

LVMH

FISCAL YEAR ENDED DECEMBER 31, 2022  
UNIVERSAL REGISTRATION DOCUMENT

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*As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component figures.*

This document is a free translation into English of the original French "Document d'enregistrement universel", hereafter referred to as the "Universal Registration Document". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

## HISTORY

Although the history of the LVMH group began in 1987 with the merger of Moët Hennessy and Louis Vuitton, the roots of the Group actually stretch back much further, to eighteenth-century Champagne, when a man named Claude Moët decided to build on the work of Dom Pérignon, a contemporary of Louis XIV; and to nineteenth-century Paris, famous for its imperial celebrations, where Louis Vuitton, a craftsman trunk-maker, invented modern luggage. Today, the LVMH group is the world's leading luxury goods company, the result of successive alliances among companies that, from generation to generation, have successfully combined traditions of excellence and creative passion with a cosmopolitan flair and a spirit of conquest. These companies now form a powerful, global group in which the historic companies share their expertise with the newer brands, and continue to cultivate the art of growing while transcending time, without losing their soul or their image of distinction.

### From the 14th century to the present

14th century	1365	Le Clos des Lambrays			
16th century	1593	Château d'Yquem			
18th century	1729	Ruinart			
	1743	Moët & Chandon			
	1765	Hennessy			
	1772	Veuve Clicquot			
	1780	Chaumet			
19th century	1803	Officine Universelle Buly			
	1815	Ardbeg			
	1817	Cova			
	1828	Guerlain			
	1832	Château Cheval Blanc			
	1837	Tiffany & Co.			
	1843	Krug			
		Glenmorangie			
	1846	Loewe			
	1849	Royal Van Lent			
	1852	Le Bon Marché			
	1854	Louis Vuitton			
	1858	Mercier			
	1860	TAG Heuer			
		Jardin d'Acclimatation			
	1865	Zenith			
	1870	La Samaritaine			
	1884	Bulgari			
	1895	Berluti			
	1898	Rimowa			
20th century	1908	Les Echos			
	1914	Patou			
	1916	Acqua di Parma			
	1923	La Grande Épicerie de Paris			
	1924	Loro Piana			
	1925	Fendi			
	1936	Dom Pérignon			
		Fred			
	1944	Le Parisien-Aujourd'hui en France			
	1945	Celine			
1946	Christian Dior Couture				
			1947	Parfums Christian Dior	
				Emilio Pucci	
			1952	Givenchy	
				Connaissance des Arts	
			1955	Château Galoupet	
			1957	Parfums Givenchy	
				Reposi	
			1958	Starboard Cruise Services	
			1959	Chandon	
			1960	DFS	
			1969	Sephora	
			1970	Kenzo	
			1972	Perfumes Loewe	
			1973	Joseph Phelps	
			1974	Investir-Le Journal des Finances	
			1975	Ole Henriksen	
			1976	Benefit Cosmetics	
				Belmond	
			1977	Newton Vineyard	
			1980	Hublot	
			1983	Radio Classique	
			1984	Marc Jacobs	
				Make Up For Ever	
			1985	Cloudy Bay	
			1988	Kenzo Parfums	
			1991	Fresh	
			1992	Colgin Cellars	
			1993	Belvedere	
			1996	Terrazas de los Andes	
			1998	Bodega Numanthia	
			1999	Cheval des Andes	
			21st century	2006	Armand de Brignac
					Château d'Esclans
					Maisons Cheval Blanc
				2008	KVD Vegan Beauty
				2009	Maison Francis Kurkdjian
				2010	Woodinville
				2013	Ao Yun
				2017	Fenty Beauty by Rihanna
					Volcán de mi Tierra
				2020	Eminente
				2022	Stella by Stella McCartney

# FINANCIAL HIGHLIGHTS

## Key consolidated data

(EUR millions)	2022	2021	2020
Revenue	79,184	64,215	44,651
Profit from recurring operations	21,055	17,151	8,305
Net profit	14,751	12,698	4,955
Net profit, Group share	14,084	12,036	4,702
Cash from operations before changes in working capital	26,770	22,621	13,997
Operating investments	4,969	2,664	2,478
Operating free cash flow <sup>(a)</sup>	10,113	13,531	6,117
Total equity <sup>(b)</sup>	56,604	48,909	38,829
Net financial debt <sup>(c)</sup>	9,201	9,607	4,241
Adjusted net financial debt/Equity ratio	16.3%	19.6%	10.9%

(a) See the consolidated cash flow statement in the consolidated financial statements for the definition of "Operating free cash flow".

(b) Including minority interests.

(c) Excluding "Lease liabilities" and "Purchase commitments for minority interests' shares" included in "Other non-current liabilities".

## Information by business group

Revenue by business group (EUR millions)	2022	2021	2020
Wines and Spirits	7,099	5,974	4,755
Fashion and Leather Goods	38,648	30,896	21,207
Perfumes and Cosmetics	7,722	6,608	5,248
Watches and Jewelry	10,581	8,964	3,356
Selective Retailing	14,852	11,754	10,155
Other activities and eliminations	281	19	(70)
<b>Total</b>	<b>79,184</b>	<b>64,215</b>	<b>44,651</b>

Change in revenue by business group (EUR millions and as %)	2022	2021	2022/2021 Change		2020
			Published	Organic <sup>(a)</sup>	
Wines and Spirits	7,099	5,974	19%	11%	4,755
Fashion and Leather Goods	38,648	30,896	25%	20%	21,207
Perfumes and Cosmetics	7,722	6,608	17%	10%	5,248
Watches and Jewelry	10,581	8,964	18%	12%	3,356
Selective Retailing	14,852	11,754	26%	17%	10,155
Other activities and eliminations	281	19	-	-	(70)
<b>Total</b>	<b>79,184</b>	<b>64,215</b>	<b>23%</b>	<b>17%</b>	<b>44,651</b>

(a) On a constant consolidation scope and currency basis. The net impact of exchange rate fluctuations on Group revenue was 0% and the net impact of changes in the scope of consolidation was nil. The principles used to determine the net impact of exchange rate fluctuations on the revenue of entities reporting in foreign currencies and the net impact of changes in the scope of consolidation are described on page 39.

Profit from recurring operations by business group (EUR millions)	2022	2021	2020
Wines and Spirits	2,155	1,863	1,388
Fashion and Leather Goods	15,709	12,842	7,188
Perfumes and Cosmetics	660	684	80
Watches and Jewelry	2,017	1,679	302
Selective Retailing	788	534	(203)
Other activities and eliminations	(274)	(451)	(450)
<b>Total</b>	<b>21,055</b>	<b>17,151</b>	<b>8,305</b>

## Information by geographic region

Revenue by geographic region of delivery (as %)	2022	2021	2020
France	8	6	8
Europe (excl. France)	16	15	16
United States	27	26	24
Japan	7	7	7
Asia (excl. Japan)	30	35	34
Other markets	12	11	11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Revenue by currency (as %)	2022	2021	2020
Euro	19	17	19
US dollar	30	28	27
Japanese yen	7	7	7
Hong Kong dollar	2	3	4
Other currencies	42	45	43
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Number of stores	2022	2021	2020
France	518	522	512
Europe (excl. France)	1,108	1,203	1,175
United States	1,054	1,014	866
Japan	496	477	428
Asia (excl. Japan)	1,829	1,746	1,514
Other markets	659	594	508
<b>Total</b>	<b>5,664</b>	<b>5,556</b>	<b>5,003</b>

## Data per share

(EUR)	2022	2021	2020
<b>Earnings per share</b>			
Basic Group share of earnings per share	28.05	23.90	9.33
Diluted Group share of earnings per share	28.03	23.89	9.32
<b>Dividend per share</b>			
Interim	5.00	3.00	2.00
Final	7.00	7.00	4.00
Gross amount paid for fiscal year <sup>(a)(b)</sup>	12.00	10.00	6.00

(a) For fiscal year 2022, amount proposed at the Shareholders' Meeting of April 20, 2023.

(b) Gross amount paid for fiscal year, excluding the impact of the tax regulations applicable to the recipient.



# EXECUTIVE AND SUPERVISORY BODIES; STATUTORY AUDITORS

## Board of Directors

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Bernard Arnault  
*Chairman and Chief Executive Officer*

Antonio Belloni<sup>(1)</sup>  
*Group Managing Director*

Antoine Arnault

Delphine Arnault<sup>(1)</sup>

Dominique Aumont  
*Director representing employees*

Nicolas Bazire

Marie-Véronique Bellocil-Melkin  
*Director representing employees*

Sophie Chassat<sup>(2)</sup>

Charles de Croisset<sup>(2)</sup>  
*Lead Director*

Clara Gaymard<sup>(2)</sup>

Marie-Josée Kravis<sup>(1)(2)</sup>

Laurent Mignon<sup>(2)(3)</sup>

Marie-Laure Sauty de Chalon<sup>(1)(2)</sup>

Yves-Thibault de Silguy<sup>(2)</sup>

Natacha Valla<sup>(1)(2)</sup>

Hubert Védrine<sup>(2)</sup>

## Advisory Board members

Yann Arthus-Bertrand

Diego Della Valle<sup>(4)</sup>

Lord Powell of Bayswater<sup>(5)</sup>

## Executive Committee

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Bernard Arnault  
*Chairman and Chief Executive Officer*

Antonio Belloni  
*Group Managing Director*

Delphine Arnault  
*Christian Dior Couture*

Nicolas Bazire  
*Development & Acquisitions*

Pietro Beccari  
*Louis Vuitton*

Stéphane Bianchi  
*Watches and Jewelry*

Michael Burke  
*Strategic Advisor to the Chairman*

Chantal Gaemperle  
*Human Resources & Synergies*

Jean-Jacques Guiony  
*Finance*

Christopher de Lapuente  
*Selective Retailing*

Stéphane Rinderknech  
*Hospitality Excellence & Beauty*

Philippe Schaus  
*Wines and Spirits*

Jérôme Sibille  
*General Administration & Legal Affairs*

Sidney Toledano  
*Fashion Group*

Jean-Baptiste Voisin  
*Strategy*

## General Secretary

Marc-Antoine Jamet

## Performance Audit Committee

---

Clara Gaymard<sup>(2)</sup>  
*Chairman*

Charles de Croisset<sup>(2)</sup>

Marie-Laure Sauty de Chalon<sup>(1)(2)</sup>

Yves-Thibault de Silguy<sup>(2)</sup>

## Governance & Compensation Committee

---

Natacha Valla<sup>(1)(2)(6)</sup>  
*Chairman*

Sophie Chassat<sup>(2)</sup>

Charles de Croisset<sup>(2)</sup>

Marie-Josée Kravis<sup>(1)(2)(6)</sup>

Yves-Thibault de Silguy<sup>(2)(7)</sup>

## Ethics & Sustainable Development Committee

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Yves-Thibault de Silguy<sup>(2)</sup>  
*Chairman*

Delphine Arnault<sup>(1)</sup>

Marie-Laure Sauty de Chalon<sup>(1)(2)</sup>

Hubert Védrine<sup>(2)</sup>

## Statutory Auditors

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Deloitte & Associés  
*represented by Guillaume Troussicot  
and Bénédicte Sabadie*

Mazars  
*represented by Isabelle Sapet  
and Simon Beillevaire*

(1) Renewal of term of office as Director proposed at the Shareholders' Meeting on April 20, 2023.

(2) Independent Director.

(3) Appointment as a Director proposed at the Shareholders' Meeting on April 20, 2023.

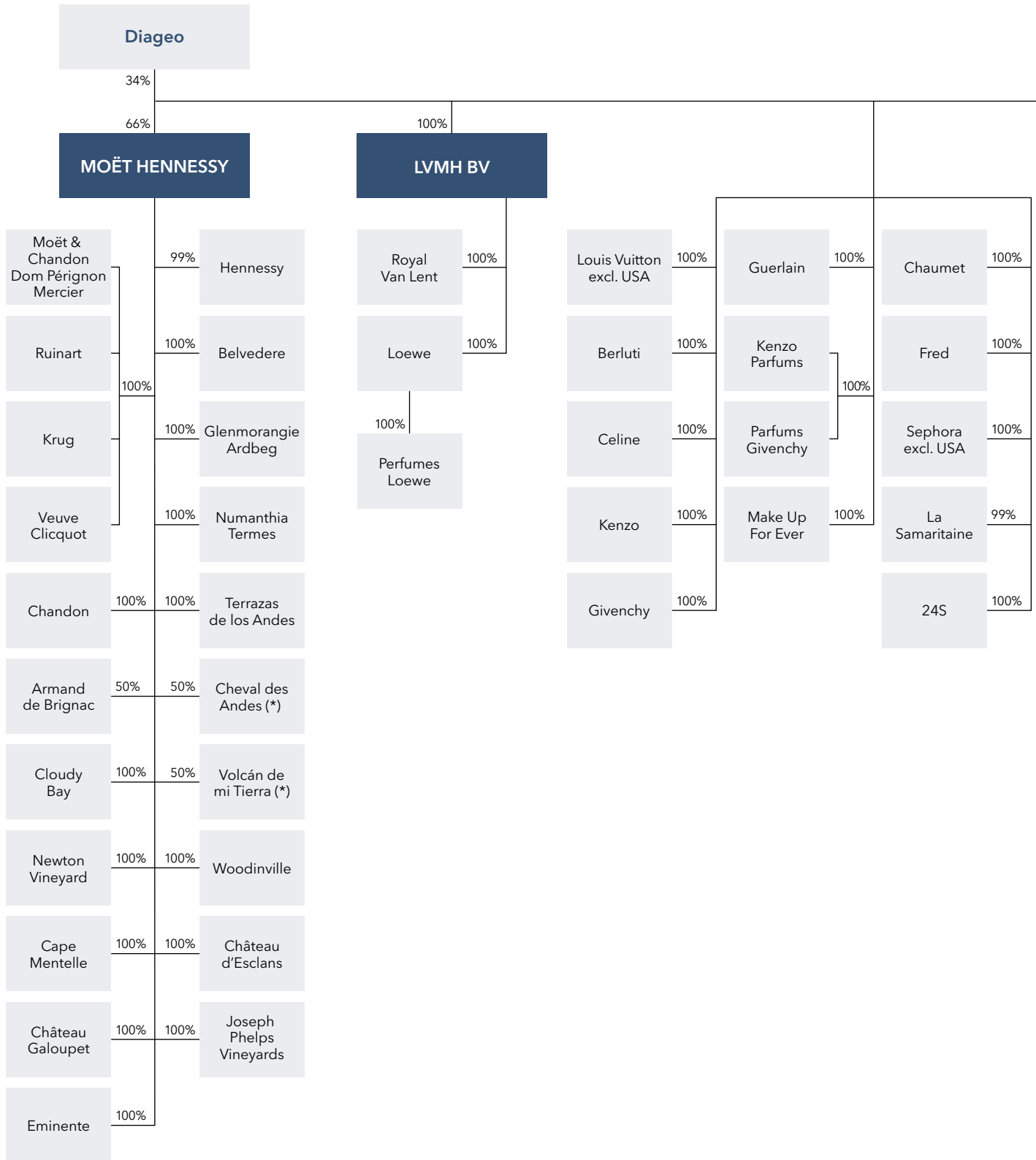
(4) Appointment as an Advisory Board member proposed at the Shareholders' Meeting on April 20, 2023.

(5) Renewal of term of office as Advisory Board member proposed at the Shareholders' Meeting on April 20, 2023.

(6) Natacha Valla was appointed as a member and Chairman of the Governance & Compensation Committee by the Board of Directors at its meeting of January 26, 2023, with effect from the close of the Shareholders' Meeting of April 20, 2023, and with Marie-Josée Kravis remaining Chairman of the committee until the close of that Shareholders' Meeting.

(7) Until the close of the Shareholders' Meeting of April 20, 2023.

# SIMPLIFIED ORGANIZATIONAL CHART OF THE GROUP AS OF DECEMBER 31, 2022

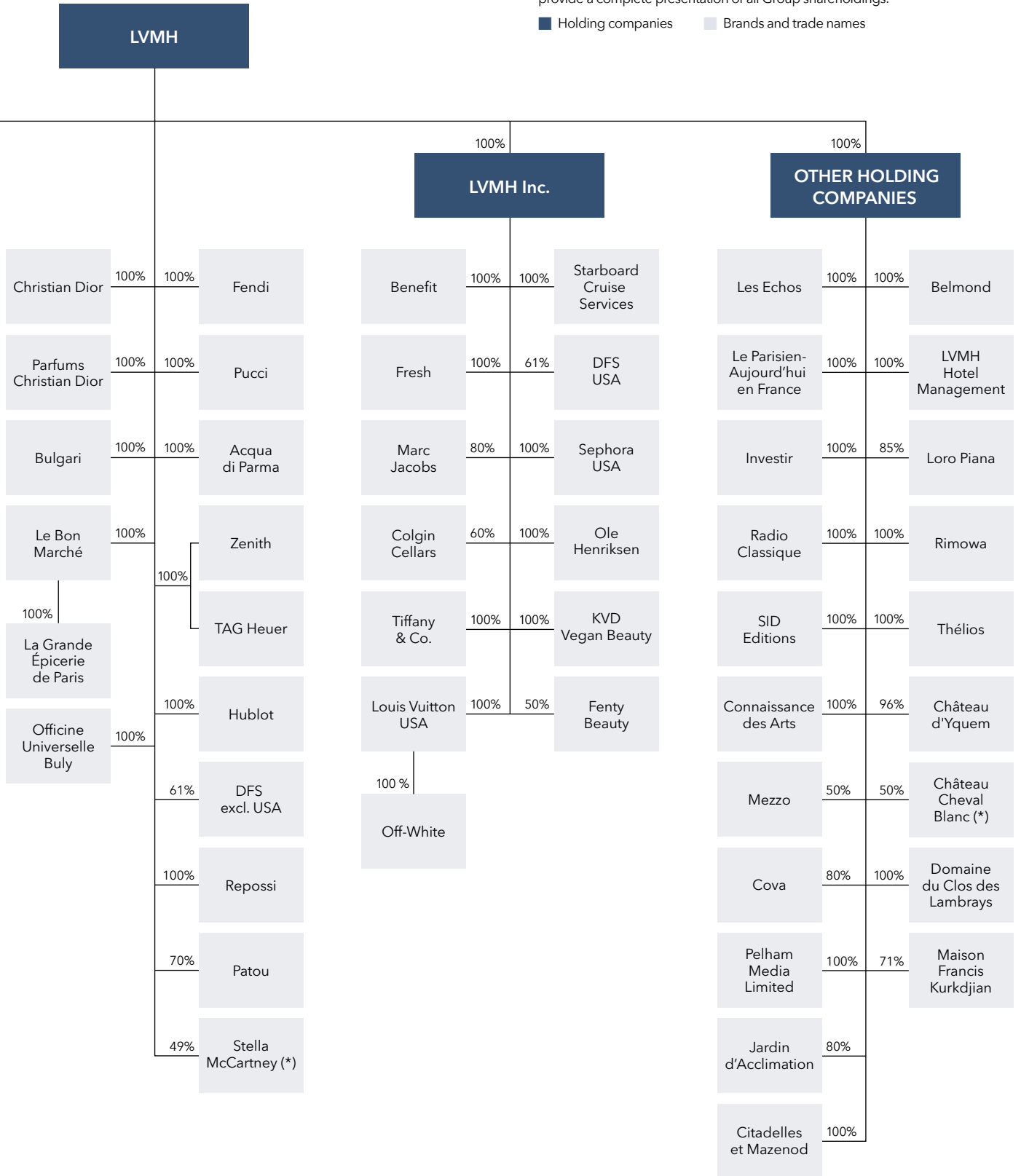


(\*) Accounted for using the equity method.



The objective of this chart is to present the direct and/or indirect control structure of brands and trade names by the Group's main holding companies. It does not provide a complete presentation of all Group shareholdings.

■ Holding companies    ■ Brands and trade names





# MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

## LVMH'S business model

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## LVMH'S business model

The LVMH group was formed from the merger of Moët Hennessy and Louis Vuitton in 1987. Bernard Arnault became the leading shareholder and Chairman and Chief Executive Officer in 1989, with the ambition of making LVMH the world leader in luxury.

Today, the LVMH group has built its leading position through a unique portfolio of 75 exceptional Maisons, operating in six business segments. Each of them creates products that combine high-level expertise with a strong heritage, drawing their momentum from a spirit of innovation and openness to the world.

The Group helps its Maisons grow over the long term, based on respect for their specific strengths and individuality,

underpinned by common values and a shared business model. LVMH provides them with all of the resources they need to grow in terms of designing, manufacturing and selectively retailing their products and services.

LVMH is a committed group. In addition to being a responsible corporate citizen which conducts its business in the most exemplary way, the Group has decided, in conjunction with its Maisons, to implement a number of initiatives not directly related to their business activities in support of society, the environment and culture. These longstanding commitments contribute to a long-term vision and provide a powerful response to the role a group like LVMH should play within society.

## 1. BUSINESS GROUP OVERVIEW

LVMH is the only group that operates simultaneously, through its Maisons, in all the following major luxury sectors:

**Wines and Spirits:** Based in Champagne, Bordeaux and other renowned wine-growing regions, the LVMH group's Maisons – some of which are hundreds of years old – all have their own unique character, backed by a shared culture of excellence. The activities of LVMH in Wines and Spirits are divided between the Champagne and Wines segment and the Cognac and Spirits segment. This business group focuses on growth in high-end market segments through a powerful, agile international distribution network. LVMH is the world leader in cognac, with Hennessy, and in champagne, with an outstanding portfolio of brands and complementary product ranges. It also produces high-end still and sparkling wines from around the world.

**Fashion and Leather Goods:** LVMH includes established Maisons with their own unique heritage and more recent brands with strong potential. Whether they are part of haute couture or luxury fashion, LVMH's Maisons have based their success on the quality, authenticity and originality of their designs, created by talented, renowned designers. All the Group's Maisons are focused on the creativity of their collections, building on their iconic, timeless lines, achieving excellence in their retail networks and strengthening their online presence, while maintaining their identity.

**Perfumes and Cosmetics:** LVMH is a key player in the perfume, makeup and skincare sector, with a portfolio of world-famous established names as well as younger brands with a promising future. Its Perfumes and Cosmetics business group boasts exceptional momentum, driven by growing and securing the long-term future of its flagship lines as well as boldly developing new products. The Maisons cultivate their individuality,

a differentiating factor for their followers in a highly competitive global market. At the same time, they are all driven by the same values: the pursuit of excellence, creativity, innovation and complete control of their brand image.

**Watches and Jewelry:** The Maisons in Watches and Jewelry – LVMH's youngest business group – operate in the high-end watchmaking, jewelry and high jewelry sectors. It features some of the most dynamic brands on the market, positioned to complement each other's strengths. These Maisons rely on their outstanding expertise, creativity and innovation to surprise their customers all over the world and respond to their aspirations.

**Selective Retailing:** The Group's Selective Retailing brands all pursue a single objective: transforming shopping into a unique experience. From elegant interior design to a specialist selection of high-end products and services, combined with personalized relationships, customers are the focus of their attention on a daily basis. Operating all over the world, the Maisons are active in two spheres: selective retail and travel retail (selling luxury goods to international travelers).

**Other activities:** The Maisons in this business group are all ambassadors for culture and an *art de vivre* that is emblematic of LVMH. This approach is taken by Maisons including the Les Echos group, which – in addition to *Les Echos*, the leading daily financial newspaper in France – owns several business and arts titles; the Royal Van Lent shipyard, which builds and markets custom-designed yachts under the prestigious Feadship name; Belmond, which has a large portfolio of hotels, trains, cruise lines and safari lodges that combine heritage, expertise, authenticity and impeccable service; and the exceptional Cheval Blanc hotels, which operate worldwide.

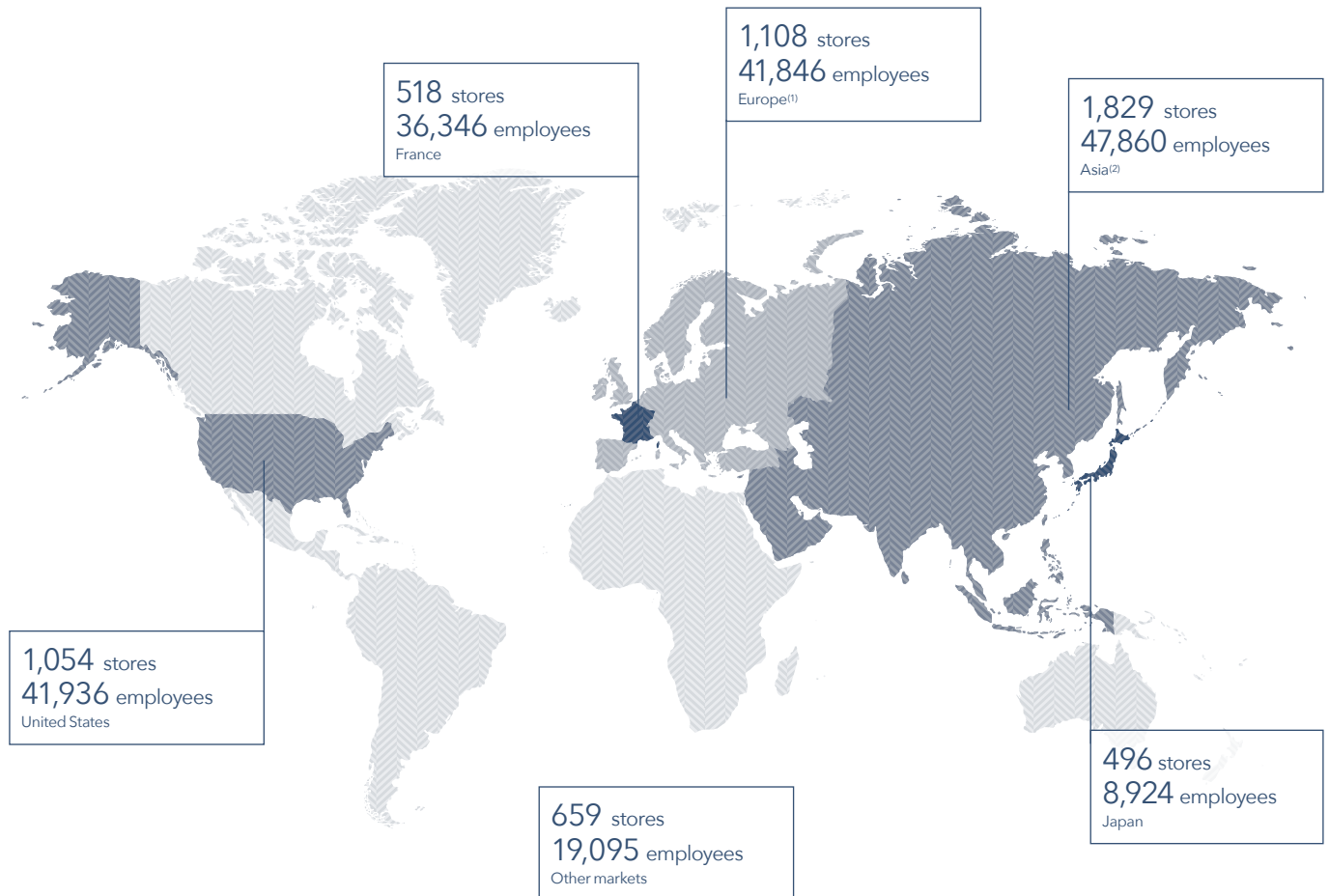
## Key figures

(as of December 31, 2022)



## Geographic presence

(as of December 31, 2022)



(1) Excluding France.

(2) Excluding Japan.

## 2. GROUP VALUES

Our Group and Maisons put heart and soul into everything they do. Our core identity is based on the fundamental values that run through our entire Group and are shared by all of us.

**Being creative and innovative:** Creativity and innovation are part of LVMH's DNA; throughout the years, they have been the keys to the Maisons' success and the basis of their solid reputations. These fundamental values of creativity and innovation are pursued in tandem by the Group's Maisons as they focus on achieving the ideal balance between continually renewing their offer while resolutely looking to the future, always respecting their unique heritage.

**Delivering excellence:** Within the Group, quality can never be compromised. Because the Maisons embody everything that is most noble and accomplished in the world of fine craftsmanship, they pay extremely close attention to detail and strive for perfection: from products to services, it is in this quest for excellence that the Group differentiates itself.

**Cultivating an entrepreneurial spirit:** The Group's agile, decentralized structure fosters efficiency and responsiveness. It encourages individuals to take initiative by giving everyone a significant level of responsibility. The entrepreneurial spirit promoted by the Group makes risk-taking easier and encourages perseverance. It requires a pragmatic approach and the ability to motivate staff to achieve ambitious goals.

**Taking action to make a difference:** Every action taken by the Group and its employees reflects its commitment to ethics, corporate social responsibility and respect for the environment. These commitments drive our Maisons' performance and ensure their longevity. Firmly convinced that truly desirable products can only come from sustainable businesses, we are committed to ensuring that our products and the way they are made have a positive impact on our entire ecosystem and the places we operate, and that our Group is actively working to build a better future.

## 3. OPERATING MODEL

LVMH has implemented a unique operating model based on six pillars, which contributes to the Group's long-term success by combining profitable growth, sustainability and a commitment to excellence:

**Decentralized organization:** The structure and operating principles adopted by LVMH ensure that Maisons are both autonomous and responsive. As a result, they are able to build close relationships with their customers, make fast, effective and appropriate decisions, and motivate Group employees for the long term by encouraging them to take an entrepreneurial approach.

**Internal growth:** The LVMH group prioritizes internal growth and is committed to developing its Maisons, and encouraging and protecting their creativity. Staff play a critical role in a model of this kind, so supporting them in their career and encouraging them to exceed their own expectations is essential.

**Vertical integration:** Designed to cultivate excellence both up- and downstream, vertical integration ensures control of every stage of the value chain, from sourcing to production facilities

and Selective Retailing. It also guarantees strict control of each Maison's brand image.

**Creating synergies:** Resources are pooled at Group level to create intelligent synergies while respecting each Maison's independence and autonomy. The combined strength of the LVMH group is leveraged to benefit each of its Maisons.

**Securing expertise for the long term:** The Maisons that make up the Group cultivate a long-term vision. To preserve their distinctive identities and excellence, LVMH and its Maisons have developed a range of initiatives to pass down skills and expertise, and promote craft trades and design professions among younger generations.

**Balance across business segments and geographies:** The LVMH group has the resources to sustain regular growth thanks to the balance across its business activities and a well-distributed geographic footprint. This balance means that the Group is well-positioned to withstand the impact of shifting economic factors.

# MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

## Business overview, highlights and outlook

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## 1. WINES AND SPIRITS

In 2022, revenue for the Wines and Spirits business group represented 9% of the LVMH group's total revenue. Champagne and wines made up 49% of this revenue, while cognacs and spirits accounted for 51%.

### 1.1 Champagne and Wines

#### 1.1.1 Champagne and Wine brands

LVMH produces and sells a very broad range of high-quality champagnes. Beyond the Champagne region, the Group develops and distributes a range of high-end still and sparkling wines produced in nine countries spanning four continents: France, Spain, the United States (California), Argentina, Brazil, Australia, New Zealand, India and China.

**Moët & Chandon** was founded in 1743 by Claude Moët and elevated to international renown by his descendant Jean-Rémy Moët, who dreamed of “sharing the effervescence of champagne with the world”. From royal court to red carpet and from Studio 54 to grand slams, Moët & Chandon brings people together to share thrilling and extraordinary moments. With the region's largest and most diversified vineyards, the Maison offers a universal and versatile portfolio of champagnes to suit every occasion and palette. Easy to love, each creation – from the iconic *Moët Impérial* to the refined *Grand Vintage* collection, from the glamorous *Moët Rosé Impérial* to the refreshing *Moët Ice Impérial* – dazzles and delights with a broad range of flavors and aromas capturing the surprising extent of its terroir. Through its long-term sustainable development program, *Natura Nostra*, Moët & Chandon is working to protect biodiversity in the region. The Maison has also been supporting philanthropic initiatives through *Toast for a Cause* since 2009. For nearly three centuries, Moët & Chandon has been the champagne of choice to mark key events in history and personal celebrations, adding a spark of effervescence to each toast.

**Dom Pérignon** carries on the legacy of Dom Pierre Pérignon, the 17th-century Benedictine monk whose ambition was to make “the best wine in the world”. Dom Pérignon only releases vintage champagnes. Cellar Master Vincent Chaperon has total control over the process of blending and maturing wines, which are the expression of his creative vision. The wine evolves in successive phases, each one a window of expression, called *Plénitudes*.

**Veuve Clicquot**, which will celebrate its 250th anniversary in 2022, is highly acclaimed for its work with Pinot Noir and its expertise in reserve wines, accounting for between 30% and 45% of its *Brut Yellow Label* and *Rosé* cuvées. Since its founding in 1772, the champagne house has stayed true to its motto, “Only one quality: the finest”, as illustrated by its prestige cuvée *La Grande Dame*, a blend bringing together its eight classic grands crus. Innovations are also an essential part of its DNA, as Madame Clicquot was behind several still in use today. Among other breakthroughs, she created the first vintage champagne (1810), invented the riddling table process to clarify champagne (1816), and created the first blended rosé champagne (1818). Paying homage to her legacy, in 1972 Veuve Clicquot established what is now known as the Bold Woman Award, which has recognized women entrepreneurs around the world for 50 years.

**Ruinart**, founded in 1729, is the oldest of the champagne houses. Each of its cuvées expresses the distinctive personality of Chardonnay, the Maison's dominant grape variety. Born in 1843 out of the dream of one man with a vision, **Krug** stands out for the indisputable excellence of its expertise and its unending quest to deliver poetic sensory experiences. Joseph Krug dreamed of offering the most generous expression of champagne each and every year, whatever the vagaries of the climate. *Krug Grande Cuvée* is the embodiment of this *raison d'être*: the Krug family has created a new edition of this cuvée every year going back six generations. **Mercier**, founded in 1858, offers the simplest of tasting experiences. A reflection of its era, it adapts traditional ways of tasting, putting the focus on spontaneity over ceremony, while remaining faithful to the vision of quality espoused by its founder Eugène Mercier. Mercier champagne is all about boldness, spontaneity and authenticity. The Maison's full range consists of *Mercier Brut*, *Mercier Brut Rosé*, *Mercier Demi-Sec*, *Mercier Brut Réserve* and *Mercier Blanc de Noirs*.

In 2021, LVMH acquired a 50% stake in the share capital of **Armand de Brignac**. Jointly owned with Shawn “Jay-Z” Carter, the brand continued its growth and confirmed its super-luxury positioning.

LVMH's portfolio of wines from outside the Champagne region includes a number of prestigious appellations in France, Spain, America, Asia and Oceania.

LVMH owns the following wineries outside of France: **Cloudy Bay** in New Zealand; **Cape Mentelle** in Australia; **Newton Vineyard**, the iconic **Colgin Cellars** (founded by Ann Colgin 30 years ago and acquired by LVMH in 2017) and **Joseph Phelps** (one of the most acclaimed wine estates in Napa Valley and acquired by LVMH in 2022) in California; **Terrazas de los Andes** and **Cheval des Andes** in Argentina; **Ao Yun** in China; and **Numanthia Termes** in Spain. The **Chandon** brand (created in 1959 in Argentina) includes the Moët Hennessy sparkling wines developed in California, Argentina, Brazil, Australia, India and China by Chandon Estates.

In France, since 1999 LVMH has owned **Château d'Yquem**, the most celebrated Sauternes and the only Premier Cru Supérieur in the 1855 classification. Since 2009, the Group has held a 50% stake in the prestigious winery Château Cheval Blanc, Premier Grand Cru classé A Saint-Émilion, accounted for using the equity method. In 2014, LVMH acquired **Domaine du Clos des Lambrays**, one of the oldest and most prestigious Burgundy vineyards, and Grand Cru of the Côte de Nuits. Lastly, **Château Galoupet** (which has held the acclaimed Cru Classé des Côtes-de-Provence designation since 1955) and **Château d'Esclans** (the US market leader in Provence rosé wines, headed by Sacha Lichine) also joined the portfolio of wines in 2019.



### 1.1.2 Competitive position

In 2022, shipments of LVMH champagne brands were up 6.2% from 2021, while shipments from the Champagne region increased by 1.6% (source: CIVC). LVMH's market share thus rose to 22.5% of the total shipments, compared to 21.5% in 2021.

Champagne shipments, for the whole Champagne region, break down as follows:

(in millions of bottles and percentage)	2022			2021			2020		
	Sales volume		Market share (%)	Sales volume		Market share (%)	Sales volume		Market share (%)
	Region	LVMH		Region	LVMH		Region	LVMH	
France	138.4	9.1	6.6	140.8	8.6	6.1	113.3	6.8	6.0
Export	187.5	64.4	34.3	180.0	60.4	33.6	130.8	45.4	34.7
<b>Total</b>	<b>325.9</b>	<b>73.4</b>	<b>22.5</b>	<b>320.8</b>	<b>69.0</b>	<b>21.5</b>	<b>244.1</b>	<b>52.2</b>	<b>21.4</b>

(Source: Comité Interprofessionnel du Vin de Champagne - CIVC).

The geographic breakdown of LVMH champagne sales in 2022 is as follows (as a percentage of total sales expressed in number of bottles):

(as %)	2022	2021	2020
Germany	5	5	5
United Kingdom	7	7	8
United States	23	25	24
Italy	4	4	4
Japan	10	9	10
Australia	5	5	4
Other	34	32	32
<b>Total export</b>	<b>88</b>	<b>87</b>	<b>87</b>
France	12	13	13
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### 1.1.3 The champagne production method

The Champagne appellation covers a defined geographic area classified A.O.C. (*Appellation d'Origine Contrôlée*), which covers the 34,000 hectares that can be legally used for production. There are essentially three main types of grape varieties used in the production of champagne: Chardonnay, Pinot Noir and Pinot Meunier.

In addition to its effervescence, the primary characteristic of champagne is that it is the result of blending wines from different years and/or different varieties and land plots. The best brands are distinguished by their masterful blend and consistent quality, achieved thanks to the talent of their wine experts.

Weather conditions significantly influence the grape harvest from one year to the next. The production of champagne also requires aging in cellars for two years or more for premium, vintage and/or prestige cuvées. To protect themselves against crop variations and manage fluctuations in demand, but also to ensure consistent quality year after year, LVMH's champagne houses

regularly adjust the quantities available for sale and keep reserve wines in stock, mainly in storage tanks. As maturation times vary, the Group constantly maintains significant champagne inventories in its cellars. An average of 229 million bottles are stored in LVMH's cellars in Champagne, equivalent to about 3 years of sales; in addition to this bottled inventory, the Group has wines still in storage tanks waiting to be drawn (equivalent to 98 million bottles), including the quality reserve withheld from sale in accordance with applicable industry rules (equivalent to 6 million bottles).

The making of champagne involves extremely rigorous processes in order to ensure absolute consistency in quality from year to year. Moët et Chandon fully operates its Mont Aigu site, with its vat room, bottling line, cellars, disgorging area and packaging workshop supplementing the production capacity of Moët & Chandon's historic facilities in Épernay, which are undergoing renovation work. The historic production sites of Veuve Clicquot, Ruinart and Krug are in Reims. Veuve Clicquot continued construction of its new Comète production facility located in Saint-Léonard, near Reims, while Krug finalized construction of a new winemaking site in Ambonnay.

In order to drive innovation and develop expertise in its production processes, the Group inaugurated its research and development facility in Oiry in 2021, which is open to all its Maisons.

### 1.1.4 Grape supply sources and subcontracting

The Group owns 1,650 hectares under production, which provide 20% of its annual needs. In addition, the Group's Maisons purchase grapes and wines from wine growers and cooperatives on the basis of multi-year agreements; the largest supplier of grapes and wines represents less than 10% of total supplies for the Group's Maisons.

LVMH's champagne houses, along with their partner grape suppliers, are steadily building up their use of sustainable winegrowing practices.

Since 1996, industry agreements have established a qualitative reserve in order to cope with variable harvests. The surplus inventories stockpiled this way can be sold in years with a poor harvest. Each year, the INAO (the French governing body for appellations of origin) sets the maximum harvest that can be made into wine and sold under the Champagne appellation, as well as the ceiling known as the PLC (*plafond limite de classement*), the quantity by which the appellation's marketable yield can be exceeded. For the 2022 harvest, the marketable yield for the Champagne appellation was set at 12,000 kg/ha. The maximum level of the stockpiled reserve is set at 8,000 kg/ha.

## 1.2 Cognac and Spirits

### 1.2.1 Cognac and Spirits brands

LVMH holds the most powerful brand in the cognac sector with **Hennessy**. The company was founded by Richard Hennessy in 1765. Historically, the brand was most prominent in the Irish and British markets, but Hennessy rapidly expanded its presence in Asia, which represented nearly 30% of its shipments as early as 1925. The brand became the world cognac leader in 1890. Hennessy created *X.O (Extra Old)* in 1870, and since then it has developed a range of high-end cognac for which it is highly renowned.

In 2005, LVMH acquired **The Glenmorangie Company**, which owns the single malt whisky brands Glenmorangie, distilled in northeastern Scotland in Europe's tallest stills, and **Ardbeg**, distilled on the Isle of Islay in the southern Hebrides.

Since 2007, LVMH has owned the luxury vodka **Belvedere**, founded in 1993 in order to bring a luxury vodka for connoisseurs to the American market. It is made at the Polmos Żyrardów distillery in Poland, which was founded in 1910.

Since 2017, **Volcán de mi Tierra** tequila, which was created in collaboration with Mexican entrepreneur Juan Gallardo

The leading geographic markets for cognac, both for the industry and for LVMH, on the basis of shipments in number of bottles, excluding bulk, are as follows:

(in millions of bottles and percentage)	2022			2021			2020		
	Sales volume		Market share (%)	Sales volume		Market share (%)	Sales volume		Market share (%)
	Region	LVMH		Region	LVMH		Region	LVMH	
France	5.1	2.3	45.2	5.3	2.4	45.4	4.1	1.8	44.3
Europe (excl. France)	27.7	7.4	26.7	28.9	6.6	22.8	27.7	6.5	23.6
United States	110.6	63.5	57.4	114.5	62.6	54.7	103.0	61.1	59.3
Asia	50.1	17.3	34.5	57.2	19.2	33.6	42.8	15.7	36.8
Other markets	15.2	9.3	61.6	12.9	8.0	62.0	10.4	6.2	59.9
<b>Total</b>	<b>208.7</b>	<b>99.8</b>	<b>47.8</b>	<b>218.9</b>	<b>98.9</b>	<b>45.2</b>	<b>188.0</b>	<b>91.4</b>	<b>48.6</b>

(Source: Bureau National Interprofessionnel du Cognac - BNIC).

The price paid for each kilogram of grapes in the 2022 harvest ranged between 5.85 euros and 6.75 euros depending on the vineyard, an average increase of 9% compared to the 2021 harvest. Premiums may be paid on top of the basic price in line with the special conditions agreed under each partnership, including for sustainable winegrowing.

Dry materials (bottles, corks, etc.) and all other components of containers and packaging are purchased from non-Group suppliers. In 2022, the champagne houses used subcontractors for about 32 million euros of services, notably pressing, handling and storing bottles.

ThurLOW, has been primarily available in the United States and Mexico. Volcán de mi Tierra is accounted for using the equity method.

Acquired in 2017, **Woodinville Whiskey Company** – which was established in 2010 by Orlin Sorensen and Brett Carlile and is now the largest craft whiskey distillery in Washington State – finished work on a major production capacity expansion program in 2022.

In 2020, the Group expanded its portfolio of spirits with the launch of **Eminente**, an exceptional Cuban rum aimed at the European market.

### 1.2.2 Competitive position

In 2022, the volumes shipped from the Cognac region were down 4.7% from 2021 (source: BNIC), while volumes of Hennessy shipped increased by 0.9%. Hennessy's market share of volumes shipped from the Cognac region improved by 3 points to 48% in 2022 from 45% in 2021. The Company is the world leader in cognac and premium international spirits, with particularly strong positions in the United States, China and other important markets for cognac (South Africa, Nigeria, United Kingdom, etc.).

The geographic breakdown of LVMH cognac sales, as a percentage of total sales expressed in number of bottles, is as follows:

(as %)	2022	2021	2020
United States	60	65	69
Japan	1	-	1
Asia (excl. Japan)	19	18	15
Europe (excl. France)	8	7	7
Other	12	10	8
<b>Total export</b>	<b>100</b>	<b>100</b>	<b>100</b>
France	-	-	-
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### 1.2.3 The cognac production method

The Cognac region is located around the Charente basin. The vineyard, which currently extends over more than 83,000 hectares, consists almost exclusively of the Ugni Blanc varietal which yields a wine that produces the best *eaux-de-vie*. This region is divided into six vineyards, each of which has its own qualities: Grande Champagne, Petite Champagne, Borderies, Fins Bois, Bons Bois and Bois Ordinaires. Hennessy selects its *eaux-de-vie* essentially from the first four vineyards, where the quality of the wines is more suitable for the preparation of its cognacs.

Charentaise distillation is unique because it takes place in two stages: a first distillation (*première chauffe*) and a second distillation (*seconde chauffe*). The *eaux-de-vie* obtained are aged in oak barrels. Cognac results from the gradual blending of *eaux-de-vie* selected on the basis of vintage, origin and age.

Hennessy – which carries out all of its production in Cognac – inaugurated a state-of-the-art bottling and packaging plant named Pont Neuf in 2017. With the inauguration of a second production line at the Pont Neuf plant in 2021, the Maison's production capacity has been raised to 10 million cases per year. The design of this 26,000-square-meter facility reduces its environmental footprint and optimizes working conditions to an extent never achieved previously.

### 1.2.4 Supply sources for wines and cognac *eaux-de-vie* and subcontracting

Most of the cognac *eaux-de-vie* that Hennessy needs for its production are purchased from a network of approximately 1,600 independent producers, a collaboration which enables the Company to ensure that exceptional quality is preserved as part of an ambitious sustainable winegrowing policy. Hennessy directly operates about 180 hectares, providing for less than 1% of its *eaux-de-vie* needs.

Purchase prices for *eaux-de-vie* are agreed on between the Company and each producer based on supply and demand and the quality of the *eaux-de-vie*. In 2022, *eaux-de-vie* harvest prices were 6% above their level in the previous harvest, with this increase following on from a 3.5% increase in 2021.

With an optimized inventory of *eaux-de-vie*, the Maison can manage the impact of price changes by adjusting its purchases from year to year under the contracts with its partners. Hennessy continues to control its purchase commitments and diversify its partnerships to prepare for its future growth across the various quality grades.

Like the Champagne and Wine businesses, Hennessy obtains its dry materials (bottles, corks and other packaging) from non-Group suppliers. The barrels and casks used to age the cognac are also obtained from non-Group suppliers. Hennessy makes only very limited use of subcontractors for its core business: aging, blending and bottling *eaux-de-vie*.

### 1.2.5 The vodka production method, supply sources and subcontracting

Belvedere vodka is made using only two ingredients – Polish rye and pure water – and is produced at one of Poland's oldest distilleries, which has been making vodka since 1910. Belvedere contains no additives, and is produced according to Polish laws governing vodka production, which stipulate that nothing may be added. Belvedere, an expert in rye distilling, draws upon more than 600 years of Polish tradition to produce extraordinary vodka with a distinct flavor and character. Overall, Belvedere's top raw *eaux-de-vie* supplier represents less than 35% of the Company's supplies.

### 1.2.6 The Scotch whisky production method

As required by law to receive the Scotch whisky designation, the Glenmorangie and Ardbeg single malt whiskies are produced in Scotland from water and malted barley, fermented using yeast, and distilled and matured in Scotland for at least three years, in oak casks whose capacity may not exceed 700 liters. As single malt whiskies, they are the product of only one distillery. Glenmorangie's stills are the tallest in Scotland at 5.14 meters and allow only the lightest vapors to ascend and condense. The spirit still at Ardbeg has a unique spirit purifier. Glenmorangie whiskies are normally matured for a minimum of 10 years in very high-quality casks, while Ardbeg whiskies can be sold earlier as their uniquely peaty flavor has already developed.

### 1.3 Wines and Spirits distribution

Moët Hennessy has a powerful and agile global distribution network, thanks to which the Wines and Spirits business group continues to expand the presence of its portfolio of brands in a balanced manner across all geographies. Part of this network consists of joint ventures with the Diageo spirits group<sup>(1)</sup>, governed by agreements that have been in place since 1987,

### 1.4 Highlights of 2022 and outlook for 2023

	2022	2021	2020
<b>Revenue</b> (EUR millions)	<b>7,099</b>	<b>5,974</b>	<b>4,755</b>
Of which: Champagne and wines	3,474	2,793	2,119
Cognac and spirits	3,625	3,181	2,636
<b>Sales volume</b> (millions of bottles)			
Champagne	70.9	66.8	52.4
Cognac	94.3	102.6	94.6
Other spirits	23.9	20.8	16.1
Still and sparkling wines	56.5	51.5	41.8
<b>Revenue by geographic region of delivery</b> (%)			
France	6	6	5
Europe (excl. France)	18	18	18
United States	37	38	41
Japan	6	5	6
Asia (excl. Japan)	20	21	19
Other markets	13	12	11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Profit from recurring operations</b> (EUR millions)	<b>2,155</b>	<b>1,863</b>	<b>1,388</b>
<b>Operating margin</b> (%)	<b>30.4</b>	<b>31.2</b>	<b>29.2</b>

#### Highlights

Turning in another record year, the Wines and Spirits business group reaffirmed its position as a leader in luxury wines and spirits. Amid an extremely volatile environment, this performance reflected three key priorities of the business group's value-enhancing strategy: brand appeal; portfolio diversification, particularly in wines; and balanced geographic expansion. 2022 was also a year marked by the desire to connect more directly with customers by offering them unique experiences at the Maisons, at European department stores and on the island of Hainan in China. Online sales made further gains, while the Private Sales business had an outstanding year, with several exceptional sales of rare casks. Moët Hennessy demonstrated its environmental and social commitment by holding the first World Living Soils Forum in Arles in June, an initiative aimed at accelerating the development and sharing of knowledge to combat the loss of fertile soil.

which help strengthen the positions of the two groups, improve distribution control, enhance customer service and increase profitability by sharing distribution costs. This mainly involves Japan, China and France. In 2022, 26% of champagne and cognac sales were made through this channel.

Driven by strong demand, which led to mounting pressure on supply, champagne sales volumes were up 6%. All regions saw substantial growth, in particular at high-energy events and drinking establishments and fine dining venues. **Moët & Chandon** turned in a record year while taking part in ambitious sustainable development projects for its region, focused in particular on protecting biodiversity. Selected as the official champagne partner for Queen Elizabeth II's Platinum Jubilee celebrations, the Maison presented its *Grand Vintage 2015* and opened its first eponymous champagne bar at Harrods in London. **Dom Pérignon** augmented its appeal with its "Révélations" campaign to mark the launch of *Dom Pérignon 2004 Plénitude 2*, and through the renewal of its collaboration with world-famous star Lady Gaga. For its 250th anniversary, **Veuve Clicquot** turned in stellar results, buoyed by a worldwide marketing campaign, a traveling exhibition and a unique experience aboard the legendary Venice Simplon-Orient-Express luxury train. The Maison also celebrated the 50th anniversary of both its prestige cuvée *La Grande Dame* and its women's entrepreneurship program. **Ruinart** recorded strong growth in all its markets, with the launch of *Dom Ruinart Blanc de Blancs 2010*, named Supreme World Champion for 2022 at the Champagne & Sparkling Wine World Championships. The Maison continued the rollout of its sustainably designed case and its agroforestry winegrowing pilot project. **Krug** confirmed the success of its unique model with the release of *Krug Grande Cuvée 170<sup>e</sup> Édition* and *Krug Rosé 26<sup>e</sup> Édition*, and the launch of an immersive musical experience by acclaimed composer Ryuichi Sakamoto, inspired by tastings of 2008 vintages. Jointly owned with Shawn "Jay-Z" Carter, **Armand de Brignac** completed its first full year as part of LVMH, recording solid sales growth in all regions.

The **Estates & Wines Maisons** saw strong demand, especially **Cloudy Bay** (New Zealand) and **Terrazas de los Andes** (Argentina). Among Provence rosé wines, **Château d'Esclans** continued to expand its reach to international markets at a rapid pace, while the launch by **Château Galoupet** of its *2021 Cru Classé* illustrated the success of its revival, with the estate receiving accolades in the press for the superior quality of its wines and its firm commitment to sustainable development. **Ao Yun** became the first Chinese vintage to be sold via wine distribution network La Place de Bordeaux, confirming its excellence and its ability to win over fine wine lovers around the world. Lastly, the acquisition of **Joseph Phelps Vineyards**, one of the most

(1) Diageo has a 34% stake in Moët Hennessy, which is the holding company of the LVMH group's Wines and Spirits businesses.

acclaimed wine estates in Napa Valley, California, strengthened and rounded out its portfolio of exceptional wines. **Chandon** further cemented its leadership position in quality sparkling wines, supported by the redesign of its marketing and packaging in 2021. Its all-natural product *Chandon Garden Spritz* continued its worldwide development, with launches in Southern Europe and the Asia-Pacific region.

Given the exceptionally high comparison base in 2020 and 2021, **Hennessy** cognac volumes were down slightly year on year, affected in China by the public health situation and in the United States by supply chain disruptions. The Maison's proactive approach to value creation and firm pricing helped offset these circumstances and achieve a further increase in revenue over the course of the year. The world leader in premium spirits for the fourth consecutive year, Hennessy further strengthened its appeal through initiatives such as the renewal of its partnership with the NBA, several openings of attractive stores, a stunning redesign for *V.S.O.P* packaging and a new marketing campaign for its premium qualities entitled "Paradis is on Earth". The Maison has made its sustainable development activities a central part of its 10-year roadmap through three key priorities: protecting living soils, reducing its carbon footprint by 50% by 2030, and demonstrating its commitment to society.

**Glenmorangie** and **Ardbeg** whiskies generated record sales, fueled by high-impact marketing campaigns, new packaging at Glenmorangie, launches of innovative products such as *Glenmorangie Azuma Makoto* and *Ardbeg Fermutation*, as well as exceptional sales of rare casks. The San Francisco World Spirits Competition and International Spirits Challenge saw them win 25 gold medals. Ardbeg connected more directly with customers, with its acquisition of a hotel on the Isle of Islay and the launch of an e-commerce platform in the United Kingdom.

**Belvedere** vodka benefited from enthusiasm among consumers, particularly at high-energy clubs, and turned in a record performance. A new marketing campaign, featuring actor Daniel Craig, conveyed the Maison's vision and boldness.

**Woodinville** continued its development in the United States and invested in its production capacity to support its future growth. **Volcán de mi Tierra** capitalized on strong growth in the tequila market and continued its move upmarket with the creation of *Volcán X.A.*, an ultra-premium blend. **Eminente** rum gained ground in the ultra-premium market.

## Outlook

The economic and geopolitical environment remains uncertain in key markets, due in particular to the effects of inflation and developments relating to the public health situation in China. Against this backdrop, the Wines and Spirits business group is going into 2023 with confidence and determination, mindful of the need to maintain a pragmatic, agile approach. Excellence, authenticity, innovation and sustainability remain central to the business group's value-enhancing strategy that helps fuel its growth, as does the diversification of Moët Hennessy's portfolio. Backed by the strength of its highly appealing brands as well as its vibrant, diverse and highly committed staff, the business group remains resolutely optimistic about the medium- and long-term development prospects of its Maisons. In line with Moët Hennessy's overarching focus on crafting experiences, the business group will build stronger ties with customers by taking a selective approach to points of sale, launching bold innovations and collaborations, crafting experiences that are ever more meaningful and unique for enjoying its products, and stepping up its digital presence. More aware than ever of the value of their heritage and their responsibility, all of the Maisons are taking greater steps to act sustainably, protect the environment and reduce their carbon footprint.

## 2. FASHION AND LEATHER GOODS

In 2022, the Fashion and Leather Goods business group represented 49% of the total revenue of LVMH.

### 2.1 The brands of the Fashion and Leather Goods business group

In the luxury fashion and leather goods sector, LVMH holds a group of brands that are primarily French, but also include Italian, Spanish, British, German and American companies.

Since 1854, **Louis Vuitton's** success has been built on the flawless execution of its trunk-making craftsmanship, its complete control over distribution and its exceptional creative freedom, a source of perpetual renewal and innovation. By ensuring the right balance between new designs and iconic leather goods lines, between constantly perfected unique artisanal expertise and the dynamics of fashion designed in perfect symbiosis with the brand universe, the Maison is committed to surprising its customers, and making its stores inspiring. For over 150 years, its product line has continuously expanded with new models – from luggage to handbags and more – and new materials, shapes

and colors. Famous for its originality and the high quality of its creations, today Louis Vuitton is the world leader in luxury goods and offers a full range of products: fine and high-end leather goods, ready-to-wear for men and women, shoes and accessories, watches, jewelry, eyewear and, since 2017, a collection of women's and men's fragrances.

**Christian Dior** was founded in 1946. Ever since its first "New Look" show, the Maison has continued to assert its vision through elegant, structured and infinitely feminine collections, becoming synonymous around the world with French luxury. Christian Dior's unique vision is conveyed today with bold inventiveness throughout the Maison's entire range, from Haute Couture, leather goods and ready-to-wear to footwear and accessories for both men and women as well as Watches and



Jewelry. Parfums Christian Dior is included in the Perfumes and Cosmetics business group.

Founded in Rome by Adele and Edoardo Fendi in 1925, **Fendi** initially seduced its clientele of elegant Italian women, before conquering the rest of the world. Fendi has been part of the Group since 2000. Particularly well-known for its skill and creativity in furs, the brand is also present in accessories – including the iconic *Baguette* bag and the timeless *Peekaboo* – as well as ready-to-wear and footwear.

**Loewe**, the Spanish Maison founded in 1846 and acquired by LVMH in 1996, originally specialized in very high-quality leather work. Today it operates in leather goods, ready-to-wear and footwear. Parfums Loewe is part of the Perfumes and Cosmetics business group.

**Marc Jacobs**, created in New York in 1984, is named after its founder and has been part of LVMH since 1997. Through its collections of men's and women's ready-to-wear, leather goods and shoes, it aims to be the symbol of an irreverent urban fashion movement that is culturally driven but also socially engaged.

**Celine**, founded in 1945 by Céline Vipiana and owned by LVMH since 1996, offers women's and men's ready-to-wear, leather goods, shoes, accessories and women's and men's fragrances.

**Kenzo**, formed in 1970, joined the Group in 1993. Renowned for its lavish prints and vibrant colors, the Maison operates in the areas of ready-to-wear for men and women, fashion accessories

## 2.2 Competitive position

In the Fashion and Leather Goods sector, the luxury market is highly fragmented, consisting of a handful of major international groups plus an array of smaller independent brands. LVMH's

## 2.3 Design

Working with the best designers, while respecting the spirit of each brand, is a strategic priority: the creative directors promote the Maisons' identities, and are the artisans of their creative excellence and their ability to reinvent themselves. As a means to continually renew this precious resource, LVMH has always been committed to supporting young designers and nurturing tomorrow's talent, in particular through the LVMH Prize for Young Fashion Designers, which each year honors the work of an up-and-coming designer displaying exceptional talent and outstanding creativity.

LVMH believes that one of its essential assets is its ability to attract a large number of internationally recognized designers to its Maisons. In 2022, Louis Vuitton's Menswear collections were presented by the Maison's studio team following the tragic loss at the end of 2021 of Virgil Abloh, who had served as Creative Director of Menswear since 2018.

and leather goods. Its perfume business is part of the Perfumes and Cosmetics business group.

**Givenchy**, founded in 1952 by Hubert de Givenchy and part of the Group since 1988, is a Maison rooted in a tradition of excellence in Haute Couture, and is also known for its collections of men's and women's ready-to-wear and its fashion accessories. Parfums Givenchy are included in the Perfumes and Cosmetics business group.

**Emilio Pucci**, an Italian brand founded in 1947, is a symbol of casual fashion in luxury ready-to-wear, a synonym of escape and refined leisure. Emilio Pucci joined LVMH in 2000.

**Berluti**, an artisan bootmaker established in 1895 and held by LVMH since 1993, designs and markets very high-quality men's shoes, as well as a line of leather goods and ready-to-wear items for men.

**Loro Piana** – an Italian company founded in 1924 and held by LVMH since 2013 – creates exceptional products and fabrics, particularly from cashmere, of which it is the world's foremost processor. The brand is famous for its dedication to quality and the noblest raw materials, its unrivaled standards in design and its expert craftsmanship.

**Rimowa**, founded in Cologne in 1898, is the first German brand to be owned by LVMH. Renowned for its prestigious luggage, its products feature an iconic design and reflect its constant quest for excellence.

brands are present all around the world, and it has established itself as one of the most international groups. All these groups compete in various product categories and geographic areas.

In 2021, Tomoaki Nagao, known as Nigo, was named Creative Director of Kenzo, taking over from Felipe Oliveira Baptista who had been at the helm since 2019, while Camille Miceli became the first female designer to lead Emilio Pucci and Kris Van Assche departed as Creative Director of Berluti. In 2020, Kim Jones succeeded Karl Lagerfeld to continue driving the success of the Rome-based fashion house alongside Silvia Fendi. Matthew M. Williams was named Creative Director of all Givenchy's women's and men's collections. Since 2018, Kim Jones has been Creative Director of Menswear at Christian Dior and Hedi Slimane has been Artistic, Creative and Image Director at Celine. Since 2016, Maria Grazia Chiuri has been the first female Creative Director of Dior's womenswear collections. At Louis Vuitton, Nicolas Ghesquière has been creating designs for women's collections in perfect symbiosis with the values and spirit of the brand since 2013. Jonathan Anderson has been Loewe's Creative Director since 2013. Marc Jacobs continues to lead the design team at the brand he founded in 1984.

## 2.4 Distribution

Controlling the distribution of its products is a core strategic priority for LVMH, particularly in luxury Fashion and Leather Goods. This control allows the Group to benefit from distribution margins, and guarantees strict control of the brand image, sales reception and environment that the brands require. It also gives the Group closer contacts with its customers so that it can better

anticipate their expectations, thereby offering them unique shopping experiences.

In order to meet these objectives, LVMH has the premier international network of exclusive boutiques under the banner of its Fashion and Leather Goods brands. This network included more than 2,000 stores as of December 31, 2022.

## 2.5 Supply sources and subcontracting

In 2022, Louis Vuitton continued to invest in production capacity in France, notably by opening a second workshop in Beaulieu (Maine-et-Loire) and a new workshop in Charmes-sur-l'Herbasse (Drôme). At the same time, a second workshop was opened in Italy's Abruzzo region. Including these additions, Louis Vuitton's twenty-seven leather goods workshops – nineteen in France, three in Spain, three in the United States and two in Italy – manufacture most of the Maison's leather goods. In addition to manufacturing and model making for leather goods, Louis Vuitton's workshops in Italy handle all development and manufacturing processes for all types of footwear, as well as development for certain accessories (textiles, jewelry and eyewear). In addition to leather goods manufacturing, Louis Vuitton's workshops in Spain also handle all leather goods accessories (belts and straps). Louis Vuitton uses external manufacturers only to supplement its manufacturing.

Louis Vuitton purchases its materials from suppliers located around the world, with whom the Maison has established sustainable partnership relationships. The supplier strategy implemented over the last few years has enabled the Maison to meet its requirements in terms of volume, quality and innovation while engaging its suppliers in a CSR approach. This strategy is the result of a policy of focusing on and supporting the best suppliers while limiting Louis Vuitton's reliance on them. Accordingly, the leading supplier in the leather market accounts for nearly 22% of Louis Vuitton's leather supplies, while the leader in the metal parts market also represents about 20% of its metal parts supplies.

Christian Dior's production capacity and use of outsourcing vary very widely depending on the product. In leather goods, Christian Dior works with companies outside the Group to increase its production capacity and provide greater flexibility in its manufacturing processes. In ready-to-wear and high jewelry, it purchases supplies mainly from non-Group businesses.

Fendi and Loewe have leather workshops in their countries of origin, and in Italy for Celine and Berluti, which cover only a portion of their production needs. Rimowa manufactures a large proportion of its products in Germany. Generally, the subcontracting used by the business group is diversified in terms of the number of subcontractors and is located primarily in the brand's country of origin, France, Italy and Spain.

Loro Piana manages all stages of production of its ready-to-wear collections, from the sourcing of natural fibers to the delivery of finished products to stores. Loro Piana procures its unique materials (Baby Cashmere from northern China and Mongolia, vicuña from the Andes, and extra-fine Merino wool from Australia and New Zealand) through exclusive partnerships with suppliers all over the world. Its exquisite textiles and products are then manufactured in Italy.

Moreover, in order to safeguard and develop the Fashion and Leather Goods companies' access to the high-quality raw materials and expertise they need, the LVMH Métiers d'Art business segment created in 2015 invests in, and provides long-term support to, its best suppliers. In leather, for example, LVMH has worked with the Koh brothers since 2011 to develop the business of the Heng Long tannery in Singapore. Founded in 1950, it is now a leading crocodile leather tannery. In 2012, LVMH acquired Tanneries Roux, founded in 1803 and one of the last French tanneries specializing in calfskin. In 2017, LVMH formed Thélios, a joint venture with Marcolin, combining the latter's eyewear expertise with the know-how of LVMH. At the end of 2021, LVMH purchased the stake held by Marcolin and became the sole owner of Thélios.

Lastly, fabric suppliers for the different Maisons are often Italian, but on a non-exclusive basis. The designers and style departments of each Maison ensure that manufacturing does not generally depend on patents or exclusive expertise owned by third parties.

## 2.6 Highlights of 2022 and outlook for 2023

	2022	2021	2020
<b>Revenue (EUR millions)</b>	<b>38,648</b>	<b>30,896</b>	<b>21,207</b>
<b>Revenue by geographic region of delivery (%)</b>			
France	7	5	5
Europe (excl. France)	17	16	18
United States	21	21	19
Japan	9	9	10
Asia (excl. Japan)	36	41	39
Other markets	10	8	9
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Type of revenue (as % of total revenue)</b>			
Retail	95	94	93
Wholesale	5	6	6
Licenses			1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Profit from recurring operations (EUR millions)</b>	<b>15,709</b>	<b>12,842</b>	<b>7,188</b>
<b>Operating margin (%)</b>	<b>40.6</b>	<b>41.6</b>	<b>33.9</b>

### Highlights

The Fashion and Leather Goods business group delivered an outstanding performance, buoyed by the creative momentum of its Maisons and strong demand from their customers. Powerful brand appeal, continued enhancements to the customer experience and new digital inroads were key growth drivers. The business group continued to proactively develop centers of excellence for craftsmanship.

**Louis Vuitton** had a terrific year, once again buoyed by its exceptional creativity, the quality of its products, and its strong ties to art and culture. Nicolas Ghesquière broke new ground by presenting his collections at the Musée d'Orsay in Paris, and chose the Salk Institute in San Diego, California, for his 2023 Cruise show. In a tribute to Virgil Abloh, who passed away in 2021, *Louis Dreamhouse*, his final Men's collection, was shown in Paris and Bangkok, while the *Coming of Age* exhibition at the Fondation Louis Vuitton paid homage to the designer's world. Highlighting its commitment to grow its footprint in France and champion excellent craftsmanship, the Maison opened two new workshops, including one for precious leather at Trinity Abbey, a historic monument in Vendôme. Between them, the two workshops will employ 400 leatherworkers. As part of a continued quest for excellence in its retail network, in France, Louis Vuitton relocated its Lille store into the iconic Huitrière, a former Art Deco restaurant listed as a historic monument. A new Louis Vuitton Maison store was inaugurated in Chengdu, China, on a site that typifies the historic architecture of Sichuan, and opened a flagship store in Kobe whose decor is

heavily influenced by Japanese art and design. To celebrate the 20th anniversary of its iconic *Tambour* watch, Louis Vuitton unveiled the *Tambour Twenty* collector's edition, modeled by Bradley Cooper, which sold out immediately. Highlighting the Maison's passion for innovation in watchmaking, La Fabrique du Temps Louis Vuitton launched the Louis Vuitton Watch Prize for Independent Creatives, aimed at recognizing and supporting up-and-coming talent. The *200 Trunks, 200 Visionaries* traveling exhibition was presented at the founder's historic family home in Asnières and then in Singapore, Los Angeles and New York. In December, the *LV Dream* exhibition opened in Paris, paying tribute to the many creative partnerships that have shaped the Maison's history. A store offering exclusive products, a café, and a pastry and chocolate shop offering gourmet creations by Maxime Frédéric, pastry chef at Cheval Blanc Paris, rounded out the experience at this unique location, making it a new cultural and culinary destination in the French capital.

**Christian Dior** achieved remarkable growth across all its product lines. Following a three-year transformation, the reopening of its 30 Montaigne location at the beginning of the year was a resounding success. With the historic Maison, Haute Couture workshops and salons as well as a restaurant, gardens and much more, this legendary address offers a unique experience of the Dior universe. The Maison's fashion shows were truly unique experiences as well, drawing on a wealth of inspiration season after season. Maria Grazia Chiuri's women's collections combine artistic vision with the finest expertise, as demonstrated by the 2023 Cruise show in Seville, designed as a tribute to Andalusian craftsmanship. The Dior Homme Fall/Winter 2023 Collection by Kim Jones was unveiled in a night-time show against the backdrop of the Pyramids of Giza in Egypt: a spectacular futuristic odyssey and a world first in the history of fashion at this legendary site. The *Dioriviera* summer capsule collection was launched worldwide in stores and pop-up locations at resort destinations. In jewelry, the new *La Rose Dior* collection stars actress Elizabeth Debicki. After opening its first Scandinavian store in Oslo in July, Dior ended the year with a spectacular event at Harrods in London, illuminating and decorating the windows and facades of the iconic department store with a dazzling array of gingerbread creations. The *Christian Dior: Designer of Dreams* exhibition arrived at the Museum of Contemporary Art in Tokyo.

**Celine** had another record year, continuing to deliver strong growth. Driven by Hedi Slimane's modern and exacting creative vision, high-impact fashion shows and powerful marketing campaigns, the Maison's appeal was reflected across all its product categories. After a fashion show shot in Saint-Tropez for the *Indie Summer* collection, the final part of the year saw the Women's Winter 2023 show at the legendary Wiltern Theater in Los Angeles. Leather goods were buoyed by the iconic *Triomphe* and *16* lines, enriched with new models and promoted by summer capsule collections. Ready-to-wear sales picked up, with footwear and fragrances also enjoying strong momentum.



For **Fendi**, 2022 was marked by the success of collections designed by Kim Jones and Silvia Venturini Fendi, and by strong momentum in all of the Maison's business lines. In September, a New York fashion show celebrated the 25th anniversary of the iconic *Baguette* bag, featuring numerous reinterpretations, including a charm version developed with Tiffany and a collaboration with Marc Jacobs that was an instant hit. Two new workshops were opened: one, for leather goods and accessories, in the Tuscan hills near Florence, and the other, for footwear, in Fermo in the Marche region. These investments, together with the acquisition of a majority stake in knitwear producer Maglificio Matisse, are testament to Fendi's commitment to Italian expert craftsmanship. Selective development of the store network also continued.

New form, new image: it was a milestone year for **Loro Piana**, as demonstrated by the success of its two 2022 collections, its new *Cocooning* lifestyle line made with undyed natural cashmere, and its iconic white-soled shoes. Once again buoyed by its unique expertise and its world-class materials such as vicuña wool, the Maison continued to raise its profile by showcasing this craftsmanship and its capacity for innovation, mainly illustrated in 2022 by the new CashDenim, a blend of cotton and cashmere woven by Japanese artisans on traditional looms.

**Loewe**, which experienced strong growth, cultivated the art of surprise through collections infused with Jonathan Anderson's bold creativity and highly modern vision. The success of JW Anderson's fashion shows and communication boosted brand awareness and the Maison's appeal. Already very strong in Europe, Loewe strengthened its positioning in the United States, opening new stores in New York and Los Angeles. The Maison continued to develop its leather goods school.

**Marc Jacobs** confirmed its fresh momentum, with an impressive performance in the United States and remarkably robust online sales. Buoyed by high levels of social media engagement, the Maison saw strong growth in demand for its best-selling bags, particularly its *Tote Bag*.

At **Givenchy**, Matthew Williams held his first menswear show in Paris in June. The Maison opened new directly operated stores in the Middle East and the United States. Sales of the iconic *Shark Lock* boot in particular grew strongly.

Following the excellent response to Nigo's first fashion show in Paris in January, **Kenzo** continued to affirm the creative vision of its new Creative Director, launching a series of monthly mini-capsules and unveiling the complete collection in June.

**Berluti** was boosted by a focus on its iconic lines, in particular its *Alessandro* and *Andy* shoes and the *Un Jour* leather goods line. Its new "Live Iconic" marketing campaign channeled historic

style icons Marcello Mastroianni and Andy Warhol. The *Playoff* sneaker was launched, inspired by the world of 1980s basketball and paying homage to the Maison's very first sneaker. Retail network expansion was mainly focused on Asia, where the Maison opened new stores in Chengdu (China) and Kobe (Japan), and renovated a historic store in Tokyo.

**Rimowa** achieved record revenue as tourism and business travel picked up, with this performance fueled by the unique quality of its products and the expansion of its network of directly operated stores. The Maison launched a new campaign dubbed "Ingenieurskunst" ("The Art of Engineering"), celebrating German expert craftsmanship and paying tribute to its iconic aluminum suitcase. Rimowa now offers a lifetime guarantee on all its suitcases. A collaboration was launched with startup RTFKT, which specializes in the metaverse, to create an NFT collection and a limited-edition physical suitcase.

**Pucci** unveiled Camille Miceli's first collections at presentations in Capri and St. Moritz that adopted a bold new format.

## Outlook

With the vigilance required by an economic and geopolitical context that remains uncertain, the Fashion and Leather Goods Maisons will continue investing for ever more appealing designs, unique customer experiences and further progress in corporate social responsibility. **Louis Vuitton** will spur momentum over the months ahead by focusing on the quest for perfection and creativity that runs through all its professions. The Maison will continue to anchor its growth in the constant reinvention of its iconic product lines and the quality-driven development of its retail network and its manufacturing sites. It will continue its dialogue with art and artists, as already demonstrated at the beginning of 2023 by a second colorful collaboration with Japanese artist Yayoi Kusama. It will actively pursue its commitment to promoting and passing on excellence in craftsmanship, sales and design professions. **Christian Dior** will aim to sustain its remarkable growth. To this end, the Maison will continue to showcase its timeless modernity and Monsieur Dior's unique values, which continue to inspire its designers, season after season. The months ahead will feature a number of exceptional shows, openings and events worldwide. Driven by its powerful creative vision, **Celine** will continue enhancing its appeal, guided by Hedi Slimane, and will expand its retail network with the opening of several flagship stores and the resumption of direct control over its distribution. All the Maisons will focus on selectively expanding and cultivating excellence in their retail networks.

### 3. PERFUMES AND COSMETICS

In 2022, the Perfumes and Cosmetics business group posted revenue of 7,722 million euros, representing 10% of LVMH's total revenue.

#### 3.1 The brands of the Perfumes and Cosmetics business group

**Parfums Christian Dior** – which was born in 1947, the year Christian Dior held his first fashion show – introduced the revolutionary concept of “total beauty” with the launch of *Miss Dior* perfume, followed by makeup with *Rouge Dior* lipstick in 1953 and Dior's first line of skincare products in 1973. Today, Parfums Christian Dior allocates 1.8% of its revenue to research and is on the cutting edge of innovation. Dior's perfumer Francis Kurkdjian, who took over from François Demachy, and Creative Director for makeup Peter Philips are building on Christian Dior's rich heritage and legacy by combining bold vision and unique expertise, in harmony with the Maison's couture collections.

**Guerlain**, founded in 1828 by Pierre-François-Pascal Guerlain, has created more than 700 perfumes since its inception, and enjoys an exceptional brand image in the world of perfume. Heir to an olfactory repository of more than 1,100 fragrances, the Maison's perfumer Thierry Wasser travels the world today in search of the most exclusive raw materials. Violette, Creative Director of Makeup, aims to help women reveal and enhance their natural beauty. The Maison's iconic perfumes include *Aqua Allegoria*, *L'Art et La Matière*, *La Petite Robe Noire* and *Shalimar*.

Founded in 1957, **Parfums Givenchy** continues to honor the values of its founder, Hubert de Givenchy, through its perfumes, makeup and skincare products. From *L'Interdit* to *Givenchy Gentleman*, the Maison's fragrances embody Givenchy's unique vision, inspired by the avant-garde spirit and sensual aura of the fashion house's couture collections.

The first women's fragrance by **Kenzo Parfums** was released in 1988. Kenzo Parfums went on to create a series of fragrances whose unique and offbeat spirit has made its mark on the world of perfume, including *Flower by Kenzo*, *Kenzo Homme*, and *L'eau Kenzo*.

**Benefit Cosmetics**, founded in San Francisco in 1976 by twins Jean and Jane Ford, joined LVMH in late 1999. Benefit has forged its own distinctive identity among cosmetics brands, thanks to the relevance and effectiveness of its products, bursting on the scene with playful, plucky names, creative packaging, and custom services.

**Fresh**, which started out in 1991 as a humble apothecary shop, joined LVMH in September 2000. Remaining true to its roots by using natural ingredients, the Maison continues to develop

its unique approach combining innovative ingredients with time-honored techniques to transform everyday routines into holistic sensorial experiences.

**Perfumes Loewe** introduced its first perfume in 1972. Perfumes Loewe embodies the quintessentially Spanish spirit: elegant, refined, strong and unpredictable, with floral, woody and lemony essences.

**Make Up For Ever**, which was created in 1984 and joined LVMH in 1999, is a professional makeup brand with an innovative range of exceptional products designed for stage actors and other performers, makeup artists, and makeup lovers around the world.

Founded in Parma in 1916, **Acqua di Parma** was acquired by LVMH in 2001. Through its fragrances and beauty products imbued with elegance, Acqua di Parma – synonymous with Italian excellence and fine living – embodies discreet luxury.

**Kendo** is a cosmetics brand incubator set up in 2010, which now houses six brands: KVD Vegan Beauty, Ole Henriksen, Fenty Beauty by Rihanna, which was launched in 2017, Fenty Skin, Fenty Fragrance and Lip Lab. These brands are primarily distributed by Sephora, as well as increasingly via the Brands' own sites.

**Maison Francis Kurkdjian** was founded in 2009 by the renowned perfumer to explore new territories for perfume by creating custom fragrances for his private clientele and by collaborating with artists for installation projects involving scents. This acquisition, which was completed in 2017, has established the LVMH group in the fast-growing field of niche perfumes.

**Officine Universelle Buly** passes on and updates the heritage of beauty every day, drawing on the excellence of the past to offer the best of the present. Boldness, precision and curiosity combine to create rare, planet-conscious and iconic products inspired by history and travel. The Maison, committed to French expertise and excellent service, was acquired by LVMH in 2021.

**STELLA**, launched in 2022, is a skincare range developed in partnership with designer Stella McCartney, a pioneer of responsible fashion. STELLA aims to offer a responsible alternative in the selective skincare market through an essential range of three products. The brand, launched in the United Kingdom on the Space NK website and at the designer's flagship store, is also available internationally from the brand's website.

#### 3.2 Competitive position

The LVMH Beauty division has maintained its global competitive position thanks to the success of its perfumes, particularly in Europe and the United States, and the recovery in makeup in the

United States, despite the ongoing impact on the skincare market of the public health situation in China.

### 3.3 Research

Established in 1981, LVMH Recherche is a research and innovation center for the brands that make the LVMH group's perfumes and cosmetics, such as Parfums Christian Dior, Guerlain, Givenchy, Kenzo, Make Up For Ever, Fresh, and so on.

LVMH Recherche aims to create the sustainable digital beauty of the future by working on aspects as varied as wellbeing, social and environmental impact, personalized propositions, unrivaled product performance, brand new sensory experiences and new uses. LVMH Recherche is thus moving into not just one but many exciting new areas.

Spread across five sites around the world (Hélios in Saint-Jean-de-Braye, Kosmo in Paris, and Asian innovation centers in Tokyo, Shanghai and Seoul), LVMH Recherche's 670 employees (including researchers, chemists, biologists, toxicologists, pharmacists and others) deliver over a thousand exceptional products in the skincare, makeup and perfume categories every year. These very high-quality products are developed with the greatest respect for the environment and in keeping with each Maison's sensory signature and unique identity.

Innovation and openness to the world are at the heart of the strategy pursued by LVMH Recherche (400 patent families), which works with a number of public bodies (including universities, the French National Scientific Research Center and the French National Institute of Health and Medical Research) and private sector organizations (notably startups, SMEs and mid-tier enterprises) in France and abroad. LVMH Recherche has gradually created a genuine innovation ecosystem whose aim is to identify the most promising technological advances and accelerate their development by building strategic partnerships in new scientific fields as varied as agroecology, biotechnology, cellular biology, advanced materials, new processes, Big Data, artificial intelligence, and so on.

Through this strategy of fostering open innovation in multiple fields, LVMH Recherche aims to position itself at the cutting edge of innovation in areas like using environmentally friendly technologies to source the Group's natural raw materials, generating new high-performance assets through the use of revolutionary processes, adopting circular packaging principles, revolutionizing anti-ageing treatments and developing advanced diagnostics.

### 3.4 Manufacturing, supply sources and subcontracting

The six French production centers of Guerlain, Parfums Christian Dior and LVMH Fragrance Brands meet almost all the manufacturing needs of the four major French brands, including Kenzo Parfums, in fragrances as well as makeup and beauty products. Make Up For Ever, Maison Francis Kurkdjian, Acqua di Parma, Benefit, Perfumes Loewe and Fresh have some of their products manufactured by the Group's other brands, with the remainder subcontracted externally.

Dry materials, such as bottles, stoppers and any other items that form the containers or packaging, are acquired from suppliers outside the Group, as are the raw materials used to create the finished products. In certain cases, these materials are available only from a limited number of French or foreign suppliers.

Most product formulas are developed at the LVMH Recherche laboratories in Saint-Jean-de-Braye (France), but the Group can also acquire or develop formulas from specialized companies, particularly for perfume essences.

### 3.5 Distribution and communication

The presence of a broad spectrum of brands within the business group generates synergies and represents a market force. The volume effect means that advertising space can be purchased at competitive rates, and better locations can be negotiated in department stores. The use of shared services by subsidiaries increases the effectiveness of support functions for worldwide distribution and facilitates the expansion of the newest brands and their access to new markets. These economies of scale permit larger investments in design and advertising, two key factors for success in the Perfumes and Cosmetics business group.

Excellence in retailing is key to the Group's Perfumes and Cosmetics Maisons. It requires expertise and attentiveness from beauty consultants, as well as innovation at points of sale. The Group's Perfumes and Cosmetics brand products are sold mainly through "selective retailing" channels (as opposed to mass-market

retailers and drugstores), although certain brands also sell their products in their own stores and on their own e-commerce sites.

Parfums Christian Dior mainly distributes its products to selective retail chains, such as Sephora, and department stores, as well as increasingly to its own store network and e-commerce sites.

Guerlain's products are distributed through its network of directly operated stores, enabling it to develop its unique expertise, supplemented by a network of partner retail outlets. In addition to sales through its exclusive boutiques around the world, Benefit currently retails in some 50 countries worldwide. Make Up For Ever products are sold through exclusive boutiques around the world, and through a number of Selective Retailing circuits, particularly in France, Europe and the United States (markets developed in partnership with Sephora), as well as in China, South Korea and the Middle East. Now based in Milan,

Acqua di Parma relies on an exclusive retailing network, including its directly operated stores. The Kendo brands are primarily distributed by Sephora, as well as increasingly by their own sites. Maison Francis Kurkdjian mainly operates in department stores in the United States and through a network of department stores and proprietary stores in Europe.

### 3.6 Highlights of 2022 and outlook for 2023

	2022	2021	2020
<b>Revenue (EUR millions)</b>	<b>7,722</b>	<b>6,608</b>	<b>5,248</b>
<b>Revenue by geographic region of delivery (%)</b>			
France	9	9	9
Europe (excl. France)	20	19	18
United States	19	16	14
Japan	5	4	5
Asia (excl. Japan)	35	42	45
Other markets	12	10	9
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Profit from recurring operations (EUR millions)</b>	<b>660</b>	<b>684</b>	<b>80</b>
<b>Operating margin (%)</b>	<b>8.5</b>	<b>10.3</b>	<b>1.5</b>

#### Highlights

Retaining its focus on its highly selective distribution strategy, the Perfumes and Cosmetics business group was boosted by the ongoing success of iconic fragrances and the rebound in makeup. Skincare, which had seen rapid growth in China, was hit by the public health situation in the country. Innovation played a key role in the progress made by LVMH's Maisons.

**Parfums Christian Dior** achieved remarkable growth worldwide. The Maison reinforced its leading positions in Europe and Japan, and confirmed its strong momentum in its other key markets, in particular the United States, South Korea, Southeast Asia and the Middle East. All the iconic lines drove this strong performance, backed by a strong social media presence. Fragrances were buoyed by the success of the Maison's core collections: *Sauvage*, which saw very strong growth, confirmed its position as the world's best-selling fragrance across all categories; *J'adore* benefited from the successful global launch of *Parfum d'Eau*; *Miss Dior* continued its ongoing success and *Dior Homme* was boosted by the relaunch of *Dior Homme Sport*. The *Collection Privée* range of exceptional fragrances accentuated its growth and was enriched with the first scents crafted by Francis Kurkdjian, the Maison's new Creative Director of Fragrances, who revisited two historic signatures. Skincare was buoyed by the vitality of the premium category, in particular the *Prestige* range, boosted by the new version of *La Crème*, presented in sustainably designed packaging, as well as rapid growth in the *L'Or de Vie* range and the

To meet the expectations of younger generations, who are looking for originality, as well as demand for a connected in-store and online experience, all brands are accelerating the implementation of their online sales platforms, particularly on their own sites, and stepping up their digital content initiatives. Our brands are actively incorporating digital tools to enhance the customer experience and attract new consumers.

launch of *La Mousse OFF/ON* foaming cleanser as part of a new range of water lily-infused makeup removers. Growth in makeup was fueled by the success of new lipsticks (refillable *Dior Addict* and transfer-proof *Rouge Dior Forever*) and the solid performance of the new version of its *Forever* liquid foundation. The Maison ramped up the development of its spa business. Online sales grew rapidly through directly operated sites. The Maison adopted an omnichannel marketing approach spanning all traditional and digital channels to place itself among the most visible and appealing beauty brands. In connection with its "Beauty as a Legacy" CSR mission, it stepped up its efforts to promote biodiversity through the cultivation of flowers as a source of environmental regeneration, and ambitiously committed to cutting its greenhouse gas emissions by 46% by 2030.

**Guerlain** continued its growth, buoyed by a strong performance in fragrances. The *L'Art et la Matière* collection, which embodies the Maison's excellence in high perfumery, was enriched with new fragrances, while the *Aqua Allegoria* collection maintained its strong momentum and equally powerful commitments, with the launch of the *Aqua Allegoria Forte* range of more intense *eau de parfum* scents and a lush new video in the marketing campaign directed by Yann Arthus-Bertrand. Skincare also turned in a strong performance, with the *Abeille Royale* range invigorated by the relaunch of its star product, *Double R Renew & Repair Advanced Serum*. Guerlain's fifteen years of commitment to sustainability through its "In the Name of Beauty" program were recognized with a number of prestigious awards. This commitment is now incarnated by Angelina Jolie to give it even greater resonance worldwide.

**Parfums Givenchy** saw good momentum among its iconic fragrances: *L'Interdit* confirmed its success, while *Irrésistible* made further headway, driven by its *Eau de Toilette Fraîche* version, and *Gentleman* broke ground with *Réserve Privée*, a bold collaboration with Glenmorangie whisky, bringing together and celebrating two emblems of expert craftsmanship. Makeup saw the relaunch of *Le Rouge Interdit* lipstick. **Benefit** pursued growth through high-impact initiatives. The brow category, in which the brand is the world leader, was boosted by the launch of the *Gimme Brow+ Volumizing Pencil* and the rollout of the innovative *Brow Lamination* service at its *Brow Bars*. Another success was the launch of *Wanderful World*, a comprehensive collection of powder blushes. Its *The Porefessional* range was expanded with an ultra-lightweight version. **Fresh** reaffirmed its expertise in the use of natural ingredients with the launch of *Tea Elixir*, a new serum that boosts skin's resilience to stressors. **Make Up For Ever** saw business



driven by an innovation program developed with its collective of makeup artists. Its *HD Skin* undetectable foundation was a major success. The Maison presented its first exhibition of body and face art, showcasing the work of its Academy's most talented students. Growth at **Kenzo Parfums** was driven by the new *L'Absolue* version of its *Flower by Kenzo* flagship line and its marketing campaign. **Maison Francis Kurkdjian** achieved remarkable growth in the United States and Europe, fueled by the success of its *Baccarat Rouge 540* fragrance and the launch of its new *724* scent. The Maison partnered with the Palace of Versailles as part of a patronage project and opened its first store in China. **Acqua di Parma** continued to grow at a brisk pace, driven by the momentum of its *Signatures of the Sun* line, with the launch of *Magnolia Infinita* and the *Zafferano* exclusive limited edition for Harrods. Its new *Colonia C.L.U.B.* fragrance was an instant bestseller. For **Perfumes Loewe**, international expansion through a new point-of-sale concept was the main growth driver. The Maison's first store was opened in China and its e-commerce site is now available in 40 countries. **Fenty Beauty** doubled its revenue in 2022 through its expanded distribution and successful launches. **Fenty Skin** saw strong growth in the body care category. **Officine Universelle Buly** continued its expansion, in particular in Japan, with five new points of sale. In Paris, the Maison's *officines*, or dispensaries, benefited from growing brand awareness. A new version of the website was launched.

## Outlook

While remaining vigilant, as called for by the uncertainty of the current environment, the Perfumes and Cosmetics Maisons will continue to invest selectively in their strengths: brand appeal, accelerated innovation and digital initiatives, and a selective approach to retail networks. **Parfums Christian Dior**, building on the brand's excellent momentum, has set ambitious leadership targets that will draw on innovation to enrich its iconic lines, *Sauvage*, *Miss Dior*, *Rouge Dior*, *Jadore*, *La Collection Privée*, *Capture* and *Prestige*, in particular. Reflecting its desire to connect more directly with its customers, the Maison will continue expanding its network of directly operated stores, while increasing the share of digital in its sales and marketing. Lastly, Dior will maintain its commitment to corporate social responsibility through its holistic "Beauty as a Legacy" program. **Guerlain** will see a flurry of exciting developments, with the reinvention of its star product, the *Micro-Lift Concentrate* version of *Orchidée Impériale*, and large-scale initiatives including a collaboration with the prestigious Maison Matisse, founded by the family of the renowned French painter, for the *L'Art et la Matière* collection, as well as the launch of a natural, no-transfer matte foundation in the iconic *Terracotta* range. **Parfums Givenchy** will launch a major initiative in men's fragrances and move its skincare lines further upmarket. While implementing a plan focused on major innovations and boosting its flagship products, **Maison Francis Kurkdjian** will roll out the new store concept it revealed in 2022. **Acqua di Parma** will unveil an exceptional collaboration with designer Samuel Ross.

## 4. WATCHES AND JEWELRY

In 2022, the Watches and Jewelry business group represented 13% of the total revenue of LVMH.

### 4.1 The brands of the Watches and Jewelry business group

**TAG Heuer**, a pioneer of Swiss watchmaking since 1860, which was acquired by LVMH in November 1999, combines innovative technology with the ultimate in precision timekeeping and avant-garde designs to create extremely accurate watches. Its most coveted traditional and automatic watches and chronographs are the *Carrera*, *Aquanacer*, *Formula 1*, *Link* and *Monaco* lines. In 2010, TAG Heuer launched the first automatic movement developed and built in-house, followed, in 2015, by the launch of a smartwatch.

**Hublot**, founded in 1980 and part of the LVMH group since 2008, has always been an innovative brand, creating the first watch in the industry's history fitted with a natural rubber strap. Relying on a team of top-flight watchmakers, the brand is widely renowned for its original concept combining noble materials with state-of-the-art technology and for its iconic *Big Bang* model launched in 2005. Along with the many versions of this model, Hublot has launched the *Classic Fusion* and the more recent *Spirit of Big Bang* lines.

**Zenith**, founded in 1865 and established in Le Locle near the Swiss Jura region, joined LVMH in November 1999. Zenith belongs to the very select group of watch movement manufactures. In the watchmaking sector, the term "manufacture" designates a company that provides the entire design and manufacturing of mechanical movements. The two master movements of Zenith, the chronograph *El Primero* and the extra-flat movement *Elite*, absolute benchmarks for Swiss watchmaking, are provided on the watches sold under this brand.

**Tiffany & Co.**, founded in New York in 1837 and acquired by LVMH in 2021, is a global icon of luxury, famous for its innovative jewelry designs, extraordinary craftsmanship and unrivaled creativity. The brand's optimism, legendary wit and distinctive New York energy inspire dreams that begin with the opening of one of its coveted Blue Boxes. In 1886, Charles Lewis Tiffany introduced the *Tiffany® Setting*, the world's most iconic engagement ring. With this innovation, Tiffany & Co. quickly made its name as more than a jewelry house – it has become a destination for timeless designs and unparalleled craftsmanship.

