coface Kreditversicherung AG (Germany)  
 Chairman of the Board of Directors, Coface Assicurazioni (Italy)

**PIERRE LESCURE**

38 rue Guynemer – 75006 Paris  
 Date of birth: 2 July 1945  
 Nationality: French

Date of appointment: 22 March 2000  
 Date of renewal: 29 April 2008  
 End of current term of office: 2014 OGM<sup>(1)</sup>  
 Number of Lagardère SCA shares held: 150  
 Member of the Appointments and Remuneration Committee of Lagardère SCA.

Pierre Lescure is a journalist who has previously occupied the positions of Editor in Chief of the television channel France 2, Chairman and Chief Executive Officer of the pay TV channel Canal+, and Chief Executive Officer of Vivendi Universal. He is currently Director of Théâtre Marigny in Paris.

**Directorships and other positions held in other companies**

**In France:**

Chairman, AnnaRose Productions SAS  
 Director, Havas Advertising

**Outside France:**

Member of the Board of Directors, Kudelski (Switzerland)  
 Member of the Executive Commission, Prisa TV (Spain) and Digital+ (Spain)

**Directorships and other positions held during the last five years**

Member of the Board of Directors, Thomson SA  
 Chairman, Lescure Farrugia Associés

**JEAN-CLAUDE MAGENDIE**

19 rue Raynouard – 75016 Paris  
 Date of birth: 24 May 1945  
 Nationality: French

Date of appointment: 27 April 2010  
 End of current term of office: 2014 OGM<sup>(1)</sup>  
 Number of Lagardère SCA shares held: 150

Jean-Claude Magendie is a former magistrate. He started out as an examining judge (1970-1975) before becoming deputy general secretary to the First President of the Paris Court of Cassation, referendary at the same court, President of the Chamber at Rouen Court of Appeal, then Versailles Court of Appeal, President of the Créteil magistrates' court then the Paris magistrates' court (*Tribunal de grande instance de Créteil/Paris*), and finally First President of the Paris Court of Appeal.

Jean-Claude Magendie has written a number of reports on civil law procedure and mediation, and was Secretary General for the study commission on Europe and the legal professions.

(1) Ordinary General Meeting to be held in the year indicated to approve the financial statements for the previous year.

He was also a Member of the Commission for analysis on prevention of conflicts of interest in public life.

Within the scope of his role as Chairman of the Justice Commission of the French think tank Le Club des Juristes, he published a report on reform within the commercial courts which appeared in the general edition of the weekly *La Semaine Juridique* on 15 July 2013.

#### Directorships and other positions held in other companies

Member of the Scientific Committee of the National Institute of High Studies for Security and Justice

Consultant for the French Union of Manufacturers (Unifab)

Arbitrator and mediator

#### Directorships and other positions held during the last five years

First President of the Paris Court of Appeal

Chairman, Acojuris (the Agency for International Legal Cooperation)

Member of the Commission for analysis on prevention of conflicts of interest in public life

Member of the Board of Directors, Lextenso

#### SOUMIA BELAIDI MALINBAUM

23 rue d'Edimbourg – 75008 Paris

*Date of birth: 8 April 1962*

*Nationality: French*

Date of appointment: 3 May 2013

End of current term of office: 2017 OGM<sup>(1)</sup>

Number of Lagardère SCA shares held: 200

Soumia Belaidi Malinbaum has spent most of her career working in the digital and technologies sector, both as a founder and managing director of small and medium-sized companies. She is currently Deputy Chief Executive Officer of Keyrus, a management consulting firm which was merged with Specimen, the IT company she created and managed for 15 years. Before being appointed Business Development Manager of the group, she was Director of Human Resources.

She is extremely committed to promoting and managing diversity in the corporate environment and is President of the European Association of Diversity Managers and founder of the French equivalent (AFMD).

#### Directorships and other positions held in other companies

Director and Chair of the Audit Committee, FMM (France Médias Monde)

Member of the Educational Board, HEC Paris

Member of the Board of Directors, Université Paris Dauphine

Member of the Board of Directors, Institut du monde arabe (IMA)

#### Directorships and other positions held during the last five years

Soumia Belaidi Malinbaum has not held any other directorships or other positions in the last five years.

#### HÉLÈNE MOLINARI

80 rue de Lourmel – 75015 Paris

*Date of birth: 1 March 1963*

*Nationality: French*

Date of appointment: 3 May 2012

End of current term of office: 2016 OGM<sup>(1)</sup>

Number of Lagardère SCA shares held: 150

Hélène Molinari is a graduate engineer. She began her career in 1985 as a consultant at Cap Gemini and in 1987 joined the Robeco group where she was responsible for developing institutional sales. In 1991, she joined the Axa group where she was involved in creating Axa Asset Managers, a leading asset management company. In 2000, she was appointed Head of Marketing and e-Business at Axa Investment Managers and in 2004 became a member of the Management Committee as Global Head of Brand and Communication.

In 2005, she joined MEDEF where she occupied a number of positions reporting to Laurence Parisot, notably as head of communications, membership and societal activities. She also supervised a number of support functions including the Corporate Secretary's department, and contributed to the drafting of the AFEP-MEDEF code of corporate governance. In 2011, she was appointed Chief Operating Officer and member of the Executive Council of MEDEF.

In 2013, she joined Be-Bound as a Vice President. Be-Bound is a digital startup that is based in France and in Silicon Valley, which allows users to stay connected to the Internet even with no data access.

#### Directorships and other positions held in other companies

Member of the Board of Directors, NQT (*Nos quartiers ont des talents*)

Member of the Steering Committee, *Tout le monde chante contre le cancer* (cancer charity)

#### Directorships and other positions held during the last five years

Member of the Board of Directors, CELSA (*Centre d'Études Littéraires et Scientifiques Appliquées*)

Member of the Board of Directors, EPA (*Entreprendre pour Apprendre*)

Committee member, JDE (*Les Journées de l'Entrepreneur*)

Member of the Board of Directors, Axa IM Limited

#### JAVIER MONZÓN

Avenida De Bruselas, 33-35, 28108 Arroyo de la Vega – Alcobendas, Madrid, Spain

*Date of birth: 29 March 1956*

*Nationality: Spanish*

Date of appointment: 29 April 2008

End of current term of office: 2014 OGM<sup>(1)</sup>

Number of Lagardère SCA shares held: 150

Having graduated with a degree in economics, Javier Monzón became Chief Financial Officer and subsequently Executive Vice-Chairman of Telefónica before taking up the position of Chairman at Telefónica International. He has also been a Worldwide Partner at Arthur Andersen and Managing Partner of Corporate Finance Consulting Services in Spain. Javier Monzón has been Chairman of the Spanish technology company Indra since its formation in 1993.

(1) Ordinary General Meeting to be held in the year indicated to approve the financial statements for the previous year.

**Directorships and other positions held in other companies****Outside France:**

Member of the Board of Directors, ACS Actividades de Construcción y Servicios SA (Spain)

Member of the Board of Directors, ACS Servicios y Concesiones SL (Spain)

**Directorships and other positions held during the last five years**

Permanent representative of Indra Sistemas SA to the Board of Directors of Banco Inversis SA (Spain)

Member of the Board of Directors, YPF SA (Argentina)

**AMÉLIE OUDÉA-CASTÉRA**

313 Terrasses de l'Arche – Terrasse 3 – 92727 Nanterre

Date of birth: 9 April 1978

Nationality: French

Date of appointment: 2 December 2009

Date of renewal: 3 May 2012

End of current term of office: 3 May 2013

Number of Lagardère SCA shares held: 150

Member of the Audit Committee of Lagardère SCA.

A former professional tennis player, Amélie Oudéa-Castéra is a graduate of the Institut d'études politiques de Paris, École Supérieure des Sciences Économiques Commerciales and École nationale d'administration. She holds a master's degree in law. She joined the Axa group in 2008 where she is now Head of Marketing, Services and Digital at Axa France.

**Directorships and other positions held in other companies**

Auditor, French National Audit Office (*Cour des Comptes*)

Director, Compagnie Plastic Omnium

**Directorships and other positions held during the last five years**

Amélie Oudéa-Castéra has not held any other directorships or positions in the last five years.

**DIDIER PINEAU-VALENCIENNE**

24-32, rue Jean-Goujon – 75008 Paris

Date of birth: 21 March 1931

Nationality: French

Date of appointment: 19 May 1998

Date of renewal: 29 April 2008

End of current term of office: 3 May 2013

Number of Lagardère SCA shares held: 0

Member of the Audit Committee of Lagardère SCA.

Didier Pineau-Valencienne is a graduate of HEC Business School in Paris, Tuck School of Business Administration (Dartmouth College) and Harvard Business School. He is a former Chairman and Chief Executive Officer of Schneider SA, of which he is now Honorary Chairman.

**Directorships and other positions held in other companies****In France:**

Chairman of the Investment Committee, Sagard

Honorary Chairman, HEC Association

Director, BIPE Association

Advisor, Centre d'Enseignement Supérieur de la Marine

**Outside France:**

Member of the Trustees, American University of Paris

**Directorships and other positions held during the last five years**

Chairman of the International Consultative Committee, Audencia (formerly ESC Nantes Atlantique)

Executive lecturer, HEC Paris Business School

Member of the Advisory Board, Booz Allen & Hamilton (USA)

Director, Pernod Ricard

Director, Wendel Investissement

Chairman, AFEP

Senior Advisor, Crédit Suisse

Director, Swiss Helvetia Fund (USA)

Member of the Board of Overseers, Tuck School of Business Administration, Dartmouth College (USA)

Director, Fleury Michon

Chairman, Fondation HEC

**FRANÇOIS ROUSSELY**

25 avenue Kléber – 75784 Paris Cedex 16

Date of birth: 9 January 1945

Nationality: French

Date of appointment: 11 May 2004

Date of renewal: 3 May 2012

End of current term of office: 2016 OGM<sup>(1)</sup>

Number of Lagardère SCA shares held: 150

François Roussely is a graduate of the Institut d'études politiques de Paris, Paris University of Law and Economics, and École nationale d'administration. He is an honorary senior advisor to the French National Audit Office. He began his career in the French Ministry of Finance and the Economy and held several prominent positions in the French government, the Ministry of Defence and then the Ministry of the Interior from 1981 to 1997. He was Chairman and Chief Executive Officer of EDF from 1998 to 2004, then Chief Executive Officer of Crédit Suisse France, before becoming Deputy Chairman of Crédit Suisse Europe in 2009.

**Directorships and other positions held in other companies**

Honorary senior advisor, French National Audit Office (*Cour des Comptes*)

Deputy Chairman, Crédit Suisse Europe

Deputy Chairman, Fondation du Collège de France

Chairman, Budé Committee (Collège de France)

**Directorships and other positions held during the last five years**

Chairman and Chief Executive Officer, Crédit Suisse (France)

Chairman, Crédit Suisse Banque d'Investissement France

Honorary Chairman, EDF

(1) Ordinary General Meeting to be held in the year indicated to approve the financial statements for the previous year.

**ALINE SYLLA-WALBAUM**

20 rue Chauchat – 75009 Paris

*Date of birth: 12 June 1972*

*Nationality: French*

Date of appointment: 3 May 2013

End of current term of office: 2017 OGM<sup>(1)</sup>

Number of Lagardère SCA shares held: 160

Member of the Audit Committee of Lagardère SCA.

A graduate of HEC Business School, Institut d'études politiques de Paris and École nationale d'administration, Aline Sylla-Walbaum is an Inspector of Finance and Managing Director of Christie's France, the world's leading art business. Before joining Christie's France, she was Deputy Chief Executive Officer of Development at Unibail-Rodamco, Europe's leading listed commercial property company, Cultural and communications advisor to the office of the French Prime Minister from 2007 to 2008, and Deputy Executive Director, Director of cultural development at the Louvre museum for five years.

**Directorships and other positions held in other companies**

Member of the Board of Directors, Louvre-Lens museum

Vice-Chair of the Board of Directors, Orchestre de Paris

Member of the Board of Directors, Musée d'Orsay

**Directorships and other positions held during the last five years**

Aline Sylla-Walbaum has not held any other directorships or positions in the last five years.

**SUSAN M. TOLSON**

3319 Prospect St. NW

Washington, DC 20007, USA

*Date of birth: 7 March 1962*

*Nationality: American*

Date of appointment: 10 May 2011

End of current term of office: 2015 OGM<sup>(1)</sup>

Number of Lagardère SCA shares held: 150

Susan M. Tolson graduated from Smith College in 1984 with a B.A. cum laude before obtaining an MBA from Harvard in 1988. She joined Prudential Bache Securities as a corporate finance analyst in 1984 and subsequently took on the position of Investment Officer in Private Placements at Aetna Investment Management in 1988. In 1990, she joined The Capital Group Companies – a major private US investment fund formed in 1931 which currently manages assets of over a trillion dollars – where between April 1990 and June 2010 she successively served as a financial analyst, senior account manager and then Senior Vice President, a position she left to join her husband in Paris.

Over the last 20 years, Susan M. Tolson has issued recommendations and made decisions relating to investments in numerous business sectors, including the media and entertainment industries.

**Directorships and other positions held in other companies****In France:**

Member of the Board of Trustees, American University of Paris  
Honorary Chair, American Friends of The Musée d'Orsay

**Outside France:**

Director, America Media, Inc. and the American Cinémathèque  
Member of the Los Angeles World Affairs Council, the Paley Center For Media and the Los Angeles Society of Financial Analysis

**Directorships and other positions held during the last five years**

Honorary Chair, American Women's Group in Paris

Director, Fulbright Commission

**PATRICK VALROFF**

26 rue de Clichy – 75009 Paris

*Date of birth: 3 January 1949*

*Nationality: French*

Date of appointment: 27 April 2010

End of current term of office: 2014 OGM<sup>(1)</sup>

Number of Lagardère SCA shares held: 150

Patrick Valroff holds a degree in law and is a graduate of the Institut d'Études Politiques de Paris and École Nationale d'Administration. He began his career in the French civil service. In 1991, he joined the specialist consumer credit company Sofinco as Deputy Chief Executive Officer. In 2003, he was appointed Head of Specialised Financial Services at Crédit Agricole SA Group, which comprises Sofinco, Finaref, Crédit Agricole Leasing and Eurofactor, and subsequently served as Chairman and CEO of Sofinco. From May 2008 to December 2010, Patrick Valroff was Chief Executive Officer of Crédit Agricole Corporate and Investment Bank.

**Directorships and other positions held in other companies**

Director, Néovacs

**Directorships and other positions held during the last five years**

Member of the Executive Committee, Crédit Agricole SA  
Chairman and Chief Executive Officer, Sofinco

Director, Crédit Agricole Leasing SA

Chairman, Crédit Lift SAS

Permanent representative of Sofinco to the Board of Directors, Creserfi SA

Chairman of the Supervisory Board, Eurofactor SA

Chairman of the Supervisory Board, Finaref

Chairman, Fiat Group Auto Financial Services – FGAFS (SpA)

Legal representative of Sofinco, Manager, SCI du Bois Sauvage

Legal representative of Sofinco, Manager, SCI de la Grande Verrière

Legal representative of Sofinco, Manager, SCI de l'Écoute s'il pleut

Legal representative of Sofinco, Manager, SCI du Petit Bois

Legal representative of Sofinco, Manager, SCI du Rond Point

(1) Ordinary General Meeting to be held in the year indicated to approve the financial statements for the previous year.

## 7.2.4 ADDITIONAL INFORMATION ON MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGING PARTNERS

### 7.2.4.1 DECLARATION OF NON-CONVICTION AND COMPETENCE

To the best of Lagardère SCA's knowledge:

- ▶ No member of the Supervisory Board or Managing Partner has been convicted of fraud in the last five years;
- ▶ No member of the Supervisory Board or Managing Partner has been associated with any bankruptcy, receivership or liquidation proceedings in the last five years;
- ▶ No member of the Supervisory Board or Managing Partner has been subject to charges or official public sanction by statutory or regulatory authorities (including designated professional bodies);
- ▶ No member of the Supervisory Board or Managing Partner has been barred by a court from acting as a member of a governing, management or supervisory body or participating in a company's business management or governance in the last five years.

### 7.2.4.2 AGREEMENTS BETWEEN A MEMBER OF THE SUPERVISORY BOARD OR MANAGING PARTNER AND LAGARDÈRE SCA OR ANY OF ITS SUBSIDIARIES

To the best of Lagardère SCA's knowledge, no member of the Supervisory Board or Managing Partner has entered into a service agreement with Lagardère SCA or any of its subsidiaries, with the exception, as regards the Managing Partners, of the service agreement signed between Lagardère Ressources and LC&M (a company almost entirely owned by Arnaud Lagardère). For more information on this agreement, see section 7.5.1 below and the Statutory Auditors' report on related party agreements and commitments in Chapter 6, section 6.8.

### 7.2.4.3 CONFLICTS OF INTERESTS

To the best of Lagardère SCA's knowledge, no arrangement or agreement has been entered into between the Company and its major shareholders, or with its customers, suppliers or any other party pursuant to which any Supervisory Board member or Managing Partner was selected.

To the best of Lagardère SCA's knowledge, no potential conflict of interests exists with respect to Lagardère SCA between the duties of the members of the Supervisory Board or the Managing Partners and their personal interests, or between those duties and any other responsibilities they may hold.

### 7.2.4.4 RESTRICTIONS ON THE SALE BY MEMBERS OF THE SUPERVISORY BOARD OR MANAGING PARTNERS OF THEIR INTEREST IN LAGARDÈRE SCA

To the best of Lagardère SCA's knowledge:

- ▶ No restriction has been accepted by members of the Supervisory Board concerning the sale of their interest in the Company's share capital within a certain period of time, except for the rules for trading in Lagardère SCA shares set forth in the internal rules of the Supervisory Board (see section 7.4.2);
- ▶ No restriction has been accepted by the Managing Partners concerning the sale of their interest in the Company's share capital within a certain period of time, except for:
  - the rules for trading in Lagardère SCA shares defined in the laws in force or the "Charter on trading in Lagardère SCA shares by Group employees";
  - the holding period set by the Supervisory Board since 2008 for free share awards (see the Special Report of the Managing Partners in section 7.3.5).

