



3 May 2018

# ADDENDUM TO THE GENERAL MEETING DOCUMENT

Annual Ordinary and  
Extraordinary General Meeting

**FISCAL YEAR 2017**

**This English version has been prepared for the convenience of English speaking readers.  
It is a translation of the original French document *Additif au Document d'Assemblée Générale*  
prepared for the General Meeting.  
It is intended for general information only and, in case of discrepancies, the French original shall prevail**

**Lagardère SCA**

French partnership limited by shares (*société en commandite par actions*) with a share capital of €799,913,044.60

Registered office: 4 rue de Presbourg, 75116 Paris, France

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Registered with the Paris Trade and Companies Registry under number 320 366 446

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## 1. MESSAGE FROM THE MANAGING PARTNERS

Ladies and Gentlemen, dear Shareholders,

On 5 April 2018, Amber Capital UK LLP and Amber Capital Italia SGR SpA, acting on behalf of several fund shareholders of the Company, submitted ahead of the General Meeting of 3 May 2018 two draft resolutions whose purpose is for the meeting to appoint two new members to the Supervisory Board.

In accordance with the law, you will find in the present document, which forms an Addendum to the General Meeting Document:

- the agenda of the General Meeting as supplemented further to the submission of these additional draft resolutions;
- the purpose of the draft resolutions, the text of the draft resolutions and the information on the two candidates for membership of the Supervisory Board, all of these items having been submitted by Amber Capital UK LLP and Amber Capital Italia SGR SpA;
- the opinions issued by the Supervisory Board and the Managing Partners on these two draft resolutions.

The Supervisory Board has unanimously issued a negative opinion on these two proposed appointments. The Managing Partners, who have always followed the Supervisory Board's opinion on matters relating to the composition of the Board, the governance body representing the shareholders and whose members are elected exclusively by them, have consequently decided not to approve these two new draft resolutions.

We would like to thank you for your attention to the present document.

Yours faithfully,

**The Managing Partners**

## 2. AGENDA OF THE GENERAL MEETING

### Agenda set up by the Managing Partners

- Reports of the Managing Partners, the Supervisory Board, the Statutory Auditors and the independent third-party entity.
- Approval of the Company's financial statements for the year ended 31 December 2017.
- Approval of the consolidated financial statements for the year ended 31 December 2017.
- Allocation of the Company's results and dividend distribution.
- Issuing of an opinion on the components of remuneration payable or granted to Arnaud Lagardère, Managing Partner, in respect of 2017.
- Issuing of an opinion on the components of remuneration payable or granted to the representatives of the other Managing Partner in respect of 2017.
- Issuing of an opinion on the components of remuneration payable or granted to Xavier de Sarrau, Chairman of the Supervisory Board, in respect of 2017.
- Re-appointment of Xavier de Sarrau as a member of the Supervisory Board for a term of four years.
- Re-appointment of Yves Guillemot as a member of the Supervisory Board for a term of four years.
- Re-appointment of Patrick Valroff as a member of the Supervisory Board for a term of four years.
- Authorisation to be given to the Managing Partners, for a period of eighteen months, to trade in the Company's shares.
- Amendment of articles 12-1 and 14 A of the Company's Articles of Association.
- Amendment, subject to a condition precedent, of articles 12-1 and 14 A of the Company's Articles of Association.
- Powers for formalities.

### Supplementary agenda resulting from the submission of draft resolutions by shareholders

- Appointment of Helen Lee Bouygues as a member of the Supervisory Board for a term of four years.
- Appointment of Arnaud Marion as a member of the Supervisory Board for a term of four years.

## 3. DRAFT RESOLUTIONS SUBMITTED BY SHAREHOLDERS

### 3.1. PURPOSE OF THE DRAFT RESOLUTIONS

We represent **Amber Capital UK LLP**, acting on behalf of the funds Amber Southern European Equity Limited, Amber Active Investors Limited and Amber Global Opportunities Masterfund Limited, as well as **Amber Capital Italia SGR SpA**, acting on behalf of the funds Alpha UCITS SICAV/Amber Equity Fund, which together hold 3.99% of the share capital of Lagardère SCA (the “**Company**”).