**Bulgari**, founded in 1884, stands for creativity and excellence worldwide and is universally recognized as one of the major players in its sector. The long-celebrated Italian brand occupies a strong leadership position in jewelry, with an outstanding reputation for its expertise in combining colored gemstones and watches, while also playing an important role in the fragrance and accessories segments. Iconic lines include *Serpenti*, *B.Zero1*, *Diva* and *Octo*. LVMH acquired Bulgari in 2011.

## 4.2 Competitive position

The jewelry market is highly fragmented, consisting of a handful of major international groups plus an array of smaller independent brands from many different countries. LVMH's brands are

## 4.3 Distribution

The business group, which enjoys a strong international presence, has reaped the benefits of its excellent coordination and pooling of administrative, sales and marketing teams. A worldwide network of after-sale multi-brand services has been gradually put in place to improve customer satisfaction. LVMH Watches and Jewelry has a territorial organization that covers all European markets, the American continent, northern Asia, Japan, and the Asia-Pacific region.

This business group is focusing on the quality and productivity of its retail networks and is also developing its online sales. It selects

## 4.4 Supply sources and subcontracting

In watchmaking, manufacturing has been coordinated through the use of shared resources, such as prototype design capacities, and by sharing the best methods for preparing investment plans, improving productivity and negotiating purchasing terms with suppliers. In jewelry, centralized checking has been introduced for diamonds, alongside technical cooperation between brands for the development of new products.

At its Swiss workshops and manufacturing centers, located in Le Locle, La Chaux-de-Fonds, Neuchâtel, Cornol, Tramelan, Le Sentier, Chevenez and Nyon, the Group assembles a substantial proportion of the watches and chronographs sold under the TAG Heuer, Hublot, Zenith, Bulgari, Montres Dior, Chaumet and Fred brands; it also designs and manufactures mechanical movements such as *El Primero* and *Elite* by Zenith, *Heuer 01* by TAG Heuer, *UNICO* by Hublot and *Solotempo* by Bulgari; and it manufactures some critical components such as dials, cases and straps. Zenith's

**Chaumet**, a jeweler established in 1780, has maintained its prestigious expertise, which is reflected in all its designs, from high jewelry and fine jewelry to watch collections. Its major lines are *Joséphine* and *Liens*. The LVMH group acquired Chaumet in 1999.

**Fred**, founded in 1936 and part of the LVMH group since 1995, is present in high jewelry, fine jewelry and watchmaking. Since joining the Group, Fred has completely revamped its design, image and distribution. This revival can be seen in the bold, contemporary style exemplified by the brand's iconic *Force 10* line.

present all around the world, and it has established itself as one of the international leaders.

multi-brand retailers very carefully and builds partnerships so that retailers become genuine brand ambassadors when interacting with end-customers. In an equally selective approach, the Maisons also continue to refurbish and open their own directly operated stores in buoyant markets in key cities.

The Watches and Jewelry brands' directly operated store network comprised 865 stores as of year-end 2022 at prestigious locations in the world's largest cities. The Watches and Jewelry business group also developed a network of franchises.

manufacturing facility in Le Locle underwent a major renovation in 2012. In 2013, TAG Heuer inaugurated a new movement manufacturing facility in Chevenez, and in 2015 Hublot opened a second one at its Nyon site.

Bulgari opened a jewelry manufacturing facility in Valenza, Italy, at the end of 2016, and in 2019 inaugurated a new watch casing manufacturing facility in the Jura canton of Switzerland. It also operates a high jewelry workshop in Rome.

Tiffany operates several jewelry manufacturing workshops in the United States, as well as its own diamond polishing workshops in Belgium, Botswana, Cambodia, Mauritius and Vietnam.

Even though the Watches and Jewelry group can sometimes use third parties to design its models, they are most often designed in its own studios.

## 4.5 Highlights of 2022 and outlook for 2023

	2022	2021	2020
<b>Revenue (EUR millions)</b>	<b>10,581</b>	<b>8,964</b>	<b>3,356</b>
<b>Revenue by geographic region of delivery (%)</b>			
France	3	2	4
Europe (excl. France)	15	15	20
United States	26	25	8
Japan	11	11	12
Asia (excl. Japan)	32	36	43
Other markets	13	11	13
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Profit from recurring operations (EUR millions)</b>	<b>2,017</b>	<b>1,679</b>	<b>302</b>
<b>Operating margin (%)</b>	<b>19.1</b>	<b>18.7</b>	<b>9.0</b>

### Highlights

The Watches and Jewelry business group showed strong momentum in 2022, driven by the powerful appeal of the jewelry Maisons and the creativity of their iconic collections, as well as the expertise and capacity to innovate of the watchmaking Maisons. Emphasis continued to be placed on the selective development of their retail networks, marketing, and brand activation through events and digital engagement.

In a year featuring many initiatives, **Tiffany** turned in an excellent performance and continued to grow its appeal. Its *Lock* jewelry collection, launched in North America in August, was very well received. A number of celebrities – including singer-songwriter Beyoncé, K-pop star Rosé, and model and entrepreneur Hailey Bieber – appeared in campaigns wearing the iconic *T* and *HardWear* collections, building a strong following among Tiffany's customers. Revenue from high jewelry sales doubled, fueled by a flurry of events and the launch of a marketing campaign featuring the Maison's brand ambassador Gal Gadot. This success has positioned Tiffany as a major player in the world of high jewelry. The events celebrating Tiffany's 185th anniversary and its creative heritage joining tradition and modernity culminated in the *Vision & Virtuosity* exhibition at the Saatchi Gallery in London, which completely sold out. The Maison also marked the occasion by illuminating the facades of the legendary Harrods department store in Tiffany Blue. The Maison unveiled several bold innovations and collaborations, including the creation of *NFTiffs x CryptoPunks* pendants and the limited-edition *Daniel Arsham x Lock*, an end-of-year campaign recalling a historic partnership with Andy Warhol. With openings of more than a dozen new or renovated stores featuring its latest retail concept in the fourth quarter, Tiffany demonstrated its commitment to ramping up the redesign of its store network.

**Bulgari** maintained its solid momentum, particularly in the United States, Europe, the Middle East, and Southeast Asia. Growth was driven by the iconic *Serpenti* collection, high jewelry and high-end watches, in particular the new *Eden: The Garden of Wonders* collection, launched in Paris in June and subsequently presented in Shanghai, Tokyo, San Diego, New York, Bangkok and Dubai, achieving record revenue. The Maison's move further upmarket was reflected in a marketing campaign directed by Paolo Sorrentino, starring brand ambassadors Anne Hathaway, Zendaya, Blackpink's Lisa, and Prianka Chopra. Its many other initiatives included the release of the documentary *Inside the Dream*, which traces the path of a raw emerald all the way to the red carpet at the Venice Film Festival. Bulgari broke new ground in the digital realm with the first NFT contemporary artworks inspired by the *Octo Finissimo Ultra*, which set a new record for the world's thinnest mechanical watch, and *Metamorphosis*, an extraordinary diamond and ruby necklace that can be worn nine different ways, each one a masterpiece. The Bulgari Hotel Paris opened its doors in December 2021 and became one of the French capital's most acclaimed hotels in the space of just a few months.

**TAG Heuer** had a year brimming with innovation, as evidenced in particular by the creation of its first solar-powered timepiece in the *Aquaracer* collection and the *Carrera Plasma*, an avant-garde fusion of watchmaking and lab-grown diamonds. Another highlight was the release of its latest generation of smartwatches. The *Monaco x Gulf* won the Iconic Watch Prize at the Geneva Watchmaking Grand Prix. The Maison expanded its family of ambassadors and launched a highly eventful series of initiatives built around its partnership with Porsche and the film *The Gray Man*, which stars the Maison's brand ambassador Ryan Gosling.

**Hublot** had an excellent year, driven by the latest additions to the *Big Bang* collection, the launch of the *Square Bang* collection at the Watches & Wonders trade show, and the solid performance achieved by its store network, which continued to grow around the world. The Maison demonstrated its capacity for innovation, releasing a large number of exceptional pieces and creating NFTs in collaboration with artist Takashi Murakami. Raising its strong profile even further as the Official Timekeeper of the 2022 Soccer World Cup, Hublot launched its third-generation smartwatch *Big Bang e FIFA World Cup Qatar 2022™*, the most powerful yet in its *Big Bang e* watch collection, and unveiled its "Hublot Loves Football" campaign, designed in collaboration with Franco-Lebanese artist Mira Mikati and featuring 15 of the Maison's brand ambassadors, including Kylian Mbappé.

**Zenith** had a year marked by several headline events, including the launch of the *Defy Skyline* at LVMH Watch Week and the "Master of Chronographs" campaign, which showcased the Maison's heritage and major innovations in the field of mechanical chronographs. Zenith's strategic ambition of connecting directly with its customers was reflected in the opening of 11 new directly operated stores and its expansion into 17 new e-commerce markets. The Maison unveiled its "Zenith Horizon" CSR program and reaffirmed its support for the fight against breast cancer by donating unique timepieces to raise funds for this cause.

**Chaumet** had an excellent year and raised its profile with several key events, including the *Botanical* exhibition at the Palais des Beaux-Arts in Paris, which attracted a record number of visitors. With a concept extending beyond jewelry and the history of the Maison, this event, featuring 400 works loaned by over 90 museums and other institutions, celebrated nature by exploring 5,000 years of art and design across a range of disciplines, illustrating Chaumet's support for culture and its desire to share its vision of a highly relevant contemporary issue with a wide audience. Another prominent exhibition, *Tiara Dream*, was held in Riyadh. The new *Ondes et Merveilles* (Waves and Wonders) high jewelry collection pays tribute to the sea, a perennial source of inspiration for the Maison. The Maison's iconic collections showed good momentum, in particular the increasingly successful *Bee My Love*. Chaumet continued the targeted expansion of its retail network.

**Fred**, buoyed by its "Live the Joy" marketing campaign, saw very strong growth. Its main collections achieved record revenue. The Maison's first retrospective exhibition, *Fred: Jewelry Designer Since 1936*, presented at the Palais de Tokyo in Paris, and the launch of its new high jewelry collection *Monsieur Fred Inner Light* were the headline events of 2022. As a Special Olympics partner, Fred lent its support for the 10th edition of the organization's National Summer Games in June, dedicated to the empowerment of people with intellectual disabilities through sports.

## Outlook

In 2023, the Watches and Jewelry business group will aim to continue gaining market share and boosting its production chains. Given the challenges that may arise in the months ahead, the Maisons will continue to manage costs and remain selective in their investments. They will continue to prioritize innovation,

targeted expansion of their networks of directly operated stores and e-commerce, and their capacity to seize opportunities unlocked by their rapidly expanding digital presence. Their strategies will continue to focus on sustainability and responsibility, particularly in terms of traceability for gems and precious metals. **Tiffany** will add new designs to its unisex *Lock* collection, which it will roll out to all its markets. The Maison will also ramp up the redesign of its retail network. One of the highlights of this program will be the reopening of its landmark New York flagship store following a four-year transformation, which will offer an unparalleled customer experience and a new vision of Tiffany. **Bulgari** will bolster its positions in high-end lines, celebrate the 75th anniversary of its iconic *Serpenti* collection and open two new hotels, including one in Rome. The Maison will start construction on its new jewelry manufacturing facility in Valenza, which, once completed, will double its production capacity at this site, where it has operated since 2017, creating 750 new jobs for jewelry artisans trained at its own academy. The site also aims to become the world's first jewelry manufacturing facility powered entirely by renewable energy, 40% of which will be generated internally. **Chaumet** will continue expanding and renovating its store network, and will launch a number of corporate giving initiatives, in particular its new Echo Culture Award, which will recognize women-led projects that promote access to culture for as many people as possible. **TAG Heuer** will celebrate the 60th anniversary of its *Carrera* collection and continue its slate of events relating to its smartwatches and its partnership with Porsche. In 2023, **Hublot** will begin construction on its new manufacturing facility, built to the highest environmental standards, which will help accommodate the Maison's growth, in particular by significantly boosting its capacity to produce in-house movements and cases made of high-tech materials.

## 5. SELECTIVE RETAILING

In 2022, the Selective Retailing business group represented 19% of the total revenue of LVMH.

### 5.1 Travel retail

**Duty Free Shoppers** (DFS), which joined LVMH in 1997, is the pioneering world leader in the sale of luxury products to international travelers. Its activity is closely linked to tourism cycles.

Since it was formed in 1960 as a duty-free concession in the Kai Tak airport in Hong Kong, DFS has acquired an in-depth knowledge of the needs of traveling customers, built solid partnerships with Japanese and international tour operators as well as with the world's leading luxury brands, and has significantly expanded its business, particularly in tourist destinations in the Asia-Pacific region.

To accompany the rise of travel retail, DFS has also focused on the development of its city-center *Galleria* stores, which currently account for half of its revenue. The 24 DFS *Galleries*, each with a floor area of between 6,000 and 12,000 square meters, are centrally located in top tourist destinations for airline passengers in the Asia-Pacific region, the United States and Japan, but also in Europe, with the 2016 opening of *T Fondaco dei Tedeschi* in Venice, Italy, and the opening in June 2021 of La Samaritaine in Paris. In 2022, DFS opened *Galleria* stores in Queenstown, New Zealand and at The Londoner Macao. Each *Galleria* combines in one site, close to the hotels where travelers are lodged, two different but



complementary retail spaces: a general luxury product offering (including perfumes and cosmetics, fashion and accessories) and a gallery of prestigious boutiques, some of which belong to the LVMH group (including Louis Vuitton, Hermès, Bulgari, Tiffany, Christian Dior, Chanel, Prada, Fendi and Celine).

While continuing with the development of its *Galleries*, DFS maintains its strategic interest in the airport concessions if these can be obtained or renewed under good financial terms. DFS currently operates at around ten international airports in the

Asia-Pacific region, the United States, Japan, Abu Dhabi, and China, where DFS won the Chongqing Jiangbei International Airport concession in 2022.

**Starboard Cruise Services**, acquired by LVMH in 2000, is an American company founded in 1958 and one of the world leaders in the sale of duty-free luxury items on board cruise ships. It provides services to around 80 ships representing several cruise lines. It also publishes tourist reviews, catalogs and advertising sheets available on board.

## 5.2 Selective retail

**Sephora**, founded in 1969, has developed over time a perfume and beauty format that combines direct access and customer assistance. This concept led to a new generation of stores with a sober and luxurious architecture, divided into areas mainly dedicated to perfume, makeup and skincare. Based on the quality of this concept, Sephora has gained the confidence of selective perfume and cosmetics brands. In addition, Sephora has offered products sold under its own brand name since 1995 and has developed a line of exclusive products thanks to its close ties with brands selected for their bold ideas and creativity.

Since it was acquired by LVMH in July 1997, Sephora has recorded rapid growth in Europe by opening new stores and acquiring companies that operated perfume retail chains. Sephora is present in 15 European countries. The Sephora concept also crossed the Atlantic in 1998, with a strong presence in the United States, the sephora.com website, and a store network in Canada. Sephora entered the Chinese market in 2005. The retailer also has locations in the Middle East, Latin America (Brazil and Mexico) and Southeast Asia. In 2021, Sephora moved into the United Kingdom by acquiring the Feelunique website, which in October 2022 became sephora.co.uk. Sephora also pulled out of Russia in 2022.

Sephora is at the forefront of the retail industry's unstoppable digital transformation. Sephora builds on the complementarity of its in-store and online shopping offerings and its strong

social media presence to maximize customer touchpoints and opportunities to build loyalty. With its websites, digitally equipped stores, customer mobile apps and beauty consultants, the Maison creates an omnichannel beauty experience that is increasingly innovative and personalized and offers customers an interactive, seamless, flexible shopping journey.

**Le Bon Marché Rive Gauche** – the world's first department store – opened its doors in 1852, with entrepreneur Aristide Boucicaut at the helm. Both a forerunner and trendsetter, Le Bon Marché Rive Gauche presents a selection of sophisticated and exclusive labels, in a space with a strong architectural concept. Customers from around the world looking for a true Parisian experience rub shoulders with locals, all drawn to the department store's unique vibe and the quality of its service. The sole department store located on the Left Bank in Paris, it was acquired by LVMH in 1998.

Newly inaugurated in late 2013, **La Grande Épicerie de Paris** is a trailblazing gourmet food emporium. La Grande Épicerie de Paris offers its customers a culinary shopping experience like no other, made possible by the expertise of the artisans, architects and artists selected for this project, and has become an absolute must for food lovers. In 2017, La Grande Épicerie de Paris – historically located on the ground floor of Le Bon Marché – added a location on Rue de Passy in the 16th arrondissement of Paris.

## 5.3 Competitive position

In 2022, Sephora gained market share in its key countries, in particular the United States, France, Canada, Italy and Spain.

## 5.4 Highlights of 2022 and outlook for 2023

	2022	2021	2020
<b>Revenue (EUR millions)</b>	<b>14,852</b>	<b>11,754</b>	<b>10,155</b>
<b>Revenue by geographic region of delivery (%)</b>			
France	12	12	13
Europe (excl. France)	9	9	9
United States	44	39	35
Japan	1	-	1
Asia (excl. Japan)	16	24	27
Other markets	18	16	15
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Profit from recurring operations (EUR millions)</b>	<b>788</b>	<b>534</b>	<b>(203)</b>
<b>Operating margin (%)</b>	<b>5.3</b>	<b>4.5</b>	<b>(2.0)</b>

### Highlights

The Selective Retailing business group saw solid growth despite the impact of the public health situation in China. The Maisons demonstrated flexibility and agility, focusing their efforts on the markets where recovery was the strongest and stepping up the pace of their digital inroads. Growth at the Maisons was powered by excellence and innovation driving improvements in the customer experience, differentiation and loyalty policies, and the ramp-up of omnichannel strategies.

In 2022, **Sephora** achieved its strongest year ever with record sales and profits. The Maison recorded market share gains in all of its core markets, with especially robust performances in North America, Europe, the Middle East, Latin America and most Southeast Asian countries. Retail sales were strong as traffic improved in all markets except China, due to the public health situation. E-commerce was also extremely strong. This growth was supported by continued rapid innovation, both in-store and online, but also sustained investment in logistics. In terms of categories, makeup, haircare and fragrances drove growth. Sephora's own brand, *Sephora Collection*, performed well behind impactful new product launches. Sephora continued to expand its store network, especially thanks to its partnership with Kohl's in the United States. Sephora also launched a new "store of the future" concept at Raffles City in Singapore, specifically designed to offer an experiential shopping journey. A new iconic store was opened in the Place Vendôme mall in Doha, Qatar. Sephora also entered the UK, a year after its acquisition of Feelunique, a UK favorite in the online beauty and wellness space. The Maison was also able to finalize the sale of its Russian activities

to its local general manager, aimed at providing continuity for local employees. In parallel, Sephora continued to build its brand and reinforce its culture. The Maison organized exciting physical, digital and hybrid events dedicated to its clients, such as "Sephoria: Virtual House of Beauty", featuring multiple virtual rooms to explore and exclusive content from some of Sephora's most-loved brands. True to its commitment to a more diverse and inclusive world, Sephora has continued to support causes it deeply believes in. In the United States, Sephora pursued its Accelerate brand incubator program in particular, aimed at supporting beauty entrepreneurs, with a focus on supporting founders of color to increase their representation in prestige beauty and in Sephora's product assortment. In France, Sephora pursued its partnership with Toutes à l'École, to support the education of girls in Cambodia.

**DFS** remained hampered during the year by the public health situation in China. Flagship destinations Hong Kong and Macao were particularly hard-hit in 2022 with the suspension of domestic travel and total absence of tourists. Against this backdrop, DFS focused on revitalizing its network, innovating in the digital space and selectively expanding. The Maison celebrated its 50th anniversary at San Francisco International Airport with an event to unveil its renovated stores, and also celebrated the reopening of its airport stores in Vietnam and Singapore and of its *T Galleria* store on the island of Bali. A number of new sites were opened in 2022: DFS won the fashion, watch and jewelry concessions at the domestic terminal of China's Chongqing Jiangbei International Airport – the Maison's first successful bid for a Chinese airport concession. In October, a new *T Galleria* store opened in Queenstown, New Zealand, introducing the "Resort" concept. In Macao, the reopening of the *T Galleria Beauty by DFS* store at the Galaxy resort was followed by the opening of a new *T Galleria* at The Londoner resort. Destinations not affected by the public health situation performed well, including in particular Japan, the Middle East and France, where La Samaritaine Pont-Neuf confirmed its appeal. The Maison continued to focus on employee well-being by implementing health programs and adapting working hours, and offered financial support to those whose families were affected by quarantine measures in Hong Kong in particular. Lastly, DFS maintained its support for local communities through volunteer activities, and launched a partnership with the World Health Organization to combat unequal access to vaccines.

**Starboard Cruise Services** was boosted by the rebound in the cruise sector after a difficult start to the year and a very gradual recovery. By the end of 2022, the Maison had resumed operations on 82 ships, with an occupancy rate reaching 90%. New contracts were also signed, adding 11 ships to its portfolio.

**Le Bon Marché** had an excellent year, with revenue exceeding its 2019 level. Parisian customers faithfully returned to the store, which remained open throughout the year, joined by many customers from other parts of France and around the world. Business was buoyed by a busy program of events, reaffirming its unique profile as a trend-setting department store and a cultural venue. The beginning of the year featured the *Su* exhibition by artist Mehmet Uysal, an installation with a powerful message, questioning contemporary climate priorities. Philippe Katerine then made his mark on the store's design with his *X* exhibition, while May saw the 30th anniversary of the Vieilles Charrues music festival. In the fall, Le Bon Marché celebrated its 170th anniversary, with commemorations including the launch of an unprecedented experience for a department store: an immersive theater performance inspired by Émile Zola's famous novel *Au Bonheur des Dames*, played to a full house. La Grande Épicerie de Paris experienced strong growth.

### Outlook

Offering customers the best shopping experience possible across all distribution channels remains the goal shared by all the Maisons. In an uncertain and volatile global environment, **Sephora** is optimistic but cautious for 2023, and will clearly

focus on differentiating further and continuing to build “the world's most loved beauty community”. Sephora will continue to develop its omnichannel capabilities and will open over 100 new points of sale to win in its key markets of the United States, Canada, the Middle East, France and China. Sephora will continue to drive preference through product differentiation, with its carefully selected assortment of brands and products tailored to each unique customer profile, all while pursuing the Diversity & Inclusion initiatives that bring Sephora's purpose to life. **DFS** should benefit from the upturn in business and the return of travelers to Hong Kong and Macao. Operations will begin at China's Chongqing Jiangbei International Airport in the first quarter, and its new *T Galleria* store is set to open in Brisbane, Australia towards the end of the year. The Maison will also continue to focus on opportunities to grow and diversify its customer base. **Le Bon Marché** will continue to enhance the quality of its exclusive selection and its customer experience, while capitalizing on its innovative approach and unique cultural dimension. The highlight of the beginning of the year will be the *Sangam* exhibition by artist Subodh Gupta. In light of the success of the immersive theater experience that debuted in 2022, further performances will be held in March and April 2023.

## 6. OTHER ACTIVITIES

### Les Echos group

LVMH acquired the Les Echos group in 2007. The Les Echos group includes *Les Echos*, France's leading financial newspaper, *LesEchos.fr*, the top business and financial website in France, the business magazine *Enjeux-Les Echos*, as well as other specialized business services. The Les Echos group also holds several other financial and cultural media titles that were previously owned directly by LVMH: *Investir – Le Journal des finances*, resulting from the 2011 merger of two financial weeklies; *Connaissance des Arts*; and the French radio station *Radio Classique*. The Les Echos group also publishes trade journals, with titles produced by SID Presse, and is active in the business-to-business segment, with the organizations *Les Echos Formation* and *Les Echos Conférences*, the trade show *Le Salon des Entrepreneurs*, and *Eurostaf* market studies. Since late 2015, Les Echos has also encompassed the *Le Parisien* daily newspaper and its *Aujourd'hui en France* magazine.

### La Samaritaine

**La Samaritaine** is a real estate complex located at the heart of Paris, beside the Seine river. Following a large-scale program to renovate and restore 70,000 square meters in space to the latest environmental standards, La Samaritaine reopened to shoppers in June 2021. With diversity at the heart of the redesign, the buildings now house an 80-crib daycare facility, plus 96 social

housing units (operated by Paris Habitat). Designed and operated by DFS, the Samaritaine Pont-Neuf department store in Paris is guided by a bold vision: to create a rich blend of experiences and wonder, authenticity and modernity. In another of La Samaritaine's projects, Cheval Blanc Paris, the Maison's first urban hotel, welcomed its first guests in September 2021.

### Royal Van Lent

Founded in 1849, **Royal Van Lent** designs and builds luxury yachts according to customers' specifications and markets them under the Feadship brand, one of the most prestigious in the world for yachts over 50 meters.

### LVMH Hotel Management

**LVMH Hotel Management** is the spearhead of the LVMH group's business development in hotels, under the Cheval Blanc brand. The Cheval Blanc approach, based on the founding values of craftsmanship, exclusivity, creativity and hospitality, is applied at all of its hotels, whether proprietary or independently managed. Cheval Blanc has locations in Courchevel (France), Saint-Barthélemy (French Antilles) with the hotel acquired in 2013, the Maldives and Saint-Tropez. In 2021, Cheval Blanc opened its new luxury hotel in Paris at the La Samaritaine site.

Business overview, highlights and outlook

## Belmond

Founded in 1976, with the acquisition of Hotel Cipriani in Venice, **Belmond** is a pioneer in luxury tourism. For more than 40 years, the Maison has aimed to offer its customers one-of-a-kind trips and experiences in inspirational locations. Belmond has a large portfolio of hotels, trains, cruises and safaris that bring together heritage, expertise, authenticity and exacting customer service.

## Le Jardin d'Acclimatation

Imagined as an emblem of modern Paris by Napoleon III and opened in 1860, the **Jardin d'Acclimatation** is the oldest leisure and amusement park in France. LVMH has held the concession to the park since 1984. Following the renewal of this concession in 2016, an ambitious modernization project was launched, culminating in the reopening of the entirely refurbished and redesigned park in June 2018.

# MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

## Business and financial review

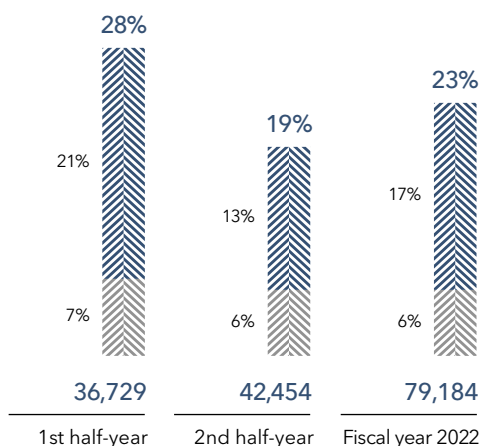
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# 1. COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

## 1.1 Breakdown of revenue

### Change in revenue per half-year period

(EUR millions and as %)



■ Organic growth

■ Changes in the scope of consolidation <sup>(a)(b)</sup>

■ Exchange rate fluctuations <sup>(a)</sup>

(a) The principles used to determine the impact of exchange rate fluctuations on the revenue of entities reporting in foreign currencies and the impact of changes in the scope of consolidation are described on page 39.

(b) 0% in fiscal year 2022.

Revenue for the 2022 fiscal year was 79,184 million euros, up 23% from the previous fiscal year. Revenue was boosted by the Group's main invoicing currencies strengthening on average against the euro, in particular the US dollar, which appreciated by 11%, and the Chinese renminbi, by 7%.

The following changes to the Group's consolidation scope took place after January 1, 2021: in the Wines and Spirits business group, the consolidation of Armand de Brignac as of May 28, 2021, and the consolidation of Joseph Phelps Vineyards in August 2022; in the Fashion and Leather Goods business group, the consolidation of Off-White in June 2021; in the Perfumes and Cosmetics business group, the consolidation of Officine Universelle Buly as of January 1, 2022; these changes in the scope of consolidation had a negligible effect on the Group's full-year revenue growth.

On a constant consolidation scope and currency basis, revenue increased by 17%.

### Revenue by invoicing currency

(as %)	2022	2021	2020
Euro	19	17	19
US dollar	30	28	27
Japanese yen	7	7	7
Hong Kong dollar	2	3	4
Other currencies	42	45	43
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

The breakdown of revenue by invoicing currency changed as follows with respect to the previous fiscal year: the contributions of the euro and the US dollar rose by 2 points to 19% and 30%, respectively, while those of the Hong Kong dollar and "Other currencies" fell by 1 point and 3 points, respectively, to 2% and 42%. The contribution of the Japanese yen remained stable at 7%.

### Revenue by geographic region of delivery

(as %)	2022	2021	2020
France	8	6	8
Europe (excl. France)	16	15	16
United States	27	26	24
Japan	7	7	7
Asia (excl. Japan)	30	35	34
Other markets	12	11	11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

By geographic region of delivery, the relative contribution of Asia (excluding Japan) to Group revenue fell by 5 points to 30% as a result of partial lockdowns enacted in 2022, especially in China. The relative contribution of France rose by 2 points to 8%, and those of the United States, Europe (excluding France) and "Other markets" grew by 1 point each to 27%, 16% and 12%, respectively. The relative contribution of Japan remained stable at 7%.

### Revenue by business group

(EUR millions)	2022	2021	2020
Wines and Spirits	7,099	5,974	4,755
Fashion and Leather Goods	38,648	30,896	21,207
Perfumes and Cosmetics	7,722	6,608	5,248
Watches and Jewelry	10,581	8,964	3,356
Selective Retailing	14,852	11,754	10,155
Other activities and eliminations	281	19	(70)
<b>Total</b>	<b>79,184</b>	<b>64,215</b>	<b>44,651</b>

By business group, the breakdown of Group revenue changed as follows: the contribution of Fashion and Leather Goods and that of Selective Retailing increased by 1 point each to 49% and 19%, respectively, while the contribution of Watches and Jewelry decreased by 1 point to 13%. The contribution of Wines and Spirits and that of Perfumes and Cosmetics both remained stable at 9% and 10%, respectively.

Revenue for Wines and Spirits increased by 19% based on published figures. Boosted by a positive 7-point exchange rate impact and a positive 1-point impact of changes in scope arising from the consolidation of Armand de Brignac, revenue for this business group was up 11% on a constant consolidation scope and currency basis. Revenue from champagnes and wines was up 24% based on published figures and 18% on a constant consolidation

scope and currency basis. Revenue from cognac and spirits was up 14% based on published figures and 5% on a constant consolidation scope and currency basis. This performance was achieved through a firm price increase policy, in line with the Group's value-enhancing strategy. All regions showed excellent performance, with the exception of the United States, where sales were affected in particular by the supply chain issues observed at the beginning of the year.

Revenue for Fashion and Leather Goods increased by 20% in terms of organic growth and by 25% based on published figures. Europe and Japan delivered an excellent performance, while the United States saw more moderate growth, as did Asia, affected by the public health situation in mainland China. Virtually all the brands achieved outstanding results.

## 1.2 Profit from recurring operations

<i>(EUR millions)</i>	2022	2021	2020
Revenue	79,184	64,215	44,651
Cost of sales	(24,988)	(20,355)	(15,871)
Gross margin	54,196	43,860	28,780
Marketing and selling expenses	(28,151)	(22,308)	(16,792)
General and administrative expenses	(5,027)	(4,414)	(3,641)
Income/(loss) from joint ventures and associates	37	13	(42)
<b>Profit from recurring operations</b>	<b>21,055</b>	<b>17,151</b>	<b>8,305</b>
<b>Operating margin (%)</b>	<b>26.6</b>	<b>26.7</b>	<b>18.6</b>

The Group's gross margin came to 54,196 million euros, up 24% compared to the previous fiscal year; as a percentage of revenue, the gross margin was 68%, remaining stable with respect to 2021.

Marketing and selling expenses totaled 28,151 million euros, up 26% based on published figures and up 20% on a constant consolidation scope and currency basis. The level of these expenses expressed as a percentage of revenue came to 35.6%, up 0.8 points from the previous fiscal year.

This increase in marketing and selling expenses was mainly due to higher communications investments as well as the development of retail networks. Among these marketing and selling expenses, advertising and promotion costs amounted to 12% of revenue, increasing by 25% on a constant consolidation scope and currency basis.

Revenue for Perfumes and Cosmetics increased by 10% in terms of organic growth and by 17% based on published figures. The United States, Japan, Europe and the Middle East were the regions where revenue increased the most.

Revenue for Watches and Jewelry increased by 12% in terms of organic growth and by 18% based on published figures. All the business group's brands performed very well. Europe, Japan and the United States were the most dynamic regions.

Revenue for Selective Retailing increased by 17% on a constant consolidation scope and currency basis, and by 26% based on published figures. Sephora turned in an excellent performance, particularly in Europe and the United States. Asia remained the region most heavily affected by the lack of recovery in international travel and the partial closure of the store network in certain regions.

The geographic breakdown of stores is as follows:

<i>(number)</i>	2022	2021	2020
France	518	522	512
Europe (excl. France)	1,108	1,203	1,175
United States	1,054	1,014	866
Japan	496	477	428
Asia (excl. Japan)	1,829	1,746	1,514
Other markets	659	594	508
<b>Total</b>	<b>5,664</b>	<b>5,556</b>	<b>5,003</b>

General and administrative expenses totaled 5,027 million euros, up 14% based on published figures and up 10% on a constant consolidation scope and currency basis. They amounted to 6.3% of revenue.

### Profit from recurring operations by business group

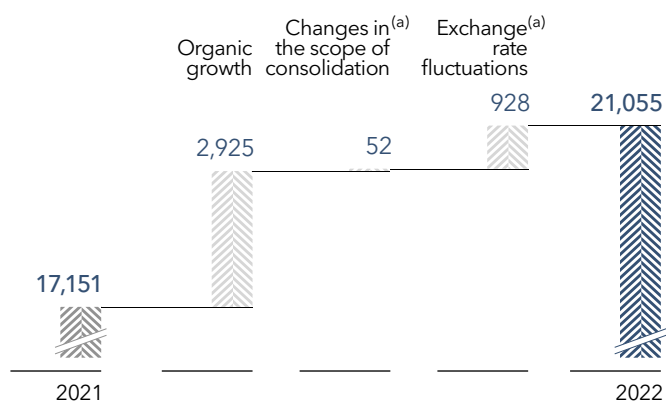
<i>(EUR millions)</i>	2022	2021	2020
Wines and Spirits	2,155	1,863	1,388
Fashion and Leather Goods	15,709	12,842	7,188
Perfumes and Cosmetics	660	684	80
Watches and Jewelry	2,017	1,679	302
Selective Retailing	788	534	(203)
Other activities and eliminations	(274)	(451)	(450)
<b>Total</b>	<b>21,055</b>	<b>17,151</b>	<b>8,305</b>

The Group's profit from recurring operations was 21,055 million euros, up 23% from the previous fiscal year. The Group's operating margin as a percentage of revenue was 26.6%, remaining stable with respect to the previous fiscal year.



**Change in profit from recurring operations**

(EUR millions)



(a) The principles used to determine the impact of exchange rate fluctuations on the profit from recurring operations of entities reporting in foreign currencies and the impact of changes in the scope of consolidation are described on page 39.

Overall, exchange rate fluctuations had a positive 928 million euro impact on profit from recurring operations compared to the previous fiscal year. This total comprises the following three items: (i) the impact of exchange rate fluctuations on export and import sales and purchases by Group companies, (ii) the change in the net impact of the Group's policy of hedging its commercial exposure to various currencies, and (iii) the impact of exchange rate fluctuations on the consolidation of profit from recurring operations of subsidiaries outside the eurozone.

**Wines and Spirits**

	2022	2021	2020
Revenue (EUR millions)	7,099	5,974	4,755
Profit from recurring operations (EUR millions)	2,155	1,863	1,388
Operating margin (%)	30.4	31.2	29.2

Profit from recurring operations for Wines and Spirits was 2,155 million euros, up 16% relative to 2021. Champagne and wines contributed 981 million euros, while cognacs and spirits accounted for 1,174 million euros. The business group's operating margin as a percentage of revenue came to 30.4%.

**Fashion and Leather Goods**

	2022	2021	2020
Revenue (EUR millions)	38,648	30,896	21,207
Profit from recurring operations (EUR millions)	15,709	12,842	7,188
Operating margin (%)	40.6	41.6	33.9

Fashion and Leather Goods posted profit from recurring operations of 15,709 million euros, up 22% relative to previous fiscal year. Louis Vuitton and Christian Dior Couture maintained an exceptional level of profitability. All the brands showed improved profit from recurring operations despite the impact of partial store closures in certain regions, particularly in China. The business group's operating margin as a percentage of revenue was 40.6%.

**Perfumes and Cosmetics**

	2022	2021	2020
Revenue (EUR millions)	7,722	6,608	5,248
Profit from recurring operations (EUR millions)	660	684	80
Operating margin (%)	8.5	10.4	1.5

Profit from recurring operations for Perfumes and Cosmetics was 660 million euros, influenced by a highly selective distribution policy. The business group's operating margin as a percentage of revenue was 8.5%.

**Watches and Jewelry**

	2022	2021	2020
Revenue (EUR millions)	10,581	8,964	3,356
Profit from recurring operations (EUR millions)	2,017	1,679	302
Operating margin (%)	19.1	18.7	9.0

Profit from recurring operations for Watches and Jewelry was 2,017 million euros, up 20% relative to December 31, 2021. The business group's operating margin as a percentage of revenue was 19.1%.

**Selective Retailing**

	2022	2021	2020
Revenue (EUR millions)	14,852	11,754	10,155
Profit from recurring operations (EUR millions)	788	534	(203)
Operating margin (%)	5.3	4.5	(2.0)

Profit from recurring operations for Selective Retailing was 788 million euros, up 48% relative to December 31, 2021. The business group's operating margin as a percentage of revenue was 5.3%.



## Other activities

The loss from recurring operations of “Other activities and eliminations” was 274 million euros, compared with a loss of 451 million euros as of December 31, 2021. This improvement mainly reflected the impact of hotel reopenings in 2022

compared with 2021. In addition to headquarters expenses, this heading includes the results of the hotel and media divisions, Royal Van Lent yachts, and the Group’s real estate activities.

### 1.3 Other income statement items

(EUR millions)	2022	2021	2020
Profit from recurring operations	21,055	17,151	8,305
Other operating income and expenses	(54)	4	(333)
Operating profit	21,001	17,155	7,972
Net financial income/(expense)	(888)	53	(608)
Income taxes	(5,362)	(4,510)	(2,409)
<b>Net profit before minority interests</b>	<b>14,751</b>	<b>12,698</b>	<b>4,955</b>
Minority interests	(667)	(662)	(253)
<b>Net profit, Group share</b>	<b>14,084</b>	<b>12,036</b>	<b>4,702</b>

“Other operating income and expenses” amounted to a net expense of 54 million euros, compared with net income of 4 million euros in 2021. As of December 31, 2022, this item mainly included depreciation, amortization and impairment charges for brands, goodwill, gains and losses on disposals, and transaction costs relating to acquisitions during the fiscal year.

The Group’s operating profit was 21,001 million euros, up 22% from the previous fiscal year.

“Net financial income/(expense)” amounted to a net expense of 888 million euros in fiscal year 2022, compared with net income of 53 million euros in fiscal year 2021. This item comprised the following:

- the aggregate cost of net financial debt, which was a cost of 17 million euros, versus a gain of 41 million euros in fiscal year 2021, representing a negative change of 57 million euros due to the increase in interest rates;

- interest on lease liabilities recognized under IFRS 16, which amounted to an expense of 254 million euros, compared with an expense of 242 million euros a year earlier;
- other financial income and expenses, which amounted to a net expense of 618 million euros, compared to net income of 254 million euros as of end-December 2021. Included in this amount was the expense related to the cost of foreign exchange derivatives, 358 million euros, versus an expense of 206 million euros a year earlier. In addition, fair value adjustments of available for sale financial assets reflected the deterioration in stock markets and amounted to a net expense of 225 million euros, compared to net income of 499 million euros in fiscal year 2021.

The Group’s effective tax rate as of December 31, 2022 was 26.7%, up 0.5 points from December 31, 2021.

Profit attributable to minority interests totaled 667 million euros, compared to 662 million euros in the previous fiscal year; this total mainly includes profit attributable to minority interests in Moët Hennessy.

The Group’s share of net profit was 14,084 million euros, up 17% relative to December 31, 2021, when it totaled 12,036 million euros. This represented 18% of revenue.

#### Comments on the determination of the impact of exchange rate fluctuations and changes in the scope of consolidation

The impact of exchange rate fluctuations is determined by translating the financial statements for the fiscal year of entities with a functional currency other than the euro at the prior fiscal year’s exchange rates, without any other restatements.

The impact of changes in the scope of consolidation is determined as follows:

- for the fiscal year’s acquisitions, by deducting from revenue for the fiscal year the amount of revenue generated during that fiscal year by the acquired entities, as of their initial consolidation;
- for the prior fiscal year’s acquisitions, by deducting from revenue for the fiscal year the amount of revenue generated over the months during which the acquired entities were not consolidated in the prior fiscal year;
- for the fiscal year’s disposals, by adding to revenue for the fiscal year the amount of revenue generated by the divested entities in the prior fiscal year over the months during which those entities were no longer consolidated in the current fiscal year;
- for the prior fiscal year’s disposals, by adding to revenue for the fiscal year the amount of revenue generated in the prior fiscal year by the divested entities.

Profit from recurring operations is restated in accordance with the same principles.

## 2. COMMENTS ON THE CONSOLIDATED BALANCE SHEET

(EUR millions)	2022	2021	Change
Intangible assets	50,213	50,455	(242)
Property, plant and equipment	23,055	20,193	2,862
Right-of-use assets	14,615	13,705	910
Other non-current assets	7,022	6,657	365
<b>Non-current assets</b>	<b>94,906</b>	<b>91,010</b>	<b>3,895</b>
Inventories	20,319	16,549	3,771
Cash and cash equivalents	7,300	8,021	(721)
Other current assets	12,121	9,731	2,389
<b>Current assets</b>	<b>39,740</b>	<b>34,301</b>	<b>5,439</b>
<b>Assets</b>	<b>134,646</b>	<b>125,311</b>	<b>9,335</b>

LVMH's consolidated balance sheet totaled 134.6 billion euros as of end-December 2022, up 9.3 billion euros from December 31, 2021.

Intangible assets totaled 50.2 billion euros, remaining stable with respect to year-end 2021. The negative 2.2 billion euro impact on goodwill of the revaluation of purchase commitments for minority interests was offset by the positive 1.2 billion euro impact of exchange rate fluctuations on the intangible assets of entities outside the eurozone, and by the positive 0.8 billion impact of changes in the scope of consolidation. The impact of exchange rate fluctuations mainly arose from the US dollar's significant appreciation against the euro between January 1 and December 31. Changes in the scope of consolidation mainly arose from goodwill recorded following the consolidation of Joseph Phelps, Officine Universelle Buly, Feelunique and various investments in manufacturing facilities for the Fashion and Leather Goods business group.

Property, plant and equipment were up 2.9 billion euros and totaled 23.1 billion euros as of the fiscal year-end. This increase resulted from investments, net of depreciation charges, which amounted to 2.2 billion euros (the comments on the cash flow statement provide further information on investments), as well as the reclassification of 0.3 billion euros in investments in joint ventures and associates following the acquisition of a controlling interest in the real estate company that owns the building that houses the Group's headquarters in Paris. Changes in the scope of consolidation for the fiscal year contributed an additional 0.2 billion euro increase.

(EUR millions)	2022	2021	Change
Equity	56,604	48,909	7,695
Long-term borrowings	10,380	12,165	(1,786)
Non-current lease liabilities	12,776	11,887	889
Other non-current liabilities	23,343	24,361	(1,018)
<b>Equity and non-current liabilities</b>	<b>103,103</b>	<b>97,322</b>	<b>5,780</b>
Short-term borrowings	9,359	8,075	1,284
Current lease liabilities	2,632	2,387	244
Other current liabilities	19,552	17,526	2,026
<b>Current liabilities</b>	<b>31,543</b>	<b>27,989</b>	<b>3,554</b>
<b>Liabilities and equity</b>	<b>134,646</b>	<b>125,311</b>	<b>9,334</b>

Right-of-use assets totaled 14.6 billion euros, up 0.9 billion euros from 13.7 billion euros as of year-end 2021. The impact of leases entered into was 0.7 billion euros more than depreciation for the fiscal year, with the remainder of the increase resulting from exchange rate fluctuations. Store leases represented the majority of right-of-use assets, for a total of 11.2 billion euros.

Other non-current assets increased by 0.4 billion euros, amounting to 7.0 billion euros, mainly due to the 0.5 billion euro increase in deferred tax assets, with this change partly offset by the 0.1 billion euro decrease in non-current available for sale financial assets, following changes in market value and the reclassification of shares in newly consolidated companies acquired prior to 2022.

Inventories were up 3.8 billion euros, mainly due to increased business activity during the fiscal year. See also the "Comments on the consolidated cash flow statement" section.

Other current assets increased by 2.4 billion euros, mainly due to the following changes: 1.1 billion euros resulting from purchases of current available for sale financial assets, net of disposals, during the fiscal year; 0.5 billion euros from the increase in trade accounts receivable; 0.4 billion euros from the increase in tax receivables; and 0.2 billion euros from the increase in the market value of hedging instruments.

Lease liabilities recognized under IFRS 16 were up 1.1 billion euros, including 0.9 billion euros related to the net increase in leases entered into and 0.3 billion euros related to exchange rate fluctuations.

Other non-current liabilities totaled 23.3 billion euros, down 1.0 billion euros from 24.4 billion euros as of year-end 2021. This change included the 1.2 billion euro impact of the decrease in the liability in respect of purchase commitments for minority interests' shares, which amounted to 12.5 billion euros, following changes in the metrics used to measure these commitments. It also included the 0.2 billion euro impact of the decrease in provisions. These impacts were partially offset by the 0.2 billion euro increase in deferred tax liabilities and by the 0.2 billion euro increase in the market value of derivative hedging instruments.

Lastly, other current liabilities increased by 2.0 billion euros, amounting to 19.6 billion euros, following the 1.7 billion euro increase in trade accounts payable and the 0.3 billion euro increase in tax and social security liabilities, both of which were related to the increase in business activity.

### Net financial debt and equity

<i>(EUR millions or as %)</i>	2022	2021	Change
Long-term borrowings	10,380	12,165	(1,785)
Short-term borrowings and derivatives	9,673	8,007	1,666
<b>Gross borrowings after derivatives</b>	<b>20,053</b>	<b>20,172</b>	<b>(119)</b>
Cash, cash equivalents and current available for sale financial assets	(10,852)	(10,565)	(287)
<b>Net financial debt</b>	<b>9,201</b>	<b>9,607</b>	<b>(406)</b>
<b>Equity</b>	<b>56,604</b>	<b>48,909</b>	<b>7,695</b>
<b>Net financial debt/Equity ratio</b>	<b>16.3%</b>	<b>19.6%</b>	<b>-3.3 pts</b>

Total equity amounted to 56.6 billion euros as of end-December 2022, up 7.7 billion euros from year-end 2021. Net profit for the fiscal year, after the distribution of dividends, contributed 8.3 billion euros to this increase. It also included a 1.8 billion euro gain recognized in equity, resulting from the 1.3 billion euro impact of exchange rate fluctuations, particularly with regard to the US dollar, as well as the 0.3 billion euro decrease in provisions for pensions and other benefit commitments due to higher interest rates moderated by a decline in the market value of the investments backing these commitments, and the 0.2 billion euro increase in the market value of foreign exchange hedges. Conversely, net purchases of LVMH shares and the change in purchase commitments for minority interests' shares had negative impacts of 1.3 billion euros, mainly due to the share repurchase program set up during the fiscal year, and of 1.0 billion euros, respectively.

As of end-December 2022, net financial debt was equal to 16.3% of total equity, compared to 19.6% as of year-end 2021, down 3.3 points.

Gross borrowings after derivatives totaled 20.1 billion euros as of year-end 2022, down slightly (0.1 billion euros) compared with year-end 2021. This decrease arose from two opposing effects. The first was the repayment of 3.0 billion euros in several bonds maturing during the year (1.8 billion euro bond issued in 2020; 0.8 billion euro bond and 0.4 billion pound sterling bond issued in 2017), and the repayment of 0.3 billion euros in bank borrowings. The second was the 3.1 billion euro increase in euro- and US dollar-denominated commercial paper (ECP and USCP) outstanding. Cash, cash equivalents, and current available for sale financial assets totaled 10.9 billion euros as of year-end 2022, remaining relatively stable with respect to their 10.6 billion euro level as of year-end 2021. Net financial debt thus decreased by 0.4 billion euros during the fiscal year.

As of year-end 2022, the Group's undrawn confirmed credit lines amounted to 11.0 billion euros. This amount exceeded the outstanding portion of its euro- and US dollar-denominated commercial paper (ECP and USCP) programs, which came to 7.2 billion euros as of year-end 2022.

### 3. COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

(EUR millions)	2022	2021	Change
<b>Cash from operations before changes in working capital</b>	<b>26,770</b>	<b>22,621</b>	<b>4,149</b>
Cost of net financial debt: interest paid	(74)	71	(145)
Lease liabilities: interest paid	(240)	(231)	(9)
Tax paid	(5,604)	(4,239)	(1,365)
Change in working capital	(3,019)	426	(3,445)
<b>Net cash from operating activities</b>	<b>17,833</b>	<b>18,648</b>	<b>(815)</b>
Operating investments	(4,969)	(2,664)	(2,305)
Repayment of lease liabilities	(2,751)	(2,453)	(298)
<b>Operating free cash flow<sup>(1)</sup></b>	<b>10,113</b>	<b>13,531</b>	<b>(3,418)</b>
<b>Financial investments and purchase and sale of consolidated investments</b>	<b>(950)</b>	<b>(13,315)</b>	<b>12,365</b>
<b>Equity-related transactions</b>	<b>(8,729)</b>	<b>(5,149)</b>	<b>(3,581)</b>
<b>Change in cash before financing activities</b>	<b>433</b>	<b>(4,933)</b>	<b>5,366</b>

Cash from operations before changes in working capital totaled 26,770 million euros for the fiscal year, up 4,149 million euros from 22,621 million euros a year earlier, mainly due to the increase in operating profit.

After tax and interest paid on net financial debt and lease liabilities, and after the change in working capital, net cash from operating activities amounted to 17,833 million euros, compared with 18,648 million euros in fiscal year 2021.

Interest paid on net financial debt amounted to a net cash outflow of 74 million euros, compared to a net inflow of 71 million euros a year earlier, due to the increase in interest rates over the course of the fiscal year.

Tax paid came to 5,604 million euros, 1,365 million euros more than the 4,239 million euros paid in 2021, in connection with the increase in business activity and profit.

The change in working capital (a requirement of 3,019 million euros) was 3,445 million euros higher than in 2021. The high change in working capital in 2022 primarily arose from the increase in inventories (4,169 million euros) and the increase in trade accounts receivable (394 million euros); these effects were partly offset by the increase in trade accounts payable (1,532 million euros). The Fashion and Leather Goods, Watches and Jewelry, and Wines and Spirits business groups were the main drivers of these increases. All of these changes arose from the surge in business activity during the year and from measures taken to secure access to certain critical supplies.

Operating investments net of disposals resulted in an outflow of 4,969 million euros in 2022, up 2,305 million euros relative to the

outflow of 2,664 million euros in 2021. Purchases of property, plant and equipment mainly include investments by the Group's brands – notably Christian Dior, Louis Vuitton, Tiffany and Sephora – in their retail networks. They also included purchases of buildings as well as investments by the champagne houses, Hennessy and Louis Vuitton in their production equipment.

Repayment of lease liabilities totaled 2,751 million euros in 2022, up 298 million euros with respect to the 2,453 million euros recorded as of year-end 2021.

As of year-end 2022, "Operating free cash flow"<sup>(1)</sup> amounted to a net inflow of 10,113 million euros, down by 3,418 million euros relative to year-end 2021, mainly due to the increase in operating investments, the working capital requirement and tax paid.

During the fiscal year, financial investments accounted for an outflow of 950 million euros, including an outflow of 809 million euros for purchases of consolidated investments, mainly Joseph Phelps Vineyards.

Equity-related transactions generated an outflow of 8,729 million euros. A portion of this amount, 6,025 million euros, arose from dividends paid during the fiscal year by LVMH SE, excluding the amount attributable to treasury shares, as well as tax related to dividends paid between Group companies for 329 million euros and 421 million euros paid to minority interests in consolidated subsidiaries. Other equity-related transactions generated an additional outflow of 1,616 million euros, mainly due to transactions in LVMH shares following the share repurchase program set up during the fiscal year. Lastly, net cash used in purchases of minority interests' shares came to 351 million euros.

(1) "Operating free cash flow" is defined in the consolidated cash flow statement. In addition to net cash from operating activities, it includes operating investments and repayment of lease liabilities, both of which the Group considers as components of its operating activities.

The cash surplus generated after all transactions relating to operating activities, investing activities and equity-related transactions thus represented a net inflow of 433 million euros. Financing activities relating to loans and borrowings, as well as current available for sale financial assets, generated an outflow of 1,205 million euros in the fiscal year, mainly due to purchases

of current available for sale financial assets. After the positive 55 million euro impact of exchange rate fluctuations on cash balances, the period-end cash balance was down 717 million euros compared to year-end 2021. It totaled 7,100 million euros as of the period-end.

## 4. FINANCIAL POLICY

During the fiscal year, the Group's financial policy focused on the following areas:

- Preserving the Group's financial structure and flexibility, as evidenced by the following key indicators:
  - A significant reserve of undrawn confirmed credit lines totaling 11.0 billion euros.
  - The Group's access to liquidity, notably under euro- and US dollar-denominated commercial paper programs, as well as its ability to tap the bond markets for medium- to long-term maturities, with issue spreads holding steady overall during the year despite an environment of steeply rising interest rates and high volatility.
  - Equity before appropriation of profit was on the rise, totaling 56.6 billion euros as of year-end 2022, versus 48.9 billion euros a year earlier.
- Preserving the Group's assets:
  - Maintaining the necessary level of cash and cash equivalents with a diversified range of top-tier banking partners as well as money market funds and other short-term, very high-quality credit assets. With interest rates on the rise, particular attention is paid to the return on these investments.
  - Maintaining a prudent foreign exchange and interest rate risk management policy designed primarily to hedge the risks generated directly and indirectly by the Group's business activity and to hedge its debt. With regard to foreign exchange risks, the Group continued to hedge the risks of its exporting companies by buying options or collars, which protect against the negative impact of currency depreciation while retaining some of the gains in the event of currency appreciation.
  - Greater concentration of Group liquidity owing to the rollout of cash pooling practices worldwide, ensuring the fluidity of cash flows across the Group and optimal management of surplus cash.
- A dynamic dividend policy for shareholders, enabling them to share in the 2022 results:
  - An interim dividend for 2022 of 5.00 euros was paid in December 2022.
  - A total dividend per share of 12.00 euros is proposed for fiscal year 2022 (i.e. a final dividend of 7.00 euros to be distributed in 2023). The distribution to shareholders of LVMH SE in respect of 2022 thus totals around 6 billion euros, before the impact of treasury shares.

Net debt came to 9.2 billion euros as of year-end 2022, as against 9.6 billion euros a year earlier. Net debt decreased by 0.4 billion euros, with increased cash flow from operations partly offset by increases in operating investments, working capital and tax paid. In December 2022, Standard & Poor's upgraded LVMH's credit rating to AA-/A1+ with stable outlook, while Moody's added a positive outlook to its A+/A1 rating, both applauding the Group's excellent operating performance and financial strength.

## 5. OPERATING INVESTMENTS

### 5.1 Communication and promotion expenses

Over the last three fiscal years the Group's total investments in communication, in absolute values and as a percentage of revenue, were as follows:

Communication and promotion expenses:	2022	2021	2020
– in millions of euros	9,584	7,291	4,869
– as % of revenue	12.1	11.4	10.9

### 5.2 Research and development costs

The Group's research and development investments in the last three fiscal years were as follows:

(EUR millions)	2022	2021	2020
Research and development costs	172	147	139

### 5.3 Investments in production facilities and retail networks

Operating investments are geared towards improving and developing retail networks as well as guaranteeing adequate production capabilities.

Acquisitions of property, plant and equipment and intangible assets for the last three fiscal years were as follows, in absolute values and as a percentage of the Group's cash from operations before changes in working capital:

Acquisitions of intangible assets and property, plant and equipment:	2022	2021	2020
– in millions of euros	4,948	3,071	2,526
– as % of cash from operations before changes in working capital	18	14	18

These expenses mainly correspond to advertising campaign costs, especially for the launch of new products, public relations and promotional events, and expenses incurred by marketing teams responsible for all of these activities.

Most of these amounts cover scientific research and development costs for skincare and makeup products of the Perfumes and Cosmetics business group.

Following the model of the Group's Selective Retailing companies, which directly operate their own stores, Louis Vuitton distributes its products exclusively through its own stores. The products of the Group's other brands are marketed by agents, wholesalers, or distributors in the case of wholesale business, and by a network of directly operated stores or franchises for retail sales.

In 2022, apart from acquisitions of property assets, operating investments mainly related to points of sale. The total number of stores in the Group's network rose from 5,556 in 2021 to 5,664 in 2022.

In Wines and Spirits, in addition to necessary replacements of barrels and production equipment, investments in 2022 were related to ongoing investments in the Champagne region (initiated in 2012) as well as the construction of cognac cellars, primarily for Hennessy and Glenmorangie.

## 6. MAIN LOCATIONS AND PROPERTIES

### 6.1 Production

#### 6.1.1 Wines and Spirits

The surface areas of vineyards in France and abroad that are owned by the Group are as follows:

(in hectares)	2022		2021	
	Total	Of which: Under production	Total	Of which: Under production
<b>France</b>				
Champagne appellation	1,843	1,644	1,836	1,697
Cognac appellation	185	164	187	161
Vineyards in Provence	164	122	166	129
Vineyards in Bordeaux	205	164	193	156
Vineyards in Burgundy	13	13	13	13
<b>International</b>				
California (United States)	639	455	444	274
Argentina	1,714	917	1,714	916
Australia, New Zealand	724	683	691	626
Brazil	198	121	198	110
Spain	118	73	119	78
China	60	60	68	60
India	4	2	4	2

In the table above, the total number of hectares owned is determined exclusive of areas not usable for winegrowing. The difference between the total number of hectares owned and the number of hectares under production represents areas that are planted but not yet productive, and areas left fallow.

The Group also owns industrial and office buildings, wineries and distilleries, cellars, warehouses, offices and visitor and customer centers for each of its main Wines and Spirits brands or production operations in France, the United Kingdom, Poland, Argentina, the United States, Australia, China, New Zealand, Brazil, India and Spain. The total surface area is approximately 1,087,700 square meters in France and 346,400 square meters abroad.

#### 6.1.2 Fashion and Leather Goods

Louis Vuitton owns thirty-two leather goods and shoe production facilities, in addition to its fragrance laboratory. Most of them are in France, but there are also major workshops located in Spain (near Barcelona), Italy (in Fiesso) and the United States (in San Dimas, California, and Alvarado, Texas). Overall, production facilities and warehouses owned by the Group represent approximately 238,900 square meters.

Fendi owns its leather goods and shoe manufacturing facilities near Florence and in Fermo, Italy, as well as the Palazzo Fendi building in Rome, which houses its historic boutique and a hotel.

Celine also owns manufacturing and logistics facilities at Radda and Greve in Chianti (Italy).

Berluti's shoe production factory in Ferrara, Italy is owned by the Group.

Rossimoda owns its office premises and its production facility in Vigonza, Italy.

Loro Piana has several manufacturing workshops in Italy as well as a site in Ulaanbaatar, Mongolia.

Rimowa owns its offices, production facilities and warehouses in Germany, the Czech Republic and Canada. This property represents approximately 70,500 square meters.

Christian Dior owns five manufacturing workshops (three in Italy, one in Germany and one in France) and a warehouse in France. Overall, this property represents approximately 39,000 square meters.

LVMH Métiers d'Art owns several farms in Australia and the United States, with a total surface area of about 220 hectares, as well as a tannery and a production facility covering about 16,000 square meters in France.

The other facilities used by this business group are leased.



### 6.1.3 Perfumes and Cosmetics

Buildings located near Orléans and in Chartres, France, housing the Group's Research and Development operations for Perfumes and Cosmetics as well as the manufacturing and distribution activities of Parfums Christian Dior, are owned by Parfums Christian Dior and total around 165,600 square meters.

Guerlain has a 20,000-square-meter production site in Chartres. The brand also owns another production site in Orphin, France, measuring 10,500 square meters.

Parfums Givenchy owns two plants in France – one in Beauvais and the other in Vervins – with a total surface area of 19,000 square meters. The Vervins plant handles the production of Givenchy and Kenzo product lines. The Company also owns distribution facilities in Hersham, in the United Kingdom.

Make Up For Ever owns a 2,300-square-meter warehouse in Gennevilliers, France.

## 6.2 Distribution

Retail distribution of the Group's products is most often carried out through exclusive stores. Most of the stores in the Group's retail network are leased and only in exceptional cases does the LVMH group own the buildings that house its stores.

### 6.2.1 Fashion and Leather Goods

Louis Vuitton owns certain buildings that house its stores in Tokyo, Osaka, Hawaii, Guam, Seoul, Cannes, Saint-Tropez and Genoa, for a total surface area of nearly 15,000 square meters.

Christian Dior owns certain buildings that house its stores in France, South Korea, Japan, England, Australia, Switzerland and Spain, for a total surface area of approximately 18,700 square meters.

Celine, Fendi and Berluti also own stores in Paris and Italy.

### 6.1.4 Watches and Jewelry

TAG Heuer has two workshops in Switzerland, one in Cornol and the other in Chevèze, together totaling about 4,700 square meters.

Zenith owns the manufacture which houses its movement and watch manufacturing facilities in Le Locle, Switzerland.

Hublot owns its production facilities in Switzerland and its office premises.

Bulgari owns its production facilities in Italy and Switzerland as well as around 54,300 square meters of land in Italy.

Chaumet owns a jewelry workshop in Valenza (Italy) that totals around 2,900 square meters.

Tiffany owns its production facilities in the United States, Cambodia, Vietnam, Mauritius and Botswana, as well as a warehouse in the United States. Overall, this property represents approximately 65,000 square meters.

The facilities used by the business group's other brands (Fred) are leased.

### 6.2.2 Watches and Jewelry

Tiffany owns the premises of one of its stores in the United States.

### 6.2.3 Selective Retailing

Le Bon Marché owns its stores, which total approximately 79,800 square meters.

La Samaritaine owns the store with around 30,700 square meters in space in Paris that is leased by DFS.

DFS owns its stores in Guam, the Mariana Islands, and Hawaii.

## 6.2.4 Other activities

The Group owns the Cheval Blanc hotels in Saint-Barthélemy and Paris and the Résidence de la Pinède in Saint-Tropez, France. Belmond owns 28 hotels, 8 of which are in Italy.

As of December 31, 2022, the Group's store network broke down as follows:

<i>(number)</i>	2022	2021	2020	<i>(number of stores)</i>	2022	2021	2020
France	518	522	512	Fashion and Leather Goods	2,155	2,080	2,007
Europe (excl. France)	1,108	1,203	1,175	Perfumes and Cosmetics	536	469	434
United States	1,054	1,014	866	Watches and Jewelry	865	836	471
Japan	496	477	428	Selective Retailing	2,086	2,150	2,072
Asia (excl. Japan)	1,829	1,746	1,514	<i>Of which: Sephora</i>	2,037	2,100	2,021
Other markets	659	594	508	<i>Other, including DFS</i>	49	50	51
<b>Total</b>	<b>5,664</b>	<b>5,556</b>	<b>5,003</b>	Other	22	21	19
				<b>Total</b>	<b>5,664</b>	<b>5,556</b>	<b>5,003</b>

## 6.3 Administrative sites and investment property

Most of the Group's administrative buildings are leased, with the exception of the headquarters of certain brands, particularly those of Louis Vuitton, Christian Dior Couture, Parfums Christian Dior, and Zenith.

The Group owns the building housing its headquarters on Avenue Montaigne in Paris. It also owns three buildings in New York with about 19,800 square meters of office space and four buildings in London with about 3,500 square meters of office space. These buildings are occupied by Group entities.

The Group also owns investment properties with office space in Paris, Osaka and London, which total about 17,000, 3,000 and 1,400 square meters, respectively. These buildings are leased to third parties.

La Samaritaine and Le Bon Marché own office space in Paris totaling 32,600 and 18,800 square meters, respectively.

## 7. OPTION PLANS SET UP BY SUBSIDIARIES

None.

## 8. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2022 and January 26, 2023, the date at which the financial statements were approved for publication by the Board of Directors.

## 9. RECENT DEVELOPMENTS AND OUTLOOK

With January off to a good start and despite the uncertain geopolitical and economic environment, LVMH is confident in its ability to maintain the growth seen in 2022. The Group will pursue its strategy focused on developing its brands by continuing to build on strong innovation and investments as well as a constant quest for quality in their products and their appeal and distribution.

Driven by the agility of its teams, their entrepreneurial spirit, the balance between its different businesses and the geographic diversity of its customers, LVMH enters 2023 with confidence and sets an objective of further developing its global leadership position in luxury goods.



# MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

## Ethics and responsibility

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## 1. BACKGROUND

The LVMH group is deeply committed to adopting and promoting ethical behavior and acting with integrity in all its relationships with its partners. This principle has led the Group to establish rules of conduct and principles for action relating to ethics, social responsibility and respect for the environment that guide the behavior of all employees, suppliers and other stakeholders.

LVMH has always sought to:

- ensure that its practices reflect the highest standards of integrity, responsibility and respect for its partners;
- offer a working environment that allows its employees to fully express their talents and implement their skills and expertise;
- ensure that its Maisons define and adapt their production processes, habits and behaviors in order to continuously improve their response to the environmental challenges they face;
- participate in the regional development of the areas in which the Group operates through its activities;
- mobilize resources and skills to serve philanthropic initiatives and projects of general interest, and promote access to art and culture for as many people as possible.

As a responsible and committed stakeholder, the Group seeks to anticipate and meet the expectations of civil society in relation to corporate social and environmental responsibility, which include the following:

- taking into account changing career expectations and helping employees navigate, in particular, new unique career paths, technological changes and new demographics;
- responding to environmental challenges in light, in particular, of urgent changes called for by climate change;
- greater transparency in supply management to ensure that every stakeholder in the value chain offers satisfactory living and working conditions and uses environmentally friendly production methods;
- demanding integrity in business, underpinned by the implementation of procedures to prevent corruption, money laundering and breaches of international sanctions and human rights;
- sensitivity to the use of personal data, a key issue in safeguarding the fundamental right to privacy.

Information about the Group's vigilance plan and statement of non-financial performance can be found in the cross-reference tables at the end of this section.

## 2. STANDARDS

The LVMH group stays true to its uniqueness through a meticulous dedication to excellence. This dedication requires an unwavering commitment to the highest standards in terms of ethics, corporate social responsibility and respect for the environment.

In recent years, the Group has supported or signed up for a number of international standards, implementation of which it promotes within its sphere of influence, as well as putting in place its own internal standards.

### 2.1 International instruments

For many years now, the LVMH group has demonstrated its desire to act as a responsible corporate citizen and align its operations and strategy to support various internationally recognized benchmarks, including the following:

- the Universal Declaration of Human Rights;
- the United Nations Global Compact, to which the Group signed up in 2003, as well as the Caring for Climate initiative;
- OECD Guidelines;
- the International Labour Organization (ILO)'s Fundamental Conventions;
- the 17 Sustainable Development Goals drawn up and developed by the United Nations;
- the French Diversity Charter, signed by the Group in 2007;
- the United Nations Women's Empowerment Principles, signed by the Group in 2013;
- France's national biodiversity protection strategy;
- the Kimberley Process, an international system for certifying rough diamonds;

- the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- UNESCO's intergovernmental scientific program, "Man and the Biosphere" (MAB), aimed at protecting global biodiversity;
- the United Nations' standards of conduct for business tackling discrimination against lesbian, gay, bi, trans and intersex (LGBTI) people;
- the International Labour Organization (ILO) Global Business and Disability Network Charter.

## 2.2 Internal standards

### LVMH Code of Conduct

LVMH's Code of Conduct is designed to provide a common ethical foundation for the Group and its Maisons. It outlines the rules to be followed by all employees as they go about their work and is structured around the following six core principles:

- acting responsibly and compassionately;
- offering a fulfilling work environment and valuing talent;
- committing to protect the environment;
- winning the trust of customers;
- winning the trust of shareholders;
- embodying and promoting integrity in the conduct of business by working to prevent corruption, money laundering and breaches of international sanctions and human rights.

Backed by the members of the Executive Committee and Presidents of the Maisons, it promotes consistency and continuous improvement across the Group's various entities. It does not replace existing codes and charters within Maisons, but serves as a shared foundation and source of inspiration. Where appropriate, its policies are defined in greater detail by Maison according to its business sector or location.

The Code is available in 10 languages and is widely disseminated across the Group, in particular to new employees. Supplementary tools have also been developed to help employees better understand and apply the principles set out in the Code, including an onboarding module and various communication materials.

In order to ensure that the Group continues to adhere to the highest ethics standards, the Code will be revised in 2023.

### Supplier Code of Conduct

The Supplier Code of Conduct sets out the Group's expectations of its partners (suppliers, service providers, distributors, specialist trades, lessors and any third parties in a business relationship with a Group entity) and their subcontractors in various areas, including social responsibility and upholding human rights (banning forced labor and child labor, banning illegal or undeclared work, harassment, discrimination, measures relating to wages, working hours, freedom of association, health and

safety, protecting local communities), respecting the environment and integrity in business conduct (combating corruption and influence-peddling, combating money laundering, fair competition, preventing insider trading, customs legislation, protecting assets and personal information).

The Group's partners are required to respect the principles of this Code and must also ensure that their own subcontractors and suppliers do the same when performing their activities for the Group. Work was undertaken in 2021 to revise the Supplier Code of Conduct. The Code, which has been translated into 27 languages, was approved by the Executive Committee in April 2022 and then rolled out within the Group.

The Supplier Code of Conduct also gives each Group entity the ability to check that its suppliers and subcontractors comply with these principles.

If a partner or one of its subcontractors should violate the Code, each Group entity in a business relationship with that partner reserves the right to demand that the compliance failures be remedied or that the business relationship be suspended or terminated, as laid down in applicable law and commensurate with the severity of the violations identified.

### Environmental Charter

Adopted in 2001, the Environmental Charter is the founding document for LVMH's five main aims with regard to the environment:

- striving for high environmental performance;
- encouraging collective commitment;
- managing environmental risks;
- designing products that factor in innovation and environmental creativity;
- making a commitment that goes beyond the Company.

It encourages the President of each Maison to demonstrate commitment to this approach through concrete actions.

The Charter was given a significant boost by the strategic LIFE (LVMH Initiatives for the Environment) program, launched in 2011, described in the "Environment and sustainability" section.

### Recruitment Code of Conduct

The LVMH Recruitment Code of Conduct, implemented in 2009, has been widely disseminated to all employees involved in recruitment processes across the Group. It sets forth the ethical hiring principles to be observed at LVMH in the form of fourteen commitments. Special emphasis is placed on preventing any form of discrimination and on promoting diversity. Work to update this Code has begun with a view to better taking into account the changing recruitment environment and priorities; this work is due to be completed in 2023.

### Animal-Based Raw Materials Sourcing Charter

In 2019, the Group launched its Animal-Based Raw Materials Sourcing Charter. This charter is the result of a long process of scientific research and collaboration between LVMH's environmental experts, its Maisons and their suppliers. The exhaustive charter covers the full range of issues concerning the sourcing of fur, leather, exotic leather, wool and feathers. It allows the Group to make long-term commitments to achieving progress in three areas: full traceability in supply chains; animal farming and trapping conditions; and respect for local populations, the environment and biodiversity. Under the charter, a scientific committee has been formed, and each year it will support and supervise a number of research projects aimed at driving progress in this area.

### Charter on Working Relations with Fashion Models

In 2017, the Group drew up a Charter on Working Relations with Fashion Models in consultation with the Kering group and sector professionals motivated by a shared desire to promote dignity, health and well-being among fashion models.

The Charter, which applies to all Maisons worldwide, aims to bring about genuine change in the fashion world by rooting out certain behaviors and practices not in keeping with the Group's values and raising awareness among fashion models that they are full-fledged stakeholders in these changes.

## 3. GOVERNANCE

Dedicated governance arrangements are in place to ensure the Group's values and ethical standards are put into practice.

The Board of Directors' Ethics & Sustainable Development Committee – the majority of whose members are Independent Directors – ensures compliance with the individual and shared values on which the Group bases its actions. The committee provides leadership on matters of ethics as well as environmental, workforce-related and social responsibility.

To help spread the principles laid down in the Charter, the LVMH and Kering groups have set up a dedicated website, [wecareformodels.com](http://wecareformodels.com). The site provides fashion models with best practice and advice from independent nutritionists and coaches.

### Internal Competition Law Compliance Charter

In 2012, the Group formalized its commitment to uphold free and fair competition by adopting an Internal Competition Law Compliance Charter. The Charter aims to help develop a true culture of compliance with competition rules within the Group. This charter sets out the main rules that should be known by all employees in conducting commercial relationships on a day-to-day basis, and defines in a pragmatic way the standards of conduct expected of them. In particular, LVMH prohibits any abuse of dominant position, concerted practice or unlawful agreement, through understandings, projects, arrangements or behaviors which have been coordinated between competitors concerning prices, territories, market shares or customers. The Charter is available on the Ethics & Compliance Intranet.

### Health and Safety Charter

Signed by the Group's Executive Committee in April 2021, the Health and Safety Charter serves as the basis for a comprehensive approach across all the LVMH group's operations with the aim of developing a "zero accident" culture.

The Group and its Maisons undertake to protect employee health and safety through five pillars of action: identify their priorities in order to structure their approach; draw up an action plan to be reviewed regularly; report on progress made using the approach, in particular by submitting frequency rate results to each Maison's management committee; engage every employee in the approach, notably by raising awareness about first aid measures; and maintain a virtuous culture by ensuring strong collaboration between the Group and the Maisons. Each commitment is associated with a target to be met by 2025. The charter will be covered by an annual reporting process, with results published in this document.

The Privacy, Ethics & Compliance Department steers and coordinates LVMH's procedures with regard to anti-corruption, personal data protection, respecting international sanctions and human rights and anti-money laundering. It is part of the Group's General Administration & Legal Affairs Department, which reports directly to the Chairman and Chief Executive Officer and is now represented on the Executive Committee.



It has its own budget and headcount and is also supported by the representatives of various Group departments so as to promote coordination on cross-functional projects led by it. An LVMH Ethics & Compliance Committee groups together the main centralized functions: finance, human resources, legal, audit and internal control, communications and IT systems security. Each function head contributes their expertise to support the work of the Privacy, Ethics & Compliance Department. The committee meets periodically and when necessary.

The Privacy, Ethics & Compliance Department is supported by a network of over one hundred officers within the Maisons. Appointed by the Presidents of each Maison, their role is to implement the Group's ethics and compliance standards within their organization. They regularly report to their Maisons' governing bodies, notably at Ethics & Compliance Committee meetings, as well as to the Group's Privacy, Ethics & Compliance Director. The department is supported by a network of more than fifty personal data protection officers and privacy officers within each of the Maisons, who are responsible for ensuring that their Maisons abide by the Code, managing their own network and raising awareness. The network allows for sharing of best practices and other feedback.

Each year, the Privacy, Ethics & Compliance Department reports to the Ethics & Sustainable Development Committee about the Group's progress on these issues. In 2022, the Group's Privacy, Ethics & Compliance Director appeared twice before this committee to present the Group's progress on anti-corruption, personal data protection, anti-money laundering, human rights and international sanctions.

## 4. RISK IDENTIFICATION

The Group's activities involve exposure to various risks that are the object of regular risk management and identification, notably within the context of regulatory reforms.

A global risk analysis focused primarily on risks associated with the Group's supply chain was carried out with the assistance of Verisk Maplecroft, an external service provider specialized in analyzing political, economic, social and environmental risks. A new general risk analysis exercise was conducted in 2022 on the basis of figures for 2021.

The approach is based on an assessment comparing external assessments of risk levels by this external service provider with the quantitative information provided internally by a number of the Group's Maisons, especially the amount of purchases

In addition, various communities have been set up to foster coordination between the Maisons and drive shared initiatives in the areas of ethics and environmental, social and societal responsibility, in particular:

- the network of CSR Officers at Maisons, who help organize the measures to be implemented and facilitate their application by the Maisons, who will then make the necessary adjustments in line with their own values, their environment, and the expectations of their employees and customers. These officers are led by a network of CSR Officers in major geographic areas;
- the Environment Committee, which brings together a network of Environment Officers from the Maisons. This body provides a forum for reflection and discussion about major objectives (LIFE 360 program), environmental challenges and opportunities;
- Maison representatives in charge of purchasing, certain supply chains and supplier relations, who come together at the Responsible Purchasing Committee to review priority issues, launch new initiatives and share best practices within the Group;
- the network of Internal Control Officers led by the Audit & Internal Control Department, which coordinates the implementation of internal control and risk management systems. These officers are responsible, within the Maisons, for ensuring compliance with the Group's internal control procedures and preparing controls tailored to their business.

by category and supplier. This work has allowed the Group to categorize its suppliers by criticality (a critical supplier is one playing a major role in a company process, i.e. any supplier that if affected by a failure, disruptions or other issues would lead to a complete or partial suspension of the Company's operations).

The exercise analyzes a wide variety of factors by geography and sector:

- Human rights: Decent pay and working hours, workplace discrimination, freedom of association and trade union membership, health and safety, forced labor, etc.
- Environment: Air quality, waste management, water stress, water quality, deforestation, climate change, risk of drought, CO<sub>2</sub> emissions indicator, etc.

The analysis of all these risk factors highlights the severity of potential risks arising from the Group's activities and those of its supply chain.

With regard to the risk of corruption, the Group's Maisons have each identified and ranked risk scenarios relating to their operations within the framework of specific risk mapping exercises based on interviews with representatives of the various functions and regions. These risk maps show their "gross" and "net" exposure to corruption risk (to take into account risk management measures in place). The results were presented to the Maisons' governing bodies and action plans have been defined to manage the risks identified. In 2022, these risk maps were consolidated by business sector.

In addition, the list of risks classified by representatives of the Group's central functions and Executive Management as "key risks"

in the statement of non-financial performance in light of the Group's activities has remained unchanged this year:

- impact on ecosystems, the climate and natural resources;
- setting up and maintaining responsible supply chains;
- safeguarding health and safety at work;
- transfer of key skills and expertise;
- implementation of a policy to promote employee inclusion and fulfillment;
- shortcomings in the implementation of personal data protection rules;
- shortcomings in the implementation of business practice compliance arrangements.

## 5. RISK MANAGEMENT

In keeping with its aim of constantly improving its management of non-financial risks, the Group has set up a system for regularly monitoring risks relating to ethical, social and environmental responsibility.

The general risk analysis exercise (described in the previous section) helps the Maisons identify which countries and types of purchases are particularly at risk with respect to human rights violations and environmental impact. This exercise is now one of the key components of the Group's Convergence program. The aim of this program is to ensure the best possible alignment between the gross risks identified by the risk-mapping exercise and supplier audit programs as well as risk mitigation actions.

This information is taken into account in letters of representation concerning risk management and internal control arrangements under the "ERICA" approach, an overview of which can be found in the "Financial and operational risk management and internal control" section.

The policies put in place to manage the key risks identified above, together with their results, where relevant, are set out in this section. Readers are referred to the "Attracting and retaining talent" and "Environment and sustainability" sections where applicable.

### 5.1 Comprehensive program to protect ecosystems and natural resources

Because its businesses celebrate nature at its purest and most beautiful, LVMH sees preserving the environment as a strategic imperative. The fact that this imperative is built into all the Group's activities constitutes an essential driver of its growth strategy, enabling it to respond to stakeholders' expectations and constantly stimulate innovation.

Built around nine key aspects of the Group's environmental performance, the global LIFE (LVMH Initiatives for the Environment) program provides a structure for this approach, from design through to product sale. It is presented in detail in the "Environment and sustainability" section.

### 5.2 Supplier assessment and support

The LVMH group considers it very important that the Maisons and the Group's partners abide by a shared body of rules, practices and principles in relation to ethics, corporate social responsibility and environmental protection. The complexity of global supply chains means there is a risk of exposure to practices that run counter to these rules and values.

The Group's responsible supply chain management approach therefore aims to motivate suppliers and every link in the supply chains involved to meet ethical, social and environmental requirements.

Supporting suppliers has long been a strategic focus for LVMH, with a view to maintaining sustainable relationships based on a shared desire for excellence. The Group pursues an overarching approach aimed at ensuring that its partners adopt practices that are environmentally friendly and respect human rights.

This approach is based on a combination of the following:

- identifying priority areas, informed in particular by the multiple non-financial risk-mapping exercises covering the activities of the Group and its direct suppliers by type of activity;
- site audits of our suppliers (Tier 1 and higher) to check that the Group's requirements are met on the ground, and implementation of corrective action programs in the event of compliance failures;
- supplier support and training;
- actively participating in cross-sector initiatives covering high-risk areas.

To a large extent, actions implemented address issues connected with the environment, human rights and risk of corruption.

### Identifying priority areas

The non-financial general risk analysis exercise described under §4 helps determine which suppliers should be audited as a priority. It takes into account risks related to the country, purchasing category and amount of purchases in question.

As part of its Convergence project, the Group continued to expand its use of the EcoVadis platform in 2022. Following the completion of the risk-mapping exercise each year, the main suppliers identified as at risk may be assessed using the EcoVadis methodology. This allows for the assessment of their ethical, social and environmental performance through the collection of documentary data, external intelligence and online research.

More than 1,700 suppliers were invited to join the platform in 2022: 72% of suppliers were reassessed and 73% of these improved their score. The average improvement since the first assessment is now 55.5 points (compared with the overall EcoVadis average of 44.9 points). Joining the platform's existing participants – the Group Purchasing Department, Louis Vuitton, the Perfumes and Cosmetics business group, Sephora, the Wines and Spirits business group, Bulgari, Fendi and Loewe – new participants

The figures shown below are for 2021:

	Europe	North America	Asia	Other
Breakdown of suppliers by volume of purchases (as %)	64	18	17	1
Breakdown of suppliers by number (as %)	78	10	10	2
Breakdown of audits (as %)	66	3	30	2

Celine, Christian Dior Couture and Chaumet came on board in 2022.

### Assessment and corrective action plans

LVMH is unique in that it undertakes much of its own manufacturing in-house, with subcontracting accounting for only a small proportion of the cost of sales. The Group is therefore able to directly ensure that working conditions are safe and human rights respected across a significant part of its production.

The Maisons apply reasonable due diligence measures and audit their suppliers – and, above Tier 1, their subcontractors – to ensure they meet the requirements laid down in the LVMH Supplier Code of Conduct.

Contracts entered into with suppliers of raw materials and product components with whom the Group maintains a direct relationship include a clause requiring them to be transparent about their supply chain by disclosing their subcontractors.

Some Maisons, such as Loewe, use preselection questionnaires.

Maisons maintain collaborative, active working relationships with direct suppliers by helping them conduct audits and draw up any corrective action plans that might be required.

The Group uses specialist independent firms to conduct these audits. In 2022, 1,625 audits (not including EcoVadis assessments) were undertaken at 1,384 suppliers and subcontractors. Thanks to an improvement in the health situation in the countries where production facilities are located, this figure was higher than in 2021, when 1,512 audits were carried out.

Of all the audits undertaken, 69% covered both workforce-related aspects (health and safety, forced labor, child labor, decent pay, working hours, discrimination, freedom of association and collective bargaining, the right to strike, anti-corruption, etc.) and environmental aspects (environmental management system, water usage and pollution, gas emissions and air pollution, management of chemicals, waste management, types of raw materials used, etc.). A total of 16% of audits covered only workforce-related aspects, and 15% only environmental aspects. There was a significant increase in the number of audits covering all environmental aspects thanks to the introduction of new LVMH guidelines in January 2022.

Some Maisons have supplemented their audits using measures to directly ask their suppliers' employees about their working conditions. These surveys help gain a clearer vision of working conditions at the sites concerned and check for problems such as forced labor or harassment, which may not be detected during audits. These fully anonymous, confidential surveys are offered through a mobile instant messaging application.

In 2022, 7% of suppliers audited failed to meet the Group's requirements based on a four-tier performance scale that takes into account the number and severity of critical compliance failures. The majority of compliance failures identified had to do with health and safety. In such cases, the Group always works with the supplier to draw up a corrective action plan, implementation of which is monitored by the buyer responsible for the relationship within the relevant Maison. Some Maisons, such as Berluti, Fendi, Tiffany & Co. and Parfums Christian Dior, also offered personalized coaching to help suppliers correct compliance failures identified during audits.

Following work carried out in 2020 with the aim of establishing a shared set of workforce-related audit guidelines for all the Group's Maisons, these guidelines – which also include a section concerned with the assessment of environmental and anti-corruption risks – were applied starting in January 2021. Environmental audit guidelines were updated in January 2022 in order to collect essential data for the purposes of the LIFE 360 initiative.

### Supplier and buyer training

In keeping with its aim of providing support and fostering continuous improvement, the Group regularly offers its suppliers training opportunities.

In addition to training on responsible purchasing practices held at certain Maisons in previous years, the decision was made in 2021 to create an LVMH-wide training program on this subject. Delivery of this training program, developed with the support of consulting firm Des Enjeux et Des Hommes, began in 2022, with sessions having taken place in France and North America.

An anti-corruption training program for Group buyers was also developed in 2022 and will be rolled out within the Maisons during 2023.

### Participation in multi-party initiatives covering high-risk areas

In addition to its actions aimed at direct suppliers, LVMH takes part in initiatives intended to improve visibility along supply chains and throughout subcontractor networks, to ensure that it can best assess and support all stakeholders.

Working groups have been put in place and targeted programs rolled out to address issues specific to the Group's individual business groups. To maximize efficiency and optimize influence

over subcontractors' practices, preference is generally given to sector-specific initiatives covering multiple purchasing entities.

For Maisons in the Watches and Jewelry business group, the mining sector, which is highly fragmented and relies substantially on the informal economy, carries significant risks to human rights. As such, the Maisons have formally committed under the LIFE 360 program to ensuring that all gold supplies are certified by the Responsible Jewellery Council (RJC).

Alongside suppliers and other pioneering competitors, LVMH also participates in the Coloured Gemstones Working Group (CGWG) run by sustainable development consultancy The Dragonfly Initiative, aimed at optimizing oversight of supply arrangements for colored gemstones. In 2020, a shared platform for the CGWG's member companies was created and made available to the Maisons. Tiffany & Co.'s diamond supply policy goes beyond the obligations of the Kimberley Process (which defines "conflict-free" diamonds), and requires its suppliers to comply with the Diamond Source Warranty Protocol.

Maisons in the Perfumes and Cosmetics business group have signed up for the Responsible Beauty Initiative run by EcoVadis, working with major sector players to develop action plans in response to business-specific issues. The business group is also involved in the Responsible Mica Initiative, which aims to pool sector stakeholders' resources to ensure acceptable working conditions in the sector from 2022 onwards. Work to map Indian mica supply chains began in 2015, followed by a program of audits down to the individual mine level. Over 80% of the supply chain has been covered to date.

The business group also joined Action for Sustainable Derivatives (ASD), a collaborative initiative jointly managed and overseen by BSR and Transitions. ASD brings together large companies in the cosmetics sector and the oleochemical industry to achieve their shared goal of improving traceability, working conditions and practices throughout the entire palm derivatives supply chain.

For Maisons in the Fashion and Leather Goods business group, specific traceability requirements applicable to the leather and cotton sectors have been incorporated into the LIFE 360 program. Leather traceability is taken into account via the score resulting from audits of the Leather Working Group standard. A leather coordination seminar attended by 30 participants was held in November 2022 in Italy at one of the tanneries supplying LVMH's Maisons. Targets for the certification of raw materials like cotton and leather were set as part of the LIFE 360 program; the results are presented in the "Environment and sustainability" section, §3.2 "Key achievements in 2022: Biodiversity".

For all Maisons, particular attention is paid to purchases of packaging materials due to fragmentation of production processes in this sector. Specific tools are used to assess and improve the environmental performance of packaging.

In 2021, LVMH set up a team to establish a pay equity policy applicable to all its employees and suppliers. These principles were adopted by the Human Resources Department in 2022.

For several years, LVMH has taken part in Utthan, an embroidery industry initiative bringing together major luxury brands. This initiative aims to empower artisans in Mumbai's hand embroidery

### 5.3 Unrelenting focus on quality and safety

LVMH is continuously looking to offer products of the highest quality, through research and innovation and high standards in the selection of materials and the implementation of expertise in its activities. The Group is motivated by a constant desire to protect the health and safety of its stakeholders.

As regards its own employees, LVMH pursues a health, safety and well-being policy that is set out in the "Attracting and retaining talent" section.

As regards its suppliers' employees, the assessment criteria used in workforce audits of suppliers at Tier 1 and above include aspects related to health and safety (see §5.2).

As regards its customers, the Group is particularly attentive to two key issues: prudent use of chemical compounds in production processes and promoting responsible consumption of wines and spirits.

#### Prudent use of chemical compounds in production processes

LVMH is committed to safeguarding against risks inherent in the use of chemical compounds, and complies with regulations, industry group recommendations and opinions issued by scientific committees in this field. The Group is constantly seeking to anticipate changes in this area, drawing on its employees' expertise to produce only the safest products.

The Group's experts regularly take part in working groups set up by domestic and European authorities and play a very active role within industry groups. Their ongoing monitoring of changes in scientific knowledge and regulations has regularly led LVMH to prohibit the use of certain substances and make efforts to reformulate some of its products.

The Group's Maisons have customer relations departments that analyze customer complaints, including those relating to adverse effects.

The Perfumes and Cosmetics business group has a dedicated team of specialists who provide the Maisons with access to a European network of healthcare professionals able to quickly respond to help consumers experiencing side effects. Such post-market surveillance makes it possible to explore new avenues of research and constantly improve the quality and tolerance with respect to the Group's products. The Maisons in this business group comply with the most stringent international

cluster, where many of the embroiderers partnering with the Maisons are based, and help them gain recognition for their skills. The initiative also includes an on-site training program for embroiderers. Audit guidelines and levels of compliance were reviewed and simplified in 2021, and updated to be brought in line with new regulations in India.

safety laws, including the EU regulation on cosmetic products. Their products must meet very strict internal requirements covering development, quality, traceability and safety.

Maisons in the Fashion and Leather Goods, and Watches and Jewelry business groups abide by the LVMH Restricted Substances List, an in-house standard that prohibits or restricts the use of certain substances in products placed on the market, as well as their use by suppliers. This standard, which applies to all raw materials used by the Maisons, goes beyond global regulatory requirements and is regularly updated in response to ongoing monitoring of scientific developments. In 2019, LVMH joined the ZDHC (Zero Discharge of Hazardous Chemicals) trade association, which aims to promote best practices concerning the use of dangerous substances and the quality of discharged wastewater at textile and leather manufacturing sites. The actions implemented in 2022 by the Group and the Fashion and Leather Goods Maisons are presented in §3.2.3 "Protecting water resources" in the "Environment and sustainability" section.

To help suppliers eliminate the substances on this list, the Group's Environment Department has produced specific technical guides suggesting alternatives. Training is regularly offered on this subject.

Another in-house tool, the LVMH Testing Program, reinforces the control system of Maisons in the Fashion and Leather Goods business group, allowing them to test the highest-risk substances for different materials at nine partner laboratories.

#### Moët Hennessy: An ambassador for responsible consumption of wines and spirits

The Group's Wines and Spirits Maisons promote the art of enjoyment of their drinks and invite their consumers to learn about their heritage and expertise. The Group's Maisons are also fully aware that their primary responsibility to society is to safeguard against risks relating to the harmful use of alcohol.

Moët Hennessy has made a commitment to promote moderate consumption and responsible choices with regard to alcohol among its employees and consumers.

The Maisons need to help consumers who are old enough to consume the Group's products to make responsible choices when drinking, such as deciding whether to drink or not, choosing when to drink and how much to drink.



Raising awareness and educating its consumers, customers and employees about risky behaviors such as excessive alcohol consumption or driving under the influence is a priority for the Group.

Some people should not consume alcohol at all. Moët Hennessy has adopted a firm stance against alcohol consumption amongst minors and also believes that pregnant women should be better informed about the risks of alcohol consumption for their child.

Moët Hennessy fully supports the World Health Organization's goal of reducing harmful use of alcohol by 20% worldwide by 2030.

