REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Drawn up in accordance with the provisions of Article L. 225-37 of the French Commercial Code, this report was approved by the Board of Directors at its meeting on January 30, 2014.

Its purpose is to give an account of the membership of the Board of Directors of the Company, the preparation and organization of its work, the compensation policy applied to senior executives and company officers, as well as the risk management and internal control procedures established by the Board and in particular the procedures relating to the preparation and processing of accounting and financial information.

1. CORPORATE GOVERNANCE

1.1. Board of Directors

The Board of Directors is the strategic body of the Company which is primarily responsible for enhancing the Company's value and protecting its corporate interests. Its main missions involve the adoption of overall strategic orientations of the Company and the Group and ensuring these are implemented, the verification of the truthfulness and reliability of information concerning the Company and the Group and the overall protection of the Company's assets.

The Board of Directors of LVMH Moët Hennessy - Louis Vuitton acts as guarantor of the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

The Company refers to AFEP/MEDEF Code of Corporate Governance for Listed Companies for guidance. This document may be viewed on the AFEP/MEDEF web site: www.afep.com.

A Charter has been adopted by the Board of Directors which outlines rules governing its membership, duties, procedures, and responsibilities.

Two Committees, the Performance Audit Committee and the Nominations and Compensation Committee, whose membership, role and missions are defined by internal rules, have been established by the Board.

The Charter of the Board of Directors and the internal rules governing the two committees are communicated to all candidates for appointment as Director and to all permanent representatives of a legal entity before assuming their duties. These documents are presented in the "*Other Information* – Corporate Governance" section of the Reference Document.

Pursuant to the provisions of the Board of Directors' Charter, all Directors must bring to the attention of the Chairman of the Board any instance, even potential, of a conflict of interest that may exist between their duties and responsibilities to the Company and their private interests and/or other duties and responsibilities. They must also provide the Chairman with details of any fraud conviction, any official public incrimination and/or sanctions, any disqualifications from acting as a member of an administrative or management body imposed by a court along with any bankruptcy, receivership or liquidation proceedings to which they have been a party. No information has been communicated with respect to this obligation.

The Company's Bylaws require each Director to hold, directly and personally, at least 500 of its shares.

1.2. Membership and missions

- At its meeting of January 30, 2014, the Board of Directors voted to submit a proposal to the Shareholders' Meeting of April 10, 2014 to renew the appointments of Ms. Delphine Arnault and Ms. Marie-Josée Kravis as well as Messrs. Nicolas Bazire, Antonio Belloni, Diego Della Valle and Pierre Godé. It also voted to propose the renewal of Messrs. Paolo Bulgari, Patrick Houël and Felix G. Rohatyn as Advisory Board Members. In execution of its gender equality policy, the Board also voted to propose the appointment of Ms. Marie-Laure Sauty de Chalon as a Director, which would bring the proportion of women Directors to 22%.

Directors are appointed for three year terms as stipulated in the Bylaws. To make the renewal of Directors' appointments as egalitarian as possible, and in any event to make them complete for each three year period, the Board of Directors set up a system of rolling renewals since 2010.

- The Board of Directors, subject to the decisions of the Shareholders' Meeting of April 10, 2014, will thus consist of eighteen members: Ms. Delphine Arnault, Ms. Bernadette Chirac Ms. Marie-Josée Kravis and Ms. Marie-Laure Sauty de Chalon, and Messrs. Bernard Arnault, Antoine Arnault, Nicolas Bazire, Antonio Belloni, Nicholas Clive Worms, Charles de Croisset, Diego Della Valle, Albert Frère, Pierre Godé, Gilles Hennessy, Yves-Thibault de Silguy, Francesco Trapani and Hubert Védrine, and Lord Powell of Bayswater. Nine of whom: Ms. Bernadette Chirac, Ms. Marie-Josée Kravis and Ms. Marie-Laure Sauty de Chalon, as well as Messrs. Nicholas Clive Worms, Charles de Croisset, Diego Della Valle, Albert Frère, Yves-Thibault de Silguy and Hubert Védrine are considered as independent and as holding no interests in the Company.

Personal information relating to the Directors is included in the section "*Other information* – Governance" of the Reference Document.

During its meeting of January 30, 2014 the Board of Directors reviewed the status of each Director currently in office as well as each proposed appointee, in particular with respect to the independence criteria set forth in the AFEP/MEDEF Code of Governance of Listed Companies, and considered that:

(i) Ms. Bernadette Chirac, Ms. Marie-Josée Kravis and Ms. Marie-Laure Sauty de Chalon, whose appointment will be submitted to the Annual Shareholders' Meeting of April 10, 2014, and Messrs. Charles de Croisset, Diego Della Valle, Yves-Thibault de Silguy and Hubert Védrine satisfy all criteria;

(ii) Mr. Nicholas Clive Worms, who has been a member of the Board of Directors for more than 12 years, and Mr. Albert Frère, who has been a member of the Board of Directors of the Company for more than 12 years and who serves on the managing bodies of Groupe Arnault SAS, must be deemed independent. In the matter of these two individuals, the Board has departed from the criteria set forth by the AFEP/MEDEF code of corporate governance relating, on the one hand, to the number of years of service on the Board and, on the other hand, to relations with the Company's management, considering that these elements are not likely to color their judgment, given their experience and status as well as their current personal and professional circumstances. Moreover, their in-depth knowledge of the Group is an incalculable asset during major strategic decision making.

- Over the course of the 2013 fiscal year, the Board of Directors met five times as convened by its Chairman. The average attendance rate of Directors at these meetings was 92.9%.

The Board approved the annual and half-yearly consolidated and parent company financial statements and expressed its opinions on subjects including the Group's major strategic guidelines and decisions, its budget, the compensation of company officers, the establishment of bonus share and performance share plans, the implementation of the share repurchase program, the authorization to give guarantees to third parties, the authorization to enter into various regulated agreements with related companies or with companies in which certain Directors hold Executive Management positions, and the renewal of the authorization to issue bonds. It also conducted an evaluation of its capacity to meet the expectations of shareholders, reviewing its membership, its organization, and its procedures. It amended the Charter of the Board of Directors so as to (i) permit Directors to take part in Board of Directors' meetings by videoconference or other means of telecommunication and (ii) clarify provisions relating to blackout periods affecting transactions carried out by Directors. It approved the proposed acquisition of a majority stake in Loro Piana. It amended the specific holding period requirements applying to performance shares granted to the Chairman and Chief Executive Officer and to the Group Managing Director under the plans set up between 2010 and 2012. It approved the sale of a building owned by the Group in London to a subsidiary of Christian Dior Couture. It approved a guarantee to be put in place for Marc Jacobs. Lastly, the Board was informed of the measures the Company has adopted as regards equal professional opportunity and pay.

