

# 7

## 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.

## 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 2012, 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 2012 (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 2012)

Chairman and Chief Executive Officer of Lagardère Media (formerly Hachette SA)  
4 rue de Presbourg – 75116 Paris

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

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

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 and Director, Sogeade Gérance SAS  
42 rue Washington – 75008 Paris

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

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

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

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

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

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

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

None.

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

Director, France Telecom SA

6 place d'Alleray – 75015 Paris (until January 2008)

Member of the Supervisory Board, Virgin Stores SA

16 bld du Général Leclerc – 92115 Clichy (until February 2008)

Member of the Supervisory Board, Le Monde SA

(until February 2008)

Chairman, Lagardère Active Broadband SAS

121 avenue de Malakoff – 75216 Paris (until June 2008)

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)

Member of the Supervisory Board, Daimler AG

Epplestiass 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 – 75116 Paris (until May 2011)

**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;
- Philippe Camus, Deputy Chairman and Chief Operating Officer. Philippe Camus stood down from all of his positions on 30 June 2012, when he left the Lagardère Group.

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 2012)****ARNAUD LAGARDÈRE (see above)****PIERRE LEROY**

4 rue de Presbourg - 75116 Paris

Date of birth: 8 October 1948

Number of Lagardère SCA shares held: 23,182

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 2012)**

Chairman, Lagardère Ressources SAS

Director, Lagardère Media (formerly Hachette SA)

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)

Chairman, Désirade SAS

Director, Sogeadé Gérance SAS

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

Director, Lagardère Capital & Management SAS

Director, Deputy Chairman and Chief Operating Officer,

Arjil Commanditée-Arco SA

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

Director, IMEC (*Institut Mémoires de l'Édition Contemporaine*)<sup>(2)</sup>

Chairman, Fondation pour la Mémoire de la Création Contemporaine

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

(2) Pierre Leroy was appointed Chairman of IMEC by the Board of Directors on 28 February 2013.

Member of the Consultative Committee, Sotheby's  
 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**

Chairman of the Supervisory Board,  
 Financière de Pichat SAS (until April 2008)  
 Director, Hachette Filipacchi Presse SA (until June 2008)  
 Director, Lagardère SAS (until June 2008)  
 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)

#### **DOMINIQUE D'HINNIN**

4 rue de Presbourg – 75116 Paris

Date of birth: 4 August 1959

Number of Lagardère SCA shares held: 45,234

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 Commanditée-Arco SA  
 Chairman and Chief Executive Officer, Ecrinvest 4 SA  
 Director, Lagardère Media (formerly Hachette SA)  
 Member of the Supervisory Board, Lagardère Active SAS  
 Permanent representative of Lagardère Media (formerly Hachette SA) 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  
 Director, Sogeadé Gérance SAS  
 Member of the Supervisory Board, Financière de Pichat & Cie SCA  
 Member of the Supervisory Board, Matra Manufacturing & Services SAS  
 Permanent representative of Hachette Filipacchi Presse to the Board of Directors, Les Éditions P. Amaury SA  
 Director, Lagardère North America, Inc. (USA)

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

Deputy Chairman, member of the Supervisory Board and member of the Audit Committee, Canal+ France SA  
 Member of the Board of Directors, European Aeronautic Defence and Space Company – EADS NV  
 Member of the Board of Directors, EADS Participations BV  
 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**

Member of the Supervisory Board, Financière de Pichat SAS (until April 2008)  
 Chairman and member of the Supervisory Board, Newsweb SA (until June 2008)  
 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)

#### **THIERRY FUNCK-BRENTANO**

4 rue de Presbourg – 75116 Paris

Date of birth: 2 May 1947

Number of Lagardère SCA shares held: 25,209

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 Commanditée-Arco  
 Director, Lagardère Media (formerly Hachette SA)  
 Permanent representative of Lagardère Media (formerly Hachette SA) 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 Executive 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, MP 55 SAS (*until April 2008*)

Director, Matra Participations SA (*until June 2008*)

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*)

## 7.2.3 MEMBERS OF THE SUPERVISORY BOARD

List of members of the Supervisory Board during 2012

		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>
Honorary Chairman of the Board Member of the Audit Committee	<b>Raymond H. Lévy</b> Non-independent member of the Board <sup>(1)</sup>	27 April 2010	3 May 2012
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	2016 OGM <sup>(*)</sup>
Member of the Board	<b>Bernard Arnault</b> Independent member of the Board <sup>(1)</sup>	27 April 2010	3 May 2012
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 Member of the Audit Committee	<b>Christian Marbach</b> Independent member of the Board <sup>(1)</sup>	2 May 2006	3 May 2012
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	2016 OGM <sup>(*)</sup>
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	2014 OGM <sup>(*)</sup>
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	<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

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 EMEIA, 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)

Member of the Board, Dombes SA (Switzerland)

Member of the Board, IRR SA (Switzerland)

Member of the Board, EFTC (USA)

Member of the Board, 16 West Halkin (UK)

**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, FCI Holding SA

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

**RAYMOND H. LÉVY**

40 rue de Garches - 92420 Vaucresson

*Date of birth:* 28 June 1927

Date of appointment: 30 December 1992

Date of renewal: 27 April 2010

End of term of office: 3 May 2012

Number of Lagardère SCA shares held: 15,230

Member and Honorary Chairman of the Supervisory Board of Lagardère SCA and a member of the Group's Audit Committee.

Raymond H. Lévy is an engineering graduate of Corps des Mines and has previously occupied the positions of Deputy Chairman and Chief Executive Officer of Elf Aquitaine, Chairman of Usinor, Chairman of the Board and a Director of Cockerill-Sambre, and Chairman of Régie Nationale des Usines Renault and Consortium de Réalisation.

**DIRECTORSHIPS AND OTHER POSITIONS HELD IN OTHER COMPANIES**

Honorary Chairman, Renault SA

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

Chairman of the Supervisory Board, Sogead

Director, Renault Finance (Switzerland)

Director, Louis Dreyfus Citrus

Member of the Supervisory Board, Sogead

Director, Sogead Gérance

**NATHALIE ANDRIEUX**

Tour Cristal – 7-11, quai André-Citroen – 75015 Paris

*Date of birth:* 27 July 1965

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.