In October 2021, Moët Hennessy joined the IARD (International Alliance for Responsible Drinking), a group bringing together leading names from the beers, wines and spirits industry, dedicated to promoting responsible consumption. Moët Hennessy is committed to abiding by the standards set by the IARD in relation to its digital marketing practices, the information it shares with consumers (particularly in its product labeling), online sales and home deliveries. The Group is also committed to working with the industry as a whole to take the concept of responsible consumption even further.

Action plans are rolled out based on prior commitments.

For example, Moët Hennessy developed a Responsible Marketing & Communications Code more than 15 years ago. This code

#### 5.4 Ongoing efforts to attract and support talent

The pursuit of LVMH's strategy of growth, international expansion and digitalization relies on the Group's ability to identify talented individuals with the skills it needs and attract them in a highly competitive environment. In particular, the highly specific and demanding nature of the luxury goods industry means the Group must recruit staff with outstanding craftsmanship. Promoting the Group's business lines, passing on skills and

#### 5.5 Constant focus on employee inclusion and fulfillment

LVMH is constantly seeking to create conditions that enable its employees to realize their full potential and succeed within the business. At a time of shifting career expectations, it is vitally important to foster employees' aspirations and their fulfillment and to promote diversity.

#### 5.6 Integrity in business

In 2020, Commitment was added to the Group's shared values, forming the basis for the Group's ethics and compliance.

Integrity and responsibility have always been central to the LVMH group, which is committed to ensuring ethical behavior in all its activities and business relationships, and requires

has been regularly updated and recently incorporated the IARD's digital principles and principles for digital influencers. Marketing teams are trained on the basis of this code, which is also systematically shared with external agencies. In addition, Moët Hennessy is a member of the World Federation of Advertisers' Responsible Marketing Pact, an industry standard aimed at preventing minors from being exposed to alcohol marketing.

Moët Hennessy's company culture is based on moderation and responsible enjoyment of its products. Its employees are responsible and exemplary ambassadors of this.

Moët Hennessy is aware of the need to raise awareness within the Company about responsible consumption and has developed specific training programs for employees, as well as individual instructions for events held within the Maisons and on the markets.

Moët Hennessy is involved in industry-level initiatives and is an ambassador of the "Wine in Moderation – Art de Vivre" international program, bringing together members of the wine industry from all over the world to convey a message of social and societal responsibility.

On a local level, Moët Hennessy also supports national industry initiatives to promote responsible consumption such as Responsibility.org in the United States, Prevention & Moderation in France, and other initiatives around the world.

training the designers and craftspeople of the future are therefore key issues for LVMH.

This is why innovative recruitment initiatives, academic partnerships and professional education programs are key components of the Group's human resources policy, detailed in the "Attracting and retaining talent" section.

This is why ensuring well-being at work, offering career guidance, reducing gender inequality, promoting employment for people with disabilities and retaining older employees are all priorities within the Group's human resources policy, detailed in the "Attracting and retaining talent" section.

exemplary performance from its employees and partners in this regard. Any lapse in prevention and detection in its operations, or any practices contrary to applicable laws and regulations, may bring serious harm to LVMH's reputation, cause disruptions in its business activities, and, in certain cases, expose the Group to administrative and/or judicial penalties.

The LVMH group is steadfast in its determination to adhere to its ethical principles at all times and act in accordance with applicable laws and regulations concerning preventing corruption and money laundering and respecting international sanctions and human rights. It implements compliance programs devised and rolled out by the Group's Ethics & Compliance Department and its network of officers within the Maisons.

In 2022, reinforcing Ethics & Compliance became one of the criteria for payment of compensation to the Group Managing Director, which will also be the case in 2023, with the addition of new criteria relating to ethics and compliance.

Accordingly, the Ethics & Compliance Department develops and coordinates the rollout of cross-departmental initiatives to strengthen compliance programs already in place within the Group and ensure their consistency. It implements shared tools and rules to help to prevent, detect and address prohibited conduct, in terms of combating corruption as well as preventing money laundering and respecting international sanctions and human rights. Given the diversity of the LVMH ecosystem and its decentralized organizational model, Maisons have developed their own policies and tools adapted to their specific business contexts.

The Group also undertakes communications, awareness and training activities aimed at instilling a culture of integrity and boosting employee vigilance.

#### **Risk identification and management**

The Maisons identify the corruption risks specific to their operations within the framework of corruption risk mapping exercises. These risk maps enable the Maisons to better manage their risk and ensure that their policies are rolled out effectively and with the appropriate knowledge, particularly in terms of preventing corruption.

As mentioned in §4 "Risk identification", the results of these risk mapping exercises have been used to define action plans adopted by the Maisons to usefully manage the risks identified.

Due to the nature of its business model, the Group does not enter into any significant contracts with governments. Consequently, it is not exposed to the corruption risks associated with public procurement procedures. However, LVMH's business activities involve contacts with government agencies, including for the granting of various authorizations and permits. Similarly, out of a willingness to discuss and cooperate with authorities and decision-makers, LVMH contributes to public debate in countries where to do so is authorized and relevant. The Group's contributions in the public space always abide by the laws and regulations applicable to the institutions and organizations in question, and LVMH is registered as an interest representative where its activities so require.

#### **Internal rules and procedures**

LVMH has in place procedures to prevent and detect breaches of probity in financial life and follows a zero-tolerance policy on corruption and influence-peddling. Accordingly, the LVMH Code of Conduct defines and illustrates prohibited behaviors, in particular those that may constitute corruption or influence-peddling.

In addition to the LVMH Code of Conduct, the Group has internal guidelines, a set of documents that apply to all entities, intended to be used as a reference guide to help employees adopt appropriate behaviors in various areas to do with business ethics. In particular, these principles cover the following:

- preventing corruption and influence-peddling by defining these concepts and providing examples of prohibited behaviors against which staff should be on their guard;
- mandatory rules on gifts and entertainment;
- rules for preventing, reporting and resolving conflicts of interest; in this regard, annual conflict of interest reporting campaigns are undertaken within the Group and the Maisons;
- preventing money laundering, financial fraud and violations of economic and trade sanctions;
- use of assets belonging to the Group and the Maisons, including the fact that such assets are made available only for a temporary period and the requirement that they be used in a professional and conscientious manner;
- Group policy on travel and security, which includes rules on authorization of travel and payment of travel expenses;
- loans of clothes and accessories by Maisons to employees or individuals outside the Group.

These internal guidelines help employees recognize risky situations and act responsibly and appropriately, by drawing their attention to a number of key points to watch out for. It includes everyday examples to illustrate how to react in risky situations.

The Code of Conduct and the internal guidelines will be revised in 2023.

LVMH's anti-corruption compliance policy, the Group's policy on travel and security, and the Group's guidelines within the various areas of compliance provide a useful addition to the Code of Conduct and the internal guidelines. For example, in April 2022, LVMH published its anti-money laundering guidelines, which aim to provide the Maisons with tools and recommendations to reduce their exposure to potential money laundering risks.



To take things further, the Maisons have implemented their own rules and procedures, particularly with regard to combating corruption, gifts and entertainment, and conflicts of interest.

Failure by employees to abide by rules laid down in the Code of Conduct, the internal guiding principles or the applicable policies of their employing Maison, will lead to the appropriate steps being taken to put an end to the infringement in question, including appropriate disciplinary sanctions proportionate to the severity of the infringement, in accordance with the provisions of the Rules of Procedure (or equivalent document) and applicable laws and regulations.

### Communications, awareness and training

The above-mentioned rules and policies are made available to all employees.

The Group's Ethics & Compliance department shares a range of documents (summary reports, examples of best practice, awareness videos, guides, etc.) with its network of Ethics & Compliance Officers via a dedicated Ethics & Compliance Intranet, a new version of which is due to go live in 2023.

The Code of Conduct is published on the Group's website and is communicated to employees, notably when they first join the Group. An onboarding module entitled "Our shared ethical framework" was gradually rolled out within the Maisons starting in 2022 with the aim of allowing new joiners to familiarize themselves with the Code of Conduct, the accompanying internal guidelines and the Group's whistleblowing system. Available in 10 languages, this module makes it possible monitor employees' familiarization with these documents.

In addition to the training and awareness initiatives implemented by the Group and its Maisons, the Group has also developed a specific online anti-corruption training module, which is available to all Maisons and serves as a common core meant for all employees. Between its launch in late 2018 and the end of 2021, the updated module, available in 13 languages, was successfully completed by 31,000 employees all over the Group. Specifically, this module:

- reiterates LVMH's zero-tolerance policy on corruption;
- expresses the Group Chairman and Chief Executive Officer and Group Managing Director's commitment to promoting exemplary, responsible behavior;
- defines and illustrates the notions of corruption and influence-peddling;
- provides an overview of the policies, governance and tools involved in the Group's anti-corruption compliance program;
- illustrates the negative consequences of corruption on civil society and companies;

- provides information on anti-corruption laws in force around the world and obligations for businesses in combating corruption;
- introduces the concept of due diligence on third parties to combat corruption and the main items to check;
- includes a number of case studies and questionnaires to ensure that employees have fully understood the key concepts involved.

The Group has also developed specific training programs for certain roles that are most exposed to the risk of corruption. For example, a buyer training program was developed in 2022 that will be rolled out by the Maisons in 2023 on the basis of their specific risks.

In 2022, the Group's store planners also benefited from a dedicated anti-corruption training program.

The Group's internal control staff are informed each year about the Group's compliance and anti-corruption procedures.

Lastly, the Group's Ethics & Compliance officers benefit from in-depth ongoing training. In September 2022, more than 30 officers from the European Maisons attended a training day on the Group's anti-corruption procedures organized for the first time by the Ethics & Compliance Academy. In addition, Compliance Days are held each year for around 100 members of the Group's Ethics & Compliance community, with the aim of providing training, discussing the best practices implemented within the Maisons – in particular in terms of anti-corruption measures and fostering a culture of ethics in general – and communicating on the ethics and compliance goals for the year ahead. In 2022, this event was held in Rome on November 9 and 10.

Alongside this, various training and awareness initiatives are undertaken by the Maisons.

### Group whistleblowing system

LVMH encourages a culture of dialogue and communication within the Group. Any employees and external stakeholders who have questions about how to interpret internal regulations or have any ethical concerns are invited to make this known or ask for advice.

In addition to the usual existing communication and warning channels within the Group's Maisons, LVMH has set up the "LVMH Alert Line", a secure centralized whistleblowing system that guarantees confidentiality, available in 14 languages. This online platform, which can be accessed from the Group's website (<https://alertline.lvmh.com>), serves to collect and process reports from any employee or external stakeholder concerning potential or actual infringements of laws, regulations, provisions of the LVMH Code of Conduct or other principles, guidelines and internal policies.

The system includes coverage of the following behaviors:

- corruption and influence-peddling;
- money laundering, fraud and falsification of accounting records;
- embezzlement;
- anti-competitive practices;
- data protection breaches;
- discrimination, harassment, violence and threatening behavior;
- infringements of workers' rights and labor law, illegal employment;
- infringements of occupational health and safety regulations;
- violation of environmental protection laws;
- human rights violations.

New employees are given specific information about this whistleblowing system on joining, and then receive regular updates at the Maisons and the Group's entities. Employees are informed in particular about how they can access the system and the fact that the Group strictly prohibits any retaliation against whistleblowers using the system in good faith.

In 2022, 327 reports were received through the Group's whistleblowing system, of which 65% had to do with human resources matters. Of these 327 reports, 202 were submitted anonymously. These reports are handled in accordance with the applicable law and result in an inquiry if applicable.

Once alerts have been handled, they can be used to help improve risk identification and prevention procedures, as part of a continuous improvement approach.

This is in addition to reports received via the existing usual communications and whistleblowing channels within the Maisons.

## 5.7 Responsible management of personal data

The Group and its Maisons are required to collect and process personal data in connection with their business activities, primarily relating to customers and employees. This is needed chiefly in order to offer exceptional products and experiences that meet their customers' expectations or to successfully fulfill their role as employer. This means the LVMH group's Maisons must have access to high-quality customer data and are committed to ensuring that all data entrusted to them is kept secure. This commitment also applies to employee data, with the same requirements.

In an era of innovation for the LVMH group – which is moving ahead with an ambitious digital strategy, resolutely focused on its customers and their aspirations – every Maison takes steps to comply with the regulations applicable to the protection of personal data, including the General Data Protection Regulation

## Compliance control procedure

Since 2019, each Maison has reported annually to the Group's Privacy, Ethics & Compliance Department on progress made on its compliance program via a detailed reporting questionnaire.

In addition, LVMH's internal control framework includes a set of minimum requirements for ethics and compliance, which are checked through self-assessments concerning design and efficiency at the Group's various entities (as described in the "Financial and operational risk management and internal control" section).

The following aspects of the anti-corruption system are regularly verified under the "ERICA" approach (an overview of which can be found in the "Financial and operational risk management and internal control" section):

- observance of the Code of Conduct and its communication to employees of the Maisons;
- appointment of an Ethics & Compliance officer and creation of an Ethics & Compliance Committee within the Maisons;
- the existence of a corruption risk map validated by the Maisons' governing bodies;
- providing information about the existence of the internal whistleblowing system and how it works;
- the existence of a procedure for declaring conflicts of interest and gifts and entertainment;
- completion of an anti-corruption module by employees identified as particularly exposed to corruption risk;
- the existence of a third-party evaluation procedure to assess the risk of corruption;
- the existence of anti-corruption accounting control procedures.

Lastly, the Internal Audit Department carries out compliance audits on certain aspects of the anti-corruption program.

(GDPR) in Europe, among others. A number of regulations have been adopted around the world over the last few years, such as the Personal Information Protection Law (PIPL) in China and the California Privacy Rights Act in the United States. All of these regulations need to be taken into account.

To ensure full compliance with personal data protection regulations in countries where the Group's Maisons operate, it is essential that adequate governance arrangements be in place. Accordingly, each Group Maison has appointed a personal data protection and privacy officer, generally recognized as a Data Protection Officer (DPO) to ensure that its operations are compliant, with support from the legal and cybersecurity departments and in close cooperation with staff in a range of roles (including IT, digital, marketing and HR).

This also means building and promoting a personal data protection culture that permeates all the Group's business lines and activities as well as taking into account technical and methodological developments. To this end, LVMH and its Maisons regularly hold in-person and/or e-learning training and awareness sessions on personal data protection-related issues for all its employees, regardless of their position.

Furthermore, information about the use of personal data has been put together for customers and employees of the Group and the Maisons and brought to the attention of those concerned. This information is updated as necessary and describes in detail how personal data is used, the security measures in place and the rights of each individual, in accordance with the principle of transparency advocated by the GDPR in particular.

A strict cybersecurity policy is also applied within the Group to ensure a fresh customer experience without compromising on data security, privacy, integrity or availability requirements. Under this policy, LVMH and its Maisons monitor not only the security of their own information systems but assess the security levels of the products and services offered by the third-party providers used by LVMH and its Maisons. Providers that have access personal data entrusted to LVMH and/or its Maisons' are assessed to ensure that the technical and organizational measures they have implemented provide a level of security that is sufficient and well suited to their work. Specific cybersecurity incident prevention, detection and response policies are also applied within the Group; they include a stricter procedure if the incident has the potential to cause a personal data breach.

Third-party service providers are assessed for their maturity with regard to the GDPR and other significant applicable laws, as well as measures taken to ensure the compliance of the solution or service to be provided to LVMH and/or its Maisons.

As a general rule, projects carried out by LVMH and/or its Maisons must complete a preliminary "Privacy by Design" study covering any personal data protection and security-related issues from the outset of projects. They must ensure that only personal data that is necessary for the project's purposes is actually collected and that this data is processed in accordance with the highest professional standards ("privacy by default"), notably in relation to retention periods, access and rules governing transfers of data. This study identifies impact analyses that need to be performed in relation to data protection. From a data security standpoint, a risk analysis is carried out and an action plan drawn up incorporating technical, organizational and contractual measures to address the risks identified.

To ensure a consistent, effective approach, a general data protection policy is shared with all Maisons in order to provide them with a common framework of rules and recommendations, helping ensure that appropriate measures are taken to protect personal data within the LVMH group, in compliance with applicable regulations.

This policy defines a Group compliance program on personal data protection, aimed at putting in place clear and transparent governance arrangements to manage issues concerning data protection, together with a range of common directives, bodies and processes. Sample data processing records, impact analyses, privacy notices, security questionnaires and personal data clauses to be added to contracts signed with subcontractors who process personal data are also provided by LVMH to the Maisons who then adapt them to their own context.

To support LVMH and the Maisons, the Group has implemented a tool that allows DPOs to manage their activities from day to day and ensure their ongoing compliance. This tool makes it possible to automate a number of tasks that need to be done by DPOs as well as data controllers, such as managing data processing records, carrying out various assessments in the form of questionnaires and managing customers' and employees' requests to exercise their rights. The business lines use the tool to play their part in GDPR compliance and ensure that the data controller complies with EU regulations. The LVMH group also has Binding Corporate Rules (BCR) approved by France's Commission Nationale de l'Informatique et des Libertés (CNIL), which govern international transfers within the LVMH group of the personal data of employees and job candidates.

An annual audit and assessment campaign is run as part of internal control or the Maisons' internal audit work, in order to assess compliance with their personal data protection obligations. Under the Group's Enterprise Risk and Internal Control Assessment (ERICA) approach, control points in relation to compliance and the Data Protection Officer are included in the framework.

Lastly, a community of personal data protection and privacy officers has been set up, comprising the Group's main points of contact and their local representatives. It meets monthly to discuss and share experience on common issues relating to personal data protection and privacy, with the aim of continuously improving practices in this area. In addition to these monthly meetings, LVMH organizes an annual seminar for the Maisons' DPOs, legal directors and heads of security to address common issues from a different angle in order to continue to enhance personal data protection expertise.

## 6. REPORT BY ONE OF THE STATUTORY AUDITORS, DESIGNATED AS AN INDEPENDENT VERIFIER, ON THE VERIFICATION OF THE CONSOLIDATED STATEMENT OF NON-FINANCIAL PERFORMANCE

To the Shareholders' Meeting,

In our capacity as Statutory Auditor of your company LVMH Moët Hennessy Louis Vuitton (hereinafter "the Company"), designated as an Independent Verifier ("third party") accredited by COFRAC (COFRAC Inspection Accreditation No. 3-1886, Rev. 0; scope available at [www.cofrac.fr](http://www.cofrac.fr)), we undertook work with the aim of expressing a reasoned opinion reflecting a limited assurance conclusion on the historical information (whether recorded or extrapolated) included in the consolidated statement of non-financial performance, prepared in accordance with the Company's procedures (hereinafter "the Guidelines"), for the fiscal year ended December 31, 2022 (hereinafter "the Information" and "the Statement", respectively), as set out in the Group's Management Report pursuant to the provisions laid down in Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

It is also our responsibility to express, at the Company's request and outside the scope of our accreditation, a conclusion of reasonable assurance that certain information selected by the Company and set out in the Statement is, in all material respects, fairly presented in accordance with the Guidelines.

### 1. Limited assurance conclusion on the consolidated statement of non-financial performance in accordance with Article L. 225-102-1 of the French Commercial Code

On the basis of the procedures we performed, as described in the "Nature and scope of work" section, and the information we obtained, we found no material misstatements that might have led us to believe that the statement of non-financial performance is not compliant with applicable regulatory requirements or that the Information, taken as a whole, is not fairly presented, in accordance with the Guidelines.

### 2. Reasonable assurance conclusion on a selection of information included in the Statement

In our opinion, the information selected by the Company and identified by the ✓ sign in Appendix 1 is, in all material respects, fairly presented in accordance with the Guidelines.

#### Preparation of the Statement

The lack of a generally accepted and commonly used framework or established practice on which to base the assessment and measurement of Information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

The Information should therefore be read and understood in relation to the Guidelines, the key elements of which are available on the Company's website.

#### Limitations inherent in the preparation of the Information

The Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Some information is sensitive to methodological choices, assumptions and/or estimates used in its preparation and set out in the Statement.

## Responsibility of the Company

It is the responsibility of management to:

- select and define appropriate criteria for the preparation of Information;
- prepare a Statement compliant with legal and regulatory requirements, including an overview of the business model, a description of key non-financial risks and an overview of the policies adopted in light of those risks, together with the results of those policies, including key performance indicators and furthermore the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- and for such internal control as management determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by applying the Company's Guidelines as mentioned above.

## Responsibility of the Statutory Auditor designated as an Independent Verifier

It is our responsibility, on the basis of our work, to express a reasoned opinion reflecting a limited assurance conclusion that:

- the Statement complies with the requirements laid down in Article R. 225-105 of the French Commercial Code;
- the information provided is fairly presented in accordance with Point 3 of Sections I and II of Article R. 225-105 of the French Commercial Code, namely the results of policies, including key performance indicators, and actions in relation to key risks (hereinafter "the Information").

As it is our responsibility to reach an independent conclusion regarding the Information as prepared by management, we are not allowed to be involved in the preparation of this Information, as this could compromise our independence.

It is not our responsibility to express an opinion on:

- whether the Company complies with other applicable legal and regulatory provisions, notably concerning the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the vigilance plan and the prevention of corruption and tax evasion;
- the fair presentation of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- whether products and services comply with applicable regulations.

## Regulatory provisions and applicable professional guidelines

The work described below was carried out in accordance with our audit program and the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*), and ISAE 3000 (revised – Assurance Engagements Other than Audits or Reviews of Historical Financial Information).

## Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). In addition, we have implemented a quality control system, including documented policies and procedures designed to ensure compliance with applicable laws and regulations, ethical standards and professional guidelines of the French National Institute of Statutory Auditors applicable to this engagement.

## Means and resources

Our work was undertaken by a team of eleven people between September 2022 and February 2023, for a period of about sixteen weeks.

We conducted around fifteen interviews with those responsible for preparing the Statement, notably representing Executive Management and the Administration & Finance, Risk Management, Privacy, Ethics & Compliance, Human Resources, Environmental Development and Purchasing Departments.

In the course of our work, we made use of information and communication technologies to conduct work and interviews remotely, with no adverse effect on the performance of the work.

## Nature and scope of work

We planned and performed our work with due regard to the risks of material misstatement of the Information.

We consider that the procedures we performed using our professional judgment allow us to formulate a limited assurance conclusion:

- we familiarized ourselves with the business of all entities falling within the scope of consolidation and the key risks;
- we assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, objectivity and comprehensible nature, taking the sector's best practices into consideration, where applicable;
- we checked that the Statement covers each category of information laid down in Section III of Article L. 225-102-1 with regard to social and environmental impact, as well as the information required by the second paragraph of Article L. 22-10-36 regarding compliance with human rights and the prevention of corruption and tax evasion;
- we checked that the Statement provides the information required by Section II of Article R. 225-105 wherever relevant with respect to the key risks and, where applicable, includes an explanation of the reasons for the absence of information required by Section III, Paragraph 2 of Article L. 225-102-1;
- we checked that the Statement provides an overview of the business model and a description of the key risks associated with the business of all entities falling within the scope of consolidation, including, where relevant and proportionate, risks arising from business relationships, products and services as well as policies, actions and results, including key performance indicators related to key risks;
- we consulted source documents and conducted interviews to:
  - assess the process used to select and validate key risks, as well as the consistency of results, including key performance indicators related to the key risks and policies presented,
  - corroborate what we considered the most important qualitative information (actions and results) set out in Appendix 1. For all risks, our work was carried out at the level of the consolidating entity and on a selection of the entities listed below:
    - for environmental risks: Wines and Spirits: MHCS: Maison and sites (Epernay, France); Hennessy: Maison and sites (Cognac, France); Glenmorangie: site (Tain, Scotland); Chandon Argentina: sites (Argentina). Perfumes and Cosmetics: Parfums Christian Dior: Maison and site (Saint-Jean-de-Braye, France); Guerlain: Maison and site (Chartres, France). Fashion and Leather Goods: Loro Piana: Maison and site (Quarona, Italy); Christian Dior Couture: Maison and site (France); Loewe: Maison (Spain); Louis Vuitton Malletier: Maison and site (Saint-Pourçain, France). Watches and Jewelry: Bulgari: Maison and site (Valenza, Italy); Tiffany: Maison (United States). Selective Retailing: DFS stores (Hong Kong); Sephora Europe: Maison and stores (France). Other activities: Belmond hotels (Grand Hotel Timeo, Italy and Copacabana, Brazil),
    - for workforce-related risks: Wines and Spirits: Hennessy (France). Perfumes and Cosmetics: Parfums Christian Dior (China). Fashion and Leather Goods: Christian Dior Couture SA (France), Louis Vuitton China (China), Louis Vuitton USA (United States). Watches and Jewelry: Tiffany (United States), Laurelton Diamonds (Cambodia). Selective Retailing: Sephora (France). Other activities: Royal Van Lent (Netherlands), Belmond (United Kingdom),
    - for social risks: Responsible supply chains: Wines and Spirits: MHCS (France). Fashion and Leather Goods: Christian Dior Couture (France) et Loewe (Spain);
- we checked that the Statement covers the scope of the consolidated Group, i.e. all entities falling within the scope of consolidation in accordance with Article L. 233-16, within the limits set out in the Statement;
- we reviewed the internal control and risk management procedures put in place by the Company and assessed the collection process aimed at ensuring that the Information is complete and fairly presented;
- for key performance indicators and those other quantitative results we considered the most significant, set out in Appendix 1, we carried out the following:
  - analytical procedures that consisted in checking that all data collected had been properly consolidated, and that trends in that data were consistent,
  - detailed, sample-based tests or other means of selection that consisted in checking that definitions and procedures had been properly applied and reconciling data with supporting documents. This work was carried out on a selection of contributing entities listed above and covers between 7% and 70% of the consolidated data selected for these tests (12% of the workforce, 41% of energy consumption and 50% of certified supplies);
- we assessed the Statement's overall consistency with our knowledge of all the entities falling within the scope of consolidation.

The procedures performed for a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional guidelines of the French National Institute of Statutory Auditors; a higher level of assurance would have required more extensive audit procedures.

At the Company's request, we carried out additional work to enable us to express a reasonable assurance conclusion on the information identified by the ✓ sign in Appendix I.

This work was of the same type as that described above in the section on the limited assurance conclusion but more in-depth, in particular with regard to:

- analytical procedures that consisted in checking that all data collected had been properly consolidated, and that trends in that data were consistent;
- detailed, sample-based tests that consisted in checking that definitions and procedures had been properly applied and reconciling data with supporting documents.

The selected sample thus represents between 30% and 67% of the information identified by the ✓ sign

Paris-La Défense, February 9, 2023

One of the Statutory Auditors

French original signed by

Deloitte & Associés

Guillaume Troussicot

Audit Partner

Olivier Jan

Sustainable Development Partner

This is a free translation into English of the Independent Verifier's 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 auditing standards applicable in France.



## Appendix 1: Information considered the most important

### Workforce-related information

#### Quantitative information (including key performance indicators)

- Breakdown of the workforce as of December 31, 2022 by gender and job category
- Recruitment on permanent contracts from January 1 to December 31, 2022 (breakdown by gender)
- Turnover among employees on permanent contracts from January 1 to December 31, 2022 (total, voluntary and involuntary)
- Proportion of employees on permanent contracts who received training between January 1 and December 31, 2022 by job category
- Average number of days' training for employees on permanent contracts
- Absence rate by reason
- Work-related accident frequency rate
- Work-related accident severity rate

#### Qualitative information (actions and results)

- Workplace health and safety
- Inclusion and diversity among employees
- Implementing the employer policy and attracting and retaining students and recent graduates
- Training and support for employees throughout their careers

### Environmental information

#### Quantitative information (including key performance indicators)

- Proportion of manufacturing sites certified ISO 14001 (%)
- Total energy consumption (MWh) ✓
- Energy-related greenhouse gas emissions – Scope 1 and 2 (metric tons of CO<sub>2</sub> equivalent) ✓
- Greenhouse gas emissions generated by outbound transport – Scope 3 (metric tons of CO<sub>2</sub> equivalent) ✓
- Total water consumption for process requirements (m<sup>3</sup>)
- Total water consumption for agricultural requirements (m<sup>3</sup>)
- Total waste produced (metric tons)
- Total hazardous waste produced (metric tons)
- Waste recovery rate (%)
- Total packaging that reaches customers (metric tons) ✓
- Quantity of COD after treatment (metric tons)

#### Qualitative information (actions and results)

- Organization of the environmental approach, particularly governance and commitments, including the LIFE 360 program
- Environmental impact of packaging and monitoring of the LIFE “Circular Design” target

### Social information

#### Quantitative information (including key performance indicators)

- Proportion of supplies of grapes, *eaux-de-vie* and still wines (in kg), from the Group's own vineyards or from purchases, with sustainable winegrowing certification (%) ✓
- Proportion of supplies of palm oil, palm kernel oil and their derivatives (in kg) certified RSPO Mass Balance or Segregated (%) ✓
- Proportion of sheep and cow leather supplies (in m<sup>2</sup>) sourced from LWG-certified tanneries (%) ✓
- Proportion of exotic leather (crocodilian) supplies (number of skins) sourced from LWG-certified tanneries (%)
- Proportion of gold supplies (in kg) certified RJC CoC (excluding Tiffany) ✓
- Proportion of gold supplies (in kg) sourced from RJC CoP-certified suppliers (excluding Tiffany) ✓
- Proportion of diamond supplies (in carats) sourced from RJC CoP-certified suppliers (excluding Tiffany) ✓
- Proportion of cotton supplies (in metric tons) certified (%) ✓
- Proportion of fur supplies (mink and fox) (in kg) certified (%)
- Proportion of sheep's wool (merino and other species) and cashmere (in kg) certified (%)
- Number of social and/or environmental audits carried out on suppliers and subcontractors

#### Qualitative information (actions and results)

- Supplier assessment and support
- Business conduct and ethics

## 7. CROSS-REFERENCE TABLES

### 7.1 Statement of non-financial performance

Like any other economic actor, the LVMH group is exposed to a number of non-financial risks that may affect its performance, cause harm to its reputation, and impact its stakeholders and/or the environment. The following risks have been classified by representatives of the Group's central functions and Executive Management as "key risks" in light of the Group's activities (see §4 of the "Ethics and responsibility" section):

- impact on ecosystems, the climate and natural resources;
- setting up and maintaining responsible supply chains;
- safeguarding health and safety at work;
- transfer of key skills and expertise;
- implementation of a policy to promote employee inclusion and fulfillment;
- shortcomings in the implementation of personal data protection rules;
- shortcomings in the implementation of business practice compliance arrangements.

LVMH is committed to addressing each of these risks by putting the appropriate policies in place. The cross-reference tables below provide a summary presentation of the information constituting the Group's statement of non-financial performance, as required by Article L. 225-102-1 of the French Commercial Code, indicating for each item the section of this Management Report where further details may be found. They include cross-references to the specific disclosures required by this article with regard to respect for human rights and measures to combat corruption, climate change, and discrimination.

The remaining disclosures required by this article may be found in the following sections:

- with regard to the Group's business model, in the sections entitled "The LVMH business model" and "Business overview, highlights and outlook" in the introduction to this report;
- with regard to the presentation of the workforce for each business group and geographic region, in §1.3 of the "Attracting and retaining talent" section;
- with regard to collective bargaining agreements signed at the level of companies across the Group, in §3.2 of the "Attracting and retaining talent" section;
- with regard to efforts to promote the circular economy, in §2 of the "Environment and sustainability" section;
- with regard to combating food waste, in §2.2.3 of the "Environment and sustainability" section;
- with regard to social commitments to promote sustainable development, apart from the topics covered by the cross-reference tables below in terms of social consequences, respect for human rights and the environment, in §1 and §2 of the "Outreach and giving back" section;
- with regard to protecting animal welfare, in §3 of the "Environment and sustainability" section.

Lastly, given the nature of the Group's business activities, topics relating to the fight against food insecurity or efforts to promote responsible and sustainable food production as well as fair food systems are not discussed in this Management Report.

### 7.1.1 Social consequences

Risk	Policies	Results
<b>Transfer of key skills and expertise</b>	<ul style="list-style-type: none"> <li>– Academic partnerships (§2.1 of the “Attracting and retaining talent” section)</li> <li>– Institut des Métiers d’Excellence (§2.2 of the “Attracting and retaining talent” section)</li> <li>– Employee training and support (§2.3 of the “Attracting and retaining talent” section)</li> <li>– Specific initiatives to promote training and employment for people with disabilities (§4.3 of the “Attracting and retaining talent” section)</li> <li>– Support for high-potential female employees to help them move into key positions (§4.4 of the “Attracting and retaining talent” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Joiners by business group and geographic region (§2.1 of the “Attracting and retaining talent” section)</li> <li>– Investment in training (§2.3 of the “Attracting and retaining talent” section)</li> <li>– Internal mobility data (§2.3 of the “Attracting and retaining talent” section)</li> <li>– Awards, recognition and rankings obtained as an employer (§2.1 of the “Attracting and retaining talent” section)</li> </ul>
<b>Health and safety issues faced in the Group’s business activities</b>	<ul style="list-style-type: none"> <li>– LVMH Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– LVMH Alert Line whistleblowing system (§5.6 of the “Ethics and responsibility” section)</li> <li>– Charter on Working Relations with Fashion Models (§2.2 of the “Ethics and responsibility” section)</li> <li>– Investments in health, safety and security (§3.1 of the “Attracting and retaining talent” section)</li> <li>– Employee training in health, safety and security (§3.1 of the “Attracting and retaining talent” section)</li> <li>– Social audits of suppliers and subcontractors including a health and safety dimension (§5.2 of the “Ethics and responsibility” section)</li> <li>– Measures relating to the use of chemicals and cosmetovigilance (§5.3 of the “Ethics and responsibility” section)</li> <li>– Promoting responsible consumption of wines and spirits (§5.3 of the “Ethics and responsibility” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Breakdown, frequency and severity of work-related accidents (§3.1 of the “Attracting and retaining talent” section)</li> <li>– Data relating to social audits that include a health and safety dimension (§5.2 of the “Ethics and responsibility” section)</li> <li>– Training for employees and suppliers focusing on the LVMH Restricted Substances List (§5.3 of the “Ethics and responsibility” section)</li> </ul>
<b>Implementation of a policy of employee inclusion and fulfillment (aspects related to fulfillment at work)</b>	<ul style="list-style-type: none"> <li>– LVMH Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– LVMH Alert Line whistleblowing system (§5.6 of the “Ethics and responsibility” section)</li> <li>– LVMH Heart Fund (§3.4 of the “Attracting and retaining talent” section)</li> <li>– Specific training for managers (§2.3 of the “Attracting and retaining talent” section)</li> <li>– Group Works Council and SE Works Council (§3.2 of the “Attracting and retaining talent” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Number of meetings held by employee representative bodies in 2022 (§3.2 of the “Attracting and retaining talent” section)</li> <li>– Endowment and number of support requests received in connection with the LVMH Heart Fund (§3.4 of the “Attracting and retaining talent” section)</li> </ul>

## 7.1.2 Respect for human rights

Risk	Policies	Results
<b>Setting up and maintaining responsible supply chains (aspects relating to respect for human rights)</b>	<ul style="list-style-type: none"> <li>– LVMH Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– Supplier Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– Charter on Working Relations with Fashion Models (§2.2 of the “Ethics and responsibility” section)</li> <li>– LVMH Alert Line whistleblowing system (§5.6 of the “Ethics and responsibility” section)</li> <li>– Risk mapping by the Group (§4 of the “Ethics and responsibility” section)</li> <li>– Social audits of suppliers and subcontractors (§5.2 of the “Ethics and responsibility” section)</li> <li>– Collection of information on suppliers’ social and ethical performance via the EcoVadis platform (§5.2 of the “Ethics and responsibility” section)</li> <li>– Participation in multi-party initiatives covering high-risk areas (§5.2 of the “Ethics and responsibility” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Breakdown of suppliers and audits (§5.2 of the “Ethics and responsibility” section)</li> <li>– Data on combined audits and audits examining only social aspects carried out at suppliers (§5.2 of the “Ethics and responsibility” section)</li> <li>– Proportion of follow-up audits (§5.2 of the “Ethics and responsibility” section)</li> <li>– Proportion of suppliers not meeting the Group’s standards (§5.2 of the “Ethics and responsibility” section)</li> <li>– Number of contracts terminated following audits (§5.2 of the “Ethics and responsibility” section)</li> <li>– Number of business relationships not initiated following audits (§5.2 of the “Ethics and responsibility” section)</li> </ul>
<b>Implementation of a policy of employee inclusion and fulfillment (aspects relating to the fight against discrimination and the promotion of diversity)</b>	<ul style="list-style-type: none"> <li>– LVMH Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– LVMH Alert Line whistleblowing system (§5.6 of the “Ethics and responsibility” section)</li> <li>– Recruitment Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– Specific training for recruiters (§4.2 of the “Attracting and retaining talent” section)</li> <li>– Independent review of hiring practices (§4.2 of the “Attracting and retaining talent” section)</li> <li>– Specific initiatives to promote training and employment for people with disabilities (§4.3 of the “Attracting and retaining talent” section)</li> <li>– Support for high-potential female employees to help them move into key positions (§4.4 of the “Attracting and retaining talent” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Proportion of employees with disabilities (§4.3 of the “Attracting and retaining talent” section)</li> <li>– Proportion of women among joiners and in the Group’s workforce (§4.4 of the “Attracting and retaining talent” section)</li> </ul>
<b>Shortcomings in the implementation of personal data protection rules</b>	<ul style="list-style-type: none"> <li>– LVMH Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– Data protection policy (§5.7 of the “Ethics and responsibility” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Creation of a network of Data Protection Officers (§5.7 of the “Ethics and responsibility” section)</li> </ul>

### 7.1.3 Environmental consequences

Risk	Policies	Results
<b>Business impacts on ecosystems, the climate and natural resources (including aspects relating to the fight against climate change)</b>	<ul style="list-style-type: none"> <li>– LVMH Environmental Charter (§1.1 and §1.2 of the “Environment and sustainability” section)</li> <li>– LIFE program and LIFE 360 targets (§1.1 and §1.2 of the “Environment and sustainability” section)</li> <li>– Combating climate change and the LVMH Carbon Fund (§5 of the “Environment and sustainability” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Improvement in the Environmental Performance Index scores of product packaging for Perfumes and Cosmetics and Wines and Spirits companies (§2.2 of the “Environment and sustainability” section)</li> <li>– Accelerated and expanded rollout of sustainable and organic winegrowing (§3.1 of the “Environment and sustainability” section)</li> <li>– Certification of materials used in products (§3.1 of the “Environment and sustainability” section)</li> <li>– Amounts raised via the Carbon Fund and metric tons of carbon-equivalents avoided via the innovative projects supported (§5.2 of the “Environment and sustainability” section)</li> <li>– Increase in the proportion of renewable energy in the Group’s energy mix (§5.2 of the “Environment and sustainability” section)</li> <li>– Implementation of an environmental management system at manufacturing sites (§2.1.4 and §2.2.4 of the “Environment and sustainability” section)</li> </ul>
<b>Setting up and maintaining responsible supply chains (environmental aspects)</b>	<ul style="list-style-type: none"> <li>– LVMH Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– Supplier Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– LVMH Environmental Charter (§1.1 and §1.2 of the “Environment and sustainability” section)</li> <li>– LIFE program and LIFE 360 targets (§1.1 and §1.2 of the “Environment and sustainability” section)</li> <li>– LVMH Alert Line whistleblowing system (§5.6 of the “Ethics and responsibility” section)</li> <li>– Collection of information on suppliers’ environmental performance via the EcoVadis platform (§5.2 of the “Ethics and responsibility” section)</li> <li>– Participation in multi-party initiatives covering high-risk areas (§5.2 of the “Ethics and responsibility” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Data on environmental audits carried out at suppliers, both combined audits and audits examining only environmental aspects (§5.2 of the “Ethics and responsibility” section)</li> <li>– LIFE 360 program – “Biodiversity” target, particularly relating to supply chains for grapes, leather, skins and pelts, gemstones and precious metals, palm oil derivatives and regulated chemicals (§3.1 of the “Environment and sustainability” section)</li> </ul>

## 7.1.4 Fight against corruption

Risk	Policies	Results
Shortcomings in the implementation of business practice compliance arrangements	<ul style="list-style-type: none"> <li>– LVMH Code of Conduct (§2.2 and §5.6 of the “Ethics and responsibility” section)</li> <li>– Supplier Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– LVMH Alert Line whistleblowing system (§5.6 of the “Ethics and responsibility” section)</li> <li>– Group Ethics &amp; Compliance Intranet site (§5.6 of the “Ethics and responsibility” section)</li> <li>– Corruption risk mapping (§4 and §5.6 of the “Ethics and responsibility” section)</li> <li>– Anti-corruption assessment of third parties (§5.6 of the “Ethics and responsibility” section)</li> <li>– Role of the Ethics &amp; Compliance Department, officers and committees (§3 and §5.6 of the “Ethics and responsibility” section)</li> <li>– Internal guidelines (§5.6 of the “Ethics and responsibility” section)</li> <li>– Anti-corruption training (§5.6 of the “Ethics and responsibility” section)</li> <li>– Compliance rules included in the internal audit and control framework (§5.6 of the “Ethics and responsibility” section)</li> <li>– Report to the Ethics &amp; Sustainable Development Committee of the Board of Directors (§3 of the “Ethics and responsibility” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Number of reports made to the LVMH Alert Line (§5.6 of the “Ethics and responsibility” section)</li> <li>– Number of times the anti-corruption training module has been passed (§5.6 of the “Ethics and responsibility” section)</li> <li>– Number of Ethics &amp; Compliance Officers (§3 of the “Ethics and responsibility” section)</li> </ul>

## 7.2 Vigilance plan

The LVMH group is unique in terms of the variety of business areas in which it operates around the world. Risk management needs to be appropriate to the diverse range of situations encountered. The Group coordinates the actions of its Maisons in order to prevent any human rights violations that may occur within the framework of their operations or those of their suppliers and subcontractors.

The Group’s duty of care policy aims to set out the frameworks for action and shared commitments, ensure that these are implemented and help the Maisons to identify and manage their risks. This is coordinated across the Group, with each Maison implementing its own specific measures.

This chapter aims to provide a summary presentation of the information constituting the Group’s vigilance plan, as required by Article L. 225-102-4 of the French Commercial Code.

### 7.2.1 Organization and governance

The Group’s duty of care policy is coordinated by the Privacy, Ethics & Compliance Department, working in close collaboration with the CSR, Environment and Purchasing departments. It relies on the parties involved and governance teams of these various departments to identify and manage the risks associated with duty of care (see §3, “Governance”).

### 7.2.2 Risk identification

Analysis of gross risks was carried out in 2020. This analysis is based on comparing external risk indicators (supplied by Verisk Maplecroft) with quantitative information provided by the Group’s Maisons (location, number of employees, volume of purchases, types of suppliers, etc.).

This data enables each Maison to map its gross risks in terms of human rights and the environment in order to prioritize its risk control measures. Purchasing data was updated in 2022.

In addition and in order to refine this analysis, the Privacy, Ethics & Compliance Department appointed a law firm in 2021 to review existing practices within the Group and their compliance with duty of care requirements. Following on from this review, since 2022, specific analysis has been conducted with a selection of Maisons representing the business sectors in which the Group operates. The results will be used to define an operating roadmap for the Group.

Comprehensive analysis of the environmental risks associated with the Group’s various operations has also been carried out (see §1.1.2, “Risk identification” of the “Environment and sustainability” section).

**7.2.3 Risk control and assessment procedures**

Risks associated with the Group’s duty of care are managed within the framework of its own commitments as well as internal and external standards regarding ethics, human rights and the environment (see §2, “Standards” of the “Ethics and responsibility” section).

The Group ensures that these are correctly applied by means of ethics compliance procedures and its responsible supply chain management policy helps to prevent and address any risks. In addition to these general measures, specific measures have been developed for certain business areas that are particularly exposed to risk.

The table below summarizes all of these risk control measures (for more details, refer to the corresponding sections).

**Risk mitigation and prevention measures**

	<b>Group activities</b>	<b>Activities of suppliers and subcontractors</b>
<b>Human rights and fundamental freedoms</b>	<ul style="list-style-type: none"> <li>– Specific training for recruiters to prevent discrimination (§2.4 of the “Attracting and retaining talent” section)</li> <li>– Independent review of hiring practices (§2.4 of the “Attracting and retaining talent” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Supplier Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– Training for suppliers and buyers (§5.2 of the “Ethics and responsibility” section)</li> <li>– Participation in multi-party initiatives covering high-risk areas (§5.2 of the “Ethics and responsibility” section)</li> <li>– Supply chain certification targets (§5.2 of the “Ethics and responsibility” section)</li> </ul>
<b>Individuals’ health and safety</b>	<ul style="list-style-type: none"> <li>– LVMH Restricted Substances List (§5.3 of the “Ethics and responsibility” section)</li> <li>– LVMH Testing Program (§5.3 of the “Ethics and responsibility” section)</li> <li>– Promoting responsible consumption of wines and spirits (§5.3 of the “Ethics and responsibility” section)</li> <li>– Third-party liability insurance (§2.3 of the “Financial and operational risk management and internal control” section)</li> <li>– Specific insurance policies in countries where work-related accidents are not covered by social security systems (§2.3 of the “Financial and operational risk management and internal control” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Supplier Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– Training for suppliers and buyers (§5.2 of the “Ethics and responsibility” section)</li> <li>– Participation in multi-party initiatives covering high-risk areas (§5.2 of the “Ethics and responsibility” section)</li> <li>– Supply chain certification targets (§5.2 of the “Ethics and responsibility” section)</li> <li>– Assistance guides provided to suppliers for the elimination/substitution of chemicals whose use is restricted or prohibited by LVMH (§5.3 of the “Ethics and responsibility” section)</li> <li>– Charter on Working Relations with Fashion Models (§2.2 of the “Ethics and responsibility” section)</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>– LIFE 360 objectives (§2 to §5 of the “Environment and sustainability” section)</li> <li>– Insurance for environmental damage (§2.3 and §2.4 of the “Financial and operational risk management and internal control” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Supplier Code of Conduct (§2.2 of the “Ethics and responsibility” section)</li> <li>– Training for suppliers and buyers (§5.2 of the “Ethics and responsibility” section)</li> <li>– Participation in multi-party initiatives covering high-risk areas (§5.2 of the “Ethics and responsibility” section)</li> <li>– Supply chain certification targets (§5.2 of the “Ethics and responsibility” section)</li> </ul>



### Follow-up and assessment measures

	Group activities	Activities of suppliers and subcontractors
<b>Common to all issues</b>	<ul style="list-style-type: none"> <li>– Internal control and audit framework (§3.5 of the “Financial and operational risk management and internal control” section)</li> <li>– Regular updates to the risk analysis</li> <li>– Accident analysis and prevention (§3.2 of the “Attracting and retaining talent” section)</li> <li>– Environment management system (§2.1.4 and §2.2.4 of the “Environment and sustainability” section)</li> <li>– Tracking achievement of LIFE 360 targets (§2 to §5 of the “Environment and sustainability” section)</li> </ul>	<ul style="list-style-type: none"> <li>– Audits and follow-up audits (§5.2 of the “Ethics and responsibility” section)</li> <li>– Corrective action plans following audits (§5.2 of the “Ethics and responsibility” section)</li> </ul>
<b>Individuals’ health and safety</b>	<ul style="list-style-type: none"> <li>– Accident analysis and prevention (§3.2 of the “Attracting and retaining talent” section)</li> </ul>	
<b>Specific to the environment</b>	<ul style="list-style-type: none"> <li>– Environment management system (§2.1.4 and §2.2.4 of the “Environment and sustainability” section)</li> <li>– Tracking achievement of LIFE 360 targets (§2 to §5 of the “Environment and sustainability” section)</li> </ul>	

#### 7.2.4 Management of whistleblowing

The LVMH group has set up the “LVMH Alert Line”, a secure centralized whistleblowing system that guarantees confidentiality. Available in 14 languages and accessible on the Group’s website (<https://alertline.lvmh.com>), it is open to both employees and external stakeholders. In 2022, 327 reports were received through the Group’s whistleblowing system, of which 65% had to do with human resources matters.

In general and in addition to this system, the Group’s Ethics & Compliance Department helps the Maisons to deal with any reports concerning human rights and ensures that appropriate corrective measures are taken.

# MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

## Environment and sustainability

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## 1. GENERAL ENVIRONMENTAL POLICY

In 2022, which again saw record-breaking heatwaves leading to droughts, floods and fires, the expectations of civil society worldwide with respect to the protection of biodiversity and the fight against global warming were communicated more clearly and strongly than ever before. With a fourth value of commitment (to inclusiveness and solidarity and to the environment) now added to the Group's three enduring values of creativity, excellence and entrepreneurial spirit, the Group unveiled its new environmental roadmap, LIFE 360 (LVMH

Initiatives for the Environment 360), at its Shareholders' Meeting on April 21, 2021. This new phase in the Group's environmental policy, which itself dates back as far as 1992, follows on from LIFE 2020, LVMH's program of commitments covering the period 2016-2020. To speed up progress, LIFE 360 includes 2023, 2026 and 2030 targets for all the Group's Maisons, with the aim of nurturing the emergence of a new vision for luxury as a balanced combination of nature on the one hand and creativity and artisanal excellence on the other.

### 1.1 Organization of the Group's environmental approach

#### 1.1.1 Governance

Reporting directly to Antoine Arnault, a member of LVMH's Board of Directors, the 10-member Environmental Development Department has the following objectives:

- implement the four action plans (circular design, traceability, biodiversity and climate) of the LIFE (LVMH Initiatives for the Environment) program across all Maisons;
- guide Group companies' environmental policies, in compliance with the LVMH Environmental Charter;
- report on the Group's environmental strategy through a dedicated report and specific impact indicators;
- identify world-class environmental analyses, tools and methodologies and share them with the Maisons;
- build the environment into design processes and nurture innovation;
- carry out forward-looking analysis to help the Maisons safeguard against risks and seize opportunities in each main business group (Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing), and in hotel activities;
- train employees and raise environmental awareness at every level of the organization;
- share LVMH's environmental experience at international summits and build proactive partnerships;
- uphold the Group's reputation and contribute to its non-financial performance.

Each Maison also draws on its own in-house expertise in environmental matters. These experts make up a network of nearly 200 Environment Officers from Maisons, known as the Environment Committee, which meets several times a year, in particular to share and discuss best practices.

In 2003, the Group joined the United Nations Global Compact, which aims to promote responsible corporate citizenship through

business practices and policies based on ten universal principles, including the following three relating to the environment:

- adopt a precautionary approach to environmental challenges;
- promote greater environmental responsibility;
- encourage the development and widespread adoption of environmentally friendly technologies.

In addition, LVMH's ability to drive continuous improvement is closely tied to the Group's success at making sure that its 196,006 employees understand their role as active participants in its approach to environmental matters. The Environment Department thus works to inform, train and raise awareness among employees with regard to the conservation of natural resources and biodiversity, as well as climate change. Since 2016, the Group's in-house Environment Academy has served this role and its actions are continually being adapted to meet new requirements. The Academy designs training programs based on the major objectives of the LIFE program, using a range of learning materials – including face-to-face training sessions, e-learning modules and virtual classes.

In 2022, almost all of the Maisons continued with their employee environmental training and awareness programs. Numerous courses and modules to facilitate the transformation of certain business lines were rolled out, particularly relating to sustainable design of products and stores. For example, Parfums Christian Dior delivered a classroom training course on this subject for all teams involved, a total of 200 individuals, as did Louis Vuitton as part of its Sustainable Design Day. With respect to the environmental performance of its stores, LVMH runs a program of webinars for the Store Planning and Environment community mainly focusing on sustainable building design in accordance with Group and LIFE 360 guidelines. The Group also stepped up the deployment of the Climate Fresk in 2022, with training sessions for in-house trainers and more awareness days. A growing number of Maisons now include an environmental training target in their incentive agreements.

These training programs totaled 31,238 hours in 2022, a significant increase relative to 2021 (20,106 hours).

In 2022, the Group was included in the main indices based on responsible investment criteria: FTSE4Good Global 100, Moody's ESG (68/100) and S&P Global ESG (70/100). In addition, LVMH was awarded a Triple A by CDP for its leadership, transparency and action relating to climate change, forests and water security.

### 1.1.2 Risk identification

In 2022, LVMH further refined its materiality analysis of the most important issues for the Group:

- for the Group's climate impacts, the ongoing analysis of physical and transition risks relating to climate change was continually updated by applying the scenario analysis method and studying the related financial consequences;

- for water and biodiversity impacts, the Group tested and rolled out methodologies currently under development by SBT for Nature and the TNFD.

The main environmental risks identified at the Group level relate to the following topics:

- impacts on ecosystems;
- depletion of natural resources;
- setting up and maintaining responsible supply chains;
- climate change risks.

While the Group is exposed to climate-related risks, it may also benefit from opportunities related to climate change.

The policies implemented and their results are set out in the following sections.

The full materiality matrix of risks and opportunities provides detailed information on the following environmental issues relating to the Group's business activities:

	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing
<b>State of energy resources and climate change</b>	<ul style="list-style-type: none"> <li>Grape growing and yield</li> <li>Packaging production</li> <li>Distillation</li> <li>Transportation of products</li> <li>Soil erosion</li> </ul>	<ul style="list-style-type: none"> <li>Store lighting, air conditioning and location</li> <li>Transportation of products and carbon taxes</li> <li>Production of resources needed to manufacture products:                             <ul style="list-style-type: none"> <li>Plant fibers used for textiles (cotton, etc.)</li> <li>Leather, including exotic leather</li> <li>Fur</li> <li>Wool</li> </ul> </li> <li>Customer expectations in relation to more sustainable products</li> <li>Renewable energy costs</li> </ul>	<ul style="list-style-type: none"> <li>Packaging production</li> <li>Store lighting, air conditioning and location</li> <li>Transportation of products and carbon taxes</li> <li>Customer expectations in relation to more sustainable products</li> <li>Renewable energy costs</li> </ul>	<ul style="list-style-type: none"> <li>Store lighting, air conditioning and location</li> <li>Renewable energy costs</li> </ul>	<ul style="list-style-type: none"> <li>Store lighting, air conditioning and location</li> <li>Transportation of products</li> <li>Renewable energy costs</li> </ul>
<b>Impact on water resources</b>	<ul style="list-style-type: none"> <li>Water consumption (vineyard irrigation in Australia, New Zealand, Argentina and California)</li> <li>Production of effluents containing organic matter during winemaking and distillation</li> </ul>	<ul style="list-style-type: none"> <li>Water consumption (crocodilian farms and tanneries)</li> <li>Production of effluents containing organic matter</li> </ul>	<ul style="list-style-type: none"> <li>Water consumption (production and transformation of raw materials)</li> </ul>	<ul style="list-style-type: none"> <li>Water consumption during the extraction of mineral resources needed to manufacture products</li> <li>Production of effluents containing mineral matter</li> </ul>	
<b>Impact on ecosystems (including deforestation and desertification) and depletion of natural resources</b>	<ul style="list-style-type: none"> <li>Production of plant resources needed for other production processes (grape vines, barley, rye, etc.)</li> <li>Protecting biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Production of resources needed to manufacture products:                             <ul style="list-style-type: none"> <li>Plant fibers used for textiles (cotton, etc.)</li> <li>Leather, including exotic leather</li> <li>Fur</li> <li>Wool</li> <li>Eider down</li> </ul> </li> <li>Farming and trapping practices concerning raw materials of animal origin</li> <li>Protecting biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Production of plant resources needed to manufacture products (rose, jasmine, etc.)</li> <li>Protecting biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Extraction of resources needed to manufacture products:                             <ul style="list-style-type: none"> <li>Gems and precious metals</li> <li>Exotic leather</li> </ul> </li> <li>Farming and trapping practices concerning raw materials of animal origin</li> <li>Protecting biodiversity</li> </ul>	
<b>Waste production</b>	<ul style="list-style-type: none"> <li>Production of residues from winemaking or distillation processes and packaging waste</li> <li>Circular economy</li> </ul>	<ul style="list-style-type: none"> <li>Unused raw materials, obsolete and unsold products, window displays and events</li> <li>Customer expectations in relation to more sustainable products</li> <li>Circular economy</li> </ul>	<ul style="list-style-type: none"> <li>Point-of-sale advertising, packaging waste, and obsolete and unsold products</li> <li>Circular economy</li> </ul>	<ul style="list-style-type: none"> <li>Scrap metal</li> <li>Circular economy</li> </ul>	<ul style="list-style-type: none"> <li>Point-of-sale advertising, packaging waste, and obsolete and unsold products</li> <li>Circular economy</li> </ul>

### 1.1.3 Environmental expenses

Environmental expenses are recognized in accordance with the recommendations of the Autorité des Normes Comptables, France's accounting standards authority. Operating expenses and capital expenditure are recognized against each of the following items:

- air and climate protection;
- wastewater management;
- waste management;
- soil protection and purification;
- noise and vibration reduction;
- conservation of biodiversity and other environmental protection measures;
- research and development.

## 1.2 The LIFE program

Signed in 2001 by the Group's Chairman, the Environmental Charter is the founding document for LVMH's five main aims with regard to the environment:

- striving for high environmental performance;
- encouraging collective commitment;
- managing environmental risks;
- designing products that factor in innovation and environmental creativity;
- making a commitment that goes beyond the Company.

The Environmental Charter also encourages all Maison Presidents to become directly involved in the approach through concrete actions, and requires each Maison to set up an effective environmental management system, create think tanks to assess the environmental impacts of its products, manage risks, and adopt environmental best practices. The Environmental Charter has guided LVMH's environmental commitments and its program of actions.

### 1.2.1 Overview of the LIFE program

Launched in 2011, the LIFE (LVMH Initiatives for the Environment) program is designed to reinforce the incorporation of environmental concerns into brand strategy, facilitate the development of new coordination tools, and take into account developments and improvements arising from innovative practices at Maisons.

In 2022, expenses related to environmental protection broke down as follows:

- operating expenses: 42.5 million euros (2021: 32 million euros);
- capital expenditure: 17.3 million euros (2021: 16.6 million euros).

Provisions for environmental risks amounted to 12.4 million euros as of December 31, 2022. This amount corresponds to the financial guarantees required by law for Seveso upper-tier establishments.

Furthermore, in accordance with Regulation (EU) 2020/852 establishing criteria for determining whether an economic activity qualifies as environmentally sustainable, LVMH has identified those of its activities that qualify as contributing to climate change adaptation and mitigation objectives (see Chapter 6, "Environmental taxonomy").

The Maisons have incorporated the LIFE program into their strategic plans since 2014. The LIFE program was implemented by a Steering Committee at each Maison and is based on nine key aspects of environmental performance:

- taking account of the environment in product design;
- securing access to strategic raw materials and supply chains;
- traceability and compliance of materials;
- suppliers' environmental and social responsibility;
- preserving critical expertise;
- reducing greenhouse gas emissions;
- environmental excellence in manufacturing processes;
- product life span and reparability;
- keeping customers and key stakeholders informed.

### 1.2.2 The LIFE 360 program

#### Preparations for the new program

LIFE 2020, the first roadmap resulting from the LIFE program and risk mapping, which in 2016 set out four targets common to all the Maisons, was completed in 2020. Preparations for the Group's new program of commitments, drawn up from November 2020 with the intention – shared by the Maisons – of making even faster progress, included analyzing the results of LIFE 2020.

Other work was involved in preparing the new program:

- priorities set jointly with the Maisons and via the various consultative bodies: the LVMH Science Committee; the Future of Luxury Commission (established in July 2020 and made up of leading outside figures from various disciplines); and work sessions with students and young employees;

- updates to the analysis of risk factors;
- analysis of the Sustainable Development commitments made by certain LVMH Maisons. This is the case for Louis Vuitton, which has committed to achieve the following by 2025: set up or maintain responsible supply chains for 100% of its raw materials; map out a climate trajectory approved by the Science Based Targets initiative; and promote circular design by committing to sustainable design for all its products. At the end of 2020, Moët Hennessy had made all of its own vineyards in the Champagne region herbicide-free as part of its Living Soils program and plans to do the same by 2028 for its independent grape suppliers;
- the 2020 LVMH Climate Week offered a week-long program of discussions and meetings with experts on climate and biodiversity-related topics for the Group's employees;
- the calculation of the Group's environmental footprint for its entire value chain, including Scope 1, 2 and 3 emissions, covering issues relating to climate change, biodiversity and water;
- analyzing the extent to which LVMH's environmental policy has contributed to the achievement of the United Nations Sustainable Development Goals (SDGs), in particular SDG 3 ("Good health and well-being"), SDG 6 ("Clean water and sanitation"), SDG 9 ("Industry, innovation and infrastructure"), SDG 12 ("Responsible consumption and production"), SDG 15 ("Life on land") and SDG 17 ("Partnerships for the goals");
- securing approval for the prioritization of objectives and their terms of implementation at presentations to members of the Executive Committee and the Ethics & Sustainable Development Committee.

### LIFE 360 objectives

LVMH's new LIFE 360 roadmap, the fruit of this work, was unveiled at the 2021 Shareholders' Meeting and the results for fiscal year 2021 were presented at the Shareholders' Meeting of April 21, 2022. It sets out 2023, 2026 and 2030 targets and charts a course for creating products that embody the Group's environmental ambitions: products that exist in harmony with nature, do not damage biodiversity or the climate, and mobilize stakeholders. It is structured around four strategic action plans:

- **Circular design:** Harnessing the circular economy (sustainable design, repair, reuse and upcycling) and innovation (research into new materials) to fuel creativity, with a target of all new products being sustainably designed by 2030 and having a managed environmental footprint from extraction of materials through to their transformation. Packaging strategy will follow this same trajectory, with a target of zero fossil-based virgin plastics by 2026.
- **Biodiversity:** The Group's activities are intimately linked to nature. The targets laid down in this action plan are designed to limit impacts and restore to the environment whatever is taken from it: zero deforestation and conversion of ecosystems within its operations and supply chains by 2025 (target updated in 2022 to include certain requirements established as part of the Science Based Targets for Nature initiative); all strategic supply chains to be subject to the most rigorous standards by 2026; a regenerative agriculture plan to restore 5 million hectares of flora and fauna habitats between now and 2030. The Group continues to roll out its Animal Welfare Charter published in 2019 and is in the process of drawing up a dedicated policy to protect water resources which will be published in summer 2023.
- **Climate:** LVMH's new carbon trajectory, in line with the Paris Agreement, was approved by the Science Based Targets initiative (SBTi) in December 2021. It aims to achieve a 50% reduction in energy-related greenhouse gas emissions by 2026 (baseline: 2019) and a 55% reduction in Scope 3 emissions per unit of added value by 2030. Actions to achieve these targets are concentrated in four key areas: exclusive use of renewable or low-carbon energy by production sites and stores, an action plan dedicated to green e-commerce, increase in the share of maritime transportation for freight, and a supplier carbon footprint plan.
- **Traceability and Transparency:** The action plan aims to roll out dedicated traceability initiatives covering all strategic raw materials by 2030 and tools for sharing environmental and/or social information at product level (see Section 5.2.2).

These four strategic action plans are broken down to business segment and individual Maison level. They are accompanied by targets designed to mobilize stakeholders around the LIFE 360 priorities, in particular:

- **employees**, with the aim of designing environmental training programs tailored to the **specific characteristics of the Group's businesses**;
- **customers**, with a target of all new products having a dedicated information system by 2026;
- **strategic suppliers**, with CSR clauses to be included in all contracts and subject to verification by 2030, Targets have been set for the certification of purchased raw materials and production sites, the environmental management of water and hazardous substances (see §3.2.3), and the energy transition;
- **researchers**, with a dedicated sustainable luxury research and innovation program for 2023.

### 1.3 2022 reporting scope

The environmental indicator reporting process covered the following scope in 2022:

<b>Production sites, warehouses, hotels and administrative sites (number)</b>	<b>2022</b>
Sites covered <sup>(a)</sup>	327
Sites not covered <sup>(b)(c)</sup>	150
<b>Total number of sites</b>	<b>477</b>

(a) Includes certain sites of Belmond, Bulgari, Celine, Christian Dior Couture, DFS, Guerlain, Louis Vuitton and Tiffany.

(b) Main components: certain regional administrative sites of Louis Vuitton and Moët Hennessy as well as administrative sites with fewer than 20 employees.

(c) Belmond is included in reporting for indicators relating to energy and associated greenhouse gas emissions.

The total store floor space used to calculate energy consumption and greenhouse gas emissions is as follows, expressed as a percentage of the Group's total store floor space:

	% of Group's total store floor space taken into account in calculating energy consumption and greenhouse gas emissions <sup>(a)</sup>	
	2022	2021
<b>Group total</b>	<b>73</b>	<b>74</b>

(a) The reporting scope does not cover the stores operated under franchise by Fashion and Leather Goods, Perfumes and Cosmetics, and Watches and Jewelry.

Calculations of energy consumption and greenhouse gas emissions also include certain stores operated by all Maisons in the Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing business groups.

Sephora South East Asia, Rimowa, Parfums Francis Kurkdjian, Pucci and Parfums Givenchy stores have been excluded.

93% of production sites are covered. The manufacturing, logistics and administrative sites that are not covered by environmental reporting are essentially excluded for operational reasons and their environmental impact is not material. A plan to gradually include them is underway.

The guidelines for the addition or exclusion of entities or sites joining or leaving the Group are as follows:

- new entities and new sites are added to the reporting scope one year after their integration;
- entities and sites sold during the fiscal year (between January 1 and December 31) are excluded from the reporting scope.

For waste production and water consumption, only certain stores operated by DFS and stores operated by the Le Bon Marché group are included.

For the 27% of stores not taken into account in calculating energy consumption and greenhouse gas emissions, data is estimated and presented separately.

## 2. LIFE 360 – CIRCULAR DESIGN

### 2.1 Overview of the Circular Design policy

LVMH's Maisons work to limit the impact of their products on the natural environment by taking each product's entire life cycle into account. Through its LIFE 360 strategy, LVMH is bringing together all its Maisons around the concept of circular design, based on four convictions:

- inventiveness: selecting innovative new materials such as those that are recycled, bio-sourced, certified and/or derived from regenerative agriculture (see §2.1.1 and 3.1);
- simplicity: selecting the most demanding transformation and manufacturing processes at Maisons' and suppliers' sites to reduce environmental impacts (climate, water, waste, biodiversity) (see §2.1.4);

- eternity: guaranteeing long product life by ensuring high quality thanks to expertise in repairs and the art of patina, new technologies such as product recharges, refills and refurbishment, and the promotion of new services (see §2.1.3);
- rebirth: helping give materials and products a new lease of life through reuse, recovery, recycling and upcycling (see §2.2.2).

These convictions are translated into action plans with tangible targets:

- all new products sustainably designed by 2030;
- zero fossil-based virgin plastics to be used in packaging by 2026;



- new circular services to be rolled out;
- as key drivers of circular design, Maisons' production sites are also subject to specific targets, for example to roll out certified environmental management systems across all production and logistics sites by 2026. Ambitious policies are also in place covering water consumption, wastewater and general waste.

### 2.1.1 All products to be covered by a sustainable design process

To meet this sustainable design challenge, the Group and its Maisons have together identified criteria encompassing at least the following:

- use of raw materials that are certified, recycled or derived from regenerative agriculture;
- traceability: knowing the supplier and country of origin for each primary material;
- product life span and end-of-life treatment.

Each business group has tailored these sustainable design criteria to its own specific environmental challenges; tools are currently being rolled out to monitor performance against these criteria and assess each product's environmental footprint.

- **Perfumes and Cosmetics:** The Maisons have implemented the EFI (Eco-Formulation Index) and the EPI (Environmental Performance Index for packaging). The EFI score spans six dimensions: traceability, clean beauty (with certain substances banned from use), naturally occurring materials, smart formulation to reduce the number of substances used, sustainability, and overall environmental impact. The EPI score takes into account a number of criteria including packaging weight and volume, recycled and bio-sourced content, recyclability and refill capability.
- **Fashion and Leather Goods:** Maisons in the Fashion and Leather Goods business group apply the traceability criteria identified by the Group, a requirement for a minimum of 50% raw materials to be certified, recycled or derived from regenerative agriculture, and a reparability index. Following successful tests, a sector-based tool for tracking indicators and calculating the environmental footprint of products is currently being rolled out. It has been designed to meet the requirements of France's new anti-waste law for a circular economy, known as the AGEC law, and specifically its Article 13 relating to the sharing of environmental and traceability information at the time of purchase.
- **Wines and Spirits and Watches and Jewelry:** After being defined, sustainable design criteria are tested by the Maisons. The Wines and Spirits business group has set up an indicator for the environmental performance of packaging and is testing a tool to assess the environmental footprint of packaging.

### 2.1.2 Zero fossil-based virgin plastics in customer packaging by 2026

LVMH aims to have stopped using fossil-based virgin plastics in packaging that reaches customers by 2026. To achieve this target, the Maisons are working to:

- use recycled plastics;
- use bio-sourced plastics;
- replace plastics with other materials.

LVMH has also set the following targets for 2030: 70% of packaging materials used by the Maisons (in packaging that reaches customers) is to be recycled, and all packaging that reaches customers is to be recyclable, compostable or reusable.

### 2.1.3 Results for new circular services

LVMH's 75 Maisons offer a vast range of opportunities to explore potential new cross-sector circular design practices, a priority action of LIFE 360. They have given rise to new services, which were implemented at a faster pace in 2022:

- to make products more sustainable through repairs and refills;
- to donate unsold products to nonprofits, reuse (i.e. use a product for the same purpose for which it was originally designed), recover (i.e. use products and materials now considered as waste) and recycle (i.e. reintroduce waste directly into the production cycle that produced it to completely or partially replace a new raw material);
- to exchange raw and other materials between Maisons through innovative projects (See §3.2.3).

### 2.1.4 All manufacturing and logistics sites to have certified environmental management systems by 2026

The Maisons' products are mainly manufactured at 250 production sites and distribution hubs. Reducing their environmental impact and fostering a circular approach also helps shrink products' environmental footprint.

The Group has set a target of having all its sites covered by environmental certification by 2026; this kind of certification is a dynamic, unifying and motivating approach for continuously improving performance in building use. This approach to certification is not new for the Maisons: the LVMH Environmental Charter already requires that they put in place an environmental management system reporting to Executive Management. Hennessy has played a pioneering role in this regard, becoming the world's first wines and spirits company to obtain ISO 14001 certification in 1998.

## 2.2 Key achievements in 2022: Circular Design

### 2.2.1 Sustainably designed packaging

The Maisons are working on sustainable packaging design to reduce the amount of raw materials used, facilitate recycling and help put a stop to the use of fossil-based virgin plastics. For example, Parfums Christian Dior is working with Eastman to develop packaging using materials like copolyester produced with molecular recycling technologies.

The quantities of packaging consolidated by the Maisons concern the following items:

- Wines and Spirits: bottles, boxes, caps, etc.
- Fashion and Leather Goods: boutique bags, pouches, cases, etc.
- Perfumes and Cosmetics: bottles, cases, etc.
- Watches and Jewelry: cases, boxes, etc.
- Selective Retailing: boutique bags, pouches, cases, etc.

Packaging used for transport is not included in this breakdown.

The amount of packaging used Group-wide was higher than in 2021 but 3.4% lower than in 2019. Sustainable packaging design efforts have resulted in a reduction in the proportion of plastic and an increase in the proportion of glass and paper, as shown by the change in the EPI (Environmental Performance Index) for packaging used by Maisons in the Perfumes and Cosmetics business group (see §2.1.1).

#### Perfumes and Cosmetics and Wines and Spirits business groups: EPI scores over time

Indicators	Baseline	Performance in 2022	Performance in 2021	Change
EPI score for Perfumes and Cosmetics packaging	8.32	13 <sup>(a)</sup>	10.71	+21.4%
EPI score for Wines and Spirits packaging	Champagne: 16.03 Cognac: 10.60	16.5 12.1	16.5 13.4	- -9.7%

(a) Maisons included: Guerlain, Parfums Christian Dior and LVMH Fragrance Brands.

The weight of packaging that reaches customers changed as follows between 2021 and 2022:

(in metric tons)	2022	2021	2022 pro forma <sup>(a)</sup>	Change <sup>(b)</sup> (as %)
Wines and Spirits	171,156	170,166	171,121	1
Fashion and Leather Goods	23,145	19,149	23,145	21
Perfumes and Cosmetics	25,966	26,890	25,966	(3)
Watches and Jewelry	4,761	3,390	3,959	17
Selective Retailing	3,425	4,053	3,425	(15)
Other activities	-	1	-	-
<b>Total</b>	<b>228,453</b>	<b>223,649</b>	<b>227,616</b>	<b>2</b>

(a) Value and change at constant scope.

(b) This change was a result of the upturn in business.

The total weight of packaging that reaches customers, by type of material, broke down as follows in 2022:

(in metric tons)	Glass	Paper/ Cardboard	Plastic	Metal	Fabric	Other packaging materials
Wines and Spirits	155,340	12,589	924	1,430	27	846
Fashion and Leather Goods	359	19,238	453	122	2,968	5
Perfumes and Cosmetics	13,688	5,515	5,344	1,407	12	-
Watches and Jewelry	1,721	1,792	864	223	97	64
Selective Retailing	235	2,227	920	40	1	2
Other activities	-	-	-	-	-	-
<b>Total</b>	<b>171,343</b>	<b>41,361</b>	<b>8,505</b>	<b>3,222</b>	<b>3,105</b>	<b>917</b>

## 2.2.2 Reducing and recovering waste

The weight of waste generated changed as follows between 2021 and 2022:

<i>(in metric tons)</i>	Waste produced in 2022	Of which: Hazardous waste produced in 2022 <sup>(a)</sup>	Waste produced in 2021	Waste produced in 2022 pro forma <sup>(a)</sup>	Change in waste produced <sup>(a)</sup> (as %)
Wines and Spirits	83,629	290	78,881	86,679	9
Fashion and Leather Goods	17,171	3,812	19,422	17,260	(12)
Perfumes and Cosmetics	10,856	2,208	10,297	10,785	4
Watches and Jewelry	1,408	541	985	1,396	29
Selective Retailing	3,077	10	2,373	2,863	17
Other activities	2,191	32	1,625	2,190	26
<b>Total</b>	<b>118,332</b>	<b>6,893</b>	<b>113,584</b>	<b>121,173</b>	<b>6</b>

(a) Waste that must be sorted and processed separately from non-hazardous waste (such as cardboard, plastic and paper).

Waste was recovered as follows in 2022:

<i>(as % of waste produced)</i>	Re-used	Recovery of materials	Waste-to-energy recovery	Total recovery
Wines and Spirits	7	88	3	99
Fashion and Leather Goods	3	45	40	87
Perfumes and Cosmetics	1	79	14	94
Watches and Jewelry		40	29	69
Selective Retailing	4	37	32	73
Other activities	23	47	16	86
<b>Total</b>	<b>6</b>	<b>79</b>	<b>11</b>	<b>95</b>

The Maisons are working to reduce and recycle production waste. As regards circular waste management, in 2022, 95% of waste was recovered (91% in 2021). Recovered waste is waste for which the final use corresponds to, listed in descending order of interest in accordance with European and French laws: reuse, recovery of materials (i.e. recycling, composting or land treatment) or incineration for energy production.

As another example, LVMH has set a target of ensuring that all site waste from store construction and renovation is locally recycled or reused by 2026. To achieve this, the Maisons complete the store construction process by implementing a recycling indicator for construction waste.

## 2.2.3 Results for new circular services

Annual reporting tracks the number of new projects at each Maison as well as the proportion of total sales accounted for by new circular offerings. In France, the Perfumes and Cosmetics Maisons, as well as Sephora, have used the CEDRE (Centre Environnemental de Déconditionnement, Recyclage Écologique)

recovery and recycling facility to handle all the waste generated by the manufacturing, packaging, distribution and sale of perfumes and cosmetic products. CEDRE accepts several types of articles: obsolete packaging, obsolete alcohol-based products, advertising materials, store testers, and empty packaging returned to stores by customers. In 2022, around 3,144 metric tons of waste were processed (3,717 metric tons in 2021). The various materials (glass, cardboard, wood, metal, plastic, alcohol and cellophane) are resold to a network of specialized recyclers.

In addition, CEDRE now handles textile waste from the fashion Maisons, for which it has become the core of a new ecosystem of closed- or open-loop recycling facilities able to receive unsold items that cannot be donated or reused. LVMH is working to develop a textile recycling system for all of the Maisons with the aim of offering an end of life with the lowest possible environmental impact for production offcuts, unsold textiles and unused fabric rolls. In line with developments in technology, this system will involve new partners to handle larger volumes of material and to be able to use the upcycled and recycled materials to create new products.

In 2022, Nona Source, the platform developed by the Group to facilitate the resale of unused textiles by its Maisons, confirmed its status as a circularity accelerator in the fashion industry and as an effective means to support young designers by offering high-quality fabrics at very competitive prices. Over 190,000 meters of fabric (versus 60,000 meters in 2021) from more than 10 of the Group's fashion Maisons was upcycled in this way in 2022. In 2022, Christian Dior Couture and Louis Vuitton launched recycling projects with WeTurn, the first dedicated service for recycling unsold textiles, fabric rolls and production offcuts from prestigious Maisons protected by intellectual property rights by transforming them into new, fully traceable high-quality European thread. Louis Vuitton launched its first closed-loop recycling project for more than 4 metric tons of textiles to reuse the resulting materials in its own ecosystem.

In the spring of 2022, Christian Dior Couture launched a men's collection in collaboration with the NGO Parley for the Oceans. Resulting from several years of joint research, the entire collection is developed using high-performance textiles created from upcycled marine plastic debris and fishing gear recovered at islands around the world, particularly the Maldives, the Dominican Republic and Sri Lanka.

At the end of 2022, LVMH inaugurated Heristoria, a luxury e-shop for items from the archives of the Group's Maisons, all emblematic of their heritage and expertise. Each unique piece offered has its own special story, which Heristoria shares on the site, and is sold along with an exclusive customer experience. To help combat food waste and promote food donations, La Grande Épicerie de Paris put in place a process to accurately monitor sales so that production can be adjusted accordingly. The French Red Cross collects any unsold products each day. In 2018, a partnership was launched with Too Good To Go, an app that lets stores give their unsold items to its users. In light of the Group's business activities, food insecurity and actions promoting responsible, fair and sustainable food use do not constitute key risks.

## 2.2.4 Environmental management

In 2022, the Group continued to roll out certified environmental management systems across its 477 sites. By the end of 2022, 74% of its industrial sites will be ISO 14001 certified. Biodiversity protection is a key part of these environmental management systems. As an example, Veuve Clicquot's Comète production facility launched a biodiversity audit in 2022, carried out by an ecology consultant, which has already given rise to various improvements at the site.

Sustainable design and environmental management are also relevant to the Group's stores. For instance, the Sustainable Store Planning working group is encouraging all the Maisons to use the LIFE in Stores in-house rating system for environmental performance criteria, which has been rolled out to date at Christian Dior, Chaumet and Bulgari. Today the Stores community has 600 members around the world. It is coordinated by the Sustainable Store Planning Ambassadors selected by each of the Maisons. Steering committees meet each month to assess the level of achievement of LIFE 360 targets and to explore the best ways to disseminate tools. At the end of 2022, the central team sent Version 5 of the rating system to the Ambassadors for their comments and approval. Topical workshops were organized in order to lay down the new rating guidelines to enter into effect from January 2023. The guidelines include a chapter on water management and can now apply to hotels and offices.

The fourth edition of the LIFE in Stores Awards was held on October 25, 2022 at the Avenue Montaigne headquarters to recognize the best stores in each category of environmental performance covered by the rating system. Audited by external experts, the 21 stores applying for the awards presented their achievements in relation to the 36 criteria. The winners of the 2022 edition were:

- "Envelope Design": Hublot, Geneva, Switzerland;
- "Lighting": Children's Department, Le Bon Marché, Paris, France;
- "Indoor Air Quality": Fendi, Galleria Vittorio Emanuele II, Milan, Italy;
- "Energy and Water": DFS, Galaxy Galleria, Macao, China;
- "Interior Design": Berluti, via Monte Napoleone, Milan, Italy;
- "Maintenance": Loewe, Casa Loewe, Barcelona, Spain.

## 2.2.5 Summary of LIFE 360 "Circular Design" achievements in 2022

Objectives	Performance in 2022	Performance in 2021	Target
<b>Zero fossil-based virgin plastics in packaging that reaches customers</b>			
Quantity of fossil-based virgin plastics in packaging that reaches customers (in metric tons)	7,942	8,632	0 (2026)
<b>70% recycled materials in packaging that reaches customers</b>			
Percentage of recycled materials in customer packaging for glass and plastic (by weight) <sup>(a)</sup>	39%	38% <sup>(b)</sup>	70% (2030)
<b>Presence of ISO 14001-compliant environmental management systems (at manufacturing sites and distribution hubs)</b>	74%	70%	100% (2026)

(a) Data from a report currently under development.

(b) Data recalculated for 2021 as a result of an improvement in the calculation process at Domaine Chandon Argentina.

## 3. LIFE 360 – BIODIVERSITY

### 3.1 Overview of the Biodiversity policy

Protecting natural ecosystems is of vital importance to LVMH, whose business is heavily dependent on natural raw materials (such as flowers, grapes, cotton, leather and gems). This concern is part and parcel of a long-term view that places a priority on preserving nature, from which the exceptional quality of its Maisons' products is ultimately derived.

The first step in the process is to measure impacts. This can serve as a powerful lever for identifying priorities, targets and actions. However, measuring impacts on biodiversity is a complex matter. LVMH undertakes to update and improve its measurement of impacts on a yearly basis, and to take part in the improvement of methods. To this end, LVMH rolled out two methods: the Global Biodiversity Score and an environmental footprint for its entire value chain calculated using the Impact World+ method, including Scope 1, 2 and 3 emissions, covering issues relating to climate change, biodiversity and water. Some biodiversity impact indicators are geolocalized to allow for analysis at a more granular level and the implementation of specific action plans for some regions. Biodiversity impact indicators are updated each year and shared with the scientific community in order to contribute to the refinement of methods.

LVMH's commitments and actions are in keeping with the reference framework drawn up by Science Based Targets for Nature, which is currently under development. The framework aims to align companies' actions with international biodiversity protection goals. In this context, LVMH updated its biodiversity commitments in 2022 to include certain requirements defined under this framework.

Taking into account the results of these measurements, LVMH is taking action and making protecting and regenerating biodiversity a major focus of its LIFE 360 environmental strategy, whose three targets aim to reduce impacts and regenerate biodiversity:

- zero deforestation and conversion of natural ecosystems within its operations and supply chains by 2025 (using the baseline provided by Science Based Targets for Nature for the definition of natural ecosystems in 2020);
- all strategic raw materials to be certified by 2026;
- 5 million hectares of flora and fauna habitat to be preserved, regenerated or restored by 2030.

#### 3.1.1 Avoiding and reducing impacts on biodiversity

##### Zero deforestation and conversion of natural ecosystems within operations and supply chains by 2025

In 2022, LVMH updated its deforestation target, raising its goal and aligning with the future requirements of the Science Based Targets for Nature framework. Among the raw materials considered at risk in terms of deforestation, LVMH makes use of wood and wood derivatives (paper, cardboard and viscose), palm

oil derivatives and leather. These materials have been identified with the help of environmental footprints from LVMH's value chain. In 2022, LVMH quantified the potential deforestation intensity of its supply chains for these three materials in relation to countries of origin and production practices: it amounts to 70 hectares per year (including animal feed). By calculating this intensity, the Group is able to establish priorities for action and measure the progress made.

In addition, LVMH continues to take proactive steps:

- in spring 2021, LVMH entered into a partnership with Canopy, an NGO whose program aims to avoid deforestation in the wood, cardboard and viscose sectors;
- like many of the Group's Maisons, LVMH is a member of FSC France, whose strategy is aimed at certifying sustainably managed forests, transforming markets and acting as a catalyst for change;
- the Group's Maisons ask their partner tanneries not to accept any hides sourced from the Amazon basin;
- LVMH has kicked off agroforestry projects in the Indonesian palm oil sector.

##### All strategic raw materials to be certified by 2026

The LVMH group has put in place a strategy for sourcing and preserving raw materials, covered by LIFE 360 targets for 2026, that commits the Maisons to ensuring that all strategic raw materials they purchase and produce are certified as complying with the most stringent environmental standards covering both the materials themselves and production sites, and that guarantees that ecosystems and water resources are properly protected. At the close of the LIFE 2020 environmental program, the list of strategic raw materials was expanded. This list now includes the following:

- grapes, rye and barley;
- leathers, raw lamb and calf skins, exotic leathers and furs;
- cotton;
- wool;
- down and feathers;
- viscose;
- silk;
- wood, paper and cardboard;
- gems and precious metals;
- palm oil and its derivatives;
- soya and its derivatives for cosmetic use;
- alcohol;
- iconic ingredients used by Maisons in the Perfumes and Cosmetics business group;
- regulated chemicals. All the Maisons have incorporated the requirements of international regulations, including REACH, into their contractual documents so as to engage all suppliers in this undertaking.



Furthermore, the Maisons have implemented procedures to ensure that all of their products comply with CITES, a convention on international trade in endangered species. Through a system of import-export permits, this convention was set up to prevent overexploitation of certain species of endangered fauna and flora. In keeping with the Animal-Based Raw Materials Sourcing Charter published in 2019, the Maisons committed not to source any supplies of materials listed in Appendix 1 of CITES or identified as under threat by the International Union for Conservation of Nature (IUCN) with effect from 2020.

The Group proactively supports certification programs not only by purchasing certified materials but also by sitting on expert committees, in partnership with other stakeholders, to ensure that the aims of the required standards are both neutral and sufficiently stringent.

### Wines and Spirits

The Wines and Spirits business group is actively committed to sustainable, organic and/or regenerative winegrowing, both of which are helping to considerably reduce its environmental impact, in particular by limiting the use of plant protection products.

Stepping up the roll-out of sustainable, organic and/or regenerative winegrowing at the Maisons' vineyards and among independent grape suppliers has thus been adopted as a LIFE 360 target. Various certification systems have been established across winegrowing regions: Viticulture Durable en Champagne for champagne houses, environmental certification for cognac (Haute Valeur Environnementale), organic farming for certain vineyards, Napa Green in California, etc. LIFE 360 targets are as follows:

- for vineyards owned by the Group: all grapes to be from sustainable, organic or regenerative winegrowing by 2026;
- for partner/supplier vineyards (champagne, cognac, wines): 80% of grapes to be from sustainable, organic or regenerative winegrowing by 2026.

### Fashion and Leather Goods

The Fashion and Leather Goods business group has adopted nine major targets for 2026:

- 90% by volume of supplies of cow, sheep and exotic leathers to be purchased from Tier 1 LWG-certified tanneries, with 50% to be purchased from Tier 2 and above LWG- or ISO 14001-certified tanneries. LWG certification is a standard created by the Leather Working Group to improve the environmental performance of tanneries (energy, water, waste, traceability);
- supplies of exotic leather to be purchased from abattoirs and/or farms certified in accordance with standards covering animal and human welfare and care for the environment, such as the LVMH Standard for Responsible Crocodilian Production, the International Crocodilian Farmers Association (ICFA),

the South African Business Chamber of Ostriches (SAOBC) and the forthcoming standard to be issued by the South East Asian Reptile Conservation Alliance (SARCA). The Group is also seeking certification for all crocodile farms supplying the Group's tannery;

- all supplies of pelts to be purchased from certified fur farms, notably by rolling out certifications recognized under the FurMark program;
- all supplies of cotton to be purchased from sustainable cotton sources. Organic, regenerative and recycled cottons are preferred;
- all supplies of wool to be purchased from sustainable sources. Sustainable wool is either recycled or sourced from farms certified as complying with animal welfare and environmental protection standards such as the Responsible Wool Standard (RWS), the Responsible Mohair Standard (RMS), the Code of Practice of the Sustainable Fibre Alliance (SFA) and the Global Recycle Standard (GRS);
- all supplies of viscose to be sustainable, whether recycled or purchased from suppliers with a Canopy "green shirt" rating;
- all supplies of silk to be purchased from sustainable sources (certified GOTS or a mix of GOTS and GRS);
- all supplies of feathers and down to be either recycled or purchased from suppliers certified in accordance with the Responsible Down Standard (RDS);
- Animal-Based Raw Materials Sourcing Charter to be incorporated into supplier relationships. LVMH shares civil society's aim of improving animal welfare, as reflected in the charter unveiled by the Group in 2019. It is supported by a consultative Science Committee that helps support scientific research. This work is the result of a long process of research and collaboration between LVMH's environmental experts, its Maisons and its suppliers. Taking a comprehensive approach, the charter addresses the full range of issues involved in the sourcing of fur, leather, exotic leather, wool and feathers, with commitments to achieving progress in three areas: full traceability in supply chains; animal farming and trapping conditions; and respect for local communities, the environment and biodiversity.

### Perfumes and Cosmetics

The Perfumes and Cosmetics business group has set itself three key LIFE 360 targets in relation to its supply chain to be achieved by 2026:

- all supplies of palm oil to be purchased from sustainable sources, including RSPO-certified palm oil and palm oil from regenerative agriculture;
- all supplies of alcohol to be purchased from sustainable sources, including organic beet and regenerative agriculture as well as alternative and innovative solutions;
- all iconic ingredients used by the Maisons to be EUBT-certified.

The business group also takes part in specific initiatives related to the sourcing of mica (RMI). The Group's Research & Development Department and Maisons have been carrying out ethnobotanical studies for a number of years. They seek to identify plant species with a particular interest as components of cosmetic products while contributing to the preservation of these species and to local economic development. This partnership can take a variety of forms such as financial support, technical or scientific assistance, or skills sponsorship, sharing the expertise of LVMH's staff with its partners. As part of this initiative, Parfums Christian Dior's Dior Gardens are plots dedicated to cultivating plant species chosen for their exceptional properties. Guerlain has also launched a number of partnerships focused on orchids in China, vetiver in India, honey in Ouessant in France, sandalwood in Asia and lavender from the south of France.

### Watches and Jewelry

The Watches and Jewelry business group has set itself three key LIFE 360 targets in relation to its supply chain to be achieved by 2026:

- all supplies of gold to be purchased from sustainable sources, including Responsible Jewellery Council Chain-of-Custody (RJC CoC) or equivalent certification for recycled gold and RJC CoC or equivalent certification for mines for new gold. The Group is currently working to recognize other standards for future adoption such as the Initiative for Responsible Mining Assurance (IRMA), Fairmined, Fairtrade and the CRAFT and Swiss Better Gold Association (SBGA) initiatives;
- all supplies of diamonds to be purchased from RJC CoP-certified suppliers;
- all supplies of colored gemstones to be purchased from suppliers certified RJC CoP or equivalent or verified via the Gemstones and Jewellery Community Platform (GJCP).

All of the Watches and Jewelry Maisons have received certification under the Responsible Jewellery Council's Code of Practices standard, known as RJC CoP. As part of the LIFE 2020 and LIFE 360 targets, and in line with this certification, which applies to their gold and diamond supply chains, they expanded their responsible sourcing efforts. Bulgari is particularly active in this area, and has become the first company in its market to obtain the Chain of Custody (CoC) certification for its jewelry business. The Group and its Maisons are also involved in the Coloured Gemstones Working Group (CGWG) run by The Dragonfly Initiative. The CGWG aims to roll out environmental and social best practice across the colored gemstone sector by making all tools developed by the initiative available to the industry on an open-source basis and allowing industry players to assess the maturity of their practices.

### All business groups

Wood and wood derivatives: Given its strong commitment to combating deforestation, the Group has set an additional target applicable to all business groups: all supplies of wood, paper

and cardboard to be FSC-certified (including FSC Mix and FSC Recycled) by 2026. For example, all wood for use in store fittings and decorations will be FSC-certified by 2026.

Chemicals: LVMH has also implemented many tools to improve and monitor the use of chemicals in products:

- in relation to the finished products and raw materials supplied to the Maisons, by maintaining its Product Restricted Substances List (PRSL), which details the chemical restrictions applicable to these products and materials (updated at least twice a year);
- in relation to supply chains, by monitoring the compliance of chemical formulations with the Manufacturer Restricted Substances List (MRSL) maintained by the multi-stakeholder organization ZDHC of which LVMH is a member.

Further information is provided in §5.3.

### 3.1.2 Protecting and restoring biodiversity

The Group is committed to regenerating the equivalent of 5 million hectares of flora and fauna habitat by 2030, either within its supply chains by rolling out regenerative agriculture programs for strategic agricultural commodities like grapes, cotton, wool and leather, or by contributing to collective efforts to regenerate and preserve ecosystems and protect particularly endangered plants and animals.

#### Regenerative agriculture

Regenerative agriculture is defined as agriculture that can regenerate soil health and ecosystem function (biodiversity/water cycle) while ensuring socioeconomic stability for stakeholders (farmers and communities) and yielding high-quality raw materials. LVMH has selected a number of raw materials for which the Group is keen to roll out regenerative agriculture practices. These include grapes for Wines and Spirits, cotton, wool and leather for Fashion and Leather Goods, and palm, beet and iconic ingredients for Perfumes and Cosmetics. In 2022, LVMH joined One Planet Business for Biodiversity (OP2B), a business coalition focused on scaling up regenerative agriculture and protecting high-value ecosystems.