- During its meeting of January 30, 2014, the Board of Directors reviewed its composition, organization and *modus operandi*. The Board came to the conclusion that its composition is balanced with regard to its percentage of external Directors, considering the breakdown of share capital, and the diversity and complementarity of the skills and experience of its members.

The Board noted that:

- the Directors are satisfied with the frequency of Board meetings and the quality of the information provided on such topics as strategic guidelines, current business activity, financial statements, budget and the three-year plan;
- attendance by Directors at Board meetings has improved again in 2013, with the rate rising from 91.3% in 2012 to 92.9% in 2013;
- the fact that at least one-third of the members of the Board of Directors are not French nationals ensures a wide range of visions and various sensitivities essential to a Group with a worldwide dimension;
- the Directors consider that the Board is fulfilling its role with respect to its objectives of increasing the Company's value and protecting its interests;
- the Directors have no observations on the Board's Charter, the rules for allocating Directors' fees or the minimum number of shares that each Director must hold; this is also the case regarding the composition of the two Committees and the quality of their work.

In addition, the Board of Directors reviewed the Group's policy to protect against the impact of future economic and financial developments.

1.3. Executive Management

The Board of Directors decided not to dissociate the roles of Chairman and Chief Executive Officer. It did not limit the powers vested in the Chief Executive Officer.

In response to the proposal of the Chairman and Chief Executive Officer, the Board of Directors appointed a Group Managing Director, Mr. Antonio Belloni, who was granted the same powers as the Chief Executive Officer.

1.4. Performance Audit Committee

The main tasks of the Performance Audit Committee are the monitoring of the process of preparing financial information, the effectiveness of internal control and risk management procedures, as well as the statutory audit of the individual company and consolidated financial statements by the Statutory Auditors. The Committee oversees the procedure for the selection of Statutory Auditors and ensures their independence.

The Committee currently consists of three members, two of whom are independent, appointed by the Board of Directors. The current members of the Performance Audit Committee are Messrs. Yves-Thibault de Silguy (Chairman), Nicholas Clive Worms and Gilles Hennessy, all of whom have, by virtue of their professional experience and their familiarity with financial and accounting procedures applicable to corporate groups, the expertise necessary to fulfill their responsibilities.

The Performance Audit Committee met four times in 2013. All of these meetings were attended by all of the members of the Committee.

Attendees at these meetings also included the Statutory Auditors, the Chief Financial Officer, the Director of Management Control, the Director of Internal Audit, the Director of Accounting, the Director of Tax, the Director of Legal Affairs, and depending on the issues discussed, the Financing and Treasury Director, the Director of Risk and Insurance Management, the Director of Operations and the Director of Environmental Affairs.

In addition to reviewing the annual and half-yearly parent company and consolidated financial statements, together with the detailed analysis of changes in the Group's activities and scope of consolidation, the Committee's work mainly addressed the following issues: internal control and management of major risks within the Group, the compilation and evaluation of assessments provided by Group companies on major risks and the action plans put in place to reduce these risks, the Company's significant off-balance sheet commitments, a review of the findings of the audit of exports by Group companies to China, the valuation of brands and goodwill, as well as the Group's environmental strategy. Presentations on these issues were made to the Committee by the Chief Financial Officer and other Directors involved.

As part of the review of the parent company and consolidated financial statements, the Statutory Auditors gave a presentation to the Committee covering the main audit issues identified and the accounting treatments adopted.

1.5. Nominations and Compensation Committee

The main responsibilities of the Nominations and Compensation Committee are to issue:

- proposals on compensation, benefits in kind, bonus shares and share subscription or purchase options for the Chairman of the Board of Directors, the Chief Executive Officer and the Group Managing Director(s) of the Company, as well as on the allocation of Directors' fees paid by the Company;
- opinions on candidates for the positions of Director, Advisory Board member, Group Executive Committee member or member of Executive Management of the Company's main subsidiaries.

It currently consists of three members, all independent, appointed by the Board of Directors. The current members of the Nominations and Compensation Committee are Messrs. Albert Frère (Chairman), Charles de Croisset and Yves-Thibault de Silguy.

The Nominations and Compensation Committee met three times during the 2013 fiscal year, twice with all of its members in attendance and once with two-thirds of its members in attendance. It (i) issued proposals on the fixed and variable remuneration of the Chairman and Chief Executive Officer and the Group Managing Director, as well as on the allocation of performance shares to the latter and (ii) gave its opinion on compensation, performance shares, and benefits in kind granted by the Company and its subsidiaries to certain Directors. It expressed a favorable opinion on agreements involving one of the Company's Directors. The Committee also issued an opinion on the renewal of Directors' appointments to be put to a vote at the Shareholders' Meeting. It proposed to amend the specific holding period requirements applying to performance shares granted to the Chairman and Chief Executive Officer and to the Group Managing Director under the plans set up between 2010 and 2012. The Committee received more detailed information, as requested, on compensation and incentive plans for the Group's senior executives.

In addition, the Committee issued an opinion on the status of all members with regard, in particular, to the independence criteria set forth within the AFEP/MEDEF Code.

Prior to the Board of Directors' meeting of January 30, 2014, the Committee issued recommendations, most notably on (i) the variable portion of compensation to be received for 2013 by the Chairman and Chief Executive Officer, the Group Managing Director, and other Directors receiving compensation from the Company or any of its subsidiaries, as well as on (ii) the fixed and variable compensation to be received by these same individuals for 2014. It examined all the appointments expiring in 2014 and expressed a favorable opinion on the candidacy of Ms. Marie-Laure Sauty de Chalon for membership on the Board of Directors, subject to a vote by the Shareholders' Meeting.

1.6. Advisory Board

Advisory Board members are invited to meetings of the Board of Directors and are consulted for decision-making purposes, although their absence cannot undermine the validity of the Board of Directors' deliberations.