**DIRECTORSHIPS AND OTHER POSITIONS HELD IN OTHER COMPANIES****In France:**

Chair of Mediapost

Chair of Mediapost Holding

Chair of Mediapost Publicité

Chair of Matching

Chair of Media Prisme

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

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



Chair of SMP  
 Chair of Financière Adverline  
 Chair of Cabestan  
 Chair of Mix Commerce  
 Director of Maileva  
 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, Mediapost  
 Committee member, Multicanal  
 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

*Date of appointment:* 3 May 2012

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

*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 Louis Vuitton Malletier, where he was successively:

- Head of Marketing, an area in which he took many initiatives, particularly in advertising;
- Head of Louis Vuitton France's regional network, where he was directly in charge of 12 Louis Vuitton stores;
- Head of Communications for Louis Vuitton as of 2007, responsible for advertising, publishing, digital development and media purchasing.

In 2011, he was appointed Chief Executive Officer of Berluti, with the mission of making it a leading player in luxury menswear and accessories. He is still special advisor on communications for Louis Vuitton.

Antoine Arnault was the inspiration behind the "Les Journées Particulières" campaign, which enabled 100,000 visitors to discover the hidden face of 25 LVMH group luxury goods houses, free of charge, during October 2011.

(1) The 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

Member of the Board of Directors, LVMH Moët Hennessy – Louis Vuitton SA

Chairman of the Executive Board, Berluti SA

Member of the Supervisory Board, Echos SAS

Member of the Board of Directors, Comité Colbert

#### DIRECTORSHIPS AND OTHER POSITIONS HELD DURING THE LAST FIVE YEARS

Antoine Arnault has not held any other directorships or other positions in the last five years.

#### BERNARD ARNAULT

22 avenue Montaigne – 75008 Paris

*Date of birth:* 5 March 1949

*Date of appointment:* 11 May 2004

*Date of renewal:* 27 April 2010

*End of term of office:* 3 May 2012

*Number of Lagardère SCA shares held:* 150

Bernard Arnault is a graduate of École Polytechnique. He was Chairman and Chief Executive Officer of Ferret-Savinell and Financière Agache and is currently Chairman and Chief Executive Officer of LVMH.

#### DIRECTORSHIPS AND OTHER POSITIONS HELD IN OTHER COMPANIES

##### In France:

Chairman and Chief Executive Officer, Christian Dior

Chairman, Groupe Arnault SAS

Director, Christian Dior Couture SA

Chairman of the Board of Directors, Château Cheval Blanc

Chairman of the Board of Directors, Louis Vuitton Foundation for Creation

Member of the Supervisory Board, Financière Jean Goujon SAS

Director, Carrefour SA

##### Outside France:

Director, LVMH International SA (Belgium)

Director, LVMH - Moët Hennessy Louis Vuitton Japan KK (Japan)

Director, LVMH - Moët Hennessy Louis Vuitton Inc. (USA)

#### DIRECTORSHIPS AND OTHER POSITIONS HELD DURING THE LAST FIVE YEARS

Chairman of the Board of Directors, Christian Dior

Member of the Supervisory Board, Métropole Télévision "M6" SA

Director, Raspail Investissements SA

#### MARTINE CHÊNE

64 rue du Parc – 34980 Saint Gély du Fesc

*Date of birth:* 12 May 1950

*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

Date of appointment: 2 May 2006

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

Board Advisor (*censeur*), Scor SE

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

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, CNP (Compagnie Nationale à Portefeuille), Belgium

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

Director, Banca Nazionale del Lavoro (Italy)

Chairman and Director, BNP Paribas UK Holdings Ltd (UK)

Director, BNP Paribas ZAO (Russia)

Board Advisor (*censeur*), Safran SA

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

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, Vinci

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**

Chairman, International Credit Insurance & Surety Association (ICISA)

European Adviser, CityGroup

Chairman of the Board of Directors, Coface Services

Chairman, Centre d'Études Financières

Chairman, OR Informatique

Chairman of the Supervisory Board, Coface Kreditversicherung AG (Germany)

Chairman of the Board of Directors, Coface Assicurazioni (Italy)

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

**PIERRE LESCURE**

38 rue Guynemer – 75006 Paris

*Date of birth:* 2 July 1945

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

Member of the Board of Directors, Thomson SA

**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**

Chairman, Lescure Farrugia Associés

Member of the Supervisory Board, Le Monde SA

**JEAN-CLAUDE MAGENDIE**

19 rue Raynouard – 75016 Paris

*Date of birth:* 24 May 1945

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.

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

**DIRECTORSHIPS AND OTHER POSITIONS HELD IN OTHER COMPANIES**

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

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

Contributor to *Gazette du Palais*

Member of the Board of Directors, Lextenso

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

**CHRISTIAN MARBACH**

17 avenue Mirabeau – 78600 Maisons-Laffitte

*Date of birth:* 9 October 1937

Date of appointment: 2 April 1997

Date of renewal: 2 May 2006

End of term of office: 3 May 2012

Number of Lagardère SCA shares held: 406

Member of the Audit Committee of Lagardère SCA.

Christian Marbach is an engineering graduate of Corps des Mines and a former Chairman of the French innovation agency ANVAR.

**DIRECTORSHIPS AND OTHER POSITIONS HELD IN OTHER COMPANIES**

Board Advisor (*censeur*), Sofinnova

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

Director, Compagnie Générale de Géophysique-Veritas (C.G.G.)

Chairman, Oseo-Services (formerly "Agence des PME")

**HÉLÈNE MOLINARI**

55 avenue Bosquet – 75007 Paris

*Date of birth:* 1 March 1963

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 of the École Polytechnique Féminine. She began her career in 1985 as a consultant at Cap Gemini and in 1987 joined the Robeco group to create Robeco France, where she was responsible for developing institutional sales. In 1991, she joined the Axa Group when Axa Asset Managers was created, where she was also responsible for institutional sales. 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 Head of Communications and Brand.

In 2005, she was head hunted by Laurence Parisot, newly-appointed Chairman of MEDEF, to join MEDEF as Head of Communications. The following year, she took over responsibility for the regional network and then became Deputy Chief Executive in charge of community involvement and development projects, whilst supervising a number of support functions including the Corporate Secretary's department.

In 2011, she was appointed Chief Operating Officer in charge of community involvement committees and special operations, including major events. Hélène Molinari is also a member of the Executive Board of MEDEF.

## DIRECTORSHIPS AND OTHER POSITIONS HELD IN OTHER COMPANIES

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

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

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

## DIRECTORSHIPS AND OTHER POSITIONS HELD DURING THE LAST FIVE YEARS

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

### JAVIER MONZÓN

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

Date of birth: 29 March 1956

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 began his career with Caja Madrid where he stayed until 1984 having occupied the post of Corporate Banking Director. He then 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.