**7.3 REMUNERATION AND BENEFITS****AFR****7.3.1 MANAGING PARTNERS AND MEMBERS OF THE EXECUTIVE COMMITTEE**

At 31 December 2013, the members of the Executive Committee were as follows:

Arnaud Lagardère,	General and Managing Partner	} <b>Managing Partners</b>
Pierre Leroy,	Co-Managing Partner, Secretary General	
Dominique D'Hinnin,	Co-Managing Partner, Chief Financial Officer	
Thierry Funck-Brentano,	Co-Managing Partner, Chief Human Resources and Communications Officer	
Ramzi Khiroun	Spokesman for the Managing Partners, Chief External Relations Officer	

**Members of the Executive Committee**

- ▶ receive immediate and deferred remuneration (retirement benefits);
- ▶ may be awarded share options and/or awarded free shares.

Remuneration paid to the members of the Executive Committee for their positions in the Lagardère group is entirely borne by their employer, Lagardère Capital & Management (LC&M), and accounts for most of the management fees charged by LC&M to Lagardère Ressources (see section 7.5.1). Arnaud Lagardère and Dominique D'Hinnin also received remuneration from EADS for the duties they performed in their capacity as members of the Board of Directors of EADS up to April 2013, at which time the Lagardère group sold its stake in EADS. This remuneration is reported in the following tables but is not taken into account in the comments in section 7.3.1.1.

**7.3.1.1 COMPONENTS OF REMUNERATION****A) FIXED AND VARIABLE SALARIES**

Salaries consist of a fixed portion and a variable portion and may be supplemented by special bonuses.

Fixed salaries are paid in 12 equal monthly instalments over the year. Arnaud Lagardère's fixed salary has not changed since 2009 while the fixed salaries of his Co-Managing Partners have not changed since 2011.

The variable portion is determined on the basis of principles defined in 2003 which have been consistently applied since that date. For the year concerned, it comprises the following components, based on reference amounts determined for each individual:

- ▶ a component directly related to Group performance based on the reference amount in relation to the average of the two following inputs:
  - the differential between the midpoint of the forecast rise in recurring operating profit before associates for Lagardère Media companies – as announced to the market at the beginning of the year – and the actual rise in that recurring operating profit figure for the year concerned, at constant exchange rates; this differential is applied on a directly proportional basis in the event of a negative change and at a rate of an additional 10% per percentage point in the event of a positive change.
  - the percentage differential between net cash from operating activities as forecast in the budget for the year, and net cash from operating activities stated in the consolidated statement of cash flows for the year concerned; the differential is applied on a directly proportional basis.

A further criterion related to the intrinsic change in recurring operating profit before associates as defined above for the year concerned in relation to the previous year was added in 2011. This factor will be applied directly to the result of the two above-mentioned criteria if, and only if, that result is negative.

For 2013, the relevant input-based formula results in the application of a factor of 1.176 to the reference amounts (compared with 1.02 for 2012).

- ▶ a qualitative component (except for Arnaud Lagardère), taking into account the personal contribution to the development of the Group, changes in value added, the quality of management, the relevance of its organisation, the motivation of its teams and attention paid to social and environmental issues. The assessment of these factors can increase or decrease the reference amount, though the resulting figure may not exceed 25% of the fixed salary.

The variable portion of remuneration is determined by applying criteria to the reference amounts. As indicated above, Arnaud Lagardère does not receive a qualitative component. Since he receives neither share options nor free shares, his variable salary is based on a reference amount of €1,400,000, to which are applied the input-based performance-related criteria, with no minimum limit and with a maximum limit of 150% of his fixed salary.

For the other members of the Executive Committee, the reference qualitative component and the input-based performance-related component are equal and represent in total around 50% of the fixed salaries. For each of the three Co-Managing Partners they represent a total of €300,000 each, i.e., a total reference amount of €600,000 as a basis for their variable salary, which may not exceed 75% of their fixed salary.

Since the variable portion of salary can only be calculated after the year-end, it is paid during the following year.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

In euros	Reference amount	Achievement rate	Amounts payable	Percentage compared with fixed salary	Ceiling compared with fixed salary
<b>Arnaud Lagardère</b>					
Qualitative	N/A	N/A	N/A	N/A	-
Input-based performance-related	1,400,000	1.176	1,646,000	144%	150%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,646,000</b>	<b>144%</b>	<b>150%</b>
<b>Pierre Leroy</b>					
Qualitative	300,000	-	300,000	20.3%	25%
Input-based performance-related	300,000	1.176	352,800	23.9%	-
<b>Total</b>	<b>600,000</b>	<b>-</b>	<b>652,800</b>	<b>44.3%</b>	<b>75%</b>
<b>Dominique D'Hinnin</b>					
Qualitative	300,000	-	300,000	24.9%	25%
Input-based performance-related	300,000	1.176	352,800	29.3%	-
<b>Total</b>	<b>600,000</b>	<b>-</b>	<b>652,800</b>	<b>54.2%</b>	<b>75%</b>
<b>Thierry Funck-Brentano</b>					
Qualitative	300,000	-	300,000	24.9%	25%
Input-based performance-related	300,000	1.176	352,800	29.3%	-
<b>Total</b>	<b>600,000</b>	<b>-</b>	<b>652,800</b>	<b>54.2%</b>	<b>75%</b>

## B) DEFERRED VARIABLE SALARY

The members of the Executive Committee do not receive any deferred variable salary.

## C) MULTI-ANNUAL VARIABLE SALARY

The members of the Executive Committee do not receive any multi-annual variable salary.

## D) SPECIAL BONUSES

The members of the Executive Committee did not receive any special bonuses in 2013.

## E) ATTENDANCE FEES

The members of the Executive Committee do not receive any attendance fees for their duties within the Lagardère group.

However, Arnaud Lagardère and Dominique D'Hinnin received remuneration for 2013 in respect of their duties as members of the Board of Directors of EADS: as Chairman of the Board of Directors, Arnaud Lagardère received a fixed salary of €45,000 and attendance fees of €20,000 while Dominique D'Hinnin, in his capacity as a director, received a fixed salary of €30,000 and attendance fees of €10,000. Similarly, Arnaud Lagardère, Pierre Leroy and Dominique D'Hinnin received attendance fees of approximately €7,000 each from Sogeadé Gérance, owned jointly by the French government and by Lagardère SCA. Their right to this remuneration ended in May 2013 with the sale of the Group's stake in EADS.

## F) AWARDING OF SHARE OPTIONS AND/OR PERFORMANCE SHARES

The members of the Executive Committee have not received share options since 2006 and only receive performance shares.

On 26 December 2013, Arnaud Lagardère, in his capacity as Managing Partner, awarded the members of the Executive

Committee the right to receive performance shares. The award followed a decision taken by the Supervisory Board in accordance with the provisions of the AFEF-MEDEF Code governing such awards, and was subject to the condition that the value of the share rights awarded would not exceed, for each individual concerned, one third of his total annual remuneration.

The characteristics of this award and the conditions to which it is subject are as follows:

- ▶ *Vesting period*: the shares awarded will not fully vest until 1 April 2017 subject to the fulfilment by that date of the following performance and presence conditions.
- ▶ *Performance conditions*: the objectives were defined on the basis of internal corporate criteria rather than in part on the basis of market performance conditions, since Lagardère SCA no longer has any suitably comparable competitors given the diversity of its activities. Consequently, three objectives were adopted: the first based on the change in recurring operating profit before associates for Lagardère Media companies in 2014, 2015 and 2016 by comparison with the target 2014, 2015 and 2016 recurring operating profit before associates communicated as market guidance; the second based on the changes in net cash from operating activities in 2014, 2015 and 2016 compared with the figures defined in the Consolidated Annual Budgets prepared at the start of the year. If each of these objectives is met, the free shares assigned to each objective (i.e., one sixth of the total quantity per objective) will be awarded in full; if between 0% and 100% of the objective is met, the free shares will be awarded in proportion to the percentage of the objective that is fulfilled, in linear fashion. Lastly, the third objective is based on achievement in 2016 by Lagardère SCA of a recurring operating profit before associates for Lagardère Media companies at least equal to the average recurring operating profit achieved in 2014 and in 2015. If this objective is not achieved, then the number of shares resulting from the application of the six objectives described above will be reduced proportionately.
- ▶ *Presence conditions*: in order for the shares to fully vest, the Managing Partners must still be serving as executives of Lagardère SCA on 31 December 2016; this condition will be deemed met in the event of their removal from their executive

position or non-re-appointment for reasons other than negligence.

► **Holding of shares:**

- all of the fully vested shares must be held in a registered account for a period of no less than two years, i.e., from 1 April 2017 to 1 April 2019.
- pursuant to a decision by the Supervisory Board on 12 March 2008, 25% of the fully vested shares must be held in a registered account until the beneficiary ceases to serve as a legal representative of Lagardère SCA,
- pursuant to a decision by the Supervisory Board on 2 December 2009, an additional 25% of the fully vested shares must be held in a registered account until the value of the Lagardère SCA shares held is at least equal to one year of the beneficiary's fixed and variable gross remuneration; this condition will be assessed at the start of each year in light of the average December share price and the fixed and variable salary received or payable in respect of the preceding year.

At the close of the mandatory holding periods defined above, the corresponding shares will become transferable and may be traded under the terms and conditions established by law and in accordance with the trading periods established by Lagardère SCA in the "Charter on trading in Lagardère SCA shares by Group employees".

#### **G) BENEFITS LINKED TO TAKING UP OR TERMINATING OFFICE**

Neither LC&M nor any other Group company has undertaken any commitment or given any promise to grant benefits linked to taking up or terminating office to the Managing Partners or other members of the Executive Committee.

#### **H) BENEFITS LINKED TO NON-COMPETITION AGREEMENTS**

Neither LC&M nor any other Group company has undertaken any commitment to grant benefits linked to non-competition agreements to members of the Executive Committee.

#### **I) SUPPLEMENTARY PENSION PLAN**

A supplementary pension plan was set up by LC&M on 1 July 2005 for members of the Executive Committee who are also executive officers or employees of LC&M.

The beneficiaries of this plan acquire supplementary pension entitlements equivalent to 1.75% of the benchmark remuneration per year of seniority, up to a limit of 20 years' seniority. The income replacement rate of the supplementary pension is capped at 35% of the benchmark remuneration.

The benchmark remuneration corresponds to the average gross annual remuneration received over the last five years (fixed + variable up to a maximum of 100% of the fixed portion), and cannot exceed 50 times the annual ceiling used to calculate social security contributions.

The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the company at retirement age, except in the event of termination after the age of 55, early retirement or long-term disability. In addition, in order to benefit from the plan, beneficiaries are required to have been members of the Executive Committee for at least five years at the date that they retire.

After the beneficiary's death, 60% of the pension is transferable to the surviving spouse.

#### **J) OTHER COMPONENTS**

- Travel and entertainment expenses incurred by the Managing Partners or members of the Executive Committee in the course of their duties are borne by the Group.
- Benefits in kind generally take the form of use of a company car for personal purposes.

### **7.3.1.2 REMUNERATION AND BENEFITS OF MEMBERS OF THE EXECUTIVE COMMITTEE**

#### **A) GROSS REMUNERATION PAID**

	2011	2012	2013
<b>"Lagardère"</b>	(1)	(2)	(3)
Fixed salary and benefits in kind	6,893,901	6,412,243	<b>5,866,729</b>
Special bonuses		26,792	-
Variable portion of salary (in respect of the previous year)	4,250,475	3,047,000	<b>3,525,120</b>
Attendance fees	20,900	21,171	<b>19,475</b>
<b>Total</b>	<b>11,165,276</b>	<b>9,507,206</b>	<b>9,411,324</b>
<b>"EADS"</b>	(4)	(4)	(4)
Fixed salary	220,000	220,000	<b>284,167</b>
Variable portion of salary (in respect of the previous year)	-		
Attendance fees	75,000	135,000	<b>30,000</b>
<b>Total</b>	<b>295,000</b>	<b>355,000</b>	<b>314,167</b>

(1) Arnaud Lagardère, Philippe Camus, Pierre Leroy, Dominique D'Hinnin, Thierry Funck-Brentano and Ramzi Khiroun (full-time).

(2) Arnaud Lagardère, Pierre Leroy, Dominique D'Hinnin, Thierry Funck-Brentano and Ramzi Khiroun (full-time) and Philippe Camus (until 30 June).

(3) Arnaud Lagardère, Pierre Leroy, Dominique D'Hinnin, Thierry Funck-Brentano and Ramzi Khiroun (full-time).

(4) Arnaud Lagardère and Dominique D'Hinnin for their duties on the Board of Directors which ended on 2 April 2013.

The "Lagardère" variable portion of salary to be paid in 2014 for 2013 represents €4,040,000. Members of EADS' Board of Directors are

no longer paid a variable component.

## B) SHARE OPTIONS

Date of plan/AGM authorisation	Number of options originally granted	Exercise price	Number of beneficiaries	Options exercised in 2013	Options forfeited at end-2013	Options outstanding at end-2013	Exercise period
<b>Share subscription options</b>							
None							
<b>Share purchase options</b>							
<b>Plans expired:</b>							
18 Dec. 2003 23 May 2000	178,000	€51.45	5	0	30,333	0	18 Dec. 2005 to 18 Dec. 2013
<b>Plans in force:</b>							
20 Nov. 2004 11 May 2004	178,000	€51.92	5	0	30,336	149,640 <sup>(*)</sup>	20 Nov. 2006 to 20 Nov. 2014
20 Nov. 2005 11 May 2004	240,000	€56.97	5	0	50,000	190,000	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006 11 May 2004	242,000	€55.84	5	0	50,000	192,000	14 Dec. 2008 to 14 Dec. 2016

(\*) After adjustment in 2005.

## C) FREE SHARE AWARDS

Date of plan/AGM authorisation	No. of rights granted	No. of beneficiaries	No. of shares vested in 2013	No. of rights forfeited at end-2013	No. of rights outstanding at end-2013	Vesting date
Plan expired in 2009 (the conditions of this plan were not fulfilled and the rights have lapsed):						
28 Dec. 2007 27 April 2007	107,000	7	0	107,000	0 <sup>(*)</sup>	29 Dec. 2009
Plan in force:						
1 Oct. 2009 31 Dec. 2009	126,000	6	21,155	7,690	21,155	2 Oct. 2011** 1 April 2012***
17 Dec. 2010	126,000	5	69,547	56,453	0	17 Dec. 2012 1 April 2013***
29 Dec. 2011	119,000	5	0	26,000	93,000	30 Dec. 2013 1 April 2014***
25 June 2012	111,000	4	0	0	111,000	25 May 2014 2 April 2015***
26 Dec. 2013	115,000	4	0	0	115,000	2 April 2017

(\*) No shares vested under this plan since the stock market performance condition was not met at 29 December 2009.

(\*\*) 2 October 2013 for beneficiaries who are not resident in France for tax purposes and 1 April 2014 for the Managing Partner who is not resident in France for tax purposes.

(\*\*\*) For the Managing Partners.

**7.3.1.3 REMUNERATION AND BENEFITS OF THE MANAGING PARTNERS****Arnaud Lagardère**

Summary of remuneration and benefits				
	2012		2013	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received
<b>“Lagardère”</b>				
Fixed salary	1,140,729	1,140,729	<b>1,140,729</b>	<b>1,140,729</b>
Variable portion of salary	1,432,320	804,000 <sup>(1)</sup>	<b>1,646,400</b>	<b>1,432,320<sup>(1)</sup></b>
Special bonuses	-	-	-	-
Attendance fees	4,750	6,514	-	<b>4,750</b>
Benefits in kind	20,499	20,499	<b>20,499</b>	<b>20,499</b>
<b>Total</b>	<b>2,598,298</b>	<b>1,971,742</b>	<b>2,807,628</b>	<b>2,598,298</b>
<b>“EADS”</b>				
Fixed salary	100,000	100,000	<b>45,000</b>	<b>164,167</b>
Variable portion of salary	-	-	-	-
Attendance fees	80,000	80,000	<b>20,000</b>	<b>20,000</b>
<b>Total</b>	<b>180,000</b>	<b>180,000</b>	<b>65,000</b>	<b>184,167</b>
<b>Overall total</b>	<b>2,778,298</b>	<b>2,151,742</b>	<b>2,872,628</b>	<b>2,782,465</b>

(1) Amounts paid for the previous year. Since the variable portion of salary can only be calculated after the year-end, it is paid during the following year.

Since his appointment as General and Managing Partner in 2003, Arnaud Lagardère has not been awarded any share options or free shares.

- ▶ Share options granted during the year: none.
- ▶ Share options exercised during the year: none.
- ▶ Performance shares granted during the year: none.
- ▶ Performance shares that vested during the year: none.

Total remuneration and benefits received and share options and performance shares granted		
	2012	2013
Remuneration and benefits receivable for the year (details in previous table)	2,778,298	<b>2,872,628</b>
Value of share options granted during the year	N/A	<b>N/A</b>
Value of performance shares granted during the year	N/A	<b>N/A</b>
<b>Total</b>	<b>2,778,298</b>	<b>2,872,628</b>

## Pierre Leroy

Summary of remuneration and benefits				
	2012		2013	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	1,474,000	1,474,000	1,474,000	1,474,000
Variable portion of salary	522,200	489,500 <sup>(1)</sup>	652,800	522,200 <sup>(1)</sup>
Special bonuses	-	-	-	-
Attendance fees	7,125	7,057	-	7,125
Benefits in kind	8,430	8,430	8,430	8,430
<b>Total</b>	<b>2,011,755</b>	<b>1,978,987</b>	<b>2,135,230</b>	<b>2,011,755</b>

(1) Amounts paid for the previous year. Since the variable portion of salary can only be calculated after the year-end, it is paid during the following year.

Rights to performance shares granted in 2013						
Date of AGM authorisation	Date of plan	Number of shares awarded in 2013	Value under IFRS 2	Vesting date	End of lock-up period	Performance conditions
3 May 2013	26 Dec. 2013	32,000	686,080	1 April 2017	1 April 2019	<sup>(1)</sup>

(1) Based on changes in recurring operating profit before associates of the Media business for 2014, 2015 and 2016 and net cash from operating activities for 2014, 2015 and 2016.

The shares granted under this plan are subject to a number of vesting conditions described in the Special Report of the Managing Partners presented in section 7.3.5 and in part F of section 7.3.1.1 above.

