

**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, Remuneration and Governance Committee at its meeting of 1 March 2017 and by the Audit Committee at its meeting of 2 March 2017 for matters within their remit.

All preparatory work for this report (including interviews with Management) was presented to the Supervisory Board which approved the terms of the report at its meeting of 8 March 2017.

### 1. MEMBERSHIP OF THE SUPERVISORY BOARD

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

The following chart illustrates these objectives:



(\*) Media/Distribution/Innovation/New technologies.

(\*\*) Legal/Governance/Social relations/Diversity.

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

A review of each member of the Supervisory Board's position by the Appointments, Remuneration and Governance Committee has concluded that all Supervisory Board members qualify as independent members in the light of the criteria for independence, applied by the Supervisory Board and contained in the Afep-Medef

Around a quarter of Board members are replaced or re-appointed each year. Members are appointed for a maximum term of four years.

At 31 December 2016, the Board comprised 15 members: Xavier de Sarrau (Chairman), Nathalie Andrieux, Martine Chêne, Georges Chodron de Courcel, François David, Yves Guillemot, Pierre Lescure, Jean-Claude Magendie, Soumia Malinbaum, Hélène Molinari, Javier Monzón, François Roussely, Aline Sylla-Walbaum, Susan M. Tolson and Patrick Valroff.

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

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

Corporate Governance Code for Listed Companies, which it has taken as a benchmark framework for analysis (see table below).

The Supervisory Board has concluded that in the absence of any financial transactions between Messier Maris and the Group, François Roussely continues to qualify as an independent member irrespective of his appointment as partner at that bank.

As set out in the table below, none of the Board members has any business relationships with the Group.

**Summary table of Supervisory Board members' compliance with the independence criteria set out in the Afep-Medef Corporate Governance Code at 31 December 2016**

	X. de Sarrau	N. Andrieux	M. Chêne	G. Chodron de Courcel	F. David	Y. Guillemot	P. Lescure	J.C. Magendie	S. Malinbaum	H. Molinari	J. Monzón	F. Roussely	A. Sylla-Walbaum	S. Tolson	P. Valroff
<b>Independence criteria set out in the Afep-Medef Corporate Governance Code and applied by the Supervisory Board</b>															
Not to be an unprotected employee or executive corporate officer of the Company or its parent company or a company that it consolidates, and not to have been in such a position for the previous five years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to be an executive corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive corporate officer of the Company (currently in office or having held such office for less than five years) is a director or member of the Supervisory Board	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to be, directly or indirectly, related to a customer, supplier, investment or commercial banker: ▶ that is material to the Company or the Group, ▶ or for which the Company or the Group represents a significant proportion of its business	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to be related by close family ties to a Managing Partner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to have been an auditor of the Company within the previous five years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to hold, directly or indirectly, 10% or more of the share capital or voting rights of the Company or of the Group or be related in any way whatsoever to a shareholder with an investment greater than 10% of the Company or a Group company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Conclusion	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent
<b>Independence criteria set out in the Afep-Medef Corporate Governance Code and not applied by the Supervisory Board</b>															
Not to have been a member of the Supervisory Board for more than twelve years	✓	✓	✓	X	✓	✓	X	✓	✓	✓	✓	X	✓	✓	✓

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

The terms and conditions of the Supervisory Board's organisation and operations are set out in its internal rules (updated on 30 November 2016), 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, the Group or its Management that could compromise their freedom of judgement or participation in the work of the Board. It lists a number of criteria, which form a framework for determining whether or not a member may be considered independent;
2. **The annual number of meetings:** a schedule for the coming year is fixed annually, based on a proposal by the Chairman;
3. **The duties of each member:** apart from the fundamental duties of loyalty, confidentiality and diligence, members' obligations also concern knowledge of the law, regulations and statutory provisions, ownership of a significant number of shares, declaration to the Board of any conflict of interest and regular attendance at meetings;
4. **Trading in shares of the Company and its subsidiaries:** as Board members have access to inside information and in-depth knowledge on certain aspects of the life of the Company and Group, they are expected to refrain from trading in Company shares, except within the following constraints contained in the Board's internal rules:
  - ▶ no trading in shares may take place during certain defined periods;
  - ▶ it is recommended that acquisitions should take place once a year, at the end of the Annual General Meeting, in the form of a block purchase carried out through the Company by each Board member;
  - ▶ the Chairman, Managing Partners and the French financial markets authority (*Autorité des marchés financiers* – AMF) must be informed of any transactions in shares within three 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, Remuneration and Governance 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 position 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. During these meetings, the Committees report to the Board on their work. The Supervisory Board defines an annual schedule for its meetings, four of which are planned for 2017. During 2016, the Supervisory Board met four times with an attendance rate of 93% at each meeting (see attendance table below):