## 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

Date of appointment: 2 December 2009

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 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*)

## 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

Date of appointment: 19 May 1998

Date of renewal: 29 April 2008

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

Number of Lagardère SCA shares held: 2,850

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

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

**FRANÇOIS ROUSSELY**

25 avenue Kléber – 75784 Paris Cedex 16

Date of birth: 9 January 1945

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 Rousseley 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

**SUSAN M. TOLSON**

41 rue du Faubourg-Saint-Honoré – 75008 Paris

Date of birth: 7 March 1962

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.

(1) The 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****In France:**

Member of the Board of Trustees, American University of Paris

Honorary Chair, American Friends of The Musée d'Orsay

Honorary Chair, American Women's Group in Paris

Director, Fulbright Commission

**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**

Susan M. Tolson has not held any other positions in the last five years.

**PATRICK VALROFF**

26 rue de Clichy – 75009 Paris

Date of birth: 3 January 1949

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

## 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 CONTRACTS 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 contract 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

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### 7.3.1 MANAGING PARTNERS AND MEMBERS OF THE EXECUTIVE COMMITTEE

At 31 December 2012, the members of the Executive Committee were as follows:

Arnaud Lagardère,	General and Managing Partner	} Managing Partners
Pierre Leroy,	Co-Managing Partner, Secretary General	
Dominique D'Hinnin,	Co-Managing Partner, Chief Financial Officer	
Thierry Funck-Brentano,	Co-Managing Partner, Chief Human Relations 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 (excluding EADS) 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 receive remuneration from EADS for the duties they perform in their capacity as members of the Board of Directors of 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) SALARIES

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

The fixed portion is paid in 12 equal monthly instalments over the year.

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

- A qualitative component, taking into account each person's 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.
- A group performance-related component based on two inputs of equal importance in relation to the individual reference amount:
  - the percentage differential between the midpoint of the forecast rise in recurring operating profit before associates of companies in the Media segment – 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;

- 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.

A further criterion related to the intrinsic change in recurring operating profit before associates as defined above 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 2012, the relevant input-based formula results in the application of a factor of 1.02 to the reference amounts.

The variable portion of remuneration is determined by applying criteria to the reference amounts, given that the qualitative component and the input-based, performance-related component are the same for Executive Committee members as a whole.

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

##### B) PENSIONS

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.

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

##### C) TERMINATION BENEFITS

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

##### D) 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.
- Attendance fees may be paid for Board of Directors' meetings at companies in which the Lagardère group has interests.

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

#### A) GROSS REMUNERATION PAID

	2010	2011	2012
<b>"Lagardère"</b>	(1)	(2)	(3)
Fixed salary and benefits in kind	6,147,246	6,893,901	<b>6,412,243</b>
Special bonuses	1,204,000		<b>26,792</b>
Variable portion of salary (in respect of the previous year)	3,626,623	4,250,475	<b>3,047,000</b>
Attendance fees	20,900	20,900	<b>21,171</b>
<b>Total</b>	<b>10,998,769</b>	<b>11,165,276</b>	<b>9,507,206</b>
<b>"EADS"</b>	(4)	(4)	(4)
Fixed salary	220,000	220,000	<b>220,000</b>
Variable portion of salary (in respect of the previous year)	-	-	
Attendance fees	110,000	75,000	<b>135,000</b>
<b>Total</b>	<b>330,000</b>	<b>295,000</b>	<b>355,000</b>

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

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

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

(4) Arnaud Lagardère and Dominique D'Hinnin in their capacity as members of the Board of Directors.

The "Lagardère" variable portion of salary to be paid in 2013 for 2012 represents €3,692,780. 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 2012	Options forfeited at end-2012	Options outstanding at end-2012	Exercise period
<b>Subscription options</b>							
None							
<b>Share purchase options</b>							
Plans expired							
19 Dec. 2001 23 May 2000	185,000	€46.48	6	0	185,000	0	19 Dec. 2003 to 19 Dec. 2008
19 Dec. 2002 23 May 2000	185,000	€51.45	6	0	185,000	0	19 Dec. 2004 to 19 Dec. 2009
Plans in force							
18 Dec. 2003 23 May 2000	178,000	€51.45	5	0	30,333	149,643 <sup>(*)</sup>	18 Dec. 2005 to 18 Dec. 2013
20 Nov. 2004 11 May 2004	178,000	€51.92	5	0	30,336	149,640	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	Number of rights granted	Number of beneficiaries	Number of shares vested in 2012	Number of shares cancelled at end-2012	Number of outstanding rights at end-2012	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 <sup>(**)</sup> 1 April 2012 <sup>(***)</sup>
17 Dec. 2010	126,000	5	10,000	29,000	87,000	17 Dec. 2012 1 April 2013 <sup>(***)</sup>
29 Dec. 2011	119,000	5	0	26,000	93,000	30 Dec. 2013 1 April 2014 <sup>(***)</sup>
25 June 2012	111,000	4	0	0	111,000	25 May 2014 2 April 2015 <sup>(***)</sup>

(\*) 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 Managing Partners who are 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						
	2010		2011		2012	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
<b>“Lagardère”</b>						
Fixed salary	1,140,729	1,140,729	1,140,729	1,140,729	<b>1,140,729</b>	<b>1,140,729</b>
Variable portion of salary	1,366,800	1,044,480 <sup>(1)</sup>	804,000	1,366,800,	<b>1,432,320</b>	<b>804,000</b>
Special bonuses	-	-	-	-	-	-
Attendance fees	7,000	7,125	7,000	6,840	<b>4,750</b>	<b>6,514</b>
Benefits in kind	12,764	12,764	14,698	14,698	<b>20,499</b>	<b>20,499</b>
<b>Total</b>	<b>2,527,293</b>	<b>2,205,098</b>	<b>1,966,427</b>	<b>2,529,067</b>	<b>2,598,298</b>	<b>1,971,742</b>
<b>“EADS”</b>						
Fixed salary	100,000	100,000	100,000	100,000	<b>100,000</b>	<b>100,000</b>
Variable portion of salary	-	-	-	-	-	-
Attendance fees	20,000	20,000	30,000	30,000	<b>80,000</b>	<b>80,000</b>
<b>Total</b>	<b>120,000</b>	<b>120,000</b>	<b>130,000</b>	<b>130,000</b>	<b>180,000</b>	<b>180,000</b>
<b>Overall total</b>	<b>2,647,293</b>	<b>2,325,098</b>	<b>2,096,427</b>	<b>2,659,067</b>	<b>2,778,298</b>	<b>2,151,742</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			
	2010	2011	2012
Remuneration and benefits receivable for the year (details in previous table)	2,647,293	2,096,427	<b>2,778,298</b>
Value of share options granted during the year	N/A	N/A	<b>N/A</b>
Value of performance shares granted during the year	N/A	N/A	<b>N/A</b>
<b>Total</b>	<b>2,647,293</b>	<b>2,096,427</b>	<b>2,778,298</b>