Since acquiring an interest in the Company’s capital in June 2016, we have maintained a regular and constructive dialogue with the Managing Partners and with the Group’s operational management on the key orientations of the Lagardère group’s strategy.

In particular, at the Company’s last General Meeting, we raised our concerns and questions with the Managing Partners regarding the management, organisation and future of the Group.

These fundamental matters were raised in written questions submitted to the Managing Partners in advance of the General Meeting, and essentially concerned (i) the restructuring of the Lagardère Active division and the need to dispose of certain of its activities, (ii) the profitability and future of the Lagardère Sports and Entertainment division, (iii) the need for the Group to ramp up investment in the Lagardère Publishing and Lagardère Travel Retail divisions, and (iv) the Group’s overhead costs.

The Managing Partners have since announced imminent disposals at Lagardère Active, a reorganisation of Lagardère Sports and Entertainment, and the repositioning of the Company around the two pillars of Lagardère Publishing and Lagardère Travel Retail. We have been greatly encouraged by these announcements.

The Group is at a pivotal stage in its history, which implies a certain number of decisive choices for the coming years, including: (i) pressing ahead with the restructuring of the Lagardère Active division in France together with maintaining a tight rein on the associated costs, and determining the scope of disposals at Lagardère Active and the conditions under which they take place; (ii) undertaking a strategic review of Lagardère Sports and Entertainment, once the outcome of the AFC tender in Asia is known; (iii) reinvesting the proceeds from these various disposals effectively in the Lagardère Publishing and Lagardère Travel Retail divisions; (iv) and more generally, improving free cash flow generation, managing working capital, overseeing topical labour relations issues, and reducing the Group’s overhead costs.

These are deep-seated changes designed to structurally modify the Lagardère group.

These measures must be taken and carried out now in order to restore the Group’s prospects, having seen its share price fall by more than 20% since the General Meeting of 4 May 2017 (versus declines of 10.5% for the STOXX Europe 600 Media index, 4% for the SBF 120 index and 5% for the CAC 40).

**The Company’s Supervisory Board naturally has a major role to play in this latest phase:** as the guardian of the corporate interest, it ensures that the actions decided by the Managing Partners are correctly executed.

Furthermore, the 2017 annual report published by Lagardère SCA underlines the essential task entrusted by the legislator to the Supervisory Board, stipulating that “*the management of the Company is placed under the permanent supervision of the Supervisory Board*” as well as “*the financial statements,*” a duty justifying that “*the Supervisory Board is entitled to receive the same information and has the same powers as the Statutory Auditors.*”

The Chairman of the Supervisory Board of Lagardère SCA also underlined the fundamental role played by the Supervisory Board within the Company at the previous General Meeting. In particular, he stressed the “*essential responsibilities of the Supervisory Board*” especially “*in controlling risks, in financial communication and in the mode of governance,*” as well as in overseeing “*cash management and tracking, and the activities of the central corporate departments and the holding company.*”

He also described at length the “*direct interaction between the members of the Board and the Company,*” the numerous meetings and discussions with the Managing Partners aimed at “*ensuring that everything is on track,*” in particular as regards “*the reorganisation of the Finance Department, the Lagardère Active division, and investors’ questions,*” as well as the “*meetings with the heads of the divisions or with senior executives of the sectors of most interest to us.*”

The role of the Supervisory Board is therefore essential, especially for French partnerships limited by shares (*sociétés en commandite par actions* – SCA) such as Lagardère SCA, where the Supervisory Board acts as the sole check and balance to the Managing Partners and is therefore the only body able to “*ensure that everything is on track*” in the interests of the Company and its shareholders.

**Therefore, to enable the Company to successfully rise to its forthcoming challenges, we believe that the Supervisory Board needs an injection of new skills as well as a fresh perspective on the strategy outlined by the Managing Partners.**

As indicated during the previous General Meeting, “we have a Group with four major divisions, and it is a group that is also very exposed and very active internationally. We continually seek to ensure that our Board contains members with skills in each of the Group’s four main businesses, who can provide insight on the different countries in which we operate.”

We are in total agreement with this approach, and consistent with these principles, we are proposing two independent candidates with ideal profiles to bring the Supervisory Board fresh insight on the strategic and financial matters with which they will have to deal in the coming years.