- ▶ Share options granted during the year: none.
- ▶ Share options exercised during the year: none.

▶ Performance shares granted during the year: 32,000.

▶ Performance shares that vested during the year: none.

Under the 2010 plan, 19,849 of the 29,000 free shares granted to Pierre Leroy vested in 2013, i.e., 68% of the shares granted, following the application of performance conditions provided for in the decision to award the shares.

Total remuneration and benefits received and share options and performance shares granted		
	2012	2013
Remuneration and benefits receivable for the year (details in previous table)	2,011,755	2,135,230
Value of share options granted during the year	N/A	N/A
Value of performance shares granted during the year	538,240	686,080
<b>Total</b>	<b>2,549,995</b>	<b>2,821,310</b>

## Dominique D'Hinnin

Summary of remuneration and benefits				
	2012		2013	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received
<b>«Lagardère»</b>				
Fixed salary	1,206,000	1,206,000	<b>1,206,000</b>	<b>1,206,000</b>
Variable portion of salary	564,800	580,000 <sup>(1)</sup>	<b>652,800</b>	<b>564,800<sup>(1)</sup></b>
Special bonuses	-	-	-	-
Attendance fees	7,600	7,600	-	<b>7,600</b>
Benefits in kind	8,013	8,013	<b>8,013</b>	<b>8,013</b>
<b>Total</b>	<b>1,786,413</b>	<b>1,801,613</b>	<b>1,866,813</b>	<b>1,786,413</b>
<b>«EADS»</b>				
Fixed salary	120,000	120,000	<b>30,000</b>	<b>120,000</b>
Variable portion of salary	-	-	-	-
Attendance fees	55,000	55,000	<b>10,000</b>	<b>10,000</b>
<b>Total</b>	<b>175,000</b>	<b>175,000</b>	<b>40,000</b>	<b>130,000</b>
<b>Overall total</b>	<b>1,961,413</b>	<b>1,976,613</b>	<b>1,906,813</b>	<b>1,916,413</b>

(1) Amounts paid for the previous year. Since the variable portion of salary can only be calculated after the year-end, it is paid during the following year.

Rights to performance shares granted in 2013						
Date of AGM authorisation	Date of plan	Number of shares awarded in 2013	Value under IFRS 2	Vesting date	End of lock-up period	Performance conditions
3 May 2013	26 Dec. 2013	32,000	686,080	1 April 2017	1 April 2019	<sup>(1)</sup>

(1) Based on changes in recurring operating profit before associates of the Media business for 2014, 2015 and 2016 and net cash from operating activities for 2014, 2015 and 2016.

The shares granted under this plan are subject to a number of vesting conditions described in the Special Report of the Managing Partners presented in section 7.3.5 and in part F of section 7.3.1.1 above.

- Share options granted during the year: none.
- Share options exercised during the year: none.

- Performance shares granted during the year: 32,000.
- Performance shares that vested during the year: none.

Under the 2010 plan, 19,849 of the 29,000 free shares granted to Dominique D'Hinnin vested in 2013, i.e., 68% of the shares granted, following the application of performance conditions provided for in the decision to award the shares.

Total remuneration and benefits received and share options and performance shares granted		
	2012	2013
Remuneration and benefits receivable for the year (details in previous table)	1,961,413	<b>1,906,813</b>
Value of share options granted during the year	N/A	<b>N/A</b>
Value of performance shares granted during the year	538,240	<b>686,080</b>
<b>Total</b>	<b>2,499,653</b>	<b>2,592,893</b>

## Thierry Funck-Brentano

Summary of remuneration and benefits				
	2012		2013	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	1,206,000	1,206,000	1,206,000	1,206,000
Variable portion of salary	601,800	578,500 <sup>(1)</sup>	652,800	601,800 <sup>(1)</sup>
Special bonuses	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	10,628	10,628	10,628	10,628
<b>Total</b>	<b>1,818,428</b>	<b>1,795,128</b>	<b>1,869,428</b>	<b>1,818,428</b>

(1) Amounts paid for the previous year. Since the variable portion of salary can only be calculated after the year-end, it is paid during the following year.

Rights to performance shares granted in 2013						
Date of AGM authorisation	Date of plan	Number of shares awarded in 2013	Value under IFRS 2	Vesting date	End of lock-up period	Performance conditions
3 May 2013	26 Dec. 2013	32,000	686,080	1 April 2017	1 April 2019	<sup>(1)</sup>

(1) Based on changes in recurring operating profit before associates of the Media business for 2014, 2015 and 2016 and net cash from operating activities for 2014, 2015 and 2016.

The shares granted under this plan are subject to a number of vesting conditions described in the Special Report of the Managing Partners presented in section 7.3.5 and in part F of section 7.3.1.1 above.

- ▶ Share options granted during the year: none.
- ▶ Share options exercised during the year: none.

▶ Performance shares granted during the year: 32,000.

▶ Performance shares that vested during the year: none.

Under the 2010 plan, 19,849 of the 29,000 free shares granted to Thierry Funck-Brentano vested in 2013, i.e., 68% of the shares granted, following the application of performance conditions provided for in the decision to award the shares.

Total remuneration and benefits received and share options and performance shares granted		
	2012	2013
Remuneration and benefits receivable for the year (details in previous table)	1,818,428	<b>1,869,428</b>
Value of share options granted during the year	N/A	<b>N/A</b>
Value of performance shares granted during the year	538,240	<b>686,080</b>
<b>Total</b>	<b>2,356,668</b>	<b>2,555,508</b>

**Share options<sup>(1)</sup>**

Date of AGM	Plans expired			Plans in force		
	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan
Date of Board of Directors' or Executive Board meeting (as relevant)	Not relevant to Lagardère SCA which is a French partnership limited by shares Grant date = date of decision by the Managing Partners to set up the plan					
Total number of shares under option <sup>(1)</sup>	1,271,740 <sup>(1)</sup>	1,313,639 <sup>(1)</sup>	1,453,451 <sup>(1)</sup>	1,586,519 <sup>(1)</sup>	1,683,844	1,844,700
<b>Of which shares available for subscription or purchase by Managing Partners and members of the Supervisory Board<sup>(1)</sup>:</b>						
Arnaud Lagardère	50,560	50,554	0	0	0	0
Pierre Leroy	30,336	30,333	40,444	40,447	50,000	50,000
Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Dominique D'Hinnin	30,336	30,333	40,444	40,447	50,000	50,000
Thierry Funck-Brentano	30,336	30,333	40,444	40,447	50,000	50,000
Start of exercise period	19 Dec. 2003	19 Dec. 2004	18 Dec. 2005	20 Nov. 2006	21 Nov. 2007	14 Dec. 2008
Option expiry date	19 Dec. 2008	19 Dec. 2009	18 Dec. 2013	20 Nov. 2014	21 Nov. 2015	14 Dec. 2016
Subscription or purchase price	€46.48 <sup>(1)</sup>	€51.45 <sup>(1)</sup>	€51.45 <sup>(1)</sup>	€51.92 <sup>(1)</sup>	€56.97	€55.84
Number of shares acquired at 28 March 2014	30,336 <sup>(2)</sup>	-	-	-	-	-
<b>Total number of share options cancelled or forfeited:</b>						
Arnaud Lagardère	50,560	50,554	-	-	-	-
Pierre Leroy		30,333	40,444	-	-	-
Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Dominique D'Hinnin	30,336	30,333	40,444	-	-	-
Thierry Funck-Brentano	30,336	30,333	40,444	-	-	-
<b>Share options<sup>(1)</sup> outstanding at end-2013:</b>						
Arnaud Lagardère	0	0	-	-	-	-
Pierre Leroy	0	0	0	40,447	50,000	50,000
Philippe Camus	0	0	0	0	0	0
Dominique D'Hinnin	0	0	0	40,447	50,000	50,000
Thierry Funck-Brentano	0	0	0	40,447	50,000	50,000

(1) Share purchase plans only.

(2) Exercised by Pierre Leroy on 20 December 2005.

(\*) After adjustment on 6 July 2005.

No options have been exercised under the 2003, 2004, 2005 and 2006 plans in view of Lagardère SCA share price trends.

## Historical information on performance share grants

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5
Date of AGM	28 April 2009	28 April 2009	28 April 2009	28 April 2009	3 May 2013
Date of grant <sup>(1)</sup>	31 Dec. 2009	17 Dec. 2010	29 Dec. 2011	25 June 2012	26 Dec. 2013
Total number of free shares granted	50,000	116,000	104,000	96,000	96,000
<b>Of which granted to:</b>					
Arnaud Lagardère <sup>(2)</sup>	-	-	-	-	-
Pierre Leroy	25,000	29,000	26,000	32,000	32,000
Philippe Camus	25,000	29,000	26,000	-	-
Dominique D'Hinnin	-	29,000	26,000	32,000	32,000
Thierry Funck-Brentano	-	29,000	26,000	32,000	32,000
Vesting date	2 April 2012 2 April 2014	2 April 2013	2 April 2014	2 April 2015	2 April 2017
End of holding period	2 April 2014	2 April 2015	2 April 2016	2 April 2017	2 April 2019
Performance conditions	Yes	Yes	Yes	Yes	Yes
Number of shares vested at 28 February 2014	21,155	59,547	0	0	0
Total number of shares cancelled or forfeited	7,690	56,453	26,000	0	0
Arnaud Lagardère	-	-	-	-	-
Pierre Leroy	3,845	9,151	0	0	0
Philippe Camus	3,845	29,000	26,000	-	-
Dominique D'Hinnin	-	9,151	0	0	0
Thierry Funck-Brentano	-	9,151	0	0	0
Performance shares outstanding at end-2013:	21,155	0	78,000	96,000	96,000
Arnaud Lagardère	-	-	-	-	-
Pierre Leroy	0	0	26,000	32,000	32,000
Philippe Camus	21,155	0	0	-	-
Dominique D'Hinnin	-	0	26,000	32,000	32,000
Thierry Funck-Brentano	-	0	26,000	32,000	32,000

(1) Since Lagardère SCA is a French partnership limited by shares, the granting of performance shares is the responsibility of the Managing Partners and is coordinated by the Supervisory Board.

(2) Arnaud Lagardère, Managing Partner, does not receive any performance shares.

## Other information

Managing Partners and members of the Supervisory Board	Employment contract <sup>(1)</sup>		Supplementary pension plan		Indemnities or benefits payable or likely to be payable due to a termination or change of function		Indemnities payable under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Arnaud Lagardère Position: Managing Partner Date of appointment: } <i>Renewed on 11 March 2009 for a period of six years</i> End of term of office: }		X	X			X		X
Pierre Leroy Position: <sup>(a)</sup> Date of appointment: End of term of office:	N.A. <sup>(1)</sup>		X			X		X
Dominique D'Hinnin Position: <sup>(b)</sup> Date of appointment: End of term of office:	N.A. <sup>(1)</sup>		X			X		X
Thierry Funck-Brentano Position: <sup>(b)</sup> Date of appointment: End of term of office:	N.A. <sup>(1)</sup>		X			X		X

(a) Deputy Chairman and Chief Operating Officer of Arjil Commanditée-Arco whose term of office as Managing Partner of Lagardère SCA was renewed on 10 March 2010 for a further six-year period.

(b) Chief Operating Officer of Arjil Commanditée-Arco, appointed in that capacity on 10 March 2010 for a six-year period.

(1) The AFEP-MEDEF corporate governance recommendations that company officers should not hold employment contracts with the company only apply to the following persons: Chairman of the Board, Chairman and Chief Executive Officer, Chief Executive Officer of companies with a Board of Directors, Chairman of the Management Board, Chief Executive Officer of companies with a Management Board and Supervisory Board, and Managing Partner of French partnerships limited by shares (SCA).

### 7.3.2 CONSULTATION OF THE SHAREHOLDERS ON THE COMPONENTS OF REMUNERATION PAYABLE OR GRANTED TO THE MANAGING PARTNERS IN RESPECT OF 2013

In accordance with the recommendations of the AFEP-MEDEF code of corporate governance, as revised in June 2013, to which the Company refers pursuant to the provisions of article L. 225-37 of the French Commercial Code (*Code de commerce*), the Company will submit for the shareholders' advisory opinion the components of remuneration, taken as a whole, payable or granted in respect of 2013 to each of the Company's executive corporate officers, namely:

- ▶ Arnaud Lagardère, in his capacity as Managing Partner of Lagardère SCA and Chairman and Chief Executive Officer of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA;
- ▶ Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, in their capacity as Chief Operating Officers of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA.

In accordance with the provisions of the AFEP-MEDEF code of corporate governance, the shareholders' opinion is sought regarding the components of remuneration, taken as a whole, payable or granted to these persons in respect of 2013, namely:

- ▶ the fixed portion;
- ▶ the annual variable portion;
- ▶ performance shares;
- ▶ any other benefits.

The components of remuneration payable, paid or granted during or in respect of 2013 to Arnaud Lagardère, Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano were described in detail in the previous section.

The components of remuneration payable or granted in respect of 2013 can be summarised as follows:

**ARNAUD LAGARDÈRE:**

Components of remuneration	Amount or accounting value	Comments
Fixed salary	€1,140,729	▶ This is the amount before deducting social security contributions, the amount of which has not changed since 2009.
Variable salary	€1,646,400	<ul style="list-style-type: none"> <li>▶ This remuneration is determined on the basis of rules defined in 2003 which have been consistently applied since that date.</li> <li>▶ It is based solely on the Group's performance in 2013 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in net cash from operating activities compared with the budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between the recurring operating profit before associates for Lagardère Media companies in 2013 and that generated in 2012). (See section 7.3.1.1 of the Reference Document).</li> <li>▶ It cannot exceed 150% of the fixed salary.</li> <li>▶ In light of the success rate for achieving these objectives in 2013, the variable portion amounted to 144% of the fixed annual salary in 2013.</li> </ul>
Deferred variable salary	N/A	▶ Arnaud Lagardère does not receive any deferred variable salary.
Multi-annual variable salary	N/A	▶ Arnaud Lagardère does not receive any multi-annual variable salary.
Special bonuses	N/A	▶ Arnaud Lagardère did not receive any special bonuses.
Attendance fees in respect of EADS	€20,000	▶ These attendance fees and this salary are payable in respect of his office as Chairman of the Board of EADS.
Fixed salary in respect of EADS	€45,000	
Awarding of share options and/or performance shares	N/A	▶ Since his appointment as Managing Partner in 2003, Arnaud Lagardère does not receive any share options or performance shares.
Benefits linked to non-competition agreements	N/A	▶ Arnaud Lagardère does not receive any benefits of this nature.
Benefits linked to taking up or terminating office	N/A	▶ Arnaud Lagardère does not receive any benefits of this nature.
Supplementary pension plan	No payment in respect of 2013	<ul style="list-style-type: none"> <li>▶ Arnaud Lagardère benefits from the defined benefit supplementary pension plan in force within Lagardère Capital &amp; Management under the same conditions as the other beneficiaries. (See section 7.3.1.1 of the Reference Document).</li> <li>▶ These entitlements under the plan are acquired at a rate of 1.75% of the benchmark remuneration per year up to a limit of 20 years. Accordingly, the supplementary pension plan cannot exceed 35% of the benchmark remuneration.</li> <li>▶ The benchmark remuneration corresponds to the average gross annual remuneration over the last five years (fixed + variable up to a maximum of 100% of the fixed portion) and cannot exceed 50 times the annual ceiling used to calculate social security contributions.</li> <li>▶ The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of termination after the age of 55, early retirement or long-term disability.</li> <li>▶ The corresponding commitment was authorised by the Supervisory Board on 14 September 2005 (in accordance with the rules governing related party agreements and commitments) and approved by the General Meeting of 2 May 2006 (4<sup>th</sup> resolution).</li> <li>▶ For example, if the annual annuity payable to Arnaud Lagardère was calculated today based on the benchmark remuneration as defined in the plan, it would represent approximately 29.9% of his fixed and variable salary for 2013.</li> </ul>
Benefits in kind	€20,499	▶ This corresponds to a possible personal use of his company car.

## PIERRE LEROY:

Components of remuneration	Amount or accounting value	Comments
Fixed salary	€1,474,000	▶ This is the amount before deducting social security contributions, the amount of which has not changed since 2011.
Variable salary	€652,800	<p>▶ This remuneration is determined on the basis of rules defined in 2003 which have been consistently applied since that date.</p> <p>▶ It includes:</p> <ul style="list-style-type: none"> <li>– a qualitative component, which may not exceed 25% of the fixed salary, taking into account his personal contribution to the development of the Group, changes in his value added, the quality of his management, the relevance of his organisation, the motivation of his teams and attention paid to social and environmental issues;</li> <li>– a performance-related component, based on the Group's performance in 2013 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in net cash from operating activities compared with the budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between the recurring operating profit before associates for Lagardère Media companies in 2013 and that generated in 2012).</li> </ul> <p>▶ The total amount of the variable salary may not exceed 75% of the fixed salary.</p> <p>▶ In light of the success rate for achieving these objectives in 2013 (see section 7.3.1.1 of the Reference Document), the variable portion amounted to 44% of the fixed annual salary in 2013.</p>
Deferred variable salary	N/A	▶ Pierre Leroy does not receive any deferred variable salary.
Multi-annual variable salary	N/A	▶ Pierre Leroy does not receive any multi-annual variable salary.
Special bonuses	N/A	▶ Pierre Leroy did not receive any special bonuses.
Attendance fees	N/A	▶ Pierre Leroy did not receive any attendance fees in respect of 2013.
Awarding of share options and/or performance shares	€686,080	<p>▶ In 2013 Pierre Leroy benefited from the right to receive 32,000 performance shares (0.024% of the share capital).</p> <p>▶ These shares will only vest subject to the beneficiary remaining with the Group and the achievement of conditions related to the Group's performance in 2014, 2015 and 2016 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in target net cash from operating activities compared with the budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between recurring operating profit before associates for Lagardère Media companies for 2016 and the average for 2014 and 2015 – see section 7.3.5 of the Reference Document).</p> <p>▶ The corresponding award was authorised by the General Meeting of 3 May 2013 (17<sup>th</sup> Resolution).</p>
Benefits linked to non-competition agreements	N/A	▶ Pierre Leroy does not receive any benefits of this nature.
Benefits linked to taking up or terminating office	N/A	▶ Pierre Leroy does not receive any benefits of this nature.
Supplementary pension plan	No payment in respect of 2013	<p>▶ Pierre Leroy benefits from the defined benefit supplementary pension plan in force within Lagardère Capital &amp; Management under the same conditions as the other beneficiaries (see section 7.3.1.1 of the Reference Document).</p> <p>▶ These entitlements under the plan are acquired at a rate of 1.75% of the benchmark remuneration per year up to a limit of 20 years. Accordingly, the supplementary pension plan cannot exceed 35% of the benchmark remuneration.</p> <p>▶ The benchmark remuneration corresponds to the average gross annual remuneration over the last five years (fixed + variable up to a maximum of 100% of the fixed portion) and cannot exceed 50 times the annual ceiling used to calculate social security contributions.</p> <p>▶ The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of termination after the age of 55, early retirement or long-term disability.</p> <p>▶ The corresponding commitment was authorised by the Supervisory Board in 2005 and approved by the General Meeting in 2006 in accordance with the rules governing related party agreements and commitments.</p> <p>▶ For example, if the annual annuity payable to Pierre Leroy was calculated today based on the benchmark remuneration as defined in the plan, it would represent approximately 30.9% of his fixed and variable salary for 2013.</p>
Benefits in kind	€8,430	▶ This corresponds to a possible personal use of his company car.