#### Preserving and restoring ecosystems

As responsible corporate citizens keen to make a net positive contribution to biodiversity, LVMH and its Maisons are committed to funding projects that help preserve or restore ecosystems that fall outside their supply chains. In this context, LVMH and UNESCO have launched a program with 5 million euros of funding over five years to combat causes of deforestation in the Amazon. The program aims to attack the root causes of deforestation and water pollution in the Amazon basin by working with eight biosphere reserves in Bolivia (Pilón-Lajas and Beni), Ecuador (Yasuní, Sumaco and Podocarpus-El Cóndor), Brazil (Central Amazon) and Peru (Manu and Oxapampa-Asháninka-Yanesha).



## 3.2 Key achievements in 2022: Biodiversity

LVMH has been active for more than 10 years alongside many partners working to conserve biodiversity. The Group was the first private-sector entity to join the eight public research bodies on the Board of Directors of the French Foundation for Research on Biodiversity (FRB). In 2019, LVMH stepped up its involvement by signing a five-year partnership with UNESCO to support its intergovernmental scientific program, “Man and the Biosphere”. This tool for international cooperation is aimed at protecting global biodiversity. For example, the Group’s Maisons draw on UNESCO’s scientific expertise and its network of 686 biosphere reserves to develop their sustainable sourcing policies. LVMH is actively involved in the Act4Nature International initiative. In June 2022, LVMH shared its biodiversity commitments at the Future Fabrics Expo in London. LVMH also took part in the Stockholm+50 international meeting and gave a presentation at the Transformers event organized by the United Nations Environment Programme (UNEP). In December 2022, LVMH attended COP15 in Montreal along with Guerlain, Moët Hennessy and Parfums Christian Dior, taking the floor to share its best practices at several parallel events, including the Nature and Culture Summit and the Business and Biodiversity Forum.

In November 2022, LVMH was named as an active member of the TNFD Forum of the Taskforce on Nature-related Financial Disclosures (TNFD), a grouping of over 900 partners, including a broad range of institutions. Its mission is to develop a specific risk management framework to be used by its members to better map positive and negative actions relating to nature to help guide their strategic planning and asset allocation decisions. As a member of the TNFD Forum, LVMH will be taking part in the development of standards, in particular the one for the “Consumer Goods” category, with a focus on textiles.

LVMH also partnered with the French magazine and online community *Usbek & Rica* to host the latter’s most recent Tribunal for Future Generations event, held at France’s National Museum of National History in May 2022, taking as its theme “Can we give back to the living world what we’ve taken from it?” Featuring expert witnesses and a jury of leading figures from the Group and advocacy groups, the aim was to raise awareness of the interdependency of the Group’s businesses and nature, while debating ways to ensure that human activities can coexist with biodiversity.

### 3.2.1 Certification of strategic supply chains

In 2022, the level of certification increased significantly in some supply chains, for example sheep and cow leather (up from 81% in 2021 to 91% in 2022) and cotton (up from 61% in 2021 to 71% in 2022). As part of the LIFE 360 program, the Group has set certification targets for supply chains in which standards may have yet to stabilize. This is the case, for example, of the wool and cashmere supply chains. Against this backdrop, the Group’s Maisons are working in partnership with their suppliers to ensure that wool and cashmere is purchased from farms certified as complying with animal welfare and environmental protection standards.

In the fur sector, the Group and its Maisons are actively involved in drawing up new certification standards under the FurMark program (which follows the ISEAL rules<sup>(1)</sup>).

As regards exotic leather, all hides purchased by the Heng Long tannery now come from farms certified as complying with the standard developed by LVMH in 2018 and reviewed in 2021 to take into account the latest research findings on the welfare of farm-reared crocodilians so as to align with the International Crocodilian Farmers Association (ICFA) standard.

Along with other luxury brands, LVMH is taking part in the Responsible French Calfskin initiative, which aims to pool and roll out verification audits on animal welfare across the entire production chain for French calfskin, in collaboration with stakeholders (breeders, integrators, slaughterhouses) in France.

In 2022, a shared audit protocol jointly created by all those having signed on to the initiative, along with veterinary experts and the Institut de l’Élevage (Idele), was validated and pilot audits were carried out by an external party at 50 farms.

This audit protocol is built on the widely adopted Five Freedoms outlining five aspects of animal welfare under human control – freedom from discomfort; freedom from hunger or thirst; freedom from pain, injury or disease; freedom from fear and distress; freedom to express normal behavior – and includes 63 items to be verified, relating in particular to the observation of calves.

The initiative aims to roll out its audit program nationally at 1,200 farms by 2025. Apart from assessing the animal welfare performance of farms, this approach will help identify measures to be put in place to improve performance in this area, by way of financial and technical assistance provided to breeders by the initiative.

(1) Source: “Chain of custody models and definitions”, ISEAL Alliance, V 1.0, September 2016 (page 2).

## Certification of strategic supply chains: LIFE 360 achievements in 2022

Indicators	Performance in 2022	Performance in 2021	Target for 2026
<b>Wines and Spirits</b>			
Grapes – Sustainable winegrowing certification (% certified grapes by weight; figures include still wines and eaux-de-vie)	LVMH vineyards: 94% French vineyards: 100% Rest of the world: 87% Independent grape suppliers: 20%	LVMH vineyards: 92% French vineyards: 100% Rest of the world: 86% Independent grape suppliers: 16%	LVMH vineyards: 100%   Independent grape suppliers: 50%
<b>Fashion and Leather Goods</b>			
LWG certification of tanneries for bovine and ovine leather (leather from certified tanneries by weight, as %)	91%	81%	100%
LWG certification of tanneries for crocodilian skin leather (crocodilian skin leather from certified tanneries by weight, as %)	86%	70%	100%
Certified cotton (% GOTS, Better Cotton, GRC, OCS and Supima certified cotton by weight)	71%	61%	100%
Certified paper, cardboard and wood <sup>(a)</sup> (% FSC- and PEFC-certified paper, cardboard and wood by weight)	82%	77%	100%
Certified fur (mink and fox) (% fur from farms certified as complying with one of the standards recognized by the FurMark program)	98%	92%	100%
Certified sheep's wool (merino and other species) (wool from farms certified RWS, ZQ, Authentico, New Merino, SustainaWOOL, Nativa or SFA, as %)	29%	24%	100%
Certification for all crocodilian farms supplying the Group's tannery (crocodilian skin from farms certified as complying with LVMH's crocodilian standard, as %)	100%	100%	
<b>Perfumes and Cosmetics</b>			
Palm oil derivatives (RSPO-certified Mass Balance or Segregated palm oil derivatives by weight, as %)	94%	95%	100%
<b>Watches and Jewelry</b>			
Diamonds: RJC COP certification (carats of diamonds from COP-certified direct suppliers, as %)	99.5%	99.9%	100%
Gold: RJC COP certification	96%	98%	100%
RJC CoC certification For Maisons without CoC certification, gold is included within the reported indicator if it is sourced from CoC-certified precious metal refiners, regardless of any intermediate subcontractors between the precious metal refiner and the Maison. Note: in 2022, the Maisons reported exclusively on their Watches and Jewelry business units. Not including Tiffany data.	81%	93%	100%

(a) It should be noted that, since the reporting process is currently under development, data reported by the Maisons is subject to a high degree of uncertainty.

### 3.2.2 Regenerative agriculture and preserving ecosystems

LVMH developed practical guides on how to put regenerative agriculture into practice and surrounded itself with a network of experts such as Biosphères, Renature, Earthworm, Circular Bioeconomy Alliance, Pour une Agriculture du Vivant and Savory. The overall approach and individual projects are signed

off by a Science Committee, which meets annually. Practice and performance indicators have been put in place for each raw material. In 2022, LVMH joined One Planet Business for Biodiversity (OP2B), a business coalition focused on scaling up regenerative agriculture and protecting high-value ecosystems.

The Maisons are continuing the roll out of projects in Turkey for cotton, in Uruguay and Australia for merino wool, in South Africa for mohair, in Indonesia for palm oil, and in France

for some iconic perfume ingredients. For example, Parfums Christian Dior has set itself a target of implementing regenerative agriculture practices for each of the essences in its Dior Gardens program: nine essences for skincare (such as Granville rose, longoza from Madagascar and red hibiscus from Koro) and four for perfumes (such as rose, jasmine and neroli from Grasse). The Maison is also partnering with the Hectar project, which runs a center for dedicated research into horticulture and regenerative practices. LVMH and its Maisons are working closely with a Turkish cotton producer to implement regenerative agriculture practices. Positive results have already been noted in 2022, with a significant increase in concentrations of soil carbon and nitrogen. LVMH has teamed up with the French startup Genesis to measure soil environmental quality. Projects have been launched by Fashion and Wine businesses. Lastly, all Moët Hennessy vineyards have also launched regenerative agriculture programs to expand the practice of cover cropping, for example. Having partnered with the non-profit organization Pour une Agriculture du Vivant, some wines Maisons are testing its regeneration indicator, designed to measure soil regeneration and biodiversity and guide the development of actions.

Outside these supply chains, LVMH and its Maisons are committed to financing projects that help preserve or restore ecosystems, such as the joint LVMH and UNESCO program to combat the causes of deforestation in the Amazon and Moët Hennessy's partnership with Reforest'Action to launch reforestation programs in Kenya, China, the United States and South Africa as well as on its own vineyards.

Now a partner of the Circular Bioeconomy Alliance, established in 2020 by His Majesty King Charles III when he was Prince of Wales, LVMH unveiled two new action plans in 2022:

- In the Amazon region, LVMH is working to strengthen efforts to combat deforestation in the Amazon basin and restore forest cover in the southern part of the Ecuadorian Amazon and the northern part of the Peruvian Amazon, while also supporting and reinforcing the development of a regenerative economy among the Amazon's indigenous communities. The main aims of the project, in collaboration with Reforest'Action, are to restore forest ecosystems, promote natural medicine, and ensure food security for populations.

Water consumption changed as follows between 2021 and 2022:

(in m <sup>3</sup> )	2022	2021	2022 pro forma <sup>(a)</sup>	Change <sup>(a)</sup> (as %)
Process requirements	3,992,223	3,406,813	3,571,580	5
Agricultural requirements (vineyard irrigation)	7,158,488	5,131,434	7,158,488	39 <sup>(b)</sup>

(a) Value and change at constant scope.

(b) Increase due to a drought year for the Group's Argentine vineyards as well as the transition to cover cropping, which raises water requirements.

- In Chad, LVMH is pursuing a project unveiled at COP27 taking up one of the major challenges facing Africa today, the fight against desertification. This large-scale agroforestry initiative in the Lake Chad region is being carried out as part of the Great Green Wall project. Under the initiative, farmers in the Lake Chad region receive assistance to implement new sustainable and regenerative cotton production methods that restore biodiversity and create economic opportunities for the local population.

In 2022, the joint Amazon Biospheres Reserves Project launched with UNESCO in 2019 made significant headway, with the introduction of about a dozen agroforestry training courses; the launch with local populations of economic activities that do not contribute to deforestation such as the production of essential oils; the creation of forest nurseries, especially in Bolivia, to accelerate reforestation; and the collection of field data across 11 categories and 48 indicators to improve scientific knowledge relating to the protection and regeneration of ecosystems.

A total of 1.37 million hectares was preserved or restored in 2022 (LIFE 360 target).

### 3.2.3 Protecting water resources

Water consumption is broken down into the following requirements:

- Process requirements: Use of water for cleaning purposes (tanks, products, equipment, floors), air conditioning, employees, product manufacturing, etc. Such water consumption generates wastewater.
- Agricultural requirements: Use of water for vineyard irrigation, for the most part outside France. Water is taken directly from the natural environment for irrigation purposes, with water use from year to year closely linked to changes in weather conditions. However, it should be noted that water consumption for agricultural requirements is assessed by sites with a higher level of uncertainty than water consumption for process requirements.

Water consumption for process requirements broke down as follows by business group:

Process requirements (in m <sup>3</sup> )	2022	2021	2022 pro forma <sup>(a)</sup>	Change <sup>(a)</sup> (as %)
Wines and Spirits	1,286,010	1,314,226	1,286,360	(2)
Fashion and Leather Goods	1,956,057	1,494,457	1,565,028	5
Perfumes and Cosmetics	211,961	184,933	206,912	12
Watches and Jewelry	63,752	73,397	59,774	(19)
Selective Retailing	265,602	188,727	244,664	30
Other activities	208,842	151,073	208,842	38
<b>Total</b>	<b>3,992,223</b>	<b>3,406,813</b>	<b>3,571,580</b>	<b>5</b>

(a) Value and change at constant scope.

LVMH calculated its environmental footprint for its entire value chain, including Scope 1, 2 and 3 emissions, covering issues relating to climate change, biodiversity and water use. As part of this exercise, an in-depth analysis of sensitivity to local constraints was carried out at each of the Group's Maisons using the AWARE method. This analysis was based on measurements of each geographic area's sensitivity, obtained by comparing water consumption to available resources at the local level. Water consumption related to the Group's Scope 3 activities was measured at 126 million cubic meters of water, more than 95% of which was used for the production of raw materials, mainly luxury wool fibers (47%), cotton (17%), and grapes, wines and spirits (15%). In 2022, LVMH launched the update of its water footprint and tested the first phases of the SBT for Nature guidance for water issues. LVMH plans to set new targets and draw up a program of related actions, which will be announced in the summer of 2023.

Four vineyards whose water consumption is significant relative to the Group as a whole are located in areas where water stress is close to 100%, meaning that water requirements in these areas are close to the level of available resources:

- the Domaine Chandon Argentina vineyards (Agrelo and Terrazas), which represent 79% of the Group's agricultural water requirements;
- the Domaine Chandon California and Newton vineyards, which represent 8% of the Group's agricultural water requirements.

COD after treatment changed as follows between 2021 and 2022:

COD after treatment (metric tons/year)	2022	2021	2022 pro forma <sup>(a)</sup>	Change <sup>(a)</sup> (as %)
Wines and Spirits	1,768	1,354	1,768	31
Fashion and Leather Goods	30	19	30	58
Perfumes and Cosmetics	23	21	23	10
<b>Total</b>	<b>1,821</b>	<b>1,394</b>	<b>1,821</b>	<b>31<sup>(b)</sup></b>

(a) Value and change at constant scope.

(b) Change related to the upturn in business and exceptional cleaning operations at a distillery.

Vineyard irrigation requires authorization and is regulated in California and Argentina due to the climate. Such irrigation is necessary for winegrowing. Nevertheless, the Group has taken the following measures to limit water consumption: harvesting rainwater; implementing protocols to measure and specify water requirements; standardizing drip irrigation practices in California; using weather forecasts to optimize irrigation; and adopting the "regulated deficit irrigation" technique, which reduces water consumption and improves grape quality and grapevine size, yielding an enhanced concentration of aroma and color.

#### Preventing pollution

The only significant, relevant indicator related to preventing water pollution is the release of substances into water by Wines and Spirits, Fashion and Leather Goods, and Perfumes and Cosmetics operations contributing to eutrophication. The Group's other activities have only a very limited impact on water quality. Eutrophication is the excessive buildup of algae and aquatic plants caused by excess nutrients in the water (particularly phosphorus), which reduces water oxygenation and adversely affects the environment. The parameter used is the Chemical Oxygen Demand (COD) calculated after treatment of effluents from the Group's own plants or external plants with which the Group has agreements. The following operations are considered treatment: city and county wastewater collection and treatment, independent collection and treatment (aeration basin), and land application.

Measurement frequencies at the highest-contributing Maisons are compliant with local regulations but remain limited with regard to the changes observed in quantities discharged.

LVMH also joined the ZDHC (Zero Discharge of Hazardous Chemicals) trade association, which aims to promote best practices concerning the use of dangerous substances and the quality of discharged wastewater at textile and leather manufacturing sites. LVMH has drawn up a detailed roadmap that encompasses LVMH's production sites as well as key suppliers of Maisons in the Fashion and Leather Goods business group. The following targets are in place for 2023:

- rollout of ZDHC's Supplier to Zero program, designed to ensure awareness and implementation of sustainable chemical management by suppliers, through certification at the program's Foundational Level, with a minimum coverage rate of 50% by volume of leather and textiles purchased by the Group's Maisons;
- verification of compliance of chemical formulations with ZDHC MRSL, with a recommended compliance rate of 50%;
- control on wastewater quality at targeted sites operated by the Group's suppliers, with at least one ZDHC ClearStream report per year. The aim is to cover at least 20% by volume of leather and textiles purchased by the Group's Maisons.

In 2022, the Riba Guixa and Masoni tanneries thus reached the program's Foundational Level and verified the compliance of their chemical formulations. At the same time, the Maisons have begun the rollout of measures with targeted suppliers using wet processes. The results are detailed in the table below:

Rollout of the ZDHC program	Performance in 2022	Target for 2023
<b>Fashion and Leather Goods</b> (as % of quantities purchased in 2022)		
Participation by leather suppliers	83%	
Participation by textile suppliers	41%	
Quantity of leather from suppliers having received a Foundational Level certificate	19%	50%
Quantity of textiles from suppliers having received a Foundational Level certificate	18%	50%
Quantity of leather from suppliers having generated a ClearStream report	20%	20%
Quantity of textiles from suppliers having generated a ClearStream report	18%	20%

Volatile Organic Compound (VOC) emissions are addressed through specific action plans, notably for Perfumes and Cosmetics operations and the tanneries.

## 4. LIFE 360 – TRACEABILITY AND TRANSPARENCY

### 4.1 Overview of the Traceability and Transparency policy

Tracing a material – be it gold, cotton or leather – from source through to finished product is no simple matter. However, it is a vital step in ensuring the adoption of responsible practices. If the Group is to reduce its carbon impact, introduce ecosystem-friendly farming practices and ensure that its suppliers use responsible practices, it must first have end-to-end knowledge of the value chains of all materials that go into the exceptional products made by the artisans and manufacturers it works with. Traceability is thus a prerequisite for identifying issues, implementing responsible practices and transparently sharing those practices with stakeholders. This is known by LVMH as the Chain of Custody system, defined by ISEAL<sup>(1)</sup> as

“the complete set of documents and mechanisms used to verify the traceability between the verified unit of production and the claim about the final product”.

Building on the formal certification policy put in place for its supply chains as early as 2016, LVMH has set itself new targets to perfect product traceability and boost its progress in relation to customer transparency:

- all strategic supply chains to be covered by a dedicated traceability system by 2030;
- all new products to come with a dedicated customer information system by 2026.

(1) Source: “Chain of custody models and definitions”, ISEAL Alliance, V 1.0, September 2016 (page 2).

### 4.1.1 Traceability

What action is required to ensure traceability across the entire value chain depends on the characteristics of the supply chain in question: whether or not it is integrated (one of the Group's distinctive features is that it owns a large number of manufacturing businesses, enabling it to ensure traceability and responsible practices through direct control); how structurally mature it is; and whether the materials produced are compound.

Traceability is a key concern for the following strategic raw materials:

- grapes, rye and barley;
- leathers, raw lamb and calf skins, exotic leathers and furs;
- cotton;
- wool;
- down and feathers;
- viscose;
- silk;
- wood, paper and cardboard;
- gems and precious metals;
- palm oil and its derivatives;
- soya and its derivatives for cosmetic use;
- alcohol;
- iconic ingredients used by Maisons in the Perfumes and Cosmetics business group.

To ensure that all strategic supply chains are covered by a dedicated traceability system enabling full traceability from raw material to finished product by 2030, three sub-goals have been put in place:

- **2023:** country of origin to be known for all strategic supply chains;
- **2026:** all strategic supply chains to have a dedicated traceability system;
- **2030:** all strategic supply chains to be fully traceable from raw material to finished product with the help of the dedicated traceability system.

To achieve these targets, LVMH is implementing an ambitious certification process for its strategic supply chains based on the most stringent standards, as set out in §3.1.1. These standards are mainly based on Chain of Custody models and strengthen the upstream traceability process for the most complex supply chains.

In 2021, the Environmental Development and Purchasing departments launched a joint Upstream Traceability Working Group with members drawn from over 25 Maisons. This working group's goals are as follows:

- to raise awareness of upstream traceability issues for supply chains and work together to build solutions to them;
- to initiate and/or accelerate upstream traceability projects within each Maison;
- to manage cross-functional requirements and standardize upstream traceability practices across the industry for selected materials.

In 2022, efforts to raise awareness of traceability requirements and methods continued. A comprehensive review of existing standards, given the goal to strengthen upstream traceability, was carried out for gold suppliers in particular. Work to identify the best traceability tools was completed. Some of them were tested specifically for the most complex supply chains, such as those for leather and cotton, and are now entering their operational phase.

### 4.1.2 Transparency

Sharing information about products' environmental performance with customers has become a key requirement for the Group, which has set a target of ensuring that each product comes with a dedicated information system by 2030. With this in mind, LVMH is involved in ongoing discussions on environmental labelling at both the French and European levels, notably in respect of fashion products where quality and lifespan are of critical importance. Over the next three years, each business group will be equipped with the tools it needs to produce environmental indicators to be shared with customers. All the associated targets are set out in §1.2.2.

## 4.2 Key achievements in 2022: Traceability and Transparency

### 4.2.1 Adoption of new traceability tools

The Group continued the rollout of a system for mapping its strategic supply chains. The objectives of this system are to monitor flows of materials along value chains, to collect information directly from the parties involved in supply chains and to identify and mitigate environmental and social risks as well as risks to ethics and animal welfare. In taking this

approach, the Group aims to optimize synergies and streamline information management for Maisons and their suppliers. In 2021, the Group and its Maisons chose a specific solution and a pilot project was coordinated in 2022. Involving 12 Maisons and nearly 450 suppliers, the pilot project allows participants to test the solution's various features in multiple scenarios. The Group aims to extend the use of the tool in 2023 to cover several strategic materials.



In 2021, LVMH, together with Prada Group and Cartier, announced the launch of the Aura Blockchain Consortium: a unique, global blockchain solution, open to all luxury brands worldwide to address shared challenges in responsible sourcing. For example, Hublot has introduced a system to create e-warranties registered on the Aura network, which can be used by customers to recognize their watch and certify its authenticity by simply taking a photo of it with their smartphone. Among its highlights in 2022, the consortium announced a partnership with Sarine, a diamond authentication specialist, to provide full supply chain traceability for diamonds, thus encouraging the adoption of responsible practices. This partnership offers yet another opportunity for the Maisons to strengthen the traceability of their products. In 2022, Louis Vuitton took advantage of this partnership to launch the LV Diamonds certificate, a unique and secure digital certificate that lists the main characteristics of the central diamond set in a piece of jewelry and tracks its journey from its extraction to the final purchase.

In 2021, Tiffany & Co. introduced full traceability for all rough diamonds used in its pieces all the way back to the mine of origin. They come mainly from Botswana, Canada, Namibia and South Africa. All of the gold, silver and platinum used is also traceable to the mine or the recycler. In addition, the Maison purchased its first Fairmined-certified gold from mines in Peru. Lastly, for colored gemstones, Tiffany & Co. published the Colored

Gemstone and Pearl Source Warranty Protocol in 2021 to serve as a practical, operational tool shared with suppliers to help them improve traceability as well as their social and environmental practices. The Maison operates five polishing workshops around the world, where nearly 1,500 artisans ensure the excellence of its jewelry creations. Having embedded traceability in its operating procedures thanks to its vertically integrated business model, Tiffany & Co now provides information on every link in its supply chain for newly sourced diamonds. With its Diamond Craft Journey initiative, launched in 2020, thus one year ahead of schedule, the Maison became the first global luxury jeweler to disclose the countries where all recently sourced and individually registered diamonds are crafted.

In 2022, Fendi was still one of the highest-ranking companies in the Fashion Transparency Index, with a score of 53/100. This index evaluates performance with regard to transparency, environmental and societal policies together with impacts in their own operations and in their supply chains. Fendi has adopted ambitious goals in these areas and reports on its progress via its website.

In keeping with the Animal Materials Supply Charter published in 2019, the Group's Maisons are working to ensure that their raw materials are traceable; in 2022, the source of materials of animal origin was known for 89% of exotic leathers, 89% of furs and 64% of wools.

Summary of LIFE 360 "Traceability and Transparency" targets for 2022:

Traceability indicators	Performance in 2022	Performance in 2021	Target for 2023
<b>Fashion and Leather Goods</b> (as % of quantities purchased in 2022)			
Sheep and cow leather - country of origin known	86%	76%	100%
Exotic leather - country of slaughter known	89%	90%	100%
Fur - country of rearing or trapping known	89%	87%	100%
Wools (merino sheep and other breeds, and cashmere) - country of rearing known	64%	62%	100%

#### 4.2.2 New information systems

The Group and its Maisons have begun rolling out systems that measure the environmental impact of products as well as monitoring the sustainability of their design (see Section 2.1.1). For several years, LVMH has taken part in French and European methodological work on environmental labelling. Two Maisons, Louis Vuitton and Patou, took part in official testing of the European apparel standard currently under development. In 2022, LVMH also responded, in collaboration with the Fédération de la Haute Couture et de la Mode, to the call for methodology proposals issued by the French government. LVMH and its fashion Maisons began the rollout of a tool to meet

the requirements of France's new anti-waste law for a circular economy, known as the AGEC law, and specifically its Article 13 relating to the sharing of environmental and traceability information at the time of purchase.

LVMH is also one of the founding members of the Eco-Beauty Score Consortium, which aims to develop a shared methodology for measuring and communicating the environmental footprint of cosmetic products. The development of this methodology continued in 2022.

In 2022, 9,500 products sold by the Group's Maisons already had an information system.



## 5. LIFE 360 – CLIMATE

Combating climate change is a major focus of LVMH's environmental policy. The Group has often played a pioneering role in this area. In the early 2000s, for example, it took part in testing the carbon

assessment method that would later become the Bilan Carbone®. In 2015 it was also the first luxury company to set up an internal carbon fund.

### 5.1 Overview of the Climate policy

Based on its overall carbon footprint updated annually by an outside firm, LVMH mapped out a carbon trajectory in line with the Paris Agreement. This carbon trajectory was approved in December 2021 by leading international third-party organization the Science Based Targets initiative (SBTi), a coalition that brings together the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wildlife Fund (WWF). In July 2022, LVMH pledged to submit its net-zero pathway for approval by the SBTi within the next 24 months and to set a target in relation to two new frameworks, the SBTi's FLAG Guidance and the GHG Protocol's Land Sector and Removals Guidance.

Over and above the Group's overall commitment, in 2021 four of its Maisons – Louis Vuitton, Moët Hennessy, Parfums Christian Dior and Guerlain – secured approval from the SBTi for their carbon trajectories across their own scopes, confirming their goals built into each Maison's strategy: "Our Committed Journey" for Louis Vuitton, "Living Soils" for Moët Hennessy, "Beauty as a Legacy" for Parfums Christian Dior and "In the Name of Beauty" for Guerlain. For its part, Tiffany & Co. has pledged to reach net zero by 2050, in particular by procuring 100% of electricity for its own operational requirements from renewable sources and removing commodity-driven deforestation from all its supply chains.

The Group's current targets are to:

- reducing energy-related greenhouse gas (GHG) emissions at its sites and stores by 50% in absolute terms by 2026 (baseline: 2019) thanks to a policy of 100% renewable and low-carbon energy;
- reducing or avoiding 55% of Scope 3 GHG emissions (raw materials, purchases, transportation, waste, product usage and end-of-life treatment) per unit of added value by 2030 (baseline: 2019).

#### 5.1.1 Key levers for reducing Scope 1 and 2 emissions

The Group's actions to mitigate the impact of its activities on energy consumption are concentrated in two key areas:

- the improvement in the environmental profile of stores, which represent the main source of the Group's energy consumption;
- greater use of renewable energies at production and logistics sites, administrative sites and stores.

To halve GHG emissions from stores (CO<sub>2</sub> emitted by energy generation and refrigerant gases used in air conditioning systems), the Group has set tangible and ambitious targets for the first two milestones in 2023 and 2026:

- **2023:** all sites and stores to have the ability to report their energy consumption (bills or meters);
- **2026:** all stores to be equipped with LED lighting, with stores over seven years old undergoing partial renovation of their lighting systems.

Alongside actions to reduce its fossil fuel consumption, LVMH is rapidly expanding its use of renewable energy with a target of exclusive use of renewable or low-carbon energy by 2026. Framework agreements signed with energy suppliers in different regions have been one of the main drivers of the Group's progress in the area of electricity and gas since 2015.

In addition, the Group sets an electricity consumption threshold for its stores. In 2020, the relevant threshold was 700 kWh per square meter. Set at 600 kWh per square meter in 2021 and 2022, this will fall to 500 kWh in 2023, 400 kWh in 2026 and 300 kWh in 2030. The Better Stores program helps to identify the causes of excess consumption by way of a precise analysis of electricity consumption data, particularly at night and over the weekend. The installation of smart electricity meters, with access to data at a much more granular level, resulted in energy savings of 25% on average.

#### 5.1.2 Key levers for reducing Scope 3 emissions

The Group's actions to reduce Scope 3 emissions are concentrated in three key areas:

- a lower carbon footprint for raw materials, products and packaging: dedicated policies on sustainable product design and packaging (see §2.1.1) and the sourcing of certified raw materials (see §3.1.1) are being implemented by each business group, with the involvement of suppliers, such as independent grape suppliers, livestock farmers and growers;
- sustainable transport, using several different methods: an emphasis on local sourcing, use of trains and boats where possible, supply chain optimization, biofuel use for air freight and electric vehicles for last-mile deliveries.

- a lower carbon footprint for computer use: based on the success of initiatives already launched by the main Maisons, LVMH has created a Green IT working group to draw on existing approaches to propose a shared approach in order to accelerate progress towards LIFE 360 targets for energy consumption, sustainable design and product life spans.

LVMH is also continuing with its work in the following areas: the adoption of a green e-commerce approach; collaboration with the livestock industry to establish a position on methane, which has significant warming potential; and the implementation of a responsible advertising policy.

### 5.1.3 Key levers for adapting to climate change

The Group is also conducting a review of the various issues involved in adapting to climate change. Winegrowing activities are notably included in the review. In the medium term, changing winegrowing practices is the main component of the Group's adaptation strategy.

Several solutions are available for European vineyards depending on the climate scenario, from altering harvest dates to developing different methods of vineyard management (such as widening rows, increasing the size of grapevine stocks and employing irrigation in certain countries) and testing new grape varieties.

## 5.2 Key achievements in 2022: Climate

In 2022, to strengthen its approach to climate impacts in the management of the Group's various operations (production, investments), LVMH updated its analysis of physical and transition risks relating to climate change by applying the scenario analysis method and studying the related financial consequences.

At a time when combating climate change is of vital importance, and corporate citizens must play a decisive role in this fight, LVMH participated in COP27 to present its actions and engage in dialogue with stakeholders:

- the Group took part in a round table at the French Pavilion, in association with OP2B and Genesis, on the theme "For a regenerative agriculture with positive outcomes for farmers, nature and the climate";
- At this event, Moët Hennessy spoke about the work of the Coalition of Action 4 Soil Health (CA4SH), whose main objective is to improve soil health globally. Moët Hennessy, which has made soil protection and regeneration a cornerstone of its sustainable development approach, held the inaugural edition of its World Living Soils Forum in June 2022;

For vineyards in Argentina and California, the main issue is the availability of water (see §3.2.3).

More broadly, innovation – a key component of the Group's mitigation policy – also plays a part in LVMH's adaptation policy: new regenerative farming practices (see §3.1.2), the switch to new materials derived from biotechnologies and the use of biomimetics provide opportunities for reducing greenhouse gas emissions while simultaneously diversifying procurement sources and reducing the Group's exposure to climate change. The program to jointly develop clean technologies with Bertrand Piccard's Solar Impulse Foundation, the Matières à Penser (Food for Thought) materials library, and the Maison/0 partnership with Central Saint Martins dedicated to innovation and sustainable creativity will help drive new solutions at the Group's Maisons.

These ambitious reduction and adaptation objectives have raised questions as to the relevance of certain solutions, notably carbon offsetting. To maximize leverage in reducing emissions, LVMH had previously refrained from making use of large-scale carbon offsetting (i.e. buying carbon credits linked to projects to avoid or sequester emissions to offset those emissions still produced by the Group). However, the goal of achieving global net-zero emissions by 2050 raises the question of the role of carbon credits, which the SBTi Net Zero standard proposes should be used once reduction targets have been met. Against this backdrop, the Maisons are trialing various types of offsetting.

- LVMH, the Circular Bioeconomy Alliance (CBA) and the International Rescue Committee (IRC) announced a large-scale agroforestry project in the Lake Chad region (see §3.2.2).

As part of its policy to reduce energy consumption and particularly in its stores, LVMH announced the launch of a pioneering partnership with Hang Lung Properties, a leading owner of shopping malls, aimed at implementing joint actions to promote energy conservation and exchange sustainability data, while pursuing projects together in areas such as the protection of biodiversity and improvements in waste treatment. This announcement was followed by the partnership's inaugural Real Estate and Climate Forum, held in Hong Kong, Shanghai and Paris. The aim was to bring together 96 changemakers from the two groups, along with external experts, to discuss solutions at 12 workshops on 12 sustainability topics selected by both LVMH and Heng Lung. At this two-day event, and after completing a training session online, the participants were able to develop 36 concrete ideas in three categories: "Ideas for impact", "Ideas for collaboration", and "Ideas for innovation".

In addition to a program to jointly develop clean technologies with the Solar Impulse Foundation, in 2022 LVMH's Carbon Fund invested 9 million euros in 95 innovation projects that would together avoid more than 81,000 metric tons of CO<sub>2</sub> equivalent. Lastly, to bring creativity and innovation to the fore in the development of climate change adaptation strategies, the Sustainable Store Planning team proposed partnerships with two design schools, Central Saint Martins in London and Strate in Lyon and Paris, to the Maisons. Workshops attended by representatives of various Maisons resulted in the development of many ideas, including a proposal for a store using only 5 watts per square meter and ways to keep stores cool without air conditioning. These two projects were presented at the LIFE in Stores Awards.

### 5.2.1 Energy consumption

Improving energy efficiency and expanding the use of renewable energy are the main thrusts of LVMH's strategy to limit its carbon footprint, an approach that also entails better energy management, which is vital to help reduce overall energy consumption. Measures to reduce these emissions have been in place for a number of years at Maisons' production sites. Responding to the French government's call to action, LVMH announced the adoption of its energy conservation plan in September 2022, in order to contribute rapidly and in a concrete manner to the national effort. The plan includes three key measures aimed at reducing energy consumption by 10% between October 2022 and October 2023, first in France, then in Europe and finally around the world:

- turning off lights in all stores operated by the Group's Maisons between 10 p.m. and 7 a.m. and those at administrative sites at 9 p.m.;
- changing thermostat temperatures for all industrial sites, administrative sites and stores, lowered by 1°C in the winter and raised by 1°C in the summer;
- adopting new energy efficiency measures such as reducing screen brightness and deleting unused documents.

This energy conservation plan, which came into effect on October 1, 2022, had an immediate impact at a certain number of Maisons. Among these, Sephora managed to reduce energy consumption at its stores and offices in France by 19.6% between October and December 2022, thanks to a specific plan mobilizing the efforts of teams working in more than 300 French stores. Owing to this achievement, Sephora was the winner of the Energy Conservation prize at the LIFE in Stores Awards (a new category introduced in 2022).

In 2022, total energy consumption amounted to 1,346,593 MWh in for the Group's subsidiaries included in the reporting scope. This corresponds to primary energy sources (such as fuel oil, butane, propane and natural gas) added to secondary energy sources (such as electricity, steam and ice water) mainly used for the implementation of manufacturing processes in addition to buildings and stores' air conditioning and heating systems. Power consumption by stores not covered by reporting (27% of the total sales floor area) estimated based on consolidated figures stands at 184,586 MWh. To optimize how stores' energy consumption is managed, the Maisons install the most advanced lighting systems offered by the LVMH Lighting program and follow the LVMH Store Guidelines: 77% of the sales floor area is already covered by full LED lighting, based on the scope of stores that report this data.

Alongside action to reduce consumption and boost energy efficiency, LVMH is increasing the proportion of renewable energy in its energy mix.

Consumption of renewables rose from 1% to more than 47% of the Group's total energy mix between 2013 and 2022. Framework agreements signed with energy suppliers have been one of the main drivers of the Group's progress in this area. The first of these dates back to 2015 and supplies green electricity to more than 90% of LVMH's sites in France, belonging to 23 of its Maisons. A similar agreement was signed in 2016 for the supply of electricity to a number of the Group's Italian Maisons, while some sites in Spain and Portugal now use renewable energy. Many sites have also installed solar panels or geothermal systems. As of 2019, all of Sephora's sites in the United States are powered by green electricity. The other driver is the use of biogas, which is either produced from production waste (Glenmorangie since 2017) or purchased (biomethane with a regional guarantee of origin sourced by Hennessy in 2020 and Guerlain in 2021). LVMH has chosen SAVE Energies, France's second-largest buyer of biomethane, to supply all its French production facilities and sites with biomethane for three years starting in 2023. Biomethane, which is produced from organic waste, generates 81% fewer greenhouse gas emissions than conventional gas. To maximize local benefits, methanation units will be located as close to Maisons' sites as possible.

In 2022, Hennessy used biogas exclusively as fuel at all of its administrative and industrial sites. For its part, Belvedere now generates enough renewable energy to cover 95% of its needs thanks to its biomass capture facility and the solar panels installed at its distillery.

## Environment and sustainability

Energy consumption by business group changed as follows between 2021 and 2022:

(in MWh)	2022	2022 Estimated store scope <sup>(b)</sup>	2021	2022 pro forma <sup>(a)</sup>	Change <sup>(a)(c)</sup> (as %)
Wines and Spirits	245,961	-	233,665	246,699	5
Fashion and Leather Goods	409,896	85,000	398,686	405,767	2
Perfumes and Cosmetics	99,760	4,232	99,267	96,504	(3)
Watches and Jewelry	102,060	34,498	46,869	44,162	(6)
Selective Retailing	338,092	60,478	308,582	317,150	3
Other activities	150,824	378	111,075	117,231	6
<b>Total</b>	<b>1,346,593</b>	<b>184,586</b>	<b>1,198,144</b>	<b>1,227,513</b>	<b>2</b>

(a) Value and change at constant scope.

(b) Estimated power consumption by stores not covered by reporting (27% of total sales floor area).

(c) Excludes estimated store power consumption.

Energy consumption by business group and by energy source was as follows in 2022:

(in MWh)	Electricity	Natural gas, butane and propane	Fuel oil and heavy fuel oil	Steam	Ice water	Renewable energies	% renewable energies <sup>(a)</sup>
Wines and Spirits	10,871	60,885	34,622	-	-	139,583	57
Fashion and Leather Goods	152,248	105,322	11,399	2,804	3,391	134,732	33
Perfumes and Cosmetics	10,879	28,193	2,731	429	-	57,528	58
Watches and Jewelry	6,065	5,040	381	1,334	333	88,907	87
Selective Retailing	151,433	15,778	1,053	5,761	7,310	156,757	46
Other activities	49,780	32,342	10,816	4,329	3,761	49,796	33
<b>Total</b>	<b>381,276</b>	<b>247,560</b>	<b>61,002</b>	<b>14,657</b>	<b>14,795</b>	<b>627,303</b>	<b>47</b>

(a) Not including estimated data for stores not covered by reporting.

## 5.2.2 Greenhouse gas emissions

### 5.2.2.1 Direct emissions (Scope 1) and indirect emissions (Scope 2)

Scope 1 emissions are those generated mainly through the combustion of fuel oil and natural gas. Scope 2 emissions are those generated indirectly from energy use, mainly electricity

used in stores and at the Group's production sites. In 2022, the emissions factors were updated on the basis of the most recent databases (IEA, Ecoinvent, etc.).

Energy-related CO<sub>2</sub> emissions by business group changed as follows between 2021 and 2022:

(in metric tons of CO <sub>2</sub> equivalent)	CO <sub>2</sub> emissions in 2022 <sup>(e)</sup>		Of which:	CO <sub>2</sub> emissions in 2022 estimated store scope <sup>(c)</sup>	CO <sub>2</sub> emissions in 2021	CO <sub>2</sub> emissions in 2022 pro forma <sup>(a)</sup>	Change <sup>(a)(b)(d)</sup> (as %)
	Direct CO <sub>2</sub> emissions	Indirect CO <sub>2</sub> emissions					
Wines and Spirits	25,939	21,743	4,196	-	34,470	26,111	(24)
Fashion and Leather Goods	97,875	24,731	73,145	33,154	107,301	93,677	(13)
Perfumes and Cosmetics	12,696	6,475	6,221	2,449	14,285	11,140	(22)
Watches and Jewelry	7,779	1,137	6,642	13,461	8,965	7,071	(21)
Selective Retailing	85,134	3,504	81,630	22,835	96,315	81,650	(15)
Other activities	28,020	9,803	18,217	75	28,842	27,989	(3)
<b>Total</b>	<b>257,444</b>	<b>67,393</b>	<b>190,051</b>	<b>71,973</b>	<b>290,177</b>	<b>247,638</b>	<b>(15)</b>

(a) Value and change at constant scope.

(b) Update of emissions factors.

(c) CO<sub>2</sub> emissions by stores not covered by reporting (27% of total sales floor area).

(d) Excludes estimated store power consumption.

(e) This figure does not include estimated emissions generated by stores in 2021.

### 5.2.2.2 Scope 3 emissions

In 2022, LVMH enlisted the services of an external firm to assess the carbon footprint of its entire value chain based on 2021 data. The 2019 baseline was revised to take into account additional emissions, in particular relating to fixed assets; this revision was approved by SBTi. The total carbon footprint thus stood at 6.1 million metric tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e), including 5.7 million metric tons from Scope 3 emissions, broken down as follows:

- more than 50% of Scope 3 emissions are generated by the sourcing of raw materials (products and packaging).
- The main sources of greenhouse gas emissions are the production of luxury wool fibers (599,100 tCO<sub>2</sub>e); leather (357,000 tCO<sub>2</sub>e); grapes, wines and spirits (94,960 tCO<sub>2</sub>e, which includes vineyards belonging to the Group's Maisons as well as independent grape suppliers); glass for packaging (97,800 tCO<sub>2</sub>e); and cotton (187,000 tCO<sub>2</sub>e);
- inbound and outbound transport of components and finished products is the second-largest area, generating 14% of Scope 3 emissions;
- employees' commutes were assessed using average figures by geographic region and accounted for 3% of Scope 3 emissions.

**Greenhouse gas emissions generated by inbound transport** (transport of raw materials and components toward production sites; only the main components and raw materials are taken into account) broke down as follows in 2022:

<i>(in metric tons of CO<sub>2</sub> equivalent)</i>	Road	Air	Ship	Rail	Liquid natural gas	Total
Wines and Spirits	28,114	258	720	8	67	29,167
Fashion and Leather Goods	10,586	6,615	490	-	18	17,709
Perfumes and Cosmetics	1,322	43,558	424	-	29	45,333
Watches and Jewelry	188	1,752	-	-	-	1,940
Selective Retailing	-	-	-	-	-	-
Other activities	5	16	-	-	-	21
<b>Total</b>	<b>40,215</b>	<b>52,199</b>	<b>1,634</b>	<b>8</b>	<b>114</b>	<b>94,170</b>

**Greenhouse gas emissions generated by outbound transport** (transport of finished products from production sites to distribution centers) broke down as follows in 2022:

<i>(in metric tons of CO<sub>2</sub> equivalent)</i>	Road	Rail	Air	Ship	Inland barge	Electric vehicle	Liquid natural gas	Total
Wines and Spirits	28,120	573	6,488	21,209	-	3	340	56,733
Fashion and Leather Goods	6,088	12	202,566	2,091	-	6	1,121	211,884
Perfumes and Cosmetics	3,382	-	177,103	1,512	-	-	143	182,140
Watches and Jewelry	516	-	23,122	139	-	-	-	23,777
Selective Retailing	4,524	-	2,601	77	-	42	9	7,253
Other activities	185	-	-	-	-	-	-	185
<b>Total</b>	<b>42,815</b>	<b>585</b>	<b>411,880</b>	<b>25,028</b>	<b>-</b>	<b>51</b>	<b>1,613</b>	<b>481,972</b>

The following Maisons did not report any data for transport-related indicators: Rimowa, DFS, Royal Van Lent, Pucci, Thélios and Château Cheval Blanc. Furthermore, the reporting process in respect of inbound transport is still under development at some Maisons, with the result that inbound transport indicators are subject to a high degree of uncertainty.

Louis Vuitton is working to reduce its dependence on air freight and contributed to the aviation sector's transition, by increasing the use of sustainable aviation fuel (SAF) and by supporting its development. This biofuel is made exclusively from used cooking oil, with the potential to reduce CO<sub>2</sub> emissions by 80% compared with fossil kerosene. In 2022, Louis Vuitton was one of the leading contributors to SAF development worldwide, due to its strong advocacy in this area. The Maison's CO<sub>2</sub> emissions due to air freight have been reduced by 20%.

### 5.2.3 Results for LIFE 360 “Climate” targets

The three LIFE 2020 climate targets were already met in 2019: the increase in the proportion of renewable energy in the energy mix and the improvement in store energy efficiency together had enabled a 25% reduction in emissions compared with 2013.

With LIFE 360, the target reduction in energy-related greenhouse gas emissions (Scopes 1 and 2) is measured relative to a new baseline year (2019). The baseline value will be recalculated at each significant change in scope to better reflect changes, in accordance with the GHG Protocol.

Between 2019 and 2022, Scope 1 and 2 emissions declined by 11% and the proportion of renewable energies rose from 39% to 47%. The reduction in greenhouse gas emissions was mainly the result of the higher proportion of renewable energy used and energy efficiency improvements by stores.

Energy efficiency at the Group’s stores has been steadily improving since 2013 thanks to a specific lighting policy, audits of the least energy-efficient stores and a sustainable design policy (see Section 5.1.1). To drive continued strong performance, the LIFE 360 program has endeavored to set more ambitious targets such as full LED lighting across all of the Group’s retail floor space.

#### Summary of LIFE 360 “Climate” targets for 2022

Indicators	Performance in 2022	Performance in 2021	Target for 2026
Energy-related CO <sub>2</sub> emissions (Scopes 1 and 2, baseline: 2019)	-11.3% <sup>(a)</sup>	-6%	-50%
Proportion of renewable energy in the Group’s energy mix	47%	39%	100%
Proportion of stores lit entirely by LED lighting	77% <sup>(b)</sup>	57%	100%

(a) In accordance with the GHG protocol, performance between 2019 and 2022 is based on a recalculated 2019 scope that takes into account changes since 2022: inclusion of emissions from Maisons that joined the LVMH reporting scope; inclusion of emissions related to new sites opened since 2019; exclusion of emissions from sites present in 2019 but absent in 2022; inclusion of changes since 2019 in retail floor space, to which average 2019 emissions per square meter are applied. For entities for which 2019 data is not available, emissions for 2020, 2021 or 2022 are used instead, constituting a relatively conservative approach.

(b) Based on the scope of data available, which covers around 47% of all data.

### 5.3 Supporting the principles of the Task Force on Climate-Related Financial Disclosures (TCFD)

In June 2017, the Financial Stability Board, established by the G20, published recommendations issued by the Task Force on Climate-Related Financial Disclosures (TCFD) aimed at providing a clear, comparable and consistent framework for the assessment and disclosure of climate-related information while enabling companies to disclose more information to stakeholders. Understanding that inadequate information can lead to assets and capital allocation being incorrectly assessed, financial decision-makers are increasingly asking companies to (i) manage their exposure to climate-related risks and (ii) reduce their contribution to climate change.

In 2019, as part of its previous LIFE 2020 program, LVMH commissioned a survey to establish how closely the Group’s practices were aligned with the TCFD recommendations. This survey highlighted both the robustness of the targets that had been set and how much progress remained to be made on

incorporating climate-related issues into governance, corporate strategy and risk management. These conclusions were taken into account when the LIFE 360 action plan was drawn up.

At the end of 2020, LVMH committed to support the TCFD principles and embarked on a process of continuous improvement to implement its recommendations. In 2022, LVMH updated its analysis of physical and transition risks relating to climate change by applying the scenario analysis method and studying the related financial consequences. The disclosures resulting from this update are provided in this report, in the public response to the CDP Climate Change 2022 Questionnaire, for which LVMH earned an A score (<https://www.cdp.net/en/responses>), and in the Group’s most recent social and environmental responsibility report, available on LVMH’s website.



A breakdown of the corresponding information is set out in the following table:

Category	TCFD recommended disclosures	References in URD, response to CDP 2022 questionnaire and most recent CSR report
<b>Governance</b> Describe the organization's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> <li>– URD: Organization of the Group's environmental approach, p. 76; Ethics &amp; Sustainable Development Committee, p. 194</li> <li>– CDP: C1.1b (Details on the board's oversight of climate-related issues)</li> <li>– CSR report: Governance of social and environmental responsibility, p. 75 and p. 111</li> </ul>
	b) Describe management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> <li>– CDP: C.1.2a (Describe where in the organizational structure... and/or committees lie, what... responsibilities are, and how climate-related issues are monitored)</li> </ul>
<b>Strategy</b> Describe the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is pertinent	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<ul style="list-style-type: none"> <li>– URD: Risk analysis matrix, p. 140; Strategic, operational and financial risks, p. 140</li> <li>– CDP: C2.3a (details of risks identified with the potential to have a substantive financial or strategic impact on your business) and C2.4a (details of opportunities identified with the potential to have a substantive financial or strategic impact on your business)</li> </ul>
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	<ul style="list-style-type: none"> <li>– URD: Risks arising from access to and pricing of raw materials, p. 142; Climate change-related risks, p. 146</li> <li>– CDP: C 2.3a and C2.4a</li> </ul>
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> <li>– URD: Risks arising from access to and pricing of raw materials, p. 142; Climate change-related risks, p. 146</li> <li>– CDP: 3.2 (Details of your organization's use of climate-related scenario analysis)</li> </ul>
<b>Risk management</b> Disclose how the organization identifies, assesses, and manages climate-related risks	a) Describe the organization's processes for identifying and assessing climate-related risks	<ul style="list-style-type: none"> <li>– URD: Risk identification, p. 53; Risk analysis matrix, p. 140</li> <li>– CDP: C2.2 (Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities)</li> </ul>
	b) Describe the organization's processes for managing climate-related risks	<ul style="list-style-type: none"> <li>– URD: Risk management, p. 54</li> <li>– CDP: C2.2</li> <li>– CSR report: Taking action for the climate, p. 87</li> </ul>
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	<ul style="list-style-type: none"> <li>– URD: Strategic, operational and financial risks, p. 140</li> <li>– CDP: C2.2a</li> </ul>
<b>Metrics and targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> <li>– CDP: C2.3a (details of risks identified with the potential to have a substantive financial or strategic impact on your business) and C2.4a (details of opportunities identified with the potential to have a substantive financial or strategic impact on your business)</li> </ul>
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	<ul style="list-style-type: none"> <li>– URD: Reduce energy-related GHG emissions by 50% in absolute terms, p. 100; Reduce Scope 3 GHG emissions by 55%, p. 100</li> <li>– CDP: C6 (Emissions data); C7 (Emissions breakdowns)</li> <li>– CSR report: LVMH's carbon footprint by business group, p. 91; Breakdown of direct and indirect emissions by year (Scopes 1 and 2), pp. 133-134</li> </ul>
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<ul style="list-style-type: none"> <li>– URD: Climate targets in line with the Paris Agreement, p.95; Key achievements in 2022: Climate, p. 96</li> <li>– CDP: C4 (Targets and performance)</li> <li>– CSR report: LIFE 360, pp. 68-69; Climate trajectory in line with the Paris Agreement, p. 88</li> </ul>



## 6. ENVIRONMENTAL TAXONOMY

In accordance with Regulation (EU) 2020/852 establishing criteria for determining whether an economic activity qualifies as environmentally sustainable (“the Regulation”), LVMH has:

- (i) identified those of its activities that qualify as contributing to climate change adaptation and mitigation objectives (“the Climate Objectives”);
- (ii) analyzed the contribution made by eligible activities to the Climate Objectives, while ensuring that this contribution does not cause significant harm to any of the other Climate Objectives and that the activity complies with the minimum safeguards outlined below, thus permitting the validation of the activity’s “alignment”.

Activities considered as eligible in relation to the climate objectives established by the Regulation are those having the greatest impact on climate change, thus offering the greatest potential for reducing greenhouse gas emissions. Given the objectives involved and the activities targeted at present in relation to these objectives, only LVMH’s operating investments in the real estate sector have been analyzed for the purposes of this reporting as of December 31, 2022. In accordance with the Regulation, they correspond to the total of:

- acquisitions of property, plant and equipment and intangible assets;

### 6.1 KPIs relating to operating investments (capex)

In accordance with the criteria set out in the Regulation, the contribution to climate change mitigation of activities corresponding to real estate capex was evaluated on the basis of the energy efficiency of buildings involved in purchases, leases and renovation projects during the fiscal year. For buildings constructed before December 31, 2020, only the premises purchased or leased whose energy efficiency is at least equivalent to that of 15% of the most energy efficient buildings in the

- capitalized fixed lease payments; and
- assets and capitalized fixed lease payments relating to changes in the scope of consolidation (excluding goodwill).

As of December 31, 2022, the Regulation calls for the disclosure of two key performance indicators (KPIs) determined in relation to financial items and defined as follows:

- KPI 1: Capex relating to eligible activities (“eligible capex” or “real estate capex”);
- KPI 2: Eligible capex meeting the criteria for substantial contribution to climate change mitigation without causing significant harm to any other Climate Objectives and while complying with the minimum safeguards (“aligned capex”).

Eligible capex and aligned capex are presented below, as amounts and percentages of total capex and, for aligned capex, as a percentage of eligible capex.

LVMH’s environmental actions are only reflected to a limited extent in the Group’s business activities and the indicators to be disclosed at this stage under the Regulation, which are presented below (further information on LVMH’s actions to promote the circularity of its products and to protect biodiversity, in particular, is presented in §2, “LIFE 360 – Circular Design” and §3, “LIFE 360 – Biodiversity”).

countries where they are located are included in KPI 2. For buildings constructed after this date, only zero-energy buildings are included in KPI 2. The thresholds applicable in France were used to evaluate the energy efficiency of buildings located in countries that lack data relating to the energy efficiency of their buildings as a whole. The figures presented in the “Real estate capex deemed energy-efficient” columns correspond to aligned capex as defined above.

KPI 1 and KPI 2 relating to real estate capex break down as follows for fiscal year 2022:

	2022					
	Total capex			KPI 2 - Real estate capex deemed energy efficient (KPI 2 - Aligned capex) <sup>(a) (c) (d)</sup>		
	Amount	Amount	as % of total capex	Amount	as % of total capex	as % of eligible capex
Purchases relating to the real estate sector, of which:						
– Purchases of buildings <sup>(e)</sup>	4,604	4,604	50%	345	3.7%	7.5%
– Capitalized fixed lease payments	420	420	5%	39	0.4%	0.8%
– Buildings	3,591	3,591	39%	185	2.0%	4.0%
– Renovations and green initiatives	156	156	2%	81	0.9%	1.8%
– Renovations and green initiatives	437	437	5%	40	0.4%	0.9%
Other acquisitions of property, plant and equipment and intangible assets	4,070	-	0%	-	0.0%	-
<b>Purchases of assets and capitalized fixed lease payments</b>	<b>8,675</b>	<b>4,604</b>	<b>50%</b>	<b>345</b>	<b>3.7%</b>	<b>7.5%</b>
Changes in the scope of consolidation	590	-	-	-	-	-
<b>Total<sup>(b)</sup></b>	<b>9,264</b>	<b>4,604</b>	<b>50%</b>	<b>345</b>	<b>3.7%</b>	<b>7.5%</b>

- (a) The analysis of real estate capex taken into account for KPI 2 confirmed that, in addition to compliance with an energy consumption threshold, the corresponding activities:
- do not cause any significant harm to any of the Regulation's other objectives (climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems);
  - comply with the minimum safeguards stipulated in the Regulation in the areas of human rights (including labor and consumer rights), bribery and corruption, fair competition and taxation.
- (b) See Notes 3, 6 and 7 to the consolidated financial statements.
- (c) Since a breakdown of acquisitions of property, plant and equipment in respect of Taxonomy-eligible activities is not available within the Group's financial reporting, this information has only been collected for those Maisons contributing significantly to purchases during the period; these Maisons accounted for 88% of the Group's total capex in 2022 (60% in 2021). No extrapolations were performed for the other Maisons, whose acquired fixed assets were considered "ineligible" for the requirements of this reporting.
- (d) The analysis of the energy efficiency of leased premises for the fiscal year was only carried out for the Maisons contributing significantly to capital fixed lease payments, corresponding to 84% of the Group's capitalized fixed lease payments in 2022. The capitalized fixed lease payments of the remaining Maisons were deemed as not aligned for the purposes of this reporting.
- (e) When a building is acquired, the land is not considered ineligible. Its acquisition cost is included in total capex.

Most of LVMH's purchases or leases involve its network of stores, which are generally situated in buildings in historic city centers. However, the building standards in force when they were constructed made little or no mention of energy efficiency and they have for the most part not recently undergone thermal renovation work, which results in a low rate of compliance with the energy efficiency levels stipulated by the Regulation. For this reason, KPI 2 for purchases and leases of buildings in 2022 respectively stood at 0.4% and 2.0% of total capex, and 0.8% and 4.0% of real estate capex.

Nevertheless, whenever buildings with inadequate energy efficiency are purchased or leased, LVMH aims to include energy efficiency improvement as part of the renovation projects for these buildings to the extent possible, and these efforts should be reflected in the improvement in KPI 2 relating to building renovation and construction. In 2022, construction and renovation projects complying with the thresholds for energy efficiency set out in the Regulation together accounted for 1.3% of total capex and 2.6% of eligible capex.

## 6.2 Indicators relating to turnover and maintenance, R&D and rental expenses (opex)

Since LVMH's main activities are not at this stage cited by the Regulation in relation to the achievement of the Climate Objectives, the turnover indicators are nil for LVMH in respect of fiscal years 2022 and 2021.

Maintenance of real estate assets, R&D and rental expenses (in respect of short-term leases) represent a non-material proportion of the Group's total operating expenditure. That being the case, LVMH has applied the materiality exemption to opex.

The tables required by the Regulation are set out in the Appendices below.

**Table 1 - Revenue**
**Percentage of revenue derived from products or services associated with Taxonomy-aligned economic activities - 2022 information**

Economic activities	Code(s)	Absolute revenue	Percentage of revenue	Substantial contribution criteria						
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	
		EUR millions	%	%	%	%	%	%	%	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>										
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>		-								
Revenue from environmentally sustainable activities (Taxonomy-aligned) (A.1)		-								
<b>A.2. Activities that are eligible for the Taxonomy but not environmentally sustainable (non-Taxonomy-aligned)</b>		-								
Revenue from activities that are eligible for the Taxonomy but not environmentally sustainable (non-Taxonomy-aligned) (A.2)		-								
<b>Total (A.1 + A.2)</b>		-								
<b>B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY</b>										
Revenue from non-Taxonomy-eligible activities (B)		79,184	100%							
<b>Total (A + B)</b>		<b>79,184</b>	<b>100%</b>							



**Table 2 - Capex**
**Percentage of capex from products or services associated with Taxonomy-aligned economic activities - 2022 information**

Economic activities	Code(s)	Absolute capex	Percentage of capex	Substantial contribution criteria						
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	
		EUR millions	%	%	%	%	%	%	%	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>										
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>										
Renovation of existing buildings	7.2	13	0%	100%						
Installation, maintenance and repair of energy efficiency equipment	7.3	20	0%	100%						
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	8	0%	100%						
Acquisition and ownership of buildings	7.7	304	3%	100%						
<b>Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>345</b>	<b>4%</b>	<b>100%</b>						
<b>A.2. Activities that are eligible for the Taxonomy but not environmentally sustainable (non-Taxonomy-aligned)</b>										
Renovation of existing buildings	7.2	357	4%							
Installation, maintenance and repair of energy efficiency equipment	7.3	40	0%							
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	-	0%							
Acquisition and ownership of buildings	7.7	3,862	42%							
<b>Capex of activities that are eligible for the Taxonomy but not environmentally sustainable (non-Taxonomy-aligned) (A.2)</b>		<b>4,259</b>	<b>46%</b>							
<b>Total (A.1 + A.2)</b>		<b>4,604</b>	<b>50%</b>							
<b>B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY</b>										
<b>Capex of non-Taxonomy-eligible activities (B)</b>		<b>4,661</b>	<b>50%</b>							
<b>Total (A + B)</b>		<b>9,265</b>	<b>100%</b>							



**Table 3 - Opex**

**Percentage of opex from products or services associated with Taxonomy-aligned economic activities - 2022 information**

Economic activities	Code(s)	Absolute opex	Percentage of opex	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
				%	%	%	%	%	%
		EUR millions	%	%	%	%	%	%	%
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>									
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)									
<b>A.2. Activities that are eligible for the Taxonomy but not environmentally sustainable (non-Taxonomy-aligned)</b>									
Opex of activities that are eligible for the Taxonomy but not environmentally sustainable (non-Taxonomy-aligned) (A.2)									
<b>Total (A.1 + A.2)</b>									
<b>B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY</b>									
Opex of non-Taxonomy-eligible activities (B)									
<b>Total (A + B)</b>									
		875	100%						

Since this data is not available within the Group’s financial reporting, it has been extrapolated based on the 2021 analysis undertaken on a sample of the main Maisons.







# MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

## Attracting and retaining talent

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## 1. GENERAL POLICY

Through their talent and commitment, the Group's employees create unforgettable experiences for all LVMH customers and drive the success of the Group and its Maisons. They safeguard and build on an invaluable range of expertise, particularly in craftsmanship and design professions.

In a constantly changing competitive environment, LVMH seeks to attract the most talented people on every continent. The Group welcomes new hires and supports all its staff based solely

on their talent and skills, embracing diversity as a source of cultural enrichment. Offering employees career development opportunities helps ensure the long-term future of this exceptional expertise. Guaranteeing the health, safety and well-being of employees is key to their fulfillment and their engagement, both of which drive the Group's success. Lastly, promoting constructive labor relations helps create a fulfilling work environment where everyone has a voice and a key role within the team.

### 1.1 Committed to developing talent

Our people's talent drives strong performance and helps secure the Group's long-term future. Responsible people management is structured around four key priorities identified through stakeholder consultation and a mapping of issues and risks:

- developing diversity by respecting every individual's dignity and promoting uniqueness;
- supporting our employees by taking action for their safety and well-being;
- passing on skills and expertise that are an integral part of our world's cultural heritage;
- working to build a better society.

Within this shared social responsibility program, each of the Maisons implements its own action plan.

The Group's business again performed at a high level in 2022 despite the lingering impact of the pandemic in certain geographical regions and on tourism traffic. LVMH maintained its ambitious policy of attracting talented people and supporting them on every continent. This policy is underpinned by commitments made by the Group and its Maisons to step up efforts with a focus on diversity and inclusion, talent recognition and rewards, the development of expertise and knowledge-sharing, health, safety, work-life balance and well-being at work initiatives.

The Group continued to unite its employees around its values. Creativity, a passion for innovation, a quest for excellence and entrepreneurial spirit form the bedrock of collective performance.

### 1.2 Organization and quality of workforce-related reporting

LVMH works hard to ensure the quality and completeness of workforce-related data. The Group follows a rigorous process to gather and check this data within its Maisons. Data covers the Group's consolidated companies, providing a comprehensive view of talent management.

Since 2007, selected employee-related disclosures for the Group have been verified each year by an independent third party. For fiscal year 2022, workforce-related data was verified by Deloitte, in accordance with Article R. 225-105-2 of the French Commercial Code<sup>(1)</sup>.

#### 1.2.1 Collection and validation of workforce-related reporting data

Within each Maison, a reporter collects and reports workforce-related data, a controller checks and validates its accuracy, and the Maison's Human Resources Director provides final sign-off.

Everyone involved in workforce-related reporting is provided with an instructional guide. This guide sets out the aims and requirements both for the approach as a whole and for each indicator: its relevance, how the associated data is defined, how the information is to be gathered, the calculation method if applicable, and checks to be carried out when data is reported. Manual checks on the reliability and consistency of the data input are backed up by automated checks throughout the procedure.

In addition, the Corporate Social Responsibility Department reports on qualitative aspects of workforce management and development in order to monitor the implementation of the Group's CSR targets, listing progress made under the policies adopted and action plans put in place by the Maisons. The reporting template is sent to all Human Resources Departments at the Maisons, which are responsible for the data entered. Each Maison submits its completed reporting template to the Corporate Social Responsibility Department, which verifies and then consolidates all the data submitted at Group level.

#### 1.2.2 Scope of workforce-related reporting

The reconciliation of organizational and legal entities ensures consistency between the workforce and financial reporting systems. Accordingly, the scope of reporting on employee-related issues covers all staff employed by fully consolidated Group companies, but does not include equity-accounted associates.

(1) This article resulted from the transposition into French law of European Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups.

Workforce information set out below includes all consolidated companies as of December 31, 2022, including LVMH's share in joint ventures, with the exception of certain companies that have been part of the Group for less than a year. Other employee-related indicators were calculated for a scope of 958 organizational entities covering over 99% of the global workforce and encompass staff employed during the fiscal year, including those employed by joint ventures.

LVMH's employees in China and its regions are included in the number of staff working under permanent contracts (28,320 as of December 31, 2022). Although Chinese labor law limits the duration of employment contracts, which can only become permanent after several years, the Group considers employees working under such contracts as permanent.

### 1.3 Key workforce data

Total headcount as of December 31, 2022 stood at 196,006 employees, an increase of 12% compared with 2021. Of this total, 177,297 employees were working under permanent contracts and 18,709 under fixed-term contracts. Part-time employees

represented 16% of the total workforce, or 30,818 individuals. Staff outside France represented 81% of the global workforce.

The Group's average total full-time equivalent (FTE) workforce in 2022 comprised 173,492 employees, up 10% compared with 2021.

#### 1.3.1 Breakdown of the workforce by business group, geographic region and job category

##### Breakdown by business group

Total workforce as of December 31 <sup>(a)</sup>	2022	%	2021	%	2020	%
Wines and Spirits	8,398	4	7,898	4	7,530	5
Fashion and Leather Goods	67,034	34	57,689	33	53,002	35
Perfumes and Cosmetics	29,549	15	27,774	16	28,017	19
Watches and Jewelry	26,369	14	24,348	14	9,078	6
Selective Retailing	55,471	28	48,807	28	43,741	29
Other activities	9,185	5	9,131	5	9,111	6
<b>Total</b>	<b>196,006</b>	<b>100</b>	<b>175,647</b>	<b>100</b>	<b>150,479</b>	<b>100</b>

(a) Total permanent and fixed-term headcount.

##### Breakdown by geographic region

Total workforce as of December 31 <sup>(a)</sup>	2022	%	2021	%	2020	%
France	36,346	19	33,887	19	32,813	22
Europe (excl. France)	41,846	21	39,343	22	37,693	25
United States	41,936	21	34,930	20	24,749	16
Japan	8,924	5	8,013	5	7,012	5
Asia (excl. Japan)	47,860	24	43,705	25	35,382	23
Other markets	19,095	10	15,769	9	12,830	9
<b>Total</b>	<b>196,006</b>	<b>100</b>	<b>175,647</b>	<b>100</b>	<b>150,479</b>	<b>100</b>

(a) Total permanent and fixed-term headcount.

##### Breakdown by job category

Total workforce as of December 31 <sup>(a)</sup>	2022	%	2021	%	2020	%
Executives and managers	41,504	21	36,807	21	32,713	22
Technicians and supervisors	17,421	9	16,952	10	14,575	9
Administrative and sales staff	105,100	54	91,611	52	79,059	53
Production workers	31,981	16	30,197	17	24,132	16
<b>Total</b>	<b>196,006</b>	<b>100</b>	<b>175,647</b>	<b>100</b>	<b>150,479</b>	<b>100</b>

(a) Total permanent and fixed-term headcount.

### 1.3.2 Average age and breakdown by age

The average age of the global workforce employed under permanent contracts is 37. The youngest age ranges are found among sales staff, mainly in Asia, the United States and “Other markets”.

(as %)	Global workforce	France	Europe (excl. France)	United States	Japan	Asia (excl. Japan)	Other markets
Age: Under 25	10.7	5.3	6.6	18.9	4.3	10.1	17.5
25-29	18.3	16.1	13.9	18.4	11.5	24.0	19.4
30-34	20.3	18.2	17.4	16.8	16.3	27.4	20.8
35-39	16.3	14.5	15.9	12.6	19.0	20.4	16.3
40-44	11.8	12.7	13.7	9.7	19.6	10.1	10.6
45-49	8.7	11.1	12.6	6.9	16.7	4.4	6.5
50-54	6.6	9.9	10.2	6.3	8.7	2.1	3.8
55-59	4.7	8.7	6.7	5.0	3.7	1.0	2.9
60 and up	2.7	3.5	3.0	5.3	0.2	0.5	2.2
	100	100	100	100	100	100	100
<b>Average age</b>	<b>37</b>	<b>40</b>	<b>39</b>	<b>36</b>	<b>39</b>	<b>34</b>	<b>35</b>

### 1.3.3 Average length of service and breakdown by length of service

The average length of service within the Group is 9 years in France and ranges from 5 to 8 years in other geographic regions. This difference is mainly due to the predominance in these other regions of retail activities characterized by a higher rate of turnover.

(as %)	Global workforce	France	Europe (excl. France)	United States	Japan	Asia (excl. Japan)	Other markets
Length of service: Less than 5 years	60.8	47.6	49.3	71.5	53.1	69.8	68.7
5-9 years	18.6	18.9	22.1	15.1	19.5	18.2	18.4
10-14 years	8.7	10.6	11.8	6.1	8.7	7.9	6.4
15-19 years	5.2	7.2	7.9	3.8	9.8	2.4	3.0
20-24 years	3.5	7.1	5.1	2.0	6.3	1.0	2.0
25-29	1.5	3.3	2.0	0.9	1.8	0.5	0.6
30 years and up	1.7	5.3	1.8	0.6	0.9	0.2	0.9
	100	100	100	100	100	100	100
<b>Average length of service</b>	<b>6</b>	<b>9</b>	<b>8</b>	<b>5</b>	<b>8</b>	<b>5</b>	<b>5</b>

## 1.4 Pursuing an attractive and fair compensation policy

LVMH is keen to recognize, attract and motivate its talent by offering compensation that is generous relative to employee and market expectations. Salaries are benchmarked annually, taking into account the specific characteristics of business lines and segments, to ensure that the Maisons are positioned appropriately, both in France and abroad.

The Group takes care to ensure that performance is rewarded. Variable compensation is linked to the financial results of each employee's company and the achievement of individual targets.

In 2021, LVMH set up a team to develop a fair wage policy applicable to all its employees and suppliers. In 2022, the Human Resources Department adopted the fair wage principles established with the support of the Fair Wage Network's expertise. The Group's Maisons were all asked to verify that these principles had been implemented, and the network of Human Resources, Compensation & Employee Benefits and CSR Officers is responsible for their coordination.



### 1.4.1 Average compensation

The table below shows the average monthly gross compensation paid to Group employees in France under full-time permanent contracts who were employed throughout the year:

Employees concerned (as %)	2022	2021	2020
Less than 1,500 euros	0.8	2.0	1.4
1,501 to 2,250 euros	12.1	17.7	18.6
2,251 to 3,000 euros	21.2	20.5	21.6
Over 3,000 euros	65.9	59.8	58.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### 1.4.2 Personnel costs<sup>(a)</sup>

Worldwide personnel costs break down as follows:

(EUR millions)	2022	2021	2020
Gross payroll - Fixed-term and permanent contracts	9,369.2	7,562.4	6,509.8
Employer social security contributions	2,182.0	1,725.2	1,629.8
Temporary staffing costs	409.8	298.7	315.7
<b>Total personnel costs</b>	<b>11,961.0</b>	<b>9,586.4</b>	<b>8,455.3</b>

(a) Indicators are taken from the HR reporting system, which covers 958 legal entities. Unlike for financial reporting, workforce-related reporting excludes certain items when calculating total payroll: incentives and profit-sharing, bonus share awards and similar awards, and provisions related to bonuses.

Outsourcing and temporary staffing costs decreased slightly year over year, accounting for 6.2% of the total worldwide payroll (versus 6.3% in 2021), including employer social security contributions.

### 1.4.3 Profit-sharing, incentive and company savings plans

All companies in France with at least 50 employees have a profit-sharing, incentive or company savings plan. These plans accounted for a total expense of 388.4 million euros in 2022, paid in respect of 2021, an increase compared to the previous year.

(EUR millions)	2022	2021	2020
Profit sharing	183.8	120.8	139.3
Incentive	164.1	106.1	139.4
Employer's contribution to company savings plans	40.5	39.3	32.2
<b>Total</b>	<b>388.4</b>	<b>266.2</b>	<b>310.9</b>

## 2. AMBITIOUS TALENT DEVELOPMENT

Through their excellence and their diversity, employees have been instrumental in the success of LVMH and its Maisons. In its recruitment drive, the Group focuses on its key strengths as an employer – its values, its commitments and the wealth of career opportunities it can offer. For younger generations, the Group offers the chance to learn new skills, and it runs ambitious

programs introducing them to jobs in the luxury goods industry and its ecosystem. Mindful of employees' expectations, LVMH and its Maisons are introducing innovative and in many cases digital participation-based programs so they can each take ownership of their own personal growth and career development plans.

### 2.1 Implementing an attractive employer policy

LVMH's human resources policy, underpinned by a firm belief that people make all the difference, sets great store by the Group's appeal and its recruitment. It's imperative for LVMH to hire the best external talent so it can strengthen its existing teams and achieve enduring success.

2022 was a very busy year, with more than 60,000 new hires worldwide, and over 17,000 new positions created. With today's business world in the throes of far-reaching social and economic change, becoming an attractive employer is a top priority. To achieve this, the recruitment teams are paying increasing attention to prospective candidates' expectations and search for meaningful roles. Our teams have helped to spotlight the Group's social and environmental commitments and the possibility employees have of building unique, diversified career paths. They are in a prime position to showcase the Group's values and they place special emphasis on those embodying a contemporary and listening management style. Excellence, creativity, entrepreneurial spirit and engagement are what motivate them. Rather confining themselves solely to the universe in which LVMH operates, they also draw on expertise in the most innovative and creative sectors.

#### Attracting talent

In 2022, LVMH continued to roll out "Craft the Future", its new employer brand promise. It showcases the unique range of opportunities the LVMH group can offer its employees. Its employer promise is built on four pillars: Inspire, Challenge, Connect and Support.

The Group has continued to train thousands of internal ambassadors. The campaign to launch the employer brand continued with three social media episodes in which employees were given a chance to have their say. These episodes brought to a close a series of nine, which had begun in 2021.

In line with its commitment to pass on knowledge, the Group continues to provide practical guidance to young people as they

build their career plans. As a result of its various initiatives, it was again voted the top employer among business school students in France for the 18th year in a row (Universum 2022 survey), and it moved up the rankings in a large number of key countries: 9th in Italy, 36th in the United States, 6th in Switzerland and the United Kingdom, and 14th in Spain.

#### Engagement and opportunities

In a constantly evolving world, professions are being reinvented and created at an unprecedented pace. Seeking out, developing and retaining talent is essential to LVMH's continued success, now and over the long term.

Individual support provided to employees, organizational reviews, a range of human resources initiatives, and the transformation of managerial culture are all necessary elements contributing to the Group's growth and that of its staff.

To anticipate and prepare for future challenges and opportunities, the Human Resources teams, working closely with the Group's senior executives and managers, have put the Organization and Management Review (OMR) at the cornerstone of the human resources strategy. For the past 13 years, this review has built on the Maisons' strategic plans. It considers the required organizational changes and talent required in view of the strategic development priorities of the Group's operations. It evolves every year as a function of external business and human resources trends and helps shape the strategic human resources plan.

This strategic plan aimed at fostering LVMH's development shares the Group's vision, goals and commitments for its human resources. The plan's core pillars are the organizational structures, existing and future key positions, competency development initiatives and key talent pathways.

The data analyzed also shed light on the dynamic management of talent across the Group. In 2022, nearly 80% of key positions within the Group were covered by a succession plan and 70% of the most strategic roles were filled internally.

**Turnover by geographic region**

(as %)	2022	France	Europe (excl. France)	United States	Japan	Asia (excl. Japan)	Other markets	2021	2020
Total turnover <sup>(a)</sup>	24.1	13.2	17.2	40.8	10.8	25.2	28.6	23.3	24.5
of which: Voluntary turnover <sup>(b)</sup>	18.3	6.4	12.4	33.1	9.9	20.8	21.0	17.2	11.7
Involuntary turnover <sup>(c)</sup>	5.2	5.7	4.2	7.1	0.7	4.3	7.3	5.5	12.2

(a) All reasons. Excluding internal mobility and non-Group transfers.

(b) Resignations.

(c) Dismissals/end of trial period.

**Breakdown of movements<sup>(a)</sup> of employees working under permanent contracts by business group**

(number)	Joiners			Leavers		
	2022	2021	2020	2022	2021	2020
Wines and Spirits	1,154	902	481	823	615	609
Fashion and Leather Goods	19,223	15,431	7,777	12,081	9,992	7,458
Perfumes and Cosmetics	7,418	6,045	3,486	6,109	6,605	5,165
Watches and Jewelry	7,393	5,246	924	5,508	4,102	1,036
Selective Retailing	23,234	15,908	9,190	17,159	14,989	17,503
Other activities	2,350	1,544	1,064	1,518	1,554	3,369
<b>Total</b>	<b>60,772</b>	<b>45,076</b>	<b>22,922</b>	<b>43,198</b>	<b>37,857</b>	<b>35,140</b>

(a) Under permanent contracts, including conversions of fixed-term contracts to permanent contracts and excluding internal mobility within the Group.

In 2022, a total of 43,198 employees working under permanent contracts left the Group (all reasons combined); of these, nearly 40% were employed within the Selective Retailing business group, which traditionally experiences a high turnover rate.

**2.2 Passing on know-how and talents to the next generation**

LVMH boasts a unique heritage of excellence – its expertise in design, craftsmanship and customer experience. The Group and its Maisons play a key role in passing on the secrets of these professions. They are keen to make young people aware of the opportunities from secondary education onwards and to open the eyes of students and young professionals to the luxury goods world and its potential career paths. Within the Group, passing on excellence continues through the work of the Académie des Métiers d'Excellence and the Maisons' schools, as well as by the Virtuoso cohort themselves who strive to pass on their passion.

**2.2.1 Passing on our expertise to all generations**

Within its six business groups, LVMH brings together a wide range of unique skills and expertise. Vital to the success of its Maisons, these skills and expertise make LVMH a key player in protecting this heritage and passing it on. The Group boasts more than 280 *métiers d'excellence* (professions of excellence) in the fields of design, craftsmanship and the customer experience. Today, over 100,000 employees around the world are the custodians of this living heritage.

**2.2.1.1 Passing on skills: a virtuous circle****Safeguarding the future for exceptional professions that are essential to the luxury value chain**

In 2021, the 75 LVMH Maisons signed up to the WE for ME pact (“Worldwide Engagements for Métiers d'Excellence”), reaffirming the commitment to society of the Group, which assumes full responsibility for keeping the living heritage alive. It aims to foster a virtuous circle of skill-sharing based on three objectives: passing on unique expertise, honing and nurturing apprentices' talents so that they become virtuosos, and leading its teams and their professions – on which the excellence and success of the Maisons depend – to new heights.

**Guiding people towards our professions and hiring from a broader pool**

To spur interest in its professions and attract top talent, LVMH reaches out to young people from an early age. More than 1,600 middle school students in France, Italy and Spain learned about them under the “Excellent!” program thanks to the efforts of human resources teams and the Maisons' expert professionals. Building on this initiative, the Métiers d'Excellence reached out to future talent by organizing the “You and ME” nationwide tour that traveled to five cities in France (Clichy-sous-Bois, Reims, Valence, Orléans and Paris) between February and April 2022.

## Attracting and retaining talent

This career guidance and recruitment to expert professions event provided access to more than 1,200 internship, work-linked training, fixed-term and permanent contract opportunities in partnership with 33 leading schools and universities and 39 Maisons.

### Training our future talent

2022 was a record year for the Institut des Métiers d'Excellence, which welcomed a cohort of more than 450 new students in seven countries (France, Switzerland, Italy, Spain, Japan, Germany and the United States). This intake reflects the diverse nature of career paths and profiles. Students were aged between 15 and 51 years old, and one third of them were retraining. Since 2014, through its 42 programs, the IME has trained more than 2,000 apprentices in 30 professions. In 2022, 91% of apprentices obtained an LVMH *Brevet d'Excellence* vocational diploma. Their job placement rate at LVMH's Maisons and their partners was 75%.

### Developing the best talents and establishing a reputation for excellence

Employees continuously develop and refine their talents within the Académie des Métiers d'Excellence and the Maisons' 36 training schools. In 2022, more than 30,000 employees in these professions received over 200,000 hours of development training.

The LVMH Community of Virtuosos, which was founded in 2021, expanded during the year with the arrival of a new cohort of 63 Virtuosos. Their arrival was celebrated in Paris and Milan at the second edition of the Show ME event attended by Chantal Gaemperle. These virtuosos, all of whom boast an outstanding track record within the Maisons, encapsulate the Group's expertise. Personal development programs are run for them, and they are invited to share their passion and their expertise, especially with younger generations, to keep the virtuous knowledge-sharing circle alive.

#### 2.2.1.2 Supporting and promoting the Group's expertise

As an engaged corporate citizen, the Group establishes artistic collaboration between an artisan and an artist in a bid to support the artisans whose expertise is under threat. For the second, exclusively Italian season, artist Francesca Pasquali sparked some challenging conversations and highlighted Simona Ianini's lace technique known as tombolo.

For the second year in a row in France, LVMH held the Prix Elle Artisane awards in conjunction with *Elle* magazine. This award recognizes and promote the talents of highly skilled women working in expert professions and professions of excellence in the fashion, design, food and wine, and French heritage protection sectors.

#### 2.2.2 Spreading the word about our professions to students and graduates via Inside LVMH

Inside LVMH builds on and gives extra resonance to the Group's initiatives targeting students and young professionals. The program aims to help young people better understand the luxury industry, LVMH and its 75 Maisons, and to gain a clearer picture

of the professions and careers available so they can more easily see a future for themselves in the business world. It takes an inclusive approach and is open to all young people, irrespective of their chosen path or where they live.

LVMH has continued to strengthen its partnerships with leading international schools and universities (12 Group partnerships). Around the world, its employees take part every year in over 250 campus and online events, including conferences, panel discussions, job fairs, and case studies. A large number of the Group's leaders have spoken at conferences, such as Laurent Boillot (Hennessy), Charles de Lapalme (Christian Dior), Berta de Pablos Barbier (Moët & Chandon), Kim Jones (Christian Dior), and Anish Melwani (LVMH Inc.).

Inside LVMH, an educational digital hub, contains more than 100 hours of content about the luxury industry and LVMH, its professions and careers. It also shares tips from LVMH's leading figures. Young talents, managers, leaders and CEOs have provided more than 100 items of content. The hub, which is online at [www.insidelvmh.com](http://www.insidelvmh.com), is open to all students and young professionals around the world.

At year-end 2022, it had signed up more than 130,000 users from close to 2,500 schools.

The Inside LVMH certificate is awarded by the hub free-of-charge twice a year. The unique 30 hour-long, self-study course combines academic and business content with practical case studies. Everyone who completes the course is given a certificate. This certificate demonstrates extensive knowledge of the luxury industry and LVMH. It prepares young people for the business world, and enhances their CV's appeal and their preparedness for job interviews.

Since its May 2021 launch, four cohorts have already taken the course, with 40,000 of the over 91,000 who signed up gaining the certificate of completion (an average success rate of 43%). The course will open for its next intake in April 2023.

The Inside LVMH program has won awards from businesses and universities. It picked up three accolades in 2022 – the Coup de Cœur special award (HR innovation of the year for 2022 from Cadremploi, Le Figaro and Sciences Po Exec Education), the AGIRES Synergie Campus Coup de Cœur special award (panel of 200 universities and schools in France) and the Impact Digital HR Award Deloitte prize.

#### 2.2.3 Opening up our jobs to the younger generations and offering them stimulating, innovation-led careers

LVMH is a big advocate of access-to-employment initiatives for young people. This strategy has spawned various initiatives over the course of the years. In 2022, the Group hired nearly 39,000 young people under 30 worldwide, including 9,373 internship or apprenticeship contracts and 2,630 permanent contracts in France.

To take efforts up to the next level, the Group and several Maisons have introduced career acceleration programs. The goal is to attract, hire and develop high-potential job applicants poised to become future leaders in LVMH's ecosystem and to support the

Group's succession planning. Spring, LVMH's first graduate entry program intended as a career springboard and accelerator, was launched in 2022. It provides participants with multidimensional experience spanning the Group's ecosystem of more than 75 Maisons. For the pilot program, 14 graduates were recruited, and they joined the Group in September 2022. They will be given the opportunity to take on three different assignments during the first three years of their career at three different professions and in three different Maisons. Each graduate on the program

will be mentored by a senior Group executive and have access to an individual or collective development and training offering.

The Spring concept has been adapted in China, where the LVMH Retail Management Trainee Program gave around 20 graduates the chance to learn about the retail professions as they undertook three different assignments in two Maisons.

Further programs will be built up at Maison or Division level in 2023, such as Beauty Bloom, the Beauty Division's graduate program.

## 2.3 Improving agility and employability

### 2.3.1 Co-constructing the future by learning

The LVMH group, its Maisons and its divisions are investing in high-impact learning initiatives both to meet the aspirations of its employees and to address the challenge of embracing change and staying agile that organizations face today.

Employees are displaying a revitalized and enduring interest in development and learning opportunities, both to maintain their employability and out of curiosity and personal interest. The increasing speed at which the needs of the luxury industry's demanding customers and working methods are changing have made upskilling and reskilling initiatives imperative.

LVMH is developing a growth mindset for its employees and their leaders. In 2022, for example, the Group developed a MyDevelopment module as part of its new Rise performance management system. The module gives every employee the chance to think systematically and consistently about the learning and development opportunities they need to meet their goals.

To encourage and support employees more effectively throughout the learning process and help them make the most of learning situations, LVMH House has devised an Employee Learning Proposition. It caters for employees and also their managers and leaders in their supporting role, helping to guide learning efforts in a manner that will yield maximum impact in terms of their personal development.

The way in which jobs are developing within the LVMH group has made it all the more crucial for new arrivals to learn about their work environment. More than ever before, LVMH is investing in large-scale onboarding initiatives accommodating all levels in the organization. The goal is to make sure the strength of the Maisons' and the LVMH group's culture is understood and valued. In practical terms, they make sure every new arrival is acquainted with their work environment and the LVMH group's values and beliefs so they can rapidly find their feet and realize their potential in their daily tasks.

Various Diversity, Equity & Inclusion (DE&I) training initiatives are currently in the works. These will include even more systematic sessions addressing unconscious bias in more than eight languages. Various Maisons are also developing their own training initiatives in these areas. These go beyond awareness-raising efforts reflecting their own cultures. Fendi, for example, is encouraging its employees to work on their empathy and respect to help entrench its DE&I culture. Moët

Hennessy supports up-and-coming talent from Asian cultures to achieve rapid promotion within the cultural environments of its European Maisons' headquarters.

In addition, learning initiatives, predominantly led by the Maisons, remain vitally important in the retail and omnichannel segments. The Brand Education Community, a new international forum, was established in 2022. It aims to provide a hub for the various learning initiatives related to products, services and brand appeal. It encompasses leaders in the domain across the various Maisons, divisions and regions. The community, which fosters discussions about best practices, draws on the wealth of knowledge, excellence and ability to innovate of all the Maisons and all the sectors, as well from the diverse environments in which they operate.

LVMH House is also rolling out "Think Retail", a development program aimed at managers of the Group's key stores. The goal is to give them a sense of their importance within the Group, to inspire them and to support their personal development. Each session runs for a period of six months. The key store managers are coached and mentored individually and follow a course teaching them about the professions that is led by the Group's and its Maisons' outstanding talent. Originally launched in Europe and China, the program is now being extended to all regions from 2024.

At Group level, the LVMH House teams continued to run initiatives for employees that feature a combination of learning, open innovation and workplace culture transformation. These approaches help to ramp up the impact of the test & learn methodology in a novel manner, while building on the values that have underpinned LVMH's success – innovation & creativity, excellence, entrepreneurship and engagement. They help employees to build a future for themselves while achieving personal growth.

The pandemic necessitated an overhaul of learning formats, and the diverse new offering now consists of virtual workshops, so-called blended learning pathways (with remote and face-to-face components), self-directed modules, peer coaching, mentoring by local executives, learning action groups, discussions between the Maisons and in-person courses. The strength of the LVMH House network is that it can offer seminars on the fundamentals, such as management, leadership and excellence, while also providing an agile response to learning requirements as challenges arise locally.

### 2.3.2 Giving everyone ownership of their mobility and development plans

LVMH aims to develop agility and employability across its workforce by empowering employees to build their knowledge and skills every day and to continue learning in the workplace, to help them take ownership of their careers and their development.

Due to its diversity and uniqueness, the LVMH ecosystem – through its 75 Maisons across six business groups in 81 countries – offers multiple career combinations and many ways to link geographies, professions and business areas: Wines and Spirits, Perfumes and Cosmetics, Fashion and Leather Goods, Watches and Jewelry, and Selective Retailing.

LVMH encourages its employees to shape their own career paths within this ecosystem. This commitment is reflected in a well-established mobility policy and related processes in place across the Group. Careers committees operate at every level of the organization (Maison, division, global, regional, functional) under the aegis of the Heads of Talent Management and Chief Human Resources Officers. Employees also benefit from career development interviews. Vacancies are now systematically advertised internally and digitally on the Voices shared platform. Various mobility initiatives are already in place. LVMH intends to further expand internal mobility in the coming years, particularly between Maisons.

In 2022, nearly 18,000 employees were able to take advantage of an internal transfer opportunity.

LVMH and all of the Group's Maisons have introduced a new approach to performance management and development, developed jointly with Louis Vuitton. This approach aims to bring about a shift in organization culture and management practices and promotes three core leadership values: empowerment, cooperation and agility. It provides employees with vital new ways to plan development and progression pathways for themselves. It also leads to more regular conversations about their performance and their accomplishments.

Rise, the new performance management and development system, champions a culture of leadership based on continuous feedback and collaboration. Thanks to its innovative approach, employees can take the initiative by having a discussion with their manager as and when their needs and professional imperatives arise, without having to wait for the next yearly meeting. This easy-to-use application is also resolutely contemporary.

The new performance management program has now been extended to cover 70,000 employees.

#### Training investment

In 2022, training expenses incurred by Group companies throughout the world represented a total of 213.7 million euros, or 2.3% of total payroll. On top of this investment and everyday workplace training, LVMH continues to develop new forms of learning. With approaches like digital learning, webinars, peer-to-peer learning and learning community workshops all being pursued within the Group, these new, faster and more collaborative forms of learning are so diverse that it is not possible to list them all here. However, LVMH is convinced of their impact and relevance.

	2022	2021	2020
Training investment (EUR millions)	213.7	129.2	90.7
Proportion of total payroll (as %)	2.3	1.7	1.4
Number of days of training per employee	1.8	1.8	1.2
Average cost of training per employee (EUR)	1,194.0	796.0	631.0
Employees trained during the year (as %)	52.2	46.7	40.8

Note: Indicators are calculated on the basis of the total number of employees under permanent contracts present at the workplace as of December 31 of that fiscal year.

The average training spend per full-time equivalent was 1,194 euros. In 2022, the total number of training days was 316,265, equivalent to 1,375 people receiving full-time training for the entire year. In 2022, 52.2% of employees received training and the average number of days of training was 1.8 days per

employee. LVMH has opted here to count only training events lasting over three hours. As an illustration, if online remote training lasting under three hours is included, LVMH estimates that 78% of its workforce received training.



The training investment is spread across all job categories and geographic regions as presented in the table below:

	France	Europe (excl. France)	United States	Japan	Asia (excl. Japan)	Other markets
Training investment (EUR millions)	46.2	26.8	84.4	5.9	41.7	8.7
Proportion of total payroll (as %)	2.3	1.3	3.3	1.5	2.4	1.5
Employees trained during the year (as %)	57.1	49.9	39.5	57.4	58.4	54.5
Of which: Executives and managers	54.6	61.9	38.2	52.6	62.8	57.4
Technicians and supervisors	72.0	56.2	29.6	65.6	55.4	58.5
Administrative and sales staff	54.4	54.5	41.4	57.1	59.5	52.8
Production workers	54.4	31.4	37.7	14.3	46.0	57.0

Note: Indicators are calculated on the basis of the total number of employees under permanent contracts present at the workplace as of December 31 of that fiscal year.

### 3. A WORK ENVIRONMENT THAT ACCOMMODATES EMPLOYEES' EXPECTATIONS

LVMH is committed to offering all its employees a high-quality work environment. Everyone's health and safety are priorities for the Group, along with its employees' well-being at work and work-life balance. LVMH also aims to foster constructive labor relations.