## • Philippe Camus (until 30 June 2012)

Summary of remuneration and benefits						
	2010		2011		2012	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	1,088,000	1,088,000	1,148,000	1,148,000	<b>611,059</b>	<b>611,059</b>
Variable portion of salary	444,050	378,480 <sup>(1)</sup>	307,500	444,050 <sup>(1)</sup>	<b>167,660</b>	<b>307,500<sup>(1)</sup></b>
Special bonuses	166,000	166,000	-	-	<b>26,792</b>	<b>26,792</b>
Attendance fees	-	-	-	-		
Benefits in kind	-	-	-	-		
<b>Total</b>	<b>1,698,050</b>	<b>1,632,480</b>	<b>1,455,500</b>	<b>1,592,050</b>	<b>805,511</b>	<b>945,351</b>

<sup>(1)</sup> 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. Amounts shown above do not include the exchange rate effect caused by the fact that most of Philippe Camus' remuneration is paid in US dollars by Lagardère North America and is invoiced to Lagardère Capital & Management.

Rights to performance shares granted in 2012						
Date of AGM authorisation	Date of plan	Number of shares awarded in 2012	Value under IFRS 2	Vesting date	End of lock-up period	Performance
conditions	-	-	-	-	-	-

- 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			
	2010	2011	2012
Remuneration and benefits receivable for the year (details in previous table)	1,698,050	1,455,500	<b>805,511</b>
Value of share options granted during the year	N/A	N/A	<b>N/A</b>
Value of performance shares granted during the year	656,270	352,560	<b>N/A</b>
<b>Total</b>	<b>2,354,320</b>	<b>1,808,060</b>	<b>805,511</b>

## • Pierre Leroy

Summary of remuneration and benefits						
	2010		2011		2012	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	1,062,000	1,062,000	1,474,000	1,474,000	<b>1,474,000</b>	<b>1,474,000</b>
Variable portion of salary	725,250	808,800 <sup>(1)</sup>	489,500	725,250	<b>522,200</b>	<b>489,500<sup>(1)</sup></b>
Special bonuses	412,000	412,000	-	-	-	-
Attendance fees	7,000	6,650	7,000	6,460	<b>7,125</b>	<b>7,057</b>
Benefits in kind	7,514	7,514	7,743	7,743	<b>8,430</b>	<b>8,430</b>
<b>Total</b>	<b>2,213,764</b>	<b>2,296,964</b>	<b>1,978,243</b>	<b>2,213,453</b>	<b>2,011,755</b>	<b>1,978,987</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 2012						
Date of AGM authorisation	Date of plan	Number of shares awarded in 2012	Value under IFRS 2	Vesting date	End of lock-up period	Performance conditions
28 April 2009	25 May 2012	32,000	538,240	1 April 2015	1 April 2017	(1)

(1) Based on changes in recurring operating profit before associates of the Media segment for 2013 and 2014 and net cash from operating activities for 2013 and 2014.

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.

- 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: 21,155.

Under the 2009 plan, 21,155 of the 25,000 free shares granted to Pierre Leroy vested in 2012, 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			
	2010	2011	2012
Remuneration and benefits receivable for the year (details in previous table)	2,213,764	1,978,243	<b>2,011,755</b>
Value of share options granted during the year	N/A	N/A	<b>N/A</b>
Value of performance shares granted during the year	733,990	421,200	<b>538,240</b>
<b>Total</b>	<b>2,947,754</b>	<b>2,399,443</b>	<b>2,549,995</b>

• **Dominique D’Hinnin**

Summary of remuneration and benefits						
	2010		2011		2012	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
<b>“Lagardère”</b>						
Fixed salary	885,992	885,992	1,206,000	1,206,000	<b>1,206,000</b>	<b>1,206,000</b>
Variable portion of salary	722,000	627,200 <sup>(1)</sup>	580,000	722,000	<b>564,800</b>	<b>580,000</b>
Special bonuses	320,000	320,000	-	-	-	-
Attendance fees	7,125	7,125	7,000	7,600	<b>7,600</b>	<b>7,600</b>
Benefits in kind	5,677	5,677	6,022	6,022	<b>8,013</b>	<b>8,013</b>
<b>Total</b>	<b>1,940,794</b>	<b>1,845,994</b>	<b>1,799,022</b>	<b>1,941,622</b>	<b>1,786,413</b>	<b>1,801,613</b>
<b>“EADS”</b>						
Fixed salary	120,000	120,000	120,000	120,000	<b>120,000</b>	<b>120,000</b>
Variable portion of salary	-	-	-	-	-	-
Attendance fees	60,000	60,000	45,000	45,000	<b>55,000</b>	<b>55,000</b>
<b>Total</b>	<b>180,000</b>	<b>180,000</b>	<b>165,000</b>	<b>165,000</b>	<b>175,000</b>	<b>175,000</b>
<b>Overall total</b>	<b>2,120,794</b>	<b>2,025,994</b>	<b>1,964,022</b>	<b>2,106,622</b>	<b>1,961,413</b>	<b>1,976,613</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 2012						
Date of AGM authorisation	Date of plan	Number of shares awarded in 2012	Value under IFRS 2	Vesting date	End of lock-up period	Performance conditions
28 April 2009	25 May 2012	32,000	538,240	1 April 2015	1 April 2017	(1)

(1) Based on changes in recurring operating profit before associates of the Media segment for 2013 and 2014 and net cash from operating activities for 2013 and 2014.

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.

○ 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.