They are appointed by the Shareholders' Meeting on the proposal of the Board of Directors and are chosen from among the shareholders on the basis of their competences.

The Advisory Board currently has three members: Messrs. Paolo Bulgari, Patrick Houël and Felix G. Rohatyn.

A resolution renewing the appointments of Messrs. Paolo Bulgari, Patrick Houël and Felix G. Rohatyn as Advisory Board members will be presented to the Shareholders' Meeting of April 10, 2014.

1.7. Participation in Shareholders' Meetings

The terms and conditions of participation by shareholders in Shareholders' Meetings, and in particular the conditions for the attribution of dual voting rights to registered shares, are defined in Article 23 of the Bylaws (see the "*Other information – Governance*" section of the Reference Document).

1.8. Information that could have a bearing on a takeover bid or exchange offer

Information that might have a bearing on a takeover bid or exchange offer, as required by Article L. 225-100-3 of the French Commercial Code, is published in the "*Management report of the Board of Directors* – Parent company: LVMH Moët Hennessy-Louis Vuitton" section of the Reference Document.

1.9. Compensation policy for company officers

Directors' fees paid to the members of the Board of Directors

The Shareholders' Meeting sets the total amount of Directors' fees to be paid to the members of the Board of Directors.

This amount is divided among the members of the Board of Directors and members of the Advisory Board, in accordance with the rule defined by the Board of Directors, based on the proposal of the Directors' Nominations and Compensation Committee, namely:

(i) two units for each Director or member of the Advisory Board;

(ii) one additional unit for serving as a Committee member;

(iii) two additional units for serving as both a Committee member and a Committee Chairman;

(iv) two additional units for serving as either Chairman or Vice-Chairman of the Company's Board of Directors;

with the understanding that the amount corresponding to one unit is obtained by dividing the overall amount allocated to be paid as Directors' fees by the total number of units to be distributed.

A portion of Directors' fees to be paid to its members is contingent upon their attendance at meetings of the Board of Directors and, where applicable, at those of the Committees to which they belong. A reduction in the amount to be paid is applied to two-thirds of the units described under (i) above, proportional to the number of Board Meetings the Director in question does not attend. In addition, for Committee members, a reduction in the amount to be paid is applied to the additional fees mentioned under (ii) and (iii) above, proportional to the number of meetings by Committee to which the Director in question participates which he or she does not attend.

In respect of the 2013 fiscal year, LVMH paid a total gross amount of 1,059,750 euros in Directors' fees to the members of its Board of Directors.

The Nominations and Compensation Committee is kept informed of the amount of Directors' fees paid to senior executive officers by the Group's subsidiaries in which they perform the role of company officers.

Other compensation

Compensation of senior executive officers is determined with reference to principles listed in the AFEP/MEDEF Corporate Governance Code for Listed Companies.

Compensation and benefits awarded to senior executive officers are mainly determined on the basis of the degree of responsibility ascribed to their missions, their individual performance, as well as the Group's performance and the achievement of targets. This determination also takes into account compensation paid by similar companies with respect to their size, industry segment and the extent of their international operations.

A portion of the compensation paid to senior executive officers of the Company is based on the attainment of both financial and qualitative targets. Quantitative and qualitative objectives carry an equal weighting for the purpose of determining the bonus of the Chairman and Chief Executive Officer; for the Group Managing Director, they carry the weighting of 2/3 and 1/3, respectively. The financial criteria are growth in revenue, operating profit and cash flow as compared to the budget, with each of these items representing one-third of the total determination. The qualitative criteria have been precisely established but are not made public for reasons of confidentiality. The variable portion is capped at 180% of the fixed portion for the Chairman and Chief Executive Officer and at 120% of the fixed portion for the Group Managing Director.

The breakdown of compensation and benefits awarded to the Chairman and Chief Executive Officer, and the Group Managing Director, is presented in the "*Management report of the Board of Directors* – Parent company: LVMH Moët Hennessy-Louis Vuitton" section of the Reference Document.

Pursuant to the provisions of Article L. 225-42-1 of the French Commercial Code, at its meeting on February 4, 2010, the Board of Directors approved the non-compete clause included in Mr. Antonio Belloni's employment contract – suspended during the duration of his mandate as Group Managing Director; this commitment not to compete for a twelve-month period provides for the payment of a monthly compensation equal to his monthly remuneration on the termination date of his functions, which would be supplemented by one twelfth of the last bonus received. Article 22 of the AFEP-MEDEF code recommending the termination of the employment contract of an employee, when appointed as a senior executive officer, does not apply to the Group Managing Director; a position he has held since September 26, 2001.

Notwithstanding this clause, no other senior executive officer of the Company currently benefits from provisions granting them a specific compensation payment should they leave the Company or derogations from the rules governing the exercise of options or the definitive allocation of bonus shares subject to performance conditions.

Senior executive officers or employees are eligible for stock option or bonus share plans instituted by the Company. The information relating to the allocation terms and conditions of these plans is presented in the "*Management report of the Board of Directors* – Parent company: LVMH Moët Hennessy-Louis Vuitton" section of the Reference Document.

The members of the Group's Executive Committee who are employees or senior executive officers of French subsidiaries, and who have been members of the Committee for at least six years, are entitled to a supplementary pension provided that they liquidate any pensions acquired under external pension plans immediately upon terminating their duties in the Group. This is not required however, if they leave the Group at the latter's request after the age of 55 and resume no other professional activity until their external pension plans are liquidated. This supplementary retirement benefit is determined, based on a reference remuneration amount equal to the average of the three highest amounts of annual remuneration received during the course of their career with the Group, capped at 35 times the annual social security ceiling. The annual supplemental retirement benefit is equal to the difference between 60% of the reference remuneration amount (i.e. 788,508 euros as of January 1, 2014) and all pension payments made by the general social security regime and the additional ARRCO and AGIRC regimes. Increases in provisions in 2013 for these supplemental retirement benefits are included in the amount shown for post-employment benefits under Note 31 of the consolidated financial statements.

An exceptional remuneration may be awarded by the Board of Directors to certain Directors, with respect to any specific mission with which they have been entrusted. The amount of this remuneration shall be determined by the Board of Directors and reported to the Company's Statutory Auditors.

2. IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

This section of the report draws upon the Reference Framework issued by the AMF on July 22, 2010 relating to processes for monitoring the effectiveness of risk management and internal control systems, including its general principles and application guidelines on the internal control of financial and accounting information. It takes into account changes in laws and regulations introduced since 2007, in particular the Law of July 3, 2008 and the Decree of December 8, 2008. In line with the measures implemented since 2008 following the publication of the first internal control reference guide, the Group reviewed in 2010 the extent to which its monitoring processes are consistent with this new framework and has decided to make use of the new suggested structure, for the drafting of this portion of the Chairman's report.

2.1. Scope, organizational and formalization principles

LVMH is comprised of five main business groups: Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing. Other activities comprise the media division managed by Les Echos group, the yacht builder Royal Van Lent, real estate activities and holding companies. The business groups are composed of companies of varying sizes owning prestigious brands and which act as the parent companies of subsidiaries operating worldwide.

This organizational structure ensures that the different brands of the Group maintain their independence, while facilitating cohesion between the companies with similar businesses. Decentralization and the responsibilities of senior executives are among the fundamental principles underlying the Group's organization.

The risk management and internal control policy applied across the Group is based on the following organizational principles:

- the parent company, LVMH SA, is responsible for its own risk management and internal control systems and acts as leader and coordinator on behalf of all Group companies. It makes available to all Group companies the single reference guide and methodology to be applied as well as a computer platform that centralizes all risk and internal control data and provides a framework for the structured coordination of these two fields (see §2.2.4 below);

- the President of a brand is responsible for the risk management and internal control of all the subsidiaries that contribute to developing the brand worldwide;
- each subsidiary's President is similarly responsible for their own operations.

In line with European directives and the Decree of December 8, 2008, the Group introduced changes in 2010 to the approach in use since 2003: this revised approach, known by the acronym ERICA, for Enterprise Risk and Internal Control Assessment, is a comprehensive process to improve and integrate risk management and internal control systems across the Group.

The main brands and business groups acknowledge their responsibility in relation to this process and the implemented systems each year by signing two letters of representation:

- a letter of representation covering both risk management and internal control procedures, signed on June 30. These letters signed by the President and by the Chief Financial Officer of each subsidiary and parent company are analyzed, followed up upon and consolidated at each superior level of the Group's organizational structure (Region, House, Business group) and then forwarded to the Finance Department and to the Audit and Internal Control Department. They are also made available to the Statutory Auditors. The June 30 deadline enables better integration into the planning cycle (strategic plan and budget);
- the annual letter of representation on financial reporting, including a paragraph devoted to internal control. The representation concerning internal control and the assessment of financial risks is thus extended to all of the transactions comprised within LVMH group's financial consolidation.

Since 2013, and depending on circumstances, entity Presidents have been required to provide information to the Performance Audit Committee on progress made in functions and activities under their supervision, achievements and benefits derived, as well as current action plans and the outlook for the following year.

In 2013, the Performance Audit Committee decided that the roll-out of this system to all entities of the LVMH group would be completed by June 30, 2015. A two-year grace period was granted to recently acquired entities to ensure that the new approach would only be applied once the integration process is complete. Accordingly, Loro Piana will be included in the scope of this assessment approach in 2015.

As of June 30, 2013, this self-appraisal system covered 69% of its operating entities and nearly 82% of Group revenue. This total includes both production and services companies, the regional holding companies as well as 11 central financial functions: Finance and Treasury, Tax, Consolidation, Financial Statements Closing, Interest and Exchange Rate Monitoring, Group Information Systems, Central Holding Company Information Systems, Financial Communication, Insurance, Management Control, and Mergers and Acquisitions.

2.2. Main risk management principles

2.2.1. Definition and objectives

According to the definition provided by the AMF's Reference Framework, risk represents the possibility of an event occurring that could affect the Company's personnel, assets, environment, objectives or reputation. The Group has defined a "major" risk as a risk with the potential to jeopardize either the continuity of operations or the attainment of its strategic objectives.

Risk management is understood to apply in this very broad sense, not solely to the financial realm, but also to the support of the longevity and excellence of our brands. It is a powerful management tool requiring the involvement of all Group senior executives, in accordance with the principle of delegation and organization presented above. The objectives of risk management are to:

- protect the value, assets and reputation of the Group and its brands;
- enhance the security of decision-making and operational processes, by way of a comprehensive perspective on the Group's potential threats and opportunities;
- promote consistency between the actions and the values of the brands;
- ensure that all employees embrace a shared vision of the main risks and challenges faced by our business activities.

2.2.2. Organization and components of the risk management system

Risks relating to our brands and business activities are managed at the level of each of our business groups and Houses. As part of the budget cycle and in connection with the preparation of the three-year plan, major risks affecting strategic, operational and financial objectives are systematically identified and evaluated, and a formal account of the conclusions reached, included in the corresponding sections of the reports issued.

Risk mitigation (in frequency and severity) is achieved through preventive actions, internal control actions, or through the implementation of business continuity plans or operational action plans. Depending on the types of risk to which a particular brand or entity is exposed, the latter may decide, in collaboration with the Group, to transfer residual risk to the insurance market or instead to assume this risk.

Specific monitoring procedures apply to some of the risks associated with the Group's businesses (damage to image or reputation, counterfeit goods and parallel markets, industrial and environmental risks, foreign currency and interest rate risk…); these risks are discussed in §2 "Business risk factors and insurance policy" of the "*Management report of the Board of Directors* – LVMH group" included in the Reference Document.

Finally, as a complement to these processes, and in order to institute a single approach for all brands, the Group is pursuing a project launched in 2010 that seeks to create a formal framework for risk management and internal control called ERICA, which is discussed in §2.2.3 below.

Discussion forums are organized by the Internal Control department for the main risk categories selected by most of the participants. These forums bring together risk managers, operational staff and internal control managers and have thus helped facilitate the sharing of best practices across the Group.

2.2.3. Establishment of formal procedures for the ERICA system

The ERICA project provides structure and formal guidelines for risk management within the Group, by offering:

- a framework: each business group or business unit included in the project determines its own roles and responsibilities with regard to a defined approach, as well as the eventual criticality;
- a process for the identification, analysis and handling of risks backed by a single Group-wide reference guide and methodology;
- action plan coordination and implementation to establish or reinforce coverage mechanisms;
- a follow-up on the effectiveness of existing control systems with regular reviews of the level of exposure to identified risks.