**DOMINIQUE D'HINNIN:**

Components of remuneration	Amount or accounting value	Comments
Fixed salary	€1,206,000	► This is the amount before deducting social security contributions, the amount of which has not changed since 2011.
Variable salary	€652,800	<p>► This remuneration is determined on the basis of rules defined in 2003 which have been consistently applied since that date.</p> <p>► It includes:</p> <ul style="list-style-type: none"> <li>– a qualitative component, which may not exceed 25% of the fixed salary, taking into account his personal contribution to the development of the Group, changes in his value added, the quality of his management, the relevance of his organisation, the motivation of his teams and attention paid to social and environmental issues;</li> <li>– a performance-related component, based on the Group's performance in 2013 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in net cash from operating activities compared with the budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between the recurring operating profit before associates for Lagardère Media companies in 2013 and that generated in 2012).</li> </ul> <p>► The total amount of the variable salary may not exceed 75% of the fixed salary.</p> <p>► In light of the success rate for achieving these objectives in 2013 (see section 7.3.1.1 of the Reference Document), the variable portion amounted to 54% of the fixed annual salary in 2013.</p>
Deferred variable salary	N/A	► Dominique D'Hinnin does not receive any deferred variable salary.
Multi-annual variable salary	N/A	► Dominique D'Hinnin does not receive any multi-annual variable salary.
Special bonuses	N/A	► Dominique D'Hinnin did not receive any special bonuses.
Attendance fees in respect of EADS	€10,000	► These attendance fees and this salary are payable in respect of his office on the Board of EADS.
Fixed salary in respect of EADS	€30,000	
Awarding of share options and/or performance shares	€686,080	<p>► In 2013 Dominique D'Hinnin benefited from the right to receive 32,000 performance shares (0.024% of the share capital).</p> <p>► These shares will only fully vest subject to the beneficiary remaining with the Group and the achievement of conditions related to the Group's performance in 2014, 2015 and 2016 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in target net cash from operating activities compared with the budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between recurring operating profit before associates for Lagardère Media companies for 2016 and the average for 2014 and 2015 – see section 7.3.5 of the Reference Document).</p> <p>► The corresponding award was authorised by the General Meeting of 3 May 2013 (17<sup>th</sup> Resolution).</p>
Benefits linked to non-competition agreements	N/A	► Dominique D'Hinnin does not receive any benefits of this nature.
Benefits linked to taking up or terminating office	N/A	► Dominique D'Hinnin does not receive any benefits of this nature.
Supplementary pension plan	No payment in respect of 2013	<p>► Dominique D'Hinnin benefits from the defined benefit supplementary pension plan in force within Lagardère Capital &amp; Management under the same conditions as the other beneficiaries (see section 7.3.1.1 of the Reference Document).</p> <p>► These entitlements under the plan are acquired at a rate of 1.75% of the benchmark remuneration per year up to a limit of 20 years. Accordingly, the supplementary pension plan cannot exceed 35% of the benchmark remuneration.</p> <p>► The benchmark remuneration corresponds to the average gross annual remuneration over the last five years (fixed + variable up to a maximum of 100% of the fixed portion) and cannot exceed 50 times the annual ceiling used to calculate social security contributions.</p> <p>► The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of termination after the age of 55, early retirement or long-term disability.</p> <p>► The corresponding commitment was authorised by the Supervisory Board in 2005 and approved by the General Meeting in 2006 in accordance with the rules governing related party agreements and commitments.</p> <p>► For example, if the annual annuity payable to Dominique D'Hinnin was calculated today based on the benchmark remuneration as defined in the plan, it would represent approximately 33.4% of his fixed and variable salary for 2013.</p>
Benefits in kind	€8,013	► This corresponds to a possible personal use of his company car.

**THIERRY FUNCK-BRENTANO:**

Components of remuneration	Amount or accounting value	Comments
Fixed salary	€1,206,000	▶ This is the amount before deducting social security contributions, the amount of which has not changed since 2011.
Variable salary	€652,800	<p>▶ This remuneration is determined on the basis of rules defined in 2003 which have been consistently applied since that date.</p> <p>▶ It includes:</p> <ul style="list-style-type: none"> <li>– a qualitative component, which may not exceed 25% of the fixed salary, taking into account his personal contribution to the development of the Group, changes in his value added, the quality of his management, the relevance of his organisation, the motivation of his teams and attention paid to social and environmental issues;</li> <li>– a performance-related component, based on the Group's performance in 2013 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in net cash from operating activities compared with the budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between the recurring operating profit before associates for Lagardère Media companies in 2013 and that generated in 2012).</li> </ul> <p>▶ The total amount of the variable salary may not exceed 75% of the fixed salary.</p> <p>▶ In light of the success rate for achieving these objectives in 2013 (see section 7.3.1.1 of the Reference Document), the variable portion amounted to 54% of the fixed annual salary in 2013.</p>
Deferred variable salary	N/A	▶ Thierry Funck-Brentano does not receive any deferred variable salary.
Multi-annual variable salary	N/A	▶ Thierry Funck-Brentano does not receive any multi-annual variable salary.
Special bonuses	N/A	▶ Thierry Funck-Brentano did not receive any special bonuses.
Attendance fees	N/A	▶ Thierry Funck-Brentano did not receive any attendance fees in respect of 2013.
Awarding of share options and/or performance shares	€686,080	<p>▶ In 2013, Thierry Funck-Brentano benefited from the right to receive 32,000 performance shares (0.024% of the share capital).</p> <p>▶ These shares will only fully vest subject to the beneficiary remaining with the Group and the achievement of conditions related to the Group's performance in 2014, 2015 and 2016 (change in recurring operating profit before associates for Lagardère Media companies compared with the target recurring operating profit before associates communicated as market guidance and changes in target net cash from operating activities compared with the budget prepared at the start of the year. These results will be reduced, where applicable, by applying the ratio between recurring operating profit before associates for Lagardère Media companies for 2016 and the average for 2014 and 2015 – see section 7.3.5 of the Reference Document).</p> <p>▶ The corresponding award was authorised by the General Meeting of 3 May 2013 (17<sup>th</sup> Resolution).</p>
Benefits linked to non-competition agreements	N/A	▶ Thierry Funck-Brentano does not receive any benefits of this nature.
Benefits linked to taking up or terminating office	N/A	▶ Thierry Funck-Brentano does not receive any benefits of this nature.
Supplementary pension plan	No payment in respect of 2013	<p>▶ Thierry Funck-Brentano benefits from the defined benefit supplementary pension plan in force within Lagardère Capital &amp; Management under the same conditions as the other beneficiaries (see section 7.3.1.1 of the Reference Document).</p> <p>▶ These entitlements under the plan are acquired at a rate of 1.75% of the benchmark remuneration per year up to a limit of 20 years. Accordingly, the supplementary pension plan cannot exceed 35% of the benchmark remuneration.</p> <p>▶ The benchmark remuneration corresponds to the average gross annual remuneration over the last five years (fixed + variable up to a maximum of 100% of the fixed portion) and cannot exceed 50 times the annual ceiling used to calculate social security contributions.</p> <p>▶ The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of termination after the age of 55, early retirement or long-term disability.</p> <p>▶ The corresponding commitment was authorised by the Supervisory Board in 2005 and approved by the General Meeting in 2006 in accordance with the rules governing related party agreements and commitments.</p> <p>▶ For example, if the annual annuity payable to Thierry Funck-Brentano was calculated today based on the benchmark remuneration as defined in the plan, it would represent approximately 32.4% of his fixed and variable salary for 2013.</p>
Benefits in kind	€10,628	▶ This corresponds to a possible personal use of his company car.

**7.3.3 SUPERVISORY BOARD****7.3.3.1 REMUNERATION**

At the Ordinary and Extraordinary General Meeting of 10 May 2011, the Company's shareholders raised the aggregate amount of annual attendance fees payable to Supervisory Board members from €600,000 to €700,000.

Each member of the Supervisory Board receives a basic portion of attendance fees. The following members also receive an additional portion of attendance fees corresponding to a multiple of the basic portion: members of the Audit committee (twice the basic portion),

members of the Appointments and Remuneration Committee (one basic portion) and the Chairman of the Supervisory Board and the Committee Chairmen (one basic portion).

The basic share of attendance fees is equal to the total attendance fees divided by the total number of shares to which Board members are entitled.

In addition, half of the amount of the attendance fees paid is based on actual attendance rates at Supervisory Board and Committee meetings.

Attendance fees paid to members of the Supervisory Board were as follows in 2012, 2013 and 2014 (in euros):

	2012 for 2011	2013 for 2012	2014 for 2013
Nathalie Andrieux	-	30,050.51	64,512.71
Antoine Arnault	-	13,257.58	11,122.88
Bernard Arnault	10,000	2,651.52	-
Martine Chêne	18,000	21,212.12	22,245.76
Georges Chodron de Courcel	38,000	42,424.24	44,491.53
François David	93,333.33	102,525.25	111,228.81
Xavier de Sarrau	100,000 <sup>(1)</sup>	106,060.61 <sup>(1)</sup>	111,228.81 <sup>(1)</sup>
Pierre Lescure	36,000	39,772.73	40,042.37
Raymond H. Lévy	60,000	19,444.44	-
Jean-Claude Magendie	20,000	18,560.61	20,021.19
Soumia Malinbaum	-	-	11,122.88
Christian Marbach	60,000	19,444.44	-
Bernard Mirat	30,000	-	-
Hélène Molinari	-	15,909.09	22,245.76
Javier Monzón	20,000 <sup>(1)</sup>	21,212.12 <sup>(1)</sup>	17,796.61 <sup>(1)</sup>
Amélie Oudéa-Castera	56,666.67	60,101.01	21,504.24
Didier Pineau-Valencienne	54,666.67	63,636.36	23,728.82
François Roussely	18,000	21,212.12	20,021.19
Aline Sylla-Walbaum	-	-	39,300.85
Susan M. Tolson	8,000 <sup>(1)</sup>	18,560.61 <sup>(1)</sup>	22,245.76 <sup>(1)</sup>
Patrick Valroff	40,000	63,636.36	64,512.71
<b>Total attendance fees paid</b>	<b>662,666.67</b>	<b>679,671.72</b>	<b>667,372.88</b>

(1) Less withholding tax.

Raymond Lévy received €74,131 in retirement benefits for 2013, as provided for in his original employment contract.

Following the recommendation by the Appointments and Remuneration Committee, the Supervisory Board proposed that the Managing Partners should arrange for Xavier de Sarrau to receive an amount in addition to his attendance fees, in recognition of the many specific services he provides in connection with his office as Chairman of the Board. This remuneration is not a salary and was set at €240,000 per year with effect from 27 April 2010 when Xavier de Sarrau became Chairman of the Board.

**7.3.3.2 SHARE OPTIONS**

None.

**7.3.3.3 FREE SHARE AWARDS**

None.

## 7.3.4 TRANSACTIONS IN LAGARDÈRE SCA SHARES BY THE MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD AND THEIR RELATIVES DURING 2013

### 7.3.4.1 MANAGING PARTNERS

- ▶ The Managing Partners did not purchase or sell any Lagardère SCA shares in 2013.
- ▶ On 2 April 2013, Dominique D'Hinnin, Thierry Funck-Brentano and Pierre Leroy received 19,849 vested shares each out of the 29,000 free shares awarded to them under the free share plan of 17 December 2010.

### 7.3.4.2 MEMBERS OF THE SUPERVISORY BOARD

#### SOUMIA MALINBAUM

Soumia Malinbaum purchased 200 Lagardère SCA shares on 26 April 2013 following her appointment.

#### ALINE SYLLA-WALBAUM

Aline Sylla-Walbaum purchased 160 Lagardère SCA shares on 2 August 2013 following her appointment.

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To the best of the Company's knowledge, no other transactions in the Company's shares were carried out in 2013 by any Managing Partner or Supervisory Board member or any parties related to them.

## 7.3.5 FREE SHARES OF LAGARDÈRE SCA OR ITS SUBSIDIARIES AWARDED TO EMPLOYEES

### SPECIAL REPORT OF THE MANAGING PARTNERS ON FREE SHARE AWARDS

Dear Shareholders,

Pursuant to article L. 225-197-4 of the French Commercial Code (*Code de commerce*), please find below the required information on the free shares awarded during 2013.

\*\*\*

The policy on the award of free shares is intended primarily to give the Lagardère group's executives worldwide a stake in the Group's growth and consequent rise in value, in the same way as the policy on the award of share purchase options.

It also offers a means of singling out executives who have made a notable contribution to the Group's results through their positive action.

In addition, it instils loyalty among those whom the Company wishes to retain for many years, specifically young executives with strong potential for professional growth, through whose efforts the Group will secure its continued growth as part of an established long-term strategy.

1. The first free share award plan, implemented on 28 December 2007 and involving 594,350 shares awarded to 387 individuals, included a market performance condition applicable on 29 December 2009, stipulating that the average of the 20 most recent opening prices for Lagardère SCA shares preceding 29 December 2009 must be at least €51.14.

In view of the financial crisis that arose after the award, this condition was not met and accordingly the plan lapsed on 29 December 2009.

Annual plans have been implemented since 2009.

Under the 2009 plan, 109,925 shares vested in early October 2013 for employees residing outside of France, for whom the vesting period was set at four years. These shares were issued as part of a share capital increase through capitalisation of reserves. 1,000 shares were also awarded in

May 2013 to one of the beneficiaries of the 2009 plan who had re-established French residency for tax purposes. These shares were deducted from the Company's treasury shares.

Under the 2010 plan, 59,547 shares vested in early April 2013 for the legal representatives of Lagardère SCA residing in France. These shares were issued as part of a share capital increase through capitalisation of reserves.

Under the 2011 plan, 418,950 shares vested in 2013 for employees residing in France. These shares were issued as part of a share capital increase through capitalisation of reserves.

No shares have vested in 2013 under the 2012 plans.

2. In 2013, based on the authorisations given by the General Meeting of 3 May 2013 (17<sup>th</sup> and 18<sup>th</sup> resolutions), the Managing Partners of the Company awarded 712,950 free Lagardère SCA shares (representing 0.54% of the total number of shares comprising the share capital) to 415 employees and senior managers of Lagardère SCA and companies related to it within the meaning of legal provisions.

a. The characteristics of the main award of 26 December 2013 are as follows:

- *Number of beneficiaries*: 406 persons.
- *Number of shares awarded*: 495,950 shares, (representing 0.378% of the total number of shares comprising the share capital).
- *Vesting period*: two years; the shares awarded will not fully vest until 27 December 2015, on the condition that at that date the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross negligence.
- *Holding period*: two years; once fully vested, the shares must be kept in a registered account until 27 December 2017 inclusive and, as from the next day, will become transferable and may be traded under the terms and conditions established by applicable legal provisions.

For beneficiaries who reside overseas for tax purposes, the vesting period has been set at four years, i.e., until 27 December 2017 (the shares awarded will fully vest on such date, on the condition that at 27 December 2015 the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross negligence); in exchange, pursuant to a decision by the General Meeting, these beneficiaries are not subject to any holding period.

The value of the shares awarded was €26.49 per share at the opening of trading on the Paris stock exchange on 26 December 2013. In accordance with IFRS, this same value was €23.07 per share for the shares vesting end-2015, and €20.42 per share for the shares vesting end-2017.

**b.** On 26 December 2013, Arnaud Lagardère, in his capacity as Managing Partner, awarded Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, employees of Lagardère Capital & Management and representatives of the Managing Partner, the right to receive 32,000 free shares each (representing 0.0244% of the number of shares comprising the share capital). The award followed a decision taken by the Supervisory Board in accordance with the provisions of the AFEP-MEDEF Code governing such awards, and was subject to the condition that the value of the share rights awarded would not exceed, for each individual concerned, one third of his total gross annual remuneration.

The characteristics of this award and the conditions to which it is subject are as follows:

– *Vesting period:* the shares awarded will fully vest on 1 April 2017 subject to the fulfilment by that date of the following performance and presence conditions.

– *Performance conditions:* the objectives were defined on the basis of internal corporate criteria rather than in part on the basis of market performance conditions, since Lagardère SCA does not have any suitably comparable competitors given the diversity of its activities. Consequently, three objectives were adopted: the first based on the change in recurring operating profit before associates for Lagardère Media companies in 2014, 2015 and 2016 by comparison with the target 2014, 2015 and 2016 recurring operating profit before associates communicated as market guidance; the second based on the changes in net cash from operating activities in 2014, 2015 and 2016 compared with the figures defined in the Consolidated Annual Budgets prepared at the start of the year. If each of these objectives is met, the free shares assigned to each objective (i.e., one sixth of the total quantity per objective) will be awarded in full; if between 0% and 100% of the objective is met the free shares will be awarded in proportion to the percentage of the objective that is fulfilled, in linear fashion.

Lastly, the third objective is based on achievement in 2016 by Lagardère SCA of a recurring operating profit before associates

for Lagardère Media companies at least equal to the average recurring operating profit achieved in 2014 and in 2015. If this objective is not achieved, then the number of shares resulting from application of the six objectives described above will be reduced proportionately.