Total remuneration and benefits received and share options and performance shares granted			
	2010	2011	2012
Remuneration and benefits receivable for the year (details in previous table)	2,120,794	1,964,022	<b>1,961,413</b>
Value of share options granted during the year	N/A	N/A	<b>N/A</b>
Value of performance shares granted during the year	733,990	421,200	<b>538,240</b>
<b>Total</b>	<b>2,854,784</b>	<b>2,385,222</b>	<b>2,499,653</b>

• **Thierry Funck-Brentano**

Summary of remuneration and benefits						
	2010		2011		2012	
	Amounts receivable	Amounts received	Amounts receivable	Amounts received	Amounts receivable	Amounts received
Fixed salary	900,000	900,000	1,206,000	1,206,000	<b>1,206,000</b>	<b>1,206,000</b>
Variable portion of salary	791,750	600,400 <sup>(1)</sup>	578,500	791,750	<b>601,800</b>	<b>578,500</b>
Special bonuses	306,000	306,000	-	-	-	-
Attendance fees	-	-	-	-	-	-
Benefits in kind	7,892	7,892	8,576	8,576	<b>10,628</b>	<b>10,628</b>
<b>Total</b>	<b>2,005,642</b>	<b>1,814,292</b>	<b>1,793,076</b>	<b>2,006,326</b>	<b>1,818,428</b>	<b>1,795,128</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 2012						
Date of AGM authorisation	Date of plan	Number of shares awarded in 2012	Value under IFRS 2	Vesting date	End of lock-up period	Performance conditions
28 April 2009	25 May 2012	32,000	538,240	1 April 2015	1 April 2017	<sup>(1)</sup>

(1) Based on changes in recurring operating profit before associates of the Media segment for 2013 and 2014 and net cash from operating activities for 2013 and 2014.

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.

○ 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.

Total remuneration and benefits received and share options and performance shares granted			
	2010	2011	2012
Remuneration and benefits receivable for the year (details in previous table)	2,005,642	1,793,076	<b>1,818,428</b>
Value of share options granted during the year	N/A	N/A	<b>N/A</b>
Value of performance shares granted during the year	733,990	421,200	<b>538,240</b>
<b>Total</b>	<b>2,739,632</b>	<b>2,214,276</b>	<b>2,356,668</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>(*)</sup>	1,313,639 <sup>(*)</sup>	1,453,451 <sup>(*)</sup>	1,586,519 <sup>(*)</sup>	1,683,844	1,844,700
of which shares available for subscription or purchase by Managing Partners and members of the Supervisory Board <sup>(1)</sup>						
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	19/12/2003	19/12/2004	18/12/2005	20/11/2006	21/11/2007	14/12/2008
Option expiry date	19/12/2008	19/12/2009	18/12/2013	20/11/2014	21/11/2015	14/12/2016
Subscription or purchase price	€46.48 <sup>(*)</sup>	€51.45 <sup>(*)</sup>	€51.45 <sup>(*)</sup>	€51.92 <sup>(*)</sup>	€56.97	€55.84
Number of shares acquired at 28 March 2013	30,336 <sup>(2)</sup>	-	-	-	-	-
Total number of share options cancelled or forfeited:						
Arnaud Lagardère	50,560	50,554	-	-	-	-
Pierre Leroy		30,333	-	-	-	-
Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Dominique D'Hinnin	30,336	30,333	-	-	-	-
Thierry Funck Brentano	30,336	30,333	-	-	-	-
Share options <sup>(1)</sup> outstanding at end-2012:						
Arnaud Lagardère	0	0	-	-	-	-
Pierre Leroy	0	0	40,444	40,447	50,000	50,000
Philippe Camus	0	0	0	0	0	0
Dominique D'Hinnin	0	0	40,444	40,447	50,000	50,000
Thierry Funck Brentano	0	0	40,444	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.

• 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 End of term of office		X	X			X		X
Renewed on 11 March 2009 for a period of six years								
Pierre Leroy Position: <sup>(a)</sup> Date of appointment: End of term of office:	N.A. <sup>(1)</sup>		X			X		X
Philippe Camus (until 30 June 2012) 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 Commandité-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 Commandité-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 SUPERVISORY BOARD

### 7.3.2.1 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 2011, 2012 and 2013 (in euros):

	2011 for 2010	2012 for 2011	2013 for 2012
Nathalie Andrieux	-	-	30,050.51
Antoine Arnault	-	-	13,257.58
Bernard Arnault	10,762.76	10,000	2,651.52
René Carron	4,791.88	-	-
Martine Chêne	18,166.73	18,000	21,212.12
Georges Chodron de Courcel	34,071.71	38,000	42,424.24
Xavier de Sarrau	64,835.57 <sup>(1)</sup>	100,000 <sup>(1)</sup>	106,060.61 <sup>(1)</sup>
François David	90,904.98	93,333.33	102,525.25
Pierre Lescure	32,426.09	36,000	39,772.73
Raymond H. Lévy	68,483.01	60,000	19,444.44
Jean-Claude Magendie	10,008.86	20,000	18,560.61
Christian Marbach	56,600.06	60,000	19,444.44
Bernard Mirat	56,600.06	30,000	-
Hélène Molinari	-	-	15,909.09
Javier Monzón	14,464.75 <sup>(1)</sup>	20,000 <sup>(1)</sup>	21,212.12 <sup>(1)</sup>
Amélie Oudéa-Castera	56,600.06	56,666.67	60,101.01
Didier Pineau-Valencienne	53,473.59	54,666.67	63,636.36
François Roussely	16,315.74	18,000	21,212.12
Susan M. Tolson	-	8,000 <sup>(1)</sup>	18,560.61 <sup>(1)</sup>
Patrick Valroff	11,494.15	40,000	63,636.36
<b>Total attendance fees paid</b>	<b>573,569.21</b>	<b>662,666.67</b>	<b>679,671.72</b>

(1) Less withholding tax.

Raymond Levy received €73,467.80 in retirement benefits for 2012, 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.

### 7.3.2.2 SHARE OPTIONS

None.

### 7.3.2.3 FREE SHARE AWARDS

None.

## 7.3.3 TRANSACTIONS IN LAGARDÈRE SCA SHARES BY THE MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD AND THEIR RELATIVES DURING 2012

### 7.3.3.1 MANAGING PARTNERS

#### ARNAUD LAGARDÈRE

Arnaud Lagardère sold 420,714 shares under a trading mandate between 12 March and 20 March 2012.

#### PHILIPPE CAMUS

Philippe Camus sold 10,000 shares on 18 December 2012.

#### PIERRE LEROY

A total of 21,155 of the 25,000 free shares awarded to Pierre Leroy under the 2009 free share plan vested on 2 April 2012.

### 7.3.3.2 MEMBERS OF THE SUPERVISORY BOARD

#### NATHALIE ANDRIEUX

Nathalie Andrieux purchased 150 Lagardère SCA shares on 10 April 2012.

#### ANTOINE ARNAULT

Antoine Arnault purchased 150 Lagardère SCA shares on 4 April 2012, 1,000 Lagardère SCA shares on 29 March 2012, and sold 1,000 Lagardère SCA shares on 14 November 2012.

#### HÉLÈNE MOLINARI

Hélène Molinari purchased 150 Lagardère SCA shares on 20 April 2012.

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To the best of the Company's knowledge, no other transactions in the Company's shares were carried out in 2012 by any Managing Partner or Supervisory Board member or any parties related to them.