This project will be implemented at all Group entities as of June 30, 2015. The approach is intentionally pragmatic and gradual, beginning with an in-depth focus on several major risks, with action plans rolled out to brands and subsidiaries according to the nature of the risks selected: to date, the Management Committees of each business unit and of the regional holding companies have selected an average of six major risks among the 42 identified in the LVMH risk framework.

To reinforce the system's effectiveness, the Performance Audit Committee has decided that each business unit should include six other key risks in its risk map (media risk, supplier risk, supply shortage risk, site accident risk, sensitive data loss or theft risk, and property damage or theft of merchandise).

2.2.4. Coordination of risk management with internal control

Risk management and internal control systems jointly exert the necessary oversight over risks linked to the Group's businesses.

The **risk management system** aims to identify and analyze the principal risks that could affect the Group. Risks that exceed the acceptable levels are evaluated and, if deemed necessary, are addressed through specific action plans. These plans may call for the implementation of controls, a transfer of the financial consequences (through insurance or an equivalent mechanism) or an adaptation of the entity's organization. The controls to be implemented are part of the internal control system, which also serves to guarantee their effectiveness.

For its part, the **internal control system** relies on the risk management system to identify the main risks and principles that need to be controlled.

This coordination between these two systems has been reflected in both:

- the new application features added to the ERICA evaluation platform;
- and the reference guide of major risks, with a presentation for each major risk of the coverage measures in the internal control reference guide.

This coordination is also reflected in the "Risk factors" chapter of the "*Management report of the Board of Directors* – LVMH group": for each type of risk discussed, this report presents the evaluation approach and the control systems implemented and monitored by the Group or the brands involved.

2.3. General internal control principles

2.3.1. Definition and objectives

The Group uses an internal reference guide which is essentially consistent with COSO 3 principles (Committee of Sponsoring Organizations of the Treadway Commission) together with the new Reference Framework of the AMF.

Therefore, at the behest of the Board of Directors, the Performance Audit Committee, Executive Management and other senior managers of the Houses and their subsidiaries and as specified in this reference guide, internal control implies a set of resources, behaviors, procedures and actions adapted to the individual characteristics of each Group company that:

- contributes to control over its activities, the efficiency of its operations and the efficient use of its resources;
- must enable the entity to appropriately assess significant operational, financial and compliance risks.

More specifically, internal control aims to provide reasonable assurance with respect to the achievement of the following objectives:

- compliance with applicable laws and regulations;
- the implementation of instructions and directions given by the Executive Management of the Group and the Management of operational units (the Houses or brands and their subsidiaries);
- the proper functioning of internal processes, especially those relating to the protection of assets and the value of capital;
- the reliability of financial and accounting information.

The internal control system thus comprises a range of control procedures and activities over and above those directly connected to the financial and accounting system; as it aims to ensure the control and continuity of all existing and new activities, the system must enable the management of the Houses and subsidiaries to focus fully on the strategy, development and growth of the Group.

Limits of internal control

No matter how well designed and applied, the internal control system cannot provide an absolute guarantee that the Group's objectives will be achieved. All internal control systems have their limits, most notably because of the uncertainty of the outside world, individual judgment or malfunctions as a result of human or other errors.

The structure of the Group, which comprises a large number of subsidiaries with widely varying missions and purposes, some of which are relatively small in size, which is a specific risk factor.

2.3.2. Internal control components

The Group's internal control system includes five closely interrelated components:

- a general control environment, based on clearly defined and appropriate roles and responsibilities;
- a risk management system;
- appropriate control activities, procedures and documentation;
- an information and communication system that enables responsibilities to be exercised efficiently and effectively;
- a continual monitoring of the system.

All of these elements are centrally managed and coordinated, but they are also reviewed each year by the larger entities within the Group, through the established self-assessment procedure in place.

2.3.3. The general control environment

The internal control mechanism, which applies to all of LVMH's operations, aims primarily to create appropriate conditions for a general internal control environment tailored to the Group's specificities. It also aims to anticipate and control the risk of errors and fraud, without however guaranteeing their complete elimination.

The Group has always expressed its determination with regard to these fundamentals, which are the management's commitment to integrity and ethical behavior, the principle of honesty in relations with customers, suppliers, employees and other business partners, clear organizational structures, responsibilities and authorities defined and formalized according to the principle of the segregation of duties, regular monitoring of staff performance, and a commitment to skills management and the professional development of Group employees.

These ethical and good governance principles are included in the LVMH Code of Conduct, which has been distributed since May 2009 to all Group employees and is available on the LVMH website. This Code of Conduct serves as the common foundation and source of inspiration in this area for all of our brands or business lines. In particular, in the Houses, the Group recommends and oversees the implementation of codes of conduct, supplier charters, formalized procedures for declaring and monitoring conflicts of interest, and the implementation of delegation matrices that outline the responsibilities and powers of each employee.

The Group's commitment to social and environmental responsibility is promoted in house via an Intranet website ("LVMH Mind") where registered users can consult recommendations, procedures, tools and best practices. On this website employees can also find the LVMH Code of Conduct, the Environmental Charter first adopted in 2001 and the Supplier Charter introduced in 2008, which ensure compliance across the entire supply chain with strict guidelines. These charters and codes of conduct are also available on the LVMH website.

Skills management is a significant aspect of internal control. LVMH pays special attention to matching employees' profiles with corresponding responsibilities, formalizing annual performance reviews at individual and organizational level, ensuring the development of skills through training programs custom-designed for each level of seniority and encouraging internal mobility. Personnel reports are produced monthly by the Group's Human Resources Department, presenting changes in staff and related analyses as well as vacancies and internal movements. A dedicated Intranet site "LVMH Talents" also exists, which is for the use of Group Human Resources.

Since 2011, at the initiative of the Audit and Internal Control Department, the Group's brands have worked to strengthen their business continuity plans (BCPs). In 2012 and 2013, a questionnaire was disseminated to all of the Group's significant entities; training sessions and exchanges of BCP best practices have been held at the majority of Group companies. Sustained efforts will be required to further develop these procedures and ensure that they continue to meet the Group's requirements.

Furthermore, meetings for the sharing of best practices were organized in 2012 and 2013 on a range of issues: delegations of authority, payment processes (approval of payments, segregation of duties, signatures and banking delegations, secure payment flows), and the system for managing and controlling staff arrivals and departures.