- ▶ on 9 March, mainly to review 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 its report to the shareholders. During this meeting, the Supervisory Board unanimously approved the re-appointment of Arjil Commanditée-Arco – represented by Arnaud Lagardère (Chairman and Chief Executive Officer), Pierre Leroy (Deputy Chairman and Chief Operating Officer) and Thierry Funck-Brentano (Chief Operating Officer) – as Managing Partner for a six-year term. Further to the recommendation of the Appointments, Remuneration and Governance Committee, the Supervisory Board also decided to approve the conditions for awarding performance shares to the executive corporate officers and reviewed the agreement signed and authorised during a previous year that remains in effect;
- ▶ on 8 June, to review recent developments within the Group, in particular relating to human resources at Lagardère Active (presentation given by Denis Olivennes), and the situation at Hachette Livre (presentation given by Arnaud Nourry, Marie-Claire Wastiaux and Ronald Blunder);
- ▶ on 7 September, mainly to review the interim parent company and consolidated financial statements and the business position and outlook. A presentation was also given on the Group Innovation Network, and the work plan for 2017 approved;
- ▶ on 30 November, to review the Group's general situation and strategy. Thierry Funck-Brentano gave a presentation on the Group's human resources policy, and Dag Rasmussen discussed recent developments in the Lagardère Travel Retail division. The findings of the self-assessment of the operation and membership of the Supervisory Board and its Committees were also presented. Lastly, the Board amended its internal rules to bring them into line with the European regulation on market abuse, which was recently introduced.

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

In June 2016, the Supervisory Board convened for a seminar during which its members discussed the Group's strategy. Presentations were also given on some of the Group's business lines, including publishing, televisual production and the women's segment, as well as related advertising.

**Members' attendance at Supervisory Board and Committee meetings in 2016**

Member of the Board	Attendance rate at Supervisory Board meetings	Attendance rate at Audit Committee meetings	Attendance rate at Appointments, Remuneration and Governance Committee meetings
Nathalie Andrieux	100%	83%	
Martine Chêne	100%		
Georges Chodron de Courcel	75%		100%
François David	100%	83%	100%
Yves Guillemot	100%		
Pierre Lescure	75%		60%
Jean-Claude Magendie	100%		
Soumia Malinbaum	100%		100%
Hélène Molinari	100%		100%
Javier Monzón	100%		
François Roussely	75%		
Xavier de Sarrau	100%	100%	
Aline Sylla-Walbaum	100%	83%	
Susan M. Tolson	75%		
Patrick Valroff	100%	100%	