- **Helen Lee Bouygues** will bring to the Group her expertise in strategy consulting, asset portfolio analysis and operational turnaround of international groups acquired at major consulting firms, and will bring her experience gained as a director of several groups. Specifically, she will enable the Supervisory Board to oversee the repositioning of the Lagardère Publishing and Lagardère Travel Retail divisions, and to undertake a rigorous analysis of strategic international acquisitions.
- **Arnaud Marion** is a restructuring specialist in France – an especially technical field in finance, legal and HR terms. His achievements include the restructuring of the Doux group, where he enabled the group to carry through a highly ambitious turnaround plan, and the implementation of the restructuring plan at SoLocal. He will put this experience at the service of the Supervisory Board for the purpose of monitoring the initiatives decided by the Managing Partners, especially as regards the restructuring of Lagardère Active.

These two candidates have skills that are not currently represented on the Supervisory Board, but which are essential in order to transition the Group in a pragmatic and innovative manner.

They will also increase the number of independent members of the Supervisory Board and lower the average age of its members.

Lastly, as one of the candidates is a woman with American nationality, these appointments will make a positive contribution to the gender balance and internationalisation of the Supervisory Board, issues to which the Managing Partners are quite rightly strongly attached.

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## **3.2. TEXT OF THE DRAFT RESOLUTIONS**

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### ***New resolution A – (Appointment of Helen Lee Bouygues as a member of the Supervisory Board of Lagardère SCA)***

Voting under the quorum and majority conditions required for Ordinary General Meetings and having considered the purpose of the resolution, the shareholders appoint Helen Lee Bouygues as a member of the Supervisory Board of Lagardère SCA with immediate effect and for a term of four (4) years expiring at the close of the Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2021.

### ***New resolution B – (Appointment of Arnaud Marion as a member of the Supervisory Board of Lagardère SCA)***

Voting under the quorum and majority conditions required for Ordinary General Meetings and having considered the purpose of the resolution, the shareholders appoint Arnaud Marion as a member of the Supervisory Board of Lagardère SCA with immediate effect and for a term of four (4) years expiring at the close of the Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2021.

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### 3.3. INFORMATION ON THE CANDIDATES FOR MEMBERSHIP OF THE SUPERVISORY BOARD

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#### 3.3.1 INFORMATION ON HELEN LEE BOUYGUES

➤ **General information**

Last name: Lee Bouygues

First name: Helen

Nationality: American

Date of birth: 23 May 1972 (45 years old)

Number of Lagardère SCA shares held: 0

➤ **Professional background and references**

A graduate of Princeton University and of Harvard Business School, Helen Lee Bouygues is a strategy consulting and business recovery specialist.

Helen Lee Bouygues started her career in 1995 at J.P. Morgan & Co, Inc. in New York and in Hong Kong, before joining Pathnet Inc., a telecommunications provider based in Washington DC, as Director of Development and Finance. She later served as Chief Financial Officer of Cogent Communications Inc., also in Washington DC.

In 2004, she became a partner at Alvarez & Marsal France, located in Paris, where she specialised in corporate turnaround. She left in 2011 to launch her own consulting firm, Lee Bouygues Partners, in Paris, specialised in corporate turnaround and crisis management.

Since 2014, she has been a partner at McKinsey & Company RTS France, where she heads up the Recovery and Transformation Services division.

➤ **Directorships and positions currently held by Helen Lee Bouygues**

**In France**

- Partner, McKinsey & Company RTS France
- Member of the Board of Directors, CGG SA
- Member of the Board of Directors, Burelle SA
- Member of the Board of Directors, Novartex SAS (Vivarte)
- Member of the Board of Directors, Neon SAS
- Member of the Board of Governors, American Hospital of Paris
- Member of the Board of Directors, Harvard Business School Club of France

**Outside France**

None

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

- Founding partner, Lee Bouygues Partners
- Deputy Chief Executive Officer, La Halle SA (transitional appointment)

### 3.3.2 INFORMATION ON ARNAUD MARION

#### ➤ General information

Last name: Marion

First name: Arnaud

Nationality: French

Date of birth: 20 February 1966 (52 years old)

Number of Lagardère SCA shares held: 0

#### ➤ Professional background and references

A graduate of Institut d'études politiques de Paris, Arnaud Marion is a specialist in corporate restructuring.