2.3.4. Risk management

The risk management system is described in §2.2 Main risk management principles.

Since the launch of the Group's new approach to risk, all executive-level personnel responsible for risk management procedures across the Group have had access via the Finance Intranet to procedures and tools designed for the assessment, prevention and coverage of risks, together with the information provided by the Risk Management and Insurance Department.

Employees involved in risk management issues also take part in a community dedicated to these concerns on the Group's enterprise collaboration portal.

2.3.5. Control activities, procedures and documentation

Internal control practices and procedures are implemented by the companies' internal control managers under the responsibility of their Management Committees.

Through its Finance Intranet, the Group disseminates all of the regularly updated procedures contributing to accounting and financial information applicable to all the consolidated companies, covering: accounting and financial procedures and principally the accounting policies and standards, consolidation, taxation, investments, financial reporting (including budgetary procedures and strategic plans), cash flow and financing (including cash pooling, foreign exchange and interest rate hedging). The procedures available on the Finance Intranet also detail the format, content and frequency of financial reports.

The Finance Intranet is also used for the dissemination of Internal Control principles and best practices:

- a top-level guide, "The Essentials of Internal Control", describes the bases of the general environment and the salient features of the main processes: Sales, Retail Sales, Purchases, Inventory, Financial Statements Closing and Information Systems (general IT controls);
- in addition to this manual, the LVMH internal control reference guide covering a wide range of business processes has also been made available. This reference guide details, for each risk arising from a given process, the key control activities expected. This reference guide is regularly updated to take into account developments in information systems and procedures. Originally established in accordance with COSO principles, the reference guide covers most of the measures relating to the preparation of accounting and financial information that are also included in the Reference Framework of the AMF;
- best practices and implementation tools are available online via this Intranet site, covering the issues emphasized by the Group: fraud, conflicts of interest, delegations of authority, business continuity plans, IT disaster recovery plans, policies and guidelines for information system security, exception reports, the segregation of duties and resulting conflicts relating to sensitive transactions, the control of media expenses, and best practices in store.

The Group and its internal control managers in the Houses ensure the implementation of controls that are essential to achieving the key process internal control objectives, where necessary. The managers are asked to make a special effort in relation to the documentation of key activities in the form of a procedure, so as to ensure consistent quality over time, regardless of the person implementing them.

The activities relating to the control and remediation of internal control weaknesses are reflected, documented and tracked as part of the management process that guides all of the Group's core entities (cf. §2.3.7).

The Group's Guidelines may also be found on the Finance Intranet, together with specially designed tools for the evaluation, prevention and coverage of risks. These materials may be accessed by all personnel involved in the application of the Group's risk management procedures.

Employees involved in internal control issues also take part in a community dedicated to these concerns on the Group's enterprise collaboration portal.

2.3.6. Information and communication systems

The strategic plans in terms of information and communication systems are coordinated by the Information Systems Department, which ensures the standardization of the solutions implemented as well as business continuity. Aspects of internal control (segregation of duties and access rights) are integrated when employing new information systems and these are regularly reviewed.

The information and telecommunications systems and their associated risks (physical, technical, internal and external security, etc.) are also subject to special procedures: a Business Continuity Plan methodology tool kit has been distributed within the Group in order to define, for each significant entity, the broad outline of such a plan as well as those of a Disaster Recovery Plan. A Business Continuity Plan and a Disaster Recovery Plan have been developed at the level of the parent company LVMH SA and both plans have been tested.

All significant entities have appointed a Chief Information & Security Officer (CISO). The activities of the CISOs are coordinated by the Group CISO. Together they constitute a vigilance network to monitor the development of risks affecting information systems, and implement adequate defenses depending on the likelihood of a given type of risk and its potential impact.

An overall approach of intrusion testing has also been applied to evaluate internal and external threats as well as third-party risks. Action plans are followed by the Group Information Systems Department.

2.3.7. Continuous monitoring of the internal control systems

There are several levels of monitoring, the main ones being:

Ongoing monitoring of the processes

Monitoring is organized by the operational departments in order to anticipate or detect incidents as soon as possible. Exception reports are used to determine whether corrective actions are required based on a departure from normal operating conditions, as a complement to preventive measures, such as the segregation of duties.

Periodic monitoring of the mechanism

Periodic monitoring is performed by management and by the internal auditors and Statutory Auditors:

- by management or operational staff under the responsibility of the internal control managers. The final deliverable of this supervision is the letter of representation on risk management and internal control; it is signed by the Chairman and CFO or by each member of the Management Committee of each significant entity, confirming their acceptance of responsibility for internal control, in connection with the relaying of information on areas of weakness and the remedies pursued (see §2.1);

- by LVMH Internal Audit and Statutory Auditors, who provide management of the entities and the Executive Management of the Group with the results of their review work and their recommendations. The overall review of the ERICA system and the qualitative analysis of self-assessments is an integral part of the audits conducted by the Internal Audit team at all audited entities.

The Management of each significant entity carries out an annual self-assessment process.

Self-assessment is based on the LVMH internal control reference guide. This reference guide covers 12 key processes: Sales, Retail Sales, Purchases, Licenses, Travel and Movements, Inventory, Production, Cash Management, Fixed Assets, Human Resources, Information Systems and Financial Statements Closing. Specific processes have been developed to reflect the particular needs of certain activities (*Eaux-de-vie* and Vineyard Land for Wines and Spirits, End-of-Season Operations for Fashion and Leather Goods, Concessions for Duty-Free businesses).

In addition, at the level of the parent company LVMH SA and the Group, the eleven key processes listed in §2.1 are analyzed to determine the related risks, action plans are subsequently defined and followed-up, so as to remediate any weaknesses.

The self-assessment approach involves a single list of 83 key controls drawn up by the Group's Internal Control team and extracted from the internal control framework described above. Each entity follows the same methodology, which has been in use since 2006:

- a review of shortcomings and a follow-up by the entity's senior managers of the measures implemented to remediate these weaknesses;
- the formal documentation of this review and assessment process as well as that of the resulting action plans in the internal control data modeling and guidance tool, which has also been adopted by other CAC 40 companies;
- the signing of the letter of representation by the Management of each entity.

The letters of representation are consolidated and "cascaded", from the subsidiaries to the parent companies, and from the parent companies to the Group.