### 3. SUPERVISORY BOARD COMMITTEES

#### 3.1 AUDIT COMMITTEE

<b>Members</b>	<p><b>Members at 31 December 2016:</b></p> <ul style="list-style-type: none"> <li>▶ <b>Xavier de Sarrau (Chairman)</b></li> <li>▶ <b>Nathalie Andrieux</b></li> <li>▶ <b>François David</b></li> <li>▶ <b>Aline Sylla-Walbaum</b></li> <li>▶ <b>Patrick Valroff</b></li> </ul> <p>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 expertise of the members of the Audit Committee is described at length in section 7.2.3 of the Reference Document.</p> <p>At 31 December 2016, all the Audit Committee's members were independent (see table above).</p>
<b>Main tasks</b>	<p>The Committee applies all of the recommendations contained in the AMF working group's report of 22 July 2010, with the exception of those that it does not deem relevant with regard in particular to the tasks specific to a Supervisory Board of a French partnership limited by shares (<i>société en commandite par actions</i> – SCA), and thereby:</p> <ul style="list-style-type: none"> <li>▶ reviews the accounts and the consistency of the accounting methods used for the Lagardère SCA parent company and consolidated financial statements, and monitors the process for preparing financial information;</li> <li>▶ monitors the audit of the parent company and consolidated financial statements by the Statutory Auditors;</li> <li>▶ monitors the Statutory Auditors' independence;</li> <li>▶ issues a recommendation on the Statutory Auditors nominated for re-appointment at the General Meeting;</li> <li>▶ ensures that the Company has internal control and risk management procedures, particularly procedures for (i) the preparation and processing of accounting and financial information used to prepare the accounts, (ii) risk assessment and management, (iii) compliance of 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;</li> <li>▶ monitors the efficiency of internal control and risk management systems;</li> <li>▶ examines all matters pertaining to internal auditing of the Company and its activities, the audit plan, organisation, operation and implementation;</li> <li>▶ reviews agreements directly or indirectly linking the Group and the senior managers of Lagardère SCA: the executive corporate officers' salaries are paid by Lagardère Capital &amp; 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 this task to the Audit Committee, which includes the amount of expenses invoiced under the contract, essentially comprising the Managing Partners' remuneration.</li> </ul> <p>In application of its internal rules, the Audit Committee meets at least four times a year.</p> <p>The Chairman of the Audit Committee reports to the members of the Board on the work conducted by the Audit Committee.</p> <p>The members of the Audit Committee interview the Group's main senior executives 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 and to consult external experts.</p>

**Main activities in 2016**

During 2016, the Audit Committee met six times with an average attendance rate of 90%, it being specified that two meetings to review the annual and interim financial statements were held more than five days before the Supervisory Board's meetings. The attendance rate was 100% for the 1 March, May, July and October meetings, and 80% for the 3 March and November meetings.

- ▶ The meeting of 1 March involved a review of the impairment tests on intangible assets for the purposes of the 2015 financial statements as well as a presentation of the latest updates and IT security processes implemented.
- ▶ The meeting of 3 March was held to examine the 2015 consolidated financial statements, and to present and review the Chairman's draft report on internal control and risk management. It also reviewed relations with Lagardère Capital & Management (LC&M).
- ▶ On 24 May, the Committee focused on the internal audit activity during the first half of 2016 and reviewed the fees of the Statutory Auditors. The professional conduct and independence rules of the Statutory Auditors were also presented to the Audit Committee, along with a review of the acquisitions carried out by the Group during the year.
- ▶ On 28 July, the Committee reviewed the Group's consolidated financial statements for the first half of 2016 and was given a presentation on the Group's financing policy. It approved a provisional procedure for authorising engagements granted to the Statutory Auditors, pursuant to the 17 March 2016 order on audit reform.
- ▶ On 4 October, the risk map and the results of the internal control self-assessment were presented to the Audit Committee, along with a benchmark study conducted by the Statutory Auditors on the matters dealt with by the Committee.
- ▶ Lastly, at the meeting of 22 November, the Committee reviewed internal audit activities during the second half of 2016 and the audit plan for 2017. It was also given a report on legal disputes by the Group Legal Department.
- ▶ When the Audit Committee reviewed the financial statements, the Chief Financial Officer gave a presentation of the Group's risk exposure and significant off-balance sheet commitments.

These meetings took place in the presence of the Chief Financial Officer, the Internal Audit Manager and the Statutory Auditors. Depending on the issues discussed, other executives and, in particular, the Secretary General, Accounting Director, Director of Risk and Internal Control, Group Treasury and Finance Director, the Group IT Director and General Counsel, as well as certain members of their teams were asked to provide input on an as-needed basis.