#### 3.1 An approach to ensure health and safety for all staff

LVMH decided to expand its actions to protect all of its employees. In 2020, a dedicated working group was formed, comprised of health and safety experts as well as human resources managers. It assessed the situation and proposed an action plan including the creation of a health and safety charter.

In 2021, the LVMH Health and Safety Charter, signed by the Group's Executive Committee and all the Maisons' CEOs, sparked a comprehensive and ambitious drive to develop a "zero accident" culture across all its operations.

The Maisons undertake to protect employee health and safety through five pillars of action:

- identify their priorities in order to structure their approach;
- draw up an action plan and review it regularly;
- report on progress made using the approach by submitting their results to each Maison's Management Committee;
- engage every employee in the approach, notably by raising awareness about first aid measures;

- maintain a virtuous culture by ensuring strong collaboration between the Group and the Maisons.

Each commitment is associated with a performance indicator and target to be met by 2025. As part of a focus on continuous improvement, the LVMH group's Executive Committee monitors progress on a regular basis.

Each Maison having signed the charter has appointed a Health and Safety Ambassador who reports to the Group. These Ambassadors form the Health and Safety Community, which meets on a regular basis to discuss and raise awareness of the tools needed to implement a "zero accident" culture. It met five times in 2022.

LVMH and its Ambassador network provide all employees with a health and safety toolbox on the Group's Intranet. It holds all the information for deploying policies and positive action, including the catalog of best practices from the Maisons.

#### Performance indicators and targets associated with the five commitments of the new LVMH Health and Safety Charter

		2022 result <sup>(a)</sup>	Target for 2025
<b>Commitment 1</b>	Each Maison structures its own approach to employee health and safety.	81%	
<b>Commitment 2</b>	Each Maison reviews its health and safety approach on a regular basis.	88%	
<b>Commitment 3</b>	Each Maison's Management Committee reviews the past year's results for health and safety performance indicators, in particular the change in the accident frequency rate.	87%	100%
<b>Commitment 4</b>	All employees are engaged in prevention and trained in first aid measures.	32%	
<b>Commitment 5</b>	The Group dedicates a day each year to the promotion of health, safety and quality of life at work.	100%	

(a) Employee coverage rate (number of employees covered by the commitment/total number of LVMH employees).



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Governed by this Charter, the Maisons implement their own approaches to ensure workplace health and safety and prevent accidents. They therefore put in place specific actions as part of the Group's overall investment, certification and training program. Health, safety and ergonomics assessments are regularly conducted at workshops, vineyards, stores and headquarters, following which action plans are drawn up to address any needs identified and the targets set by the Charter.

Workshops and production facilities took action to improve ergonomics and reduce physical strain for those positions most exposed to physical or mental stress. The Group is also particularly attentive to working conditions for staff members over 50 and those with disabilities, aiming to enable them to continue working under optimal conditions.

In 2022, LVMH invested over 43.3 million euros in health and safety. These investments were allocated to occupational health, protective equipment, and continuous improvement programs covering compliance for new equipment, signage, replacement of protective equipment, fire prevention training and noise reduction. More generally, the total amount spent on and invested in improving working conditions came to more than 139 million euros, or 1.5% of the Group's gross payroll worldwide.

LVMH also maintained its initiatives for awareness-raising and training in workplace safety and risk prevention. In 2022, 78,482 employees received training in these areas.

	Number of accidents	Frequency rate <sup>(a)(b)</sup>	Severity rate <sup>(b)(c)</sup>
<b>Breakdown by business group</b>			
Wines and Spirits	109	7.72	0.13
Fashion and Leather Goods	445	3.85	0.11
Perfumes and Cosmetics	115	2.19	0.11
Watches and Jewelry	85	1.77	0.05
Selective Retailing	372	4.23	0.20
Other activities	258	12.50	0.24
<b>Breakdown by geographic region</b>			
France	513	9.64	0.35
Europe (excl. France)	353	5.53	0.11
United States	194	3.06	0.19
Japan	15	1.08	0.02
Asia (excl. Japan)	138	1.33	0.04
Other markets	171	4.15	0.07
<b>LVMH group 2022</b>	<b>1,384</b>	<b>4.08</b>	<b>0.13</b>
2021	1,298	4.23	0.14
2020	1,158	4.52	0.15

(a) The frequency rate is equal to the number of accidents resulting in leave of absence, multiplied by 1,000,000 and divided by the total number of hours worked.

(b) The calculation of hours worked is based on actual data for France; for other countries, it is based on the number of full-time equivalent (FTE) employees present within the Group as of December 31 of the fiscal year and a ratio of hours worked per FTE employee per country taken from OECD knowledge bases. Theoretical 2020 data from the OECD does not include hours not worked as a result of the public health crisis, with the result that frequency and severity rates are understated.

(c) The severity rate is equal to the number of workdays lost, multiplied by 1,000 and divided by the total number of hours worked.

In calculating its overall absence rate, LVMH has opted to include all absences related to the Covid-19 crisis, including sick leave and paid or unpaid leave. The public health crisis had an impact, bringing the overall absence rate to 6.2% in 2022.

The Group estimated the effect of the public health crisis on its overall absence rate: 1.1 percentage points were attributable to the extraordinary circumstances linked to the public health

crisis and its impacts, including lockdowns, family obligations, illness and quarantine. Excluding factors linked to the Covid-19 crisis, the estimated overall absence rate was therefore 5.1% in 2022, reflecting employees' strong commitment, motivation and trust in the Group and its Maisons. In 2021, the absence rate was 7.1% including the Covid-19 effect and 5.3% excluding that effect.

**Absence rate<sup>(a)</sup> by region and by reason**

(as %)	Global workforce	France	Europe (excl. France)	United States	Japan	Asia (excl. Japan)	Other markets
Illness	3.0	4.6	5.0	2.0	1.2	1.6	2.2
Work/commuting accidents	0.1	0.3	0.1	0.1	0.0	0.1	0.1
Parental leave	1.4	1.2	2.7	0.7	1.4	1.2	0.7
Paid leave (personal leave and other paid leave)	1.1	0.5	0.8	0.5	0.7	2.6	0.4
Unpaid leave	0.6	0.6	0.6	0.4	0.4	0.7	0.5
Overall absence rate	6.2	7.3	9.1	3.6	3.7	6.2	3.8
Estimated overall absence rate excl. Covid effect	5.1	6.6	8.6	3.3	3.0	3.5	3.2

(a) Number of days' absence divided by theoretical number of days worked.

**3.2 Fostering constructive labor relations**

At the European level, the SE Works Council is an employee representative body consisting of 28 members from the 22 European countries in which the Group's Maisons operate. The rules governing this body are laid down in an agreement that was unanimously approved by employee representatives from those 22 countries and by Group management on July 7, 2014. The SE Works Council handles transnational issues at the European level. It held one plenary meeting in 2022, on June 9.

The Group Works Council covers France. This body, which currently has 29 members, holds one plenary meeting each year. Through this representative body, delegates meet with the heads of all of the Group's business areas. They exchange information on strategic direction, business and financial issues, employment trends within the Group and prospects for the current year. The Group Works Council met on October 19, 2022. The members of the Group Works Council were reappointed in 2022 for another four-year term.

In keeping with the Group's decentralized approach, representatives at each Maison deal with workforce-related issues specific to their entity.

In France, the Maisons have employee representative bodies known as CSEs (Comités Sociaux et Economiques). Each CSE's remit depends on the size of the Company's workforce. In companies with fewer than 50 employees, they present the

employer with employees' individual or collective claims in relation to pay, compliance with the French Labor Code, and so on. In entities with 50 or more employees, CSEs ensure that employees' collective interests are taken into account in decisions relating to the Company's management, business development and financial performance, as well as professional training and production techniques.

In 2022, Group companies allocated a budget totaling over 41 million euros (2% of total payroll) to social and cultural activities in France via contributions to CSEs.

In 2022, employee representatives attended 873 meetings in France:

Type of meeting	Number
CSE: 50 or more employees	645
CSE: Fewer than 50 employees	228
<b>Total</b>	<b>873</b>

As a result of these meetings, 161 company-wide agreements were signed in France.

Worldwide, 40.6% of the Group's workforce is covered by an employee representative body or trade union.

**3.3 Work-life balance and workplace well-being**

Adjustments to working conditions and flexible working hour arrangements meet the growing expectations of employees in the area of physical and emotional well-being and the management of their personal and family responsibilities. The Group's Maisons developed a set of initiatives to cultivate a high quality of life at work, a vital factor for employee engagement.

Work-life balance is one of the key components of a high quality of life at work. In France, the Maisons were encouraged to take part in the Quality of Life at Work Week. The "desire to do meaningful work" was the theme for the 2022 edition. An individualized approach to working hours will always be a key component of the policies put in place at the Maisons. It serves to address issues relating to parenting (pregnancy, young children,

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returning from parental leave), end-of-career adjustments or disabilities as well as situations faced by family caregivers. For example, Berluti adopted a Quality of Life at Work Charter in France. It covers all the aspects of the work-life balance. Likewise, Tiffany & Co.'s global policy encourages all the practical flexible working methods, such as remote working, part-time working, staggered hours, job sharing, unpaid leave and flexible working hours. Workplace concierge services and childcare are becoming more and more widespread within the Group, in particular through nationwide programs such as *Ma place en crèche* ("My Daycare Spot") or inter-company daycares. In France, the Group provides more than 250 places for young parents. Lastly, some of the Maisons, including Louis Vuitton, Parfums Christian Dior and the Les Echos-Le Parisien media group, or those in the Selective Retailing business group, offer special arrangements to support employees who wish to work on Sundays and in the evenings.

The implementation of remote working was facilitated by collective bargaining agreements and charters relating to remote working and the right to disconnect from work. The Group organized talks on the new modes of working and time management to raise employee awareness about connecting to and disconnecting from work. Fendi established a Smart Working program championing local innovation to increase flexibility and remote working. In Spain, Parfums Christian Dior developed a tool that analyzes employees' views and expectations. The nine measurement criteria include working hours, autonomy, workload, psychological and social support, variety and nature of work, participation, supervision and compensation.

The Group promotes physical activity to its employees. It encourages sports activities by paying a percentage of employees' sports club membership fees (including online classes). Various Maisons provide access to conferences on the importance of looking after your health. The Group's Maisons also promote participation in running events (often for charity) for which employees train and compete in teams. Alongside these initiatives, they are advocates of a healthy and balanced diet and arrange for deliveries of fruit baskets and an appropriate catering offering.

The Group's Maisons are also focusing on another issue relating to well-being at work: protecting mental health. They are supporting their employees on a day-to-day basis by using various tools: emergency assistance units (in particular the LVMH Heart Fund), training platforms, and alert and sentinel systems. In China, Chaumet has developed mental health training for all employees and a wellbeing webinar. Loro Piana launched an assistance program that provides practical information and advice about on a variety of issues via a professional team. In China, Make Up For Ever has also developed an employee assistance program. It is managed by a partner and provides round-the-clock phone support and a monthly newsletter. For its part, LVMH Fragrance Brands rolled out five personnel management workshops covering "managing stress", "managing emotions", "adapting to a changing world", "providing inspiration" and "developing empathy and listening skills". During 2022, DFS introduced Eutelmed, an intuitive, secure, versatile and multilingual digital platform dedicated to mental health that operates 24/7. A workforce-related risk commission was set up to analyze reports made by whistleblowers about stress or employee harassment.

In France, the Maisons have appointed a harassment officer to inform, guide and support employees in the fight against sexual harassment and sexist attitudes, while others have developed specific listening tools in conjunction with the Group's whistleblowing system, in particular in sensitive geographic regions. In Spain, Perfumes Loewe designed an action protocol that can be used by all its employees to tackle psychological, sexual and gender-based harassment. It has been deployed via The Holistic Concept, a wellbeing platform, and the Gympass program. All employees can also access mental health support delivered by Más Vida Red.

In another example, Loro Piana launched an ethical time bank. This groundbreaking initiative gives employees time out from work to look after the health of the children, spouses, partners, cohabitees and first-degree relations of people with an officially recognized serious illness.

Worldwide, 16% of employees have variable or adjusted working hours, and 50% have shift work or alternating working hours.

### Global workforce affected by various forms of working time adjustments: Breakdown by geographic region

Employees concerned <sup>(a)</sup> (as %)	Global workforce	France	Europe (excl. France)	United States	Japan	Asia (excl. Japan)	Other markets
Variable or adjusted working hours	15%	27%	24%	1%	22%	11%	6%
Part-time	16%	7%	17%	34%	6%	5%	19%
Shift work or alternating hours	50%	11%	36%	67%	73%	70%	67%

(a) Percentages for France are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts). For the other regions, they are calculated in relation to the number of employees under permanent contracts, except for part-time workers, in which case the percentages are calculated with respect to the total headcount.

**Workforce in France affected by various forms of working time adjustments: Breakdown by job category**

Employees concerned <sup>(a)</sup> (as %)	Workforce in France	Executives and managers	Technicians and supervisors	Administrative and sales staff	Production workers
Variable or adjusted working hours	27%	17%	55%	47%	4%
Part-time	7%	2%	7%	16%	7%
Shift work or alternating hours	11%	1%	12%	12%	30%
Employees given time off in lieu	6%	1%	10%	8%	12%

(a) Percentages are calculated on the basis of the total headcount (employees under both permanent and fixed-term contracts).

The total cost of overtime was 165.9 million euros, averaging 1.8% of the worldwide payroll.

**Overtime by region**

(as % of total payroll)	Global workforce	France	Europe (excl. France)	United States	Japan	Asia (excl. Japan)	Other markets
Overtime	1.8%	1.4%	1.8%	1.7%	3.8%	2.0%	1.1%

In spite of a sometimes challenging public health and economic situation, the Group's priority is to protect its employees' health by working closely with occupational health, social services and innovative initiatives such as medical concierge services.

**3.4 The LVMH Heart Fund**

In consideration of the difficult or unexpected circumstances that may be faced by Group employees, LVMH set up the LVMH Heart Fund. Launched on June 8, 2021, it illustrates LVMH's commitment to reaching out and offering support to all its employees and communities.

This Group program includes two types of free, anonymous and confidential services. The first is social and psychological support open to all employees (not subject to any eligibility criteria) to help them deal with all sorts of day-to-day issues. The second is rapid, exceptional financial support (subject to eligibility criteria) to aid employees faced with an exceptional, unforeseeable, urgent and serious personal situation.

Any employee worldwide can reach out to the LVMH Heart Fund by calling the hotline for their country, available in the local language. This free, anonymous and confidential hotline is available to all, 24/7. Both services may also be accessed by visiting the website managed by the Group's external partner WPO or by downloading the free mobile app iConnectYou.

Information about the LVMH Heart Fund was circulated in several newsletters to all the Group's employees and in regular updates from the human resources teams in each of the Maisons.

Since its launch, the LVMH Heart Fund has received nearly 4,000 requests (including 2,700 in 2022) for psychological, social or financial support across five continents.

It has an initial endowment of 30 million euros.

Note: Indicators are calculated on the basis of the total number of employees under permanent contracts present at the workplace as of December 31 of that fiscal year.

## 4. BUILDING A CULTURE OF INCLUSION

### 4.1 Promoting diversity and inclusion

LVMH fundamentally believes that all its employees and their diversity hold the secret to its performance and success. Recognizing that each person's unique contribution is a valuable asset, LVMH is keen to ensure that its workforce is drawn from all backgrounds, reflecting the diversity of its customer base. LVMH is diverse by nature and inclusive by choice, and it has made diversity and inclusion its top commitments. It believes everyone needs to play their part to achieve these goals. The recruitment and talent development policy ensures that the Group remains intently focused on diversity. LVMH makes sure each and every new recruit feels welcome, respected and represented and benefits from equal opportunities throughout their career. The Group implements practices to prohibit any discrimination on the basis of skin color, sex, religion, political convictions, national or social origin, age, disability, trade union membership, sexual orientation, gender identity, etc. These principles are set out in the Code of Conduct.

Spurred on by a desire for all its employees and customers to be represented at every level of the Group, LVMH introduced several representation targets. These include gender parity for key positions, people with a disability to account for 2% of its global workforce by 2025 and 30% of leadership positions in the United States to be held by BIPOC (black, indigenous and people of color) individuals by 2026.

The general approach at the Group level was consolidated by fleshing out the strategy and setting more ambitious targets. Under the Executive Committee's global leadership, it has been communicated to all employees. The Group-wide objectives are underpinned by three major action priorities: employee experience via all the human resources practices, the impact on its ecosystem via relationships with suppliers and value chain participants and, lastly, the experience of all the Group's stakeholders via external communications, corporate image and customer relationships. Since the Maisons and the regions are very active in the field, the role of the Group is primarily to coordinate actions and guide them towards the key common objectives, develop and cultivate synergies and capture the impact achieved.

### 4.2 Embracing the full spectrum of talent

Starting in 2011, the Group and the Maisons have periodically held mandatory anti-discrimination training for their recruiters. Digital offerings were set up to complement the courses held across the regions and the Maisons. Between 2020 and 2022, 73% of recruitment staff received non-discrimination training. As part of the broader rollout of inclusion and diversity policies in line with changes in society, they attended in-depth sessions reminding them about the commitments under the LVMH Code of Conduct, the employer brand priorities and the risks of acting on preconceptions and stereotyping.

In 2022, LVMH celebrated the LVMH Voices of Inclusion Week, the Group's first worldwide week-long inclusion event. To make sure all voices are heard across the Group on the issue of diversity and inclusion, the week was spent highlighting commitments and initiatives by the Maisons and the regions. More than 100 local, regional and international diversity and inclusion initiatives were organized to spread the word, including awareness-raising conferences and workshops, launches of new employee networks and unconscious bias training.

In a drive to catalog all the diversity and inclusion initiatives being pursued Group-wide, LVMH created the Inclusion Index, which aims to monitor and accelerate diversity and inclusion. This tool, sponsored by Chantal Gaemperle, Group Executive Vice President Human Resources & Synergies, Jean-Jacques Guiony, Group Chief Financial Officer, and Antoine Arnault, Group Chief Image & Environment Officer, brings together and encourages the Maisons and regions to pursue diversity and inclusion initiatives. In 2022, more than 120 initiatives were entered, and for the first year, all Group employees took part in selecting the winning initiatives in the "gender equity" and "LGBTI+ inclusion" categories. The Beyond Women's Career – EllesVMH initiative, a Group-wide mentoring program for high-potential women led by the Maisons in Spain, picked up the prize in the "gender equity" category. Sephora was victorious in the "LGBTI+" category for its support for the Grand Bal des Fiertés, an event organized by MAG Jeune.

LVMH maintained its commitment to advancing and cultivating an inclusive culture right across the Group, the Maisons and the regions. Programs were piloted at Group level, such as non-discrimination training and the new digital training program on unconscious bias. It was launched in 2022 and is now available to all Group employees, production and sales teams, and senior executives. Working closely with the Maisons, LVMH is also rolling out intercultural awareness in-store training programs at several Maisons.

LVMH assesses its recruitment processes on a regular basis to ensure that they are free of discrimination. The Group brought in ISM Corum, an independent organization, to audit its practices. These audits were introduced in 2008 and have covered its worldwide operations since 2014. The audits take three main forms, all of which were implemented in 2022: (i) discrimination testing on job offers published in campaigns used for long periods and at regular intervals; (ii) statistical surveys on discrimination risk in the hiring process; (iii) and a compliance analysis of job offers and evaluations. The audit

findings were presented to human resources departments at the level of the Group and the Maisons, CSR officers, and Diversity and Inclusion managers, and have been followed by appropriate action plans.

### 4.3 Taking action to promote employment for people with disabilities

For around 15 years, LVMH has been committed to the employment and integration of people with disabilities, resulting in an ambitious program to promote their inclusion through recruitment, retention and accessibility. The Group has made it clear that a disability is perfectly compatible with the luxury industry and also helps to promote excellence. The Group is a member of the Global Business and Disability Network of the International Labour Organization (ILO) and has signed its Charter. At the event celebrating the Group's involvement in good causes in December 2021, Chantal Gaemperle, Group Executive Vice President, Human Resources & Synergies, announced LVMH's target of having people with disabilities make up 2% of the workforce worldwide by 2025. In 2022, this objective was complemented by another concerning the accessibility of the Group's and the Maisons' websites.

Since 2007, Mission Handicap has coordinated the Group's international approach in this area, and has helped it to formulate its ambitions. In this work it is supported by a network of 90 CSR and disability officers at the various Maisons, who meet regularly.

In all of the regions in which LVMH operates around the world, the Group is taking action to address specific challenges. The Maisons promote the employment of people with disabilities through their own initiatives (internships, recruitment and training programs, workstation adjustments, etc.). In the United States, Sephora has pursued a program in place since 2017 whose goal is to have people with disabilities make up 30% of the company's workforce across its five distribution centers. Following 109 hires during the year, employees with a disability account for 10% of the distribution center workforce. In China, the Louis Vuitton Maison hired 35 employees with a disability to handle product personalization. In South Korea, LVMH's Maisons have innovated with a recruitment program aimed at advancing both inclusion and employee well-being. In 2022, LVMH Perfumes & Cosmetics Korea hired 11 employees with disabilities (accounting for nearly 5% of all new hires).

### 4.4 Ensuring gender equality

Gender equality is an integral part of LVMH's culture, especially since women account for 71% of its employees. The Group has made formal commitments to gender equity and gender balance at the highest level and it has put the professional development of women, and more broadly achievement of their full potential, at the cornerstone of its human resources strategy. LVMH aims to

In 2021, the Group launched a comprehensive update for its Recruitment Code of Conduct, whose final version is expected to be released in 2023.

In France, a work-linked training program was launched to promote the employability of people with disabilities. Since 2014, 102 people with disabilities have thus been offered a work-linked training contract at the Group's Maisons. Since 2020, 43 people with disabilities have been hired on work-linked training contracts under Sephora's program. During recruitment campaigns, work-based role-play exercises are used to select candidates, thus providing for an objective evaluation of each individual's aptitudes, skills and potential, whatever their background. Certain Maisons, such as Hennessy and Christian Dior Couture, and soon the Les Echos-Le Parisien media group, have signed company-wide agreements for the employment of people with disabilities.

LVMH also supports its employees who report that they have a disability. The Maisons offer solutions on a case-by-case basis to help people keep their jobs, where necessary by making adjustments to their workspaces or helping them transition to a different role. To help certain employees with disabilities remain in their jobs, Moët & Chandon created MHEA, a disability-friendly company, in 2011. Eligible employees can therefore continue working under conditions specifically designed to meet their needs. Since it was founded, MHEA has hired more than 90 people. Guerlain has rolled out an innovative approach to workplace accessibility in partnership with two nonprofit organizations active in this area, Vivre et Travailler Autrement and PEP 28. It assessed and adapted workstations, trained individuals and their supervisors so individuals with severe autism were able to join the Chartres production site. Since 2021, three employees with severe autism have been hired on permanent contracts.

In 2022, people with disabilities made up 1.4% of the LVMH group's workforce worldwide, with a total of 2,787 employees.

achieve gender parity in its key positions by 2025. The Group and its Maisons made a public commitment in 2022 to achieve pay equity by 2025 on a worldwide basis after laying the foundations for this target over the past several years. The Group also signed the United Nations Women's Empowerment Principles in 2013, establishing itself as a leader and pioneer in this area.



## Attracting and retaining talent

LVMH aims to achieve its target of parity via its EllesVMH program, which celebrated its 15th anniversary in 2022. The Group has been working with its Maisons to implement specific programs to boost women's presence at every level of the organization and to support them at each stage in their career. In 2022, 45% of key positions at LVMH were held by women, compared with 23% in 2007, and 17 of the Group's CEOs were women. LVMH scored 91.8 points out of 100 on the French government's Gender Equality Index in 2022.

Via EllesVMH, the Group aims to implement a number of training programs and tools to underpin and accelerate women's development at every level. These range from EllesVMH Mentoring & Coaching to LVMH House for high-potential women, plus regional programs, such as Futur'Elles in Asia-Pacific and Beyond Women's Career – EllesVMH in Spain. Aside from its dedicated programs, LVMH also established SHERO, a global internal digital platform created by employees. It houses articles, videos and podcasts empowering female employees throughout their career. Since its launch in 2019, it has been used by over 70,000 employees. In 2021, the Group followed this up with the launch of the SHERO Academy. This new platform offers training available online and regular new models supporting employees and enabling them to fulfill their professional ambitions.

Lastly, EllesVMH would not amount to much without the support of its international network of women and men. They

serve as genuine ambassadors for this major commitment by the Group, helping to raise awareness continuously, supporting and mentoring talent and organizing opportunities for knowledge-sharing with internal and external experts. The EllesVMH employee networks, already present in the United States, the United Kingdom and Asia, plus France since 2022, have made a significant contribution to actions aimed at fostering gender equity within the Group and achieving parity in key positions.

As it does every year, the Group marked International Women's Day with an internal campaign. It gave rise to a consultation of all the Group's employees concerning the future of the EllesVMH initiative and action priorities for the coming years. All employees were also asked to help select the best gender equity initiatives rolled out by the Maisons and the regions. To extend this approach and boost its positive impact on society outside the workplace, LVMH forged a partnership in France with make.org, Europe's first citizen-led engagement and collaboration platform. The Group aims to take concrete steps to make a positive difference on society by linking up citizens' ideas with a network of nonprofits and institutions. The make.org campaign brings civil society together around new solutions striving to achieve greater gender equity. Lastly, the Group's senior executives have used the Group's social media accounts to share their experiences, pass on knowledge to the next generations and provide inspiration for them in their capacity as role models.

**Proportion of women among joiners and in the Group's workforce<sup>(a)</sup>**

(% women)	Joiners			Group workforce		
	2022	2021	2020	2022	2021	2020
<b>Breakdown by business group</b>						
Wines and Spirits	51	49	49	40	39	38
Fashion and Leather Goods	63	66	66	66	67	67
Perfumes and Cosmetics	83	85	84	82	82	82
Watches and Jewelry	61	67	58	64	65	59
Selective Retailing	85	84	82	84	83	83
Other activities	50	45	37	45	39	38
<b>Breakdown by job category</b>						
Executives and managers	65	67	64	65	65	64
Technicians and supervisors	65	68	67	65	67	66
Administrative and sales staff	79	78	79	78	78	79
Production workers	56	62	56	61	60	57
<b>Breakdown by geographic region</b>						
France	67	65	64	66	64	64
Europe (excl. France)	68	72	72	69	70	71
United States	80	77	80	75	74	75
Japan	68	65	71	72	72	73
Asia (excl. Japan)	69	74	73	75	76	76
Other markets	75	72	70	67	66	67
<b>LVMH group</b>	<b>73</b>	<b>74</b>	<b>73</b>	<b>71</b>	<b>71</b>	<b>71</b>

(a) Under permanent contracts, including internal mobility and conversions of fixed-term contracts to permanent contracts.



#### 4.5 Fighting discrimination against lesbian, gay, bisexual, transgender and intersex (LGBTI+) people

LVMH works to promote and ensure a work environment where people are treated with dignity and respect, where everyone can contribute and develop their skills and talents to their full potential, regardless of their sexual orientation or gender identity. Since 2019, the Group has been a signatory of the United Nations' Standards of Conduct to support the business community in tackling discrimination against LGBTI+ people. The Group and 20 of its Maisons restated their commitment in 2022 by signing up to the LGBT+ Engagement Charter of L'Autre Cercle, the leading French nonprofit promoting inclusive workplaces for LGBT+ professionals.

LVMH has been committed to making progress on LGBTI+-inclusive workplaces for several years now and spoke about this issue on several occasions during 2022. On International Day Against Homophobia, Transphobia and Biphobia, the Group supported a film production concerning commonplace LGBT phobias faced by the community. For the general public, this mini-film backed by *têtu* magazine spotlights examples of everyday micro-aggressions and the real consequences these can

have on people. During the Pride Month celebrations, LVMH produced a series of interviews with the Group's employees, who committed to strive for greater diversity and inclusion on a daily basis. Antoni Porowski, the Group's special correspondent, interviewed members of the community and their allies in their work environments, from stores to offices in New York, Paris and Singapore. LVMH Pride – the employee network for LGBTI+ employees and their allies created in the United States in 2019 – expanded into the Asia-Pacific region in 2020 and the United Kingdom in 2021. It expanded to include France in 2022 to mark International Day Against Homophobia, Transphobia and Biphobia. Through their members, these networks run educational, training, mentoring and networking initiatives.

The Group's Maisons break new ground every day on the front line. They are pushing ahead with their own initiatives, including the establishment of employee networks at Celine and Sephora, nonprofit partnerships at Belmond and the educational programs set up by Glenmorangie, Starboard Cruise Services and Loro Piana.

#### 4.6 Supporting older employees

The most experienced employees play an especially important role in passing on knowledge and expertise, but also the Group's values. Issues relating to older employees are addressed using specific approaches for each geographic region. In 2022, employees aged 50 and up represented 22% of the workforce in France and 14% of the workforce outside France.

LVMH aims to keep older employees in work by continuing to offer them a motivating and fulfilling work environment. The Group has committed to offering professional development opportunities through initiatives aligned with its forward-looking management of jobs and skills. The options it has proposed include longer working lives, adjustments to workstations or working hours and specific health check-ups in the context of

the pandemic. LVMH also provides assistance in preparation for retirement. For instance, in 2021, the Group's holding company launched SWITCH, a program for employees reaching the end of their careers. It provides information about their retirement plans and supports them during this transition. The Hennessy Maison set up a generation contract program that aims to retain employees aged 57 and over in their jobs and to provide adjustments for those nearing the end of their working life. Glenmorangie organized retirement preparation workshops for its employees and offers shorter working hours for its senior employees without any reduction in their salary. Other Maisons held celebrations for employees whose career with the Group had reached the 10-, 20- or 30-year mark.



# MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

## Outreach and giving back

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## Outreach and giving back

LVMH aims to extend its positive social impact beyond the scope of its own operations and its value chain. To this end, the Group and its Maisons focus on initiatives in three areas: local involvement, supporting humanitarian and social causes, and corporate philanthropy in support of culture and creativity. Maisons pursue their own initiatives according to their specific priorities and operating environments, while the Group coordinates and provides overall leadership.

LVMH and its Maisons help support professional integration for people who have been marginalized on the job market and people with disabilities. They steadfastly support a number of humanitarian causes, working closely with organizations on

a local and international level. Lastly, LVMH and its Maisons remain committed to corporate philanthropy initiatives, as firm believers in the cultural and social impact of democratizing access to heritage, art and fashion and with the goal of nurturing future talent. In doing so, they pay particular attention to promoting equal opportunity in favor of young people and those from disadvantaged backgrounds.

In 2022, in addition to its corporate philanthropy, the Group's Maisons supported more than 900 partnerships with nonprofits, foundations and initiatives thanks to the efforts of more than 45,800 employees working actively on the ground.

## 1. LOCAL INVOLVEMENT AND SOCIAL IMPACT

To express their loyalty to the regions in which they historically operate, LVMH and its Maisons create jobs in local areas. They strive to support entrepreneurship and facilitate access to business creation, also working with initiatives known to help people who have been marginalized on the job market to find work.

### 1.1 Supporting job creation, entrepreneurship and regional development

LVMH helps drive economic growth and social development in the areas in which it operates. Its business activity contributes to taxes in the countries and regions in which it and its partners operate and pursues steady growth for its Maisons. These companies create many jobs in their regions, particularly as a result of the expansion of the network of directly operated stores.

A number of Group companies have been established for many years in specific regions of France and play a major role in creating local jobs: Hennessy in the Cognac region, Moët & Chandon and Veuve Clicquot in the Champagne region, Louis Vuitton and its 17 workshops across France and Parfums Christian Dior in Saint-Jean-de-Braye (near Orléans) and in Chartres along with Guerlain. Working in collaboration with local government, they play a part in drawing up regional development policies in the areas of culture, education and employment.

The LVMH group is a long-standing supporter of entrepreneurship. Since 2018, the Group has helped connect open innovation and business development with new ways of learning through La Maison des Startups in France. This startup accelerator for the luxury industry is housed at Station F, the world's largest startup campus. La Maison des Startups can be a stepping stone to the Group's Maisons. It illustrates LVMH's entrepreneurial spirit by giving entrepreneurs the opportunity to reflect on the future of luxury and the Group, together with colleagues from varying backgrounds, within an innovative ecosystem.

Through its international BOLD program, Veuve Clicquot is encouraging generations of female entrepreneurs to be bold and providing them with tangible support. On the fifth anniversary of the program on December 1, 2022, two winners received recognition in the form of the Bold Woman Award and the Bold Future Award. On this occasion, the Maison announced the launch of a brand-new tool to break down cultural and geographical barriers to female entrepreneurship: the Bold Open Data Base. Sephora also supports female entrepreneurs, who are not as well represented as their male counterparts. The Maison supports women who have started their own businesses in all segments of the beauty industry and in countries all over the world. In 2022, the Sephora Accelerate program stepped up its efforts to support Black women who miss out on mentoring and financial support. Sephora has supported 96 women through the program since its launch in 2016.

Some traditionally more male-dominated sectors have taken steps to attract female applicants. There are a number of initiatives in the wines and spirits sector to improve gender equality. For example, in 2022, Hennessy organized the ninth Vignoble au Féminin, a networking event for 200 female winegrowers aiming to encourage women into the industry. In November 2022, LVMH and *Elle* magazines organized the second Prix des Artisanes award, supported by Institut National des Métiers d'Art and the Artisans d'Avenir network. The award promotes the expertise of highly skilled women working in the arts in the areas of fashion, design and decorative arts, vineyards and wine, and French heritage protection. The four winners were selected from 600 applicants by a panel of experts.

## 1.2 Facilitating access to employment and social inclusion for people who have been marginalized on the job market

As a major employer in many labor markets, LVMH pays close attention to each region's specific employment situation. The Group and its Maisons have forged partnerships with nonprofits and NGOs to promote social inclusion and employment for people who have been marginalized or are underrepresented in the job market.

In France, the Group has built up a long-term partnership with nonprofit Nos Quartiers ont des Talents, which aims to support equal opportunity in employment, and has served on its board since it was founded. A growing number of employees are involved in supporting this partnership each year. In 2022, 197 executives and managers sponsored and mentored young graduates from underprivileged areas. Since 2007, 858 young people have found jobs after being mentored by a Group employee.

To speed up access to employment, LVMH has put in place job coaching sessions. Recruiters and beauty consultants from the Group's Maisons offer guidance to job seekers and help them build self-confidence. Participants are made aware of the program by partners of the Group working to help underrepresented groups integrate into the job market.

The LIVE (L'Institut des Vocations pour l'Emploi) campus, set up by Brigitte Macron with the help of the LVMH group, is aimed at over-25s who want to get back into the world of work after a long period of unemployment or personal challenges. Three campuses have already been opened: one in Clichy-sous-Bois (Paris suburb) in 2019, then one in Valence (southeastern France) and one in Roubaix (northern France) in 2021. More than 500 people have received help since the inauguration of the first campus, four-fifths of whom have succeeded in finding relevant work or training. In September 2022, 160 new people

were welcomed to the three campuses for an 18-week support program. Each campus receives two intakes per year.

Through the exemplary Classes for Confidence program, Sephora offers both beauty classes and coaching to help people facing major life transitions – including cancer survivors, people who have been marginalized on the job market, and transgender and non-binary people – show themselves in the best light and express confidence. Many of these classes have been held around the world. They have been launched in the United States and Canada and are being expanded in Europe (France, Poland, Spain, Italy, Greece, Denmark and Portugal). Since the program was launched in 2015, more than 126,000 participants have taken nearly 2,800 classes.

In 2022, Loro Piana launched the second Women's Way to Independence (WWTI) program, providing financing support for nonprofits and NGOs working to empower underprivileged women in the areas in which it operates around the world. The project helped more than 190 women in 2021. Working in collaboration with old and new nonprofits, it helped a further 44 women on their path towards independence in 2022.

In keeping with its commitment to preserving and passing on expertise and creativity, LVMH renewed its support for La Fabrique Nomade for the fourth consecutive year. Founded in 2016, the nonprofit helps migrant and refugee craftspeople in France to find work and use their skills to have a place in society. With its "Traits d'union" annual collections, it offers craftspeople a unique space to express themselves. The partnership between LVMH and La Fabrique Nomade provides meetings, training programs, skills sponsorship, opportunities for certain craftspeople to find work, collaborations with the Maisons and synergies with other Group initiatives.

## 1.3 Facilitating employment for people with disabilities

Supporting access to employment and employing people with disabilities are two of LVMH's longstanding commitments in terms of social responsibility. They are an apt reflection of the Group's key principles of respect for individual differences and fair treatment, guaranteeing equal opportunity on the basis of objective criteria.

LVMH works with organizations that specialize in training young people with disabilities and fostering social integration and access to employment.

In France, the Group is a co-founder of the nonprofit organization ARPEJEH, which brings together over 100 companies committed to providing training for young people with disabilities.

Employees volunteer for these programs, which benefited 425 young people in 2022.

LVMH also encourages its Maisons to develop their relationships with companies specifically employing people with temporary or permanent severe disabilities, and provide them with special facilities and support (known as the "*secteur protégé et adapté*" in French). The value of services entrusted to companies specifically employing people with disabilities totaled 13 million euros in 2022, in line with 2021.

For the third year in a row, Moët Hennessy Diageo helped disabled artists in Japan to live autonomously.

## 2. SUPPORTING HUMANITARIAN AND SOCIAL CAUSES

LVMH strives to support equal opportunity, offering young people the chance to forge their own path towards excellence. With their employees, the Group and its Maisons help students from all backgrounds in a number of ways, such as scholarships,

sponsorship, mentoring and meetings, while also remaining steadfast to their commitment to helping those in need wherever they are around the world.

### 2.1 Helping young people get an education

LVMH aims to put the renowned excellence of its Maisons to work in support of equal opportunity and wider access to education for young people. To stay in touch with the local reality in the areas in which they operate, the Maisons have developed numerous partnerships with schools.

LVMH encourages access to higher education for all students, whatever their social class, family situation or ethnic background. As a partner of the priority education program run by Institut d'Études Politiques (Sciences Po Paris), LVMH funds scholarships and encourages Group managers to mentor recent graduates of the program. In 2021, LVMH renewed its commitment to this program for another five years. A total of 26 students were mentored by Group managers in 2022 (compared with 26 in 2021 and 17 in 2020).

In 2022, LVMH also continued its partnership with Clichy-sous-Bois and Montfermeil, two Paris suburbs with young, diverse populations. Driven by a shared commitment to excellence, this program helps facilitate employment for young people from underprivileged neighborhoods and social inclusion. It encompasses a wide range of initiatives, including “business discovery” internships – which continued despite the public health situation – for 78 middle school students in 2022, visits to the Group's Maisons, help finding work, and so on. Young people from these schools were also invited to LVMH's *Journées Particulières* open days and the annual Show ME event, bringing together and celebrating all those involved in the LVMH Métiers d'Excellence, from apprentices to virtuosos, where they were able to learn about design, craftsmanship and customer experience. In March 2022, LVMH launched You and ME, a dedicated event for finding out about and joining the Métiers d'Excellence. The event was attended by international basketball celebrity and You and ME sponsor Tony Parker, and traveled to five cities in France, starting in Clichy-sous-Bois, where LVMH has longstanding links. The Group met with middle and high school students, university students and people looking for a career change, telling them about its expert professions. It offered 1,200 internships, work-linked training contracts, fixed-term and permanent contracts in its Métiers d'Excellence. LVMH also supports the *Cultures et Création* fashion show in Montfermeil, which showcases the region's creative talent. Leading up to the

event, the Group provides training for young people through masterclasses and organizes events where they can meet designers and craftspeople. At the fashion show, LVMH awards the LVMH CSR Young Talent Prize and the Young Talent Prize to help young people who are passionate about design but have limited access to the fashion world gain wider recognition within the profession. For the first time in 2022, Guerlain selected a passionate young person applying to the Alfred Nobel vocational high school in Clichy-Sous-Bois for its new *Mise en Beauté* award, offering the opportunity to learn about working as a makeup artist and leading to an apprenticeship at the Guerlain boutique at 68 Champs-Élysées.

As part of the partnership formed in 2021 with Harlem's Fashion Row (HFR) to encourage and promote diversity and inclusion in the fashion world, LVMH North America celebrated the fifteenth anniversary of the HFR Fashion Show & Style Awards (FSSA) in New York on September 6, in partnership with Moët Hennessy North America, Christian Dior, Louis Vuitton, Benefit Cosmetics, Tiffany & Co. and Sephora. The evening was also the opportunity to launch the first Virgil Abloh Award Presented by LVMH, which was awarded to actor Issa Rae by Shannon Abloh. A number of initiatives were launched under this long-term partnership in 2022. For example, in May 2022, 75 designers from HFR traveled to Louis Vuitton's offices for a discussion panel and mentoring day, providing the opportunity for both the designers and the Maison's employees to make empowering connections. Louis Vuitton also provided financial support for the three designers selected to present their collections at Fashion Week in September 2022. Tiffany joined forces with HFR for the ICON 360 HBCU summit, continuing its commitment to expanding initiatives to help HBCUs. This entailed primarily joint sponsorship of the Tenacity Talks series, as well as inviting students from North Carolina A&T State University to visit the jewelry design and innovation studio.

Lastly, in partnership with BeyGOOD and the Shawn Carter Foundation, Tiffany & Co. awarded scholarships worth 2 million dollars to students from five Historically Black Colleges and Universities (HBCUs). A total of 57 talented students were supported by the About Love scholarship.

A number of Maisons are involved in programs to help young people from minority backgrounds. For example, Hennessy supports artistic collaborations in Barbados, Hong Kong, Taiwan, South Africa, Nigeria, Ghana, Tanzania and Mexico. In the United States, the wines and spirits Maison provided 2.4 million dollars to support the Hennessy Fellows and Never Stop Never Settle Society programs, helping Afro-American students graduating from HBCUs or entrepreneurs launching projects with impact. In 2022, 40 students and 20 entrepreneurs received financial support, were mentored by managers and directors from the Maison and benefited from media coverage for their projects.

Dior renewed its commitment to helping young women by organizing the Women@Dior international conference at the UNESCO headquarters in Paris on March 23, 2022. Women@Dior is a unique Mentoring and Education program that helps young female students to establish their career and their role as

## 2.2 Helping those in need

LVMH and its Maisons are committed to helping disadvantaged communities in the regions where they operate. Their contribution may take the form of employee involvement, product donations or financial support.

The urgent situation in Ukraine has inevitably prompted the Group and its Maisons to take action. The LVMH group has donated 5 million euros to the International Committee of the Red Cross. The Maisons have also added to these efforts. For example, Loro Piana provided 650,000 euros of aid for the United Nations International Children's Emergency Fund (UNICEF), which helped create 20 logistics centers in countries bordering Ukraine to receive families and provide schooling for children and unaccompanied minors. A total of 40,000 children received educational kits. Hennessy donated 600,000 euros to various nonprofits working to help refugees in France.

Tiffany & Co. made a grant to international humanitarian organization CARE to help women achieve economic justice and equality, with the aim of reaching more than 5,000 women. Thanks to Tiffany & Co.'s support, CARE offers training in entrepreneurial skills to help women become economically independent and develop their own small businesses in Botswana, Lesotho, Sierra Leone, South Africa and Tanzania.

As a reminder, in 2016, Louis Vuitton entered into an international partnership with the United Nations International Children's Emergency Fund (UNICEF). It has collected a total of over

future leaders of a more sustainable world. This year, 380 women were mentored around the world.

In France, Parfums Givenchy partnered with the École Nationale Supérieure des Beaux-Arts in Paris, in particular with its Via Ferrata preparatory class, providing three-year support for students from different social and cultural backgrounds and helping them prepare for the competitive entrance examination for universities specializing in art. Thanks to the partnership, the number of people taking the preparatory class has doubled from 25 students per year.

In July 2022, Tiffany & Co. launched Tiffany Atrium, a social impact platform offering opportunities for historically underrepresented communities. Its aim is to make the jewelry industry more diversified and inclusive by means of commitment, leadership and learning, as reflected in Tiffany Atrium's three core values of creativity, education and community.

20 million dollars since its launch, in support of vulnerable children facing emergencies. Since 2021, employees in France have been voluntarily supporting this cause through microdonations deducted at source from their salaries.

In Italy in 2009, Bulgari decided to get involved with Save The Children. Through its custom-designed Save The Children jewelry collection launched in 2022, and through 122 other initiatives around the world, the Maison has so far donated over 110 million dollars, helping more than two million children. Sales from the Bulgari x Save The Children jewelry collection went towards supporting this initiative, enabling the partnership to achieve increasingly ambitious goals. Through this major financial support, Bulgari's top priority is helping ensure a quality education for children around the world.

Fendi has partnered with the Lai Momo social cooperative and its sustainable fashion laboratory Cartiera since 2017. The two organizations work in the field of immigration and intercultural dialogue within the framework of the United Nations Alliance for Sustainable Fashion. They offer training in sewing and leatherwork to provide new job opportunities and chances for social integration for migrants and political asylum seekers.

In 2022, at the tenth Engaged Maisons Dinner, LVMH continued to provide financial and human support for efforts to combat sickle cell anemia through its partnership with the Robert-Debré Hospital in Paris.



### 3. CORPORATE PHILANTHROPY TO SUPPORT CULTURE AND THE ARTS

LVMH has been pursuing corporate philanthropy initiatives to express the values of creativity and solidarity shared by the Group and its Maisons for over 25 years. It plays a key role in the world of culture and artistic education, supporting and bringing together artistic, intellectual and scientific talent. Its corporate philanthropy efforts promote cultural heritage, art, fashion,

dissemination of knowledge and artistic education among the wider public. Corporate philanthropy is also a means of expressing the Group's awareness of the need to help others, supporting medical research and social programs to help the most vulnerable.

#### 3.1 Culture, heritage and contemporary creative arts

##### 3.1.1 Restoring and enriching historical heritage

Over the last four years, LVMH has continued to back the effort to save Notre-Dame de Paris Cathedral, whose restoration will take several more years. The day after the fire that devastated the monument in 2019, Bernard Arnault pledged a donation of 200 million euros – to be donated in equal parts by LVMH and Agache – to contribute to Notre-Dame's reconstruction process.

##### 3.1.2 Commitments to culture and expanding access to it

LVMH continued to support the production of Tennessee Williams' *The Glass Menagerie* (in French) at the Théâtre de l'Odéon in Paris, directed by Ivo van Hove. Having twice been interrupted by the pandemic, the production was able to enjoy a complete run in 2022.

LVMH has been a loyal patron of the Nuit Blanche nighttime arts festival since its inception, supporting the French and international arts scene, giving center stage to contemporary artists for a celebration open to all in the heart of Paris. In 2022, LVMH once again partnered with the City of Paris to support this major cultural event. Contemporary art installations and special events were held to mark the festival's 20th anniversary, attracting more than 1 million visitors.

LVMH also renewed its support for the Giacometti Institute in Paris, helping it develop its scientific and cultural program as well as its temporary exhibitions.

LVMH also supports the Fondation du Collège de France.

##### 3.1.3 LVMH Prize

In 2022, the final event for the ninth edition of the LVMH Prize for Young Fashion Designers was once again held in public. The eight finalists were selected by the panel of experts.

The LVMH Prize went to 25-year-old British designer Steven Stokey Daley, founder of men's and women's ready-to-wear brand S.S. Daley. He won a 300,000 euro award and a year of mentoring within the LVMH group. The Karl Lagerfeld Prize was awarded to two American designers: Eli Russell Linnetz for his brand ERL, and Idris Balogun for Winnie New York. Each won a 150,000 euro award and will receive a year's mentoring.

The LVMH Prize for Young Fashion Designers aims to help prizewinners incorporate environmental concerns into their design and production processes. Each winner will benefit from specific support and 20,000 euros and 10,000 euros respectively to spend on the Nona Source platform, which gives a second life to deadstock fabrics from the Group's Fashion and Leather Goods Maisons.

Between 2014 and 2022, the LVMH Prize received more than 10,000 applications from designers from every continent.

##### 3.1.4 Fondation Louis Vuitton

Since it was opened in 2014, the Fondation Louis Vuitton<sup>(1)</sup> has consolidated its position as a leading institution on the international arts scene and has been a resounding success with a French and international audience. In eight years, it has already welcomed more than seven million visitors from all over the world.

#### (1) Fondation Louis Vuitton

The Fondation Louis Vuitton is a "fondation d'entreprise" (corporate foundation) established by prefectural order published in the Journal Officiel (official gazette) on November 18, 2006, and governed by French Law No. 87-571 of July 23, 1987 on the development of corporate philanthropy. The Fondation is a nonprofit organization that pursues a diverse range of initiatives aimed at promoting artistic and cultural activities in France and abroad, as well as expanding access to works of art; these initiatives include exhibitions, educational activities for schools and universities, seminars and conferences.

The members of the Fondation are the Group's main French companies. The Fondation is overseen by a Board of Directors, one-third of whose members are non-Group individuals chosen for their expertise in its fields of activity, and the other two-thirds of which are company officers and employees of the Group's Maisons. It is funded in part by contributions from Fondation members as part of multi-year programs, as required by law, as well as external financing guaranteed by LVMH.

It is subject to verification by a Statutory Auditor, which carries out its assignment under the same conditions as those that apply to commercial companies, and to the general supervisory authority of the Prefect of Paris and the Paris region.

Throughout 2022, the Fondation Louis Vuitton continued to pursue its core missions of supporting artists and building dialogue between key figures in modern art, leading lights of the international contemporary art scene and a wide audience, especially young people.

*The Morozov Collection: Icons of Modern Art*, an exhibition initially due to be held in October 2020, ultimately opened on September 22, 2021 and closed on April 3, 2022. In partnership with the State Hermitage Museum in Saint Petersburg and two Moscow institutions, the Pushkin State Museum of Fine Arts and the State Tretyakov Gallery, it unveiled, for the first time outside Russia, more than 200 masterpieces from the prestigious collection of French and Russian modern art amassed by the brothers Mikhail and Ivan Morozov. It welcomed 1,250,000 visitors.

### 3.2 Opportunities for arts education initiatives

Once again this year, LVMH's patronage of programs for young people focused on music. The Group renewed its support for Orchestre à l'École, a nonprofit that enables hundreds of children to play a musical instrument. It also continued its

### 3.3 Backing medical research and certain social causes

Lastly, LVMH supported numerous institutions well known for their work with children, the elderly and people with disabilities, and for their efforts to combat major causes of suffering and exclusion. In particular, LVMH has supported: the Fondation des Hôpitaux de Paris-Hôpitaux de France; Save The Children Japan, which advocates for children's rights; the Robin Hood Foundation in New York, which combats poverty and implements initiatives for children; the Fondation Claude Pompidou, which provides

The *Hantai* exhibition ran from May 18 to August 29. To mark the centenary of the artist's birth (1922-2008), the Fondation held a brand new retrospective of more than 130 of the artist's works, many of which had never been exhibited before.

The *Monet-Mitchell* exhibition and the *Joan Mitchell* retrospective opened on October 5, 2022, allowing the general public in France and Europe to discover the work of Joan Mitchell.

Lastly, the Fondation Louis Vuitton continued its international *Hors Les Murs* ("Beyond the Walls") program of events, with an exhibition dedicated to Andy Warhol in Seoul, the showcasing of Gilbert & George's monumental triptych *Class War, Militant, Gateway* in Tokyo and abstract paintings by Gerhard Richter in Osaka.

actions to promote access for young people to performances at the Opéra-Comique in Paris. LVMH also once again loaned out the Stradivariuses in its collection.

support in France for seniors and people with disabilities; Association Fraternité Universelle, which works in Haiti to improve access to health care and education alongside actions in favor of agricultural development, especially in the Central Plateau; and Institut Curie in France, which carries out research and efforts to combat childhood cancers. For many years, the Group has also been a supporter of a number of scientific teams and foundations engaged in cutting-edge public health research.



# MANAGEMENT REPORT OF THE BOARD OF DIRECTORS: THE GROUP

## Financial and operational risk management and internal control

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## 1. STRATEGIC, OPERATIONAL AND FINANCIAL RISKS

The risk factors to which the LVMH group is exposed, and the occurrence of which could jeopardize the Group's ability to carry on its normal business activities and to execute its strategy, are presented under the following three headings:

- operational and business risks;
- risks arising from the external environment;
- financial risks.

Only major risks, classified as such based on their probability of occurrence and their adverse impact on the Group are presented below. Risk magnitude was assessed after taking into account the preventive measures and risk management procedures put in place by the Group. The severity of the risks has been rated on a scale from 3 (moderate risk) to 1 (critical risk).

Type of risk	Risk description	Degree of severity <sup>(a)</sup>	See §
Operational and business risks	Risks related to products or communication at odds with the Maisons' image	1	1.1.1
	Risks arising from the loss of strategic competencies	3	1.1.2
	Risks arising from access to and pricing of raw materials	2	1.1.3
	Risks related to cybersecurity	2	1.1.4
Risks arising from the external environment	Counterfeit and parallel retail network-related risks	2	1.2.1
	Risks related to legal and regulatory compliance	2	1.2.2
	Risks arising from the public-health, political and economic environment	1	1.2.3
	Climate change-related risks	2	1.2.4
	Risks arising from business interruptions	3	1.2.5
Financial risks	Foreign exchange risks	1	1.3.1
	Liquidity risks and risks linked to fluctuations in interest rates	3	1.3.1
	Risks arising from tax policy	3	1.3.2

(a) 1: Critical; 2: Major; 3: Moderate.

### 1.1 Operational and business risks

#### 1.1.1 Risks related to products or communication at odds with the Maisons' image

##### Risk description

The reputation of the Group's brands rests on the quality and exclusiveness of its products, their distribution networks and the marketing strategy applied. Products, production methods, distribution networks or marketing methods not in line with brand image could affect brand awareness and adversely impact revenue. The net value of brands, trade names and goodwill recorded in the Group's balance sheet as of December 31, 2022 amounted to 48.7 billion euros.

##### Risk management

- The Group is highly vigilant with regard to the inappropriate use by third parties of its brand names, in particular through the systematic registration of brands and main product names and communications to limit the risk of confusion between LVMH brands and others with similar names.
- The Group supports and develops the reputations of its Maisons by working with seasoned and innovative professionals in various fields (creative directors, oenologists, cosmetics research specialists, etc.), with the involvement of the most senior executives in strategic decision-making processes (collections, distribution and communication). In this regard, the Group's key priority is to respect and bring to the fore each Maison's unique characteristics.
- At every stage in the production process, LVMH implements an exacting control and quality audit process and selects its subcontractors based on the most stringent product quality and production method standards.
- Lastly, the Group is introducing a strict approval process for its advertising spending (visual, types of medium, media, etc.).

Risk description	Risk management
Circulation of information prejudicial to the Group in the media or on social media.	<ul style="list-style-type: none"> <li>• LVMH conducts an ongoing media watch and monitors social media as concerns the Group and its Maisons. Where appropriate, it takes legal action, and has a crisis management unit on permanent stand-by.</li> <li>• Initiatives pursued by the Group aim to promote an environment and a legal framework suited to the digital world, prescribing the responsibilities of all those involved and instilling a duty of care with regard to unlawful acts online to be shared by all actors at every link in the digital value chain.</li> </ul>
Inappropriate conduct by brand ambassadors, employees, distributors or Group suppliers, and breaches of compliance rules (Sapin II Act, GDPR, etc.).	<ul style="list-style-type: none"> <li>• Employees and the Maisons are made aware of the ethical rules in force at the Group through codes of conduct, charters and other guidelines including the LVMH Code of Conduct, the Supplier Code of Conduct and the LVMH Charter on Working Relations with Fashion Models. Additional arrangements have been put in place to provide guidance on how to interpret and apply these principles (see the <i>Management Report of the Board of Directors</i> – “Ethics and responsibility”, §2.2).</li> <li>• The Group’s distribution agreements include strict guidelines on these matters, which are also regularly monitored by the Maisons through on-site audits.</li> <li>• LVMH has also implemented a responsible supply chain management approach (see the <i>Management Report of the Board of Directors</i> – “Ethics and responsibility”, §5.2).</li> </ul>

### 1.1.2 Risks arising from talent management and the loss of strategic competencies

Risk description	Risk management
The LVMH group is known for its Maisons, whose success is based on unique and often time-honored expertise. This range of skills underpins both the high quality of the Group’s products, sold all over the world, and the reputation of its Maisons. The loss of these strategic skills and expertise, especially in leather goods and watchmaking, could severely affect product quality.	<ul style="list-style-type: none"> <li>• To avoid any dissipation of this expertise, LVMH implements a range of measures to encourage the passing on and promotion of these professions, notably by promoting the recognition of the luxury trades as <i>métiers d’excellence</i> (professions of excellence), with criteria specific to the luxury sector and geared to increase the public’s awareness of them, attract future talent and ensure the continued development of internal employees’ skills (see the <i>Management Report of the Board of Directors</i> – “Attracting and retaining talent”, §2.2).</li> <li>• In order to safeguard and develop the Fashion and Leather Goods Maisons’ access to the high-quality raw materials and expertise they need, LVMH Métiers d’Art invests in, and provides long-term support to, its best suppliers (see the <i>Management Report of the Board of Directors</i> – “Business overview, highlights and outlook”, §2.5).</li> </ul>
The pursuit of our strategy of growth, international expansion and digitalization relies on the Group’s ability to identify talented individuals with the skills it needs and attract and retain them in a highly competitive environment.	<ul style="list-style-type: none"> <li>• LVMH is constantly seeking to create conditions that enable its employees to realize their full potential and succeed within the business. The Group devotes special care to matching employee profiles and responsibilities, formalizing annual performance reviews, developing skills through ongoing training, and promoting internal mobility (see the <i>Management Report of the Board of Directors</i> – “Attracting and retaining talent”, §2.3).</li> </ul>

### 1.1.3 Risks arising from access to and pricing of raw materials

Risk description	Risk management
<p>LVMH relies heavily on certain raw materials, and the natural resources used to design products are often in short supply, valuable, hard to access and threatened by the impact of climate change on natural ecosystems and local communities. Likewise, the Group is heavily exposed to fluctuations in the price of raw materials (grapes, leather, cotton, gold and other constituents of cost prices such as energy [oil, gas and electricity], labor and other inputs, etc.). This environment fuels inflationary pressure on raw material prices.</p>	<ul style="list-style-type: none"> <li>• Just as for its strategic expertise, the Group has adopted a policy of sourcing a portion of its strategically important raw materials in-house (Champagne vineyards, investments made by LVMH Métiers d'Art in Fashion and Leather Goods).</li> <li>• The quality and consistency of supplies of strategic raw materials depends in particular on the Group's ability to protect plant and animal resources and associated ecosystems. With this in mind, the Group has developed traceability and biodiversity strategies as part of its LIFE 360 program. In this way, LVMH is engaged in a process of continuous improvement with regard to its ability to trace materials back to their source, so as to gain a better understanding of supply risks.</li> <li>• The Group also has a policy of achieving certification of all supplies of strategic raw materials by 2026, selecting those standards that reflect the highest social and environmental practices, such as protecting ecosystems and working against deforestation and climate change. LVMH works with sector-specific initiatives such as Textile Exchange and the Leather Working Group to ensure that standards are always rising.</li> <li>• The Group has also kicked off an ecosystem protection program with a goal of covering 5 million hectares by 2030, in particular through an ambitious plan to roll out regenerative agriculture across its supply chains.</li> <li>• In 2019, the Group adopted a specific charter that sets out requirements applicable to supplies of materials of animal origin.</li> <li>• LVMH is pursuing an ambitious policy of having its suppliers undergo environmental and social audits, with the aim of building long-term partnerships.</li> <li>• Since 1996, industry agreements have established a qualitative reserve in order to cope with variable harvests and secure grape supplies in the Champagne region (see the <i>Management Report of the Board of Directors</i> – “Business overview, highlights and outlook”, §1.1.4).</li> <li>• The Maisons seek to build longstanding partnerships with their suppliers. The Perfumes and Cosmetics Maisons do so via the Research and Development Department, the Fashion and Leather Goods Maisons forge partnerships with farmers, and the Wines and Spirits business group enter into multi-year sourcing agreements for grapes and <i>eaux-de-vie</i>.</li> <li>• LVMH has secured the precious metals component of its production costs for Watches and Jewelry, either by purchasing hedges from banks or by negotiating the forecast price of future deliveries of alloys with precious metal refiners or producers.</li> <li>• The geopolitical environment (the war in Ukraine) and the public health situation (Covid lockdowns in China) meant supply chains were disrupted throughout the year. Against this volatile backdrop, LVMH's teams worked to increase the flexibility of supplies of the most sensitive and critical materials and products.</li> </ul>



### 1.1.4 Risks related to cybersecurity

Risk description	Risk management
<p>The LVMH group is exposed to cyber risks arising from opportunistic or targeted cyberattacks, malicious actions or indirect damage caused by third parties, and internal breaches or unintentional incidents. The occurrence of these risks may result in the loss, corruption or disclosure of sensitive data, including information relating to products, customers or financial data. Such risks may also involve the partial or total unavailability of some systems, impeding the normal operation of the processes and business activities concerned. They may have financial, reputational, contractual or legal consequences.</p>	<ul style="list-style-type: none"> <li>• The LVMH group has developed an end-to-end methodology for analyzing cyber risks, which it analyzes and maps both at its various Maisons and at consolidated Group level. This analysis is based on a taxonomy of around twenty risks common to all the Maisons, four of which have emerged as major risks for the Group. This has resulted in the drawing up or strengthening of cybersecurity guidelines, which are translated into a governance structure, policies and Group-wide security solutions and services implemented through major security programs. Over and above these common analyses and action plans, cybersecurity is now built into all new projects (security “by design”).</li> <li>• Furthermore, security is assessed across the Group as a whole through periodic compliance assessments based on both international standards and in-house standards adjusted to suit the Group’s particular context and policies, as well as programs of audits including, in particular, penetration testing and “red teams”. Incident response performance is also measured and monitored.</li> <li>• Group-wide cybersecurity programs have strengthened security in terms of not only protecting against but also detecting and responding to incidents. While it is not possible to prevent the occurrence of all potential risk scenarios, efficient detection and response when an incident does occur can significantly reduce its impact.</li> <li>• Systems and procedures have been put in place to secure collaborative tools, networks and access to the Internet and Active Directory installations. Workstation and server security has been reinforced by rolling out and tightening up solutions such as EPP, EDR and local firewalls. The public health crisis has also prompted the development of additional protective measures to cover remote working and remote logins.</li> <li>• Growing numbers of software flaws over the past two years have prompted the Group to bolster its processes and solutions for managing vulnerabilities in terms of monitoring, scanning, and applying patches.</li> <li>• Significant security improvements have also been made to cloud environments to support the general transition of information systems to the cloud. This involves monitoring environments’ architecture and configuration to detect any policy breaches, undesired exposure and various other vulnerabilities. Significant efforts have been made in relation to identity and access management, including in particular identity federation, multifactor authentication and single sign-on (SSO), as well protecting privileged accounts through Bastion-type solutions.</li> <li>• These various systems and procedures serve to prevent and/or detect and respond to incidents.</li> </ul>

Risk description	Risk management
LVMH may be exposed to shortcomings in the implementation of rules governing the protection of personal data.	<ul style="list-style-type: none"> <li>• In addition to these solutions, steps have been taken to reduce the impact of potential cyberattacks. Examples include segmenting networks more finely to isolate and contain lateral movements in the event of an attack and protecting backup mechanisms to mitigate the potential impact of ransomware attacks.</li> <li>• The Group has set up shared services coordinated by an internal cyber defense unit (SOC, CERT and SecOps) to continuously monitor and detect compliance failures, system vulnerabilities and suspicious security events. These services also provide support to each Maison by responding to verified incidents and cyber crises.</li> <li>• The Group organizes frequent educational and training actions to improve cyber crisis management and has launched a worldwide awareness campaign.</li> </ul> <p>See also §3.3 “Information and communication systems” regarding the role of cybersecurity teams and the CISO (Chief Information Security Officer), the completion of audit campaigns and penetration testing, and the dissemination of the “Business Continuity Plan” methodology toolkit.</p>

LVMH may be exposed to shortcomings in the implementation of rules governing the protection of personal data.

The LVMH group takes steps to comply with the regulations applicable to personal data, including the General Data Protection Regulation (GDPR), and requires adequate governance arrangements to be implemented within the Group. Accordingly, each Group Maison has appointed a Data Protection Officer. This role involves ensuring that the Maison’s operations are compliant, with the support of the legal and cybersecurity departments and close cooperation from the relevant functions (IT, digital, marketing, HR, etc.) (see the *Management Report of the Board of Directors* – “Ethics and responsibility”, §5.7).

## 1.2 Risks arising from the external environment

### 1.2.1 Counterfeit and parallel retail network-related risks

Risk description	Risk management
<p>Counterfeiting or copying the brands’ products or the Group’s expertise or production methods can have an immediate adverse effect on revenue and profit, and over time may damage the brand image of the products concerned and erode consumer confidence.</p> <p>Similarly, some Group products – leather goods, perfumes and cosmetics in particular – may be distributed through parallel retail networks, including online sales networks, without LVMH’s consent.</p>	<ul style="list-style-type: none"> <li>• To address the counterfeiting of products, the Group systematically registers intellectual property rights (for example, its trademarks, designs and models) in France and in other countries. This involves close cooperation with governmental authorities, customs officials and specialists of such matters (for example, lawyers and investigators) in the countries concerned, as well as with market participants in the digital world (for example, e-commerce platforms), whom LVMH also ensures are made aware of the adverse consequences of counterfeiting.</li> <li>• The Group plays a role in all of the trade bodies representing the major names in the luxury goods industry, in order to promote cooperation and a consistent global message.</li> <li>• LVMH and several Internet companies work together to better protect the Group’s intellectual property rights and combat the online advertising and sale of counterfeit products.</li> <li>• In addition, LVMH fights the sale of its products through parallel retail networks, in particular by developing product traceability, prohibiting direct sales to those networks, and taking specific initiatives aimed at better controlling retail channels.</li> </ul>

## 1.2.2 Risks arising from laws and regulations in force

Risk description	Risk management
<p>The Group's activities in France and abroad are subject to a complex and ever-changing range of laws and regulations. Failure to comply with laws and regulations can lead to disputes and proceedings and result in financial penalties – some affecting the Group as a whole – as well as adversely affecting the Maisons' activities and the reputation of both the Group and its Maisons.</p>	<ul style="list-style-type: none"> <li>• The Group monitors legal developments in the various areas of law relevant to its activities so as to anticipate and take into account regulatory developments both in France and abroad. This monitoring is undertaken both in-house through the Group's legal departments and externally. The Group has a community of legal specialists spread across many countries, based both within the holding company and at the Group's Maisons. The Group's Legal Department is structured into different areas of expertise (stock market and corporate law, M&amp;A and business law, intellectual property, IT and digital privacy) and has teams in the United States, China (Shanghai and Hong Kong), South Korea and Japan. The Group also draws on specialist lawyers around the world recognized for excellence in their particular areas of expertise.</li> <li>• The Legal Department works closely with the Corporate Affairs, Privacy, Ethics &amp; Compliance, and Anti-Counterfeiting Departments, which play an active role in monitoring legal developments and ensuring legal and regulatory compliance. These four departments form part of the General Administration &amp; Legal Affairs Department, which reports directly to Group Executive Management and is headed up by a member of the Group Executive Committee.</li> <li>• Among its various areas of interest, the Group closely monitored the revision of the EU regulation authorizing the use of selective distribution, including for online sales. The new Commission Regulation (EU) 2022/720 reaffirms and modernizes this legislation, which provides legal protection in Europe for the Group and its customers and gives the Group additional resources to combat counterfeiting and the parallel distribution of its products, both offline and online.</li> </ul>

## 1.2.3 Risks arising from the public-health, political and economic environment

Risk description	Risk management
<p>Health crises along with geopolitical and macroeconomic instability that disrupts production activities, logistics, tourism and access to retail outlets by customers can have a negative impact on the Group's business activities.</p>	<ul style="list-style-type: none"> <li>• In an uncertain geopolitical and economic environment, the Group's strategy remains focused on continuously boosting the appeal of its brands, delivering excellence in distribution and having a responsive organization. The Group's main advantages in facing these types of crises are the exacting quality standards applied to all its operations, combined with the incomparable dynamism and creativity of its teams.</li> <li>• Moreover, the distribution of the Group's business activities across all geographic regions and a wide range of industry sectors serves to limit its exposure to and acts as a buffer against the shocks and disruptions caused by this type of crisis, in particular thanks to the carryover to the domestic market of purchases normally made as part of tourist travel.</li> <li>• Lastly, the Group maintains very few operations in politically unstable regions. It is important to note that the Group's activity is spread for the most part between three geographic regions – Asia, Western Europe and the United States – favoring a geographic balance between its businesses and regions that offset one another.</li> </ul>

## 1.2.4 Climate change-related risks

Risk description	Risk management
<p>Environmental risks, and climate change chief among them, may impact ecosystems, causing depletion of the natural resources essential for the manufacture of the Group's products, pose a threat to the continued operation of its supply chains and interrupt business.</p>	<ul style="list-style-type: none"> <li>• The effects of climate change are liable to impact the Group's activities, and in particular its supply chains. The LIFE 360 program structures the Group's commitment to climate change mitigation and adaptation and is aligned with the TCFD recommendations: a cross-reference table is set out in the statement of non-financial performance.</li> <li>• LVMH has put in place a governance structure at the highest level of the Group, with climate strategy signed off and monitored by the Executive Committee and the Board of Directors.</li> <li>• LVMH conducts annual risk assessments, measuring the carbon footprint of its entire value chain every year. It analyzes physical and transition risks relating to climate change by applying the scenario-based analysis method and studying the associated financial consequences.</li> <li>• LVMH set itself Scope 1, 2 and 3 greenhouse gas emissions reduction targets approved by the Science Based Targets initiative in 2021. The Group also has in place a certification plan for those raw materials with the greatest impact on the environment and action plans to reduce energy consumption on sites and in stores, promote more sustainable modes of transportation and continue the actions of the LVMH Carbon Fund, launched in 2015 to help finance greenhouse gas emissions reduction initiatives.</li> <li>• The Group is putting an action plan in place for the various issues involved in adapting to climate change. In the medium term, changing winegrowing practices is the main component of the Group's adaptation strategy, such as by altering harvest dates and developing different methods of vineyard management (widening rows, increasing the size of grapevine stocks, employing irrigation in certain countries and more generally considering the key issue of water availability).</li> <li>• Given its heavy reliance on natural resources, the LVMH group has for several years had in place a sustainable sourcing and raw material protection policy covering in particular its Perfumes and Cosmetics, Fashion and Leather Goods and Watches and Jewelry business groups (see "<i>Management Report of the Board of Directors – Environment and sustainability</i>", §3). This policy also aims to accelerate the rollout of regenerative agriculture practices to boost the ability of soil to store carbon and have a positive impact on the climate. LVMH is also involved in protecting high added-value ecosystems outside of its supply chain, for example in the Amazon basin.</li> </ul>

## 1.2.5 Risks arising from business interruptions

Risk description	Risk management
<p>In its production, storage and distribution activities, the Group is exposed to the risk of accidents and losses from events such as fires, water damage or natural disasters, which may lead to a suspension of these operations.</p>	<ul style="list-style-type: none"> <li>• To identify, analyze and provide protection against industrial and environmental risks, LVMH relies on a combination of independent experts and qualified professionals from the Group (in particular safety, quality and environmental managers).</li> <li>• Protecting the LVMH group's assets is part of an industrial risk prevention policy that meets the highest safety standards (FM Global and NFPA fire safety standards).</li> <li>• Working with its insurers, LVMH has adopted HPR (Highly Protected Risk) standards, in order to significantly reduce fire risk and associated operating losses. Continuous improvement in the quality of risk prevention is an important factor taken into account by insurers in evaluating these risks and, accordingly, in the granting of comprehensive coverage at competitive rates. This approach is combined with an industrial and environmental risk-monitoring program (see also the <i>Management Report of the Board of Directors</i> – “Environment and sustainability”).</li> <li>• Preventive audits also serve to identify and quantify risks of natural catastrophe or “NatCat” (storms, floods, earthquakes, forest fires, etc.). These types of risks can give rise to significant additional insurance costs.</li> <li>• In addition, prevention and protection plans include contingency planning to ensure business continuity.</li> </ul>

## 1.3 Financial risks

### 1.3.1 Foreign exchange, interest rate and liquidity risks

The Group applies a foreign exchange and interest rate risk management strategy mainly aimed at reducing the negative impact of any foreign currency or interest rate fluctuations related to its business, financing and investments. This management is centralized for the most part, whether at the level of the parent company or the subsidiary responsible for the Group's cash pooling arrangement. The Group has implemented a stringent policy and rigorous management guidelines to measure, manage and monitor these market risks. These activities are organized

based on a segregation of duties between risk measurement, hedging (middle and front office), administration (back office) and financial control. The backbone of this organization is an integrated information system that allows transactions to be monitored very quickly.

The Group's hedging strategy is presented to the Performance Audit Committee.

Hedging decisions are made according to a clearly established process and are covered in regular presentations to the Group's Executive Committee, along with detailed documentation.

## Foreign exchange risk

Risk description	Risk management
<p>Exchange rate fluctuations between the euro (the currency in which most of the Group's production expenses are denominated) and the main currencies in which the Group's sales are denominated (in particular the US dollar, pound sterling, Hong Kong dollar, Chinese renminbi and Japanese yen) can significantly impact its revenue and earnings reported in euros. See Note 23.8 to the consolidated financial statements for the analysis of the sensitivity of the Group's net profit to fluctuations in the main currencies to which the Group is exposed.</p> <p>LVMH is exposed to foreign exchange risk with respect to the Group's net assets, as it owns substantial assets denominated in currencies other than the euro. See the analysis of the Group's exposure to foreign exchange risk related to its net assets for the main currencies involved in Note 23.8 to the consolidated financial statements.</p>	<ul style="list-style-type: none"> <li>Exposure to foreign exchange risk is actively managed in order to reduce sensitivity to unfavorable currency fluctuations by implementing hedges, which primarily comprise options, and in certain cases forward sales. The levels of forecast cash flow hedging for 2023 relating to the main invoicing currencies are disclosed in Note 23.8 to the consolidated financial statements. These levels averaged 78% for the three currencies to which the Group is most exposed: the US dollar, the Chinese renminbi and the Japanese yen.</li> <li>This foreign exchange risk may be hedged either partially or in full using borrowings or financial futures denominated in the same currency as the underlying asset.</li> </ul>

## Liquidity risks and risks linked to fluctuations in interest rates

Risk description	Risk management
<p>LVMH could have difficulty accessing the liquidity it needs to meet the Group's financial obligations; see Note 23.9 to the consolidated financial statements for the breakdown of financial liabilities by contractual maturity.</p> <p>LVMH could have to pay higher borrowing costs if interest rates were to rise. See Notes 19.3 and 19.6 to the consolidated financial statements for the analysis of borrowings by maturity and type of rate applicable as well as an analysis of the sensitivity of the cost of net financial debt to changes in interest rates.</p>	<ul style="list-style-type: none"> <li>As of December 31, 2022, the amount of short-term borrowings excluding derivatives, i.e. 9.4 billion euros, was lower than the 10.9 billion euro balance of cash and cash equivalents, and current available for sale financial assets.</li> <li>In addition, the Group has access to undrawn confirmed credit lines at the level of its holding companies totaling 11.0 billion euros.</li> <li>The Group has access to a diversified investor base (bonds and private short-term investments), long-term financing and strong banking relationships, whether evidenced or not by confirmed credit lines. Lastly, LVMH has a very high level of credit quality, as reflected by its credit ratings (A1/P1 by Moody's and AA-/A1+ by Standard &amp; Poor's).</li> <li>Interest rate risk is managed using swaps or by purchasing options (protection against an increase in interest rates) designed to limit the adverse impact of unfavorable interest rate fluctuations. Contracts for loans and borrowings do not include any specific clauses likely to significantly modify their terms and conditions.</li> </ul>

### 1.3.2 Risks arising from tax policy

Risk description	Risk management
<p>Due to its worldwide operations, the Group is subject to a complex and diverse set of tax regulations. As an exporter, LVMH is exposed to the risk of a lack of consensus in the countries where it operates, in particular concerning the definition and location of value creation for the purposes of apportioning the tax base. This may lead to situations of double taxation.</p> <p>The multiplicity, complexity and instability of tax regulations and their interpretation in each country, particularly within the context of international tax competition and the reform of international taxation rules initiated by the OECD, the European Union and national governments, give rise to multiple risk factors faced by the Group.</p>	<ul style="list-style-type: none"> <li>• LVMH's tax policy is in line with the guiding principles described in its Code of Conduct. The Group undertakes to comply with applicable laws and regulations in the countries where it operates, supported by the Tax Department at the Group level and the finance departments of Group companies, with the assistance of outside consultants when necessary.</li> <li>• The Group's tax policy reflects its real activities and the Group's development, while preserving its competitiveness. Through its activities, the Group plays a key role in local and regional development in the areas where it operates, in particular by means of its tax payments. Apart from corporate income tax, the Group pays and collects a number of other taxes and contributions, including taxes on revenue, customs duties, excise taxes, payroll taxes, land taxes, and other local taxes specific to each country, which are all part of the Group's economic contribution to the regions where it operates.</li> <li>• The Group adopts an attitude of transparency in its relations with tax authorities and undertakes to consistently provide them with relevant information enabling them to successfully carry out their duties. The Group complies with country-by-country reporting obligations and sends the required information to the tax authorities in accordance with applicable provisions.</li> <li>• With effect from fiscal year 2022, the Group has entered into a "tax partnership" with the French tax authorities. This cooperative compliance program demonstrates the Group's long-term commitment to transparency and dialogue with the French tax authorities in exchange for advance certainty on key tax positions.</li> </ul>

## 2. INSURANCE POLICY

The Group has a dynamic global risk management policy based primarily on the following:

- systematic identification and documentation of risks;
- risk prevention and mitigation procedures for both human risk and industrial assets;
- implementation of international business continuity and contingency plans;
- a comprehensive risk financing program to limit the consequences of major events on the Group's financial position;
- optimization and coordination of global "master" insurance programs.

The Group's overall approach is primarily based on transferring its risks to the insurance markets at reasonable financial terms, and under conditions available in those markets both in terms of scope of coverage and limits. The extent of insurance coverage is directly related either to a quantification of the maximum possible loss, or to the constraints of the insurance market.

Compared with the Group's financial capacity, its level of self-insurance is not significant. The deductibles payable by Group companies in the event of a claim reflect an optimal balance between coverage and the total cost of risk. Insurance costs borne by Group companies are around 0.13% of consolidated revenue.

As the global insurance market slowed and tightened in 2022, LVMH faced moderate increases in its premiums apart from for cyber insurance, the cost of which has continued to rise sharply.

The financial ratings of the Group's main insurance partners are reviewed on a regular basis, and if necessary one insurer may be replaced by another.

The main insurance programs coordinated by the Group are designed to cover losses due to property damage, business interruption, terrorism, political violence, cybercrime, construction, transportation, credit and third-party liability.



## 2.1 Property and business interruption insurance

Most of the Group's manufacturing operations are covered under a consolidated international insurance program for property damage and resulting business interruption.

Property damage insurance limits are in line with the values of assets insured. Business interruption insurance limits reflect gross margin exposures of the Group companies for a period of indemnity extending from 6 to 24 months based on actual risk exposures. The coverage limit of this program is 1.2 billion euros per claim, an amount determined based on an analysis of the Group's maximum possible losses.

## 2.2 Transportation insurance

The Group's operating entities are covered by an international cargo and transportation (goods in transit) insurance contract. The coverage limit of this program is 55 million euros, which

## 2.3 Third-party liability

The LVMH group has established a third-party liability insurance program for all its subsidiaries throughout the world. This program is designed to provide the most comprehensive coverage for the Group's risks, given the insurance capacity and coverage available internationally. Coverage levels are in line with those of companies with comparable business operations.

Accidental and gradual environmental damage (Directive 2004/35/EC) is covered under this program.

## 2.4 Coverage for special risks

Insurance coverage for political risks, company officers' liability, fraud and malicious intent, trade credit risk, acts of terrorism and political violence, loss or corruption of computer data and, more

Coverage for "natural events" provided under the Group's international property insurance program decreased on July 1, 2021 and now totals between 40 and 100 million euros (depending on geographic area) per claim and per year.

Alongside this cover, a dedicated parametric insurance program has also been put in place to cover certain very expensive risks for which limited cover is available in the traditional insurance market. The risks covered by this program are earthquakes in Japan and California and storms in the USA. Cover is limited to 260 million US dollars per year.

These coverage levels are in line with Group companies' exposure to such risks.

corresponds to the maximum possible transport loss arising as a result of transportation in progress at a given moment.

Specific insurance policies have been implemented for countries where work-related accidents are not covered by social security systems, such as the United States. Coverage levels are in line with the various legal requirements imposed by the different states. Subject to certain conditions and limitations, the Group covers its senior executives and employees either directly or via an insurance policy for any individually or jointly incurred personal liability to third parties in the event of professional misconduct committed in the course of their duties.

broadly, all cyber risks, real estate construction project risks and environmental risks is obtained through specific worldwide or local policies.

# 3. ASSESSMENT AND CONTROL PROCEDURES IN PLACE

## 3.1 Organization

### 3.1.1 Organization of the risk management and internal control system

LVMH comprises five main business groups: Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewelry, and Selective Retailing. "Other activities" mainly consists of the media business unit, luxury yacht building

and marketing, hotel and real estate activities, and holding companies. These business groups consist of entities of various sizes that own prestigious brands, established on every continent. The autonomy of the brands, decentralization, and the responsibilities of senior executives are among the fundamental principles underlying the Group's organization.

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

- Group companies – including the parent company, LVMH SE – are responsible for their own risk management and internal control systems. LVMH SE also helps lead and coordinate the entire Group in this area by providing guidelines, methods and a risk assessment and internal control application platform. In addition, initiatives to raise awareness of internal control-related matters are held throughout the year.
- Each Maison's President is responsible for risk management and internal control at all subsidiaries that contribute to brand development worldwide; each subsidiary's President is similarly responsible for that subsidiary's own operations.

### 3.1.2 System stakeholders

Stakeholders are presented according to the three lines of defense model explained below, whereby the control and supervision of systems is provided by governing bodies.

#### Group governing bodies

The **Performance Audit Committee** ensures in particular that the Group's accounting policies comply with the standards in force, reviews the parent company and consolidated financial statements, and monitors effective implementation of the Group's internal control and risk management procedures.

The **Board of Directors** contributes to the general control environment through its members' expertise and oversight, its help in clarifying issues and its transparent decision-making process. The Board is kept informed on a regular basis of the maturity of the internal control system, and oversees the effective management of major risks, which are disclosed in its Management Report.

The Board and its Performance Audit Committee are regularly informed of the results of the operation of these systems, any shortcomings and the action plans drawn up to address them.

The **Ethics & Sustainable Development Committee** monitors observance of the individual and collective values on which the Group's actions are based, with the aim of helping to define rules of conduct to inspire the behavior of senior executives and employees in terms of ethics, social and environmental responsibility, ensuring observance of these rules, and reviewing the Group's strategy in these areas and the contents of related reports.

The **Executive Committee**, which consists of the Group's operational and functional executives, lays down strategic objectives within the framework of the direction set by the Board of Directors, coordinates their implementation, ensures that the organization adapts to changes in the business environment, defines senior executives' responsibilities and delegated authority, and ensures that the latter are properly applied.

#### First line of defense

**All Group employees** help enhance and maintain the internal control system.

**Operational management:** a key aspect of the internal control system applied to business processes is ownership of internal control within each entity by operational managers, who implement appropriate controls on a day-to-day basis for those processes for which they are responsible and pass on appropriate information to the second line of defense.

The **Management Committees of the Maisons and subsidiaries** are responsible for implementing and ensuring the smooth running of internal control systems across all operations within their scope. The Management Committees of the Maisons are also in charge of the system for managing major risks; they review the risk mapping each year and assess the level of control as well as the progress of risk coverage strategies and the associated action plans.

#### Second line of defense

The **Privacy, Ethics & Compliance Department** steers and coordinates LVMH's procedures with regard to anti-corruption, personal data protection, respecting international sanctions and human rights and anti-money laundering. It is part of the Group's General Administration & Legal Affairs Department, which reports directly to the Chairman and Chief Executive Officer and is now represented on the Executive Committee.

It takes part in the updating of the internal control framework for ethics and compliance issues, to make sure that its requirements are met by all entities. It also administers the Group's centralized whistleblowing system and contributes to the identification and assessment of the main risks. The department is supported by representatives from departments across the Group to help it coordinate Group-wide projects for which it is responsible, as well as by a network of over 100 Ethics & Compliance Officers and more than 50 Data Protection Officers in place within each of the Group's Maisons. The Privacy, Ethics & Compliance Department reports to the Ethics & Sustainable Development Committee several times a year on the implementation of its policy.

The **Group Legal Department** helps with the legal aspects of the Group's activities and development. It conducts negotiations relating to acquisitions, disposals and partnerships. It determines the Group's legal strategy for major disputes in which the Group's companies are involved. It helps to define and implement multi-disciplinary projects concerning the Group as a whole. Through its Intellectual Property team, it helps protect trademarks and patents, which are among the Group's key assets. It handles stock market law and corporate law-related matters. It promotes Group-wide compliance with the laws and regulations applicable to its activities.

Lastly, the Group Legal Department prepares tools for the Maisons to help them comply with various regulations, including in particular the European Union's General Data Protection Regulation (GDPR).

The role of the **Corporate Affairs Department** is to protect and promote the business model of the Group and its Maisons. With teams based in Paris and Brussels, the department keeps a watchful eye on developments and, where applicable, plays an active role in discussions on any topics that may have an impact on the Group's business priorities and its reputation. To this end, the department analyzes relevant policies and laws, considers the strategic issues at stake, coordinates actions in support of the Group's external positioning, and participates, in conjunction with the Maisons and LVMH's regional divisions, in the decision-making processes of authorities in Europe, the Americas and Asia, directly and/or in collaboration with representative associations. Key fields for its businesses include intellectual property, the digital economy, distribution and competition, corporate governance, issues relating to supply chains (raw materials, production, etc.), as well as the promotion and protection of high-end cultural and creative industries.

The **Environmental Development Department** helps the Group and its Maisons work to achieve excellent environmental performance aligned with the new targets laid down in the LIFE 360 environmental program communicated since 2021, which cover four strategic pillars: circular design, traceability and transparency, climate, and biodiversity. The department's structure and actions, and how these are reflected within the Maisons, can be found in the *Management Report of the Board of Directors: The Group* – "Environment and sustainability" section.

The **Group Risk Management and Insurance Department**, alongside operational managers responsible for risks inherent in their businesses, is particularly involved at Group level in cataloguing risks, preventing losses, and determining the risk coverage and financing strategy.

**The other functional departments**, presented in the "Financial and accounting information: Organization and parties involved" section below, help manage risks related specifically to financial and accounting information.

The **Internal Control Department**, which reports to the Audit & Internal Control Director, coordinates the implementation of internal control and risk management systems. It monitors and anticipates regulatory changes in order to adapt mechanisms. It coordinates a network of internal controllers responsible, within the Maisons and under the responsibility of their Management Committees, for ensuring compliance with the Group's internal control procedures and preparing controls tailored to their businesses. They also take part in various projects related to the internal control and risk management systems, thereby promoting the dissemination and application of guidelines. The Group's Internal Control Department set up the LVMH Internal Control Academy, the aim of which is to coordinate and develop the entire international network of controllers and internal auditors. This center developed online training courses during the year on specific topics and the fundamentals of internal control.

The **Anti-Counterfeiting Department** determines and implements anti-counterfeiting and anti-gray-market policy on behalf of 26 of the Group's Maisons for both offline and online markets. Its worldwide efforts aim to dismantle criminal networks that breach intellectual property rights and damage the reputation of our brands. Efforts to protect these 26 Maisons are continuously coordinated with each Maison's legal department.

The **Employee Safety Committee** meets to analyze the effectiveness of systems designed to ensure the safety of travelers and employees of the Group working abroad, and make any decisions required in exceptional situations.

#### **Equivalent departments at brand or business group level:**

The organizational structure described above at Group level is mirrored at the main business groups and brands.

#### **Third line of defense**

The **Audit & Internal Control Department** covers the entire Group and operates according to an audit plan, which is revised annually. The audit plan is used to monitor and reinforce the understanding and correct application of expected control activities. 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; it can be modified during the year in response to changes in the political and economic environment or internal strategy.

The audit teams conduct internal control assessments covering various operational and financial processes. They also undertake accounting audits as well as audits of cross-functional issues within a given business group. Regular follow-ups are run on the internal control recommendations resulting from past audits at subsidiaries with the most significant internal control issues.

Internal Audit reports on its findings to the management of the entity concerned and to Executive Management of the Group by way of an audit report explaining its assessment, presenting its recommendations and setting out managers' commitments to apply them within a reasonable period of time. Internal Audit sends copies of the reports it issues to the Statutory Auditors and meets with them periodically to discuss current internal control issues. The main features of the audit plan, the primary conclusions of the current year, and the follow-up of the principal recommendations of previous assignments are presented to the Performance Audit Committee.

#### **External stakeholders**

The external auditors and the various certifying bodies (RJC, ISO 14001, etc.) help to reinforce the current system through their work and recommendations.

### Financial and accounting information: Organization and parties involved

Risk management and internal controls of accounting and financial information are the responsibility of the following departments, which are all part of the Group's Finance Department: Accounting & Consolidation, Management Control, Corporate Finance and Treasury, Tax, and Financial Communication. Accounting and financial reporting procedures rely on information systems overseen by the Group's Executive Management, who take part in ensuring that the risk inherent in this function is managed appropriately.

**Accounting & Consolidation** is responsible for preparing and producing the individual company accounts of LVMH SE and the holding companies that control the Group's equity holdings, the consolidated financial statements, and interim and annual results publications, in particular the Interim Financial Report and the Universal Registration Document. To this end, the Accounting Standards & Practices team defines and disseminates the Group's accounting policies, monitors and enforces their application and organizes any necessary training. The Consolidation Department also coordinates the Group's Statutory Auditors.

**Management Control** is responsible for coordinating the budget process, updating budget estimates during the year and the five-year strategic plan, as well as impairment testing of fixed assets. Management Control produces the monthly operating report and all reviews required by Executive Management; it also tracks capital expenditures and cash flow, as well as producing statistics and specific operational indicators. By virtue of its responsibilities and the structure of the reports it produces, Management Control plays a key role in internal control and financial risk management.

**Corporate Finance & Treasury** is responsible for implementing the Group's financial policy, which includes balance sheet optimization, financing strategy, management of finance costs, investment of cash surpluses, and the management of liquidity risk, market risk (interest rate and foreign exchange risk) and counterparty risk (see §4 "Financial policy" in the "Business and financial review" section and §1.3.1 "Foreign exchange, interest rate and liquidity risks" above). In particular, this department coordinates the pooling of the Group's surplus cash and meets subsidiaries' short- and medium-term liquidity and financing requirements. It is also responsible for applying a centralized foreign exchange risk management strategy. A specific organization and procedures have been put in place to measure, manage, consolidate and monitor these market risks. Accordingly, the separation of front office, back office and middle office activities, combined with an independent control team reporting to the Group's Controlling & Reporting Director, help ensure proper segregation of duties. The backbone of this organization is an integrated information system that allows hedging transactions to be monitored efficiently. The Group's hedging strategy is presented regularly to the Executive Committee and the Performance Audit Committee.

The **Tax Department** ensures compliance with applicable laws and regulations, advises the various business groups and

companies, and proposes tax solutions appropriate to the Group's operational requirements. It organizes relevant training to adapt to major changes in tax law and ensures uniform reporting of tax data.

The **Financial Communications Department** is responsible for coordinating and disseminating the Group's financial information. In particular, it maintains the Group's relationships with the financial community (financial and ESG analysts, institutional and individual investors), with the aim of providing it with a clear, transparent and accurate understanding of the Group's performance and outlook. It works closely with Executive Management and the business groups to define key messages, and harmonizes and coordinates the dissemination of those messages through various channels (publications such as the annual and interim reports, financial presentations, meetings with shareholders and analysts, the website, Shareholders' Club, etc.). It also provides Executive Management and the Audit Committee with the perspectives of the financial community on the Group's strategy and its positioning within its competitive environment.

The **Information Systems Department** designs and implements 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, operates and maintains global telecommunications networks and systems, IT hosting platforms, and cross-functional applications shared by all entities in the Group. In cooperation with the subsidiaries, it supervises the creation of three-year plans for all information systems by business group and by entity. It defines strategic orientations in the area of cybersecurity, draws up and circulates internal security policies and shared action plans, sets out documented security requirements for all new projects (security "by design"), coordinates awareness campaigns, operates shared cyber defense services by means of security platforms as well as trace processing and security alert detection systems, incident response and crisis management procedures, and audit operations (audits to assess compliance with security policies and penetration testing, for example).

Each of these departments is responsible for ensuring the quality of internal control in its own area of activity via the **finance departments and the Information Systems Department of business groups, companies and subsidiaries**, which are in turn responsible for similar functions within 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 hold joint finance committee meetings. These committee meetings deal in particular with applicable standards and procedures, financial performance and any corrective action needed, together with internal control relating to accounting and management data.