## 7.3.4 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 2012.

### GENERAL INFORMATION

#### 1. LAGARDÈRE SCA

During 2012, 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-2012 are summarised in the table below.

Plan	Number of beneficiaries	Number of options originally granted <sup>(*)</sup>	Exercise price (in euros)	Options exercised at end-2012	Options forfeited at end-2012	Options outstanding at end-2012	Period of exercise
<b>Subscription options:</b>							
None							
<b>Purchase options:</b>							
Plans in force:							
18 Dec. 2003	445	1,437,250	€51.45	42,522	244,123	1,166,806	18 Dec. 2005 to 18 Dec. 2013
20 Nov. 2004	481	1,568,750	€51.92	10,660	278,443	1,297,416	20 Nov. 2006 to 20 Nov. 2014
21 Nov. 2005	495	1,683,844	€56.97	-	255,605	1,428,239	21 Nov. 2007 to 21 Nov. 2015
14 Dec. 2006	451	1,844,700	€55.84	-	209,600	1,635,100	14 Dec. 2008 to 14 Dec. 2016
<b>Total</b>					<b>987,771</b>	<b>5,527,561</b>	

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

It should be noted that no options were exercised during 2012 due to share price levels, which ranged between €20 and €25.

## 2. SUBSIDIARIES

In the course of 2012, 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 2012, within the Company's subsidiaries.

## SPECIFIC INFORMATION ON MANAGING PARTNERS, MEMBERS OF THE SUPERVISORY BOARD AND EMPLOYEES

In 2012, Lagardère SCA's Managing Partners, members of the Supervisory Board and their legal representatives 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 2002 to 2006.

### The Managing Partners

## 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 2012.

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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 has arisen since the award, this condition was not met; accordingly the plan lapsed on 29 December 2009.

Several other plans were implemented between 2009 and 2012.

Under the 2009 plan, 21,155 shares vested in 2012 for one of the senior managers of the Company, which were created as part of a share capital increase through capitalisation of reserves.

Under the 2010 plan, 384,050 shares vested in 2012 for employees residing in France, and 1,500 shares vested for the inheritors of an employee residing outside of France. These shares were issued as part of a share capital increase through capitalisation of reserves.

No shares have vested under the 2011 and 2012 plans.

The main characteristics of these plans at 31 December 2012 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	424,405	132,080
17 December 2010	634,950	32,700	386,050	216,200
15 July and 29 December 2011	650,000	28,300	-	621,700
25 June 2012	645,800	6,000	-	639,800
<b>Total</b>	<b>2,502,275</b>	<b>82,040</b>	<b>810,455</b>	<b>1,609,780</b>

2. In 2012, based on the authorisation given by the General Meeting of 28 April 2009 (14<sup>th</sup> resolution), Arnaud Lagardère, in his capacity as Managing Partner of the Company, awarded 645,800 free Lagardère SCA shares (representing 0.492% of the total number of shares comprising the share capital) to 427 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 25 June 2012 are as follows:

- Number of beneficiaries: 424 persons.
- Number of shares awarded: 549,800 shares, (representing 0.417% of the total number of shares comprising the share capital).

- Vesting period: two years; the shares awarded will not fully vest until 26 June 2014, 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 26 June 2016 inclusive, at which time they 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 26 June 2016; 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 €19.71 per share at the opening of trading on the Paris stock exchange on 25 June 2012. In accordance with IFRS, this same value was €16.98 per share for the shares vesting in 2014, and €14.35 per share for the shares vesting in 2016.

**b.** On 25 June 2012, Arnaud Lagardère, in his capacity as Managing Partner, awarded to Pierre Leroy, Dominique D'Hinnin and Thierry Funck-Brentano, employees of Lagardère Capital & Management and Co-Managing Partners, 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 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 2015 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 2013 and 2014 by comparison with the target 2013 and 2014 recurring operating profit before associates communicated as market guidance; the second based on the change in net cash from operating activities in 2013 and 2014 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 quarter 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 2014 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 2012 and in 2013.

If this objective is not achieved, then the number of shares resulting from application of the three 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 executives of Lagardère SCA on 1 April 2015; 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 2015 to 1 April 2017.
  - 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 remuneration 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".

The value of the rights to shares awarded was €19.71 per share at the opening of trading on the Paris stock exchange on 25 June 2012. In accordance with IFRS, this same value was €16.82 for the shares that will vest in April 2015.

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The total number of free shares awarded during 2012 to the ten largest beneficiaries who are not Managing Partners or members of the Supervisory Board of Lagardère SCA was 129,000 free Lagardère SCA shares, representing an average of 12,900 rights per person.

## The Managing Partners

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

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### 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 428 companies in 2012 (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 the Sports business 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;
- the 7.39% interest in EADS NV, held through a subsidiary itself owned by the French State and the Lagardère group.

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.

Lagardère SCA itself has no personnel; almost all of the human and operational resources required for policy implementation and control of its Group's business activities belong to a service company called Lagardère Ressources, a wholly-owned subsidiary of Lagardère SCA. Furthermore, Lagardère Capital & Management employs the members of the Executive Committee under the conditions set out in sections 7.3.1 and 7.5 of this report.

##### 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.

#### 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 Manager 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 Manager 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 managers 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.

##### 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. The internal control framework in place at EADS NV is described in the 2012 EADS NV Registration Document. Canal+ France is covered by the Vivendi Group internal control framework, which is described in Vivendi Group's 2012 Annual Report.

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 managers, 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 manager of each division and the divisions' CFOs 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.

The Financial Risk Committee also prepares, under the responsibility of the Group's Chief Financial Officer, a monthly analysis of cash flows and balances for each division, and a breakdown of bank covenants described in note 29 to the consolidated financial statements. A regular analysis of the counterparty risks described in the same note is also drawn up.

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

The Secretary General, the Chief Financial Officer and the Chief Human Relations, Communications and Sustainable Development Officer, all three Managing Partners and members of the Executive Committee are responsible for organising and guiding the Group's Corporate Departments necessary for the implementation, monitoring and follow-up of decisions taken by the Managing Partners.

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 is chaired by the Group Secretary General. It employs almost 160 people who report respectively depending on their duties, to the Managing Partners mentioned in the paragraph above, with the exception of the Group Audit Department which reports directly to Arnaud Lagardère as General and Managing Partner.

As the tasks entrusted to these Corporate Departments are just as much for the benefit of Lagardère SCA as for all of the subsidiaries, these companies have various service agreements with Lagardère Ressources, which receives a fee for its services, currently 0.9% of net sales (or gross margin for Lagardère Services).