Work and assessments performed by senior executives

These internal control formalization procedures are carried out on an internal basis. This approach maximizes the involvement of operational managers, capitalizing on their knowledge and facilitating the process of continuous improvement of internal control over time within the Group. The Group's external Auditors are kept informed on the progress of this approach, as is the Performance Audit Committee, by means of regular reports.

2.4. Risk management and internal control stakeholders

In addition to the contribution of all Group employees to the success of these systems, the following participants fulfill specific roles with respect to internal control:

At Group level

Board of Directors

As part of the responsibilities described above, the Board of Directors contributes to the general control environment through its underlying professional principles: the savoir-faire and responsibility of its members, the clarity and transparency of its decisions, and the efficiency and effectiveness of its controls. The Company refers to the AFEP/MEDEF Code of Corporate Governance for Listed Companies, for guidance.

The Board of Directors is kept informed on a regular basis of the specific nature of risk management and internal control systems and procedures, and ensures that major risks, which are disclosed in its Management Report, are properly taken into account (see §2 Business risk and insurance policy).

Also at regular intervals, the Board and its Performance Audit Committee receive information on the results of the operation of these systems, any weaknesses noted and the action plans decided with a view to their resolution.

Executive Committee

The Executive Committee, comprised of executive, operational and functional directors, defines strategic objectives on the basis of the orientations decided by the Board of Directors, coordinates their implementation, ensures that the organization adapts to changes in the business environment, and oversees both the definition and the accomplishment of the responsibilities and delegations of authority of Executive Management.

Performance Audit Committee

As part of its responsibilities described above, the Performance Audit Committee controls the existence and application of internal control procedures. It also examines the results of the work of Internal audit and approves annual and midterm internal auditing orientation in terms of resources and geographic, business and risk coverage. The Committee also receives information on the management of major risks.

Legal Department

The Group's Legal Department is responsible for monitoring the proper application of laws and regulations in force in each of the countries where LVMH group has operations. It also fulfils a central legal review function and provides advice on legal matters as required by each of LVMH group's business groups.

The Risk Management and Insurance Department

Apart from the operational managers, who are responsible for the risks inherent to their businesses, the Risk Management and Insurance Department ensures that Group companies have access to tools and methodologies for the identification and evaluation of risks, promotes effective loss prevention practices, and advises on risk coverage and financing strategies.

The Risk Management and Insurance Department collaborates with the Internal Audit team on the definition and implementation of evaluation methods and processes for handling certain major or large-scale risks.

The Audit and Internal Control Department

As of December 31, 2013, the Audit and Internal Control Department had a staff of some fifteen professionals, including two individuals responsible for the management of internal control. Although this team's supervision is centralized, its members operate out of two offices in Paris and Hong Kong and are active throughout the Group.

Between forty and fifty audit assignments are carried out each year. As planned, nearly 80 entities were covered in 2013, divided equally between regions and business groups, with slightly increased coverage of Fashion and Leather Goods and the Asia region in 2013.

Follow-ups on recommendations made in the context of past assignments are reinforced through systematic on-site visits to companies with the most significant issues.

The Internal Audit team applies a multi-year audit plan, which is revised each year. The multi-year audit plan allows the degree to which the internal control system has been understood and assimilated to be monitored and reinforced where necessary, and ensures the appropriate application of the procedures that are in place. The audit plan is prepared on the basis of an analysis of potential risks, either existing or emerging, by type of business (such as size, contribution to profits, geographical location, quality of local management, etc.) and on the basis of meetings held with the operational managers concerned. Internal Audit intervenes both in operational and financial matters. A review of the self-assessment process and its results is performed systematically for the significant entities involved.

The plan can be modified in response to changes in the political and economic environment or internal strategy.

Internal Audit reports on its work to management of the entity concerned and to Executive Management of the Group by way of an Executive Summary and a detailed report explaining its recommendations and setting out managers' commitment to apply them within a reasonable period of time. Internal Audit sends copies of the reports that it issues to Statutory Auditors and meets with them periodically to discuss current internal control issues.

The main features of the annual and multi-year audit plan, together with the main conclusions of the year under review and the follow-up of the main recommendations of previous assignments, are presented to the Performance Audit Committee and to the business groups concerned.

Moreover, Internal Audit has coordinated the Group's compliance with LSF (French Financial Security Act) internal control measures, and has devoted a specific management team to internal controls. This team monitors and anticipates regulatory changes so that the measures can be adapted.

The Group's internal control management team coordinates a network of internal controllers responsible for ensuring compliance with the Group's internal control procedures and for preparing internal controls, tailored to their businesses. These internal control managers are responsible for the various projects related to the internal control and risk management system and promote the dissemination and application of guidelines.

At subsidiary level

Management Committees

The Management Committee within each subsidiary is responsible for implementing the procedures necessary to ensure an effective internal control mechanism for its scope of operations. The fact that operational managers are personally accountable for internal controls, in each company and in each of the key business processes, is a cornerstone of the internal control system.

The Management Committees of brands or entities are responsible for the implementation of action plans for the management of the major risks they identify and evaluate in the course of internal control self-assessment, for their scope of operations.

Auditors and internal control managers at our brands

The most significant business groups and business units have dedicated in-house auditors or internal control managers whose role is to ensure compliance with the Group's internal control rules and reference guide by the organization of parent companies and their subsidiaries.

2.5. Risk management and internal control procedures related to financial and accounting information

2.5.1. Organization

Risk management and internal controls of accounting and financial information are organized based on the cooperation and control of the following departments, which are all part of the Finance Team: Accounting and Consolidation, Management Control, Information Systems, Corporate Finance and Treasury, Tax and Financial Communication.

Accounting and Consolidation is responsible for preparing and producing the individual company accounts of the holding companies and the consolidated financial statements, in particular the financial statements and financial documents published as of June 30 (the interim report) and as of December 31 (the Reference Document).

To this end, Accounting and Consolidation defines and disseminates the Group's accounting policies, monitors and enforces their application and organizes any related training programs that may be deemed necessary. Accounting and Consolidation also ensures that an appropriate financial reporting information system is maintained, while also coordinating the work of the Group's Statutory Auditors.

Management Control is responsible for coordinating the budget process and its revisions during the year as well as the five-year strategic plan. It produces the monthly operating report and all reviews required by Executive Management (see below §2.5.4 Management reporting); it also tracks capital expenditures and cash flow, as well as producing statistics and specific operational indicators.