## 3.2 Internal standards and procedures

The Ethics & Compliance function ensures that compliance rules and policies are available to all Group employees. It shares a range of documents (summary reports, examples of best practice, awareness videos, guides, etc.) with its network of Ethics & Compliance Officers via a dedicated Ethics & Compliance Intranet, a new version of which is due to go live in 2023.

All rules and procedures concerning accounting and financial information, applicable to all subsidiaries, can be accessed on a dedicated financial reporting Intranet: notably procedures applying to accounting policies and standards, consolidation, taxation, investments, reporting (budgets and strategic plans), cash management and financing (cash pooling, foreign exchange and interest rate hedging, etc.); these procedures also specify the format, content and frequency of financial reporting.

## 3.3 Information and communication systems

Strategic plans for developing the Group's information and communication systems are coordinated by the Information Systems Department, which ensures that solutions are implemented consistently across the Group and do not disrupt operations. Aspects of internal control (segregation of duties, access rights, etc.) are integrated when implementing new information systems and then regularly reviewed.

Information and telecommunications systems and their associated risks (physical, technical, internal and external security, etc.) are covered by special procedures: a "Business Continuity Plan" methodology toolkit has been disseminated within the Group to define, for each significant entity, the broad outline of a Business Continuity Plan as well as a Disaster Recovery Plan. A Business Continuity Plan and a Disaster Recovery Plan have been developed and tested at the level of the French holding companies.

## 3.4 Internal and external accounting control procedures

### 3.4.1 Accounting and management policies

Subsidiaries adopt the accounting and management policies communicated by the Group for the purposes of the published consolidated financial statements and internal reporting; they all use the same framework (the LVMH chart of accounts and manual of accounting policies) and the accounting and management reporting system administered by the Group, thus ensuring consistency between internal and published data.

**Internal control principles and best practice** are also shared via IC Base, a core internal control base of 68 controls. IC Base is reviewed and updated annually to include new standards and new regulatory requirements. Ten controls (the "LVMH 10 IC Essentials") were made mandatory for all Maisons and subsidiaries in 2020 and are tested annually. These controls were defined as critical within the internal control systems of the Group and all its subsidiaries. Another seven mandatory controls were added in 2022. Other business line guidelines have also been developed to reflect the specific characteristics of the Group's activities (Wines and Spirits and Perfumes and Cosmetics).

The "**Major Risks**" section of the **Finance Intranet** brings together procedures and tools for assessing, preventing and protecting against such risks. Best practices for the operational risk families selected are also available on the site. This material is available to everyone involved in risk management.

Each major entity has a cybersecurity team in place, led by a Chief Information Security Officer (CISO). The Group CISO supervises the policy, monitors projects and shared services, and coordinates the network of CISOs at entities across the Group. The Group CISO also provides cybersecurity support to smaller entities that lack their own cybersecurity teams. CISOs across the Group are responsible for the management of cyber risks. They put procedures in place to provide protection against these risks, based on various approaches to prevention, detection, response and reconstruction, depending on the type of risk, its likelihood and its potential impact.

Audit campaigns, penetration testing and vulnerability audits are performed by entities and by the Group's Information Systems Department. LVMH also has an operations center to monitor and assess information systems security for all of the Group's Maisons.

### 3.4.2 Consolidation process

The account consolidation process is covered by regular detailed instructions; a specially adapted data submission system facilitates consistent, comprehensive and reliable data processing within the appropriate 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.



Sub-consolidations are carried out at the level of each Maison and business group, which act as primary control filters and help ensure consistency.

At Group level, the teams in charge of consolidation are organized 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.

### 3.4.3 Management reporting

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

## 3.5 Formalization and monitoring of risk management and internal control systems

### 3.5.1 The Enterprise Risk and Internal Control Assessment (ERICA) approach

In line with EU directives, the Group has implemented an approach known as ERICA (Enterprise Risk and Internal Control Assessment), a comprehensive process for improving and integrating systems for managing major risks and internal control related to its day-to-day activities.

This approach has been rolled out across all of the Group's Maisons. It includes annual mapping of the major risks carried out by each Maison and self-assessment of the 68 key controls taken from the internal control framework by all Group entities.

The internal control assessment as of June 30, 2022 covering all Group entities generating over 20 million euros in revenue focused on the LVMH 10 IC Essentials (10 key controls) and on the Ethics & Compliance program's 10 controls.

The results of the ERICA campaign, which takes place annually across the whole of the Group, are shared with LVMH's entire network of internal control staff. The results of dedicated anti-corruption controls and action plans are also presented by LVMH's Ethics & Compliance Director to his or her correspondents.

Recently acquired entities are allowed two years to implement this approach once the integration process has been completed.

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 subsidiaries 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.

Specific meetings to close out the interim and annual financial statements are attended by the Finance Department teams concerned; during those meetings 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.

The Maisons and business groups acknowledge their responsibility in relation to this process each year by signing two letters of representation:

- an ERICA letter of representation concerning risk management and internal control systems, signed on June 30. By signing this letter, the President, CFO and/or members of the Management Committee at each entity confirm their responsibility for these systems, and give their assessment of them, identifying major weaknesses and the corresponding remediation plans. These letters are analyzed, followed up on and “consolidated” at each higher level of the Group's organizational structure (region, Maison and business group); they are forwarded to the Group's Finance Department and to its Audit & Internal Control Department. They are also made available to the Statutory Auditors;
- the annual letter of representation on financial reporting, which includes a paragraph devoted to internal control.

Depending on the circumstances, Presidents of Maisons are required to present the Performance Audit Committee with an update on achievements, action plans in progress, and the outlook for their area of responsibility in terms of internal control and risk management.

### 3.5.2 Monitoring of major risks and internal control

**Major risks** relating to the Group's brands and businesses are managed at the level of the Maisons and of each business group. 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 identified and evaluated, and formalized in specific chapters.

Once an acceptable risk level has been determined and validated, risks are handled via preventive and protective measures; the latter include business continuity plans (BCPs) and crisis management plans in order to organize the best response to risks once they have occurred. Lastly, depending on the types of risk to which a particular brand or entity is exposed and the amount of residual risk, the entity may decide, in collaboration with the Group, to use the insurance market to transfer part or all of the residual risk and/or assume this risk.

### 3.6 Fraud prevention and detection

Over the past few years, fraud risk has dramatically transformed, with an upsurge in fraud through identity theft and an increase in attacks using social engineering to gain access and steal data. The Group and its Maisons have stepped up their vigilance, adapting internal procedures, awareness campaigns and training programs to the changing scenarios encountered or that might reasonably be predicted.

Given the large number of controls intended to prevent and detect this risk, the internal control framework is the backbone of the Group's fraud prevention mechanism.

Another essential component of this system is the obligation for each entity to report any instances of actual or attempted fraud to LVMH's Audit & Internal Control Director: as well as supervising actions and decisions in response to each reported case, the Director endeavors to draw lessons from incidents so as to relay them, once anonymized, to the chief financial officers of all the Maisons.

**Ongoing monitoring of the internal control system** and periodic reviews of its functioning take place on a number of levels:

- managers and operational staff at the Maisons, with support from internal control staff, are given responsibility for assessing the level of internal control on the basis of key controls, identifying weaknesses, and taking corrective action. Exception reports allow for the enhancement of detective controls in addition to preventive measures;
- a formal annual assessment process, based on a list of key controls taken from the internal control framework, integrated into the ERICA system;
- the Statutory Auditors are kept informed of this approach, as is the Performance Audit Committee, by means of regular briefings;
- reviews are carried out by Group Internal Audit and the Statutory Auditors, the findings and recommendations of which are passed on to entities' management and Group Executive Management;
- a review of the ERICA system and the quality of assessments is an integral part of the work of the Internal Audit team at all audited entities.

The Audit & Internal Control Department has therefore introduced a program to raise awareness of the risk of fraud through periodic newsletters identifying scenarios of actual and attempted fraud within the Group. A prevention plan is presented for each scenario. The Maisons and subsidiaries are responsible for verifying whether or not these scenarios apply to their operations. These communiqués are widely circulated within the Group to ensure heightened awareness among staff most exposed to this risk.

Campaigns were conducted throughout 2022 to raise awareness of fraud risk across the Group's internal control community, in particular through the continued rollout to all Maisons of a dedicated fraud e-learning module. In addition, the LVMH Internal Control Academy training course entitled "The Fundamentals" includes a specific module on fraud.



# MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Parent company:  
LVMH Moët Hennessy Louis Vuitton

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## 1. KEY EVENTS DURING THE FISCAL YEAR

On September 30, 2022, the Company completed the merger by absorption of its wholly-owned subsidiary LV Group SA. This transaction formed part of an effort to streamline the operational and administrative ownership structure of the LVMH group's subsidiaries. The merger involved dissolving LV Group SA without liquidating its assets, which were transferred in full to LVMH SE. The merger was backdated to January 1, 2022 (the "Effective Date").

Assets and liabilities transferred from LV Group SA were recognized in the Company's accounts at their carrying amount at the Effective Date. Net assets transferred totaled 5.4 billion euros, mainly consisting of equity investments worth 4 billion euros and a financial current account with a balance of 2.4 billion euros. With LV Group SA's shares recognized in the Company's reference accounts at a net carrying amount of 1 billion euros (including 127 million euros acquired during the fiscal year), the resulting merger gain amounts to 4.4 billion euros. This technical gain is recognized in the Company's financial statements against "Gains and losses on disposals" under "Net financial income/(expense)".

## 2. COMMENTS ON THE FINANCIAL STATEMENTS

The balance sheet, income statement and notes to the financial statements of LVMH Moët Hennessy Louis Vuitton SE (hereinafter "LVMH" or "the Company") for the fiscal year ended December 31, 2022 have been prepared in accordance with current French legal requirements.

### 2.1 Comments on the balance sheet

#### 2.1.1 Change in the equity investment portfolio

The gross value of the equity investment portfolio was 51.9 billion euros, 5.8 billion euros higher than in 2021.

This change was mainly due to the effects of the merger by absorption of LV Group SA, wholly owned by LVMH (see Note 1, "Key events during the fiscal year"). The merger involved dissolving LV Group SA without liquidating its assets, with the shares in question being recognized in LVMH's reference accounts at a net carrying amount of 1 billion euros (including 127 million euros acquired during the fiscal year) and all of LV Group SA's assets – mainly consisting of equity investments worth 4 billion euros – being transferred to LVMH. The transaction thus increased LVMH's portfolio of equity investments by 3 billion euros.

In 2022, LVMH also completed capital increases for its subsidiaries totaling 2.6 billion euros, of which 2.5 billion for LVMH Investissements, and acquired 100% of Reppi for 21.7 million euros.

#### 2.1.2 Financial structure

During the fiscal year, LVMH repaid the 1,750 million euro bond issued in 2020 and reaching maturity in February 2022. LVMH also redeemed early the 800 million euro and the 400 million pound sterling bonds issued in 2017, originally set to mature in May and June 2022, respectively. The associated hedging swaps were unwound on redemption.

### 2.1.3 Hedging transactions

LVMH SE regularly uses financial instruments. This practice meets the foreign currency and interest rate hedging needs for financial assets and liabilities, including dividends receivable from foreign investments; each instrument used is allocated to the financial balances or hedged transactions.

Given LVMH's role within the Group, financial instruments designed to hedge net investments denominated in foreign currency may be used in the consolidated financial statements but not matched in the parent company financial statements; as such, they constitute isolated open positions.

Counterparties for hedging contracts are selected on the basis of their credit rating as well as for reasons of diversification.

## 2.2 Parent company results and outlook

The Company reported net financial income of 13,397.7 million euros for the fiscal year, compared with 5,641.6 million euros in 2021.

Income from managing subsidiaries and investments totaled 13,451.4 million euros in 2022, compared with 5,665.8 million euros in 2021. This change was mainly the result of an increase in financial income from subsidiaries and investments (up from 2,611.4 million euros in 2021 to 9,248.7 million euros in 2022) and an increase in merger gains recognized in gains and losses on disposals (4,415.7 million euros in 2022 in connection with the merger by absorption of LV Group SA into LVMH, compared with 3,355.3 million euros in 2021 in connection with the merger by absorption of Sofidiv SA into LVMH).

Financial income from subsidiaries and investments consists of dividends and similar income.

Net financial income in 2022 also included the cost of net financial debt and related interest rate derivatives, which amounted to net expense of 52.3 million euros, as well as gains on foreign exchange transactions and derivatives totaling 16 million euros.

### 2.1.4 Share capital

As of December 31, 2022, the share capital comprised 503,257,339 fully paid-up shares totaling 151.0 million euros.

### 2.1.5 Information on payment terms for suppliers and customers

Pursuant to Articles L. 441-14 and D. 441-4 of the French Commercial Code, we hereby inform you that as of December 31, 2022:

- trade accounts payable past due at the fiscal year-end date, based on the legal deadline for payment, amounted to less than 1 thousand euros;
- trade accounts receivable past due at the fiscal year-end date, based on the legal deadline for payment, amounted to 1.7 million euros, corresponding to 0.3% of services provided and other income for the 2022 fiscal year.

The net operating loss reflected operating expenses not rebilled to subsidiaries and other investments, which equated to a net expense of 346.5 million euros in 2022, compared with 292.8 million euros in 2021.

Taking into account the 105.4 million euro positive impact of corporate income tax, including the effect of tax consolidation, net profit came to 13,151.6 million euros, up from 5,207.7 million euros in fiscal year 2021.

Taking into account the 2022 results of subsidiaries and shareholdings held by LVMH SE, dividend payouts are expected to hold up at a satisfactory level in 2023.

Lastly, with regard to the preparation of the Company's income tax return, no expenses were considered as having to be re-integrated into taxable profit or non-deductible within the meaning of Articles 39-4, 39-5, 54 quater and 223 quinquies of the French General Tax Code.

### 3. APPROPRIATION OF NET PROFIT

Net profit for the fiscal year totaling 13,151,575,841.42 euros, plus retained earnings in the amount of 12,791,583,348.72 euros and the portion of the legal reserve available for distribution totaling 45,000 euros, constitutes distributable earnings of 25,943,204,190.14 euros. It is proposed that these distributable earnings be appropriated and allocated as follows:

(EUR)	
Net profit for the fiscal year ended December 31, 2022	13,151,575,841.42
Portion of the legal reserve available for distribution <sup>(a)</sup>	45,000.00
Retained earnings	12,791,583,348.72
<b>Distributable earnings</b>	<b>25,943,204,190.14</b>
Proposed appropriation:	
Total dividend to be paid out for the fiscal year ended December 31, 2022	6,039,088,068.00
– of which: Dividend payable under the Bylaws of 5% or EUR 0.015 per share	7,548,860.09
– of which: Additional dividend of EUR 11.985 per share	6,031,539,207.91
Retained earnings	19,904,116,122.14
	<b>25,943,204,190.14</b>

(a) Portion of the legal reserve exceeding 10% of the share capital as of December 31, 2022. For information, as of December 31, 2022, the Company held 2,180,399 of its own shares, corresponding to an amount not available for distribution of 1,293 million euros, equivalent to the acquisition cost of these shares.

If this appropriation is approved at the Shareholders' Meeting of April 20, 2023, the total dividend in respect of the fiscal year ended December 31, 2022 will be 12.00 euros per share. As an interim dividend of 5.00 euros per share was paid on December 5, 2022, the final dividend per share will be 7.00 euros. The ex-dividend date will be April 25, 2023 and the final dividend paid on April 27, 2023.

Based on the tax legislation applicable to securities income as it stands since January 1, 2019, these dividends carry an entitlement to a tax deduction of 40% for French tax residents who have opted for their income on all eligible securities income to be taxed at a progressive rate.

The dividend is paid as a priority from distributable income from dividends received from subsidiaries eligible for the parent company plan within the meaning of Directive 2011/96/EU ("Eligible Subsidiaries") in the following order of priority: (i) firstly from dividends received from Eligible Subsidiaries whose registered office is in an EU member state other than France; (ii) then from dividends received from Eligible Subsidiaries whose registered office is in France; and (iii) lastly from dividends received from Eligible Subsidiaries whose registered office is in a non-EU country.

Lastly, should the Company hold, at the time of payment of this final dividend, any treasury shares under authorizations granted, the corresponding amount of unpaid dividends will be allocated to retained earnings.

As required by law, we remind you that the gross dividends per share paid out in respect of the past three fiscal years were as follows:

Fiscal year	Type	Payment date	Gross dividend (EUR)
2021	Interim	December 2, 2021	3.00
	Final	April 28, 2022	7.00
	<b>Total</b>		<b>10.00</b>
2020	Interim	December 3, 2020	2.00
	Final	April 22, 2021	4.00
	<b>Total</b>		<b>6.00</b>
2019	Interim	December 10, 2019	2.20
	Final	July 9, 2020	2.60
	<b>Total</b>		<b>4.80</b>

## 4. SHAREHOLDERS – STOCK OPTION AND BONUS SHARE PLANS

### 4.1 Main shareholders

Information on the Company's main shareholders as of December 31, 2022 is provided in the "Other information" section under §3.1, "Share ownership of the Company" on page 343 of this Universal Registration Document.

### 4.2 Shares held by members of the management and supervisory bodies

Information on the shares held by members of the management and supervisory bodies as of December 31, 2022 is provided in the "Other information" section under §3.1, "Share ownership of the Company" on page 343 of this Universal Registration Document.

### 4.3 Employee share ownership

Information on employee share ownership as of December 31, 2022 is provided in the "Other information" section under §3.1, "Share ownership of the Company" on page 343 of this Universal Registration Document.

### 4.4 Share purchase and subscription option plans

No option plans have been set up by the Company since the May 14, 2009 share subscription option plan, which carried performance conditions and expired on May 13, 2019.

No share purchase or subscription option plans were in effect as of December 31, 2022.

For the plans set up since 2007, the Chairman and Chief Executive Officer and the Group Managing Director must retain possession, in registered form and until the end of their respective terms

of office, of a number of shares resulting from the exercise of their options representing a sliding percentage of between 50% and 30% (according to the date at which the options were exercised) of the notional capital gain, net of tax and social security contributions, determined on the basis of the closing share price on the day before the exercise date. This obligation shall expire when the value of shares held exceeds twice the gross amount of their most recently disclosed fixed and variable compensation as of the date the options are exercised.

### 4.5 Awards of bonus shares and performance shares

Bonus share award recipients are selected from among the employees and senior executives of the Group's companies on the basis of their level of responsibility and their individual performance.

For the plans set up starting in 2016 – except where otherwise stated below – bonus shares and (if performance conditions are met) bonus performance shares vest to all recipients after a three-year period and are freely transferable once they have vested.

Performance conditions generally concern the scope of the Group, but in certain cases may concern targets to be met at the level of a subsidiary or business group. These criteria set by the Board of Directors are mainly financial in nature, but some also concern non-financial factors. Performance is most often measured over two fiscal years, and for certain plans over a longer period of time.

- With certain exceptions, the vesting of bonus shares and bonus performance shares is subject to a continued service condition under which recipients must still be with the Group on the date the shares vest.

The plans set up on October 24, 2019, October 22, 2020, and October 27, 2022 provide for the allocation of bonus shares exclusively subject to a continued service condition and conditions relating to the performance of the LVMH group.

The plan put in place on January 26, 2021 allocates (i) bonus shares for which vesting is subject to conditions relating specifically to the performance of a subsidiary, (ii) bonus shares subject to a continued service condition and (iii) bonus shares for which vesting is not subject to any conditions.

The plan set up on April 15, 2021 includes conditions relating specifically to the performance of a subsidiary.

The plan put in place on July 26, 2021 allocates (i) bonus shares for which vesting is subject to conditions relating specifically to the performance of a subsidiary and (ii) bonus shares for which vesting is not subject to any conditions.

The plan put in place on October 28, 2021 allocates (i) bonus shares for which vesting is subject to conditions relating to the performance of the LVMH group, (ii) bonus shares for which vesting is subject to conditions relating specifically to the performance of a subsidiary and (iii) bonus shares for which vesting is not subject to any conditions.

The plan put in place on January 27, 2022 allocates (i) bonus shares for which vesting is subject to conditions relating to the performance of the LVMH group and (ii) bonus shares for which vesting is subject to their recipients not resigning during the vesting period.

The plan put in place on July 26, 2022 allocates (i) bonus shares for which vesting is subject to conditions relating to the performance of the LVMH group, (ii) bonus shares for which vesting is subject to conditions relating specifically to the performance of a subsidiary and (iii) bonus shares for which vesting is subject to their recipients not resigning during the vesting period.

- For bonus shares allocated under the plans set up on October 24, 2019 and October 22, 2020, for which vesting is subject to a condition relating to the LVMH group's performance, shares only vest if LVMH's consolidated financial statements for fiscal years Y+1 and Y+2 show a positive change, relative to the fiscal year in which the plan was set up (fiscal year "Y"), in one or more of the following indicators: profit from recurring operations, operating free cash flow, the Group's current operating margin (hereinafter referred to as the "Indicators").

The performance condition for the plan set up on October 24, 2019 was not met in 2020. Given the exceptional circumstances related to the Covid-19 pandemic that resulted in the performance condition not being met, the Board of Directors decided at its meeting on October 22, 2020, in accordance with the principle of a safeguard mechanism laid down in the award plan rules, and where the relevant condition is not satisfied, to amend the plan's regulations such that 50% of their provisional allocation vests with grantees provided that the consolidated profit from recurring operations stated in the 2021 budget adopted by the Board of Directors is achieved. Since this condition had been met, on October 24, 2022 the recipients received a number of shares equal to 50% of their initial allocation; where the number of shares vesting to a recipient included a decimal, it was rounded up to the nearest whole number.

The performance condition is assessed on a like-for-like basis to exclude the impact of acquisitions made during the

two calendar years following the reference fiscal year and to neutralize the impact of disposals that took place during this same period. Only significant transactions (for more than 150 million euros) are restated in the accounts.

The performance condition applicable to bonus shares granted under the plan set up on October 22, 2020 was met in 2021 and 2022. The shares will vest on October 22, 2023 subject to recipients' continued service at that date.

Bonus shares allocated under the January 26, 2021 plan, for which vesting is subject to the recipients' continued service as of December 31, 2022 and the achievement of quantitative targets relating to a subsidiary's consolidated profit from recurring operations during the fiscal year ending in 2022 and of qualitative targets, vested on January 26, 2023, as those conditions had been met as of December 31, 2022.

Bonus shares allocated under the April 15, July 26 and October 28, 2021 plans, for which vesting is subject to the recipients' continued service as of December 31, 2022 and the achievement of quantitative targets relating to a subsidiary's consolidated profit from recurring operations during the fiscal year ending in 2022 and of qualitative targets, will vest on April 16, 2023, as those conditions had been met as of December 31, 2022.

Bonus shares allocated under the plans put in place on October 28, 2021 and January 27 and July 26, 2022, for which vesting is subject to a continued service condition and a condition relating to the performance of the LVMH group, will vest on October 28, 2024 in the following proportions: (i) 90% of the allocated shares will vest if LVMH's consolidated financial statements for each of fiscal years 2022 and 2023 show a positive year-on-year change in any of the Indicators and (ii) 10% of the allocated shares will vest if the non-financial condition relating to the Group's social and environmental responsibility is met in 2023.

Bonus shares allocated under the October 28, 2021 plan, for which vesting is subject to conditions relating to the performance of Group subsidiaries, will vest on March 31, 2025 subject to the recipients' continued service as of December 31, 2024 and the achievement of quantitative targets by the subsidiaries in question relating to their average consolidated profit from recurring operations in respect of the fiscal years ending in 2023 and 2024, as well as qualitative targets.

Bonus shares allocated under the July 26, 2022 plan, for which vesting is subject to conditions relating to the performance of a Group subsidiary, will vest on March 31, 2025 subject to the recipients' continued service as of December 31, 2024 and the achievement of quantitative targets by the subsidiary in question relating to the growth of its consolidated profit from recurring operations between January 1, 2023 and December 31, 2024, as well as qualitative targets.

Bonus shares allocated under the plan put in place on October 27, 2022, for which vesting is subject to a continued service condition and a condition relating to the performance of the LVMH group, will vest on October 27, 2025 in the following proportions: (i) 85% of the allocated shares will vest if LVMH's consolidated financial statements for each of fiscal years 2023 and 2024 show a positive year-on-year change in any of the Indicators and (ii) 15% of the allocated shares will vest if the non-financial condition relating to the Group's social and environmental responsibility is met at end 2024.

For plans set up since 2010, if their shares vest, the Chairman and Chief Executive Officer and the Group Managing Director must retain possession, in registered form until the end of their respective terms of office, of a number of shares corresponding to one-half of the notional capital gain, net of tax and social security contributions, calculated at the vesting date of those shares on the basis of the opening share price on the vesting date for plans set up before 2013, and on the basis of the closing share price on the day before the vesting date for plans set up since 2013.

- Vesting of such shares does not lead to any dilution for shareholders, since they are allocations of existing shares.

#### 4.5.1 Bonus share and bonus performance share plans

Date of Shareholders' Meeting	04/12/2018	06/30/2020	06/30/2020	06/30/2020	06/30/2020	06/30/2020	06/30/2020	Subtotal
Date of Board of Directors' meeting	10/24/2019	10/22/2020	01/26/2021	01/26/2021	04/15/2021	07/26/2021	07/26/2021	
	Performance shares	Performance shares	Bonus shares	Performance shares	Performance shares	Bonus shares	Performance shares	
<b>Total number of shares provisionally allocated at plan inception</b>	<b>200,077</b>	<b>177,034</b>	<b>84,187</b>	<b>40,000</b>	<b>40,000</b>	<b>4,225</b>	<b>40,000</b>	<b>585,523</b>
<i>Of which: Company officers<sup>(a)(b)</sup></i>	27,956	24,215	-	-	-	-	-	52,171
<i>Of which: Top ten employee recipients<sup>(c)</sup></i>	33,103	28,837	84,187	40,000	40,000	4,225	40,000	270,352
Number of recipients	1,039	1,031	4	1	1	1	1	
Vesting date	10/24/2022	10/22/2023	01/26/2022 <sup>(d)</sup>	01/26/2023 <sup>(e)</sup>	04/16/2023 <sup>(f)</sup>	07/26/2022 <sup>(g)</sup>	04/16/2023 <sup>(f)</sup>	
Date as of which the shares may be sold	10/25/2022	10/23/2023	01/26/2023 <sup>(d)</sup>	01/26/2023 <sup>(e)</sup>	04/01/2024	07/27/2023	04/01/2024	
Unit value as of initial grant date (EUR)	353.68	408.37	495.68	489.01	598.93	664.97	661.65	
<b>Performance condition</b>	<b>Not met in 2020<sup>(h)</sup> but met in 2021</b>	<b>Met in 2021 and 2022</b>	-	<b>Met in 2022</b>	<b>Met in 2022</b>	-	<b>Met in 2022</b>	
Number of share allocations vested in 2022	92,255	-	74,187	-	-	4,225	-	170,667
Number of share allocations expired in 2022	3,209	5,118	-	-	-	-	-	8,327
Total number of share allocations vested as of 12/31/2022	92,255	-	74,187	-	-	4,225	-	170,667
Total number of share allocations expired as of 12/31/2022	107,822	8,478	-	-	-	-	-	116,300
<b>Remaining allocations as of fiscal year-end</b>	-	<b>168,556</b>	<b>10,000</b>	<b>40,000</b>	<b>40,000</b>	-	<b>40,000</b>	<b>298,556</b>

(a) Performance shares allocated to company officers serving as of the provisional allocation date.

(b) A breakdown of the shares granted to company officers in service as of December 31, 2022 is provided in §2.2.2.8 of the *Board of Directors' report on corporate governance*.

(c) Bonus shares and performance shares allocated to employees - other than LVMH company officers - in service as of the provisional allocation date.

(d) Of which 44,187 bonus shares for which vesting on January 26, 2022 was not subject to any conditions; 40,000 bonus shares, of which 30,000 shares vesting on January 26, 2022, as the continued service condition was met as of December 31, 2021; and 10,000 shares vesting on January 26, 2023, as the continued service condition was met as of December 31, 2022; all these shares must be held for at least one year with effect from their vesting date (the unit value of the 10,000 shares being 489.01 euros).

(e) The 40,000 shares will vest on January 26, 2023 given the recipient's continued service as of December 31, 2022 and the fact that conditions relating specifically to the achievement of targets by a subsidiary in respect of the fiscal year ended December 31, 2022 have been met, with the shares becoming available as soon as they vest.

(f) The 80,000 shares will vest on April 16, 2023 given the recipients' continued service as of December 31, 2022 and the fact that conditions relating specifically to the achievement of targets by a subsidiary in respect of the fiscal year ended December 31, 2022 have been met, with the shares becoming available as from April 1, 2024.

(g) Bonus shares for which vesting was not subject to any conditions.

(h) Since the performance condition was not met in 2020, given the exceptional circumstances related to the Covid-19 pandemic, but was met in 2021, in accordance with the Board of Directors' decision on October 22, 2020, grantees received a number of shares equal to 50% of their initial allocation on October 24, 2022, provided that the continued service condition was met.



Parent company: LVMH Moët Hennessy Louis Vuitton

Date of Shareholders' Meeting	06/30/2020	06/30/2020	06/30/2020	06/30/2020	04/21/2022	04/21/2022	04/21/2022		
Date of Board of Directors' meeting	10/28/2021	10/28/2021	01/27/2022	01/27/2022	07/26/2022	07/26/2022	10/27/2022		
	Bonus shares	Performance shares	Bonus shares	Performance shares	Bonus shares	Performance shares	Performance shares	Subtotal	Total
<b>Total number of shares provisionally allocated at plan inception</b>	<b>4,674</b>	<b>184,291</b>	<b>10,790</b>	<b>1,308</b>	<b>11,032</b>	<b>26,682</b>	<b>139,592</b>	<b>378,369</b>	<b>963,892</b>
<i>Of which: Company officers<sup>(a)</sup>/<sup>(b)</sup></i>	-	15,568	-	-	-	-	15,803	31,371	83,542
<i>Of which: Top ten employee recipients<sup>(c)</sup></i>	4,674	73,151	10,790	1,308	11,032	26,682	21,667	149,304	419,656
Number of recipients	2	1,203	1	3	1	3	1,263		
Vesting date	10/28/2022 <sup>(g)</sup>	10/28/2024 <sup>(i)</sup>	01/27/2023 <sup>(i)</sup>	10/28/2024	07/26/2023 <sup>(i)</sup>	10/28/2024 <sup>(k)</sup>	10/27/2025		
Date as of which the shares may be sold	10/29/2023	10/28/2024 <sup>(i)</sup>	01/28/2024	10/28/2024	07/27/2024	10/28/2024 <sup>(k)</sup>	10/28/2025		
Unit value as of initial grant date (EUR)	655.28	635.23	673.38	635.23	625.45	612.84 <sup>(k)</sup>	625.87		
<b>Performance condition</b>	-	<b>Met in 2022 except for 25,000 shares<sup>(i)</sup></b>	-	<b>Met in 2022</b>	-	<b>Met in 2022 except for 25,000 shares<sup>(k)</sup></b>	<b>Not applicable in 2022</b>		
Number of share allocations vested in 2022	4,674	158	-	-	-	-	-	4,832	175,499
Number of share allocations expired in 2022	-	3,298	-	-	-	-	-	3,298	11,625
Total number of share allocations vested as of 12/31/2022	4,674	158	-	-	-	-	-	4,832	175,499
Total number of share allocations expired as of 12/31/2022	-	3,298	-	-	-	-	-	3,298	119,598
<b>Remaining allocations as of fiscal year-end</b>	<b>-</b>	<b>180,835</b>	<b>10,790</b>	<b>1,308</b>	<b>11,032</b>	<b>26,682</b>	<b>139,592</b>	<b>370,239</b>	<b>668,795</b>

(i) Includes 30,000 shares that will vest on April 16, 2023, as the continued service condition was met as of December 31, 2022, as were conditions specifically related to the performance of a subsidiary in respect of the fiscal year ended December 31, 2022 (unit value: 652.07 euros), with shares becoming available with effect from April 1, 2024; and 25,000 shares for which vesting on March 31, 2025 is subject to the recipients' continued service as of December 31, 2024 and conditions specifically related to the performance of LVMH group subsidiaries if the targets are met in respect of the fiscal years ending December 31, 2023 and 2024 (unit value: 631.61 euros), with shares becoming available with effect from their vesting date.

(j) Bonus shares for which vesting on January 27, 2023 (10,790 shares) and July 26, 2023 (11,032 shares) is subject to their recipients not having resigned from the LVMH group as of January 27 and July 26, 2023, respectively.

(k) Includes 25,000 shares for which vesting on March 31, 2025 is subject to the recipients' continued service as of December 31, 2024 and conditions relating specifically to the performance of LVMH group subsidiaries if targets are met in respect of the fiscal year ending December 31, 2024 (unit value: 607.27 euros), with shares becoming available with effect from their vesting date.

#### 4.5.2 Bonus shares and bonus performance shares allocated during the fiscal year to the Group's top ten employee recipients, other than company officers, having received the largest number of shares

##### Shares provisionally allocated during the fiscal year to the Group's top ten employee recipients, other than company officers

See §4.5.1 above.

##### Shares vested during the fiscal year to the Group's top ten employee recipients, other than company officers<sup>(a)</sup>

Company having allocated the shares	Plan date	Number of bonus shares	Number of performance shares
LVMH Moët Hennessy Louis Vuitton	10/24/2019		15,282
"	01/26/2021	71,508	-
"	07/26/2021	4,225	-

(a) Employees in service as of the vesting date.

Information on non-senior-executive company officers can be found in §2.2.1.3 and, for senior executive officers, in §2.2.2.6 of the Board of Directors' report on corporate governance.

## 5. SUMMARY OF TRANSACTIONS IN LVMH SECURITIES DURING THE 2022 FISCAL YEAR BY COMPANY OFFICERS AND CLOSELY RELATED PERSONS (SET FORTH IN ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE)

A summary of transactions in fiscal year 2022 in the shares, debt securities and financial instruments of the Company carried out by company officers and closely related persons, as defined in

Article L. 621-18-2 of the French Monetary and Financial Code, of which the Company is aware, is provided in Section 3 of the *Board of Directors' report on corporate governance*.

## 6. SHARE REPURCHASE PROGRAMS

### 6.1 Information on share repurchase programs

The purpose of this subsection is to inform the shareholders of purchases of treasury shares made by the Company between January 1 and December 31, 2022 as part of the share repurchase programs authorized at the Shareholders' Meetings held on May 28, 2021, and April 21, 2022.

Under the liquidity contract entered into by the Company with Oddo BHF SCA, in 2022, the Company acquired 510,427 LVMH shares at an average price per share of 636.48 euros and sold 512,427 LVMH shares at an average price per share of 639.57 euros.

These transactions generated expenses of 0.25 million euros.

The table below provides a summary by purpose of transactions carried out, by value date, during the period from January 1 to December 31, 2022:

<i>(number of shares unless otherwise stated)</i>	Liquidity contract	Coverage of plans	Coverage of securities giving access to Company shares	Exchange or payment in connection with acquisitions	Shares pending retirement	Total
<b>Balance as of December 31, 2021</b>	<b>22,000</b>	<b>1,126,959</b>	-	-	<b>103,651</b>	<b>1,252,610</b>
Purchases	173,090	-	-	-	832,238	1,005,328
Average price (EUR)	659.55	-	-	-	642.14	645.13
Sales	(172,090)	-	-	-	-	(172,090)
Average price (EUR)	660.47	-	-	-	-	660.47
Bonus share awards	-	(74,187)	-	-	-	(74,187)
Reallocations for other purposes	-	-	-	-	-	-
Shares retired	-	-	-	-	-	-
<b>Balance as of April 21, 2022</b>	<b>23,000</b>	<b>1,052,772</b>	-	-	<b>935,889</b>	<b>2,011,661</b>
Purchases	337,337	-	-	-	1,773,050	2,110,387
Average price (EUR)	624.64	-	-	-	612.84	614.73
Sales	(340,337)	-	-	-	-	(340,337)
Average price (EUR)	629.00	-	-	-	-	629.00
Bonus share awards	-	(101,312)	-	-	-	(101,312)
Reallocations for other purposes	-	-	-	-	-	-
Shares retired	-	-	-	-	(1,500,000)	(1,500,000)
<b>Balance as of December 31, 2022</b>	<b>20,000</b>	<b>951,460</b>	-	-	<b>1,208,939</b>	<b>2,180,399</b>

## 6.2 Key features of the share repurchase program presented for approval at the Combined Shareholders' Meeting of April 20, 2023

- Securities concerned: shares issued by LVMH Moët Hennessy Louis Vuitton SE.
- Maximum proportion of capital that may be purchased by the Company: 10%.
- Maximum number of its own shares that may be acquired by the Company, based on the number of shares making up the share capital as of December 31, 2022: 50,325,734; however, taking into account the 2,180,399 shares held in treasury, only 48,145,335 treasury shares are available to be acquired.
- Maximum price per share: 1,200 euros.
- Objectives:
 

Shares may be acquired to meet any objective compatible with provisions in force at the time, and in particular to:

  - provide market liquidity or share liquidity services (purchases/sales) under a liquidity contract set up by the Company in compliance with the AMF-approved AMAFI ethics charter;
  - cover stock option plans, awards of bonus shares or of any other shares, or share-based payment plans for employees or company officers of the Company or of any related undertaking under the conditions provided by the French Commercial Code, in particular its Articles L. 225-180 and L. 225-197-2;
  - cover debt securities that may be exchanged for Company shares, and more generally securities giving access to the Company's shares, notably by way of conversion, tendering of a coupon, reimbursement or exchange;
  - be retired subject to the approval of the twentieth resolution;
  - be held and later presented for consideration as an exchange or payment in connection with external growth operations, up to a maximum of 5% of the share capital;
  - more generally, carry out any transactions that are either currently authorized or become authorized in the future under regulations in force at that time, involving market practices that are either already accepted or become accepted by the AMF.
- Program duration: 18 months as of the Combined Shareholders' Meeting of April 20, 2023.

## 6.3 Summary table disclosing transactions undertaken by the issuer in its own shares from January 1 to December 31, 2022

The table below, prepared in accordance with the provisions of AMF Instruction 2017-03 of February 2, 2017, issued pursuant to Article 241-2 of the AMF's General Regulation, summarizes transactions undertaken by the Company in its own shares from January 1, 2022 to December 31, 2022.

### As of December 31, 2022

Percentage of own share capital held directly or indirectly	0.43%
Number of shares retired in the last 24 months	1,500,000
Number of shares held in the portfolio	2,180,399
Carrying amount of the portfolio	1,292,533,622.9
Market value of the portfolio	1,482,453,332.4

	Cumulative gross transactions		Open positions as of December 31, 2022			
	Purchases	Sales/ Transfers	Open "buy" positions		Open "sell" positions	
			Call options purchased	Forward purchases	Call options sold	Forward sales
Number of shares	3,115,715	2,187,926	-	-	-	-
Of which:						
– Liquidity contract	510,427	512,427	-	-	-	-
– Purchases to cover plans	-	-	-	-	-	-
– Bonus share awards	-	175,499	-	-	-	-
– Purchases of shares to be retired	2,605,288	-	-	-	-	-
– Shares retired	-	1,500,000	-	-	-	-
Average maximum maturity	-	-	-	-	-	-
Average trading price (EUR)	624.54	639.57 <sup>(a)</sup>	-	-	-	-
Amount (EUR)	1,945,880,277	327,732,429 <sup>(a)</sup>	-	-	-	-

(a) Excluding bonus share awards and share retirements.

# BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

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This report, which was drawn up in accordance with the provisions of Articles L. 225-37 *et seq.* of the French Commercial Code, was approved by the Board of Directors at its meeting of January 26, 2023, and will be submitted for shareholder approval at the Shareholders' Meeting of April 20, 2023.

## 1. CORPORATE GOVERNANCE

### 1.1 Board of Directors

LVMH's Board of Directors is the strategic body of the Company that is primarily responsible for driving its long-term value creation and protecting its corporate interests, focusing in particular on the social, environmental and climate issues facing its business.

Its main missions involve adopting the overall strategic orientations of the Company and the Group and ensuring these are implemented; verifying the reliability and fair presentation of information concerning the Company and the Group; protecting the Company's assets; and verifying that the major risks to which the Company is exposed with regard to its structure and targets (whether financial, legal, operational, social or environmental) are taken into account in the Company's management.

The Board of Directors sees to it that procedures to prevent corruption and influence-peddling risks are implemented. It also ensures that procedures are followed with regard to data protection and ethics. It ensures that a policy of non-discrimination and diversity is followed, notably in respect of gender equality within the Group's governing bodies and, on the recommendation of Executive Management, sets diversity objectives for these bodies.

The Company's Board of Directors acts as guarantor of the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

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

Three committees have been established by the Board of Directors: the Performance Audit Committee, the Governance

& Compensation Committee, and the Ethics & Sustainable Development Committee. Each has rules of procedure setting forth its composition, role and responsibilities.

The Charter of the Board of Directors and the Rules of Procedure governing the committees are communicated to all candidates for appointment as Director and, where applicable, to all permanent representatives of a legal entity before assuming their duties. These documents are presented in full on the website, [www.lvmh.com](http://www.lvmh.com). They are regularly revised to take into account changes in laws and regulations and good governance practices.

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, and should in such a situation abstain from taking part in any discussions or voting on the proposed matter in question. They must also provide the Chairman with details of any formal judicial inquiry, 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 and any bankruptcy, receivership or liquidation proceedings to which they have been a party. No information has been communicated to the Company with respect to this obligation during the fiscal year.

The Company's Bylaws require each Director to hold, directly and personally, at least 500 of the Company's shares, with the exception of Directors representing the employees, who are not required to hold shares in the Company for the duration of their term of office.

## 1.2 Code of Corporate Governance - Implementation of recommendations

The Company refers to the AFEP/MEDEF Code of Corporate Governance for Listed Companies for guidance. This document may be viewed on the AFEP/MEDEF website: [www.afep.com](http://www.afep.com).

The following table contains the Company's explanations concerning points of the AFEP/MEDEF Code with which it has not strictly complied.

Recommendations of the AFEP/MEDEF Code	Explanations
<p><b>Article 10 of the Code:</b> Independent Directors</p> <p>§10.5.6: Not to have been a Director of the Company for more than 12 years.</p>	<p>After analyzing the individual situation of each Director concerned, the Board of Directors deemed that term of office was not a sufficient criterion in itself for Directors to lose the independence they have consistently had. The Board noted the valuable contribution made by each of these Directors to the work of the Board and the committees of which they are members, reinforced by their ability to take a long-term view in analyzing decisions and issues, which is essential in assessing the strategy of a controlled group. In this regard, the Board deemed that the presence of independent members with this experience, alongside members who have joined the Board more recently, makes the Board more balanced and diverse, as well as allowing for greater and more in-depth discussion. Furthermore, the Board has carefully taken into account the personality, experience, profile and professional and personal situations of each of the Directors concerned and concluded that the length of their term of office has not affected their integrity, competence, involvement or judgment in performing their duties as Directors.</p>
<p><b>Article 19.1 of the Code:</b> Presence of a Director representing the employees on the committee that oversees compensation</p>	<p>The composition of the Governance &amp; Compensation Committee, including the presence of Directors representing the employees, has been subject to discussion. The Board has made some initial adjustments to the composition of this committee, which is still likely to change, in particular to reflect the Board's diversity policy as best as possible.</p>
<p><b>Article 26 of the Code:</b> Compensation of senior executive officers</p> <p>§26.3.3: Provisions specific to stock options and performance shares: Resolution authorizing the plan put to a vote at the Shareholders' Meeting must state a sub-ceiling for awards to senior executive officers.</p>	<p>In the resolution put to the vote at the Shareholders' Meeting, the Board of Directors had not previously included a sub-ceiling on the allocation of share subscription or purchase options to senior executive officers, considering that the Governance &amp; Compensation Committee - which consists entirely of Independent Directors according to the criteria applied by the Company, and is tasked with making proposals on the granting of options or bonus performance shares to senior executives - ensures an adequate degree of control over allocation policy.</p> <p>However, the resolution on the allocation of share subscription or purchase options to be put to the vote at the Shareholders' Meeting of April 20, 2023 will include, in accordance with the recommendation of the AFEP/MEDEF Code, a sub-ceiling limiting the proportion of share subscription or purchase options granted to senior executive officers by the Board of Directors in the course of a fiscal year to 15%. This sub-ceiling will be included in the compensation policy for senior executive officers to be put to the vote at this Shareholders' Meeting.</p>

## 1.3 Membership and operating procedures of the Board of Directors

### 1.3.1 Membership as of December 31, 2022

The Board of Directors has sixteen members who are appointed for three-year terms, as stipulated in the Bylaws.

Personal information				Experience	
Name	Nationality	Age as of 12/31/2022	Number of shares held in a personal capacity	Number of directorships at non-Group listed companies	Office held
Bernard ARNAULT	French	73	920,858	-	Chairman and Chief Executive Officer
Antoine ARNAULT	French	45	332,036	-	Director
Delphine ARNAULT	French	47	494,955	1	Director
Dominique AUMONT	French	65	N/A	-	Director representing the employees
Nicolas BAZIRE	French	65	78,052	1	Director
Antonio BELLONI	Italian	68	376,187	-	Director Group Managing Director
Marie-Véronique BELLOEIL-MELKIN	French	63	N/A	-	Director representing the employees
Sophie CHASSAT	French	44	500	1	Director
Charles de CROISSET	French	79	1,000	-	Lead Director
Diego DELLA VALLE	Italian	69	500	2	Director
Clara GAYMARD	French	62	500	2	Director
Marie-Josée KRAVIS	American	73	500	1	Director
Marie-Laure SAUTY de CHALON	French	60	500	2	Director
Yves-Thibault de SILGUY	French	74	500	-	Director
Natacha VALLA	French	46	500	2	Director
Hubert VÉDRINE	French	75	774	-	Director

(a) See §1.2 above for details of how the Company applies the independence criteria laid down in the AFEP/MEDEF Code.

(b) According to the independence criteria applied by the Company.

(c) Clara Gaymard was appointed as Chairman of the Performance Audit Committee, effective at the close of the Shareholders' Meeting of April 21, 2022.

(d) Marie-Josée Kravis was appointed as Chairman of the Governance & Compensation Committee, effective at the close of the Shareholders' Meeting of April 21, 2022.



Position on the Board				Attendance at Board committee meetings		
Date of first appointment	Independence <sup>(a)</sup>	End of term	Board committees			
			Performance Audit Committee	Governance & Compensation Committee	Ethics & Sustainable Development Committee	
09/26/1988	No	2025				
05/11/2006	No	2024				
09/10/2003	No	2023			Member	
10/14/2020	N/A	2023				
05/12/1999	No	2024				
05/15/2002	No	2023				
09/12/2001	-	2025				
11/10/2020	N/A	2023				
10/25/2018	Yes	2025		Member		
05/15/2008	Yes <sup>(b)</sup>	2024	Member	Member		
05/15/2002	No	2023				
04/14/2016	Yes	2025	Chairman <sup>(c)</sup>			
03/31/2011	Yes	2023		Chairman <sup>(d)</sup>		
04/10/2014	Yes	2023	Member		Member	
05/14/2009	Yes <sup>(b)</sup>	2024	Member	Member	Chairman	
06/30/2020	Yes	2023				
05/13/2004	Yes <sup>(b)</sup>	2025			Member	

## 1.3.2 Main areas of expertise and experience of members of the Board of Directors

	Experience in Executive Management/ Governance	Finance	Strategy/ Consulting	Communications/ Digital/ Innovation	International	Luxury sector	CSR and climate issues
Bernard ARNAULT	✓	✓	✓	✓	✓	✓	✓
Antoine ARNAULT	✓		✓	✓	✓	✓	✓
Delphine ARNAULT	✓		✓	✓	✓	✓	✓
Dominique AUMONT						✓	✓
Nicolas BAZIRE	✓	✓	✓	✓	✓	✓	
Marie-Véronique BELLOEIL-MELKIN					✓	✓	
Antonio BELLONI	✓	✓	✓	✓	✓	✓	✓
Sophie CHASSAT			✓	✓			✓
Charles de CROISSET	✓	✓	✓		✓		
Diego DELLA VALLE	✓		✓	✓	✓	✓	
Clara GAYMARD	✓	✓	✓	✓	✓		✓
Marie-Josée KRAVIS	✓	✓	✓		✓	✓	
Marie-Laure SAUTY de CHALON	✓	✓	✓	✓			✓
Yves-Thibault de SILGUY	✓	✓	✓		✓		✓
Natacha VALLA		✓	✓	✓	✓		✓
Hubert VÉDRINE	✓		✓		✓		
<b>Percentage</b>	<b>75%</b>	<b>56%</b>	<b>88%</b>	<b>63%</b>	<b>81%</b>	<b>56%</b>	<b>63%</b>

### 1.3.3 Changes in membership of the Board of Directors and its committees

#### Changes during 2022

The following table summarizes the changes in membership of the Board of Directors and its committees during fiscal year 2022.

	Departures	Appointments	Renewal of term of office/Reappointment
<b>Board of Directors</b>			<ul style="list-style-type: none"> <li>– Bernard Arnault (as a Director at the Shareholders' Meeting of April 21, 2022, and in his role as Chairman of the Board of Directors and Chief Executive Officer at the Board of Directors meeting of April 21, 2022)</li> <li>– Antonio Belloni (in his role as Group Managing Director at the Board of Directors meeting of April 21, 2022)</li> <li>– Sophie Chassat (Shareholders' Meeting of April 21, 2022)</li> <li>– Clara Gaymard (Shareholders' Meeting of April 21, 2022)</li> <li>– Hubert Védrine (Shareholders' Meeting of April 21, 2022)</li> </ul>
<b>Performance Audit Committee</b>		<ul style="list-style-type: none"> <li>– Clara Gaymard (appointed Chairman of the committee with effect from the close of the Shareholders' Meeting of April 21, 2022)</li> </ul>	
<b>Governance &amp; Compensation Committee</b>		<ul style="list-style-type: none"> <li>– Marie-Josée Kravis (appointed Chairman of the committee with effect from the close of the Shareholders' Meeting of April 21, 2022)</li> </ul>	<ul style="list-style-type: none"> <li>– Sophie Chassat</li> </ul>
<b>Ethics &amp; Sustainable Development Committee</b>			<ul style="list-style-type: none"> <li>– Hubert Védrine</li> </ul>

To make the renewal of Directors' appointments as balanced over time 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 that has been in place since 2010.

At its meeting of January 26, 2023, the Board of Directors reviewed the terms of office of Delphine Arnault, Marie-Josée Kravis, Marie-Laure Sauty de Chalon, Natacha Valla, Antonio Belloni and Diego Della Valle as Directors, all due to expire at the close of the Shareholders' Meeting of April 20, 2023, and decided, on the recommendation of the Governance & Compensation Committee, to submit a resolution at said Shareholders' Meeting to renew their terms of office as Directors, with the exception of Diego Della Valle, who had informed the Chairman of the Board of Directors of his decision not to seek reappointment.

The Board, on the recommendation of the Governance & Compensation Committee, also decided to submit a resolution at the Shareholders' Meeting of April 20, 2023, to appoint Laurent Mignon as a Director for a three-year term that will end at the close of the Shareholders' Meeting convened in 2026 to approve the financial statements for the preceding fiscal year.

It was also decided, on the recommendation of the Governance & Compensation Committee, to submit resolutions at said Shareholders' Meeting (i) to reappoint Lord Powell of Bayswater as an Advisory Board member and (ii) to appoint Diego Della Valle as an Advisory Board member for a three-year term that will end at the close of the Shareholders' Meeting convened in 2026 to approve the financial statements for the preceding fiscal year.

Lastly, the Board of Directors was informed of the reappointments, with effect from the close of the Shareholders' Meeting of April 20, 2023, of the Directors representing the employees, namely Dominique Aumont (appointed by the LVMH Group Works Council on October 19, 2022) and Marie-Véronique Belloeil-Melkin (appointed by the SE Works Council on December 15, 2022).

Subject to approval at the Shareholders' Meeting of April 20, 2023, the Board of Directors will thus consist of 16 members: Delphine Arnault, Marie-Véronique Belloeil-Melkin, Sophie Chassat, Clara Gaymard, Marie-Josée Kravis, Marie-Laure Sauty de Chalon, Natacha Valla, Bernard Arnault, Antoine Arnault, Dominique Aumont, Nicolas Bazire, Antonio Belloni, Charles de Croisset, Laurent Mignon, Yves-Thibault de Silguy and Hubert Védrine.

Personal information about the Directors is set out in Section 1.4 below.

Since each gender is represented by at least 40% of Board members, with the understanding that Directors representing the employees are not included for gender equality rules, the composition of the Board will continue to comply with the provisions of the French Commercial Code relating to gender equality on boards of directors.

Bernard Arnault (Chairman and Chief Executive Officer) and Antonio Belloni (Group Managing Director) do not hold directorships at non-Group listed companies, including foreign companies.

### 1.3.4 Independence

At its meeting of January 26, 2023, the Board of Directors reviewed the status of each Director currently in office and each candidate for appointment as Director, in particular with respect to each of the independence criteria defined in Articles 10.5 to 10.7 of the AFEP/MEDEF Code and set out below:

**Criterion 1 – Employee or company officer within the previous five years:** Not to be and not to have been during the course of the previous five years an employee or executive officer of the Company, or an employee, senior executive officer or a Director of a company that it consolidates, or of its parent company or a company consolidated by this parent.

**Criterion 2 – Cross-directorships:** Not to be a senior executive 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 officer of the Company (currently in office or having held such office during the last five years) is a Director.

**Criterion 3 – Material business relationships:** Not to be a customer, supplier, commercial banker, investment banker or advisor who is material to the Company or its group, or for a significant part of whose business the Company or its group accounts.

**Criterion 4 – Family ties:** Not to be related by close family ties to a company officer.

**Criterion 5 – Statutory Auditor:** Not to have been an auditor of the Company within the previous five years.

**Criterion 6 – Term of office exceeding 12 years:** Not to have been a Director of the Company for more than 12 years.

**Criterion 7 – Non-executive senior executive officer:** Not to receive variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or Group.

**Criterion 8 – Controlling shareholder:** Not to represent shareholders with a controlling interest in the Company.

To conduct this review, the Board of Directors drew on the work of the Governance & Compensation Committee and the assessment of the independence of Board members made by each Director currently in office, on the basis of questionnaires completed in October 2022 as part of the annual assessment of the Board's work.

At the end of this review, the Board of Directors concluded that:

- Sophie Chassat, Clara Gaymard, Marie-Josée Kravis, Marie-Laure Sauty de Chalon, Natacha Valla (see below) and Laurent Mignon each meet all of these criteria.

The Senior Advisor role held by Natacha Valla at Lazard Frères and the Regional Advisor role held by Charles de Croisset at Goldman Sachs do not constitute a factor that affects their independence with regard to the criterion of material business relationships, as LVMH does not have a material business relationship with either of these two banks. In accordance with the AMF's recommendations, the Board of Directors has conducted a quantitative and qualitative analysis of existing business relationships between each of these two banks and LVMH, taking into consideration the type of relationship, the absence of financial dependence or exclusivity, and the immaterial amounts involved;

- Charles de Croisset, Yves-Thibault de Silguy and Hubert Védrine, all of whom have served on the Board of Directors for over 12 years, must be considered Independent Directors. Having reviewed their situation, on the recommendation of the Governance & Compensation Committee, the Board deemed, after analyzing the individual situation of each Director concerned and their respective contributions to the Board's work, that term of office, as defined by the AFEP/MEDEF Code among a set of eight criteria, was not a sufficient criterion in itself for Charles de Croisset, Yves-Thibault de Silguy and Hubert Védrine to lose the independence they have consistently had. The Board noted the valuable contribution made by each of these Directors to the work of the Board and the committees of which they are members, reinforced by their ability to take a long-term view in analyzing decisions and issues, which is essential in assessing the strategy of a controlled group. In this regard, the Board deemed that the presence of independent members with this experience, alongside members who have joined the Board more recently, makes the Board more balanced and diverse, as well as allowing for greater and more in-depth discussion. Furthermore, the Board has carefully taken into account the personality, experience, profile and professional and personal situations of each of these three Directors and concluded that the length of their term of office has not affected their integrity, competence, involvement or judgment in performing their duties as Directors.

As of the date of this report, eight of the fourteen members of the Board of Directors (the two Directors representing the employees do not count towards this percentage) are considered as independent and having no vested interest in the Company; they represent 57% of the Board of Directors' membership. This percentage totaled 36% of the Board of Directors with respect to the independence criteria set out in the AFEP/MEDEF Code, thus exceeding the Code's recommendation for controlled companies that one-third of Board members be independent.

At the close of the Shareholders' Meeting of April 20, 2023, subject to the appointment of Laurent Mignon, nine of the fourteen members of the Board of Directors will be considered independent and as having no vested interest in the Company; they will represent 64% of the Board of Directors' membership. This percentage will total 43% of the Board of Directors with respect to the independence criteria set out in the AFEP/MEDEF Code.

### Table summarizing Directors' independent status<sup>(a)</sup> following the Board of Directors' review of January 26, 2023 of the criteria for independence

In this table, "✓" represents an independence criterion that is met, while "-" represents an independence criterion that is not met.

Name	AFEP/MEDEF criteria <sup>(b)</sup>								Considered an Independent Director?
	Criterion 1 Employee or company officer during previous five years	Criterion 2 Cross-directorships	Criterion 3 Significant business relationships	Criterion 4 Family ties	Criterion 5 Statutory Auditor	Criterion 6 Term of office exceeding 12 years	Criterion 7 Non-executive senior executive officer	Criterion 8 Major shareholder	
Bernard ARNAULT	-	✓	✓	-	✓	-	-	-	No
Antoine ARNAULT	-	✓	✓	-	✓	-	-	-	No
Delphine ARNAULT	-	✓	✓	-	✓	-	-	-	No
Nicolas BAZIRE	-	✓	✓	✓	✓	-	-	-	No
Antonio BELLONI	-	✓	✓	✓	✓	-	-	✓	No
Sophie CHASSAT	✓	✓	✓	✓	✓	✓	✓	✓	Yes
Charles de CROISSET	✓	✓	✓	✓	✓	-	✓	✓	Yes <sup>(c)</sup>
Diego DELLA VALLE	✓	✓	-	✓	✓	-	✓	✓	No
Clara GAYMARD	✓	✓	✓	✓	✓	✓	✓	✓	Yes
Marie-Josée KRAVIS	✓	✓	✓	✓	✓	✓	✓	✓	Yes
Marie-Laure SAUTY de CHALON	✓	✓	✓	✓	✓	✓	✓	✓	Yes
Yves-Thibault de SILGUY	✓	✓	✓	✓	✓	-	✓	✓	Yes <sup>(c)</sup>
Natacha VALLA	✓	✓	✓	✓	✓	✓	✓	✓	Yes
Hubert VÉDRINE	✓	✓	✓	✓	✓	-	✓	✓	Yes <sup>(c)</sup>

(a) Apart from Dominique Aumont and Marie-Véronique Belloeil-Melkin, Directors representing the employees, who are not taken into account in accordance with the rule defined by the AFEP/MEDEF Code.

(b) See §1.2 above for details of how the Company applies the independence criteria laid down in the AFEP/MEDEF Code.

(c) According to the criteria applied by the Company.

### 1.3.5 Operating procedures

Over the course of the 2022 fiscal year, the Board of Directors met four times as convened by its Chairman. Directors' overall attendance rate at these meetings was 97%.

The Board of Directors approved the annual and interim parent company and consolidated financial statements, voted to distribute an interim dividend, monitored quarterly business activity, heard the reports presented by the Chairmen of the three

committees working under its authority, and gave its opinion on the Group's key strategic directions and decisions as well as its budget. It reviewed related-party agreements that remained in effect during the fiscal year. It determined the compensation of senior executive officers based on the recommendations of the Nominations & Compensation Committee (now called the Governance & Compensation Committee), and taking into account their individual performance and the achievement of the quantifiable and qualitative targets that had been set. The Board

also set up bonus share plans, made use of the authorization to buy back shares, and renewed the authorization to give guarantees to third parties and to issue bonds. On the recommendation of the Nominations & Compensation Committee and to better reflect this committee's role, it decided to change the committee's name to the "Governance & Compensation Committee". It approved the planned merger by absorption of LV Group SA, wholly owned by LVMH SE. It also reduced the amount of the Company's share capital by retiring treasury shares and amended the Company's Bylaws accordingly.

It was informed of the progress made in the LIFE 360 program adopted by the Group, including the results obtained in respect of fiscal year 2021 for the program's four strategic priorities (Circular Design, Biodiversity, Climate, Traceability & Transparency), as well as the main measures taken in 2022, in particular the energy efficiency plan adopted by the Group in September. The Board was also informed of the Group's intention to become involved, as part of the LIFE 360 program, in a project led by Yann Arthus-Bertrand and the Association La Vallée de la Millière nonprofit, with two main aims: to allow for the rewilding of a 28-hectare site in the Haute Vallée de Chevreuse natural park, and to create a biodiversity training center open to a wide audience, including the Group's employees.

It was informed of the Ethics & Sustainable Development Committee's work on (i) progress made in corruption risk mapping by business sector; (ii) the Group's application of laws relating to personal data protection; (iii) international sanctions; (iv) issuing anti-money laundering guidelines for the Group's Maisons; (v) the main topics identified through the whistleblowing system; and (vi) work currently being done on protecting human rights.

In accordance with the provisions of the AFEP/MEDEF Code, Board of Directors also conducted an evaluation of its capacity to meet the expectations of shareholders, reviewing its membership, organization and procedures and those of its three committees.

Under the authority of Charles de Croisset in his capacity as Lead Director, all members of the Board of Directors except the senior executive officers and other members performing executive duties within the Group met on October 27, 2022 to assess the operation of the Board and its committees.

The operating procedures of the Board and its committees were assessed using an in-depth questionnaire provided by AFEP/MEDEF and sent to Directors prior to the meeting.

Drawing on responses to the questionnaire and discussions that took place at the Board meeting held on October 27, 2022, the Board of Directors found that the Board's structure and membership are fitting and serve the interests of all shareholders and that the Board's membership includes very high-caliber individuals representing a diverse and complementary range

of experience and expertise, enabling it to fully grasp all of the Group's activities and the issues it faces.

The Directors also found that the structure of the three committees is appropriate and in line with the Company's needs.

A few suggestions were put forward concerning the Board and its three committees aimed at promoting more detailed knowledge of the Group's business lines and brands and their priorities and helping the Board reinforce its role of setting the Group's strategic direction.

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

At its meeting on January 26, 2023, the Board of Directors decided to propose at the Shareholders' Meeting of April 20, 2023 that a sub-ceiling be set limiting the proportion of share subscription or purchase options granted to senior executive officers by the Board of Directors in a given fiscal year to 15%, in addition to the sub-ceiling that was already set at the Shareholders' Meeting of April 21, 2022, for bonus shares. In addition, it noted that the performance criteria applicable to the bonus performance shares allocated on October 22, 2020 and on January 26, April 15, July 26 and October 28, 2021, were met as of December 31, 2022.

At the same meeting, the Board decided to amend the Charter of the Board of Directors to (i) specify its duties and the role of the Lead Director in terms of social and environmental issues; (ii) provide the option of holding joint meetings or working sessions between the different committees; and (iii) giving Directors the option, if they consider it necessary, of having additional training on specific features of the company, its business lines, its business sector and its priorities concerning environmental and social responsibility, particularly with regard to climate issues.

It also decided to amend the three committees' Rules of Procedure in order to introduce the option of commissioning outside technical studies on matters falling within their areas of expertise. In particular, it specified the procedure for selecting future Independent Directors as described in the Governance & Compensation Committee's Rules of Procedure.

It also familiarized itself with the conclusions of the report prepared by LVMH's Legal Department on the routine agreements entered into during fiscal year 2022 or during prior fiscal years that remained in effect during the past fiscal year. In accordance with Article L. 22-10-12 of the French Commercial Code, it also examined the implementation of the classification and assessment procedure for routine agreements and decided that there was no need to make any amendments to make them more effective.

**Individual attendance rates for serving Directors at Board meetings as of December 31, 2022**

In this table, “✓” means present, “A” absent and “N/A” not applicable.

Board meeting dates	01/27/2022	04/21/2022	07/26/2022	10/27/2022	Attendance rate
Currently serving Directors	16	16	16	16	-
Bernard ARNAULT	✓	✓	✓	✓	100%
Antoine ARNAULT	✓	✓	✓	✓	100%
Delphine ARNAULT	✓	✓	✓	✓	100%
Dominique AUMONT	✓	✓	✓	✓	100%
Nicolas BAZIRE	✓	✓	✓	✓	100%
Antonio BELLONI	✓	✓	✓	✓	100%
Marie-Véronique BELLOEIL-MELKIN	✓	✓	✓	✓	100%
Sophie CHASSAT	✓	✓	✓	✓	100%
Charles de CROISSET	✓	✓	✓	✓	100%
Diego DELLA VALLE	A	A	✓	✓	50%
Clara GAYMARD	✓	✓	✓	✓	100%
Marie-Josée KRAVIS	✓	✓	✓	✓	100%
Marie-Laure SAUTY de CHALON	✓	✓	✓	✓	100%
Yves-Thibault de SILGUY	✓	✓	✓	✓	100%
Natacha VALLA	✓	✓	✓	✓	100%
Hubert VÉDRINE	✓	✓	✓	✓	100%

**1.3.6 Diversity policy****1.3.6.1 Diversity policy within the Board of Directors**

In accordance with the principles set out in its Charter, the Board of Directors pays particular attention to its composition in order to ensure its diversity and that of its various committees.

This policy, which has been in place for several years and will continue as Directors are appointed and reappointed in the future, has allowed the Board to achieve a balanced composition with regard to the proportion of Directors from outside the Company – given the ownership of the Company's share capital – and with regard to the diversity, age, gender and complementarity of its members' expertise and experience.

The areas of expertise, qualifications and professional experience of the Directors, as well as the presence of Directors representing the employees and different nationalities, ensure a diverse range of approaches and views, as is essential to a global group.

Each gender is represented by at least 40% of Board members.

The Board of Directors' diversity policy includes the following objectives:

- balanced overall composition;
- balanced representation of women and men;
- diversity in terms of nationality and age;
- complementary qualifications and professional experience.

This policy will be followed in the Board of Directors' selection of potential Directors, on the recommendation of the Governance & Compensation Committee, whose appointments will be proposed at future Shareholders' Meetings. This was the case with the selection of Laurent Mignon, whose appointment will be proposed at the Shareholders' Meeting of April 20, 2023.

The Board conducts a yearly detailed review of its composition as well as the individual situation of each member, based on criteria including those set out in the AFEP/MEDEF Code.



### 1.3.6.2 Gender equality policy within governing bodies

Gender equality is an integral part of LVMH's culture; women account for 71% of its employees. The Group has made formal commitments to gender equity and gender balance at the highest level and it has put the professional development of women, and more broadly achievement of their full potential, at the cornerstone of its human resources strategy. By 2025, LVMH aims to achieve gender parity in key positions defined as essential to the LVMH group's long-term development and success. The Group and its Maisons made a public commitment in 2022 to achieve pay equity by 2025 on a worldwide basis after laying the foundations for this target over the past several years. The Group also signed the United Nations Women's Empowerment Principles in 2013, establishing itself as a leader and pioneer in this area.

LVMH aims to achieve its target of parity via its EllesVMH program, which celebrated its 15th anniversary in 2022. LVMH has been working with its Maisons to implement specific programs to boost women's presence at every level of the organization and to support them at each stage in their career. In 2022, 45% of key positions at the Group were held by women, compared with 23% in 2007, and 17 of the Group's CEOs were women. LVMH scored 91.8 points out of 100 on the French government's Gender Equality Index in 2022.

Via EllesVMH, the Group aims to implement a number of training programs and tools to underpin and accelerate women's development at every level. These range from EllesVMH Mentoring & Coaching to LVMH House for high-potential women, plus regional programs, such as Futur'Elles in Asia-Pacific and Beyond Women's Career – EllesVMH in Spain. Aside from its dedicated programs, LVMH also established SHERO, a global internal digital platform created by employees. It houses articles, videos and podcasts empowering female

employees throughout their career. Since its launch in 2019, it has been used by over 70,000 employees. In 2021, the Group followed this up with the launch of the SHERO Academy. This new platform offers training available online and regular new models supporting employees and enabling them to fulfill their professional ambitions.

Lastly, EllesVMH would not amount to much without the support of its international network of women and men. They serve as genuine ambassadors for this major commitment by the Group, helping to raise awareness continuously, supporting and mentoring talent and organizing opportunities for knowledge-sharing with internal and external experts. The EllesVMH employee networks, already present in the United States, the United Kingdom and Asia, plus France since 2022, have made a significant contribution to actions aimed at fostering gender equity within the Group and achieving parity in key positions.

As it does every year, the Group marked International Women's Day with an internal campaign. It gave rise to a consultation of all the Group's employees concerning the future of the EllesVMH initiative and action priorities for the coming years. All employees were also asked to help select the best gender equity initiatives rolled out by the Maisons and the regions. To extend this approach and boost its positive impact on society outside the workplace, LVMH forged a partnership in France with make.org, Europe's first citizen-led engagement and collaboration platform. The Group aims to take concrete steps to make a positive difference on society by linking up citizens' ideas with a network of nonprofits and institutions. The make.org campaign brings civil society together around new solutions striving to achieve greater gender equity. Lastly, the Group's senior executives have used the Group's social media accounts to share their experiences, pass on knowledge to the next generations and provide inspiration for them in their capacity as role models.

## 1.4 Terms of office of the management and supervisory bodies

### 1.4.1 List of positions and offices held by members of the Board of Directors

#### 1.4.1.1 Currently serving Directors

#### Bernard ARNAULT, Chairman and Chief Executive Officer

Date of birth: March 5, 1949.

Business address: LVMH – 22 avenue Montaigne – 75008 Paris (France).

After graduating from École Polytechnique, Bernard Arnault decided to pursue a career in engineering, and worked in this role at Ferret-Savinell, where he became Senior Vice-President for construction in 1974, Chief Executive Officer in 1977 and finally Chairman and Chief Executive Officer in 1978.

He remained with the Company until 1984, when he became Chairman and Chief Executive Officer of Financière Agache and of Christian Dior. Shortly thereafter, he spearheaded a reorganization of the Financière Agache group following a development strategy focusing on luxury brands. Christian Dior was to become the cornerstone of this new structure.

In 1989, he became the leading shareholder of LVMH Moët Hennessy Louis Vuitton, and thus created the world's leading luxury products group. He assumed the position of Chairman in January 1989.

## Current positions and offices

### LVMH group

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup> Château Cheval Blanc SC Christian Dior Couture SA Louis Vuitton, Fondation d'Entreprise	Chairman and Chief Executive Officer Chairman of the Board of Directors Director Chairman of the Board of Directors
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### Agache group

France	Agache SCA Christian Dior SE <sup>(1)</sup>	Managing Director - General Partner ( <i>associé commandité</i> ) Chairman of the Board of Directors
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## Positions and offices that have ended since January 1, 2018

France	Agache SEDCS Carrefour SA <sup>(1)</sup> Financière Jean Goujon SAS	Chairman of the Executive Board Director Member of the Supervisory Committee
International	LVMH Moët Hennessy Louis Vuitton Inc. (United States) LVMH Moët Hennessy Louis Vuitton Japan KK (Japan) LVMH Services Limited (United Kingdom)	Director Director Director

## Antoine ARNAULT

Date of birth: June 4, 1977.

Business address: Berluti – 120 rue du Faubourg Saint-Honoré – 75008 Paris (France).

Antoine Arnault graduated from HEC Montreal and INSEAD. In 2000 he created an Internet company, specialized in the registration of domain names. He subsequently sold his stake in this company and joined the LVMH group, working at Louis Vuitton, where he was named Director of Communications.

In 2011, he was appointed Chief Executive Officer of Berluti and the same year launched the *Journées Particulières*, a three-day open-house event that gives the general public a glimpse behind

the scenes of the Group's Maisons and their expert craftsmanship. For the fifth event, held in October 2022, 57 Maisons opened their doors in more than 14 countries, welcoming over 200,000 visitors. Since the end of 2013, Antoine Arnault has also served as Chairman of Loro Piana.

In addition to his positions at these two Maisons, he is the LVMH group's Head of Image and Environment.

In December 2022, he was named Chief Executive Officer and Vice-Chairman of the Board of Directors of Christian Dior SE.

He has been a member of LVMH's Board of Directors since 2006.

## Current positions and offices

### LVMH group

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup> Berluti SA Les Echos SAS	Director Chairman of the Executive Board Member of the Supervisory Board
International	Berluti LLC (United States) Berluti Hong Kong Company Limited (Hong Kong) Berluti Monaco SA (Principality of Monaco) Berluti (Shanghai) Company Limited (China) Loro Piana SpA (Italy) Manifattura Berluti Srl (Italy)	Managing Director Director Permanent Representative of LVMH Miscellanées, Director Director Chairman of the Board of Directors Director

### Agache group

France	Christian Dior SE <sup>(1)</sup>	Chief Executive Officer and Vice-Chairman of the Board of Directors
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### Other

France	Comité Colbert GoodPlanet Foundation Marbeuf Capital SC	Director Director Managing Director
International	Eniotna LLP (United Kingdom) INNOVA E2 (Luxembourg)	Partner Director

(1) Listed company.

**Positions and offices that have ended since January 1, 2018**

France	Agache SEDCS Association du Musée Louis Vuitton LV Group SA LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup> Vandelay Industrie SC	Member of the Executive Board Permanent Representative of LV Group, Director Chairman and Chief Executive Officer Member of the Performance Audit Committee Managing Director
International	Fendi Srl (Italy)	Director

**Nicolas BAZIRE, Senior Vice-President for Development and Acquisitions**

Date of birth: July 13, 1957.

Business address: LVMH – 22 avenue Montaigne – 75008 Paris (France).

Nicolas Bazire became Chief of Staff of Prime Minister Edouard Balladur in 1993. Between 1995 and 1999, he was Managing Partner at Rothschild & Cie Banque. He has served as Managing Director of Financière Agache SA since 2008 and as a member of LVMH's Executive Committee since 1999.

**Current positions and offices****LVMH group**

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup> Groupe Les Echos SA Jean Patou SAS Les Echos SAS	Director Director Member of the Advisory Committee Vice-Chairman of the Supervisory Board, Chairman of the Compensation Committee and Member of the Appointments Committee
	Louis Vuitton Malletier SAS Louis Vuitton, Fondation d'Entreprise	Permanent Representative of Ufipar, Member of the Steering Committee Director

**Agache group**

France	Agache Développement SA Christian Dior SE <sup>(1)</sup>	Director Director, Member of the Performance Audit Committee and Member of the Governance & Compensation Committee
	Financière Agache SA	Group Managing Director and Permanent Representative of Agache SCA, Director

**Other**

France	Madrigall SA	Director
International	Société des Bains de Mer de Monaco SA <sup>(1)</sup> (Principality of Monaco)	Permanent Representative of Ufipar, Director and Rapporteur to the Finance and Audit Directors' Commission

**Positions and offices that have ended since January 1, 2018**

France	Agache SEDCS Arjil Commanditée – Arco - SA Atos SE <sup>(1)</sup> Carrefour SA <sup>(1)</sup>	Member of the Executive Board and Chief Executive Officer Permanent Representative of Financière Agache, Director Director and Chairman of the Nominations & Compensation Committee Director, Member of the Audit Committee, the Compensation Committee and the Strategy Committee
	Europatweb SA GA Placements SA LV Group SA Montaigne Finance SAS Semyrhamis SA	Director Permanent Representative of Montaigne Finance, Director Director and Member of the Compensation Committee Member of the Supervisory Committee
	Suez SA <sup>(1)</sup>	Non-Director Managing Director and Permanent Representative of Agache SEDCS, Director Director, Member of the Audit & Accounts Committee and the Nominations, Compensation & Governance Committee

(1) Listed company.

**Sophie CHASSAT**

Date of birth: October 24, 1978.

Business address: WEMEAN – 25 rue La Boétie – 75008 Paris (France).

An alumna of the École Normale Supérieure-Rue d'Ulm and a professor of philosophy, Sophie Chassat has taught for seven years (including four years at the university level) and has published several works. She specializes in strategic issues relating

to corporate purpose, engagement and positive impact. Having headed the Verbal Identity Department at the agency Angie for three years, she was President of Intikka – a consulting firm dedicated to corporate and brand philosophy – from June 2017 until July 2019. Since July 2019, she has been a Partner at WEMEAN, a consulting firm specializing in corporate strategy and transformation to boost companies' performance on multiple levels and make them more sustainable.

**Current positions and offices****LVMH group**

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Director and Member of the Governance & Compensation Committee
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**Other**

France	Le Coq Sportif SA <sup>(1)</sup> Groupe Rocher – Laboratoires de Biologie Végétale Yves Rocher SA WEMEAN SAS	Director Member of the Mission Committee  Partner
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**Positions and offices that have ended since January 1, 2018**

France	Intikka SAS	Chairman
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**Charles de CROISSET**

Date of birth: September 28, 1943.

Business address: Goldman Sachs International – Plumtree Court, 25 Shoe Lane – EC4A 4AU London (United Kingdom).

Charles de Croisset entered the *Inspection des Finances* in 1968. After a career in the administration, he joined Crédit Commercial de France (CCF) in 1980 as Corporate Secretary before being

appointed Deputy Chief Executive and then Chief Executive. In 1993, he was named Chairman and Chief Executive Officer of CCF, then, in 2000, Executive Director of HSBC Holdings plc. In March 2004, he joined Goldman Sachs Europe as its Vice-Chairman and was named as International Advisor to Goldman Sachs International from 2006 until 2019. Charles de Croisset is now Regional Advisor at Goldman Sachs International.

**Current positions and offices****LVMH group**

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Lead Director, Member of the Governance & Compensation Committee and Member of the Performance Audit Committee
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**Other**

International	Goldman Sachs International (United Kingdom)	Regional Advisor
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**Positions and offices that have ended since January 1, 2018**

None.

(1) Listed company.

**Clara GAYMARD**

Date of birth: January 27, 1960.

Business address: Raise – 39 Boulevard de La Tour-Maubourg – 75007 Paris (France).

Clara Gaymard has held various positions within the French administration, in particular the External Economic Relations Directorate (DREE) within the French Ministry for the Economy and Finance (1986-2003), before directing the Invest in France Agency (2003-2006), and then joining General Electric (GE), where she served as Chairman and CEO of GE France until 2016. Clara Gaymard is the co-founder of investment firm Raise.

**Current positions and offices****LVMH group**

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Director and Chairman of the Performance Audit Committee
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**Other**

France	Bouygues SA <sup>(1)</sup> Le Ponton SAS Pabafajamet SAS Raise Caras SAS Raise Conseil SAS Raise LAB SAS Sages SCA Veolia Environnement SA <sup>(1)</sup>	Director Chief Executive Officer Chairman Chairman Chief Executive Officer Chairman Director Director
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**Positions and offices that have ended since January 1, 2018**

France	Danone SA <sup>(1)</sup> Raisesherpas WEFCOS (Women's Forum for the Economy and Society) SAS	Director Chairman Chairman
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**Yves-Thibault de SILGUY**

Date of birth: July 22, 1948.

Business address: YTSeuropaconsultants – 13 bis avenue de la Motte-Picquet – 75007 Paris (France).

Yves-Thibault de Silguy has held various positions within the French administration, as well as within the European Community as European Commissioner for Economic and Monetary Affairs (1995-1999). In 1988, he joined Usinor-Sacilor, where he was the

Director of International Affairs until 1993. From 2000 to 2006, he successively became a member of the Executive Board, Chief Executive Officer and then Group Managing Director of Suez. In June 2006, he was appointed as Chairman of the Board of Directors of Vinci and in May 2010 he became Vice-Chairman and Lead Director, and, as of November 2018, Vice-Chairman of the Board of Directors. Since May 2010, he has been Managing Director of YTSeuropaconsultants.

**Current positions and offices****LVMH group**

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Director, Chairman of the Ethics & Sustainable Development Committee, Member of the Performance Audit Committee and Member of the Governance & Compensation Committee
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**Other**

France	Autoroutes du Sud de la France SA Sofisport SA YTSeuropaconsultants SARL	Director Chairman of the Supervisory Board Managing Director
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(1) Listed company.

**Positions and offices that have ended since January 1, 2018**

France	Autoroutes du Sud de la France SA Vinci SA <sup>(1)</sup> VTB Banque (France) SA Ysilop Consulting SARL	Permanent Representative of Vinci, Director Vice-Chairman of the Board of Directors Member of the Supervisory Board Managing Director
International	Solvay (Belgium) <sup>(1)</sup> VTB Bank (Russia) <sup>(1)</sup>	Director Member of the Supervisory Board, Chairman of the Audit Committee and Member of the Compensation Committee

**Hubert VÉDRINE**

Date of birth: July 31, 1947.

Business address: Hubert Védrine (HV) Conseil – 15 rue de Laborde – 75008 Paris (France).

Hubert Védrine has held a number of French government and administrative posts, notably as Diplomatic Advisor to the Presidency from 1981 to 1986, Spokesperson for the Presidency from 1988 to 1991, General Secretary for the Presidency from 1991 to 1995 and Minister for Foreign Affairs from 1997 to 2002. In early 2003, he founded a geopolitical management consulting firm: Hubert Védrine (HV) Conseil.

**Current positions and offices****LVMH group**

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Director and Member of the Ethics & Sustainable Development Committee
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**Other**

France	Hubert Védrine (HV) Conseil SARL	Managing Partner
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**Positions and offices that have ended since January 1, 2018**

None.

**1.4.1.2 Directors whose terms of office expire at the Shareholders' Meeting****Delphine ARNAULT**

Date of birth: April 4, 1975.

Business address: Christian Dior Couture – 127 avenue des Champs-Élysées – 75008 Paris (France).

Delphine Arnault began her career at international strategy consultancy firm McKinsey. In 2000, she moved to designer John Galliano's company, which she helped develop, acquiring hands-on experience in the fashion industry. In 2001, she joined Christian Dior Couture, where she served as Deputy

Managing Director from 2008 to 2013. From September 2013 to February 2023, she was Executive Vice-President of Louis Vuitton, in charge of supervising all of the Maison's product-related activities.

Since January 2019, Delphine Arnault has been a member of the Executive Committee of the LVMH group.

Since February 1, 2023, Delphine Arnault has served as Chairman and Chief Executive Officer of Christian Dior Couture.

(1) Listed company.

## Current positions and offices

### LVMH group

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Director and Member of the Ethics & Sustainable Development Committee
	Celine SA	Director
	Château Cheval Blanc SC	Director
	Christian Dior Couture SA	Chairman and Chief Executive Officer
International	Emilio Pucci Srl (Italy)	Director
	Loewe SA (Spain)	Director

### Agache group

France	Agache Commandité SAS	Chairman
	Christian Dior SE <sup>(1)</sup>	Director

### Other

International	Ferrari SpA (Italy) <sup>(1)</sup>	Director
	Gagosian Gallery Inc. (United States)	Director
	Phoebe Philo Limited plc (United Kingdom)	Director

## Positions and offices that have ended since January 1, 2018

France	Agache SEDCS	Vice-Chairman of the Supervisory Board and Member of the Compensation Committee
	Havas SA <sup>(1)</sup>	Director
	Métropole Télévision "M6" SA <sup>(1)</sup>	Member of the Supervisory Board
International	21st Century Fox Corporation (United States) <sup>(1)</sup>	Director
	Actar International SA (Luxembourg)	Permanent representative of Ufipar, Director
	Emilio Pucci International BV (Netherlands)	Director

## Dominique AUMONT

Date of birth: June 22, 1957.

Business address: Jas Hennessy & Co – Rue de la Richonne – CS 20020 – 16101 Cognac Cedex (France).

Dominique Aumont began his career at Hennessy in 1978 as a cellar worker. From 1995 to 2015, he was successively Team Leader and the Environment and Food Safety Coordinator for winegrowing. Since 2015, Dominique Aumont has been head of the Hennessy Social Institute.

In 1981, Dominique Aumont became a member of the Works Council and then Deputy Secretary and Treasurer in 1993, and lastly Secretary in 2011, when he was also appointed Union Delegate. From 1992 to 2020, he was elected to LVMH's Group Works Council, becoming Secretary in 2004. In 2014, he became Secretary of the Christian Dior and LVMH SE Works Council. On October 14, 2020, and again on October 19, 2022, with effect as of the close of the Shareholders' Meeting of April 20, 2023, Dominique Aumont was appointed by the LVMH Group Works Council as Director representing the employees of LVMH SE.

(1) Listed company.



## Current positions and offices

### LVMH group

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Director representing the employees
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### Positions and offices that have ended since January 1, 2018

France	Association Service Social Inter Entreprise de Cognac SERSO 16	Director
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## Marie-Véronique BELLOEIL-MELKIN

Date of birth: August 7, 1959.

Business address: Parfums Christian Dior Oy – Aleksanterinkatu 48 B – 00100 Helsinki (Finland).

A graduate of ESSEC, Marie-Véronique Belloeil-Melkin joined Parfums Christian Dior in 1987 to work for the Travel Retail Europe department and was involved in the Maison's development over a period of more than 30 years in a sales role focused on European markets.

Marie-Véronique Belloeil-Melkin has held the role of Retail Manager for Parfums Christian Dior since 1996 and is based in Helsinki, Finland.

An elected member of the SE Works Council of Agache SE, Christian Dior SE and LVMH SE from 2014 to 2020, Marie-Véronique Belloeil-Melkin was appointed Director representing the employees of LVMH SE by the SE Works Council on November 10, 2020, and again on December 15, 2022, with effect as of the close of the Shareholders' Meeting of April 20, 2023.

## Current positions and offices

### LVMH group

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Director representing the employees
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### Positions and offices that have ended since January 1, 2018

None.

## Antonio BELLONI, Group Managing Director

Date of birth: June 22, 1954.

Business address: LVMH Italia – Largo Augusto 8 – 20141 Milan (Italy).

Antonio Belloni joined the LVMH group in June 2001, following 22 years with Procter & Gamble. He was appointed head of

Procter & Gamble's European division in 1999, having previously served as Chairman and Chief Executive Officer for the Group's Italian operations. He began his career at Procter & Gamble in Italy in 1978 and subsequently held a number of positions in Switzerland, Greece, Belgium and the United States. He has been Group Managing Director of LVMH since September 2001.

(1) Listed company.

## Current positions and offices

### LVMH group

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Group Managing Director and Director
	Berluti SA	Vice-Chairman and Member of the Supervisory Board
	Cha Ling SCA	Chairman of the Supervisory Board
	Givenchy SA	Permanent Representative of LVMH Miscellanées, Director
	Louis Vuitton, Fondation d'Entreprise	Director
	Nona Source SAS	Chairman
	Sofpar 148 SAS	Chairman
International	Acqua di Parma Srl (Italy)	Director
	Benefit Cosmetics LLC (United States)	Managing Director
	Breakfast Holdings Acquisition Corp. (United States)	Director
	Bulgari SpA (Italy)	Director
	Cova Montenapoleone Srl (Italy)	Director
	Cruise Line Holdings Co. (United States)	Director
	DFS Group Limited (Bermuda)	Director
	DFS Group Limited (Hong Kong)	Director
	DFS Holdings Limited (Bermuda)	Director
	Emilio Pucci Srl (Italy)	Director
	Emilio Pucci International Srl (Italy)	Director
	Fendi Srl (Italy)	Director
	Fresh Inc. (United States)	Director
	Loro Piana SpA (Italy)	Director
	LVMH Moët Hennessy Louis Vuitton Inc. (United States)	Vice-Chairman and Director
	LVMH Italia SpA (Italy)	Vice-Chairman and Director
	LVMH (Shanghai) Management & Consultancy Co. Ltd (China)	Chairman of the Board of Directors
	Naxara SA (Luxembourg)	Director
	Pasticceria Confetteria Cova Srl (Italy)	Director
	RVL Holding BV (Netherlands)	Member of the Supervisory Board
	Vicuna Holding SpA (Italy)	Chairman of the Board of Directors
<b>Other</b>		
International	Anin Star Holding Limited (United Kingdom)	Director
	Barilla G. e R. Fratelli SpA (Italy)	Director

### Positions and offices that have ended since January 1, 2018

France	Chaumet International SA	Chairman of the Board of Directors
	Fendi International SAS	Chairman
	Fred Paris SA	Permanent Representative of LV Group, Director
	Le Bon Marché, Maison Aristide Boucicaut SA	Permanent Representative of LVMH, Director
	LVMH Fragrance Brands SA	Permanent Representative of LV Group, Director
	Moët Hennessy Management SARL	Managing Director
International	Breakfast Acquisition Corp. (United States)	Director
	Edun Americas Inc. (United States)	Director
	Edun Apparel Limited (United Kingdom)	Director
	Emilio Pucci International BV (Netherlands)	Director
	Fendi SA (Luxembourg)	Director
	Nude Brands Limited (United Kingdom)	Director
	Ufip (Ireland)	Director

(1) Listed company.

**Marie-Josée KRAVIS**

Date of birth: September 11, 1949.

Mailing address: 625 Park Avenue – New York, NY 10065 (United States).

Marie-Josée Kravis is an economist specializing in the fields of public policy and strategic planning. She started her career as a financial analyst with the Power Corporation of Canada and went on to work with the General Solicitor of Canada and

the Canadian minister for Supply and Services. She was Vice-Chairman of the Board of Trustees and a senior fellow of the Hudson Institute until March 2021. From 2005 she served as President of the Museum of Modern Art (MoMA) of New York, and has been its President Emeritus since 2019. Ms. Kravis has served as Chair of the Board of Directors of MoMA since July 2021.

**Current positions and offices****LVMH group**

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Director and Chairman of the Governance & Compensation Committee
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**Other**

France	Publicis Groupe SA <sup>(1)</sup>	Member of the Supervisory Board and Chairman of the Risk & Strategy Committee
International	Bretton Woods Committee Memorial Sloan Kettering Cancer Center (United States)  Sloan Kettering Institute (United States) The Economic Club of New York (United States) The Museum of Modern Art of New York (United States)	Member of the Board of Directors and Chair of the Finance Committee Vice-Chairman of the Board, Chair of the Scientific Committee and member of the Executive Committee Chairman of the Board President Emeritus Chairman of the Board of Directors

**Positions and offices that have ended since January 1, 2018**

International	Federal Reserve Bank of New York (United States) Hudson Institute (United States)	Member of the International Advisory Board Vice-Chairman of the Board of Trustees and senior fellow
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**Marie-Laure SAUTY de CHALON**

Date of birth: September 17, 1962.

Mailing address: 14 rue Rambuteau – 75003 Paris (France).

After building her career at a number of press and television advertising companies, Marie-Laure Sauty de Chalon became Chairman and Chief Executive Officer of Consodata North

America in 2001. She then took over as head of the Aegis Media group in France and Southern Europe in 2004, and then from 2010 to 2018 was Chairman and Chief Executive Officer of Aufeminin. She founded Factor K, a company in which the NRJ group acquired a minority interest in July 2018, and is a professor at the Institut d'Études Politiques de Paris.

**Current positions and offices****LVMH group**

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Director, Member of the Performance Audit Committee and Member of the Ethics & Sustainable Development Committee
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**Other**

France	Carrefour SA <sup>(1)</sup> Challenge Bonheur SAS Factor K SAS Fairy Tales SAS Institut pour le Financement du Cinéma et des Industries Culturelles SA JCDecaux SA <sup>(1)</sup> Melusine Cosmetics by Factor K SAS	Director and Member of the CSR Committee Chairman Chairman Chairman Chairman of the Board of Directors  Member of the Supervisory Board Chairman
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(1) Listed company.

**Positions and offices that have ended since January 1, 2018**

France	Aufeminin SA <sup>(1)</sup>	Chairman and Chief Executive Officer
	Aufeminin.com Productions SARL	Managing Director
	Autorité de la Concurrence	Member of the College
	Coorpacademy SAS	Director
	Etoilecasting.com SAS	Chairman
	Les rencontres aufeminin.com SAS	Chairman
	Marmiton SAS	Chairman
	My Little Paris SAS	Member of the Supervisory Board
	Navya SA <sup>(1)</sup>	Director
	International	GoFeminin.de GmbH (Germany)
	SoFeminine.co.uk Ltd (United Kingdom)	Director

**Natacha VALLA**

Date of birth: January 1, 1976.

Business address: Sciences Po – 1 place Saint-Thomas d'Aquin – 75007 Paris (France).

Natacha Valla is an economist and a dean of the School of Management and Innovation at Sciences Po, and taught at New York University. She began her career with the European Central Bank (2001-2005), before moving to the Banque de France (2005-2008) and then joining Goldman Sachs as Executive Director (2008-2013). From 2014 to 2016, she served as Deputy Director of CEPPII, an international economics think tank

serving the French prime minister, before joining the European Investment Bank (2016-2018) as Head of the Policy and Economic Strategy division, then the European Central Bank as Deputy Director General in charge of Monetary Policy (2018-2020). She has served as a member of the Conseil Économique de la Nation, the scientific committee of the ACPR (the French Banking Regulatory Body) and the Conseil d'Analyse Économique. She was appointed a Senior Advisor at Lazard in October 2021 and has chaired the Conseil National de la Productivité since February 2022.