He started his career in 1987 in the finance sector with Arthur Andersen, before joining investment bank Edmond de Rothschild in 1993.

Arnaud Marion founded Trans Consult International in 2001, specialising in crisis management and restructuring. He notably carried out the restructuring of the Doux group, where he took temporary charge in 2012.

In 2014, he founded Marion & Partners Ltd in London, where he is now based, to develop its restructuring activity with local family offices and investors.

Arnaud Marion has assisted more than 250 companies and held more than 40 executive positions.

#### ➤ Directorships and positions currently held by Arnaud Marion

##### In France

- Member of the Board of Directors, SoLocal SA
- Ambassador, Fondation Apprentis d'Auteuil
- Member, Association pour le rayonnement de l'Opéra de Paris

##### Outside France

- Founding partner, Marion & Partners Ltd

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

- Chief Executive Officer, Neuhauser SA (transitional appointment)
- Chairman of the Executive Board, Doux SA (transitional appointment)



## 4. OPINION OF THE SUPERVISORY BOARD

Ladies and Gentlemen, dear Shareholders,

The Managing Partners have requested the Supervisory Board's opinion after they were asked by Amber Capital UK LLP and Amber Capital Italia SGR SpA, acting on behalf of related funds ("Amber Capital"), to add two draft resolutions to the agenda of the General Meeting of 3 May 2018. The purpose of the resolutions is to appoint Helen Lee Bouygues and Arnaud Marion as members of the Supervisory Board.

The Supervisory Board firstly notes that the proposed appointments are incompatible with the proposal to reduce the maximum number of Supervisory Board members provided for in the Articles of Association from fifteen (15) to twelve (12), on which shareholders at the General Meeting of 3 May 2018 are being asked to vote by the Managing Partners and by the Supervisory Board. This plan to reduce the number of Supervisory Board members is part of the Group's ongoing efforts to improve governance. The Company's Supervisory Board is currently considerably larger than supervisory boards in other SBF 120 companies, which had an average of 11.7 members in 2017<sup>1</sup>. The benefits of a smaller structure better adapted to the Group's scope were mentioned during the Board's self-assessment as well as in the findings of the last independent assessment of the Board.

Amber Capital justifies its proposed appointments by the need to have an "*injection of new skills*" and a "*fresh perspective*" to "*bring the Supervisory Board fresh insight on the strategic and financial matters with which they will have to deal in the coming years.*"

In this respect, the Board would first like to underline that while its view is critical in the context of the challenges facing the Group, in terms of its role of providing continuous oversight of the management of the Company and the Group and thereby reviewing the implementation of the changes envisaged, this does not allow it to impinge on the expertise of the executive bodies or therefore to determine strategic orientations or take investment decisions.

With regard to its role as an oversight body, the Supervisory Board considers that its current expertise and skills, acquired by its members from their international experience, are wholly aligned with the challenges facing the Group.

The Supervisory Board boasts extensive industry expertise thanks to a number of high-profile Board members with backgrounds in sectors close to the Group, particularly media, retail, innovation and new technologies. This concerns for example Pierre Lescure in the media segment, Nathalie Andrieux and Soumia Malinbaum in the digital segment, and Yves Guillemot, Chairman and Chief Executive Officer of Ubisoft Entertainment, one of the world's leading video gaming firms, whose re-appointment is recommended this year.

The Board also has solid and recognised experience in strategy and finance. Six Board members, namely Georges Chodron de Courcel, François David, François Roussely, and Susan M. Tolson (American nationality), along with Xavier de Sarrau and Patrick Valroff, whose re-appointment will be recommended at the forthcoming General Meeting, have headed up leading companies – particularly in the banking and finance industries, or have advised on strategy, especially for media groups.

Over the years, the Board's current members have also built up in-depth knowledge of the Group, its different businesses, their competitive environment and the challenges they are facing. This is invaluable in exercising their duties and is a key asset for partnering the Group through its transformation.