By virtue of its area of competence and the high standards of the reports it produces, Management Control is an important and inevitable participant in the internal control and financial risk management system.

Information Systems designs and implements the information systems needed by the Group's central functions. It disseminates the Group's technical standards, which are indispensable given the decentralized structure of the Group's equipment, applications, networks, etc., and identifies any potential synergies between businesses, while respecting brand independence. It develops and maintains a telecommunications system, IT hosting platforms, and transversal applications shared by all entities in the Group. It drives policies for system and data security and helps the brands prepare emergency contingency plans. In cooperation with the subsidiaries, Information Systems supervises the creation of three-year plans for all information systems across the Group, by business group and by entity.

Corporate Finance and Treasury is responsible for applying the Group's financial policy, which includes effective balance sheet management, financing strategies, the monitoring of financing costs, returns on cash surpluses and investments, improvements to financial structure, and prudent management of solvency, liquidity, market and counterparty risks. Within this department, International Treasury focuses particularly on pooling the Group's surplus cash and forecasts the financing requirements of Group companies on the basis of quarterly updates prepared by these companies, while meeting the short, medium term liquidity and financing requirements of subsidiaries. It is also responsible for applying a centralized foreign exchange risk management strategy.

The Markets department, which is also in this department, is delegated the responsibility of implementing the policy of hedging market risks generated directly or indirectly by Group companies. In that respect, it is responsible for applying a centralized interest rate risk and counterparty risk management strategy, designed to limit the negative impact of interest rate fluctuations and of counterparty credit risk in financial transactions and investments.

To this end, a management policy and strict procedures have been established to measure, manage and consolidate these market risks. Within this team, the separation of Front office and Back office activities, combined with an independent control team reporting to the Accounting Director allow for a greater segregation of duties. This organization relies on an integrated computerized system allowing real-time controls on hedging transactions. The hedging mechanism is periodically presented to the Performance Audit Committee. Hedging decisions are taken by means of a clearly established process that includes regular presentations to the Group's Executive Committee and detailed documentation.

The **Tax** team, which coordinates the preparation of tax returns and ensures compliance with applicable tax laws and regulations, provides advice to the different business groups and companies and defines tax planning strategy based on the Group's operational requirements. It organizes appropriate training courses in response to major changes in tax law and coordinates the uniform reporting system for tax data.

The **Financial Communication** department is responsible for coordinating all information issued to the financial community to enable it to acquire a clear, transparent and precise understanding of the Group's performance and prospects. It also provides Executive Management with the perspectives of the financial community on the Group's strategy and its positioning within its competitive environment. It defines the key messages to be communicated in close collaboration with Executive Management and the business groups. It harmonizes and coordinates the distribution of corporate messages through various channels (publications such as the annual and half-yearly reports, financial presentations, meetings with shareholders and analysts, the website, etc.)

Each of these departments coordinates the financial aspects of the Group's internal control in its own area of activity via the finance departments of business groups, the main companies and their subsidiaries, which are in charge of similar functions in their respective entities. In this way, each of the central departments runs its control mechanism through its functional chain of command (controller, head of accounting, consolidation manager, Treasurer, etc.).

The finance departments of the main companies of the Group and the Departments of the parent company, LVMH, described above periodically organize joint finance committees. Run and coordinated by the Central Departments, these committees deal particularly with applicable standards and procedures, financial performance and any corrective action needed, together with internal controls applied to accounting and management data.

2.5.2. Accounting and management policies

Subsidiaries adopt the accounting and management policies considered as appropriate for the individual company and consolidated financial statements. A consistent set of accounting standards is applied throughout, together with consistent formats and tools to submit data to be consolidated. Accounting and management reporting is also carried out through the same system, thus ensuring the consistency of internal and published data.

2.5.3. Consolidation process

The consolidation process is laid out in a detailed set of instructions and has a specially adapted data submission system designed to facilitate complete and accurate data processing, based on a consistent methodology and within suitable timeframes. The Chairman and CFO of each company undertake to ensure the quality and completeness of financial information sent to the Group – including off-balance sheet items – in a signed letter of representation which gives added weight to the quality of their financial information.

There are sub-consolidations at business unit and business group level, which also act as primary control filters and help ensure consistency.

At Group level, the teams in charge of consolidation are specialized by type of business and are in permanent contact with the business groups and companies concerned, thereby enabling them to better understand and validate the reported financial data and anticipate the treatment of complex transactions.

The quality of financial information, and its compliance with standards, are also guaranteed through ongoing exchanges with the Statutory Auditors whenever circumstances are complex and open to interpretation.

2.5.4. Management reporting

Each year, all of the Group's consolidated entities produce a strategic plan, a complete budget and annual forecasts. Detailed instructions are sent to the companies for each process.

These key steps represent opportunities to perform detailed analyses of actual data compared with budget and prior year data, and to foster ongoing communication between companies and the Group – an essential feature of the financial internal control mechanism.

A team of controllers at Group level, specialized by business, is in permanent contact with the business groups and companies concerned, thus ensuring better knowledge of performance and management decisions as well as appropriate controls.

The half-yearly and annual financial statements are closed out at special results presentation meetings, in the presence of the Group's financial representatives and the companies concerned, during which the Statutory Auditors present their conclusions with regard to the quality of financial and accounting information and the internal control environment of the different companies of the Group, on the basis of the work that they performed during their review and audit assignments.

Conclusions

The LVMH group is pursuing its policy of constantly improving its internal controls, which it has carried out since 2003, by bolstering the self-appraisal system and its adoption by the main stakeholders.

In response to changes in regulatory requirements, the Group has been rolling out the ERICA project since 2010: an approach integrating risk management internal control, which has been extended to reach to all entities since 2011.

3. STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF LVMH MOËT HENNESSY - LOUIS VUITTON

To the Shareholders,

In our capacity as Statutory Auditors of LVMH Moët Hennessy - Louis Vuitton and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code for the fiscal year ended December 31, 2013.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by Article L. 225-37 of the French Commercial Code 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. 225-37 of the French Commercial Code. 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 may 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 Board of Directors in accordance with Article L. 225-37 of the French Commercial Code.

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, February 18, 2014

The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG et Autres	
Thierry Benoit	Jeanne Boillet	Gilles Cohen

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.