**3.2 APPOINTMENTS, REMUNERATION AND GOVERNANCE COMMITTEE**

<b>Members</b>	<p><b>Members at 31 December 2016:</b></p> <ul style="list-style-type: none"> <li>▶ <b>François David (Chairman)</b></li> <li>▶ <b>Georges Chodron de Courcel</b></li> <li>▶ <b>Pierre Lescure</b></li> <li>▶ <b>Soumia Malinbaum</b></li> <li>▶ <b>Hélène Molinari</b></li> </ul> <p>At 31 December 2016, all of the Appointments, Remuneration and Governance Committee's members were independent (see table above).</p>
<b>Main tasks</b>	<ul style="list-style-type: none"> <li>▶ <i>Regarding Board and Committee membership:</i> <ul style="list-style-type: none"> <li>- defining the selection criteria of future members;</li> <li>- selecting and nominating Supervisory Board and Committee members for proposal to the Supervisory Board.</li> </ul> </li> <li>▶ <i>Regarding remuneration:</i> <ul style="list-style-type: none"> <li>- monitoring, where relevant, any components of remuneration that are not paid under the agreement with Lagardère Capital &amp; Management (which, being a related-party agreement is monitored by the Audit Committee – see above) and may be allocated to Lagardère SCA's corporate officers from Group companies. Under current laws, this concerns share options and performance shares and the proportion they represent of the executive corporate officers' total remuneration;</li> <li>- proposing the overall amount of attendance fees to be paid to members of the Supervisory Board and Committees as submitted to the General Meeting, and the rules for determining and distributing the attendance fees, in particular based on members' attendance at meetings.</li> </ul> </li> <li>▶ <i>Regarding governance:</i> <ul style="list-style-type: none"> <li>- regularly reviewing the independence of Supervisory Board members in light of the independence criteria defined by the Supervisory Board;</li> <li>- managing the annual assessment of the operations of the Board and its Committees;</li> <li>- carrying out advance assessments of potential risks of conflicts of interest between Supervisory Board members and the Lagardère group;</li> </ul> </li> <li>▶ <i>Regarding sustainable development (CSR):</i> <ul style="list-style-type: none"> <li>- examining the main social, societal and environmental risks and opportunities for the Group as well as the CSR policy in place;</li> <li>- reviewing the reporting, assessment and monitoring systems allowing the Group to prepare reliable non-financial information;</li> <li>- examining the Group's main lines of communication to shareholders and other stakeholders regarding CSR issues;</li> <li>- examining and monitoring the Group's rankings attributed by ESG rating agencies.</li> </ul> </li> </ul> <p>The members of the Committee interview the Chairman of the Supervisory Board, the executive corporate officers or any other person they may choose when necessary.</p> <p>The Chairman of the Committee reports to the members of the Board on the work conducted by the Committee.</p>

**Main activities in 2016**

In 2016, the Committee met five times with an average attendance rate of 92%. All members were present at the meetings in March, September and November, and 80% of members were present at the meetings in January and April.

- ▶ During its meeting in January, the Committee analysed the composition of the Board and its Committees and the independence of its members, prepared the re-appointment of the members whose term of office were set to expire, and reviewed the conditions for awarding performance shares to the executive corporate officers.
- ▶ In March, the Committee took note of the letter of the General Partners regarding the re-appointment of Arjil Commanditée-Arco – represented by Arnaud Lagardère (Chairman and Chief Executive Officer), Pierre Leroy (Deputy Chairman and Chief Operating Officer) and Thierry Funck-Brentano (Chief Operating Officer) – as Managing Partner.
- ▶ During its meeting in April, the Committee launched the self-assessment of the Supervisory Board and its Committees, and in preparation for the General Meeting, examined the comments of the principal proxy advisors and investors with respect to the Supervisory Board.
- ▶ In September, the Corporate Social Responsibility Director gave a progress report on the Group's 2015-2020 CSR roadmap. The Committee took note of and subsequently discussed the four strategic priorities underpinning the roadmap as well as the draft materiality matrix, which will primarily enable Lagardère to identify which of these priorities will have the greatest impact on the Group's operations. The Committee also approved its schedule and work plan for 2017.
- ▶ Lastly, during its meeting in November, the Group Secretary General presented the remuneration policy for the Managing Partners and its various components and criteria. The Committee reviewed the findings of the self-assessment of the membership and operation of the Board and its Committees and approved the proposed amendments to the Supervisory Board's internal rules.

These meetings took place in the presence of the Group Secretary General and, when discussions fell within her area of expertise, the Corporate Social Responsibility Director.