– *Presence conditions:* in order for the shares to fully vest, Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano must still be serving as legal representatives of Lagardère SCA on 31 December 2016; this condition will be deemed met in the event of their removal from their position or non-re-appointment for reasons other than negligence.

– *Holding of shares:*

- all of the fully vested shares must be held in a registered account for a period of no less than two years, i.e., from 1 April 2017 to 1 April 2019;
- pursuant to a decision by the Supervisory Board on 12 March 2008, 25% of the fully vested shares must be held in a registered account until the beneficiary ceases to serve as a legal representative of Lagardère SCA;
- pursuant to a decision by the Supervisory Board on 2 December 2009, an additional 25% of the fully vested shares must be held in a registered account until the value of the Lagardère SCA shares held is at least equal to one year of the beneficiary's fixed and variable gross remuneration; this condition will be assessed at the start of each year in light of the average December share price and the fixed and variable salary received or payable in respect of the preceding year.

At the close of the mandatory holding periods defined above, the corresponding shares will become transferable and may be traded under the terms and conditions established by law and in accordance with the trading periods established by Lagardère SCA in the "Charter on trading in Lagardère SCA shares by Group employees".

**c.** Lastly, on 26 December 2013, Arnaud Lagardère, in his capacity as Managing Partner, awarded a total of 121,000 free shares (i.e., 0.09% of the total number of shares comprising the share capital) to the six other members of Lagardère Media's Operating Committee, subject to the same performance conditions as the legal representatives of the Managing Partner and on the condition, in particular, that at 31 December 2016 the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross negligence. All of the shares vesting on 1 April 2017 must be held for a period of no less than two years, i.e., until 1 April 2019.

The value of the rights to the shares awarded to the members of Lagardère Media's Operating Committee, including the legal representatives of the Managing Partner, was €26.49 per share at the opening of trading on the Paris stock exchange on 26 December 2013. In accordance with IFRS, this same value was €21.44 for the shares that will vest on 1 April 2017.

**3.** The main characteristics of all of the free share plans in force at 31 December 2013 are summarised in the table below:

Date of the plan	Total number of rights awarded	Total number of rights eliminated	Total number of shares vested	Number of outstanding rights
1 October and 31 December 2009	571,525	15,040	535,330	21,155
17 December 2010	634,950	60,153	445,597	129,200
15 July and 29 December 2011	650,000	38,800	418,950	192,250
25 June 2012	645,800	18,350	-	627,450
26 December 2013	712,950	-	-	712,950
<b>Total</b>	<b>3,215,225</b>	<b>132,343</b>	<b>1,399,877</b>	<b>1,683,005</b>

4. The total number of free shares awarded during 2013 to the ten largest beneficiaries who are not members of the managing bodies of Lagardère SCA was 145,000 free Lagardère SCA shares, representing an average of 14,500 rights per person.
5. Lastly, we bring to your attention that, in relation to the Group's subsidiaries, a plan covering 2,500 free LeGuide.com shares, i.e., less than 0.1% of the current share capital, with a unit value of €28, was implemented on 25 January 2013 by LeGuide.com in favour of an employee.
6. Preserving the rights of beneficiaries of non-fully vested Lagardère SCA free shares awarded as a result of the payment of an extra interim dividend.

Following the sale of the remainder of the Group's EADS shares, on 21 May 2013 the Managing Partners decided to pay an extra interim dividend of €9 per share, representing more than 30% of the market value of the share before the corresponding ex-dividend date.

In accordance with positive law, adjustments should be made to the number of rights to free shares not yet fully vested in order to preserve the rights of holders of free shares under plans still in force at the date of this General Meeting.

When questioned, the tax authorities responded that as this extra distribution had been carried out in the form of an interim dividend, which is not provided for by law, the number of rights to free shares could not be adjusted without calling into question the preferential treatment provided for by law.

However, in light of the terms of the operative part of the judgement handed down by the Cour de Cassation on 27 February 2001, in a dispute between our Company and ABC Arbitrage, the rights of beneficiaries should be preserved in accordance with the terms and conditions to be decided by the Managing Partners once the appropriation of 2013 profit has been approved by the General Meeting.

**The Managing Partners**

### 7.3.6 OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES OF LAGARDÈRE SCA OR ITS SUBSIDIARIES AWARDED TO EMPLOYEES

#### SPECIAL REPORT OF THE MANAGING PARTNERS ON SHARE OPTIONS

Dear Shareholders,

Pursuant to the provisions of article L. 225-184 of the French Commercial Code (*Code de commerce*), please find below the required information related to transactions in share options carried out in 2013.

#### GENERAL INFORMATION

##### 1. Lagardère SCA

During 2013, no new options to subscribe for or purchase Lagardère SCA shares were awarded.

The main characteristics of the share option plans in force as of end-2013 are summarised in the table below.

Plan	Number of beneficiaries	Number of options originally granted*	Exercise price*	Options exercised at end-2013	Options forfeited at end-2013	Options outstanding at end-2013	Period of exercise
<b>Subscription options:</b>							
None							
<b>Purchase options:</b>							
Expired plan:							
18 Dec. 2003	445	1,437,250	€51.45	42,522	1,410,929	0	18 Dec. 2005 to 18 Dec. 2013
Plans in force:							
20 Nov. 2004	481	1,568,750	€51.92	10,660	282,894	1,292,965	20 Nov. 2006 to 20 Nov. 2014
21 Nov. 2005	495	1,683,844	€56.97	0	260,505	1,423,339	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006	451	1,844,700	€55.84	0	217,100	1,627,600	14 Dec. 2008 to 14 Dec. 2016
<b>Total</b>					<b>2,171,428</b>	<b>4,343,904</b>	

(\*) Before the adjustments of 6 July 2005 for the 2003 and 2004 plans.

It should be noted that no options were exercised during 2013 due to share price levels, which ranged between €18.42 and €29.59, whereas purchase prices ranged between €51.45 and €56.97.

##### 2. Subsidiaries

In the course of 2013, no new share options were granted by companies under the majority control of Lagardère SCA.

There are no longer any plans in force, or which expired in 2013, within the Company's subsidiaries.

#### SPECIFIC INFORMATION ON MEMBERS OF THE MANAGING BODIES OF LAGARDÈRE SCA

In 2013, Lagardère SCA's Managing Partners and the legal representatives of Arjil Commanditée-Arco did not exercise any purchase options and consequently did not acquire any Lagardère SCA shares under the share purchase options granted to them in fiscal years 2003 to 2006.

## ADJUSTMENT OF EXERCISE PRICES AND OF THE NUMBER OF LAGARDÈRE SCA SHARE OPTIONS AWARDED AS A RESULT OF THE PAYMENT OF AN EXTRA INTERIM DIVIDEND

Following the sale of the remainder of the Group's EADS shares, on 21 May 2013 the Managing Partners decided to pay an extra interim dividend of €9 per share, representing more than 30% of the market value of the share before the corresponding ex-dividend date.

In accordance with positive law, adjustments should have accordingly been made to the subscription price and the number of options awarded in order to preserve the rights of holders of the three share purchase option plans still in force at the date of this General Meeting.

When questioned, the tax authorities responded that as this extra distribution had been carried out in the form of an interim dividend, which is not provided for by article L. 225-181 of the French Commercial Code, the price and number of options could not be adjusted without calling into question the preferential treatment provided for by law.

However, in light of the terms of the operative part of the judgement handed down by the Cour de Cassation on 27 February 2001, in a dispute between our Company and ABC Arbitrage, the rights of beneficiaries of outstanding share purchase options will be preserved when necessary, if the exercise price of the options (between €51.92 and €56.97) were to come back in the money between now and the end of the corresponding exercise periods (2014, 2015 and 2016), i.e., a value close to the share price.

### The Managing Partners

## 7.4 ORGANISATION, OPERATION AND CONTROL OF THE COMPANY AND THE GROUP

AFR

### 7.4.1 DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

#### 7.4.1.1 CONTROL ENVIRONMENT

##### 7.4.1.1.A GENERAL ORGANISATION OF THE GROUP

The consolidated financial statements of the Lagardère group included 434 companies in 2013 (the full list of consolidated companies can be found in the notes to the consolidated financial statements).

The Group's operating activities include:

- ▶ Media activities: Book Publishing, Distribution and Services, Magazine Publishing, Radio/Television, Audiovisual Production, New Media and business lines related to Sports and Entertainment. These operating activities are controlled through Hachette SA (named Lagardère Media for commercial purposes), respectively via the following companies: Hachette Livre, Lagardère Services, Lagardère Active and Lagardère Unlimited;
- ▶ other smaller business activities or those with no operating relationship with the media businesses, which constitute the "Other Activities" segment and are under the control of Lagardère SCA.

Lagardère SCA is the holding company that controls all the subsidiaries and other participating interests, draws up the strategy for the Group, guides and finances its development, makes the main management decisions to this end, and ensures those decisions are implemented both at the level of the Group's parent company and of its divisions.

##### 7.4.1.1.B THE GROUP'S MANAGEMENT BODIES

#### B.1 The Managing Partners

The General Management of the Company is the responsibility of the Managing Partners, who are appointed by the General Partners after approval of the Supervisory Board. The Managing Partners represent the Company in its relations with third parties and engage its responsibility. The Managing Partners are responsible for:

- ▶ drawing up the strategy of the Group;
- ▶ guiding development and control;
- ▶ taking the major management decisions required for this and ensuring those decisions are implemented both at the level of the parent company and in the various divisions.

Lagardère Capital & Management employs the Managing Partners under the conditions set out in sections 7.3.1 and 7.5 of this report.

#### B.2 Governing, managing and supervisory bodies of the divisions

Operating activities are conducted by legally independent companies grouped together in the following business divisions: Lagardère Publishing, Lagardère Services, Lagardère Active and Lagardère Unlimited.

Each division has its own organisation, which has been set up by its Senior Executive under the Managing Partners' control; the various companies and resources in the division are functionally grouped together under a specific holding company: Hachette Livre for the Lagardère Publishing division, Lagardère Services for the Distribution division, etc.

Each division Senior Executive is responsible for the general management of the holding company.

Thus, all the members of these holding companies' governing, managing and supervisory bodies are appointed by Lagardère SCA through its subsidiary Lagardère Media as the sole shareholder of the said companies.

The division Senior Executives and their subsidiaries exercise their responsibilities under the control of their governance or supervisory bodies. The Group takes care to ensure that the majority of members of those governance and supervisory bodies are Group representatives.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

### 7.4.1.1.C INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK, RESPONSIBILITIES, OBJECTIVES AND SCOPE

#### C.1 Internal control and risk management framework and activities

The Group applies the Internal Control and Risk Management Framework recommended by the French financial markets authority (*Autorité des marchés financiers* – AMF) to oversee its internal control and risk management.

The following description of internal control and risk management procedures in place at Lagardère SCA is based on this framework. The analysis made was guided by the points for attention described in the framework and the associated implementation guidelines.

This description has been prepared by the Risk and Internal Control Department, with the support of the Group's Audit Department and Legal Department.

#### C.2 Objectives and limitations of the internal control system

Lagardère SCA has introduced a certain number of internal control procedures designed to ensure:

- ▶ compliance with applicable laws and regulations;
- ▶ application of the instructions and orientations defined by the Managing Partners;
- ▶ proper operation of the Group's internal processes, particularly regarding safeguarding its assets;
- ▶ reliability of financial information;

and in general to contribute to the control of its businesses, efficiency of operations and efficient use of resources.

Naturally, the effectiveness of the internal control procedures is subject to the limitations inherent to any organised system.

#### C.3 Scope of the internal control system

The procedures described below apply to subsidiaries that are fully consolidated in the Lagardère group financial statements.

As Lagardère SCA only exercises significant influence over companies accounted for by the equity method, those companies are not covered by the Group's internal control system, although the Group may have specific control rights related to its status as a special shareholder.

Companies that have recently entered the scope of the Lagardère SCA internal control system are progressively adapting their own internal control procedures for harmonisation with the Group's system.

### 7.4.1.2 DEFINITION OF RESPONSIBILITIES AND POWERS

The role of the Group's main strategic management bodies is described in section 7.4.1.1. In order to fulfil its responsibilities, the Managing Partners rely on various committees and the Group's Corporate Departments.

#### 7.4.1.2.A MAIN MANAGEMENT COMMITTEES AND MONITORING ACTIVITY

##### A.1 The Executive Committee and Lagardère Media's Operating Committee

The Executive Committee brings together the Managing Partners and the Group's spokesperson on a regular basis. It enlists the help of any of the Group's senior managers it considers to be of use to accomplish its mission.

Lagardère Media's Operating Committee is made up of the members of the Executive Committee as well as, in particular, the division Senior Executives, and it meets every month.

Business reviews are conducted each month for each division to monitor activity within the divisions. The General and Managing Partner, the Group's Chief Financial Officer (a Managing Partner) as well as the Senior Executive and Chief Financial Officer of each division generally take part in these reviews.

##### A.2 The Financial Committee

After the Executive Committee, the Financial Committee is the most important entity for the monitoring and control of the Group's operating activities.

The Financial Committee is chaired by the Group's Chief Financial Officer who is a Managing Partner and includes representatives from the Group's Corporate Departments concerned by the topic discussed in order to provide all the requisite skills for it to accomplish its mission.

Its principal task is to examine and monitor the following, in cooperation with the chief managers of each division concerned:

- ▶ the budget for the coming year and the three-year plan;
- ▶ the annual financial statements;
- ▶ any significant investments (or disposals) and commitments made, e.g., through the acquisition of shareholdings in non-Group companies.

##### A.3 Other Committees

Among the other Committees, the Reporting Committee, also chaired by the Group's Chief Financial Officer, conducts a monthly review with all the divisions' financial managers of the results achieved against the budget and the new budgetary forecasts, to enable the Managing Partners to monitor the progress and financial position of each division on a monthly basis, and in order to take any necessary corrective action.

In addition, each month the "Cash Flow Reporting Committee" examines, under the responsibility of the Group's Chief Financial Officer, an analysis of cash flows and balances for each division, and a breakdown of the bank covenants described in note 29 to the consolidated financial statements.

Lastly, the "Counterparty Risks Committee" regularly analyses the counterparty risks described in the above-mentioned note.

### 7.4.1.2.B THE GROUP'S CORPORATE DEPARTMENTS

The Managing Partners are supported by the Group's Corporate Departments to implement, monitor and follow-up their decisions. The Group's Corporate Departments have the following functions:

- ▶ providing expert technical and logistical support to the Managing Partners and the Executive Committee within the scope of their strategic management of the Group;
- ▶ establishing standards and recommending best practices for the entire Group to strengthen control of its operations;
- ▶ organising reporting for the purposes of the Group's financial management and the monitoring of the divisions' operations;
- ▶ ensuring that Lagardère SCA complies with its regulatory requirements;
- ▶ making divisions aware of certain regulatory issues and offering them relevant technical and methodological support;
- ▶ offering the divisions support regarding technical issues or special operations;
- ▶ since March 2011, as expressly delegated by the General and Managing Partner acting in his capacity as Chairman of Lagardère Unlimited's Management Committee, the management of the Human Resources and Legal Departments is handled by the corresponding Corporate Departments.

Depending on their functional responsibilities, the Corporate Departments report to the Secretary General, Chief Financial Officer or Chief Human Relations, Communications and Sustainable Development Officer, all three of whom are Managing Partners and members of the Executive Committee. The Group Audit Department reports directly to Arnaud Lagardère in his capacity as General and Managing Partner.

Most of the Group's Corporate Departments, their teams and the corresponding material resources are primarily grouped together within a single company, Lagardère Ressources, a wholly-owned subsidiary of Lagardère SCA. This company employs almost 160 people and is chaired by the Group Secretary General.

As the tasks entrusted to these Corporate Departments are performed for the benefit of Lagardère SCA as well as for all of the subsidiaries, these companies have various service agreements with Lagardère Ressources, which receives a fee for its services, currently set at a percentage of net sales (or gross margin for Lagardère Services).

Some of the Corporate Departments are more specifically involved in the implementation of internal control and risk management within the Group, mainly the following departments: the Group Audit Department, the Group Legal Department, and within the Finance Department, the Management Control Department, the Accounting Department, the Group IT Department and the Risk and Internal Control Department.

### 7.4.1.3 HUMAN RESOURCES POLICY AND SKILLS MANAGEMENT

The Lagardère group's performance depends directly on the skills of its employees and the suitability of resources. The Group's divisions manage their human resources independently, under shared principles and commitments defined and formally established at Group level jointly with the divisions' Human Resources Directors.

This point is discussed in more detail in section 5.3 – Corporate Social Responsibility and corporate citizenship – Ethics.

During the year, the Group continued to roll out its Talent Management Policy, which was first shared with the divisions towards the end of 2012 at the initiative of the Managing Partners. The divisions identified the personnel concerned by this policy as well as the appropriate succession plans. At the end of 2013, this work was presented to the Managing Partners by the division Senior Executives alongside their respective Human Resources Departments.

### 7.4.1.4 APPLICABLE LAWS AND STANDARDS

The Group's business is governed by a certain number of laws and specific regulations, as set out in section 3.3.1.

As explained in section 5.3.1.2 – The CSR reference framework, the Lagardère group endeavours to respect a certain number of rules established by national and international bodies regarding business enterprises.

Internally, Lagardère has drawn up a Responsible Procurement Policy which, rounded out by the Responsible Supplier Charter, seeks to involve all external partners in respecting the Group's values and commitments.

The "Lagardère Group Code of Conduct", updated in 2012, sets out a collection of guidelines at Group level, deriving directly from the values of Lagardère and providing a set of shared standards for all Lagardère employees.

The Charter on trading in Lagardère SCA shares by Group employees, which complements the section of the Lagardère Group Code of Conduct on "confidentiality" and "trading in marketable

securities", describes the constraints incumbent on Group employees in such matters.

The "information system security policy" sets out the practices to be complied with and the resources to be implemented to protect the information systems throughout the Group.

The "commitment procedure", which follows on from the "investment procedure", was updated in 2012 to take better account of the Group's activities and define certain best practices. It sets out the process and criteria for validating projects involving significant investments, disposals and commitments within the Lagardère group.

The Group strengthened its anti-fraud processes by rolling out a policy in 2012 to improve the prevention, detection and processing of cases of fraud.