The Corporate Departments perform the following duties delegated by the Managing Partners:

- 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 to ensure the Group's financial management and monitor the operations of the divisions;
- 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 branches 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, Legal and IT Departments is handled by the corresponding Corporate Departments.

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 in 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.

The Group strengthened its skills management initiatives in 2012. In the fourth quarter of 2012, the Human Resources Department recruited new members for the team that is in charge of managing talent within the Group. A Talent Management Policy was set out and shared throughout the Group at end-2012.

### 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 Corporate Social Responsibility 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 Sustainable Development charter which, through its purchasing policy, seeks to involve all partners in respect of 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 better take into account 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 wanted to strengthen 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 in 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;

- o significant financial commitments (particularly off-balance sheet commitments and contractual obligations);
- o guarantees issued;
- o 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 managers, 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 policy concerning these two areas.

#### **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.

In order to strengthen the implementation of a compliance procedure within the Group, in 2012 the Managing Partners conducted an analysis to redefine the areas of compliance that apply to the Group's businesses, the method for developing programmes and how to roll these programmes out. The procedure was also established to redefine the principles of organisation specifically for compliance both at the level of Lagardère SCA and the divisions.

##### **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.

Within the scope of the compliance analysis mentioned above, the Managing Partners made it a priority to prepare a pilot anti-corruption programme to be rolled out within the division Lagardère Unlimited. This programme is ready and will be implemented in 2013 – first in the Europe/Africa region and then in the US and Asia regions of the division.

#### **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 licensing agreements for use of its brands 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 litiga-



tion 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

##### 6.1 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 specific to management indicators or intended for publication.

This unified organisation of the cycle relies on the finance departments of each Operating Unit, 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.

##### 6.2 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:

- 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.

##### 6.3 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 the context of the Financial Risk Committee, the Finance Department also prepares a monthly analysis of cash flows and balances for each division, and a breakdown of bank covenants described in note 29 to the consolidated financial statements. A regular analysis of the counterparty risks described in the same note is also drawn up.

##### 6.4 INTERIM AND ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

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

Chapter 6 contains a description of the principles and methods used in establishing 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.

##### 6.5 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 any 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 Group also 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 entities with high quality credit ratings, with maturities appropriate to the planned duration of the investment. The vehicles used for the Group's cash investments are always non-speculative and risk-free.

There are no derivatives related to these investments.”

## C.4 RISKS RELATED TO PAPER PRICES

Lagardère pays particular attention to changes in paper prices: 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 prices 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 Cash Management 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.

### C.6.1 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.

### C.6.2 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, in 2012, Lagardère SCA organised an awareness programme for the Group's employees

and rolled out a policy to improve the prevention, detection and processing of cases 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 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.

### 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:

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

### 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 every two months, 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.A.2, also validates the annual budget and the three-year plan proposed by each of the divisions. Each month the Reporting Committee, described in section 7.4.1.2.A.3, 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 strengthens the monitoring of its internal control and risk management systems.

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

As mentioned in section 7.4.1.8.A.2, 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. 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 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, ten operational processes and two risk management processes covered by 209 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 manager 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.C.7, 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 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 managers. 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 managers;
- 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's Internal Audit Department, its powers and responsibilities are set out in an internal audit charter. The Group's 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's 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.

#### **7.4.1.10.F CHANGES IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS**

The Lagardère group continued to strengthen its internal control and risks management systems in 2012 following on from the actions undertaken since 2010:

- The Group's Audit Department pursued its strategy of strengthening the audit process and establishing the audit plan, particularly by improving coverage of significant entities within the Group and cross-business risk management systems;
- In 2012, in collaboration with the divisions, the Risk and Internal Control Department and the IT Department ensured that the self-assessment questionnaire and the IT security questionnaire were better taken into account;
- Lagardère SCA improved the Group's existing systems by updating and rolling out several concrete policies in terms of engagement, ethics, fighting fraud, human resource management, etc., and by improving existing guidelines used to calculate non-financial indicators related to Corporate Social Responsibility regulations.

## **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 19 February 2013 and by the Audit Committee at its meeting of 5 March 2013.

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 7 March 2013.

### **1. MEMBERSHIP OF THE SUPERVISORY BOARD**

In accordance with the Company's Articles of Association, the Supervisory Board is composed of a maximum of fifteen members. One half of the Board is re-appointed every two years. The Board also decided that members would be appointed for a maximum term of four years.

At 31 December 2012, the Board comprised the following fifteen members: Xavier de Sarrau (Chairman), Nathalie Andrieux, Antoine Arnault, Martine Chêne, Georges Chodron de Courcel, François David, Pierre Lescure, Jean-Claude Magendie, Hélène Molinari, Javier Monzón, Amélie Oudéa-Castéra,

Didier Pineau-Valencienne, François Roussely, 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.

In view of its control duties, the Board considers it necessary to 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 thirteen Supervisory Board members – or more than four fifths of the Board – currently qualify as "independent" directors 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 thirteen members concerned are:

- Xavier de Sarrau;
- Nathalie Andrieux;
- Antoine Arnault;
- Martine Chêne;
- François David;
- Pierre Lescure;
- Jean-Claude Magendie;
- Hélène Molinari;
- Javier Monzón;
- Didier Pineau-Valencienne;
- François Roussely;
- Susan Tolson;
- Patrick Valroff.

However, as regards the independence criteria defined by the Supervisory Board, the following members are considered “non-independent” for the following reasons:

- Georges Chodron de Courcel, Chief Operating Officer of BNP Paribas, a significant bank for the Group;
- Amélie Oudéa-Castéra, wife of the Chairman of Société Générale, a significant bank for the Group. In view of the uncertainty regarding the application of the relevant legal provisions to the situation of Amélie Oudéa-Castéra, the Supervisory Board, through the Appointments and Remuneration Committee, decided to apply a strict interpretation of the criterion set out in the AFEF-MEDEF Code, notwithstanding the fact that it considers her status to be strictly independent.