Lagardère's Supervisory Board already exceeds legal requirements and the recommendations of the Afep-Medef Corporate Governance Code, as well as institutional investor voting policies in terms of both independence and gender balance. Consequently, contrary to Amber Capital's statement, we see no need to "*increase the number of independent members of the Supervisory Board*" or to make a further "*contribution to the gender balance.*"

The current composition of the Supervisory Board is the result of a strategy adopted in conjunction with the Appointments, Remuneration and Governance Committee. It is assessed each year within the scope of the Board's self-assessment and is reviewed by an independent third party every three years, along with the Board member selection process. Board members are widely recognised by the Company's shareholders, with large majorities approving the appointment and re-appointment of current members.

To allow the Appointments, Remuneration and Governance Committee to issue an opinion to the Supervisory Board on the two new appointments proposed by Amber Capital, Helen Lee Bouygues and Arnaud Marion were interviewed. The Committee noted that Helen Lee Bouygues' direct or indirect connections with the Bouygues and Bolloré families, which both control significant media activities, were likely to raise questions about possible conflicts of interest.

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<sup>1</sup> Source: *Governance Panorama*, Ernst & Young.

In the Supervisory Board's opinion, the candidates:

- not only fail to offer any additional expertise, skills or experience with regard to the existing members of the Supervisory Board, who are entirely suited to fulfilling the Board's current and future role;
- their very profile, as specialists in corporate restructuring and repositioning, is not suited either to the Board's mission or to the Group's situation.

Since a reduction in the number of Supervisory Board members is particularly desirable in such circumstances, the Supervisory Board does not recommend the appointment of the two candidates proposed by Amber Capital and unanimously rejects the two additional draft resolutions.

**The Supervisory Board**

## 5. OPINION OF THE MANAGING PARTNERS

Ladies and Gentlemen, dear Shareholders,

In an email and registered letter with acknowledgement of receipt dated 5 April 2018 sent to the Managing Partners of Lagardère SCA, Amber Capital UK LLP and Amber Capital Italia SGR SpA, acting on behalf of several fund shareholders claiming to hold 3.99% of the Company's share capital, submitted two draft resolutions ahead of the General Meeting of 3 May 2018.

The purpose of these draft resolutions added to the agenda is for shareholders voting at the Ordinary Meeting to approve the appointment of Helen Lee Bouygues and Arnaud Marion as members of the Supervisory Board.

The Managing Partners, who have always followed the Supervisory Board's opinion on matters relating to the composition of the Board, the governance body representing the shareholders and whose members are elected exclusively by them, asked for the Board's opinion on the two appointments recommended by Amber Capital.

The Supervisory Board meeting of 11 April 2018 considered that, not only the candidates fail to offer any additional expertise, skills or experience with regard to the existing members of the Supervisory Board, who appear entirely suited to fulfilling the Board's supervisory role, but their very profile, as specialists in corporate restructuring and repositioning, is not suited either to the Board's mission or to the Group's situation.

The Supervisory Board also noted that these proposed appointments would be incompatible with the proposal to reduce the number of Board members. Adopting a smaller structure appears particularly desirable as the Group faces new strategic challenges.

Accordingly, the Supervisory Board unanimously issued a negative opinion on the appointment of the two candidates put forward by Amber Capital and rejected the two proposed draft resolutions.

The Managing Partners naturally intend to respect the opinion expressed by the Supervisory Board and therefore invite you not to approve the two draft resolutions (A and B) submitted to you for approval by Amber Capital UK LLP and Amber Capital Italia SGR SpA.

The Managing Partners wish especially to draw your attention to the incompatibility of the two appointments proposed by Amber Capital with the proposal to reduce the maximum number of members of the Supervisory Board provided for in the Articles of Association, as put forward by the Managing Partners and the Supervisory Board. They therefore recommend that shareholders approve the resolutions re-appointing members of the Board (resolutions 7, 8 and 9) and the resolutions providing for a reduction in the maximum number of members of the Supervisory Board set in the Articles of Association (resolutions 11 and 12), approved by the Managing Partners and the Supervisory Board, and to reject the unapproved draft resolutions put forward by Amber Capital (resolutions A and B).

Lastly, the Managing Partners welcome Amber Capital's positive view of the strategic orientations announced and the resulting orientations confidently launched by the Group in the best interests of its shareholders.

**The Managing Partners**