Where necessary, these charters and principles can be adapted to the specificities of the Group's divisions. Internal and external principles specific to the Group's businesses are also applied.

The self-assessment internal control questionnaire described in section 7.4.1.10.B provides the entire Group with a set of key points for attention on the various components of internal control.

The production of financial and accounting information is also governed by a collection of rules and guidelines.

The persons involved in the Group's financial reporting process must adhere to a set of reference standards defining the common principles for preparing the consolidated financial statements and monitoring forecasts. In particular, the Lagardère Group Reporting Manual, which is currently being updated, includes guidelines for consolidation procedures, and a set of definitions of the main indicators used in the consolidated reporting package. User and operator guides for the management system used throughout the Group are available and provide details of the corresponding tasks.

Other key documents are provided to all concerned, particularly for the preparation of the consolidated financial statements. They include:

- ▶ a framework document defining the off-balance sheet items to be included in the notes to the financial statements and the applicable treatment;
- ▶ specific instructions issued when changes occur in accounting standards or their application such as when annual impairment tests are being prepared for intangible assets and goodwill arising upon acquisitions.

The divisions prepare their own equivalent documentation for their specific systems, in keeping with the Group's principles and under the supervision of the Group's Finance Department.

### 7.4.1.5 INFORMATION SYSTEMS

The Group's information systems comprise:

- ▶ communication systems such as messaging and collaborative software (intranet);
- ▶ business monitoring systems, particularly accounting and financial systems;
- ▶ audiovisual production systems such as broadcasting and antenna systems in radio and TV activities; systems for editorial chains in magazine publishing; supplier management tools in distribution operations; and tools for creation and storage of digital content and dedicated tools for websites.

The divisions are responsible for managing their own information systems. However, there are also Group applications, such as the single management system presented below in section 7.4.1.6.G – Financial reporting.

The IT Department supervises these systems and ensures they are in line with the Group's objectives in the long term. It works in liaison with the Risk and Internal Control Department on the

management of IT risks in the light of objectives regarding reliability and continuity of operation, legal and regulatory compliance, and data confidentiality.

#### **7.4.1.5.A SINGLE MANAGEMENT SYSTEM FOR CONSOLIDATED FINANCIAL AND ACCOUNTING INFORMATION**

As explained in section 7.4.1.6.G – Financial reporting, below, the overall consolidated financial reporting cycle is based on common principles and uses a single database and management system shared by all teams in the finance departments in charge of reporting the information required, whether specific to management indicators or intended for publication.

#### **7.4.1.5.B RELIABILITY OF DATA ENTRY**

The single management system includes blocking controls which help prevent incidents and anomalies, and improve the reliability of data entry.

#### **7.4.1.6 PROCEDURES, METHODS, TOOLS AND PRACTICES**

##### **7.4.1.6.A COMMITMENTS, INVESTMENTS AND DIVESTMENTS**

The Group's commitment procedure applies to:

- ▶ financial investments or divestments;
- ▶ acquisitions and disposals of significant property, plant and equipment or intangible assets;
- ▶ significant financial commitments (particularly off-balance sheet commitments and contractual obligations);
- ▶ guarantees issued;
- ▶ any financing operations (loans or advances to third parties).

Limits have been set based on the type of operation. The acquisitions and disposals under consideration are presented to the Financial Committee, which is chaired by the Group's Chief Financial Officer. The Financial Committee issues an opinion by any appropriate means to the Managing Partners, after assessing the strategic value of the proposed transaction, verifying that the risks generated by the transaction are known and can be managed, and validating the underlying assumptions used to analyse profitability, based on the methodology and criteria defined by the Group's Finance Department.

This procedure does not apply to cash management or to capital increases by consolidated and/or controlled companies through incorporation of current account advances.

##### **7.4.1.6.B FINANCE AND CASH MANAGEMENT**

The Treasury and Financing Department has a procedure to define the circumstances in which it uses banks for external financing or cash management services.

#### **B.1 External financing**

As a general rule, only Lagardère SCA uses medium- or long-term bank or market financing, and finances the divisions itself. Apart from the financing of normal business operations, the divisions retain responsibility for some previously-negotiated transactions, or specific operations such as securitisation; however, these operations require advance authorisation and are reported to the Group's Finance Department on a regular basis.

#### **B.2 Cash management**

Cash investments must be in fixed-income instruments issued by high-quality entities, with maturities appropriate to the planned duration of the investments. Speculative or high-risk investments are not permitted.

#### **B.3 Hedging policy and market risk monitoring**

The hedging policy and market risk monitoring is described in note 29 and section 29.1.

The Group's General Management and the divisions' financial managers regularly adjust the hedging policy and the corresponding control system in the light of the resulting priorities.

##### **7.4.1.6.C PURCHASING, SALES AND SALES ADMINISTRATION**

The practices and procedures for purchasing and sales are defined by the Group's divisions under the responsibility of their Senior Executives, in compliance with the Group's shared principles, particularly regarding the segregation of duties.

The Purchasing and Real Estate Department is part of the Group's Finance Department and manages the Group's purchasing policy.

##### **7.4.1.6.D COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

#### **D.1 Compliance with the main laws and regulations applicable to Lagardère SCA**

The Group Legal Department, which reports to the Group Secretary General, is responsible for ensuring compliance with the main laws and regulations applicable to Lagardère SCA.

In particular, this department examines mergers and acquisitions (partnerships, acquisitions, disposals, internal restructurings, etc.) that are significant for Lagardère SCA, and supervises Lagardère SCA's financing operations and off-balance sheet commitments.

The Group Legal Department also ensures that all regulations that may concern Lagardère SCA as the ultimate holding company of the Group (antitrust laws, competition law, etc.) are properly applied.

It is involved in all legal aspects of the business of Lagardère SCA and the companies at the head of each business division. In this capacity, it monitors the application of stock exchange regulations since Lagardère SCA is listed on Euronext Paris Compartment A and in 2006, introduced the full procedure necessary to prepare lists of insiders in application of EU regulations.

A database has also been set up at the instigation of the Group Legal Department, to record corporate information on features of each of the Group's French and foreign entities.

As part of its overall Group compliance drive launched in 2012, the Managing Partners tasked the Group Legal Department with forming a Group Compliance Department. Alongside other initiatives, this project led to the appointment of a Group Chief Compliance Officer in September 2013, in charge of drawing up, rolling out and monitoring the implementation of compliance programmes aimed at preventing legal and regulatory risks from arising, so as to safeguard the Group's interests and reputation and ensure that its activities remain in line with its ethical values.

#### **D.2 Compliance with the main laws and regulations applicable to the divisions**

The Group Legal Department is informed of all procedures introduced in each division to ensure compliance with the laws and regulations specific to their activity, and these procedures are regularly monitored by these divisions' management bodies via their Legal Department or their external advisors.

As part of the above-described overall Group compliance drive, the Group appointed a number of compliance officers in 2013.

Their work concerned in particular the roll-out of a pilot anti-corruption programme within Lagardère Unlimited and the launch of procedures concerning other topics (personal data protection and competition law).

#### **7.4.1.6.E PROTECTION OF THE GROUP'S PROPERTY AND RIGHTS**

##### **E.1 Protection of brands and intellectual property rights**

The Group's brands and intellectual property rights are an essential part of its entire portfolio of property and rights.

The Group's divisions own a large number of undeniably well-known brands, which are directly managed and protected by the units.

As the Lagardère brand is being used through the Group's activities, and due to the resulting exposure, Lagardère SCA is careful about protecting the Lagardère brand and regularly extends international protection to cover areas where the Group is currently in development or expanding.

Protection for the Lagardère brand is established in all the continents.

Furthermore, Lagardère SCA implemented brand licensing agreements for use by the four divisions when necessary.

##### **E.2 Litigation management**

The Group Legal Department manages all litigation involving Lagardère SCA, and any litigation involving the divisions when the potential consequences in financial terms or in terms of image are considered significant for the Group. All other division-level litigation is handled by the Legal Department of the division concerned and/or by external advisors.

#### **7.4.1.6.F SECURITY OF INFORMATION SYSTEMS**

The Group's IT Department updates and distributes an information system security policy within the Group proposing guidelines, practices and resources to be implemented within each entity to protect the information systems and the data they contain. The operating entities are responsible for rolling out this policy locally.

#### **7.4.1.6.G FINANCIAL REPORTING**

##### **G.1 The reporting system: frequency and timing**

The Lagardère group's reporting system is structured by divisions. It is decentralised, hence each division is responsible for producing its own figures.

The financial and non-financial information collected and consolidated using the Lagardère group's reporting system must comply with legal requirements and satisfy the Group's own control and management needs. This information includes an income statement by activity and by function as well as management indicators specific to each business type.

The overall reporting cycle is based on common principles and uses a single database and management system shared by all teams in the finance departments in charge of reporting the information required, whether it is for management reporting or intended for publication.

This unified organisation of the cycle relies on the finance departments of each division, and the Group's Finance Department. Under the supervision of the latter, the reporting system is designed to meet management control needs and also to guarantee the relevance and quality of the financial information published, thus fostering greater coherence between the various reporting systems,

the business activities covered and the consolidation methods used.

##### **G.2 Preparation of budgets**

During the final quarter of the calendar year, all divisions of the Group establish their three-year budgets, and submit to the Financial Committee a summary comprising the following key information with notes:

- ▶ net sales;
- ▶ operating income and expenses;
- ▶ profit (loss) before finance costs and tax;
- ▶ net finance costs;
- ▶ profit (loss) for the year;
- ▶ cash flows from operations;
- ▶ free cash flow;
- ▶ total cash from (used in) operating and investing activities;
- ▶ capital increases;
- ▶ dividends;
- ▶ capital employed;
- ▶ net debt.

These data are integrated into the single database referred to above, and used in preparing the Group's annual budget and three-year plan.

##### **G.3 Monthly Group reports, internal reporting**

Each Group company's finance department enters data from its own monthly accounts into the Group's financial database.

For each entity, these data include a balance sheet, an income statement and a statement of cash flows with notes, and the principal key indicators from the income statement.

Careful attention is paid to regular revision of forecast figures such as year-end estimates.

These data are included in the Monthly Group Report established by the Group's Management Control Department and submitted to the Managing Partners and Group's principal managers. This document lists the changes in the following key indicators for each division, with comments for each division:

- ▶ sales;
- ▶ operating profit (loss) before associates;
- ▶ income (loss) from associates and other information;
- ▶ net finance costs;
- ▶ income tax expense;
- ▶ net income (loss) before discontinued operations and minority interests;
- ▶ cash flows from operations before changes in working capital;
- ▶ changes in working capital;
- ▶ income taxes paid, interest paid and received;
- ▶ net purchases of property, plant and equipment and intangible assets;
- ▶ free cash flow;
- ▶ net cash from financing activities;
- ▶ total cash from (used in) operating and investing activities;
- ▶ change in cash and cash equivalents or net debt;
- ▶ capital employed;
- ▶ cash and cash equivalents or net debt.

The Monthly Group Report is presented to the Group's Chief Financial Officer before final distribution.

In addition, each month as part of the "Cash Flow Reporting Committee", the Finance Department prepares a detailed analysis of cash flows and balances for each division, and a breakdown of the bank covenants described in note 29 to the consolidated financial statements. Through its "Counterparty Risks Committee",

the Finance Department also produces regular analyses of the counterparty risks described in the same note.

#### **G.4 Interim and annual consolidated financial statements**

Additional information is supplied for the preparation of the interim or annual consolidated financial statements for publication.

Chapter 6 contains a description of the principles and methods used in preparing the consolidated financial statements. For certain types of information, such as breakdowns of intercompany transactions, off-balance sheet commitments and derivatives, procedures are set out in memos applicable to all Group companies.

#### **G.5 Relations with the Statutory Auditors**

Every year the Managing Partners receive the Statutory Auditors' assurance that they have access to all information required for the purposes of their audit.

They also receive assurance from the Statutory Auditors that their work has progressed sufficiently at the year-end to allow them to make any significant remarks.

### **7.4.1.7 INFORMATION AND COMMUNICATION**

The persons concerned are informed of decisions by the Managing Partners by all available means, particularly internal memos and announcements.

All of the Group's announcements and the principal rules applicable are available on the Group's intranet, which is accessible to all employees.

A set of applications and collaborative software packages are also available through the Group's intranet, so that information can be appropriately communicated to everyone according to their needs, both in Corporate Departments and divisions.

### **7.4.1.8 RISK MANAGEMENT PROCEDURES**

Like any company, Lagardère is exposed to a variety of risks in the course of its business activities. The principal exposures identified are described in Chapter 3 – Risk factors. The Group pays particular attention to risk management, by the business division as well as at central level, where summary reports are prepared.

#### **7.4.1.8.A ORGANISATION OF RISK MANAGEMENT**

##### **A.1 Basic principles**

The Group accepts exposure to a controlled level of business risk in the course of its business activities.

Risk management procedures are therefore designed to provide reasonable assurance that the level of risk taken by the Group is not likely to compromise the results expected by the Managing Partners.

These procedures help both to manage the risks inherent to the Group's business and to reduce undesirable additional risks.

However, given the limitations inherent to addressing contingencies, these procedures cannot guarantee that all risks the Group may encounter in the future have been correctly analysed or even identified.

##### **A.2 Organisation and definition of responsibilities**

In compliance with the Group's general organisation structure, the operational and functional managers remain in charge of the risks related to their respective fields of activity.

The General Management at the head office focuses particularly on monitoring risks that can only be assessed at Group level or that

are considered significant at Group level due to their individual or cumulative scale.

As a rule, risk management is an integral part of the Group's management procedures and cannot be separated from them.

However, certain procedures are specifically dedicated to risks, for example risk mapping or setting up insurance coverage.

The Corporate Departments play a support, monitoring and coordination role in this respect.

Within the Finance Department, the Risk and Internal Control Department is in charge of proposing and managing the risk management policy. Working closely with the other Corporate Departments and the divisions, the Risk and Internal Control Department provides methodological support and advice, particularly for the identification, analysis and quantification of risks, and also when financial or insurance coverage is set up. It is responsible for preparing a report summarising the Group's risks. The Risk and Internal Control Department also sits on the Financial Committee and thereby contributes to its decision-making process.

In addition, the Group takes internal measures to strengthen the risk control culture through information-sharing and awareness-raising, and to reinforce the specific visibility of certain emerging risks and the capacity to cope with potential crises.

#### **7.4.1.8.B RISK IDENTIFICATION AND ANALYSIS PROCESS**

A certain number of the Group's procedures contribute to risk identification, particularly:

- ▶ audit reviews;
- ▶ reporting activities described in section 7.4.1.6.G – Financial reporting, particularly impairment tests and monitoring of off-balance sheet commitments;
- ▶ risk intelligence activities by the various Corporate Departments and divisions;
- ▶ the commitment procedure, which includes a section specifically dedicated to risks, and more generally pre-acquisition or pre-sale audits;
- ▶ review and regular renegotiation of insurance programmes;
- ▶ thematic reviews conducted as and when necessary, such as the investigation of risks in IT systems and networks.

Lagardère SCA and its divisions implement a risk mapping policy, in order to rank the main risks to which the Group could consider itself exposed by severity, possibility of occurrence and degree of control.

The factors taken into account for risk analysis include: potential severity, likelihood of occurrence, emergence period, possible scenarios, internal and external limiting or aggravating factors, current and proposed control measures.

#### **7.4.1.8.C MANAGEMENT PROCEDURES FOR THE PRINCIPAL RISKS**

##### **C.1 Risks associated with the economic environment and business activity**

The management of risks related to economic and business activity forms an integral part of the Group's decision-making process.

Among other duties, General Management of each division is responsible for monitoring risks related to the economic climate, air traffic and the worldwide advertising markets, technological developments such as the expansion of digital products and tools, and changes in consumer behaviour.

The Group has a strategic plan for each division, primarily covering the risks referred to above.

In addition, as part of the management of risks related to contracts with a high unit value, described in section 3.2 of Chapter 3 – Risk Factors, the Group carries out a regular review of major contracts

for sports events in order to monitor developments and profitability prospects for those contracts.

### C.2 Legal risks

The management procedures for legal risks are an integral part of the relevant internal control procedures as described in section 7.4.1.6.

### C.3 Market risks (liquidity, interest rate, exchange rate and equity risk)

The following description is taken from note 29 to the consolidated financial statements:

*“The Group has implemented a policy aimed at reducing market risks by applying authorisation and internal control procedures and by using risk management tools to identify and quantify these risks. Derivatives are used exclusively for non-speculative hedging transactions.”*

Regarding interest rate risks: *“The Group does not use active interest rate management techniques in relation to any of its financial assets or liabilities.”*

*Cash investments must be in fixed-income instruments issued by high-quality entities, with maturities appropriate to the planned duration of the investments. Speculative or high-risk investments are not permitted.*

*There are no derivatives related to these investments.”*

### C.4 Risks related to paper price

Lagardère pays particular attention to changes in paper price: Lagardère Publishing’s paper purchases are supervised by its Technical Department, and Lagardère Active’s paper purchases are supervised by its Magazine Publishing Department.

The risk of unfavourable developments in paper price can be alleviated by the inclusion of price smoothing clauses in purchasing contracts whenever it is possible to negotiate such clauses on acceptable economic terms.

### C.5 Credit and counterparty risks

The following description is taken from note 29.2 to the consolidated financial statements:

*“Each division is responsible for managing its own credit risks in a decentralised way as appropriate to the specificities of its market and customer base.*

*For new customers with the potential for large volumes of business with the Group, analyses are carried out and information (such as external credit ratings or bank references) is sought before entering into transactions, and specific guarantees or credit insurance may be arranged as a result. Counterparty-specific credit limits may also be set.*

*In newly-consolidated activities, measures are taken to progressively introduce monitoring procedures that are appropriate for the types of credit risk faced by the entity concerned.*

*The Group has set up periodic reporting on counterparty risks to monitor its overall risk exposure to its principal counterparties, the variations in accumulated receivables, and the level of related provisions, and to oversee the measures put in place for managing this type of risk.*

*The Treasury and Financing Department is responsible for ensuring that the financial institutions with which the Group does business are of good quality.”*

### C.6 Industrial and environmental risks

The Group pays careful attention to industrial risk prevention and environmental protection, in line with its social and environmental policy, which is presented in Chapter 5.