**Current positions and offices****LVMH group**

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Director
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**Other**

France	Autoroutes du Sud de la France SA	Director
	Cofiroute SA	Director
	Lazard Frères SA <sup>(1)</sup>	Senior Advisor
	SCOR <sup>(1)</sup>	Director
	Wakam SA	Advisory Board member

**Positions and offices that have ended since January 1, 2018**

France	Accor SA <sup>(1)</sup>	Director
	Tikehau Capital SCA <sup>(1)</sup>	Member of the Supervisory Board

(1) Listed company.

### 1.4.1.3 Appointment of a new Director proposed at the Shareholders' Meeting

#### Laurent MIGNON

Date of birth: December 28, 1963.

Business address: Wendel – 89 rue Taitbout – 75009 Paris (France).

From 1986 to 1996, Laurent Mignon worked for Banque Indosuez before joining Schrodgers in London, followed by AGF (Assurances Générales de France) in 1997 as Chief Financial Officer, then Deputy Chief Executive Officer in 2002 and Chief Executive Officer in 2006. From 2007 to 2009, he was a Managing Partner at Oddo & Cie.

From 2009 to 2022, Laurent Mignon served at Groupe BPCE, where he was Chief Executive Officer of Natixis and a member of the Executive Board of BPCE from 2009 to May 2018, then Chairman of the Executive Board of Groupe BPCE from May 2018 to December 2022, as well as Chairman of the Board of Directors of Natixis.

Laurent Mignon has been Chairman of the Executive Board of Wendel since December 2, 2022.

#### Current positions and offices

France	Arkema SA <sup>(1)</sup>	Director
	AROP (Association pour le Rayonnement de l'Opéra National de Paris)	Director
	Bureau Veritas SA <sup>(1)</sup>	Vice-Chairman of the Board of Directors and Chairman of the Strategy Committee
	Oddo BHF SCA	Non-voting member
	Wendel SE <sup>(1)</sup>	Chairman of the Executive Board

#### Positions and offices that have ended since January 1, 2018

France	Association Française Bancaire (AFB)	Chairman
	Association Française des Établissements de Crédit et des Entreprises d'Investissement	Chairman
	BPCE SA	Member and Chairman of the Executive Board
	CE Holding Participations SAS	Chairman
	CNP Assurances SA	Director
	Crédit Foncier SA	Chairman of the Board of Directors
	Fédération Bancaire Française (FBF)	Chairman and member of the Executive Committee
	Fimalac SE	Advisory Board member
	Natixis SA <sup>(1)</sup>	Chairman of the Board of Directors
	Natixis Assurances SA	Chairman of the Board of Directors
	Sopassure SA	Director
International	Peter J. Solomon Company, LP (United States)	Director
	Peter J. Solomon GP, LLC (United States)	Director

### 1.4.2 Statutory Auditors

	Start date of first term	Current term	
		Date appointed	End of term
Deloitte & Associés 6 place de la Pyramide - 92908 Paris la Défense Cedex (France) Represented by Guillaume Troussicot and Bénédicte Sabadie	April 21, 2022	April 21, 2022	Annual Meeting convened to approve the financial statements for the 2027 fiscal year
Mazars Tour Exaltis - 61 rue Henri Regnault - 92400 Courbevoie (France) Represented by Isabelle Sapet and Simon Beillevaire	April 14, 2016	April 21, 2022	Annual Meeting convened to approve the financial statements for the 2027 fiscal year

(1) Listed company.

## 1.5 Executive Management

### 1.5.1 Mode of Executive Management

Bernard Arnault has been Chairman and Chief Executive Officer of the Company since 1989. The Board of Directors has neither set any limit on the powers vested in the Chief Executive Officer nor made any change to the mode of Executive Management.

On the recommendation of the Governance & Compensation Committee, at its meeting of April 21, 2022, held after the Shareholders' Meeting at which Bernard Arnault was reappointed as a Director, the Board of Directors decided not to separate the roles of Chairman of the Board of Directors and Chief Executive Officer, and to reappoint Bernard Arnault as Chairman of the Board of Directors and Chief Executive Officer. The Board of Directors considered that having these responsibilities held by a single person was well suited to the specific nature of the Company's ownership structure and the Group's decentralized operations, and enabled faster decision-making, with these reasons reinforced by the presence of a Group Managing Director.

In September 2001, in response to the proposal of the Chairman and Chief Executive Officer, the Board of Directors appointed Antonio Belloni as Group Managing Director. The Group Managing Director has the same powers as the Chief Executive Officer. On the recommendation of the Chairman and Chief Executive Officer, the Board of Directors decided at its meeting of April 21, 2022, to reappoint Antonio Belloni as Group Managing Director for the duration of the Chairman and Chief Executive Officer's term of office.

### 1.5.2 Balance of powers

The balance of powers within the Board of Directors is ensured by the provisions of the Charter of the Board of Directors and the rules governing the three committees formed by it, which

specify the duties of each of those committees. According to the requirements of the Governance & Compensation Committee's rules of procedure, the committee ensures that, whenever a Group Managing Director is appointed, there are candidates of both genders present up until the final decision is made in designating said Group Managing Director.

The balance of powers is also ensured by (i) the composition of the Board of Directors, whose very highly qualified members have a diverse range of complementary expertise, providing a sound understanding of all the Group's operations and priorities; and by (ii) the duties, rules of procedure and composition of the Board's committees, whose preparatory work informs the decisions made by the Board of Directors. Furthermore, as of the date of this report, 57% of the Board of Directors' members were Independent Directors according to the criteria used by the Company (36% according to the criteria set out in the AFEP/MEDEF Code). At the close of the Shareholders' Meeting of April 20, 2023, subject to the appointment of Laurent Mignon, 64% of the Board of Directors' members will be Independent Directors according to the criteria used by the Company (43% according to the criteria set out in the AFEP/MEDEF Code).

In addition, on the basis of the criteria applied by the Company, the Governance & Compensation Committee and the Performance Audit Committee consist entirely of Independent Directors, and the Ethics & Sustainable Development Committee comprises three Independent Directors out of four members.

The Board of Directors may also establish one or more ad hoc committees for specific or important matters.

Lastly, Independent Directors may meet separately from the other members of the Board of Directors, with the Lead Director serving as chair (see §1.6 below).

## 1.6 Lead Director

In accordance with the provisions of the Charter of the Board of Directors, the Lead Director helps coordinate the Independent Directors and liaises between them and Executive Management. He/she is kept informed of any social, environmental and governance-related questions from shareholders and ensures that they are answered. He/she is available, upon request by the Chairman of the Board, to communicate with institutional shareholders.

During fiscal year 2022, the Lead Director chaired and oversaw a meeting of the Directors not attended by the Chairman of the Board or those Directors holding executive positions. He supervised the process of assessing the composition, organization and operations of the Board of Directors and its three committees with the help of an in-depth questionnaire prepared by AFEP/MEDEF and sent to Directors prior to the meeting. He reported on the assessment of the Board of Directors by its members at the meeting of October 27, 2022. He took part in dialogue between consulting firms and those investors who so requested.

## 1.7 Board committees

The Board of Directors has set up several committees, each specializing in a matter of importance: a committee in charge of performance audit, a committee in charge of governance and compensation, and a committee in charge of ethics and sustainable development.

These committees consist of at least three members, appointed by the Board of Directors. The Chairman of each committee is appointed by the Board of Directors and selected from among its members.

These three committees may work together on matters concerning corporate social and environmental responsibility.

### 1.7.1 Performance Audit Committee

The main responsibilities of the Performance Audit Committee are to:

- monitor the process of preparing financial and non-financial information, in particular the parent company and consolidated financial statements and, where applicable, make recommendations to ensure their integrity;
- monitor the work of the Statutory Auditors, taking into account, where applicable, the observations and findings of the *Haut Conseil du Commissariat aux Comptes* (the supervisory body for the French audit industry) on checks carried out by it pursuant to Articles L. 821-9 *et seq.* of the French Commercial Code;
- ensure the existence, pertinence, application and effectiveness of internal control, risk management including risks of a social and environmental nature, and internal audit procedures; monitor the ongoing effectiveness of those procedures; and make recommendations to Executive Management on the priorities and general direction of the work of the internal audit function; analyze the Company's and the Group's exposure to risks, and in particular to those risks identified by internal control and risk management systems, including those of a social and environmental nature, as well as material off-balance sheet commitments of the Company and the Group;
- examine risks to the Statutory Auditors' independence and, where applicable, safeguards put in place to minimize the potential of risks to compromise their independence; issue an opinion on fees paid to the Statutory Auditors, as well as those paid to the network to which they belong, by the Company and companies it controls or by which it is controlled, in relation to either their statutory audit duties or ancillary services; oversee the procedure for selecting the Company's Statutory Auditors; and make recommendations on appointments to be proposed at Shareholders' Meetings pursuant to the outcome of such consultation;
- approve services, other than certifying the financial statements, provided by the Statutory Auditors or members of the network

to which they belong to the Company, or to persons or entities that control or are controlled by the Company within the meaning of the first and second paragraphs of Article L. 233-3 of the French Commercial Code, after analyzing risks to the Statutory Auditors' independence and safeguards adopted by them;

- review key agreements entered into by Group companies and agreements entered into by any Group company with a third-party company in which a Director of the LVMH parent company is also a senior executive or principal shareholder. Significant transactions falling within the scope of the provisions of Article L. 225-38 of the French Commercial Code require an opinion issued by an independent expert appointed at the proposal of the Performance Audit Committee;
- review the conclusions of the Legal Department's report on the annual review of all agreements entered into in the normal course of LVMH SE's business and at arm's length, either during the fiscal year under review or previously and still in effect during the fiscal year under review;
- assess any conflicts of interest that may affect a Director and recommend appropriate measures to prevent or correct them.

It consists of four members appointed by the Board of Directors: Clara Gaymard (President), who was a magistrate at the Cour des Comptes and possesses lengthy experience as a senior executive; Marie-Laure Sauty de Chalon, who possesses experience as a Chief Executive Officer; Charles de Croisset, who has successively held senior management positions at CCF, HSBC Holdings plc and Goldman Sachs International; and Yves-Thibault de Silguy, who has notably served as European Commissioner for Economic and Monetary Affairs, a trustee of the IFRS Foundation and CEO of Suez. By virtue of their professional experience (see also §1.4.1 above: "List of positions and offices held by members of the Board of Directors") and their familiarity with financial and accounting procedures applicable to corporate groups, Clara Gaymard, Marie-Laure Sauty de Chalon, Charles de Croisset and Yves-Thibault de Silguy have the expertise necessary to fulfill their responsibilities.

The Performance Audit Committee is comprised solely of Independent Directors on the basis of the criteria applied by the Company.

The Performance Audit Committee met four times in fiscal year 2022, with all of its members in attendance. All of these meetings were held without any members of the Company's Executive Management in attendance. Two meetings were devoted to the review of the financial statements in advance of their examination by the Board of Directors.

These meetings were also attended by the Statutory Auditors; Chief Financial Officer; Internal Audit Director; Tax Director; Consolidation, Management Control and Reporting Director; Financial Communications Director; Group Insurance Director and the Secretary of the Board of Directors.



Besides reviewing the annual and interim parent company and consolidated financial statements, in conjunction with a detailed analysis of changes in the Group's activities and scope of consolidation, the committee's work focused mainly on the following points: internal audit, and in particular revision of the 2021 audit plan to take account of public health restrictions; the review of the 2022 and 2023 audit plans; off-balance sheet commitments and risk exposure and management; the Group's sales and earnings performance; the Group's tax position; the internal control system and mechanism for managing major risks implemented by a Wines and Spirits subsidiary; the scope of application of two pillars of the OECD's reform of the international tax system with a view to taxing companies in the digital sector in the countries in which they operate; impairment testing of intangible assets conducted by the Group; changes in the Group's insurance policies; and the financial market's view of the Group. Presentations on these points were made by the Group's Chief Financial Officer.

As part of the review of the 2021 parent company and consolidated financial statements, the Statutory Auditors gave a presentation to the committee covering, in particular, internal control, the method used to value fixed assets, including intangible

assets, provisions for contingencies and losses and uncertain tax positions, valuation of inventory, and points requiring attention and key audit matters identified.

The committee noted the conclusions of the report prepared by LVMH's Legal Department on the routine agreements entered into during the fiscal year ended December 31, 2021, or during prior fiscal years that remained in effect during that fiscal year, with none of these agreements needing to be recategorized.

The committee was given the Statutory Auditors' independence declaration as well as the amount of the fees paid to the Statutory Auditors' network by companies controlled by the Company or the entity that controls it, in respect of services not directly related to the Statutory Auditors' engagement, and was informed of the services provided in respect of work directly related to the Statutory Auditors' engagement.

At its meeting of January 25, 2023, the committee in particular (i) reviewed the parent company and consolidated financial statements to December 31, 2022, presented by the Statutory Auditors; and (ii) was informed of the Group's sales and earnings performance to December 31, 2022, as well as its tax position, as presented by the Chief Financial Officer.

### Individual attendance rates for serving Directors at meetings of the Performance Audit Committee as of December 31, 2022

In this table, "✓" means present, "A" absent and "N/A" not applicable.

Members	Meeting dates				Attendance rate
	01/26/2022	04/19/2022	07/25/2022	10/26/2022	
Clara GAYMARD (Chairman) <sup>(a)</sup>	✓	✓	✓	✓	100%
Charles de CROISSET	✓	✓	✓	✓	100%
Marie-Laure SAUTY de CHALON	✓	✓	✓	✓	100%
Yves-Thibault de SILGUY	✓	✓	✓	✓	100%

(a) Appointment of Clara Gaynard as Chairman of the committee, with effect from the close of the Shareholders' Meeting of April 21, 2022.

### 1.7.2 Governance & Compensation Committee

The committee is responsible for issuing opinions on applications and renewals for the positions of Director and Advisory Board member, making sure that the Board of Directors includes prominent independent persons from outside the Company.

To this end, the committee introduced a selection process for Independent Directors, the content of which is laid down in the Rules of Procedure. It aims to achieve a balance among the membership of the Board of Directors with regard to the skills

and diversity (professional experience and qualifications, gender balance, nationality, age) of its members.

It works to identify, on the basis of defined profiles, the financial and non-financial skills and expertise in particular, expected of potential Directors and deemed as priorities for the Company.

The committee may hold interviews with each candidate for the position of Director in order to issue a substantiated opinion to the Board of Directors. It may also set up interviews between prospective candidates and any other member of the Board of Directors.

The committee maintains strict confidentiality in its dealings with all potential candidates.

The committee reports on the practical application of the selection procedure for Directors in the Company's report on corporate governance.

In particular, the committee discusses whether Board members may be deemed Independent Directors with regard to applicable criteria. The committee also ensures that, whenever a Group Managing Director is appointed, there are candidates of both genders present up until the final decision is made in designating said Group Managing Director. It also makes proposals on the appointment or reappointment of the Chairman of the Performance Audit Committee.

As part of the preparation of the Board of Directors' report on corporate governance, the committee gives its opinion on the diversity policy applicable to members of the Board of Directors and on the gender equality policy applicable to the Group's governing bodies, the description of the goals of those policies, the terms of their implementation and the results obtained over the fiscal year covered by the aforementioned report.

The committee's opinion may also be sought by the Chairman of the Board of Directors, or by any Director serving as Chief Executive Officer or Group Managing Director, on potential appointments to the Group's Executive Committee and candidates for Executive Management positions at the Group's main subsidiaries. It is the consultative body responsible for defining the measures to be taken in the event that such an office falls prematurely vacant.

The committee issues an opinion on the compensation policy for the Company's company officers and senior executive officers, as well as, after seeking the opinion of an independent consulting firm, where applicable, on any exception to the application of said compensation policy.

After review, the committee makes proposals on the apportionment of the maximum overall annual amount set at the Shareholders' Meeting to be allocated to Directors (and Advisory Board members, where applicable) as compensation for their work, and prepares a summary table of the payments made by the Company to each Director and Advisory Board member.

It makes proposals to the Board on the fixed, variable, exceptional, immediate and deferred compensation and benefits in kind to be awarded to (i) the Chairman of the Company's Board of Directors, its Chief Executive Officer and its Group Managing Director(s) and (ii) Directors and Advisory Board members who are employees of the Company or any of its subsidiaries by virtue of an employment contract; where applicable, it also issues an opinion on any consulting agreements entered into, either directly or indirectly, with these same individuals. The committee issues recommendations regarding the qualitative and quantifiable criteria on the basis of which the variable portion of compensation for senior executive officers is to be

determined as well as the performance conditions applicable to the exercise of options and the vesting of bonus shares.

The committee expresses its opinion on the general policy for the allocation of options and bonus shares within the Group, also making proposals on the granting of options and bonus shares to senior executive officers and to Directors and Advisory Board members who are employees of the Company or any of its subsidiaries by virtue of an employment contract.

It adopts positions on any supplementary pension plans set up by the Company for its senior executives, and issues recommendations on any retirement bonuses that may be paid to a senior executive officer upon leaving the Company.

The committee issues an opinion relating to the fixed and variable portions of compensation, whether immediate or deferred, and benefits in kind to be received by members of the Group's Executive Committee and by other senior executive officers of the Group's main subsidiaries, and on the allocation of options and bonus shares to these same individuals. To this end, the committee may request copies of any agreements concluded with these individuals and of any accounting information relating to payments made.

The committee is also entitled to receive information on procedures relating to the payment of external contractors' fees and the reimbursement of their expenses, issuing any recommendations deemed necessary on this subject.

The committee shall prepare a report every year for the Shareholders' Meeting, which it shall submit to the Board of Directors, on the compensation of company officers, any bonus shares awarded to them during the fiscal year as well as any options granted to them or exercised by them in the same period. The report shall also list the number and value of free shares granted during the year by the Company or any related companies or groups to the Company's top ten employee recipients, other than company officers, having received the largest number of shares.

It consists of four members appointed by the Board of Directors: Marie-Josée Kravis (Chairman), Sophie Chassat, Charles de Croisset and Yves-Thibault de Silguy.

On the committee's recommendation, at its meeting of January 26, 2023, the Board of Directors decided to appoint Natacha Valla as a member of the committee, with effect from the close of the Shareholders' Meeting of April 20, 2023, subject to her reappointment as a Director, replacing Yves-Thibault de Silguy, and to appoint her as the committee's Chairman replacing Marie-Josée Kravis, who will remain a member of the committee.

Subject to approval at the next Shareholders' Meeting, the committee's members following the meeting will therefore be as follows: Natacha Valla (Chairman), Sophie Chassat, Marie-Josée Kravis and Charles de Croisset.

All its members are independent according to the criteria applied by the Company (half of its members, including the Chairman, are independent with regard to all the criteria set out in the AFEP/MEDEF Code).

The committee met three times in fiscal year 2022, with all of its members in attendance.

- In particular, the committee (i) issued proposals on the fixed and variable components of compensation as well as benefits in kind payable to the Chairman and Chief Executive Officer and the Group Managing Director, the performance criteria associated with their variable compensation and the respective weighting of each criterion, the granting of performance shares to each of them and the requirement for them to retain possession of a portion of any vested shares; (ii) reviewed the performance of the Chairman and Chief Executive Officer and the Group Managing Director in light of each of their quantifiable and qualitative targets; (iii) recommended, in accordance with the recommendations of the AFEP/MEDEF Code, including in the resolution on bonus share awards subject to approval at the Shareholders' Meeting of April 21, 2022, a sub-ceiling limiting the number of bonus shares awarded to the Chairman and Chief Executive Officer and the Group Managing Director to 15% of the total number of bonus shares awarded in a given fiscal year; (iv) gave its opinion on compensation, performance shares and benefits in kind granted to certain Directors by the Company and its subsidiaries; (v) reviewed the implementation of a medium-term incentive plan for a subsidiary senior executive; (vi) reviewed proposed allocations of bonus shares and/or performance shares to some senior executives, Group senior managers and Executive Committee members; (vii) noted that the performance condition for 2021 applicable to bonus performance shares allocated on October 24, 2019, as determined by the Board of Directors at its meeting of October 22, 2020, was met, allowing for recipients to receive in October 2022 a number of shares equal to 50% of their initial allocation; (viii) decided to submit a resolution at the Shareholders' Meeting of April 21, 2022, to increase the maximum overall annual amount awarded to Directors as compensation for their duties from 1,260,000 euros to 1,450,000 euros; (ix) familiarized itself with the statement of compensation paid to Directors and Advisory Board members during fiscal year 2021 in respect of their service; and (x) reviewed the Board of Directors' draft report on compensation policy submitted for shareholder approval.
- The committee issued an opinion on the status of all Directors with regard, in particular, to the independence criteria set forth within the AFEP/MEDEF Code. It reviewed the directorships of members of the Board of Directors expiring at the close of the Shareholders' Meeting of April 21, 2022, and, having reviewed the position of each of the Directors, expressed a favorable opinion on (i) the reappointment of

Bernard Arnault, Hubert Védrine, Sophie Chassat and Clara Gaymard as Directors; and (ii) the reappointment of Yann Arthus-Bertrand as an Advisory Board member. It proposed to the Board of Directors, within the context the reappointment of Bernard Arnault as Chairman of the Board of Directors and Chief Executive Officer, not to separate these two roles. It also proposed to the Board of Directors to submit a resolution at the Shareholders' Meeting of April 21, 2022, to set the age limit for serving as Chief Executive Officer at 80.

It issued an opinion on the diversity policy applicable to members of the Board of Directors and on the gender equality policy applicable to governing bodies within the Group. It examined measures adopted by the Company to ensure the safety of the Chairman and his family. In addition, it reviewed succession planning for senior executive officers.

Prior to the Board of Directors' meeting of January 26, 2023, the committee reviewed and made proposals related, in particular, to the Company's compensation policy for company officers and senior executive officers; in addition, it read through the draft *Board of Directors' report on corporate governance* and the Board of Directors' report on the resolutions, including compensation-related developments. It also noted that the performance criteria applicable to the bonus performance shares allocated on October 22, 2020 and on January 26, April 15, July 26 and October 28, 2021, were met as of December 31, 2022.

Based on the assessment of performance of senior executive officers in respect of 2022, the committee considered that the quantifiable targets relating to revenue and profit from recurring operations as well as the qualitative targets set for 2022 had been met. It then reviewed the fixed compensation for 2023 of the senior executive officers and found that there were no grounds for any changes. The committee also expressed its opinion on the criteria that may be used to determine variable compensation for 2023.

The committee also reviewed the Director and Advisory Board member appointments ending in 2023 and expressed a favorable opinion on (i) the reappointments of Delphine Arnault, Marie-Josée Kravis, Marie-Laure Sauty de Chalon, Natacha Valla and Antonio Belloni as Directors and the reappointment of Lord Powell of Bayswater as an Advisory Board member; (ii) the appointment of Laurent Mignon as a new Director; and (iii) the appointment of Diego Della Valle as an Advisory Board member, following his request not to be reappointed as a Director. Having noted the value for the Board of continuing to benefit from the perspective of a person positioned outside the Group who has in-depth knowledge of the fashion and leather goods sector, the committee decided to recommend to the Board of Directors to submit a resolution at the Shareholders' Meeting of April 20, 2023, to appoint Diego Della Valle as an Advisory Board member.

### Individual attendance rates for serving Directors at meetings of the Governance & Compensation Committee as of December 31, 2022

In this table, “✓” means present, “A” absent and “N/A” not applicable.

Members	Meeting dates			Attendance rate
	01/27/2022	05/05/2022	10/26/2022	
Marie-Josée KRAVIS(Chairman) <sup>(a)</sup>	✓	✓	✓	100%
Charles de CROISSET	✓	✓	✓	100%
Sophie CHASSAT	✓	✓	✓	100%
Yves-Thibault de SILGUY	✓	✓	✓	100%

(a) Appointment of Marie-Josée Kravis as Chairman of the committee with effect from the close of the Shareholders' Meeting of April 21, 2022.

### 1.7.3 Ethics & Sustainable Development Committee

The Board of Directors decided to establish an Ethics & Sustainable Development Committee, whose main duties are to:

- assist the Board of Directors in defining the Company's and the Group's broad strategic direction with regard to workforce-related, environmental and climate-related matters, and ensure that it is put into practice;
- review the ethical, environmental, workforce-related and social responsibility issues faced by the Group and in particular climate issues;
- review the environmental, workforce-related and social information contained in the *Management Report of the Board of Directors* and submit its opinion on this information to the Board;
- review the performance of systems related to data protection and ethics;
- ensure compliance with the rules and values defined by the LVMH Code of Conduct as well as the other codes and charters resulting from this Code;
- help define rules of conduct and principles for action regarding ethics and environmental, workforce-related and social responsibility, which must be followed by the Group's senior executives and employees;
- monitor the functioning of whistleblowing systems put in place within the Group.

It consists of four members appointed by the Board of Directors: Yves-Thibault de Silguy (Chairman), Hubert Védrine, Delphine Arnault and Marie-Laure Sauty de Chalon.

Three of its members qualify as independent based on the criteria adopted by the Company.

The committee met three times in fiscal year 2022, with all of its members in attendance.

The committee was informed in particular of (i) ethics and compliance targets set in 2022 presented by Group Managing Director to Ethics & Compliance Officers at the Group's Maisons; (ii) progress made in corruption risk mapping by business sector; (iii) the Group's application of laws relating to personal data protection; (iv) international sanctions; (v) issuing anti-money laundering guidelines for the Group's Maisons; (vi) the main topics identified through the whistleblowing system; and (vii) work currently being done on protecting human rights. It reviewed the measures taken by the Group in terms of accounting control procedures.

The Group Environment & Sustainable Development Director gave an update on progress made under the LIFE 360 program. The committee was informed in particular about the means of governance and implementation of the LIFE 360 program (Letter to Presidents on their Maisons' environmental performance). The committee was also told about the results achieved by LIFE 360 in respect of fiscal year 2021, in particular: with regard to circular design strategy, the increased proportion of recycled materials used in customer packaging, the financial results of Nona Source (a platform for reselling the Maisons' excess fabrics), as well as the development of bespoke sustainable product design tools to implement Article 13 of France's new anti-waste law for a circular economy, known as the AGEC law; with regard to biodiversity strategy, the increase in restored habitat for flora and fauna as a result of regenerative agriculture, and the increase in the certification level of the main supply chains; with regard to climate strategy, the reduction in energy-related greenhouse gas (GHG) emissions (Scopes 1 and 2), the reduction in Scope 3 emissions as well as the review of all climate initiatives; with regard to traceability and transparency strategy, the increase in the level of knowledge about raw materials' country of origin for strategic supply chains and the roll-out of product performance measurement tools allowing for environmental labeling. The committee reviewed the main actions taken in 2022 and the outlook for achieving the targets set for 2026 and 2030.

### Individual attendance rates for serving Directors at meetings of the Ethics & Sustainable Development Committee as of December 31, 2022

In this table, “✓” means present, “A” absent and “N/A” not applicable.

Members	Date of meeting			Attendance rate
	01/17/2022	06/08/2022	09/29/2022	
Yves-Thibault de SILGUY (Chairman)	✓	✓	✓	100%
Delphine ARNAULT	✓	✓	✓	100%
Marie-Laure SAUTY de CHALON	✓	✓	✓	100%
Hubert VÉDRINE	✓	✓	✓	100%

#### 1.7.4 Committees' non-financial responsibilities

##### Board of Directors

The Board of Directors sets the Company's and the Group's broad strategic direction and ensures that it is put into practice, as well as, on the recommendation of Executive Management, its overall approach to environmental and social responsibility, taking into account the climate issues faced by their businesses.

Each of the Board's committees is involved in the process of drawing up and monitoring the Company's and the Group's non-financial strategy in the areas falling within their fields of expertise.

##### Performance Audit Committee

- Monitors the process of preparing financial and non-financial information, and makes recommendations to ensure their integrity.
- Monitors and ensures the existence and pertinence of internal control, risk management (including social and environmental risks) and internal audit procedures, makes recommendations to Executive Management on the priorities and general direction of Internal Audit, and analyzes the Company's and the Group's exposure to risks, including social and environmental risks.

##### Governance & Compensation Committee

- Identifies, as part of the procedure for selecting Directors and in accordance with its diversity policy, on the basis of defined profiles, the skills and expertise, particularly financial and non-financial, expected of potential Directors and considered key priorities for the Company.
- Issues recommendations regarding the qualitative and quantifiable criteria, in particular of a social and environmental nature, used to determine the variable portion of compensation for senior executive officers, as well as the performance conditions applicable to the exercise of options and the vesting of bonus shares.

##### Ethics & Sustainable Development Committee

- Assists the Board of Directors in defining the Company's and the Group's broad strategic direction with regard to workforce-related, environmental and climate-related matters, and ensures that it is put into practice.
- Reviews the environmental, workforce-related and social information contained in the *Management Report of the Board of Directors* and submits its opinion on this information to the Board.
- Helps define rules of conduct and principles for action regarding ethics and environmental, workforce-related and social responsibility, which must be followed by the Group's senior executives and employees.

## 1.8 Advisory Board

### 1.8.1 Membership and operating procedures

Advisory Board members 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 competence. Under the Bylaws, they are appointed for three-year terms.

They are invited to meetings of the Board of Directors and are consulted for decision-making purposes, but do not have a vote. They may be consulted by the Chairman of the Board of Directors on the Group's strategic direction and, more generally, on any issues relating to the Company's organization and development. The committee Chairmen may also solicit their

opinion on matters falling within their respective areas of expertise. Their absence does not affect the validity of the Board of Directors' proceedings.

The Company currently has two Advisory Board members: Lord Powell of Bayswater, who continues to shed light for the Board of Directors on developments in international economic relations, and Yann Arthus-Bertrand, who provides invaluable input for the Board's consideration of environmental issues facing the Group's businesses.

A resolution to appoint Diego Della Valle as an Advisory Board member will be presented at the Shareholders' Meeting of April 20, 2023.

#### Advisory Board members

Name	Nationality	Date of first appointment	Renewal of the term of office
Yann ARTHUS-BERTRAND	French	04/18/2019	2025
Lord POWELL of BAYSWATER	British	06/30/2020 <sup>(1)</sup>	2023

(1) Date of first appointment as a Director: May 29, 1997.

### 1.8.2 List of positions and offices held by the Advisory Board members

#### 1.8.2.1 Currently serving Advisory Board members

##### Yann ARTHUS-BERTRAND

Date of birth: March 13, 1946.

Business address: GoodPlanet Foundation – Carrefour de Longchamp – 75116 Paris (France).

Yann Arthus-Bertrand began his career as a photographer and film Director, and very early on became involved in protecting the environment through his creative work. In 2005, he created

the GoodPlanet Foundation, a recognized public-interest organization, which he still chairs today, and which aims to make environmentalism and humanism a central issue. In addition to its work to raise public awareness, especially among young people, the Foundation supports a wide range of programs, particularly those aimed at combating global warming and deforestation, and protecting the oceans.

#### Current positions and offices

##### LVMH group

France LVMH Moët Hennessy Louis Vuitton SE<sup>(1)</sup> Advisory Board member

##### Other

France	Académie des Beaux-Arts	Member
	Association de la Vallée de la Millière	Chairman and Founder
	GoodPlanet Foundation	Chairman
	Fondation Groupe France Télévisions	Member of the Board of Directors
	Les Canaux	Chairman of the Board of Directors

(1) Listed company.



**1.8.2.2 Advisory Board members whose terms office are due to expire at the Shareholders' Meeting****Lord POWELL of BAYSWATER**

Date of birth: July 6, 1941.

Business address: LVMH House – 15 St George Street – W1S 1FH London (United Kingdom).

Lord Powell was Private Secretary and Advisor on Foreign Affairs and Defense to Prime Ministers Margaret Thatcher and John Major from 1983 to 1991. He sits as a cross-bench member of the House of Lords, the British Parliament's upper chamber.

**Current positions and offices****LVMH group**

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Advisory Board member
International	LVMH Services Limited (United Kingdom)	Chairman of the Board of Directors

**Agache group**

France	Financière Agache SA	Director
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**Other**

International	Matheson & Co. Ltd (United Kingdom)	Director
	Northern Trust Corporation (United States) <sup>(1)</sup>	Director

**1.8.2.3 Appointment of an Advisory Board member proposed at the Shareholders' Meeting****Diego DELLA VALLE**

Date of birth: December 30, 1953.

Business address: Tod's SpA – Corso Venisia, 30 – 20121 Milan (Italy).

Diego Della Valle joined the family business in 1975. He played a fundamental role in the definition of the Company's development

strategy and the creation of the brands that have shaped its image. He developed an innovative marketing plan, which has since served as a model to other companies around the world in the luxury goods industry. Since October 2000, he has been Chairman and Director delegate of Tod's SpA, which today is a world leader in the luxury accessories sector.

**Current positions and offices****LVMH group**

France	LVMH Moët Hennessy Louis Vuitton SE <sup>(1)</sup>	Director
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**Tod's SpA group**

International	Deva Finance Srl (Italy)	Sole Director
	Diego Della Valle & C. Srl (Italy)	Sole Director
	DI.VI. Finanziaria Srl (Italy)	Sole Director
	Do.Mar. Finanziaria Srl (Italy)	Sole Director
	Fondazione Della Valle Onlus (Italy)	Chairman of the Board of Directors
	Tod's SpA (Italy) <sup>(1)</sup>	Chairman of the Board of Directors and Director delegate

**Other**

International	RCS Mediagroup SpA (Italy) <sup>(1)</sup>	Director
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(1) Listed company.



## 1.9 Participation in Shareholders' Meetings

The terms and conditions of participation by shareholders in Shareholders' Meetings, and in particular conditions for the allocation of double voting rights to the holders of registered shares, are set out in the *Other information* section (§1.3 "Additional information") of this 2022 Universal Registration Document.

## 1.10 Summary of existing delegations and financial authorizations and use made of them

### Share repurchase program (Articles L. 22-10-62 et seq. of the French Commercial Code)<sup>(a)</sup>

Type	Authorization date	Expiry/Duration	Amount authorized	Use as of December 31, 2022
Share repurchase program Maximum purchase price: 1,000 euros	SM April 21, 2022 (20th resolution)	October 20, 2023 (18 months)	10% of the share capital <sup>(b)</sup>	Movements between April 21 and December 31, 2022: – Purchases: 2,110,387 shares – Disposals: 340,337 shares – 2,180,399 shares held at 12/31/2022.
Reduction of capital through the retirement of shares purchased under the share repurchase program	SM April 21, 2022 (21st resolution)	October 20, 2023 (18 months)	10% of the share capital per 24-month period <sup>(b)</sup>	– No shares were retired between January 1 and April 21, 2022 – Shares retired between April 21 and December 31, 2022: 1,500,000 shares <sup>(c)</sup>

(a) A resolution renewing these authorizations will be presented at the Shareholders' Meeting of April 20, 2023. See §1.11 below.

(b) As a guide, this equates to 50,325,734 shares on the basis of the share capital under the Bylaws as of December 31, 2022.

(c) Retirement of shares pursuant to the 21st resolution approved at the Shareholders' Meeting of April 21, 2022.

**Increase in the share capital (Articles L. 225-129, L. 225-129-2, L. 228-92 and L. 22-10-49 to L. 22-10-54 of the French Commercial Code)<sup>(a)</sup>**

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of December 31, 2022
Through the capitalization of profit, reserves, additional paid-in capital or other items (L. 225-129-2, L. 225-130 and L. 22-10-50)	SM April 15, 2021 (20th resolution)	June 14, 2023 (26 months)	20 million euros <sup>(b)</sup>	Not applicable	None
With preferential subscription rights: Ordinary shares and securities giving access to the share capital	SM April 15, 2021 (21st resolution)	June 14, 2023 (26 months)	20 million euros <sup>(b)(c)</sup>	Free	None
Without preferential subscription rights: Ordinary shares and securities giving access to the share capital					
– by means of public offering (L. 225-135 et seq.)	SM April 15, 2021 (22nd resolution)	June 14, 2023 (26 months)	20 million euros <sup>(b)(c)</sup>	At least equal to the minimum price required by regulations <sup>(d)</sup>	None
– for qualified investors or a restricted group of investors (L. 225-135 et seq.)	SM April 15, 2021 (23rd resolution)	June 14, 2023 (26 months)	20 million euros <sup>(b)(c)</sup> Issue of shares capped at 20% of the share capital per year, determined as of the issue date	At least equal to the minimum price required by regulations <sup>(d)</sup>	None
Increase in the number of shares to be issued in the event that the issue is oversubscribed in connection with capital increases, with or without preferential subscription rights, carried out pursuant to the 21st, 22nd and 23rd resolutions of the Shareholders' Meeting of April 15, 2021	SM April 15, 2021 (24th resolution)	June 14, 2023 (26 months)	Up to a maximum of 15% of the initial issue and up to 20 million euros <sup>(b)</sup>	Same price as the initial issue	None
In connection with a public exchange offer (L. 22-10-54)	SM April 15, 2021 (25th resolution)	June 14, 2023 (26 months)	20 million euros <sup>(b)</sup>	Free	None
In connection with in-kind contributions (L. 22-10-53)	SM April 15, 2021 (26th resolution)	June 14, 2023 (26 months)	10% of the share capital at the issue date <sup>(b)(e)</sup>	Free	None

(a) A resolution renewing these authorizations will be presented at the Shareholders' Meeting of April 20, 2023. See §1.11 below.

(b) Up to the overall maximum of 20 million euros set at the Shareholders' Meeting of April 15, 2021 (29th resolution) applicable to issues decided upon pursuant to the 20th, 21st, 22nd, 23rd, 24th, 25th, 26th, 27th and 28th resolutions.

(c) The amount of the capital increase decided by the Board of Directors may be increased up to the overall cap of 20 million euros stated in (b) above, subject to a maximum of 15% of the initial issue in the event that the issue is oversubscribed (Shareholders' Meeting of April 15, 2021, 24th resolution).

(d) Up to a maximum of 10% of the share capital, the Board of Directors may freely determine the issue price, provided that this price is equal to at least 90% of the weighted average share price over the three trading days preceding the date on which the subscription price is determined (Shareholders' Meeting of April 15, 2021, 22nd and 23rd resolutions).

(e) As a guide, this equates to 50,325,734 shares on the basis of the share capital under the Bylaws as of December 31, 2022.

## Employee share ownership

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method	Use as of December 31, 2022
Share subscription or purchase options <sup>(a)</sup> (L. 225-177 <i>et seq.</i> and L. 22-10-56)	SM April 15, 2021 (27th resolution)	June 14, 2023 (26 months)	1% of the share capital <sup>(b)(c)</sup>	Average share price over the 20 trading days preceding the grant date <sup>(d)</sup> , with no discount	– Granted: None – Available to be granted: 5,047,573 shares
Bonus share awards (L. 225-197-1 <i>et seq.</i> , L. 22-10-59 and L. 22-10-60)	SM April 21, 2022 (22nd resolution)	June 20, 2024 (26 months)	1% of the share capital <sup>(b)(c)</sup> Sub-ceiling applicable to senior executive officers: 15% <sup>(f)</sup> of shares allocated free of charge in the course of a fiscal year	Not applicable	– Granted: 177,306 shares – Available to be granted: 4,870,267 shares
Capital increase reserved for employees who are members of a company savings plan <sup>(a)</sup> (L. 225-129-6)	SM April 15, 2021 (28th resolution)	June 14, 2023 (26 months)	1% of the share capital <sup>(b)(c)</sup>	Average share price over the 20 trading days preceding the grant date, with a maximum discount of 30%	None

(a) A resolution renewing these authorizations will be presented at the Shareholders' Meeting of April 20, 2023. See §1.11 below.

(b) Up to the overall maximum of 20 million euros set at the Shareholders' Meeting of April 15, 2021 (29th resolution), against which this amount is offset.

(c) As a guide, this equates to 5,047,573 shares on the basis of the share capital under the Bylaws as of April 15, 2021.

(d) For purchase options, the price may not be less than the average purchase price of the shares.

(e) As a guide, this equates to 5,047,573 shares on the basis of the share capital under the Bylaws as of April 21, 2022.

(f) This 15% limit shall apply to the total number of shares allocated free of charge to senior executive officers of the Company by the Board of Directors in the course of a fiscal year.

### 1.11 Authorizations requested at the Shareholders' Meeting of April 20, 2023

#### Share repurchase program (Articles L. 22-10-62 *et seq.* of the French Commercial Code)

Type	Resolution	Expiry/ Duration	Amount authorized
Share repurchase program Maximum purchase price: 1,200 euros	SM April 20, 2023 (19th resolution)	October 19, 2024 (18 months)	10% of the share capital <sup>(a)</sup>
Reduction of capital through the retirement of shares purchased under the share repurchase program	SM April 20, 2023 (20th resolution)	October 19, 2024 (18 months)	10% of the share capital per 24-month period <sup>(a)</sup>

(a) As a guide, this equates to 50,325,734 shares on the basis of the share capital under the Bylaws as of December 31, 2022.

### Increase in the share capital (Articles L. 225-129, L. 225-129-2, L. 228-92 and L. 22-10-49 to L. 22-10-54 of the French Commercial Code)

Type	Authorization date	Expiry/ Duration	Amount authorized	Issue price determination method
Through the capitalization of profit, reserves, additional paid-in capital or other items (L. 225-129-2, L. 225-130 and L. 22-10-50)	SM April 20, 2023 (21st resolution)	June 19, 2025 (26 months)	20 million euros <sup>(a)</sup>	Not applicable
With preferential subscription rights: Ordinary shares and securities giving access to the share capital	SM April 20, 2023 (22nd resolution)	June 19, 2025 (26 months)	20 million euros <sup>(a)(b)</sup>	Free
Without preferential subscription rights: Ordinary shares and securities giving access to the share capital				
– by means of public offering (L. 225-135 et seq.)	SM April 20, 2023 (23rd resolution)	June 19, 2025 (26 months)	20 million euros <sup>(a)(b)</sup>	At least equal to the minimum price required by regulations <sup>(c)</sup>
– for qualified investors or a restricted group of investors (L. 225-135 et seq.)	SM April 20, 2023 (24th resolution)	June 19, 2025 (26 months)	20 million euros <sup>(a)(b)</sup> Issue of shares capped at 20% of the share capital per year, determined as of the issue date	At least equal to the minimum price required by regulations <sup>(c)</sup>
Increase in the number of shares to be issued in the event that the issue is oversubscribed in connection with capital increases, with or without preferential subscription rights, carried out pursuant to the 22nd, 23rd and 24th resolutions	SM April 20, 2023 (25th resolution)	June 19, 2025 (26 months)	Up to a maximum of 15% of the initial issue and up to 20 million euros <sup>(a)</sup>	Same price as the initial issue
In connection with a public exchange offer (L. 22-10-54)	SM April 20, 2023 (26th resolution)	June 19, 2025 (26 months)	20 million euros <sup>(a)</sup>	Free
In connection with in-kind contributions (L. 22-10-53)	SM April 20, 2023 (27th resolution)	June 19, 2025 (26 months)	10% of the share capital at the issue date <sup>(a)(d)</sup>	Free

(a) Up to the overall maximum of 20 million euros set at the Shareholders' Meeting of April 20, 2023, (30th resolution) for any issues decided upon pursuant to the 21st, 22nd, 23rd, 24th, 25th, 26th, 27th, 28th and 29th resolutions.

(b) The amount of the capital increase decided by the Board of Directors may be increased up to the overall cap of 20 million euros stated in (a) above, subject to a maximum of 15% of the initial issue in the event that the issue is oversubscribed (Shareholders' Meeting of April 20, 2023, 25th resolution).

(c) Up to a maximum of 10% of the share capital, the Board of Directors may freely determine the issue price, provided that this price is equal to at least 90% of the weighted average share price over the three trading days preceding the date on which the subscription price is determined (Shareholders' Meeting of April 20, 2023, 23rd and 24th resolutions).

(d) As a guide, this equates to 50,325,734 shares on the basis of the share capital under the Bylaws as of December 31, 2022.

## Employee share ownership (Articles L. 225-177, L. 225-129-6 (1), L. 225-197-1 *et seq.*, and L. 22-10-56 to L. 22-10-60 of the French Commercial Code)

Type	Authorization date	Expiry/Duration	Amount authorized	Issue price determination method
Share subscription or purchase options	SM April 20, 2023 (28th resolution)	June 19, 2025 (26 months)	1% of the share capital <sup>(a)(b)</sup> Sub-ceiling applicable to senior executive officers: 15% <sup>(c)</sup> of share subscription or purchase options granted during a fiscal year	Average share price over the 20 trading days preceding the grant date <sup>(d)</sup> , with no discount
Capital increase reserved for employees who are members of a company savings plan	SM April 20, 2023 (29th resolution)	June 19, 2025 (26 months)	1% of the share capital <sup>(a)(b)</sup>	Average share price over the 20 trading days preceding the grant date, with a maximum discount of 30%

(a) Up to the overall maximum of 20 million euros proposed at the Shareholders' Meeting of April 20, 2023 (30th resolution), against which this amount is offset.

(b) As a guide, this equates to 5,032,573 shares on the basis of the share capital under the Bylaws as of December 31, 2022.

(c) This 15% limit shall apply to the total number of share subscription or purchase options granted to senior executive officers of the Company by the Board of Directors in the course of a fiscal year.

(d) For purchase options, the price may not be less than the average purchase price of the shares.

### 1.12 Information on the related-party agreements covered by Article L. 225-37-4 2° of the French Commercial Code

To the best of the Company's knowledge, no agreements falling within the purview of Article L. 225-37-4 2° were entered into during the 2022 fiscal year.

### 1.13 Information that could have a bearing on a takeover bid or exchange offer

In accordance with the provisions of Article L. 22-10-11 of the French Commercial Code, information that could have a bearing on a takeover bid or exchange offer is presented below:

- Capital structure of the Company: The Company is controlled by the Arnault family group, which directly and indirectly held 48.18% of the share capital and 63.90% of the voting rights exercisable at Shareholders' Meetings as of December 31, 2022 (see also §3.4 in the *Other information* section).
- Share issues and repurchases under various resolutions:
  - The shareholders have delegated to the Board of Directors the power to:
    - acquire Company shares within the limit of 10% of the share capital,
    - increase the share capital, with or without preferential subscription rights and via public offering or for

qualified investors or a restricted group of investors, up to a total nominal amount not exceeding 20 million euros, i.e. 13.25% of the Company's current share capital,

- increase the share capital in connection with a public exchange offer or in-kind contributions.

These delegations of authority are suspended during takeover bids or exchange offers.

- The shareholders have also delegated to the Board of Directors the power to:

- allocate share subscription options or bonus shares to be issued within the limit of 1% of the share capital,
- increase the share capital through an issue for employees within the limit of 1% of the share capital.

These delegations of authority are not suspended during takeover bids or exchange offers.

### 1.14 Presentation of the policy for assessing agreements entered into in the normal course of the Company's business and at arm's length by the Board of Directors, and its implementation

In accordance with the provisions of the Company's "Charter on control procedures for related-party agreements and the assessment of routine agreements", once a year, ahead of the meeting of the Board of Directors at which the parent company financial statements are approved, the Company's Legal Department conducts a review of such agreements concluded within the normal course of business in a prior period or previously where they remained in force in the previous fiscal year. It checks that said agreements still qualify as routine agreements as laid down in the Charter, based on the information provided by the relevant operational divisions. A report is then drafted on the basis of this review and submitted to the Performance Audit Committee, which, in turn, after reviewing it, presents the findings of said report to the Board of Directors, which, where appropriate, may recharacterize agreements. The

Legal Department conducted a review of all routine agreements entered into by the Company during the past fiscal year or previously that remained in effect during the past fiscal year and concluded that they still satisfy the conditions to be classified as routine agreements on the basis of the information submitted to it by the relevant operational departments. At its January 26, 2023 meeting, the Board of Directors, having heard the conclusions of the Performance Audit Committee on the report prepared by the Legal Department, found that (i) none of the agreements are liable to be characterized or recharacterized as a related-party agreement, and (ii) having conducted the annual review of how the procedure for determining and assessing the routine agreements was conducted, that there were no grounds for making amendments to increase its efficacy.

## 2. COMPENSATION OF COMPANY OFFICERS

The compensation policy for company officers and senior executive officers is set by the Board of Directors after consulting the Governance & Compensation Committee, whose responsibilities include (i) making proposals on the fixed, variable and exceptional compensation, benefits in kind and breakdown of compensation allocated to the members of the Board of Directors and the Advisory Board members in respect of their terms of office; (ii) giving an opinion on the granting of options or bonus performance shares to the Chairman and Chief Executive Officer and the Group Managing Director, and on the requirement to retain possession of a portion of any such shares; (iii) formulating a position on supplementary pension plans set up by the Company for its company officers; and (iv) making proposals on any retirement bonuses that may be paid to a senior executive upon leaving the Company.

Every year, the Board of Directors determines the fixed, variable and exceptional compensation of the Chairman and Chief Executive Officer, the Group Managing Director and the Directors holding executive positions within the Group, as well as any awards of bonus shares to such company officers, after considering the recommendations made by the Governance & Compensation Committee. It also takes into account their duties and the scope of their responsibilities, their individual

performance and that of the Group during the previous fiscal year, the size of the Group and its international standing, the compensation paid for performing equivalent duties in comparable businesses, and the employment situation and level of compensation within the Group.

The Board of Directors is responsible for resolving any conflicts of interests brought to its attention.

No compensation of any type whatsoever may be calculated, awarded or paid by the Company unless it complies with the compensation policy approved at the Shareholders' Meeting.

In accordance with the second paragraph of III of Article L. 22-10-8 of the French Commercial Code, the Board of Directors may in exceptional circumstances, after soliciting the opinion of the Governance & Compensation Committee, and, where appropriate, an independent consulting firm, depart from the compensation policy, provided that such derogation is only temporary, in the corporate interest and necessary to safeguard the sustainability and viability of the Company.

The Board of Directors' option of departing from the compensation policy applies to any and all items of compensation, it being agreed that any amendments may lead to either an increase or a decrease in the relevant items of compensation.

## 2.1 Compensation policy

### 2.1.1 Non-senior-executive company officers

#### 2.1.1.1 Compensation for serving as a company officer

Directors receive compensation for performing their duties, the maximum overall annual amount of which is set at the Shareholders' Meeting and the allocation of which is determined by the Board of Directors on the recommendation of the Governance & Compensation Committee, it being specified that Advisory Board members are treated equivalently to Directors in this respect. The allocation determined by the Board of Directors takes account of Directors' actual attendance at Board and committee meetings, and therefore comprises a predominantly variable component.

At the Shareholders' Meeting of April 21, 2022, the shareholders set the maximum overall annual amount that may be allocated to Directors as compensation for their duties at 1,450,000 euros with effect from fiscal year 2022 and until such time as the shareholders decide otherwise, 15% more than the previous maximum overall annual amount.

On the recommendation of the Governance & Compensation Committee, the Board of Directors decided to leave the rules for allocating this compensation between Directors unchanged. Compensation is stated in units, the number and amount of which are set as follows:

- The amount of each unit corresponds to the maximum amount set at the Shareholders' Meeting divided by the number of units to be paid out, subject to a cap of 25,875 euros.
- The number of units allocated to Directors is set as follows:
  - (i) For each Director or Advisory Board member of the LVMH group with employee or senior executive officer status: One unit
  - (ii) For each Director or Advisory Board member of the LVMH group without employee or senior executive officer status: Two units
  - (iii) For serving as a committee member: One additional unit
  - (iv) For serving as a committee Chairman: One additional unit
  - (v) For serving as the Company's Lead Director: One additional unit
  - (vi) For serving as Chairman or Vice-Chairman of the Company's Board of Directors: Two additional units.

The settlement of a portion of the compensation allocated to Directors and Advisory Board members is contingent upon their attendance at meetings of the Board of Directors and any committees on which they serve. A reduction in the amount to be paid is applied to two-thirds of the compensation described under (i) and (ii) above, proportional to the number of Board meetings the Director or Advisory Board member in question does not attend.

In addition, for committee members, a reduction in the amount to be paid is applied to the additional compensation described under (iii) and (iv) above, proportional to the number of committee meetings the Director in question does not attend.

The Governance & Compensation Committee is kept informed of the amount of compensation for serving as a Director paid to senior executive officers of the Company by Group subsidiaries in respect of their term(s) of office as a Director at these subsidiaries.

#### 2.1.1.2 Exceptional compensation

Exceptional compensation may be awarded by the Board of Directors to certain Directors, with respect to specific missions with which they have been entrusted. The amount shall be determined by the Board of Directors and reported to the Company's Statutory Auditors.

No fixed or variable compensation other than that stated hereinabove may be paid by the Company to non-senior-executive company officers in respect of their appointment.

#### 2.1.1.3 Employment contracts or service agreements entered into with the Company

No employment contract or service agreement may be entered into by the Company with non-senior-executive company officers. Compensation for those among them holding duties within controlled companies is paid by the relevant companies.

#### 2.1.1.4 Severance benefits

Under his employment contract with a controlled company, Nicolas Bazire is covered by a non-compete clause entitling him to receive monthly compensation over a period of 12 months after his departure equal to his monthly compensation as of the date his employment contract ends, plus one-twelfth of the last bonus he received.

#### 2.1.1.5 Obligations under company pension and provident insurance plans

In return for their duties at controlled companies, non-senior-executive company officers qualify for the mandatory company provident insurance plan and statutory basic and supplementary pension plans applicable to the controlled companies' employees.

#### 2.1.1.6 Supplementary pension plan

On January 1, 1997, LVMH SE set up a supplementary pension plan for members of the LVMH group's Executive Committee. Pursuant to the Order of July 3, 2019, this supplementary pension plan has been closed, and the rights frozen as of December 31, 2019.

This plan provides for the payment of a supplementary pension to its members who were employees or senior executive officers of companies covered by the rules of the supplementary pension plan, and who had been members of the committee for at least six years as of December 31, 2019, provided they begin to draw any pensions acquired under external pension plans



immediately upon terminating their duties with the LVMH group. This was not required, however, if they left the LVMH group at its request after the age of 55, as long as they did not take up any other professional activity until the external pension plans had been liquidated.

This supplementary pension is determined on the basis of a reference amount of compensation, which is equal to gross annual base pay plus the gross annual bonus received by the recipient from January 1, 2019 to December 31, 2019. In any event, the reference amount of compensation may not exceed the average of the three highest amounts of annual compensation received during the course of their career with the LVMH group, capped at 35 times the annual social security ceiling for 2019 (i.e. 1,418,340 euros as of December 31, 2019). The annual supplementary pension benefit is equal to the difference between 60% of the aforementioned reference amount of compensation, capped if applicable, and all gross annuity payments received under external pension plans, as defined in the rules. In any event, the amount of this supplementary pension is limited to a maximum of 51% of the reference amount of compensation. Furthermore, a discount is applied to this amount based on the recipient's age on December 31, 2019.

### 2.1.2 Senior executive officers

Compensation and benefits awarded to senior executive officers mainly reflect the degree of responsibility attached to their roles, their individual performance and the Group's results, and the achievement of targets. They also take into account compensation paid by companies of a similar size, industry sector and international presence.

Compensation payable to senior executive officers is determined with reference to the principles laid down in the AFEP/MEDEF Code.

This compensation is broken down as follows:

#### 2.1.2.1 Fixed compensation

Compensation payable to the Chairman and Chief Executive Officer and the Group Managing Director includes a fixed component, which it has been decided to keep stable.

#### 2.1.2.2 Variable and exceptional compensation

Compensation paid to the Chairman and Chief Executive Officer and the Group Managing Director also includes a variable annual component based on the achievement of quantifiable and qualitative targets. For the Chairman and Chief Executive Officer, these quantifiable and qualitative targets are weighted at 60% and 40%, respectively, for the purposes of determining variable compensation; for the Group Managing Director, they are weighted two-thirds and one-third, respectively.

The quantifiable criteria are financial in nature and relate to growth in the Group's revenue, operating profit and cash flow relative to budget for the year in question, with each of these three components accounting for one-third of the total determination.

The qualitative criteria concern strategy, management, and corporate social responsibility and sustainable development,

weighted as follows: 50%, 25% and 25% for the Chairman and Chief Executive Officer; and 25%, 50% and 25% for the Group Managing Director. Specific qualitative criteria have been set, but their details are not made public for confidentiality reasons.

The method used for assessing performance is reviewed by the Governance & Compensation Committee. Given the choice made to keep fixed compensation amounts steady, the variable portion is capped at 250% of the fixed portion for the Chairman and Chief Executive Officer and at 150% of the fixed portion for the Group Managing Director.

In certain cases, exceptional compensation may also be awarded to the Chairman and Chief Executive Officer and to the Group Managing Director.

Payment to the Chairman and Chief Executive Officer and Group Managing Director of the variable and exceptional components of their compensation is subject to prior approval of the amount at an Ordinary Shareholders' Meeting.

#### 2.1.2.3 Award of share options and bonus shares

The granting of options to purchase or subscribe for shares as well as the granting of bonus share awards are means to reward and retain the Group's employees and senior executive officers who contribute most directly to the results of its operations by allowing them to share in the Group's future performance.

No option plan has been set up by the Company since the May 14, 2009 plan, which carried performance conditions and expired on May 13, 2019.

If new option plans are put in place by the Board of Directors, the Chairman and Chief Executive Officer and the Group Managing Director would be eligible for these plans, with the proviso that the total number of share subscription or purchase options granted to senior executive officers in the course of a fiscal year may not equate to more than 15% of options granted by the Board of Directors in the course of that same fiscal year. The vesting of options would be subject to continued service and performance conditions, and a specific retention obligation would apply to the Chairman and Chief Executive Officer and the Group Managing Director, under terms to be determined by the Board, until such time as they cease to hold office.

The Chairman and Chief Executive Officer and the Group Managing Director are eligible for bonus share plans put in place by the Board of Directors for the benefit of the Group's managers and senior executives, with the proviso that the total number of bonus shares allocated to senior executive officers in the course of a fiscal year may not equate to more than 15% of shares granted by the Board of Directors in the course of that same fiscal year.

However, they may only be granted bonus share awards that vest subject to performance conditions as determined by the Board of Directors based on a proposal submitted by the Governance & Compensation Committee. In the event of the vesting of their shares, they are subject to a specific holding requirement, pursuant to plans currently in effect. They must retain possession, in registered form and until the conclusion of their respective terms of office, of a number of shares representing half of the notional capital gain, net of tax, other duties, and social security contributions, determined on the basis of the closing share

price on the day before the vesting date. In addition, the Board of Directors, adopting the recommendation put forward by the Governance & Compensation Committee, capped the financial value of shares that may be awarded to the Chairman and Chief Executive Officer and the Group Managing Director at 60% and 40%, respectively, of their total annual compensation.

The Charter of the Board of Directors prohibits senior executive officers from engaging in any hedging transactions on their share subscription or purchase options, shares acquired from the exercise of options, or performance shares; this restriction shall apply until the end of their respective holding periods set by the Board of Directors. Furthermore, when purchase options, subscription options or performance shares are allocated to senior executive officers, these senior executive officers formally undertake not to engage in any such transactions.

#### 2.1.2.4 Benefits in kind

Like the other members of the Group's Executive Committee, the Chairman and Chief Executive Officer and the Group Managing Director each have a company car. The value of this benefit is measured in accordance with the applicable tax provisions.

#### 2.1.2.5 Compensation for serving as a senior executive officer

Like the other members of the Board of Directors, the Chairman and Chief Executive Officer and the Group Managing Director receive compensation for serving as a Director in accordance with the rules for the allocation of this compensation presented in §2.1.1.1 "Compensation for serving as a company officer".

#### 2.1.2.6 Employment contracts or service agreements entered into with the Company

This information is disclosed in §2.2.2.4 below.

#### 2.1.2.7 Severance benefits

Pursuant to the provisions of Article L. 225-42-1 (repealed in 2019) of the French Commercial Code, at its meeting on February 4, 2010, the Board of Directors approved the non-compete clause included in Antonio Belloni's employment contract (a permanent contract suspended for the duration of his term as Group Managing Director); this non-compete commitment for a period of 12 months provides for the monthly payment of compensation equal to his monthly compensation as of the date his term of office ends, plus one-twelfth of the last bonus received. Article 23 of the AFEP/MEDEF Code, recommending that an employee's employment contract be terminated when that employee is appointed a senior executive officer, does not apply to the Group Managing Director, a role in which Antonio Belloni has served since September 26, 2001.

Notwithstanding this clause, neither the Chairman and Chief Executive Officer nor the Group Managing Director benefit from provisions granting them specific compensation upon leaving the Company or exemption from rules governing the exercise of options or the vesting of bonus performance shares.

#### 2.1.2.8 Obligations under company pension and provident insurance plans

Senior executive officers qualify by virtue of their appointment for the mandatory company insurance plan and statutory basic and supplementary pension plans applicable to the Company's employees.

#### 2.1.2.9 Supplementary pension plan

On January 1, 1997, LVMH SE set up a supplementary pension plan for members of the LVMH group's Executive Committee. Pursuant to the Order of July 3, 2019, this supplementary pension plan has been closed, and the rights frozen as of December 31, 2019.

This plan provides for the payment of a supplementary pension to its members who were employees or senior executive officers of companies covered by the rules of the supplementary pension plan, and who had been members of the committee for at least six years as of December 31, 2019, provided they begin to draw any pensions acquired under external pension plans immediately upon terminating their duties with the LVMH group. This was not required, however, if they left the LVMH group at its request after the age of 55, as long as they did not take up any other professional activity until the external pension plans had been liquidated.

This supplementary pension is determined on the basis of a reference amount of compensation, which is equal to gross annual base pay plus the gross annual bonus received by the recipient from January 1, 2019 to December 31, 2019. In any event, the reference amount of compensation may not exceed the average of the three highest amounts of annual compensation received during the course of their career with the LVMH group, capped at 35 times the annual social security ceiling for 2019 (i.e. 1,418,340 euros as of December 31, 2019). The annual supplementary pension benefit is equal to the difference between 60% of the aforementioned reference amount of compensation, capped if applicable, and all gross annuity payments received under external pension plans, as defined in the rules. In any event, the amount of this supplementary pension is limited to a maximum of 51% of the reference amount of compensation. Furthermore, a discount is applied to this amount based on the recipient's age on December 31, 2019.

Given the characteristics of the pension plan presented above and Bernard Arnault's and Antonio Belloni's personal circumstances, their potential supplementary pension no longer entitled them in 2019 to the annual vesting of any additional rights, such that the Order of July 3, 2019 had no impact on their potential supplementary pension. It remains subject to the arrangements presented above that the Company put in place.

On the basis of compensation paid to the Chairman and Chief Executive Officer and the Group Managing Director in 2022, their supplementary pension under the aforementioned system would not exceed 45% of the amount of their last annual compensation.

## 2.2 Compensation paid during fiscal year 2022 and compensation awarded in respect of fiscal year 2022

The Shareholders' Meeting of April 21, 2022 approved, pursuant to the provisions of Article L. 22-10-8 II of the French Commercial Code, the compensation policy applicable to senior executive officers.

The information provided hereinafter meets the requirements of the provisions of Article L. 22-10-9 I of the French Commercial Code.

### 2.2.1 Compensation paid during fiscal year 2022 and compensation awarded in respect of fiscal year 2022 to non-senior-executive company officers

#### 2.2.1.1 Summary of compensation awarded and paid for service on the Board of Directors, other compensation and benefits in kind paid, and commitments given to non-senior-executive company officers

##### a) Compensation for serving as a Director

Directors (EUR)	Gross compensation awarded in respect of fiscal year 2022/paid during fiscal year 2022				Gross compensation awarded in respect of fiscal year 2021/paid during fiscal year 2021			
	Awarded		Paid		Awarded		Paid	
	By LVMH SE	By controlled companies	By LVMH SE	By controlled companies	By LVMH SE	By controlled companies	By LVMH SE	By controlled companies
Antoine Arnault	25,875	10,000	25,875	10,000	22,500	10,000	22,500	10,000
Delphine Arnault	51,750	12,346	51,750	12,346	45,000	12,346	45,000	12,346
Dominique Aumont <sup>(a)</sup>	-	-	-	-	-	-	-	-
Nicolas Bazire	25,875	10,000	25,875	10,000	22,500	10,000	22,500	10,000
Marie-Véronique Belloeil-Melkin	25,875	-	25,875	-	22,500	-	22,500	-
Sophie Chassat	77,625	-	77,625	-	45,000	-	45,000	-
Charles de Croisset	138,000	-	138,000	-	135,000	-	135,000	-
Diego Della Valle	34,500	-	34,500	-	37,500	-	37,500	-
Clara Gaynard	94,875	-	94,875	-	61,875	-	61,875	-
Marie-Josée Kravis	94,875	-	94,875	-	67,500	-	67,500	-
Marie-Laure Sauty de Chalon	103,500	-	103,500	-	67,500	-	67,500	-
Yves-Thibault de Silguy	163,875	-	163,875	-	157,500	-	157,500	-
Natacha Valla	51,750	-	51,750	-	45,000	-	45,000	-
Hubert Védrine	77,625	-	77,625	-	67,500	-	67,500	-

(a) Decision by the Board of Directors, on the recommendation of Dominique Aumont, not to award him compensation for serving as a Director representing the employees.

In addition, gross compensation paid in 2022 by the Company to the Advisory Board members in respect of their service was as follows:

	(EUR)
Yann Arthus-Bertrand	51,750
Lord Powell of Bayswater	25,875

In respect of fiscal year 2022, LVMH paid a total gross amount of 1,147,125 euros to the members of its Board of Directors and Advisory Board members.

## b) Compensation, benefits in kind and commitments given to non-senior-executive company officer

Antoine Arnault - Compensation, benefits in kind and commitments given<sup>(a)</sup>

Compensation (EUR)	2022		2021	
	Amounts awarded	Amounts paid	Amounts awarded	Amounts paid
<b>Fixed compensation</b>				
– LVMH	-	-	-	-
– Controlled companies	815,000	815,000	800,000	800,000
<b>Variable compensation</b>				
– LVMH	-	-	-	-
– Controlled companies	325,000	300,000 <sup>(b)</sup>	300,000	0 <sup>(c)</sup>
<b>Exceptional compensation</b>				
– LVMH	-	-	-	-
– Controlled companies	125,000	100,000 <sup>(b)</sup>	100,000	-
<b>Benefits in kind<sup>(d)</sup></b>				
– LVMH	-	-	-	-
– Controlled companies	22,296	22,296	21,240	21,240
<b>Total</b>	<b>1,287,296</b>	<b>1,237,296</b>	<b>1,221,240</b>	<b>821,240</b>

(a) A breakdown of equity securities or securities giving access to equity allocated to company officers during the fiscal year is set out in §2.2.1.2 below.

(b) Amounts paid in respect of the prior fiscal year.

(c) No variable compensation in respect of fiscal year 2020.

(d) Benefits in kind: Company car.

Delphine Arnault - Compensation, benefits in kind and commitments given<sup>(a)</sup>

Compensation (EUR)	2022		2021	
	Amounts awarded	Amounts paid	Amounts awarded	Amounts paid
<b>Fixed compensation</b>				
– LVMH	-	-	-	-
– Controlled companies	970,000	970,000	940,000	940,000
<b>Variable compensation</b>				
– LVMH	-	-	-	-
– Controlled companies	910,000	880,000 <sup>(b)</sup>	880,000	0 <sup>(c)</sup>
<b>Exceptional compensation</b>				
– LVMH	-	-	-	-
– Controlled companies	3,000,000 <sup>(d)</sup>	1,500,000 <sup>(d)</sup>	-	-
<b>Benefits in kind<sup>(e)</sup></b>				
– LVMH	-	-	-	-
– Controlled companies	11,536	11,536	10,889	10,889
<b>Total</b>	<b>4,891,536</b>	<b>3,361,536</b>	<b>1,830,889</b>	<b>950,889</b>

(a) A breakdown of equity securities or securities giving access to equity allocated to company officers during the fiscal year is set out in §2.2.1.2 below.

(b) Amounts paid in respect of the prior fiscal year.

(c) No variable compensation in respect of fiscal year 2020.

(d) 2019-2021 medium-term incentive plan (3 million euros paid out over two fiscal years: the financial component of 1.5 million euros paid out in March 2022 and the qualitative component of 1.5 million euros paid out in February 2023).

(e) Benefits in kind: Company car.

## Compensation of company officers

**Nicolas Bazire - Compensation, benefits in kind and commitments given (a)**

Compensation (EUR)	2022		2021	
	Amounts awarded	Amounts paid	Amounts awarded	Amounts paid
<b>Fixed compensation</b>				
– LVMH	-	-	-	-
– Controlled companies	1,235,000	1,235,000	1,235,000	1,235,000
<b>Variable compensation</b>				
– LVMH	-	-	-	-
– Controlled companies	2,700,000	2,700,000 <sup>(b)</sup>	2,700,000	0 <sup>(c)</sup>
<b>Exceptional compensation</b>				
– LVMH	-	-	-	-
– Controlled companies	-	-	-	-
<b>Benefits in kind<sup>(d)(e)</sup></b>				
– LVMH	-	-	-	-
– Controlled companies	12,184	12,184	12,741	12,741
<b>Total</b>	<b>3,947,184</b>	<b>3,947,184</b>	<b>3,947,741</b>	<b>1,247,741</b>

(a) A breakdown of equity securities or securities giving access to equity allocated to company officers during the fiscal year is set out in §2.2.1.2 below.

(b) Amounts paid in respect of the prior fiscal year.

(c) No variable compensation in respect of fiscal year 2020.

(d) Benefits in kind: Company car.

(e) Other benefits: Supplementary pension, as described in §2.1.1.

**2.2.1.2 Options granted to and options exercised by non-senior-executive company officers of the Company**

No new option plans were introduced by the Company in 2022, and no option plans were in force in 2022.

**2.2.1.3 Performance shares allocated to non-senior-executive company officers of the Company during the fiscal year****Shares provisionally allocated to non-senior-executive company officers of the Company during the fiscal year**

Recipients	Company having allocated the shares	Plan date	Number of performance shares
Antoine Arnault	LVMH	10/27/2022	482
Delphine Arnault	LVMH	10/27/2022	1,696
Nicolas Bazire	LVMH	10/27/2022	3,231

**Shares vested to non-senior-executive company officers of the Company during the fiscal year**

Recipients	Company having allocated the shares	Plan date	Number of performance shares
Antoine Arnault	LVMH	10/24/2019	425
Delphine Arnault	LVMH	10/24/2019	1,500
Nicolas Bazire	LVMH	10/24/2019	2,858

## 2.2.2 Compensation paid during fiscal year 2022 and compensation awarded in respect of fiscal year 2022 to senior executive officers

### 2.2.2.1 Summary of compensation, options and performance shares granted to senior executive officers

#### Bernard Arnault – Chairman and Chief Executive Officer

(EUR)	2022	2021
Compensation awarded in respect of the fiscal year (cf. §2.2.2.2)	3,457,638	3,446,416
Valuation of options awarded during the fiscal year	-	-
Valuation of bonus performance shares provisionally allocated during the fiscal year <sup>(a)</sup>	4,483,107	4,482,818
<b>Total</b>	<b>7,940,745</b>	<b>7,929,234</b>

#### Antonio Belloni – Group Managing Director

(EUR)	2022	2021
Compensation awarded in respect of the fiscal year (cf. §2.2.2.2)	6,199,902	6,206,690
Valuation of options awarded during the fiscal year	-	-
Valuation of bonus performance shares provisionally allocated during the fiscal year <sup>(a)</sup>	2,022,186	2,021,937
<b>Total</b>	<b>8,222,088</b>	<b>8,228,627</b>

(a) A breakdown of any equity securities or securities giving access to equity allocated to senior executive officers during the fiscal year is set out in §2.2.2.6 below, and the performance conditions that must be met for shares to vest are set out in §4.5 in the *Management Report of the Board of Directors – “Parent company: LVMH Moët Hennessy Louis Vuitton”*.

### 2.2.2.2 Summary of compensation of senior executive officers

#### Bernard Arnault – Chairman and Chief Executive Officer

Compensation (EUR)	2022		2021	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
<b>Fixed compensation</b>				
– LVMH	1,138,307	1,138,307	1,138,307	1,138,307
– Controlled companies	-	-	-	-
<b>Variable compensation</b>				
– LVMH	2,200,000 <sup>(a)</sup>	2,200,000 <sup>(b)</sup>	2,200,000	0 <sup>(c)</sup>
– Controlled companies	-	-	-	-
<b>Exceptional compensation</b>				
– LVMH	-	-	-	-
– Controlled companies	-	-	-	-
<b>Compensation for serving as a Director<sup>(d)</sup></b>				
– LVMH	77,625	77,625	67,500	67,500
– Controlled companies	-	-	-	-
<b>Benefits in kind<sup>(e)</sup></b>				
– LVMH	41,706	41,706	40,609	40,609
– Controlled companies	-	-	-	-
<b>Total</b>	<b>3,457,638</b>	<b>3,457,638</b>	<b>3,446,416</b>	<b>1,246,416</b>

(a) Subject to approval at the Shareholders' Meeting of April 20, 2023 (14th resolution).

(b) Amount approved at the Shareholders' Meeting of April 21, 2022 (15th resolution) and paid in respect of the previous fiscal year.

(c) No variable compensation in respect of fiscal year 2020.

(d) The rules for awarding compensation for serving as a Director at the Company are presented in §2.1.1 above.

(e) Benefit in kind: company car.

## Compensation of company officers

## Antonio Belloni - Group Managing Director

Compensation (EUR)	2022		2021	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
<b>Fixed compensation</b>	<b>3,242,438</b>	<b>3,242,438</b>	<b>3,242,438</b>	<b>3,242,438</b>
– LVMH	2,229,266	2,229,266	2,229,266	2,229,266
– Controlled companies	1,013,172	1,013,172	1,013,172	1,013,172
<b>Variable compensation</b>	<b>2,894,500<sup>(b)</sup></b>	<b>2,894,500<sup>(c)</sup></b>	<b>2,894,500</b>	<b>0<sup>(d)</sup></b>
– LVMH	1,418,305	1,418,305	1,418,305	-
– Controlled companies	1,476,195	1,476,195	1,476,195	-
<b>Exceptional compensation</b>				
– LVMH	-	-	-	-
– Controlled companies	-	-	-	-
<b>Compensation for serving as a Director<sup>(e)</sup></b>	<b>57,957</b>	<b>57,957</b>	<b>64,745</b>	<b>64,745</b>
– LVMH	25,875	25,875	22,500	22,500
– Controlled companies	32,082	32,082	42,245	42,245
<b>Benefits in kind<sup>(f)</sup></b>				
– LVMH	5,007	5,007	5,007	5,007
– Controlled companies	-	-	-	-
<b>Total</b>	<b>6,199,902</b>	<b>6,199,902</b>	<b>6,206,690</b>	<b>3,312,190</b>

(a) Including housing allowance.

(b) Subject to approval at the Shareholders' Meeting of April 20, 2023 (15th resolution).

(c) Amount approved at the Shareholders' Meeting of April 21, 2022 (16th resolution) and paid in respect of the previous fiscal year.

(d) No variable compensation in respect of fiscal year 2020.

(e) The rules for awarding compensation for serving as a Director at the Company are presented in §2.1.1 above.

(f) Benefits in kind: Company car.

### 2.2.2.3 Pay ratios, change in compensation for senior executive officers, the Company's performance and average compensation over the past five fiscal years

Article L. 22-10-9 of the French Commercial Code on executive compensation provides for companies with shares admitted to trading on a regulated market to disclose the information presented in the table below in the *Board of Directors' report on corporate governance*, it being specified that:

- pay ratios have been determined according to the methodology recommended by AFEP in its guidelines on pay multiples published in February 2021;
- the scope used to calculate these pay ratios takes into account employees continuously present from January 1 to December 31 of the year under consideration:
  - at LVMH SE,
  - at the Group's holding company in France;
- for senior executive officers, the compensation figures used consist of gross compensation paid (fixed, variable and benefits in kind) together with compensation paid in respect of service as a Director and the value of any performance shares allocated as of the date of their allocation. These components of compensation are set out in Section 2.2.2 of this document. The positions of Chairman and Chief Executive Officer and Group Managing Director of LVMH SE have been held by the same individuals for more than five years;
- for employees, the compensation figures used are made up of the gross compensation paid (fixed and variable compensation and benefits in kind), as well as any profit-sharing and incentives paid and the value of performance shares awarded at their date of grant;
- the performance indicator used by the Company is the Group's consolidated profit from recurring operations as stated in the Group's consolidated income statement.



## Company performance

Annual change	2018	2019	2020	2021	2022
Financial criteria	Consolidated profit from recurring operations	Consolidated profit from recurring operations	Consolidated profit from recurring operations	Consolidated profit from recurring operations	Consolidated profit from recurring operations
% change in pay ratio relative to previous fiscal year	20.62%	15.01%	-27.81%	106.51%	22.77%

## LVMH SE

Annual change	2018	2019	2020	2021	2022
<b>% change in Chairman and Chief Executive Officer's compensation</b>	<b>-0.21%</b>	<b>0.24%</b>	<b>-2.95%</b>	<b>-25.77%</b>	<b>38.60%</b> <sup>(a)</sup>
% change in average employee compensation	-11.51%	31.69%	-12.74%	227.43%	-55.84%
Pay ratio to average employee compensation	2.93	2.23	2.48	0.56	1.76
% change in pay ratio relative to previous fiscal year	12.69%	-23.89%	11.20%	-77.42%	214.29%
Pay ratio to median employee compensation	3.63	2.44	3.54	2.17	2.57
% change in pay ratio relative to previous fiscal year	-12.11%	-32.78%	44.90%	-38.70%	18.43%
<b>% change in Group Managing Director's compensation</b>	<b>-1.16%</b>	<b>1.13%</b>	<b>-6.67%</b>	<b>-25.50%</b>	<b>54.14%</b>
% change in average employee compensation	-11.51%	31.69%	-12.74%	227.43%	-55.84%
Pay ratio to average employee compensation	2.80	2.15	2.30	0.52	1.83
% change in pay ratio relative to previous fiscal year	11.55%	-23.21%	7.00%	-77.39%	251.92%
Pay ratio to median employee compensation	3.48	2.35	3.28	2.02	2.66
% change in pay ratio relative to previous fiscal year	-12.78%	-32.47%	39.57%	-38.41%	31.68%

(a) The positive change in the Chairman and Chief Executive Officer's compensation in 2022 mainly reflected the absence of variable compensation paid in 2021, given the context of the public health crisis. The variable compensation paid in 2022 returned to exactly the same level as in 2020.

## LVMH Holding

Annual change	2018	2019	2020	2021	2022
<b>% change in Chairman and Chief Executive Officer's compensation</b>	<b>-0.21%</b>	<b>0.24%</b>	<b>-2.95%</b>	<b>-25.77%</b>	<b>38.60%</b> <sup>(a)</sup>
% change in average employee compensation	-10.86%	15.63%	-3.30%	97.01%	-34.69%
Pay ratio to average employee compensation	29.94	25.96	26.05	9.82	20.83
% change in pay ratio relative to previous fiscal year	11.93%	-13.29%	0.35%	-62.30%	112.12%
Pay ratio to median employee compensation	78.43	74.39	72.51	57.89	66.87
% change in pay ratio relative to previous fiscal year	-6.76%	-5.15%	-2.53%	-20.16%	15.51%
<b>% change in Group Managing Director's compensation</b>	<b>-1.16%</b>	<b>1.13%</b>	<b>-6.67%</b>	<b>-25.50%</b>	<b>54.14%</b>
% change in average employee compensation	-10.86%	15.63%	-3.30%	97.01%	-34.69%
Pay ratio to average employee compensation	28.63	25.04	24.17	9.14	21.57
% change in pay ratio relative to previous fiscal year	10.88%	-12.54%	-3.47%	-62.18%	136%
Pay ratio to median employee compensation	75.00	71.77	67.27	53.90	69.24
% change in pay ratio relative to previous fiscal year	-7.66%	-4.31%	-6.27%	-19.88%	28.46%

(a) The positive change in the Chairman and Chief Executive Officer's compensation in 2022 mainly reflected the absence of variable compensation paid in 2021, given the context of the public health crisis. The variable compensation paid in 2022 returned to exactly the same level as in 2020.

**2.2.2.4 Employment contracts, specific pensions, severance benefits and non-compete clauses for senior executive officers**

Senior executive officers	Employment contract		Supplementary pension plan		Bonuses or benefits due or likely to become due upon ceasing or changing duties		Compensation under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Bernard Arnault</b> Chairman and Chief Executive Officer		✓	✓			✓		✓
<b>Antonio Belloni</b> Group Managing Director	✓ <sup>(a)</sup>		✓			✓		✓ <sup>(a)</sup>

(a) Employment contract suspended for the duration of his term as Group Managing Director; non-compete clause, for a period of 12 months, included in the employment contract providing for the monthly payment during its application of compensation equal to his monthly compensation as of the date his term of office ends, plus one-twelfth of the last bonus received.

The Company has set up a defined-benefit pension plan, in accordance with the provisions of Article L. 137-11 of the French Social Security Code, for senior executives, the characteristics of which are described in §2.1.2.

The impact of the plan in fiscal year 2022 is included in the amount shown for post-employment benefits under Note 33.4 to the consolidated financial statements.

**2.2.2.5 Options granted to and options exercised by senior executive officers**

No new option plans were introduced by the Company in 2022, and no option plans were in force in 2022.

See also §4.4 in the *Management Report of the Board of Directors – Parent company: LVMH Moët Hennessy Louis Vuitton* for the holding arrangements for senior executive officers' shares resulting from the exercise of their options for plans set up since 2007.

**2.2.2.6 Performance shares allocated to senior executive officers during the fiscal year**

See also §4.5 in the *Management Report of the Board of Directors – Parent company: LVMH Moët Hennessy Louis Vuitton* for the allocation and holding arrangements.

**Shares provisionally allocated during the fiscal year to senior executive officers of the Company**

Recipients	Company having allocated the shares	Date of Shareholders' Meeting	Plan date	Number of performance shares	% of share capital as of 12/31/2022	Valuation of shares (EUR)
Bernard Arnault	LVMH	04/21/2022	10/27/2022	7,163	0.0014	4,483,107
Antonio Belloni	LVMH	04/21/2022	10/27/2022	3,231	0.00064	2,022,186

Bonus performance shares allocated to senior executive officers under the October 27, 2022 plan represent 7.4% (less than the sub-ceiling set at 15% of bonus shares allocated during a given

fiscal year by the Board of Directors) of total allocations under this plan concerning bonus shares subject to conditions related to the performance of the LVMH group.

**Shares vested during the fiscal year to senior executive officers of the Company**

Recipients	Company having allocated the shares	Plan date	Number of performance shares
Bernard Arnault	LVMH	10/24/2019	6,337
Antonio Belloni	LVMH	10/24/2019	2,858

### 2.2.2.7 Stock option plans set up in previous years for which the Company officers are eligible

#### 2.2.2.7.1 Share purchase option plans

No share purchase option plans were in effect in 2022.

#### 2.2.2.7.2 Share subscription option plans

No share subscription option plan has been set up by the Company since the May 14, 2009 plan, which carried performance conditions and expired on May 13, 2019.

No share subscription option plans were in effect as of December 31, 2022.

For the plans set up since 2007, the Chairman and Chief Executive Officer and the Group Managing Director must retain possession, in registered form and until the end of their respective terms of office, of a number of shares resulting from the exercise of their options representing a sliding percentage of between 50% and 30% (according to the date at which the options were exercised) of the notional capital gain, net of tax and social security contributions, determined on the basis of the closing

share price on the day before the exercise date. This obligation shall expire when the value of shares held exceeds twice the gross amount of their most recently disclosed fixed and variable compensation as of the date the options are exercised.

### 2.2.2.8 Performance share plans set up in previous years for which company officers are eligible

The terms and conditions of allocation and performance conditions related to the vesting of shares are presented in §4.5 of the *Management Report of the Board of Directors – Parent company: LVMH Moët Hennessy Louis Vuitton*.

For plans set up since 2010, if their shares vest, the Chairman and Chief Executive Officer and the Group Managing Director must retain possession, in registered form until the conclusion of their respective terms in office, of a number of shares corresponding to one-half of the notional capital gain, net of tax and social security contributions, calculated at the vesting date of those shares on the basis of the opening share price on the vesting date for plans set up before 2013, and on the basis of the closing share price on the day before the vesting date for plans set up since 2013.

## Compensation of company officers

Date of Shareholders' Meeting	04/12/2018	06/30/2020	06/30/2020	04/21/2022	
Date of Board of Directors' meeting	10/24/2019	10/22/2020	10/28/2021	10/27/2022	
	Performance shares	Performance shares	Performance shares	Performance shares	Total
<b>Total number of bonus performance shares provisionally allocated at plan inception</b>	<b>200,077</b>	<b>177,034</b>	<b>184,291</b>	<b>139,592</b>	<b>700,994</b>
<i>Of which: Company officers<sup>(a)</sup></i>	27,956	24,215	15,568	15,803	83,542
<i>Bernard Arnault<sup>(b)</sup></i>	12,674	10,977	7,057	7,163	37,871
<i>Antoine Arnault<sup>(b)</sup></i>	850	737	474	482	2,543
<i>Delphine Arnault<sup>(b)</sup></i>	3,000	2,599	1,671	1,696	8,966
<i>Nicolas Bazire<sup>(b)</sup></i>	5,716	4,951	3,183	3,231	17,081
<i>Antonio Belloni<sup>(b)</sup></i>	5,716	4,951	3,183	3,231	17,081
<i>Of which: Top ten employee recipients<sup>(c)</sup></i>	33,103	28,837	73,151	21,667	156,758
Number of recipients	1,039	1,031	1,203	1,263	
Vesting date	10/24/2022	10/22/2023	10/28/2024 <sup>(d)</sup>	10/27/2025	
Date as of which the shares may be sold	10/25/2022	10/23/2023	10/28/2024 <sup>(d)</sup>	10/28/2025	
<b>Performance condition</b>	<b>Not met in 2020<sup>(e)</sup> but met in 2021</b>	<b>Met in 2021 and 2022</b>	<b>Met in 2022 except for 25,000 shares<sup>(d)</sup></b>	<b>Not applicable in 2022</b>	

(a) Total number of performance shares allocated to company officers in service as of the provisional allocation date.

(b) Company officers in service as of December 31, 2022.

(c) Performance shares allocated to the top ten employee recipients - other than LVMH company officers - in service as of the provisional allocation date.

(d) Includes 30,000 shares that will vest on April 16, 2023, as the continued service condition had been met as of December 31, 2022 and conditions specifically related to the performance of a subsidiary in respect of the fiscal year ending December 31, 2022 (unit value: 652.07 euros), with shares becoming available with effect from April 1, 2024; and 25,000 shares for which vesting on March 31, 2025 is subject to the recipients' continued service as of December 31, 2024 and conditions specifically related to the performance of LVMH group subsidiaries if the targets are met in respect of the fiscal years ending December 31, 2023 and 2024 (unit value: 631.61 euros), with shares becoming available with effect from their vesting date.

(e) Since the performance condition was not met in 2020, given the exceptional circumstances related to the Covid-19 pandemic, but was met in 2021, in accordance with the Board of Directors' decision on October 22, 2020, grantees received a number of shares equal to 50% of their initial allocation on October 24, 2022, provided that the continued service condition was met.

## 2.3 Presentation of the draft resolutions concerning the compensation of company officers

### 2.3.1 Compensation paid during fiscal year 2022 and compensation awarded in respect of fiscal year 2022

#### 2.3.1.1 Company officers

Pursuant to Article L. 22-10-34 I and II of the French Commercial Code, a proposal will be made at the Shareholders' Meeting of April 20, 2023 to approve the disclosures relating to the compensation of company officers required by Article L. 22-10-9 I of the French Commercial Code, as presented in §2.2 above (**13th resolution**).

#### 2.3.1.2 Senior executive officers

Pursuant to Article L. 22-10-34 I and II of the French Commercial Code, at the Shareholders' Meeting of April 20, 2023, the shareholders will be asked to approve the disclosures required under Article L. 22-10-9 I of said Code as well as the fixed and variable components (it being specified that no exceptional compensation was paid or awarded to Bernard Arnault or Antonio Belloni during or in respect of the fiscal year ended December 31, 2022) of the total compensation and any benefits in kind paid during the fiscal year ended December 31, 2022 or awarded in respect of said fiscal year to Bernard Arnault and Antonio Belloni (**14th and 15th resolutions**).

## Summary of compensation paid to each senior executive officer

Bernard Arnault<sup>(a)</sup>

Gross compensation (EUR)	Amounts awarded in respect of fiscal year 2022	Amounts paid during fiscal year 2022	Description
<b>Fixed compensation</b>	1,138,307	1,138,307	Compensation payable to the Chairman and Chief Executive Officer includes a fixed component, which it has been decided to keep stable.
<b>Variable compensation</b>	2,200,000	2,200,000	<p>The compensation of the Chairman and Chief Executive Officer includes an annual variable component based on meeting quantitative and qualitative objectives, respectively weighted at 60% and 40% for the determination of variable compensation. The quantifiable criteria are financial in nature and relate to growth in the Group's revenue, operating profit and cash flow relative to budget for the year in question, with each of these three components accounting for one-third of the total determination. Qualitative criteria may relate to the Group's strategy, management, organization or operations and have in particular to do with corporate social responsibility and sustainable development.</p> <p>For 2022, qualitative criteria related to (i) the ongoing elevation of the Dior brand (couture and fragrances), (ii) the strengthening of supply chains in line with the Group's growth, (iii) the continuation and ramp-up of implementation of each of the four priorities of the LIFE 360 program, and (iv) management-related aspects that are not publicly disclosed for reasons of confidentiality.</p> <p>The method used for assessing performance was reviewed by the Governance &amp; Compensation Committee. Based on this assessment, the Board of Directors considered that the quantifiable targets relating to revenue and profit from recurring operations as well as the qualitative targets set for 2022 had been met.</p> <p>The variable component in respect of 2022 represents just under twice the fixed component, putting it below the limit of 250% of fixed compensation set by the compensation policy in force.</p>
<b>Multi-year variable compensation</b>	-	-	
<b>Exceptional compensation</b>	-	-	
<b>Bonus performance shares</b>	4,483,107	-	October 27, 2022 plan - Number of bonus performance shares granted: 7,163. The bonus performance shares shall only vest on October 27, 2025 under the following conditions: (i) for 85% of shares, if LVMH's consolidated financial statements for both 2023 and 2024 show a positive change compared to the previous fiscal year in one or more of the following indicators: the Group's profit from recurring operations, operating free cash flow and current operating margin; and (ii) for 15% of shares, if the non-financial condition related to the Group's environmental and social responsibility is met by the end of 2024.
<b>Compensation for serving as a Director</b>	77,625	77,625	
<b>Benefits in kind</b>	41,706	41,706	Company car.
<b>Severance pay</b>	-	-	

## Compensation of company officers

Gross compensation (EUR)	Amounts awarded in respect of fiscal year 2022	Amounts paid during fiscal year 2022	Description
<b>Non-compete payment</b>	-	-	
<b>Supplementary pension plan</b>	-	-	<p>On January 1, 1997, LVMH SE set up a supplementary pension plan for members of the LVMH group's Executive Committee. Pursuant to the Order of July 3, 2019, this supplementary pension plan has been closed, and the rights frozen as of December 31, 2019.</p> <p>This plan provides for the payment of a supplementary pension to its members who were employees or senior executives of companies covered by the supplementary pension plan rules and who had, as of December 31, 2019, been members of the committee for at least six years, provided they begin to draw any pensions built up under external pension plans immediately upon ceasing to hold office within the LVMH group. However, this condition shall not apply to members who leave the LVMH group at its request after the age of 55 and do not take up any other professional activity until such time as they have begun to draw their external pensions.</p> <p>This supplementary pension is determined on the basis of a reference amount of compensation, which is equal to gross annual base pay plus the gross annual bonus received by the recipient from January 1, 2019 to December 31, 2019. In any event, the reference amount of compensation may not exceed the average of the three highest amounts of annual compensation received during the course of their career with the LVMH group, capped at 35 times the annual social security ceiling for 2019 (i.e. 1,418,340 euros as of December 31, 2019). The annual supplementary pension benefit is equal to the difference between 60% of the aforementioned reference amount of compensation, capped if applicable, and all gross annuity payments received under external pension plans, as defined in the rules. In any event, the amount of this supplementary pension is limited to a maximum of 51% of the reference amount of compensation. Furthermore, a discount is applied to this amount based on the recipient's age on December 31, 2019. As a result of the aforementioned system, on the basis of compensation paid to Bernard Arnault in 2022, the supplementary pension payable to him would not exceed 45% of the amount of his last annual compensation. The supplementary pension only vests when retirement benefits are claimed.</p> <p>Given the characteristics of the plan put in place by the Company and his personal circumstances, the supplementary pension for which Bernard Arnault may qualify no longer gives rise to the annual vesting of additional benefits, or, consequently, to a correlative increase in the Company's financial commitment.</p>

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled by it.