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

Since 2009, the Supervisory Board has assessed the operation of the Board and its Committees each year in order to form an opinion on the preparation and quality of their work. Every three years, this assessment is performed by an external consultant based on a questionnaire prepared by the Appointments, Remuneration and Governance Committee and sent to each member of the Supervisory Board.

The annual assessment mainly concerns the Board's membership, the duration of its members' terms of office, the frequency of re-appointments, the process for selecting members and the independence criteria, as well as the Board's operation, the organisation of its meetings, access to information, the agenda and work, the amount and distribution of attendance fees as well as a follow-up of the assessment. It also involves a similar review of the Committees.

During the assessment, members are therefore free to express their views on the individual contributions of other members. They may also discuss such matters on a one-to-one basis with the Chairman of the Board. The members of the Supervisory Board voted unanimously to maintain the current *modus operandi* and not to require them to complete a formal questionnaire specifically designed to systematically assess the contribution of their fellow members.

The Supervisory Board carried out a self-assessment in 2016 under the supervision of the Appointments, Remuneration and Governance Committee. The findings were presented to the Supervisory Board on 30 November 2016.

The members were mostly very satisfied with the membership, organisation and operation of the Board and its Committees. The meetings organised by Xavier de Sarrau with the Managing Partners and the heads of the divisions proved particularly popular, as did the Supervisory Board seminar, and the reviews conducted by the Board members were considered useful.

Suggested areas for improvement included broader access to certain documents (analyst commentary on the Group circulated more frequently, more detailed report on the Committee's activities, etc.) and further information on certain matters relating to the competitive environment.

In light of the assessment's findings, the Board decided to continue arranging the Supervisory Board seminar and the meetings organised with the Chairman of the Board, as well as to continue the reviews carried out by the Board's members.

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

The Company has applied the corporate governance principles brought together in the Afep-Medef Corporate Governance Code of Listed Companies as revised in November 2016. 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 joint-stock companies with a board of directors. Companies with an executive board and supervisory board, and partnerships limited by shares, need to make adjustments as appropriate to implement the recommendations. 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 reviews management actions ex-post but does not actively participate in management.

Given Lagardère SCA's specificities in terms of French law and its own Articles of Association as a partnership limited by shares, the Board has adopted an organisational structure appropriate to the nature of its work under the law and the recommendations of the Afep Medef Corporate Governance Code.

Provision of the Afep-Medef Corporate Governance Code set aside or partially applied	Explanation
<p>Independence criteria</p> <p>“Not to have been a director of the corporation for more than 12 years”</p>	<p>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 within a diverse group where it inevitably takes longer to build up in-depth knowledge of the different business lines and their competitive environment and to develop a strong command of the related strategic challenges.</p> <p>Moreover, the members of the Supervisory Board consider a long period of service to be a positive factor that does not alter an independent member’s judgement, moral standards or ability to freely express their views.</p> <p>An individual assessment of the situation of each member is conducted annually by the Supervisory Board, which considered that the independence of Georges Chodron de Courcel, Pierre Lescure and François Roussely should not be contested, despite their seniority on the Board.</p> <p>However, in light of the situation, the Board wished for the terms of office in respect of the proposed re-appointments of these three members to be shorter than those of the other members up for re-appointment.</p>

## 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 are 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 2016 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 the Supervisory Board of your company pursuant to this article for the year ended 31 December 2016.

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

Our role is to:

- ▶ report on any matters as to the information contained in the Chairman of the Supervisory Board's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information,
- ▶ confirm that the report also includes the other information required by article L. 226-10-1 of the French Commercial Code (*Code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

#### Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman of the Supervisory Board's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- ▶ obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman of the Supervisory Board's report is based and of the existing documentation;

- ▶ obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- ▶ determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman of the Supervisory Board's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with article L. 226-10-1 of the French Commercial Code (*Code de commerce*).

#### Other information

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

French language original signed at Courbevoie and Paris - La Défense, on 31 March 2017

#### The Statutory Auditors

##### MAZARS

Thierry BLANCHETIER

##### ERNST & YOUNG et Autres

Bruno BIZET