### C6.1 Prevention policy

Management of industrial and environmental risks is the duty of the operational managers of the sites concerned, with particular emphasis on compliance with the relevant regulations and standards.

The operational managers of sites for which certain environmental risks have been identified apply the regulations concerned and implement operational procedures, quality systems and a range of security measures specific to each business line.

In view of the industrial past of certain Lagardère sites, the Group remains vigilant in relation to any environmental damage that may come to light.

### C6.2 Assessment of impacts

Due to the limited nature of the Group’s exposure to industrial and environmental risks, costs related to the assessment, prevention and remediation of those risks are included in the relevant investment and expense items and are not separately valued.

### C.7 Other operational risks

The Group’s divisions put in place specific anti-fraud processes for their businesses, organisation and IT systems. In order to bolster existing procedures and processes, Lagardère SCA coordinates awareness among the Group’s employees, and implements a policy to improve the prevention, detection and processing of fraud.

As mentioned in section 7.4.1.6.F, the Group’s IT Department updates and distributes an information system security policy that the operating entities are responsible for rolling out locally.

In addition, the Group’s IT Department, together with the Risk and Internal Control Department, carry out recurrent internal-assessment surveys for IT system and network security. A survey was conducted in 2012, on the following areas:

- ▶ assessment of risk exposure;
- ▶ assessment and remediation of risks;
- ▶ organisation of data security;
- ▶ information security policy;
- ▶ management of assets, property and equipment;
- ▶ security as regards human resources;
- ▶ physical and environmental security;
- ▶ operation and security of information systems;
- ▶ control of access;
- ▶ acquisition, development and maintenance;
- ▶ management of incidents;
- ▶ legal and regulatory compliance.

All measures to preserve data confidentiality, protect the systems against intrusion, and minimise the risk of system breakdown are adjusted based on the results of these surveys. The entities also receive recommendations based on the results of the surveys.

The Group is also continuing to extend its secure communication network, both in France and abroad.

### C.8 Insurance policies – risk coverage

The financial consequences of certain risks can be covered by insurance policies when this is justified by the scale of the risk, provided insurance coverage is available at acceptable conditions.

The major insurance policies cover property damage, business interruptions and liability. Depending on the type of risk, coverage consists of permanent policies and temporary or specific policies.

The Group generally seeks to insure all insurable assets for their estimated value, and business interruptions for their estimated cost, in keeping with the relevant best practices.

However, given the diversity of situations and the specificities of the insurance market, it cannot be considered that the Group will

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be covered by insurance in all circumstances, nor that existing insurance coverage will always be effective.

The Risk and Internal Control Department is in charge of overseeing use of insurance in the Group, and plays a coordination and advisory role in this respect.

### 7.4.1.9 CONTROL ACTIVITIES

Control activities are designed to ensure that the necessary measures are in place to control the risks that may have an impact on achieving objectives.

Cycle	Process
Purchasing	Purchasing
Finance	Customer accounts
	Tax
	Supplier accounts
	General accounting
	Investments
	Cash
	Assets
Risk management	Risk management
	Insurance management
Legal	Legal
	Legal secretary
Human resources	Expense claims
	Payroll
	Human resource management
	Personnel administration
Information systems	Information systems
Sales	Distribution
	Sales management

The information systems self-assessment questionnaire is rolled out separately.

### 7.4.1.9.B CONTROL BY THE CORPORATE DEPARTMENTS OF PROCESSING CARRIED OUT WITHIN THE GROUP

#### B.1 The Group's financial management

The consolidated financial statements are drawn up at the end of each month (except for January and July), which allows the Corporate Department responsible for consolidation to regularly review the financial information reported by the divisions.

The Group's Chief Financial Officer monitors the divisions' and the Group's cash flow position each month, with the assistance of a number of the Corporate Departments. When these positions are monitored, the ratios that pertain to the Lagardère group and the banks involved in cash management are also monitored.

The Group's Chief Financial Officer reviews the divisions' and the Group's counterparty risks on a regular basis, with the assistance of a number of the Corporate Departments. This review provides details, by division and at Group level, of the counterparty risks relating particularly to customers, the investment portfolio and hedging instruments.

At year-end the Financial Committee, described in section 7.4.1.2.A2, also validates the annual budget and the

### 7.4.1.9.A CONTROL BY DIVISIONS OF THEIR OPERATIONAL PROCESSES

The divisions implement their own internal control systems to cover their day-to-day activities. These systems are made up of a combination of resources and take various forms depending on the organisation of the division as well as the business lines, the size of the division, its geographic location and the regulatory constraints of its operating entities.

Most of these control activities are described in the self-assessment questionnaire common to the entire Group listed in section 7.4.1.10.B and cover the following areas:

three-year plan proposed by each of the divisions. Each month the Reporting Committee, described in section 7.4.1.2.A3, is responsible for verifying that the budget is adhered to by each of the divisions.

Finally, as stipulated in the Group's investment procedure, the Financial Committee reviews any significant investments, divestments and commitments.

#### B.2 Monitoring legal affairs

The Group Legal Department is informed by the divisions of exceptional transactions planned, including:

- ▶ planned acquisitions and disposals, which are reported under the procedure described in section 7.4.1.4. The Legal Department is represented at all Financial Committee meetings in order to keep abreast of such transactions;
- ▶ contractual commitments which individually involve financial commitments or off-balance sheet commitments that are significant at Group level; and
- ▶ legal restructuring plans involving major operational entities.

Within the scope of the Group's legal reporting, the Group Legal Department also requires the divisions to provide, whenever necessary and in real time, the information and documents relating to the following topics:

- ▶ relations with national or supranational administrative bodies;
- ▶ control of activities (in terms of organisation of the division as regards legal and regulatory compliance);

- ▶ exceptional transactions;
- ▶ disputes representing an annual financial impact of more than €5 million or involving a risk for the Group's image;
- ▶ non-competition commitments;
- ▶ change of control clauses;
- ▶ use of the "Lagardère", "Hachette" and "Matra" brands;
- ▶ investments;
- ▶ fraud/corruption.

### B.3 Other areas

The Corporate Departments have also put in place exchanges with the divisions allowing them to receive information about the processes carried out within the Group, particularly as regards information systems, sustainable development, human resources management, risk management and internal control. These exchanges generally take place with the General Management of each division and in certain cases the operating entities of the divisions. The exchanges involve implementing policies and reporting process, and are based on a network of correspondents who liaise with the operating entities.

#### 7.4.1.10 PERMANENT MONITORING OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Lagardère group continuously works to strengthen the monitoring of its internal control and risk management frameworks. In 2013, the Group set up a Risk Management and Internal Control Committee, whose members include a Managing Partner and the Senior Executive of the division concerned, tasked with monitoring the effectiveness of risk management and internal controls at the level of each division. Its first two meetings were held in 2013, focusing on Lagardère Services and Lagardère Unlimited.

##### 7.4.1.10.A PERMANENT MONITORING OF THE RISK MANAGEMENT SYSTEM

As mentioned in section 7.4.1.8.A2, the Risk and Internal Control Department proposes and manages the Lagardère group's risk management policy.

As part of its work, the Risk and Internal Control Department is responsible for preparing a report summarising the Group's risks, monitoring and alerting the Managing Partners and the divisions, and analysing the Group's cross-business risks. More specifically:

- ▶ The Risk and Internal Control Department provides methodological support and advice, particularly for the identification, analysis and quantification of risks, and also when financial or insurance coverage is set up.
- ▶ The Department provides support to the Managing Partners by analysing the Group's cross-business or specific risks. It is involved when there are significant financing activities, and it handles specific assignments.
- ▶ It is involved, as necessary, in helping implement control measures for specific risks identified within the Group.
- ▶ The Department is responsible for establishing risk mapping for each division, particularly by defining a shared methodology. It pursued this risk mapping in 2012, and the exercise is scheduled to be repeated in 2014. The Risk and Internal Control Department monitors the main risks identified and puts in place related control measures.

The Risk and Internal Control Department is also responsible for an insurance programme for members of the Supervisory Board and the Group's entities. Every year, it prepares a consolidated overview of the insurance programmes rolled out within the Group and plays a support role for the Group's entities as regards the management of their own insurance programmes (i.e., taken out in their own

name). Certain entities also call on the Risk and Internal Control Department to manage all or part of their insurance programme.

In order to fulfil its responsibilities, the Risk and Internal Control Department collaborates with the Corporate Departments and a network of correspondents within the divisions, particularly the divisions' Chief Financial Officer.

##### 7.4.1.10.B PERMANENT MONITORING OF THE INTERNAL CONTROL SYSTEM

The Risk and Internal Control Department is responsible for managing the Group's internal control system. To accomplish this mission, the Department has had a dedicated Internal Control Manager since 2011. This Manager has a correspondent in each division – the Internal Control Manager – who is responsible for managing the internal control system within his/her division. The Internal Control Manager of each division reports to a member of his/her division's Management, most often the Chief Financial Officer. This organisation makes it possible to provide stronger and more efficient monitoring of the internal control system throughout the Group.

As explained in section 7.4.1.9 – Control activities, an internal self-assessment procedure is implemented every year for internal control within Lagardère SCA's main entities/subsidiaries. This procedure is managed by the Internal Control Managers and consolidated by the Risk and Internal Control Department. It helps the continuous improvement process for the control and efficiency of processing within the Lagardère group's entities.

The methodology is based on defining a Group reference framework (shared with all the divisions) consisting of seven financial processes, eleven operational processes and two risk management processes covered by 211 points of control. Two divisions have also added questionnaires specific to their businesses.

The self-assessment aims to identify the applicability, efficient implementation and traceability of each of these points of control, and to establish a stronger formal definition of internal control procedures and ensure their adoption by all operational managers. The Internal Control Managers analyse the results of the self-assessment for their respective divisions, and a report is presented to the Managing Partners and the Audit Committee for the entire Group. This information is used by operational management in their quality assessment of the internal control procedures that they oversee, and for the implementation of improvement plans. It is included in the scope of audits carried out by the Group's Audit Department.

Each division Senior Executive also sends a detailed report to the Chairman of the Supervisory Board on risk management and internal control within his/her division. This report includes analysis of the results from the self-assessment questionnaires.

##### 7.4.1.10.C SPECIFIC CASE OF THE PERMANENT MONITORING OF INFORMATION SYSTEMS

###### C.1 Security

As described in section 7.4.1.8.C7, the Group's IT Department, together with the Risk and Internal Control Department, carries out regular surveys to assess the security of the IT systems and networks, contributing to improve the security of those systems and networks.

Based on this survey, the IT Department makes recommendations to the entities concerned to ensure that the level of security is satisfactory based on the Lagardère group's IT security policy.

## C.2 Changes in the single management system

The single management system described in section 7.4.1.6.G – Financial reporting, and its settings are upgraded to the latest versions as often as necessary. Specific resources (as described in section 7.4.1.5) are dedicated to data integrity, availability and confidentiality.

### 7.4.1.10.D AUDIT OF THE SYSTEMS

The Group's Audit Department, supervised by the Managing Partners, audits the internal control and risk management systems, as well as the related reporting processes, as set out within the Lagardère group. Audits are conducted as part of the annual audit plan or following specific requests from the Managing Partners, the Group's Finance Department or from the division Senior Executives. The Audit Department's scope of intervention includes all fully-consolidated companies. The audit plan is established on a multi-annual basis and includes:

- ▶ coverage of Group entities on a rotating basis;
- ▶ taking into account the needs of the Group's and the divisions' Senior Executives;
- ▶ audits of the risk management and internal control systems that need to be reviewed based on the risk mapping or analyses performed by the Group's Risk and Internal Control Department;
- ▶ audits of cross-functional themes relevant to the divisions and/or their subsidiaries;
- ▶ audits related to the internal control self-assessment system.

The Group's Audit Department may also conduct consulting or operational assistance assignments on specific projects at the request of the Managing Partners or the divisions, specific assignments involving reviews of operational and financial risks,

audits relating to merger/acquisition projects, or ad hoc audits with entities facing incidents involving fraud. Audit assignments are conducted following a standard process, involving in particular monitoring by the Department of the action plans resulting from its audits.

The mission of the Group Audit Department, its powers and responsibilities are set out in an internal audit charter. The Group Audit Department presents to the Audit Committee the annual audit plan, a summary of the work carried out, the resulting conclusions and details of their application, as well as business indicators that make it possible to assess the effectiveness of its work.

The Group Audit Department uses a recruitment policy in order to maintain its technical skills (e.g., related to computerised audit) and language skills (to be able to work in the languages that are used the most within the Group). The Department helps spread the risk management and internal control culture within the Group through its audits, as well as through professional mobility for its employees.

### 7.4.1.10.E ACTION IN RESPONSE TO THE STATUTORY AUDITORS' WORK

The Managing Partners ensure that the Statutory Auditors have reviewed the accounting principles and options that have a material impact on the presentation of the financial statements.

They ask the Statutory Auditors for details of the audit scope and methods, and are also informed of the conclusions of the audit.

The Managing Partners are informed of any significant risks and material weaknesses in internal control, as communicated by the Statutory Auditors, that could have a significant influence on the published financial and accounting information, and ensure that these factors are taken into consideration in the corrective action taken by the Group.

## 7.4.2 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

Ladies and Gentlemen.

The purpose of this report is to provide the information required under article L. 226-10-1 of the French Commercial Code (*Code de commerce*) concerning the membership of the Supervisory Board, the application of the principle of balanced representation of women and men on the Board, the conditions under which the Board's work is prepared and organised and the internal control and risk management procedures applied by the Company.

This report was prepared under the responsibility of the Chairman of the Supervisory Board and with the assistance of the Board Secretary. It was reviewed by the Appointments and Remuneration Committee at its meeting of 30 January 2014 and by the Audit Committee at its meeting of 6 March 2014 for matters within their remit.

All preparatory work for this report (including interviews with Management) was presented to the Supervisory Board which approved the terms of the report at its meeting of 12 March 2014.

### 1. MEMBERSHIP OF THE SUPERVISORY BOARD

In accordance with the Company's Articles of Association, the Supervisory Board is composed of a maximum of 15 members.

Previously, around one-half of the Board members were replaced every two years. If the shareholders approve the resolutions put to them, this rate will increase and one-third of the Board will be replaced each year with effect from 2016. The Board also decided that members would be appointed for a maximum term of four years.

Following the resignation of Antoine Arnault, at 31 December 2013 the Board was composed of 14 members: Xavier de Sarrau (Chairman), Nathalie Andrieux, Martine Chêne, Georges Chodron de Courcel, François David, Pierre Lescure, Jean-Claude Magendie, Soumia Malinbaum, Hélène Molinari, Javier Monzón, François Roussely, Aline Sylla-Walbaum, Susan M. Tolson and Patrick Valroff.

These members (listed in section 7.2.3 of this Reference Document) form a competent, independent and attentive Supervisory Board, fully able to represent shareholders' interests.

Further to the recommendation of the Appointments and Remuneration Committee, the Board defined a set of criteria for the selection of members. Members are therefore chosen first and foremost based on their expertise and experience (managerial, financial, strategic and legal) as well as their knowledge of the Group's businesses, so that it can exercise its control duties in full. Moreover, the Board is required to comply with and anticipate the provisions of the Copé-Zimmerman law concerning gender parity. At the 2013 Annual General Meeting, the 40% quota was met.

The following diagram illustrates these objectives:



\* Media/Distribution/Innovation/New technology.

\*\* Legal/Governance/Social relations/Marketing/Diversity.

In view of its control duties, the Board must have a majority of independent members.

A review of each member of the Supervisory Board's position by the Appointments and Remuneration Committee has concluded that 13 Supervisory Board members – or more than 90% of the Board – currently qualify as “independent” members in the light of the “criteria” for independence contained in the AFEP-MEDEF code on corporate governance for listed companies, which it has taken as a benchmark framework for analysis. The 13 members concerned are:

- ▶ Xavier de Sarrau;
- ▶ Nathalie Andrieux;
- ▶ Martine Chêne;
- ▶ François David;
- ▶ Pierre Lescure;
- ▶ Jean-Claude Magendie;
- ▶ Soumia Malinbaum;
- ▶ Hélène Molinari;
- ▶ Javier Monzón;
- ▶ François Roussely;
- ▶ Aline Sylla-Walbaum;
- ▶ Susan M. Tolson;
- ▶ Patrick Valroff.

However, as regards these independence criteria, Georges Chodron de Courcel, Chief Operating Officer of BNP Paribas, a significant bank for the Group, is considered a “non-independent” member.

The Board ruled that François Roussely could qualify as an independent member despite his role as Deputy Chairman of Crédit Suisse Europe, as the business dealings between this bank and the Group are negligible.

## 2. BOARD'S INTERNAL RULES AND OPERATION (PREPARATION AND ORGANISATION OF THE SUPERVISORY BOARD)

The terms and conditions of the Supervisory Board's organisation and operations are set forth in a set of internal rules (updated on 12 March 2014) which also define the duties incumbent on each member, and the code of professional ethics each individual member is bound to respect.

These rules concern the following:

- 1. The independence of Board members:** the minimum quota for independent members is fixed at half of the total serving members. Independent members must have no direct or indirect relations of any kind with the Company, Group or Management that could compromise their freedom of judgement or participation in the work of the Board. It lists a certain number of criteria, which form a framework for determining whether or not a member may be considered independent.
- 2. The annual number of meetings:** a schedule for the coming year is fixed annually, based on a proposal by the Chairman.
- 3. The duties of each member:** apart from the fundamental duties of loyalty, confidentiality and diligence, members' obligations also concern knowledge of the law, regulations and Articles

of Association, ownership of a significant number of shares, declaration to the Board of any conflict of interest and regular attendance at meetings.

**4. Trading in shares of the Company and its subsidiaries:** as Board members have access to inside information and in-depth knowledge on certain aspects of the life of the Company and Group, they are expected to refrain from trading in Company shares, except within the following constraints contained in the Board's internal rules:

- no trading in shares may take place during certain defined periods;
- it is recommended that acquisitions should take place once a year, at the end of the Annual General Meeting, in the form of a block purchase carried out through the Company by each Board member;
- the Chairman, Managing Partners and the French financial markets authority (*Autorité des marchés financiers* – AMF) must be informed of any transactions in shares within five days of their completion.

**5. The existence of an Audit Committee:** in addition to the tasks described below, this Committee is also responsible for preparing the Board meetings for subjects within its remit.