## 2. OPERATION 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 9 March 2011) 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.
- 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;
  - shares must be retained for at least six months after expiry of a Board member’s term of office;

- 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: four meetings are planned for 2013. During 2012, the Supervisory Board met four times with an average attendance rate of 91.5% (see the attendance table below):

- on 8 March, with an attendance rate of 93%, mainly to examine the parent company and 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;
- on 6 June, with an attendance rate of 87%, mainly to examine Group developments, the impact of digitalisation on the Group (study and presentation made by Patrick Valroff on behalf of the Audit Committee), Lagardère Active’s strategic view (presentation given by Denis Olivennes and his team) and listen to the conclusions of the external assessment of the operation and work of the Supervisory Board and its committees (presentation given by the firm responsible for the assessment);
- on 5 September, with an attendance rate of 93%, mainly to examine the interim parent company and consolidated financial statements and the business position and outlook, follow up on the conclusions of the assessment of the Board’s operation and work – the Board also reviewed the Group’s financial communication (presentation given by the Chief Investor Relations Officer);
- on 5 December, with an attendance rate of 93%, mainly to examine the general state of business, listen to presentations on the role of the Supervisory Board in a French partnership limited by shares (*société en commandite par actions* – SCA) (presentation given by Jean-Claude Magendie), the review of the Group’s policy on succession planning and talent management (Audit Committee’s study and presentation entrusted to François David) and of the value of the Group’s assets compared to the share price (Dominique D’Hinnin).

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

## • Members' attendance at Supervisory Board and Committee meetings in 2012

Member 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	100%	100%	
Antoine Arnault	66.6%		
Bernard Arnault	0%		
Martine Chêne	100%		
Georges Chodron de Courcel	100%		100%
François David	100%	83.3%	100%
Raymond H. Lévy	100%	100%	
Pierre Lescure	75%		100%
Jean-Claude Magendie	75%		
Christian Marbach	100%	100%	
Hélène Molinari	100%		
Javier Monzón	100%		
Amélie Oudéa-Castéra	100%	83.3%	
Didier Pineau-Valencienne	100%	100%	
François Roussely	100%		
Xavier de Sarrau	100%	100%	
Susan M. Tolson	75%		
Patrick Valroff	100%	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 parent company and consolidated financial statements, and to monitor the process for preparing financial information;
- to monitor the audit of the parent 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 this Reference Document.

At 31 December 2012, the Audit Committee comprised Xavier de Sarrau (Chairman), Nathalie Andrieux, François David, Amélie Oudéa-Castéra, Didier Pineau-Valencienne and Patrick Valroff, more than two thirds 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 2012, in February, March, May, August, October and November.

All meetings were attended by all Committee members, except for the meetings of May and November when the attendance rate was 80% and 83.3% respectively.



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 2011.

The March meeting was held to examine the consolidated financial statements for 2011, 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 remuneration of the Statutory Auditors. The Group's internal control self-assessment system was presented by the Risk and Internal Control Department. Lastly, the Committee reviewed the state of relations with Lagardère Capital & Management.

The purpose of the August Audit Committee meeting was to examine the consolidated financial statements for the first half of 2012. The conclusions of the follow-up assessment of the risk, internal control and internal audit functions, conducted by an external specialist, were also presented at the meeting.

In October, the Committee was given an update on Group human capital and skills management, and succession planning by a Committee member, 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 2012 and the audit plan for 2013. It was also given a presentation on the Group's financial valuation and its quantified strategic priorities.

These meetings took place in the presence of the 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 Deputy Chief Financial Officer, the Central Accountancy Director, the Director of Risk and Internal Control and the Group's Legal Director.

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.

### 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 2012, the Appointments and Remuneration Committee comprised François David (Chairman), Georges Chodron de Courcel and Pierre Lescure, two thirds of whom are independent members (see section 1 of this report).

In 2012, the Committee met twice in January and February and all members were present at both meetings.

During its meeting in January, the Committee analysed the composition of the Board and Committees, and the independence of members and reviewed the re-appointment and replacement of members whose terms of office were expiring. The Committee considered the objectives of diversifying the Board, in terms of business-specific skills and expertise but also parity between men and women as set by the Copé-Zimmerman law and included in the AFEP-MEDEF Code. The Committee reviewed the background of a preliminary selection of candidates proposed by an independent recruitment agency. Finally, the Committee conducted its annual assessment of the terms and conditions for free share awards to Managing Partners.

During its meeting in February, the Committee approved a list of candidates to be proposed to the Supervisory Board.

These meetings took place in the presence of the Chairman of the Supervisory Board and the Group's Secretary General.

## 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 assess the preparation and quality of their work.

Consequently, the Supervisory Board carried out self-assessments in 2010 and 2011. In 2012, an external agency was tasked with the assessment which focused on Board members' answers to a questionnaire, individual interviews with members, a documented analysis as well as an informative benchmark that compares the Company's governance with a qualified sample of SCAs, benchmark family-owned businesses or same-sector companies.

The conclusions of this assessment were presented at the Supervisory Board's meeting of 6 June 2012.

The areas for improvement gathered from this assessment were then examined by a working group of Board members with particular skills in governance. The working group issued various proposals that were adopted by the Supervisory Board during its meeting on 5 September 2012.

These proposals included:

- implementing a procedure for integrating new Board members and senior managers in order to quickly provide them with information on the Group (operations, business lines, strategy, etc.). This procedure is also offered to all current Board members;
- apart from formal Board and Committee meetings, opening up meetings of the Chairman of the Board with the Managing Partners to members of the Board;
- as regards committees, better communication to the Supervisory Board of the work completed by the committees;
- implementing an annual meeting of Supervisory Board members without the Managing Partners in attendance;

- more systematic delivery of documents upstream from the Board and outside of Board meetings, e.g., analysts' reports on Lagardère SCA.

## 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*) revised in April 2010. 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.

Provisions of the AFEP-MEDEF Code set aside or partially applied	Explanation
<b>Independence criteria</b>	
"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 12 years"	It is deemed that the fact of having been a Board member for more than 12 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 used 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 2012 Reference Document.

The internal control and risk management procedures in existence at EADS NV are described in the EADS Registration Document, and Canal+ France is covered by Vivendi's internal control and risk management system, which is described in the Vivendi Annual Report. These procedures are not reported in the Lagardère 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 2012.

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'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'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'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'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*).

French language original signed at Paris La Défense and Courbevoie, on 29 March 2013

#### By the statutory auditors

Mazars	Ernst & Young et Autres
Bruno Balaire	Jeanne Boillet

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

AFR

### 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 €7.4 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 managers 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 managers' 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 Auditors' Special Report issued under article L. 226-10 of the French Commercial Code and published in the annual report.

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 2012, LC&M invoiced €22.7 million to the Group, versus €22.1 million in 2011. Total payroll costs recognised by LC&M amounted to €19.1 million. This figure corresponds to €10.1 million for gross salaries, not including payroll taxes and the

pension provision (€6.3 million). After deducting other expenses (support costs reimbursed to the Group for €1.9 million and fees and miscellaneous expenses for €0.8 million), this left operating profit after tax from the above agreement of €0.7 million.

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

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None – See section 7.2.4.2.