**6. The existence of an Appointments and Remuneration Committee:** in addition to the tasks described below, this Committee is also responsible for preparing the Board meetings for subjects within its remit.

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The Supervisory Board meets regularly to review the financial situation and operations of the Company and its subsidiaries, the annual and interim financial statements, the outlook for each of the business activities and the Group's strategy. It also defines an annual schedule for its meetings: five meetings are planned for 2014. During 2013, the Supervisory Board met five times with an average attendance rate of 82.3% (see the attendance table below):

- ▶ on 7 March, with an attendance rate of 80%, mainly to examine the Company's and the consolidated financial statements and the general business position and outlook, undertake preparatory work for the Annual General Meeting, approve the report of the Chairman of the Supervisory Board and finalise his report to the shareholders – during this meeting, Amélie Oudéa Castéra presented an update to her June 2011 study concerning the risks and outlook of the Lagardère Unlimited division and Javier Monzón provided an overview of the situation in Spain and South America;
- ▶ on 15 March, with an attendance rate of 73%, to ask the Annual General Meeting to appoint two new Supervisory Board members to replace resigning members Amélie Oudéa-Castéra and Didier Pineau Valencienne;
- ▶ on 5 June, with an attendance rate of 93%, mainly to examine Group developments and Lagardère Active's strategic view (presentation given by Denis Olivennes and his team) as well as the findings of the self-assessment of the operations and work of the Board and its committees. Patrick Valroff also gave an update to his study concerning the impact of digital technology on the Group and Pierre Lescure presented his report on the "Act II of the cultural exception in the digital era" project commissioned by the French government;
- ▶ on 4 September, with an attendance rate of 86%, mainly to examine the interim company and consolidated financial statements and the business position and outlook, examine Lagardère Services' strategic view (presentation given by Dag Rasmussen and his team); the Board also reviewed the June 2013 amendments to the AFEP-MEDEF code of corporate governance (presentation by Hélène Molinari);
- ▶ on 4 December, with an attendance rate of 78%, mainly to examine the Group's general position and strategy. Denis Olivennes and his team also presented the Group's Audiovisual businesses.

Following this Supervisory Board meeting, the members met without the Managing Partners in attendance.

## Members' attendance at Supervisory Board and Committee meetings in 2013

Members of the Board	Attendance rate at Supervisory Board meetings	Attendance rate at Audit Committee meetings	Attendance rate at Appointments and Remuneration Committee meetings
Nathalie Andrieux	80%	100%	
Antoine Arnault	25%		
Martine Chêne	100%		
Georges Chodron de Courcel	100%		100%
François David	100%	100%	100%
Pierre Lescure	60%		100%
Jean-Claude Magendie	80%		
Soumia Malinbaum	66%		
Hélène Molinari	100%		
Javier Monzón	60%		
Amélie Oudéa-Castéra	50%	100%	
Didier Pineau Valencienne	100%	100%	
François Roussely	80%		
Xavier de Sarrau	100%	100%	
Aline Sylla-Walbaum	100%	75%	
Susan M. Tolson	100%		
Patrick Valroff	80%	100%	

### 3. SUPERVISORY BOARD COMMITTEES

#### 3.1 AUDIT COMMITTEE

In application of its internal rules, the Audit Committee meets at least four times a year and its tasks include the following:

- ▶ to review the accounts and the consistency of the accounting methods used for the Lagardère SCA company and consolidated financial statements, and to monitor the process for preparing financial information;
- ▶ to monitor the audit of the company and consolidated financial statements by the Statutory Auditors;
- ▶ to monitor the Statutory Auditors' independence;
- ▶ to issue a recommendation on the Statutory Auditors nominated for appointment at the General Meeting;
- ▶ to ensure that the Company has internal control and risk management procedures, particularly procedures for (i) preparation and processing of accounting and financial information used to prepare the accounts, (ii) risk assessment and management, (iii) compliance by Lagardère SCA and its subsidiaries with the main regulations applicable to them; the Audit Committee is informed of any observations and/or suggestions from the Statutory Auditors regarding these internal control procedures and examines the report of the Chairman of the Supervisory Board on internal control and risk management procedures;
- ▶ to monitor the efficiency of internal control and risk management systems;
- ▶ more specifically to review, as regards the internal auditing of the Company, its business activities, audit programme, organisation, operation and achievements;
- ▶ to review the agreements directly or indirectly binding the Group and the senior managers of Lagardère SCA: the Managing Partners' salaries are paid by Lagardère Capital & Management, which is bound to the Group by a service agreement. Application of this agreement, which has been approved by the Board and the shareholders as a related-party agreement, is monitored regularly. The Board has delegated the Audit Committee for this task, which among other points concerns the amount of expenses invoiced under the contract, essentially comprising the Managing Partners' remuneration;
- ▶ to prepare an annual summary of business over the past year for release to the shareholders (through the report of the Supervisory Board and the report of the Chairman of the Supervisory Board).

Audit Committee members are appointed for their financial and/or accounting skills, assessed with particular regard to their past career (positions held in general or financial management or in an audit firm), academic background or specific knowledge of the Company's business. The expert knowledge of the members of the Audit Committee is described in section 7.2.3 of the Reference Document.

At 31 December 2013, the Audit Committee comprised Xavier de Sarrau (Chairman), Nathalie Andrieux, François David, Aline Sylla-Walbaum and Patrick Valroff, all of whom are independent members (see section 1 of this report).

The members of the Audit Committee interview the Group's main senior managers when necessary, and the Statutory Auditors also present a report on their work.

In addition, Audit Committee members reserve the right to interview the Statutory Auditors without Management in attendance.

The Chairman of the Audit Committee reports to the members of the Board on the work conducted by the Audit Committee.

The Audit Committee met six times in 2013, in February, March, May, August, October and November.

All meetings were attended by all Committee members, except for the meeting in May when the attendance rate was 80%.

The February meeting involved a review of the impairment tests on intangible assets for the purposes of the financial statements for the year ended 31 December 2012 and a presentation by one of the members of the Audit Committee on the risks of the Lagardère Unlimited division.

The March meeting was held to examine the consolidated financial statements for 2012, and for the presentation and examination of the Chairman's draft report on internal control and risk management.

In May, the Committee focused on the internal audit activity and reviewed the remuneration of the Statutory Auditors. The Group's risk-mapping system was presented by the Risk and Internal Control Department. Lastly, the Committee reviewed the state of relations with Lagardère Capital & Management.

In August, it reviewed the Group's consolidated financial statements for the first half of 2013 and a brief analysis of the 2012 financial security law (*Loi de sécurité financière* – LSF) campaign was presented by the Risk and Internal Control department.

In October, the Committee was given a summary of the results of the Group's IT security policy study, a presentation of the Group anti-fraud system as well as a presentation by the Group Legal Department on the main litigation and claims involving the Group.

At the last meeting of the year in November, the Committee reviewed internal audit activities during the second half of 2013 and the audit plan for 2014. It was also given a presentation on the Group's compliance policy.

Having noted that only a small number of firms were likely to submit proposals, the Audit Committee resolved not to launch a call for tenders for the upcoming renewal of its Statutory Auditors. In return, the present Statutory Auditors will be asked to coordinate with the Group in order to increase productivity. The aim is to improve the Group's working methods in order to facilitate the Statutory Auditor's reviews and analyses without compromising the quality of their work.

When the Audit Committee reviewed the financial statements, the Chief Financial Officer gave a presentation of the Group's risk exposure and significant off-balance sheet commitments.

These meetings took place in the presence of the Chief Financial Officer, the Deputy Chief Financial Officer, the Director of Internal Audit and the Statutory Auditors. They were also attended by the senior executives concerned by the issues on the agenda, particularly the Secretary General, the Central Accountancy Director, the Director of Risk and Internal Control and the Group's Legal Director.

#### 3.2 APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee was formed on 27 April 2010 by the Supervisory Board and its main tasks, in application of its internal rules, include the following:

- ▶ Regarding Board and Committee membership:
  - to select and nominate Supervisory Board and Committee members for proposal to the Supervisory Board;
  - to regularly review the independence of Supervisory Board members in the light of independence criteria defined by the Supervisory Board;
  - to carry out advance assessments of potential risks of conflicts of interest between Supervisory Board members and the Lagardère group.
- ▶ Regarding remuneration:
  - to monitor, where relevant, any components of remuneration that are not paid under the agreement with Lagardère Capital & Management (which, being a related-party agreement is

monitored by the Audit Committee – see above) and may be received by Lagardère's senior executives directly from Group companies. Under current laws, this concerns share options and free share awards and the proportion they represent of the Managing Partners' total remuneration;

- to propose the overall amount of attendance fees to be paid to members of the Supervisory Board and Committees as submitted to the Annual General Meeting, and the rules for determining and distributing the amount of attendance fees, in particular based on members' attendance at meetings.

The members of the Appointments and Remuneration Committee interview the Chairman of the Supervisory Board, the Managing Partners or any other person they may choose when necessary.

The Chairman of the Appointments and Remuneration Committee reports to the Board on the work performed by the Appointments and Remuneration Committee.

At 31 December 2013, the Appointments and Remuneration Committee comprised François David (Chairman), Georges Chodron de Courcel and Pierre Lescure, two of whom are independent members (see section 1 of this report).

In 2013, the Committee met twice in February and March and all members were present at both meetings.

During its meeting in February, the Committee analysed the composition of the Board and the Committees, and the independence of members and reviewed the report of the Chairman relating to membership of the Supervisory Board, the application of the principle of balanced representation of women and men on the Board and the conditions under which the Board's work is prepared and organised. The Committee also reviewed the Supervisory Board self-assessment questionnaire and the terms and conditions for awarding free shares to Managing Partners.

In March, following the resignations tendered by Amélie Oudéa-Castéra and Didier Pineau Valencienne, the Committee approved a list of candidates to be proposed to the Supervisory Board for their replacement.

These meetings took place in the presence of the Group's Secretary General, with the Chairman of the Supervisory Board present at the second meeting.

#### 4. EVALUATION OF THE MEMBERSHIP AND OPERATION OF THE SUPERVISORY BOARD

As recent regulations have significantly increased the workload for both the Board and its Audit Committee, leading to a progressive rise in the number of meetings, and in accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board decided in 2009 to introduce an assessment procedure of the membership, organisation and operation of the Board and its Committees in order to give an assessment of the preparation and quality of their work.

Following the assessment conducted by an external agency in 2012, the Supervisory Board performed a self-assessment in 2013.

The findings of this self-assessment were presented at the Supervisory Board meeting of 5 June 2013.

They indicate that members are particularly satisfied with the measures taken following the 2012 assessment (procedure for integrating new members, more detailed reporting to the Board on the work of the Committees, opening up of meetings of the Chairman of the Board with the Managing Partners to members of the Board).

However, areas for improvement include document sharing and better presentations of subjects relating to the Group's strategy and that of its divisions.

#### 5. COMPLIANCE WITH FRENCH CORPORATE GOVERNANCE REGULATIONS – AFEP-MEDEF

The Company has applied the corporate governance principles brought together in the AFEP-MEDEF code of corporate governance for listed companies (*Code de gouvernement d'entreprise des sociétés cotées*) as revised in June 2013. This Code is available in the Corporate Governance section of Lagardère's website.

As stated in the introduction to the Code, most of the recommendations it contains have been established with reference to companies with a board of directors. Companies with an executive board and supervisory board, and partnerships limited by shares, must make the necessary adjustments. By its very principle, a partnership limited by shares has a strict separation of powers between the managing partners who run the company (and thereby the general partners who have unlimited liability), and the supervisory board, which only reviews management actions after completion and does not participate in management.

Given Lagardère's specificities in terms of French law and its own Articles of Association as a partnership limited by shares, the Board has adopted an organisation structure appropriate to the nature of its work under the law and the recommendations of the AFEP-MEDEF Code for good governance.

N.B.: Further to the recommendation of the Appointments and Remuneration Committee, at its meeting of 12 March 2014, the Supervisory Board decided to change the way in which attendance fees are allocated. As a result, the variable portion of these fees, which is determined based on attendance, now represents the majority of these fees.

The decision was also taken to increase the number of shares that must be held by Supervisory Board members to 600 (versus 150 shares previously), which represents around 90% of the gross basic share of attendance fees. Accordingly, Board members will be required to invest any attendance fees received in shares until the 600 share quota has been reached.

Provisions of the AFEP-MEDEF Code set aside or partially applied	Explanation
Independence criteria	
“Not to be an employee or executive director of the corporation, or an employee or director of its parent or a company that it consolidates, and not having been in such a position for the previous five years”	It is deemed that Martine Chêne's former employee status does not disqualify her as an independent member, since she benefited from a protective legal status due to her functions as union representative on the Group Employees' Committee.
“Not to have been a director of the corporation for more than twelve years”	It is deemed that the fact of having been a Board member for more than twelve years does not disqualify such member as an independent member; on the contrary, it is considered an asset in a control role.

## 6. SPECIFIC RULES FOR ATTENDANCE AT GENERAL MEETINGS BY SHAREHOLDERS

These rules are set out in the Articles of Association (articles 19 to 22), and included for the most part in Chapter 8, section 8.2.6 – General Meetings, of the Reference Document. The Company's Articles of Association can be consulted on its website (Investor relations – Corporate governance – Articles of Association).

## 7. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Information on the internal control and risk management procedures applied at Lagardère SCA is presented in the Reference Document.

The Group's Risk and Internal Control Department, supported by the Audit and Legal Departments, has been given responsibility

for defining a method for presenting internal control and risk management procedures in the Reference Document and monitoring their application.

This includes asking the head of each division of the Lagardère group to draw up a brief report on internal control and risk management procedures existing in the division, based on supporting documents and predefined specifications. I have examined the corresponding reports.

The analysis by the Risk and Internal Control Department, based on these reports, leads to the conclusion that the internal control and risk management procedures in existence in the Group correspond to the description provided in section 7.4.1 of the 2013 Reference Document.

### The Chairman of the Supervisory Board

## 7.4.3 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 226-10-1 OF THE FRENCH COMMERCIAL CODE (*CODE DE COMMERCE*), ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF LAGARDÈRE SCA

To the Partners,

In our capacity as statutory auditors of Lagardère S.C.A. and in accordance with article L. 226-10-1 of the French Commercial Code (*Code de Commerce*), we hereby report on the report prepared by the Chairman of your company pursuant to this article for the year ended 31 December 2013.

It is the Chairman's responsibility to prepare and submit for the Supervisory Board's approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 226-10-1 of the French Commercial Code (*Code de Commerce*) relating to matters such as corporate governance.

Our role is to:

- ▶ report on any matters as to the information contained in the Chairman of the Supervisory Board 's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,
- ▶ confirm that the report also includes the other information required by article L. 226-10-1 of the French Commercial Code (*Code de Commerce*). 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

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman of the Supervisory Board 's report in respect of the internal control and risk management procedures relating to the preparation and processing of the 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 of the Supervisory Board '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 the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman of the Supervisory Board '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 relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with article L.226-10-1 of the French Commercial Code (*Code de Commerce*).

### Other information

We confirm that the report prepared by the Chairman of the Supervisory Board also contains the other information required by article L. 226-10-1 of the French Commercial Code (*Code de Commerce*).

Courbevoie and Paris La Défense, on 31 March 2014

### The statutory auditors

**MAZARS**

Bruno Balaire

**ERNST & YOUNG et Autres**

Jeanne Boillet

## 7.5 TRANSACTIONS WITH RELATED PARTIES (MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD)

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### 7.5.1 TRANSACTIONS WITH LAGARDÈRE CAPITAL & MANAGEMENT (LC&M)

Lagardère Capital & Management (LC&M), controlled and chaired by Arnaud Lagardère and with Pierre Leroy as Chief Operating Officer, provides an array of management resources and skills to both the Group and each of its component parts, with the following aims:

- ▶ over the long term, to guarantee that the Group's operating businesses have the best environment required for expansion;
- ▶ to bring them the financial and global power of a Group with net sales of €7.2 billion;
- ▶ to supply the Group with strategic planning and operational services, coupled with high quality management services, including principally:
  - designing and developing economic and financial strategic scenarios, providing project monitoring skills;
  - providing research and follow up concerning major markets and their evolution; assessing factors in different market environments that may create new opportunities for action;
  - keeping a watchful eye on potential investments and divestments;
  - managing business negotiations such as divestments, mergers and acquisitions;
  - orchestrating corporate operations, including state-of-the-art finance and capital management techniques;
  - establishing and maintaining relations in banking and finance, with particular attention to the characteristics of the various countries in which the Group does, or plans to do, business;
  - enhancing human resources by attracting high-potential management personnel;
  - providing overall management of the Group's image.

To accomplish its mission, LC&M employs the principal senior executives forming the Group's Executive Committee. The role

of the Executive Committee is to assist the Managing Partners in their duties, i.e., to determine the Group's strategy and lead its development, and to take the resulting necessary management decisions and implement them globally at parent company level and in the Group's different business activities. LC&M bears the entire cost of senior executives' salaries and the related overheads as well as the fees billed by any French and/or international consultants that they may work with.

LC&M's mission is carried out within the framework of its agreement with Lagardère Ressources (formerly Matra Hachette Général), which is responsible for managing all of the Group's corporate resources. This agreement is described each year in the Statutory Auditors' Special Report issued under article L. 226-10 of the French Commercial Code and published in the annual reports.

Since 2004, the remuneration of LC&M is equal to the amount of expenses it incurs in carrying out its mission, plus a margin of 10%, with an absolute upper limit set at €1 million. These expenses are examined each fiscal year by the Audit Committee which issues an opinion on their changes and developments. After examination by the Audit Committee, this remuneration package was approved by the Supervisory Board on 12 March 2004.

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As a result, in 2013, LC&M invoiced €25.3 million to the Group, versus €22.7 million in 2012. In addition to gross salaries this amount included the related social contributions, the pension provision and the new taxes on high earnings and payroll taxes. After deducting other expenses (support costs reimbursed to the Group and miscellaneous expenses) total costs amounted to €24.3 million and operating profit after tax from the above agreement amounted to €0.7 million.

### 7.5.2 AGREEMENTS ENTERED INTO WITH MEMBERS OF THE SUPERVISORY BOARD

None – See section 7.2.4.2.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**