Antonio Belloni<sup>(a)</sup>

Gross compensation (EUR)	Amounts awarded in respect of fiscal year 2022	Amounts paid during fiscal year 2022	Description
<b>Fixed compensation<sup>(b)</sup></b>	3,242,438	3,242,438	Compensation payable to the Group Managing Director includes a fixed component, which it has been decided to keep stable.
<b>Variable compensation</b>	2,894,500	2,894,500	<p>Compensation paid to the Group Managing Director includes a variable annual component based on the achievement of quantifiable targets (weighted two-thirds) and qualitative targets (weighted one-third). The quantifiable criteria are financial in nature and relate to growth in the Group's revenue, operating profit and cash flow relative to budget for the year in question, with each of these three components accounting for one-third of the total determination. Qualitative criteria may relate to the Group's strategy, management, organization or operations and have in particular to do with corporate social responsibility and sustainable development.</p> <p>Qualitative criteria for 2022 emphasized (i) the growing momentum of certain named subsidiaries, (ii) preparing for the rebound in the travel-related Maisons, (iii) the greater importance attached to local teams and the development of an omnichannel culture in sync with customers, (iv) the ongoing ramp-up in the implementation of the LIFE 360 program, and (v) the expansion of the Ethics &amp; Compliance unit.</p> <p>The method used for assessing performance was reviewed by the Governance &amp; Compensation Committee. Based on this assessment, the Board of Directors considered that the quantifiable targets relating to revenue and profit from recurring operations as well as the qualitative targets set for 2022 had been met.</p> <p>The variable component in respect of 2022 is below the limit of 150% of fixed compensation set by the compensation policy in force.</p>
<b>Multi-year variable compensation</b>	-	-	
<b>Exceptional compensation</b>	-	-	
<b>Bonus performance shares</b>	2,022,186	-	October 27, 2022 plan - Number of bonus performance shares granted: 3,231. The bonus performance shares shall only vest on October 27, 2025 under the following conditions: (i) for 85% of shares, if LVMH's consolidated financial statements for both 2023 and 2024 show a positive change compared to the previous fiscal year in one or more of the following indicators: the Group's profit from recurring operations, operating free cash flow and current operating margin; and (ii) for 15% of shares, if the non-financial condition related to the Group's environmental and social responsibility is met by the end of 2024.
<b>Compensation for serving as a Director</b>	57,957	57,957	
<b>Benefits in kind</b>	5,007	5,007	Company car.
<b>Severance pay</b>	-	-	



## Compensation of company officers

Gross compensation (EUR)	Amounts awarded in respect of fiscal year 2022	Amounts paid during fiscal year 2022	Description
<b>Non-compete payment</b>	-	-	Employment contract suspended for the duration of his term as Group Managing Director; non-compete clause, for a period of 12 months, included in the employment contract providing for the monthly payment during its application of compensation equal to his monthly compensation as of the date his term of office ends, plus one-twelfth of the last bonus received.
<b>Supplementary pension plan</b>	-	-	<p>On January 1, 1997, LVMH SE set up a supplementary pension plan for members of the LVMH group's Executive Committee. Pursuant to the Order of July 3, 2019, this supplementary pension plan has been closed, and the rights frozen as of December 31, 2019.</p> <p>This plan provides for the payment of a supplementary pension to its members who were employees or senior executives of companies covered by the supplementary pension plan rules and who had, as of December 31, 2019, been members of the committee for at least six years, provided they begin to draw any pensions built up under external pension plans immediately upon ceasing to hold office within the LVMH group. However, this condition shall not apply to members who leave the LVMH group at its request after the age of 55 and do not take up any other professional activity until such time as they have begun to draw their external pensions.</p> <p>This supplementary pension is determined on the basis of a reference amount of compensation, which is equal to gross annual base pay plus the gross annual bonus received by the recipient from January 1, 2019 to December 31, 2019. In any event, the reference amount of compensation may not exceed the average of the three highest amounts of annual compensation received during the course of their career with the LVMH group, capped at 35 times the annual social security ceiling for 2019 (i.e. 1,418,340 euros as of December 31, 2019). The annual supplementary pension benefit is equal to the difference between 60% of the aforementioned reference amount of compensation, capped if applicable, and all gross annuity payments received under external pension plans, as defined in the rules. In any event, the amount of this supplementary pension is limited to a maximum of 51% of the reference amount of compensation. Furthermore, a discount is applied to this amount based on the recipient's age on December 31, 2019. As a result of the aforementioned system, on the basis of compensation paid to Antonio Belloni in 2022, the supplementary pension payable to him would not exceed 45% of the amount of his last annual compensation. The supplementary pension only vests when retirement benefits are claimed.</p> <p>Given the characteristics of the plan put in place by the Company and his personal circumstances, the supplementary pension for which Antonio Belloni may qualify no longer gives rise to the annual vesting of additional benefits, or, consequently, to a correlative increase in the Company's financial commitment.</p>

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled by it.

(b) Including housing allowance.

Summary of transactions in LVMH securities during the 2022 fiscal year by company officers and closely related person

### 2.3.2 Vote on the compensation policy

In accordance with Article L. 22-10-8 II of the French Commercial Code, a proposal will be made at the Shareholders' Meeting of April 20, 2023 to approve the compensation policy for Directors (**16th resolution**), as well as that for senior executive officers (**17th and 18th resolutions**).

These compensation policies approved by the Board of Directors at its meeting on January 26, 2023, on the recommendation of the Governance & Compensation Committee, are set out in

§2.1 above of the *Board of Directors' report on corporate governance*. No compensation of any type whatsoever may be calculated, awarded or paid unless it complies with the compensation policy approved or, where there is no such policy, with the compensation or practices set forth in Article L. 22-10-8 II of the French Commercial Code.

In accordance with the second paragraph of Article L. 22-10-8 III of the French Commercial Code, the Board of Directors may in exceptional circumstances depart from the compensation policy under the conditions described in §2 above.

## 3. SUMMARY OF TRANSACTIONS IN LVMH SECURITIES DURING THE 2022 FISCAL YEAR BY COMPANY OFFICERS AND CLOSELY RELATED PERSONS (SET FORTH IN ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE)

The transactions in the 2022 fiscal year in the shares, debt securities and financial instruments of the Company effected by company officers and closely related persons as stated in Article L. 621-18-2 of the French Monetary and Financial Code of which the Company is aware, are listed below:

Directors concerned	Type of transaction	Number of shares/ securities	Average price (EUR)
Bernard Arnault	Allocation of shares	6,337	-
Company(ies) related to Bernard Arnault	Acquisition of shares	1,028,960	588.7788
	Contribution in kind (contributing company)	9,255,405	622.4600
	Contribution in kind (recipient company)	9,255,405	622.4600
Antoine Arnault	Allocation of shares	425	-
Delphine Arnault	Allocation of shares	1,500	-
Nicolas Bazire	Allocation of shares	2,858	-
	Sale of shares	15,000	674.9761
	Pledge of shares	8,904	-
Antonio Belloni	Allocation of shares	2,858	-
	Sale of shares	10,000	694.2551



# FINANCIAL STATEMENTS

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*As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component figures.*

## CONSOLIDATED INCOME STATEMENT

<i>(EUR millions, except for earnings per share)</i>	Notes	2022	2021	2020
<b>Revenue</b>	24-25	<b>79,184</b>	<b>64,215</b>	<b>44,651</b>
Cost of sales		(24,988)	(20,355)	(15,871)
<b>Gross margin</b>		<b>54,196</b>	<b>43,860</b>	<b>28,780</b>
Marketing and selling expenses		(28,151)	(22,308)	(16,792)
General and administrative expenses		(5,027)	(4,414)	(3,641)
Income/(Loss) from joint ventures and associates	8	37	13	(42)
<b>Profit from recurring operations</b>	24-25	<b>21,055</b>	<b>17,151</b>	<b>8,305</b>
Other operating income and expenses	26	(54)	4	(333)
<b>Operating profit</b>		<b>21,001</b>	<b>17,155</b>	<b>7,972</b>
Cost of net financial debt		(17)	41	(35)
Interest on lease liabilities		(254)	(242)	(281)
Other financial income and expenses		(617)	254	(292)
<b>Net financial income/(expense)</b>	27	<b>(888)</b>	<b>53</b>	<b>(608)</b>
Income taxes	28	(5,362)	(4,510)	(2,409)
<b>Net profit before minority interests</b>		<b>14,751</b>	<b>12,698</b>	<b>4,955</b>
Minority interests	18	(667)	(662)	(253)
<b>Net profit, Group share</b>		<b>14,084</b>	<b>12,036</b>	<b>4,702</b>
<b>Basic Group share of net earnings per share (EUR)</b>	29	<b>28.05</b>	<b>23.90</b>	<b>9.33</b>
Number of shares on which the calculation is based		502,120,694	503,627,708	503,679,272
<b>Diluted Group share of net earnings per share (EUR)</b>	29	<b>28.03</b>	<b>23.89</b>	<b>9.32</b>
Number of shares on which the calculation is based		502,480,100	503,895,592	504,210,133

## CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES

<i>(EUR millions)</i>	Notes	2022	2021	2020
<b>Net profit before minority interests</b>		<b>14,751</b>	<b>12,698</b>	<b>4,955</b>
Translation adjustments		1,303	2,177	(1,650)
Amounts transferred to income statement		(32)	(4)	(11)
Tax impact		(4)	17	(10)
	16.5, 18	<b>1,267</b>	<b>2,190</b>	<b>(1,671)</b>
Change in value of hedges of future foreign currency cash flows <sup>(a)</sup>		28	281	73
Amounts transferred to income statement		290	(303)	(123)
Tax impact		(73)	127	(112)
		<b>245</b>	<b>105</b>	<b>(162)</b>
Change in value of the ineffective portion of hedging instruments		(309)	(375)	(209)
Amounts transferred to income statement		340	237	232
Tax impact		(11)	33	(9)
		<b>21</b>	<b>(105)</b>	<b>14</b>
<b>Gains and losses recognized in equity, transferable to income statement</b>		<b>1,534</b>	<b>2,190</b>	<b>(1,819)</b>
Change in value of vineyard land	6	(72)	52	(3)
Amounts transferred to consolidated reserves		-	-	-
Tax impact		18	(12)	3
		<b>(53)</b>	<b>40</b>	<b>-</b>
Employee benefit obligations: change in value resulting from actuarial gains and losses		301	251	(20)
Tax impact		(77)	(58)	6
		<b>223</b>	<b>193</b>	<b>(14)</b>
<b>Gains and losses recognized in equity, not transferable to income statement</b>		<b>170</b>	<b>233</b>	<b>(14)</b>
<b>Total gains and losses recognized in equity</b>		<b>1,705</b>	<b>2,423</b>	<b>(1,833)</b>
<b>Comprehensive income</b>		<b>16,456</b>	<b>15,121</b>	<b>3,122</b>
Minority interests		(755)	(762)	(162)
<b>Comprehensive income, Group share</b>		<b>15,701</b>	<b>14,359</b>	<b>2,960</b>

(a) In 2021, this amount includes 477 million euros relating to foreign exchange hedges implemented in anticipation of the acquisition of Tiffany shares and included in the value of the investment; see Note 2.2.

## CONSOLIDATED BALANCE SHEET

<i>Assets (EUR millions)</i>	Notes	2022	2021	2020
Brands and other intangible assets	3	25,432	24,551	17,012
Goodwill	4	24,782	25,904	16,042
Property, plant and equipment	6	23,055	20,193	18,224
Right-of-use assets	7	14,615	13,705	12,521
Investments in joint ventures and associates	8	1,066	1,084	990
Non-current available for sale financial assets	9	1,109	1,363	739
Other non-current assets	10	1,186	1,054	845
Deferred tax	28	3,661	3,156	2,325
<b>Non-current assets</b>		<b>94,906</b>	<b>91,010</b>	<b>68,698</b>
Inventories and work in progress	11	20,319	16,549	13,016
Trade accounts receivable	12	4,258	3,787	2,756
Income taxes		375	338	392
Other current assets	13	7,488	5,606	3,846
Cash and cash equivalents	15	7,300	8,021	19,963
<b>Current assets</b>		<b>39,740</b>	<b>34,301</b>	<b>39,973</b>
<b>Total assets</b>		<b>134,646</b>	<b>125,311</b>	<b>108,671</b>
<i>Liabilities and equity (EUR millions)</i>	Notes	2022	2021	2020
Equity, Group share	16.1	55,111	47,119	37,412
Minority interests	18	1,493	1,790	1,417
<b>Equity</b>		<b>56,604</b>	<b>48,909</b>	<b>38,829</b>
Long-term borrowings	19	10,380	12,165	14,065
Non-current lease liabilities	7	12,776	11,887	10,665
Non-current provisions and other liabilities	20	3,902	3,980	3,322
Deferred tax	28	6,952	6,704	5,481
Purchase commitments for minority interests' shares	21	12,489	13,677	10,991
<b>Non-current liabilities</b>		<b>46,498</b>	<b>48,413</b>	<b>44,524</b>
Short-term borrowings	19	9,359	8,075	10,638
Current lease liabilities	7	2,632	2,387	2,163
Trade accounts payable	22.1	8,788	7,086	5,098
Income taxes		1,211	1,267	721
Current provisions and other liabilities	22.2	9,553	9,174	6,698
<b>Current liabilities</b>		<b>31,543</b>	<b>27,989</b>	<b>25,318</b>
<b>Total liabilities and equity</b>		<b>134,646</b>	<b>125,311</b>	<b>108,671</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR millions)	Number of shares	Share capital	Share premium account	Treasury shares	Cumulative translation adjustment	Revaluation reserves				Net profit and other reserves	Total equity		
						Available for sale financial assets	Hedges of future foreign currency cash flows and cost of hedging	Vineyard land	Employee benefit commitments		Group share	Minority interests	Total
Notes		16.2	16.2	16.3	16.5							18	
<b>As of December 31, 2019</b>	<b>505,431,285</b>	<b>152</b>	<b>2,319</b>	<b>(403)</b>	<b>862</b>	<b>-</b>	<b>(107)</b>	<b>1,139</b>	<b>(220)</b>	<b>32,844</b>	<b>36,586</b>	<b>1,779</b>	<b>38,365</b>
Gains and losses recognized in equity					(1,554)		(176)		(11)		(1,742)	(91)	(1,833)
Net profit										4,702	4,702	253	4,955
<b>Comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,554)</b>	<b>-</b>	<b>(176)</b>	<b>-</b>	<b>(11)</b>	<b>4,702</b>	<b>2,960</b>	<b>162</b>	<b>3,122</b>
Bonus share plan-related expenses										60	60	3	63
(Acquisition)/disposal of LVMH shares				49						(42)	7	-	7
Exercise of LVMH share subscription options												-	-
Retirement of LVMH shares	(673,946)		(94)	94								-	-
Capital increase in subsidiaries												54	54
Interim and final dividends paid										(2,317)	(2,317)	(376)	(2,693)
Changes in control of consolidated entities										(30)	(30)	7	(23)
Acquisition and disposal of minority interests' shares										(49)	(49)	8	(41)
Purchase commitments for minority interests' shares										193	193	(220)	(27)
<b>As of December 31, 2020</b>	<b>504,757,339</b>	<b>152</b>	<b>2,225</b>	<b>(260)</b>	<b>(692)</b>	<b>-</b>	<b>(283)</b>	<b>1,139</b>	<b>(231)</b>	<b>35,363</b>	<b>37,412</b>	<b>1,417</b>	<b>38,829</b>
Gains and losses recognized in equity					2,073		43	29	178		2,323	101	2,423
Net profit										12,036	12,036	662	12,698
<b>Comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,073</b>	<b>-</b>	<b>43</b>	<b>29</b>	<b>178</b>	<b>12,036</b>	<b>14,359</b>	<b>763</b>	<b>15,122</b>
Stock option plan-related expenses										126	126	6	132
(Acquisition)/disposal of LVMH shares				(652)						(92)	(744)	-	(744)
Retirement of LVMH shares												-	-
Capital increase in subsidiaries												12	12
Interim and final dividends paid										(3,527)	(3,527)	(428)	(3,956)
Changes in control of consolidated entities										(42)	(42)	397	355
Acquisition and disposal of minority interests' shares										(443)	(443)	(211)	(654)
Purchase commitments for minority interests' shares										(22)	(22)	(166)	(188)
<b>As of December 31, 2021</b>	<b>504,757,339</b>	<b>152</b>	<b>2,225</b>	<b>(912)</b>	<b>1,380</b>	<b>-</b>	<b>(239)</b>	<b>1,167</b>	<b>(53)</b>	<b>43,399</b>	<b>47,119</b>	<b>1,790</b>	<b>48,909</b>
Gains and losses recognized in equity					1,206		249	(43)	204		1,617	88	1,705
Net profit										14,084	14,084	667	14,751
<b>Comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,206</b>	<b>-</b>	<b>249</b>	<b>(43)</b>	<b>204</b>	<b>14,084</b>	<b>15,701</b>	<b>755</b>	<b>16,456</b>
Bonus share plan-related expenses										127	127	5	132
(Acquisition)/disposal of LVMH shares				(1,316)						(54)	(1,370)	-	(1,370)
Retirement of LVMH shares	(1,500,000)		(936)	936								-	-
Capital increase in subsidiaries												28	28
Interim and final dividends paid										(6,024)	(6,024)	(382)	(6,406)
Changes in control of consolidated entities										7	7	6	13
Acquisition and disposal of minority interests' shares										(48)	(48)	(138)	(186)
Purchase commitments for minority interests' shares										(399)	(399)	(571)	(970)
<b>As of December 31, 2022</b>	<b>503,257,339</b>	<b>151</b>	<b>1,289</b>	<b>(1,293)</b>	<b>2,586</b>	<b>-</b>	<b>9</b>	<b>1,125</b>	<b>151</b>	<b>51,092</b>	<b>55,111</b>	<b>1,493</b>	<b>56,604</b>

## CONSOLIDATED CASH FLOW STATEMENT

<i>(EUR millions)</i>	Notes	2022	2021	2020
<b>I. OPERATING ACTIVITIES</b>				
Operating profit		21,001	17,155	7,972
(Income)/loss and dividends received from joint ventures and associates	8	26	41	64
Net increase in depreciation, amortization and provisions		3,219	3,139	3,478
Depreciation of right-of-use assets	7.1	3,007	2,691	2,572
Other adjustments and computed expenses		(483)	(405)	(89)
<b>Cash from operations before changes in working capital</b>		<b>26,770</b>	<b>22,621</b>	<b>13,997</b>
Cost of net financial debt: interest paid		(74)	71	(58)
Lease liabilities: interest paid		(240)	(231)	(290)
Tax paid		(5,604)	(4,239)	(2,385)
Change in working capital	15.2	(3,019)	426	(367)
<b>Net cash from/(used in) operating activities</b>		<b>17,833</b>	<b>18,648</b>	<b>10,897</b>
<b>II. INVESTING ACTIVITIES</b>				
Operating investments	15.3	(4,969)	(2,664)	(2,478)
Purchase and proceeds from sale of consolidated investments	2	(809)	(13,226)	(536)
Dividends received		7	10	12
Tax paid related to non-current available for sale financial assets and consolidated investments		-	-	-
Purchase and proceeds from sale of non-current available for sale financial assets	9	(149)	(99)	63
<b>Net cash from/(used in) investing activities</b>		<b>(5,920)</b>	<b>(15,979)</b>	<b>(2,939)</b>
<b>III. FINANCING ACTIVITIES</b>				
Interim and final dividends paid	15.4	(6,774)	(4,161)	(2,799)
Purchase and proceeds from sale of minority interests		(351)	(435)	(67)
Other equity-related transactions	15.4	(1,604)	(552)	27
Proceeds from borrowings	19	3,774	251	17,499
Repayment of borrowings	19	(3,891)	(6,413)	(5,024)
Repayment of lease liabilities	7.2	(2,751)	(2,453)	(2,302)
Purchase and proceeds from sale of current available for sale financial assets	14	(1,088)	(1,393)	69
<b>Net cash from/(used in) financing activities</b>		<b>(12,685)</b>	<b>(15,156)</b>	<b>7,403</b>
<b>IV. EFFECT OF EXCHANGE RATE CHANGES</b>		<b>55</b>	<b>498</b>	<b>(1,052)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>		<b>(717)</b>	<b>(11,989)</b>	<b>14,309</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	15.1	<b>7,817</b>	<b>19,806</b>	<b>5,497</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	15.1	<b>7,100</b>	<b>7,817</b>	<b>19,806</b>
<b>TOTAL TAX PAID</b>		<b>(5,933)</b>	<b>(4,464)</b>	<b>(2,501)</b>

**Alternative performance measure**

The following table presents the reconciliation between “Net cash from operating activities” and “Operating free cash flow” for the fiscal years presented:

<i>(EUR millions)</i>	2022	2021	2020
Net cash from operating activities	17,833	18,648	10,897
Operating investments	(4,969)	(2,664)	(2,478)
Repayment of lease liabilities	(2,751)	(2,453)	(2,302)
<b>Operating free cash flow<sup>(a)</sup></b>	<b>10,113</b>	<b>13,531</b>	<b>6,117</b>

(a) Under IFRS 16, fixed lease payments are treated partly as interest payments and partly as principal repayments. For its own operational management purposes, the Group treats all lease payments as components of its “Operating free cash flow”, whether the lease payments made are fixed or variable. In addition, for its own operational management purposes, the Group treats operating investments as components of its “Operating free cash flow”.

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## 1. ACCOUNTING POLICIES

### 1.1 General framework and environment

The consolidated financial statements for fiscal year 2022 were established in accordance with the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and applicable on December 31, 2022. These standards and interpretations have been applied consistently to the fiscal years presented. The consolidated financial statements for fiscal year 2022 were approved by the Board of Directors on January 26, 2023.

### 1.2 Changes in the accounting framework applicable to LVMH

The Group finished analyzing the impact of the IFRIC agenda decision issued in 2021 on accounting for the costs of installing software under a Software as a Service (SaaS) contract. As the impact of this decision on the amounts of software capitalized in the balance sheet as of December 31, 2021 was non-material, equity at the beginning of the period and for comparable periods was not restated as of December 31, 2022.

### 1.3 Impact of the Russia-Ukraine conflict on the consolidated financial statements

LVMH's operations in Russia have been largely suspended since March 2022, due to the conflict between Russia and Ukraine. As such, LVMH's stores in Russia were closed, with employees continuing to be paid. Assets held by LVMH in Russia and Ukraine primarily relate to fixtures and fittings at stores, and right-of-use assets under store leases. These assets comprise non-material amounts with respect to the Group's total assets.

The consequences of the conflict on LVMH's business activities in 2022 were not material, in terms of the direct impact in the affected countries and the impact of sanctions imposed by the international community on Russia and certain Russian nationals, as well as sanctions imposed by Russia in response. Inventories and right-of-use assets under store leases were reviewed as of December 31, 2022 to take into account the context arising from the crisis, and resulted in the recognition of partial impairment for non-significant amounts.

### 1.4 Taking into account climate change risks

The Group's current exposure to the consequences of climate change is limited. As such, at this stage, the impact of climate change on the financial statements is not material.

As part of the LIFE 360 program, which puts the Group's environmental strategy into practice, LVMH has launched a plan to transform its value chains.

The implementation of this program is reflected in LVMH's financial statements in the form of operating investments,

research and development expenses and corporate philanthropy expenses. In addition, profit from recurring operations in particular will be affected by changes in raw material prices; production, transport and distribution costs; and costs related to the end-of-life phase of its products.

The short-term effects have been incorporated into the Group's strategic plans, which form the basis for conducting impairment tests on intangible assets with indefinite useful lives (see Note 5). The long-term effects of these changes are not quantifiable at this stage.

### 1.5 First-time adoption of IFRS

The first accounts prepared by the Group in accordance with IFRS were the financial statements for the year ended December 31, 2005, with a transition date of January 1, 2004. IFRS 1 allowed for exceptions to the retrospective application of IFRS at the transition date. The procedures implemented by the Group with respect to these exceptions include the following:

- business combinations: the exemption from retrospective application was not applied. The recognition of the merger of Moët Hennessy and Louis Vuitton in 1987 and all subsequent acquisitions were restated in accordance with IFRS 3; IAS 36 Impairment of Assets and IAS 38 Intangible Assets were applied retrospectively as of that date;
- foreign currency translation of the financial statements of subsidiaries outside the eurozone: translation reserves relating to the consolidation of subsidiaries that prepare their accounts in foreign currency were reset to zero as of January 1, 2004 and offset against "Other reserves".

### 1.6 Presentation of the financial statements

#### Definitions of "Profit from recurring operations" and "Other operating income and expenses"

The Group's main business is the management and development of its brands and trade names. "Profit from recurring operations" is derived from these activities, whether they are recurring or non-recurring, core or incidental transactions.

"Other operating income and expenses" comprises income statement items, which – due to their nature, amount or frequency – may not be considered inherent to the Group's recurring operations or its profit from recurring operations. This caption reflects in particular the impact of changes in the scope of consolidation, the impairment of goodwill and the impairment and amortization of brands and trade names. It also includes any significant amounts relating to the impact of certain unusual transactions, such as gains or losses arising on the disposal of fixed assets, restructuring costs, costs in respect of disputes, or any other non-recurring income or expense that may otherwise distort the comparability of profit from recurring operations from one period to the next.

## Cash flow statement

Net cash from operating activities is determined on the basis of operating profit, adjusted for non-cash transactions. In addition:

- dividends received are presented according to the nature of the underlying investments, thus in “Net cash from operating activities” for dividends from joint ventures and associates and in “Net cash from financial investments” for dividends from other unconsolidated entities;
- tax paid is presented according to the nature of the transaction from which it arises, thus in “Net cash from operating activities” for the portion attributable to operating transactions; in “Net cash from financial investments” for the portion attributable to transactions in available for sale financial assets, notably tax paid on gains from their sale; and in “Net cash from transactions relating to equity” for the portion attributable to transactions in equity, notably distribution taxes arising on the payment of dividends.

## 1.7 Use of estimates

For the purpose of preparing the consolidated financial statements, the measurement of certain balance sheet and income statement items requires the use of assumptions, estimates or other forms of judgment. This is particularly true of the valuation of intangible assets (see Note 5); the measurement of leases (see Note 7) and purchase commitments for minority interests' shares (see Notes 1.14 and 21); the determination of the amount of provisions for contingencies and losses, and uncertain tax positions (see Note 20) or for impairment of inventories (see Notes 1.19 and 11); and, if applicable, deferred tax assets (see Note 28). Such assumptions estimates or other forms of judgment made on the basis of the information available or the situation prevailing at the date at which the financial statements are prepared may subsequently prove different from actual events.

## 1.8 Methods of consolidation

The subsidiaries in which the Group holds a direct or indirect *de facto* or *de jure* controlling interest are fully consolidated.

Jointly controlled companies and companies where the Group has significant influence but no controlling interest are accounted for using the equity method. Although jointly controlled, those entities are fully integrated within the Group's operating activities. LVMH discloses their net profit, as well as that of entities using the equity method (see Note 8), on a separate line, which forms part of profit from recurring operations.

When an investment in a joint venture or associate accounted for using the equity method involves a payment tied to meeting specific performance targets, known as an earn-out payment, the estimated amount of this payment is included in the initial

purchase price recorded in the balance sheet, with an offsetting entry under financial liabilities. Any difference between the initial estimate and the actual payment made is recorded as part of the value of investments in joint ventures and associates, without any impact on the income statement.

The assets, liabilities, income and expenses of the Wines and Spirits distribution subsidiaries held jointly with the Diageo group are consolidated only in proportion to the LVMH group's share of operations (see Note 1.28).

The consolidation on an individual or collective basis of companies that are not consolidated (see “Companies not included in the scope of consolidation”) would not have a significant impact on the Group's main aggregates.

## 1.9 Foreign currency translation of the financial statements of entities outside the eurozone

The consolidated financial statements are presented in euros; the financial statements of entities presented in a different functional currency are translated into euros:

- at the period-end exchange rates for balance sheet items;
- at the average rates for the period for income statement items.

Translation adjustments arising from the application of these rates are recorded in equity under “Cumulative translation adjustment”.

## 1.10 Foreign currency transactions and hedging of exchange rate risks

Transactions of consolidated companies denominated in a currency other than their functional currencies are translated to their functional currencies at the exchange rates prevailing at the transaction dates.

Accounts receivable, accounts payable and debts denominated in currencies other than the entities' functional currencies are translated at the applicable exchange rates at the fiscal year-end. Gains and losses resulting from this translation are recognized:

- within “Cost of sales” for commercial transactions;
- within “Net financial income/(expense)” for financial transactions.

Foreign exchange gains and losses arising from the translation or elimination of intra-Group transactions or receivables and payables denominated in currencies other than the entity's functional currency are recorded in the income statement unless they relate to long-term intra-Group financing transactions, which can be considered equity-related transactions. In the latter case, translation adjustments are recorded in equity under “Cumulative translation adjustment”.

Derivatives used to hedge commercial, financial or investment transactions are recognized in the balance sheet at their market value (see Note 1.11) at the balance sheet date. Changes in the value of the effective portions of these derivatives are recognized as follows:

- for hedges that are commercial in nature:
  - within “Cost of sales” for hedges of receivables and payables recognized in the balance sheet at the end of the period,
  - within equity under “Revaluation reserves” for hedges of future cash flows; this amount is transferred to cost of sales upon recognition of the hedged trade receivables and payables;
- for hedges relating to the acquisition of fixed assets: within equity under “Revaluation reserves” for hedges of future cash flows; this amount is transferred to the asset side of the balance sheet, as part of the initial cost of the hedged item when accounting for the latter, and then to the income statement in the event of the disposal or impairment of the hedged item;
- for hedges that are tied to the Group’s investment portfolio (hedging the net worth of subsidiaries whose functional currency is not the euro): within equity under “Cumulative translation adjustment”; this amount is transferred to the income statement upon the sale or liquidation (whether partial or total) of the subsidiary whose net worth is hedged;

- for hedges that are financial in nature: within “Net financial income/(expense)”, under “Other financial income and expenses”.

Changes in the value of these derivatives related to forward points associated with forward contracts, as well as in the time value component of options, are recognized as follows:

- for hedges that are commercial in nature: within equity under “Revaluation reserves”. The cost of the forward contracts (forward points) and of the options (premiums) is transferred to “Other financial income and expenses” upon realization of the hedged transaction;
- for hedges that are tied to the Group’s investment portfolio or financial in nature: expenses and income arising from discounts or premiums are recognized in “Borrowing costs” on a pro rata basis over the term of the hedging instruments. The difference between the amounts recognized in “Net financial income/(expense)” and the change in the value of forward points is recognized in equity under “Revaluation reserves”.

Market value changes of derivatives not designated as hedges are recorded within “Net financial income/(expense)”.

See also Note 1.23 for the definition of the concepts of effective and ineffective portions.

## 1.11 Fair value measurement

Fair value (or market value) is the price that would be obtained from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants.

The assets and liabilities measured at fair value in the balance sheet are as follows:

	Approaches to determining fair value	Amounts recorded at balance sheet date
Vineyard land	Based on recent transactions in similar assets. See Note 1.15.	Note 6
Grape harvests	Based on purchase prices for equivalent grapes. See Note 1.19.	Note 11
Derivatives	Based on market data and according to commonly used valuation models. See Note 1.24.	Note 23
Borrowings hedged against changes in value due to interest rate fluctuations	Based on market data and according to commonly used valuation models. See Note 1.23.	Note 19
Liabilities in respect of purchase commitments for minority interests’ shares priced according to fair value	Generally based on the market multiples of comparable companies. See Note 1.14.	Note 21
Available for sale financial assets	Quoted investments: price quotations at the close of trading on the balance sheet date. Unquoted investments: estimated net realizable value, either according to formulas based on market data or based on private quotations. See Note 1.18.	Note 9, Note 14
Cash and cash equivalents (SICAV and FCP funds)	Based on the liquidation value at the balance sheet date. See Note 1.21.	Note 15

No other assets or liabilities have been remeasured at market value at the balance sheet date.



## 1.12 Brands and other intangible assets

Only acquired brands and trade names that are well known and individually identifiable are recorded as assets based on their market values at their dates of acquisition.

Brands and trade names are chiefly valued using the forecast discounted cash flow method, or based on comparable transactions (i.e. using the revenue and net profit coefficients employed for recent transactions involving similar brands) or stock market multiples observed for related businesses. Other complementary methods may also be employed: the relief from royalty method, involving equating a brand's value with the present value of the royalties required to be paid for its use; the margin differential method, applicable when a measurable difference can be identified in the amount of revenue generated by a branded product in comparison with a similar unbranded product; and finally the equivalent brand reconstitution method involving, in particular, estimation of the amount of advertising and promotion expenses required to generate a similar brand.

Costs incurred in creating a new brand or developing an existing brand are expensed.

Brands, trade names and other intangible assets with finite useful lives are amortized over their estimated useful lives. The classification of a brand or trade name as an asset of finite or indefinite useful life is generally based on the following criteria:

- the brand or trade name's overall positioning in its market expressed in terms of volume of activity, international presence and reputation;
- its expected long-term profitability;
- its degree of exposure to changes in the economic environment;
- any major event within its business segment liable to compromise its future development;
- its age.

Amortizable lives of brands and trade names with finite useful lives range from 5 to 20 years, depending on their anticipated period of use.

Impairment tests are carried out for brands, trade names and other intangible assets using the methodology described in Note 1.17.

Research expenditure is not capitalized. New product development expenditure is not capitalized unless the final decision has been made to launch the product.

Intangible assets other than brands and trade names are amortized over the following periods:

- rights attached to sponsorship agreements and media partnerships are amortized over the life of the agreements, depending on how the rights are used;
- development expenditure is amortized over 3 years at most;
- software and websites are amortized over 1 to 5 years.

## 1.13 Changes in ownership interests in consolidated entities

When the Group takes *de jure* or *de facto* control of a business, its assets, liabilities and contingent liabilities are estimated at their market value as of the date when control is obtained; the difference between the cost of taking control and the Group's share of the market value of those assets, liabilities and contingent liabilities is recognized as goodwill.

The cost of taking control is the price paid by the Group in the context of an acquisition, or an estimate of this price if the transaction is carried out without any payment of cash, excluding acquisition costs, which are disclosed under "Other operating income and expenses".

The difference between the carrying amount of minority interests purchased after control is obtained and the price paid for their acquisition is deducted from equity.

Goodwill is accounted for in the functional currency of the acquired entity.

Goodwill is not amortized but is subject to annual impairment testing using the methodology described in Note 1.17. Any impairment expense recognized is included within "Other operating income and expenses".

## 1.14 Purchase commitments for minority interests' shares

The Group has granted put options to minority shareholders of certain fully consolidated subsidiaries.

Pending specific guidance from IFRSs regarding this issue, the Group recognizes these commitments as follows:

- the value of the commitment at the balance sheet date appears in "Purchase commitments for minority interests' shares", as a liability on its balance sheet;
- the corresponding minority interests are canceled;
- for commitments granted prior to January 1, 2010, the difference between the amount of the commitments and canceled minority interests is maintained as an asset on the balance sheet under goodwill, as are subsequent changes in this difference. For commitments granted as from January 1, 2010, the difference between the amount of the commitments and minority interests is recorded in equity, under "Other reserves".

This recognition method has no effect on the presentation of minority interests within the income statement.

## 1.15 Property, plant and equipment

With the exception of vineyard land, the gross value of property, plant and equipment is stated at acquisition cost. Any borrowing costs incurred prior to the placed-in-service date or during the construction period of assets are capitalized.



Vineyard land is recognized at the market value at the balance sheet date. This valuation is based on official published data for recent transactions in the same region. Any difference compared to historical cost is recognized within equity in “Revaluation reserves”. If the market value falls below the acquisition cost, the resulting impairment is charged to the income statement.

Buildings mostly occupied by third parties are reported as investment property, at acquisition cost. Investment property is thus not remeasured at market value.

The depreciable amount of property, plant and equipment comprises the acquisition cost of their components less residual value, which corresponds to the estimated disposal price of the asset at the end of its useful life.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. For leased assets, the depreciation period cannot be longer than that used for the calculation of the lease liability.

The estimated useful lives are as follows:

- buildings including investment property: 20 to 100 years;
- machinery and equipment: 3 to 25 years;
- leasehold improvements: 3 to 10 years;
- producing vineyards: 18 to 25 years.

Expenses for maintenance and repairs are charged to the income statement as incurred.

## 1.16 Leases

The Group has applied IFRS 16 Leases since January 1, 2019. The initial application was carried out using the “modified retrospective” approach to transition. See Note 1.2 to the 2019 consolidated financial statements for details of this initial application procedure for IFRS 16 and the impact of its initial application on the 2019 financial statements.

When entering into a lease, a liability is recognized in the balance sheet, measured at the discounted present value of future payments of the fixed portion of lease payments and offset against a right-of-use asset depreciated over the lease term. The amount of the liability depends to a large degree on the assumptions used for the lease term and, to a lesser extent, the discount rate. The Group’s extensive geographic coverage means it encounters a wide range of different legal conditions when entering into contracts.

The lease term generally used to calculate the liability is the term of the initially negotiated lease, not taking into account any early termination options, except in special circumstances. When leases contain extension options, the term used for the calculation of the liability may include these periods, mainly when the anticipated period of use of the fixed assets, whether under a new or existing lease, is greater than the initial contractual lease term.

The lease term to be used in accounting for lease liabilities when the underlying assets are capitalized even though the obligation to make lease payments covers a period of less than twelve months is consistent with the anticipated period of use of the

invested assets. Most often, this involves leases for retail locations that are automatically renewable on an annual basis.

The standard requires that the discount rate be determined for each lease using the incremental borrowing rate of the subsidiary entering into the lease. In practice, given the structure of the Group’s financing – virtually all of which is held or guaranteed by LVMH SE – this incremental borrowing rate is generally the total of the risk-free rate for the currency of the lease, with reference to its term, and the Group’s credit risk for this same currency and over the same term.

Leasehold rights and property, plant and equipment related to restoration obligations for leased facilities are presented within “Right-of-use assets” and subject to depreciation under the same principles as those described above.

The Group has implemented a dedicated IT solution to gather lease data and run the calculations required by the standard.

Since the application of IFRS 16 had a significant impact on the cash flow statement given the importance of fixed lease payments to the Group’s activities, specific indicators are used for internal performance monitoring requirements and financial communication purposes in order to present consistent performance indicators, independently of the fixed or variable nature of lease payments. One such alternative performance measure is “Operating free cash flow”, which is calculated by deducting capitalized fixed lease payments in their entirety from cash flow. The reconciliation between “Net cash from operating activities” and “Operating free cash flow” is presented in the cash flow statement.

## 1.17 Impairment testing of fixed assets

Property, plant and equipment, intangible assets, and all leased fixed assets are subject to impairment testing whenever there is any indication that an asset may be impaired (particularly following major changes in the asset’s operating conditions), and in any event at least annually in the case of intangible assets with indefinite useful lives (mainly brands, trade names and goodwill). When the carrying amount of assets with indefinite useful lives is greater than the higher of their value in use or market value, the resulting impairment loss is recognized within “Other operating income and expenses”, allocated on a priority basis to any existing goodwill.

Value in use is based on the present value of the cash flows expected to be generated by these assets. Market value is estimated by comparison with recent similar transactions or on the basis of valuations performed by independent experts for the purposes of a disposal transaction.

Cash flows are forecast at Group level for each business segment, defined as one or several brands or trade names under the responsibility of a dedicated management team; in general, a business segment as defined above corresponds to a Maison within the Group. Smaller-scale cash-generating units, such as a group of stores, may be distinguished within a particular business segment.

The forecast data required for the discounted cash flow method is based on annual budgets and multi-year business plans prepared by the management of the business segments concerned. Detailed forecasts cover a five-year period, which may be extended for brands undergoing strategic repositioning or whose production cycle exceeds five years. An estimated terminal value is added to the value resulting from discounted forecast cash flows, which corresponds to the capitalization in perpetuity of cash flows most often arising from the last year of the plan. Discount rates are set for each business group with reference to companies engaged in comparable businesses. Forecast cash flows are discounted on the basis of the rate of return to be expected by an investor in the applicable business and an assessment of the risk premium associated with that business. When several forecast scenarios are developed, the probability of occurrence of each scenario is assessed.

### 1.18 Available for sale financial assets

Available for sale financial assets are classified as current or non-current based on their type.

Non-current available for sale financial assets comprise strategic and non-strategic investments whose estimated period and form of ownership justify such classification.

Current available for sale financial assets (presented in “Other current assets”; see Note 13) include temporary investments in shares, shares of SICAVs, FCPs and other mutual funds, excluding investments made as part of day-to-day cash management, which are accounted for as “Cash and cash equivalents” (see Note 1.21).

Available for sale financial assets are measured at their listed value at the fiscal year-end date in the case of quoted investments, and in the case of unquoted investments at their estimated net realizable value, assessed either according to formulas based on market data or based on private quotations at the fiscal year-end date.

Positive or negative changes in value are recognized under “Net financial income/(expense)” (within “Other financial income and expenses”) for all shares held in the portfolio during the reported periods.

### 1.19 Inventories and work in progress

Inventories other than wine produced by the Group are recorded at the lower of cost (excluding interest expense) and net realizable value; cost comprises manufacturing cost (finished goods) or purchase price, plus incidental costs (raw materials, merchandise).

Wine produced by the Group, including champagne, is measured on the basis of the applicable harvest market value, which is determined by reference to the average purchase price of equivalent grapes, as if the grapes harvested had been purchased from third parties. Until the date of the harvest, the value of grapes is calculated on a pro rata basis, in line with the estimated yield and market value.

Inventories are valued using either the weighted average cost or the FIFO method, depending on the type of business.

Due to the length of the aging process required for champagne and spirits (cognac, whisky), the holding period for these inventories generally exceeds one year. However, in accordance with industry practices, these inventories are classified as current assets.

Provisions for impairment of inventories are chiefly recognized for businesses other than Wines and Spirits. They are generally required because of product obsolescence (end of season or collection, expiration date approaching, etc.) or lack of sales prospects.

### 1.20 Trade accounts receivable, loans and other receivables

Trade accounts receivable, loans and other receivables are recorded at amortized cost, which corresponds to their face value. Impairment is recognized for the portion of loans and receivables not covered by credit insurance when such receivables are recorded, in the amount of the losses expected upon maturity.

This reflects the probability of counterparty default and the expected loss rate, measured using historical statistical data, information provided by credit bureaus, or ratings by credit rating agencies, depending on the specific case.

The amount of long-term loans and receivables (i.e. those falling due in more than one year) is subject to discounting, the effects of which are recognized under “Net financial income/(expense)”, using the effective interest method.

### 1.21 Cash and cash equivalents

Cash and cash equivalents comprise cash and highly liquid money-market investments subject to an insignificant risk of changes in value over time.

Money-market investments are measured at their market value, based on price quotations at the close of trading and on the exchange rate prevailing at the fiscal year-end date, with any changes in value recognized as part of “Net financial income/(expense)”.

### 1.22 Provisions

A provision is recognized whenever an obligation exists towards a third party resulting in a probable disbursement for the Group, the amount of which may be reliably estimated. See also Notes 1.26 and 20.

If the date at which this obligation is to be discharged is in more than one year, the provision amount is discounted, the effects of which are recognized in “Net financial income/(expense)” using the effective interest method.

## 1.23 Borrowings

Borrowings are measured at amortized cost, i.e. nominal value net of issue premiums and issuance costs, which are charged over time to “Net financial income/(expense)” using the effective interest method.

In the case of hedging against fluctuations in the value of borrowings resulting from changes in interest rates, both the hedged amount of borrowings and the related hedging instruments are measured at their market value at the balance sheet date, with any changes in those values recognized within net financial income/(expense), under “Fair value adjustment of borrowings and interest rate hedges”. See Note 1.11 regarding the measurement of hedged borrowings at market value. Interest income and expenses related to hedging instruments are recognized within “Net financial income/(expense)”, under “Borrowing costs”.

In the case of hedging against fluctuations in future interest payments, the related borrowings remain measured at their amortized cost while any changes in value of the effective hedge portions are taken to equity as part of “Revaluation reserves”.

Changes in value of non-hedging derivatives, and of the ineffective portions of hedges, are recognized within “Net financial income/(expense)”.

Net financial debt comprises short- and long-term borrowings, the market value at the balance sheet date of interest rate derivatives, less the amount at the balance sheet date of non-current available for sale financial assets used to hedge financial debt, current available for sale financial assets, cash and cash equivalents, in addition to the market value at that date of foreign exchange derivatives related to any of the aforementioned items.

## 1.24 Derivatives

The Group enters into derivative transactions as part of its strategy for hedging foreign exchange, interest rate and precious metal price risks.

To hedge against commercial, financial and investment foreign exchange risk, the Group uses options, forward contracts, foreign exchange swaps and cross-currency swaps. The time value of options, the forward point component of forward contracts and foreign exchange swaps, as well as the foreign currency basis spread component of cross-currency swaps are systematically excluded from the hedge relation. Consequently, only the intrinsic value of the instruments is considered a hedging instrument. Regarding hedged items (future foreign currency cash flows, commercial or financial liabilities and accounts receivable in foreign currencies, subsidiaries’ equity denominated in a functional currency other than the euro), only their change in value in respect of foreign exchange risk is considered a hedged item. As such, aligning the hedging instruments’ main features (nominal values, currencies, maturities) with those of the hedged items makes it possible to perfectly offset changes in value.

Derivatives are recognized in the balance sheet at their market value at the balance sheet date. Changes in their value are

accounted for as described in Note 1.10 in the case of foreign exchange hedges and as described in Note 1.23 in the case of interest rate hedges.

Market value is based on market data and commonly used valuation models.

Derivatives with maturities in excess of 12 months are disclosed as non-current assets and liabilities.

## 1.25 Treasury shares

LVMH shares held by the Group are measured at their acquisition cost and recognized as a deduction from consolidated equity, irrespective of the purpose for which they are held.

In the event of disposal, the cost of the shares disposed of is determined by allocation category (see Note 16.3) using the FIFO method, with the exception of shares held under stock option plans, for which the calculation is performed for each plan using the weighted average cost method.

Gains and losses on disposal, net of income taxes, are taken directly to equity.

## 1.26 Pensions, contribution to medical costs and other employee benefit commitments

When plans related to retirement bonuses, pensions, contributions to medical costs, or other employee benefit commitments entail the payment by the Group of contributions to third-party organizations that assume sole responsibility for subsequently paying such retirement bonuses, pensions or contributions to medical costs, these contributions are expensed in the fiscal year in which they fall due, with no liability recorded on the balance sheet.

When the payment of retirement bonuses, pensions, contributions to medical costs, or other employee benefit commitments is to be borne by the Group, a provision is recorded in the balance sheet in the amount of the corresponding actuarial commitment. Changes in this provision are recognized as follows:

- the portion related to the cost of services rendered by employees and net interest for the fiscal year is recognized in profit from recurring operations for the fiscal year;
- the portion related to changes in actuarial assumptions and to differences between projected and actual data (experience adjustments) is recognized in gains and losses taken to equity.

If this commitment is partially or fully funded by payments made by the Group to external financial organizations, these dedicated funds are deducted from the actuarial commitment recorded in the balance sheet.

The actuarial commitment is calculated based on assessments that are specifically designed for the country and the Group company concerned. In particular, these assessments include assumptions regarding discount rates, salary increases, inflation, life expectancy and staff turnover.

## 1.27 Current and deferred tax

The tax expense comprises current tax payable by consolidated companies and deferred tax resulting from temporary differences as well as the change in uncertain tax positions.

Deferred tax is recognized in respect of temporary differences arising between the value of assets and liabilities for purposes of consolidation and the value resulting from the application of tax regulations.

Deferred tax is measured on the basis of the income tax rates enacted at the balance sheet date; the effect of changes in rates is recognized during the periods in which changes are enacted.

Future tax savings from tax losses carried forward are recorded as deferred tax assets on the balance sheet, which are impaired if they are deemed not recoverable; only amounts for which future use is deemed probable are recognized.

Deferred tax assets and liabilities are not discounted.

Taxes payable in respect of the distribution of retained earnings of subsidiaries give rise to provisions if distribution is deemed probable.

## 1.28 Revenue recognition

### Definition of revenue

Revenue mainly comprises retail sales within the Group's store network (including e-commerce websites) and wholesale sales through agents and distributors. Sales made in stores owned by third parties are treated as retail transactions if the risks and rewards of ownership of the inventories are retained by the Group.

Direct sales to customers are mostly made through retail stores in Fashion and Leather Goods and Selective Retailing, as well as certain Watches and Jewelry and Perfumes and Cosmetics brands. These sales are recognized at the time of purchase by retail customers.

Wholesale sales mainly concern the Wines and Spirits businesses, as well as certain Perfumes and Cosmetics and Watches and Jewelry brands. The Group recognizes revenue when title transfers to third-party customers.

Revenue includes shipment and transportation costs re-billed to customers only when these costs are included in products' selling prices as a lump sum.

Sales of services, mainly involved in the Group's "Other activities" segment, are recognized as the services are provided.

Revenue is presented net of all forms of discount. In particular, payments made in order to have products referenced or, in accordance with agreements, to participate in advertising campaigns with the distributors, are deducted from related revenue.

### Provisions for product returns

Perfumes and Cosmetics companies and, to a lesser extent, Fashion and Leather Goods and Watches and Jewelry companies may accept the return of unsold or outdated products from their

customers and distributors. Retail sales, and in particular online sales, also result in product returns from customers.

Where these practices are applied, revenue is reduced by the estimated amount of such returns, and a provision is recognized within "Other current liabilities" (see Note 22.2), along with a corresponding entry made to inventories. The estimated rate of returns is based on historical statistical data.

### Businesses undertaken in partnership with Diageo

A significant proportion of revenue for the Group's Wines and Spirits businesses is generated within the framework of distribution agreements with Diageo, generally taking the form of shared entities that sell and deliver both groups' products to customers; the income statement and balance sheet of these entities is apportioned between LVMH and Diageo based on distribution agreements. According to those agreements, the assets, liabilities, income, and expenses of such entities are consolidated only in proportion to the Group's share of operations.

## 1.29 Advertising and promotion expenses

Advertising and promotion expenses include the costs of producing advertising media, purchasing media space, manufacturing samples, publishing catalogs and, in general, the cost of all activities designed to promote the Group's brands and products.

Advertising and promotion expenses are recorded within marketing and selling expenses upon receipt or production of goods or upon completion of services rendered.

## 1.30 Bonus share and similar plans

Share purchase and subscription option plans give rise to the recognition of an expense based on the amortization of the expected gain for the recipients calculated according to the Black & Scholes method on the basis of the closing share price on the day before the Board of Directors' meeting at which the plan is instituted.

For bonus share plans, the expected gain is calculated on the basis of the closing share price on the day before the Board of Directors' meeting at which the plan is instituted, less the amount of dividends expected to accrue during the vesting period. For any bonus share plans subject to performance conditions, the expense for the fiscal year includes provisional allocations for which the conditions are deemed likely to be met.

For all plans, the amortization expense is apportioned on a straight-line basis in the income statement over the vesting period, with a corresponding impact on reserves in the balance sheet.

For any cash-settled compensation plans index-linked to the change in the LVMH share price, the gain over the vesting period is estimated at each balance sheet date based on the LVMH share price at that date and is charged to the income statement on a pro rata basis over the vesting period, with a corresponding balance

sheet impact on provisions. Between that date and the settlement date, the change in the expected gain resulting from the change in the LVMH share price is recorded in the income statement.

### 1.31 Earnings per share

Earnings per share are calculated based on the weighted average number of shares outstanding during the fiscal year, excluding treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares before dilution and adding the weighted average number of shares that would result from the exercise of existing subscription options during the period or any other diluting instrument. It is assumed for the purposes of this calculation that the funds received from the exercise of options, plus the amount not yet expensed for stock option and similar plans (see Note 1.30), would be employed to repurchase LVMH shares at a price corresponding to their average trading price over the fiscal year.

## 2. CHANGES IN OWNERSHIP INTERESTS IN CONSOLIDATED ENTITIES

### 2.1 Fiscal year 2022

#### Joseph Phelps

In August 2022, the Group acquired the entire share capital of Joseph Phelps, a California estate offering a collection of Napa Valley and Sonoma Coast red wines. The price paid, which totaled 587 million US dollars (587 million euros), was mainly allocated to the Joseph Phelps brand, in the amount of 169 million euros, and to producing vineyards for 119 million euros. Final goodwill came to 186 million euros.

#### Sephora

In October 2022, Sephora disposed of all its shares in its Russian subsidiary.

### 2.2 Fiscal year 2021

#### Tiffany

On January 7, 2021, LVMH acquired all of the shares in Tiffany & Co. ("Tiffany"), in accordance with the agreement signed in November 2019, amended in October 2020 and approved at Tiffany's Shareholders' Meeting on December 30, 2020. The acquisition was completed at the price of 131.50 US dollars per share, for a total of 16.1 billion US dollars, paid in cash, equivalent to 13.1 billion euros as of the acquisition date. Tiffany has been consolidated since January 2021.

The acquisition of Tiffany has reinforced LVMH's position in high jewelry and further expanded its presence in the United States. The integration of this iconic American brand profoundly transforms LVMH's Watches and Jewelry business group.

#### Off-White

In September 2022, LVMH acquired an additional 40% stake in Off-White LLC, bringing its ownership interest to 100%.

#### Pedemonte

In November 2022, LVMH announced the acquisition of Pedemonte Group, a jewelry manufacturer with locations in Italy and France, from the Equinox III SLP SIF investment fund. This equity investment will be consolidated in 2023.

Equity investments newly consolidated in 2022 did not have a significant impact on revenue or profit from recurring operations for the fiscal year.

The following table details the final allocation of the purchase price paid by LVMH on January 7, 2021, the date of acquisition of the controlling interest:

<i>(EUR millions)</i>	<b>Final purchase price allocation</b>
Brand and other intangible assets	6,124
Property, plant and equipment	1,002
Right-of-use assets	860
Inventories and work in progress	1,788
Deferred tax	(1,199)
Lease liabilities	(927)
Net financial debt	(345)
Other current and non-current assets and liabilities	(479)
Minority interests	-
<b>Net assets acquired</b>	<b>6,824</b>
Goodwill	6,750
<b>Carrying amount of shares held as of January 7, 2021</b>	<b>13,574</b>



The amounts presented in the table above are taken from Tiffany's financial statements at the date of acquisition of the controlling interest, prepared and presented in accordance with the accounting policies applied by LVMH; they have undergone specific audit procedures.

The main revaluation of the assets and liabilities acquired was related to the brand. This was measured primarily using the relief-from-royalty method and secondarily using the excess earnings method. The value determined, i.e. 7,300 million US dollars (5,949 million euros), is the average of the value ranges obtained. Final goodwill, amounting to 8,283 million US dollars (6,750 million euros), reflects Tiffany's specific expertise in the development and production of high-quality jewelry products, as well as its access to a high-quality directly operated distribution network; this goodwill also reflects the synergies that will result from the inclusion of Tiffany in the LVMH group.

The carrying amount of shares held as of the date of acquisition of the controlling interest includes the impact of foreign exchange hedges implemented in anticipation of the acquisition for 477 million euros.

During fiscal year 2021, the Tiffany acquisition generated an outflow of 12.5 billion euros, net of cash acquired in the amount of 0.6 billion euros. The transaction was funded through a number of bond issues in 2020, for a total amount of 10.7 billion euros, together with US dollar-denominated commercial paper for the remainder (see Note 19 to the 2020 consolidated financial statements).

The acquisition costs for Tiffany were recognized in "Other operating income and expenses" and totaled 4 million euros, 35 million euros and 39 million euros for fiscal years 2021, 2020 and 2019, respectively.

For fiscal year 2021, Tiffany generated consolidated revenue of 4,321 million euros and profit from recurring operations of 778 million euros.

#### **Château d'Esclans**

In May 2021, LVMH acquired an additional 45% stake in Château d'Esclans, bringing its ownership interest to 100%.

### **2.3 Fiscal year 2020**

There were no significant changes in ownership interests in consolidated entities during the fiscal year.

#### **Armand de Brignac**

In May 2021, LVMH acquired a 50% stake in Armand de Brignac, a major purveyor of prestige champagne. The price paid was mainly allocated to the Armand de Brignac brand for an amount of 390 million US dollars (318 million euros), with the final goodwill totaling 112 million euros.

#### **Rimowa**

In June 2021, the minority shareholder holding 20% of the share capital of Rimowa exercised its put option for all of its shares. Payment took place in July 2021. Following this transaction, LVMH now holds all the shares in Rimowa.

#### **Off-White**

On September 1, 2021, LVMH acquired an additional 25% stake in Off-White LLC, bringing its ownership interest to 60%. Off-White LLC owns the Off-White fashion brand founded by Virgil Abloh. Off-White LLC has been fully consolidated since that date; the price paid was mainly allocated to the Off-White brand for an amount of 291 million US dollars (236 million euros). See also Note 26.

#### **Feelunique**

In September 2021, Sephora fully acquired Feelunique, a leading online beauty retailer in the United Kingdom. This acquisition, which represents the first step in establishing Sephora's presence in the United Kingdom, was consolidated in 2022.

#### **Officine Universelle Buly**

In October 2021, the Group fully acquired Officine Universelle Buly, a Parisian brand specializing in perfumes and cosmetics that was founded in the 19th century and relaunched in 2014. This equity investment was consolidated in 2022. See also Note 26.

#### **Thélios**

In December 2021, LVMH acquired an additional 49% stake in Thélios, a company specializing in eyewear, bringing its ownership interest to 100%.

## 2.4 Impact on net cash and cash equivalents of changes in ownership interests in consolidated entities

<i>(EUR millions)</i>	2022	2021	2020
Purchase price of consolidated investments and of minority interests' shares	(1,158)	(14,294)	(585)
Positive cash balance/(net overdraft) of companies acquired	14	658	-
Proceeds from sale of consolidated investments	4	7	-
(Positive cash balance)/net overdraft of companies sold	(20)	(32)	(18)
<b>Impact of changes in ownership interests in consolidated entities on net cash and cash equivalents</b>	<b>(1,160)</b>	<b>(13,661)</b>	<b>(603)</b>
<i>Of which: Purchase and proceeds from sale of consolidated investments</i>	<i>(809)</i>	<i>(13,226)</i>	<i>(536)</i>
<i>Purchase and proceeds from sale of minority interests</i>	<i>(351)</i>	<i>(435)</i>	<i>(67)</i>

In 2022, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities primarily arose from the acquisition of Joseph Phelps.

In 2021, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from the acquisition of Tiffany.

In 2020, the impact on net cash and cash equivalents of changes in ownership interests in consolidated entities mainly arose from foreign exchange hedges implemented in anticipation of the acquisition of Tiffany.

## 3. BRANDS, TRADE NAMES AND OTHER INTANGIBLE ASSETS

<i>(EUR millions)</i>			2022	2021	2020
	Gross	Amortization and impairment	Net	Net	Net
Brands	22,350	(805)	21,545	20,873	13,737
Trade names	4,103	(1,693)	2,410	2,285	2,130
License rights	118	(95)	23	53	55
Software, websites	3,603	(2,677)	926	849	665
Other	1,220	(692)	528	490	425
<b>Total</b>	<b>31,394</b>	<b>(5,963)</b>	<b>25,432</b>	<b>24,551</b>	<b>17,012</b>

The carrying amounts of brands, trade names and other intangible assets changed as follows during the fiscal year:

<i>(EUR millions)</i>	Brands	Trade names	Software, websites	Other intangible assets	Total
<b>Gross value</b>					
<b>As of December 31, 2021</b>	<b>21,645</b>	<b>3,889</b>	<b>3,143</b>	<b>1,259</b>	<b>29,936</b>
Acquisitions	-	-	319	366	685
Disposals and retirements	-	-	(93)	(135)	(228)
Changes in the scope of consolidation	187	(9)	-	29	206
Translation adjustment	517	224	68	22	830
Reclassifications	-	-	168	(203)	(35)
<b>As of December 31, 2022</b>	<b>22,350</b>	<b>4,103</b>	<b>3,603</b>	<b>1,338</b>	<b>31,394</b>



Amortization and impairment (EUR millions)	Brands	Trade names	Software, websites	Other intangible assets	Total
<b>As of December 31, 2021</b>	<b>(772)</b>	<b>(1,604)</b>	<b>(2,294)</b>	<b>(715)</b>	<b>(5,385)</b>
Amortization expense	(7)	-	(425)	(173)	(604)
Impairment expense	(11)	-	(4)	(1)	(16)
Disposals and retirements	-	-	94	134	227
Changes in the scope of consolidation	-	9	(1)	(22)	(14)
Translation adjustment	(15)	(99)	(47)	(9)	(171)
Reclassifications	-	-	-	-	-
<b>As of December 31, 2022</b>	<b>(805)</b>	<b>(1,693)</b>	<b>(2,677)</b>	<b>(787)</b>	<b>(5,963)</b>
<b>Carrying amount as of December 31, 2022</b>	<b>21,545</b>	<b>2,410</b>	<b>926</b>	<b>550</b>	<b>25,432</b>

Changes in the scope of consolidation mainly resulted from the acquisition of Joseph Phelps. See Note 2.

Translation adjustments mainly related to brands and trade names recognized in US dollars, based on fluctuations in the US dollar-to-euro exchange rate between January 1 and December 31, 2022.

The carrying amounts of brands, trade names and other intangible assets changed as follows during prior fiscal years:

Carrying amount (EUR millions)	Brands	Trade names	Software, websites	Other intangible assets	Total
<b>As of December 31, 2019</b>	<b>13,736</b>	<b>2,303</b>	<b>650</b>	<b>524</b>	<b>17,212</b>
Acquisitions	-	-	194	286	480
Disposals and retirements	-	-	2	(3)	(1)
Changes in the scope of consolidation	14	-	-	2	16
Amortization expense	(24)	(1)	(329)	(131)	(485)
Impairment expense	(32)	-	-	(1)	(33)
Translation adjustment	(25)	(172)	(21)	(9)	(228)
Reclassifications	68	-	170	(187)	51
<b>As of December 31, 2020</b>	<b>13,737</b>	<b>2,130</b>	<b>665</b>	<b>481</b>	<b>17,012</b>
Acquisitions	-	-	244	337	581
Disposals and retirements	-	-	(7)	1	(6)
Changes in the scope of consolidation	6,503	-	147	28	6,678
Amortization expense	(9)	-	(372)	(148)	(529)
Impairment expense	1	-	(1)	(13)	(13)
Translation adjustment	641	156	33	16	845
Reclassifications	-	-	140	(157)	(17)
<b>As of December 31, 2021</b>	<b>20,873</b>	<b>2,285</b>	<b>849</b>	<b>544</b>	<b>24,551</b>

The breakdown of brands and trade names by business group is as follows:

(EUR millions)	2022		2021	2020
	Gross	Amortization and impairment	Net	Net
Wines and Spirits	1,465	(157)	1,308	1,144
Fashion and Leather Goods	9,049	(336)	8,713	8,698
Perfumes and Cosmetics	727	(86)	641	622
Watches and Jewelry	10,694	(101)	10,594	10,119
Selective Retailing	4,056	(1,646)	2,410	2,285
Other activities	462	(172)	290	290
<b>Total</b>	<b>26,453</b>	<b>(2,498)</b>	<b>23,955</b>	<b>23,158</b>
				<b>15,866</b>

The brands and trade names recognized are those that the Group has acquired. As of December 31, 2022, the principal acquired brands and trade names were:

- Wines and Spirits: Veuve Clicquot, Krug, Château d'Yquem, Belvedere, Glenmorangie, Newton Vineyards, Bodega Numanthia, Château d'Esclans, Armand de Brignac and Joseph Phelps;
- Fashion and Leather Goods: Louis Vuitton, Fendi, Celine, Loewe, Givenchy, Kenzo, Berluti, Pucci, Loro Piana, Rimowa, Christian Dior Couture and Off-White;
- Perfumes and Cosmetics: Parfums Christian Dior, Guerlain, Parfums Givenchy, Make Up For Ever, Benefit Cosmetics, Fresh, Acqua di Parma, KVD Vegan Beauty, Fenty, Ole Henriksen, Maison Francis Kurkdjian and Officine Universelle Buly 1803;
- Watches and Jewelry: Tiffany, Bulgari, TAG Heuer, Zenith, Hublot, Chaumet, Fred and Repossi;

- Selective Retailing: DFS Galleria, Sephora and Le Bon Marché;
- Other activities: the publications of the media group Les Echos-Investir, the daily newspaper *Le Parisien-Aujourd'hui en France*, the Royal Van Lent-Feodship brand, La Samaritaine, the hotel group Belmond and the Cova pastry shop brand.

These brands and trade names are recognized in the balance sheet at their value determined as of the date of their acquisition by the Group, which may be much less than their value in use or their market value as of the closing date for the Group's consolidated financial statements. This is notably the case for the brands Louis Vuitton, Veuve Clicquot and Parfums Christian Dior, and the trade name Sephora, with the understanding that this list must not be considered exhaustive.

See also Note 5 for the impairment testing of brands, trade names and other intangible assets with indefinite useful lives.

## 4. GOODWILL

(EUR millions)	2022			2021	2020
	Gross	Impairment	Net	Net	Net
Goodwill arising on consolidated investments	19,886	(2,003)	17,883	16,834	9,445
Goodwill arising on purchase commitments for minority interests' shares	6,899	-	6,899	9,070	6,597
<b>Total</b>	<b>26,785</b>	<b>(2,003)</b>	<b>24,782</b>	<b>25,904</b>	<b>16,042</b>

Changes in net goodwill during the fiscal years presented break down as follows:

(EUR millions)	2022			2021	2020
	Gross	Impairment	Net	Net	Net
<b>As of January 1</b>	<b>27,869</b>	<b>(1,965)</b>	<b>25,904</b>	<b>16,042</b>	<b>16,034</b>
Changes in the scope of consolidation	534	70	604	6,879	(27)
Changes in purchase commitments for minority interests' shares	(2,204)	-	(2,204)	2,467	278
Changes in impairment	-	(27)	(27)	(78)	(178)
Translation adjustment	586	(81)	504	595	(67)
<b>As of December 31</b>	<b>26,785</b>	<b>(2,003)</b>	<b>24,782</b>	<b>25,904</b>	<b>16,042</b>

See Note 21 for goodwill arising on purchase commitments for minority interests' shares.

Changes in the scope of consolidation mainly arose from the acquisition of Joseph Phelps as well as the consolidation of acquisitions made prior to 2022, in particular Officine Universelle Buly and Feelunique, and from Sephora's disposal of its subsidiary in Russia. See Note 2.

The impact of translation adjustment mainly arose from goodwill recognized in US dollars due to the change in the US dollar-to-euro exchange rate between January 1 and December 31, 2022.

In 2021, changes in the scope of consolidation mainly resulted from the acquisition of Tiffany. See Note 2.

## 5. IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brands, trade names, and other intangible assets with indefinite useful lives as well as the goodwill arising on acquisition were subject to annual impairment testing. No significant impairment expense was recognized in respect of these items during the course of fiscal year 2022.

As described in Note 1.17, these assets are generally valued on the basis of the present value of forecast cash flows determined in the

context of multi-year business plans drawn up each fiscal year. The consequences of the Covid-19 pandemic continue to disrupt the commercial operations of certain Maisons, particularly due to the decrease in business travel and tourist numbers in Asia. However, the Group believes that these disruptions are not likely to affect the achievement of objectives set in multi-year business plans.

The main assumptions used to determine these forecast cash flows are as follows:

(as %)	2022				2021			2020		
	Discount rate		Annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Annual growth rate for revenue during the plan period	Growth rate for the period after the plan	Post-tax discount rate	Annual growth rate for revenue during the plan period	Growth rate for the period after the plan
	Post-tax	Pre-tax								
Wines and Spirits	7.1 to 11.9	9.6 to 16.1	8.2	2.0	6.7 to 11.6	7.4	2.0	6.0 to 10.8	5.8	2.0
Fashion and Leather Goods	9.6 to 11.0	13.0 to 14.9	9.4	2.0	7.4 to 10.2	10.6	2.0	7.1 to 9.6	10.5	2.0
Perfumes and Cosmetics	8.3 to 8.5	11.2 to 11.5	10.9	2.0	7.3	12.2	2.0	6.5 to 9.2	9.1	2.0
Watches and Jewelry	8.8 to 9.0	11.9 to 12.2	8.8	2.0 to 2.5	8.2	10.1	2.0	7.5 to 8.9	9.4	2.0
Selective Retailing	9.7 to 9.8	13.1 to 13.2	9.5	2.0	8.6	11.5	2.0	7.0 to 8.9	8.0	2.0
Other	8.5 to 9.7	11.5 to 13.1	4.7	2.0	6.6 to 9.0	7.6	2.0	6.0 to 9.0	6.6	2.0

Plans generally cover a five-year period, but may be prolonged up to ten years in the case of brands for which the production cycle exceeds five years or brands undergoing strategic repositioning.

Annual growth rates applied for the period not covered by the plans are based on market estimates for the business groups concerned.

As of December 31, 2022, the intangible assets with indefinite useful lives that are the most significant in terms of their carrying amounts and the criteria used for impairment testing are as follows:

(EUR millions)	Brands and trade names	Goodwill	Total	Post-tax discount rate (as %)	Growth rate for the period after the plan (as %)	Period covered by the forecast cash flows	
	Christian Dior	3,500	2,243	5,743	9.6	2.0	5 years
	Louis Vuitton	2,060	544	2,604	9.6	2.0	5 years
	Loro Piana	1,300	1,048	2,348	9.6	2.0	5 years
	Fendi	713	416	1,129	9.6	2.0	5 years
	Tiffany	6,844	7,694	14,539	8.8	2.5	10 years
	Bulgari	2,100	1,547	3,647	9.0	2.0	5 years
	TAG Heuer	1,260	239	1,499	9.0	2.0	5 years
	DFS	2,146	-	2,146	9.8	2.0	5 years
	Belmond	126	772	898	9.5	2.0	10 years

As of December 31, 2022, four business segments disclosed intangible assets with a carrying amount close to their recoverable amount (including three for which the net carrying amount of intangible assets with indefinite useful lives is significant). Impairment tests relating to intangible assets with indefinite useful lives in these business segments have been carried out based on value in use. The amount of these intangible assets as

of December 31, 2022 and the impairment loss that would result from a 1.5-point increase in the post-tax discount rate, a 1.0-point decrease in the growth rate for the period not covered by the plans, or a 4.0-point decrease in the compound annual growth rate for revenue compared to rates used as of December 31, 2022, break down as follows:

(EUR millions)	Amount of intangible assets concerned as of 12/31/2022	Amount of impairment if:		
		Post-tax discount rate increases by 1.5 points	Annual growth rate for revenue decreases by 4 points	Growth rate for the period after the plan decreases by 1.0 point
Fashion and Leather Goods	2,348	(86)	(142)	(55)
Watches and Jewelry	14,539	(25)	(1,332)	-
Other activities	1,084	(97)	(138)	(125)
<b>Total</b>	<b>17,971</b>	<b>(207)</b>	<b>(1,612)</b>	<b>(180)</b>

The Group considers that changes in excess of those mentioned above would entail assumptions at a level not deemed relevant in view of the current economic environment and medium- to long-term growth prospects for the business segments concerned. Moreover, a four-point decrease in the average growth rate for revenue over the plan period is a pessimistic assumption with a very low probability of occurrence.

As of December 31, 2022, the gross and net values of brands, trade names and goodwill giving rise to amortization and/or impairment charges in 2022 were 471 million euros and 193 million euros, respectively (1,087 million and 931 million euros as of December 31, 2021).

Impairment and amortization expenses recognized during fiscal year 2022 came to 50 million euros. See Note 26.

## 6. PROPERTY, PLANT AND EQUIPMENT

(EUR millions)	2022		2021	2020
	Gross	Depreciation and impairment	Net	Net
Land	5,532	(21)	5,511	4,480
Vineyard land and producing vineyards <sup>(a)</sup>	2,861	(132)	2,729	2,551
Buildings	7,669	(2,847)	4,823	3,503
Investment property	478	(43)	434	316
Leasehold improvements, machinery and equipment	19,486	(13,713)	5,773	4,459
Assets in progress	1,810	(1)	1,809	1,176
Other property, plant and equipment	2,541	(564)	1,977	1,740
<b>Total</b>	<b>40,377</b>	<b>(17,322)</b>	<b>23,055</b>	<b>18,224</b>
<i>Of which: Historical cost of vineyard land</i>	760	-	760	601

(a) Almost all of the carrying amount of "Vineyard land and producing vineyards" corresponds to vineyard land.

Changes in property, plant and equipment during the fiscal year broke down as follows:

Gross value (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other property, plant and equipment	Total
				Stores and hotels	Production, logistics	Other			
<b>As of December 31, 2021</b>	<b>2,739</b>	<b>11,526</b>	<b>358</b>	<b>11,972</b>	<b>3,598</b>	<b>2,039</b>	<b>1,303</b>	<b>2,432</b>	<b>35,969</b>
Acquisitions	26	1,062	115	909	204	161	1,770	152	4,398
Change in the market value of vineyard land	(72)	-	-	-	-	-	-	-	(72)
Disposals and retirements	(2)	(50)	-	(597)	(63)	(102)	(5)	(70)	(888)
Changes in the scope of consolidation	127	91	-	2	49	-	3	(25)	246
Translation adjustment	4	77	5	181	30	48	13	22	378
Other movements, including transfers	39	496	-	832	125	98	(1,274)	30	347
<b>As of December 31, 2022</b>	<b>2,861</b>	<b>13,201</b>	<b>478</b>	<b>13,298</b>	<b>3,943</b>	<b>2,244</b>	<b>1,810</b>	<b>2,541</b>	<b>40,377</b>

Depreciation and impairment (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other property, plant and equipment	Total
				Stores and hotels	Production, logistics	Other			
<b>As of December 31, 2021</b>	<b>(117)</b>	<b>(2,577)</b>	<b>(37)</b>	<b>(8,573)</b>	<b>(2,447)</b>	<b>(1,476)</b>	<b>(1)</b>	<b>(547)</b>	<b>(15,775)</b>
Depreciation expense	(7)	(292)	(6)	(1,260)	(240)	(185)	-	(66)	(2,056)
Impairment expense	(1)	(49)	-	(10)	1	-	(1)	(2)	(61)
Disposals and retirements	1	50	1	595	61	100	1	19	828
Changes in the scope of consolidation	(9)	(8)	-	3	(27)	2	-	32	(6)
Translation adjustment	(1)	(36)	-	(140)	(22)	(42)	-	(8)	(250)
Other movements, including transfers	-	45	-	(60)	(6)	14	-	8	1
<b>As of December 31, 2022</b>	<b>(132)</b>	<b>(2,867)</b>	<b>(43)</b>	<b>(9,446)</b>	<b>(2,680)</b>	<b>(1,588)</b>	<b>(1)</b>	<b>(564)</b>	<b>(17,322)</b>
<b>Carrying amount as of December 31, 2022</b>	<b>2,729</b>	<b>10,334</b>	<b>434</b>	<b>3,853</b>	<b>1,263</b>	<b>657</b>	<b>1,809</b>	<b>1,977</b>	<b>23,055</b>

“Other property, plant and equipment” includes in particular the works of art owned by the Group.

In 2022, as in 2021, purchases of property, plant and equipment mainly included investments by the Group’s Maisons – notably Christian Dior, Louis Vuitton, Tiffany and Sephora – in their retail networks. They also included investments by the champagne houses, Hennessy and Louis Vuitton in their production equipment, as well as investments relating to the Group’s hotel activities.

In the second half of 2022, an investment was made in several buildings in Paris, which resulted in particular in the Group acquiring full ownership of the premises serving as its headquarters, in which it had previously held a 40% stake, recognized under “Investments in joint ventures and associates”.

The previously held stake was remeasured (see Note 26) and the corresponding investment (see Note 8) was reclassified under “Property, plant and equipment” at its new value.

Changes in the scope of consolidation mainly resulted from the acquisition of Joseph Phelps. See Note 2.

The impact of currency fluctuations on property, plant and equipment mainly arose from fixed assets recognized in US dollars due to the change in the US dollar-to-euro exchange rate between January 1 and December 31, 2022.

The market value of investment property, according to appraisals by independent third parties, was at least 0.6 billion euros as of December 31, 2022. The valuation methods used are based on market data.

Changes in property, plant and equipment during prior fiscal years broke down as follows:

Carrying amount (EUR millions)	Vineyard land and producing vineyards	Land and buildings	Investment property	Leasehold improvements, machinery and equipment			Assets in progress	Other property, plant and equipment	Total
				Stores and hotels	Production, logistics	Other			
<b>As of December 31, 2019</b>	<b>2,537</b>	<b>7,628</b>	<b>319</b>	<b>3,216</b>	<b>1,015</b>	<b>486</b>	<b>1,650</b>	<b>1,682</b>	<b>18,533</b>
Acquisitions	19	295	1	464	135	91	911	67	1,984
Disposals and retirements	(2)	(12)	(4)	(6)	(8)	(2)	(4)	1	(37)
Depreciation expense	(6)	(238)	(2)	(1,024)	(211)	(149)	-	(75)	(1,706)
Impairment expense	(2)	(10)	-	(3)	(2)	-	(5)	(3)	(26)
Change in the market value of vineyard land	(3)	-	-	-	-	-	-	-	(3)
Changes in the scope of consolidation	-	-	-	-	-	-	-	-	-
Translation adjustment	(13)	(245)	(6)	(156)	(16)	(13)	(31)	(15)	(496)
Other movements, including transfers	21	565	8	466	100	77	(1,344)	83	(25)
<b>As of December 31, 2020</b>	<b>2,551</b>	<b>7,983</b>	<b>316</b>	<b>2,957</b>	<b>1,012</b>	<b>490</b>	<b>1,176</b>	<b>1,740</b>	<b>18,224</b>
Acquisitions	11	398	7	679	159	106	1,162	150	2,672
Disposals and retirements	(4)	(231)	-	(8)	(6)	(3)	(11)	(12)	(275)
Depreciation expense	(6)	(282)	(3)	(1,141)	(224)	(174)	-	(64)	(1,894)
Impairment expense	-	(7)	(2)	(8)	(1)	-	(21)	(1)	(41)
Change in the market value of vineyard land	52	-	-	-	-	-	-	-	52
Changes in the scope of consolidation	-	385	-	351	58	59	112	52	1,016
Translation adjustment	11	194	6	152	20	14	39	18	454
Other movements, including transfers	8	508	(4)	417	135	72	(1,156)	3	(16)
<b>As of December 31, 2021</b>	<b>2,623</b>	<b>8,949</b>	<b>321</b>	<b>3,398</b>	<b>1,152</b>	<b>564</b>	<b>1,302</b>	<b>1,886</b>	<b>20,193</b>

In 2021, disposals of property, plant and equipment mainly included the sale of the Belmond Charleston hotel; changes in the scope of consolidation mainly resulted from the acquisition of Tiffany. See Note 2.

Purchases of property, plant and equipment in fiscal year 2020 mainly included investments by the Group's brands in their retail networks and investments by the champagne houses, Hennessy and Louis Vuitton in their production equipment, as well as investments relating to the Group's hotel activities.

## 7. LEASES

### 7.1 Right-of-use assets

Right-of-use assets break down as follows, by type of underlying asset:

(EUR millions)			2022	2021	2020
	Gross	Depreciation and impairment	Net	Net	Net
Stores	18,270	(7,069)	11,202	10,636	10,053
Offices	3,273	(1,000)	2,274	1,991	1,433
Other	1,185	(329)	856	771	721
<b>Capitalized fixed lease payments</b>	<b>22,729</b>	<b>(8,397)</b>	<b>14,332</b>	<b>13,398</b>	<b>12,207</b>
Leasehold rights	848	(565)	283	307	314
<b>Total</b>	<b>23,577</b>	<b>(8,962)</b>	<b>14,615</b>	<b>13,705</b>	<b>12,521</b>

The carrying amounts of right-of-use assets changed as follows during the fiscal year:

Gross value (EUR millions)	Capitalized fixed lease payments				Leasehold rights	Total
	Stores	Offices	Other	Total		
<b>As of December 31, 2021</b>	<b>16,065</b>	<b>2,762</b>	<b>1,046</b>	<b>19,873</b>	<b>841</b>	<b>20,714</b>
New leases entered into	2,737	805	176	3,718	36	3,754
Changes in assumptions	160	(171)	71	60	-	60
Leases ended or canceled	(923)	(157)	(90)	(1,170)	(31)	(1,201)
Changes in the scope of consolidation	(144)	-	(21)	(166)	(2)	(167)
Translation adjustment	414	34	16	464	5	469
Other movements, including transfers	(38)	1	(13)	(51)	(1)	(52)
<b>As of December 31, 2022</b>	<b>18,270</b>	<b>3,273</b>	<b>1,185</b>	<b>22,729</b>	<b>848</b>	<b>23,577</b>

Depreciation and impairment (EUR millions)	Capitalized fixed lease payments				Leasehold rights	Total
	Stores	Offices	Other	Total		
<b>As of December 31, 2021</b>	<b>(5,428)</b>	<b>(772)</b>	<b>(275)</b>	<b>(6,475)</b>	<b>(534)</b>	<b>(7,009)</b>
Depreciation expense	(2,452)	(355)	(129)	(2,936)	(61)	(2,998)
Impairment expense	(16)	2	-	(14)	5	(9)
Leases ended or canceled	859	139	69	1,067	27	1,094
Changes in the scope of consolidation	98	(2)	1	97	2	99
Translation adjustment	(151)	(10)	(4)	(165)	(3)	(169)
Other movements, including transfers	21	(2)	10	29	-	29
<b>As of December 31, 2022</b>	<b>(7,069)</b>	<b>(1,000)</b>	<b>(329)</b>	<b>(8,397)</b>	<b>(565)</b>	<b>(8,962)</b>
<b>Carrying amount as of December 31, 2022</b>	<b>11,201</b>	<b>2,273</b>	<b>856</b>	<b>14,332</b>	<b>283</b>	<b>14,615</b>

“New leases entered into” involved store leases, in particular for Louis Vuitton, Tiffany, Christian Dior Couture and DFS. They also included leases of office space, mainly for Tiffany and the holding companies. Changes in assumptions mainly resulted from adjustments to estimated lease terms. These two types of changes led to corresponding increases in right-of-use assets and lease liabilities.

Changes in the scope of consolidation mainly related to Sephora’s disposal of its subsidiary in Russia.

The impact of translation adjustment mainly arose from leases recognized in US dollars due to the change in the US dollar-to-euro exchange rate between January 1 and December 31, 2022.

## 7.2 Lease liabilities

Lease liabilities break down as follows:

(EUR millions)	2022	2021	2020
Non-current lease liabilities	12,776	11,887	10,665
Current lease liabilities	2,632	2,387	2,163
<b>Total</b>	<b>15,408</b>	<b>14,275</b>	<b>12,828</b>



The change in lease liabilities during the fiscal year breaks down as follows:

<i>(EUR millions)</i>	Stores	Offices	Other	Total
<b>As of December 31, 2021</b>	<b>11,309</b>	<b>2,198</b>	<b>768</b>	<b>14,275</b>
New leases entered into	2,698	793	165	3,656
Principal repayments	(2,291)	(302)	(118)	(2,711)
Change in accrued interest	10	2	2	14
Leases ended or canceled	(70)	(18)	(23)	(111)
Changes in assumptions	147	(172)	71	45
Changes in the scope of consolidation	(47)	(2)	(26)	(75)
Translation adjustment	288	30	16	334
Other movements, including transfers	(20)	1	-	(20)
<b>As of December 31, 2022</b>	<b>12,024</b>	<b>2,530</b>	<b>854</b>	<b>15,408</b>

The following table presents the contractual schedule of disbursements for lease liabilities as of December 31, 2022:

<i>(EUR millions)</i>		<b>As of December 31, 2022</b>
		<b>Total minimum future payments</b>
Maturity:	2023	2,853
	2024	2,530
	2025	2,122
	2026	1,819
	2027	1,468
	Between 2028 and 2032	3,930
	Between 2033 and 2037	1,089
	Thereafter	1,264
<b>Total minimum future payments</b>		<b>17,076</b>
Impact of discounting		(1,668)
<b>Total lease liability</b>		<b>15,408</b>

### 7.3 Breakdown of lease expense

The lease expense for the period breaks down as follows:

<i>(EUR millions)</i>	2022	2021	2020
Depreciation and impairment of capitalized fixed lease payments	2,950	2,634	2,572
Interest on lease liabilities	254	242	281
<b>Capitalized fixed lease expense</b>	<b>3,204</b>	<b>2,876</b>	<b>2,853</b>
Variable lease payments	2,445	1,702	755
Short-term leases and/or low-value leases	458	506	320
<b>Other lease expenses</b>	<b>2,902</b>	<b>2,208</b>	<b>1,075</b>
<b>Total</b>	<b>6,107</b>	<b>5,084</b>	<b>3,928</b>

In certain countries, leases for stores entail the payment of both minimum amounts and variable amounts, especially for stores with lease payments indexed to revenue. As required by IFRS 16, only the minimum fixed lease payments are capitalized. "Other lease expenses" mainly relate to variable lease payments.

For leases not required to be capitalized, there is little difference between the expense recognized and the payments made.

## 7.4 Changes during prior fiscal years

The change in right-of-use assets during the previous fiscal years breaks down as follows, by type of underlying asset:

Carrying amount (EUR millions)	Capitalized fixed lease payments				Leasehold rights	Total
	Stores	Offices	Other	Total		
<b>As of December 31, 2019</b>	<b>9,861</b>	<b>1,436</b>	<b>749</b>	<b>12,047</b>	<b>363</b>	<b>12,409</b>
New leases entered into	2,112	417	115	2,643	7	2,650
Changes in assumptions	931	(84)	11	858	-	858
Leases ended or canceled	(131)	(12)	(17)	(160)	(1)	(161)
Depreciation expense	(2,111)	(286)	(117)	(2,514)	(54)	(2,568)
Impairment expense	1	(2)	-	(1)	(3)	(4)
Changes in the scope of consolidation	-	-	-	-	-	-
Translation adjustment	(600)	(41)	(37)	(678)	(6)	(684)
Other movements, including transfers	(11)	5	19	13	9	22
<b>As of December 31, 2020</b>	<b>10,053</b>	<b>1,433</b>	<b>722</b>	<b>12,207</b>	<b>313</b>	<b>12,522</b>
New leases entered into	1,924	683	78	2,685	45	2,730
Changes in assumptions	(274)	34	38	(202)	-	(202)
Leases ended or canceled	(74)	(15)	-	(90)	(3)	(93)
Depreciation expense	(2,177)	(342)	(116)	(2,634)	(50)	(2,684)
Impairment expense	-	-	-	-	(7)	(7)
Changes in the scope of consolidation	675	159	23	856	1	858
Translation adjustment	511	49	25	584	4	588
Other movements, including transfers	(1)	(10)	1	(10)	4	(6)
<b>As of December 31, 2021</b>	<b>10,637</b>	<b>1,990</b>	<b>771</b>	<b>13,398</b>	<b>307</b>	<b>13,705</b>

The change in lease liabilities during the previous fiscal years breaks down as follows:

(EUR millions)	Stores	Offices	Other	Total
<b>As of December 31, 2019</b>	<b>10,264</b>	<b>1,532</b>	<b>749</b>	<b>12,545</b>
New leases entered into	2,082	405	112	2,600
Principal repayments	(1,911)	(250)	(113)	(2,275)
Change in accrued interest	(12)	2	2	(8)
Leases ended or canceled	(138)	(10)	(9)	(158)
Changes in assumptions	911	(84)	11	837
Changes in the scope of consolidation	-	-	-	-
Translation adjustment	(629)	(46)	(33)	(708)
Other movements, including transfers	(13)	7	1	(5)
<b>As of December 31, 2020</b>	<b>10,556</b>	<b>1,555</b>	<b>718</b>	<b>12,829</b>
New leases entered into	1,875	686	73	2,634
Principal repayments	(2,039)	(276)	(112)	(2,426)
Change in accrued interest	7	4	1	12
Leases ended or canceled	(83)	(13)	(1)	(97)
Changes in assumptions	(303)	33	38	(232)
Changes in the scope of consolidation	744	157	23	924
Translation adjustment	554	55	27	636
Other movements, including transfers	(3)	(4)	2	(5)
<b>As of December 31, 2021</b>	<b>11,309</b>	<b>2,198</b>	<b>768</b>	<b>14,275</b>

## 7.5 Off-balance sheet commitments

Off-balance sheet commitments relating to leases with fixed lease payments break down as follows:

<i>(EUR millions)</i>	2022	2021	2020
Contracts commencing after the balance sheet date	872	459	1,324
Low-value leases and short-term leases	207	167	180
<b>Total undiscounted future payments</b>	<b>1,078</b>	<b>626</b>	<b>1,504</b>

As part of the active management of its retail network, the Group negotiates and enters into leases with commencement dates after the balance sheet date. Obligations to make payments under these leases are reported as off-balance sheet commitments rather than being recognized as lease liabilities.

In addition, the Group may enter into leases or concession contracts that have variable guaranteed amounts, which are not reflected in the commitments above.

## 7.6 Discount rates

The average discount rate for lease liabilities breaks down as follows for leases in effect as of December 31, 2022:

<i>(as %)</i>	Average rate for leases in effect as of December 31, 2022	Average rate for leases entered into in 2022
Euro	0.8	1.6
US dollar	2.8	2.6
Japanese yen	0.3	0.3
Hong Kong dollar	1.9	1.6
Other currencies	2.2	2.2
<b>Average rate for the Group</b>	<b>1.9</b>	<b>2.0</b>

## 7.7 Termination and renewal options

The term used to calculate the lease liability is generally the contractual term of the lease. Special cases may exist where an early termination option or a renewal option is reasonably certain

to be exercised, and as such the lease term used to calculate the lease liability is reduced or extended, respectively.

The table below presents the impact of these assumptions on lease liabilities recognized as of December 31, 2022:

<i>(EUR millions)</i>	As of December 31, 2022				
	Lease liabilities	Of which:		Impact of options not taken into account <sup>(a)</sup>	
		Impact of early termination options	Impact of renewal options	Renewal options	Early termination options
Lease liabilities related to contracts:					
– with options	6,215	(52)	1,617	1,720	(940)
– without options	9,193	-	-	-	-
<b>Total</b>	<b>15,408</b>	<b>(52)</b>	<b>1,617</b>	<b>1,720</b>	<b>(940)</b>

(a) The impact of options not taken into account presented in the table above was calculated by discounting future lease payments on the basis of the last known contractual term.

## 8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(EUR millions)	2022				2021		2020	
	Gross	Impairment	Net	Of which: Joint arrangements	Net	Of which: Joint arrangements	Net	Of which: Joint arrangements
<b>Share of net assets of joint ventures and associates as of January 1</b>	<b>1,084</b>	-	<b>1,084</b>	<b>432</b>	<b>990</b>	<b>426</b>	<b>1,074</b>	<b>448</b>
Share of net profit/(loss) for the period	37	-	37	4	14	1	(42)	(13)
Dividends paid	(60)	-	(60)	(9)	(54)	(9)	(24)	(12)
Changes in the scope of consolidation	30	-	30	31	95	-	-	-
Capital increases subscribed	28	-	28	26	3	2	10	7
Translation adjustment	15	-	15	8	36	11	(34)	(14)
Other, including transfers	(69)	-	(69)	3	-	-	5	9
<b>Share of net assets of joint ventures and associates as of December 31</b>	<b>1,066</b>	-	<b>1,066</b>	<b>496</b>	<b>1,084</b>	<b>432</b>	<b>990</b>	<b>426</b>

As of December 31, 2021 and December 31, 2020, investments in joint ventures and associates included a 40% stake in Mongoual SA, the real estate company that owns the office building in Paris (France) that serves as the headquarters of LVMH Moët Hennessy Louis Vuitton SE. LVMH acquired the remaining 60% stake in Mongoual SA during fiscal year 2022. See Note 6.

As of December 31, 2022, investments in joint ventures and associates consisted primarily of the following:

- For joint arrangements:
  - a 50% stake in the Château Cheval Blanc wine estate (Gironde, France), which produces the eponymous Saint-Émilion Grand Cru Classé A;

- a 50% stake in hotel and rail transport activities operated by Belmond in Peru.
- For other companies:
  - a 40% stake in L Catterton Management, an investment fund management company created in December 2015 in partnership with Catterton;
  - a 49% stake in Stella McCartney, a London-based ready-to-wear brand.

Changes in the scope of consolidation in fiscal year 2021 mainly resulted from the acquisition of a stake in Off-White Srl via Off-White LLC. See Note 2.

## 9. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

(EUR millions)	2022	2021	2020
<b>As of January 1</b>	<b>1,363</b>	<b>739</b>	<b>915</b>
Acquisitions	369	569	159
Disposals at net realized value	(98)	(107)	(213)
Changes in market value <sup>(a)</sup>	(125)	153	24
Changes in the scope of consolidation	(410)	(3)	-
Translation adjustment	10	12	(13)
Reclassifications <sup>(b)</sup>	-	-	(133)
<b>As of December 31</b>	<b>1,109</b>	<b>1,363</b>	<b>739</b>

(a) Recognized within "Net financial income/(expense)" and, in 2021, partly within "Other operating income and expenses" (see Note 26).

(b) See Note 14.

Changes in the scope of consolidation in 2022 related to the initial consolidation of various acquisitions carried out in prior years that had not been consolidated due to their low materiality.

## 10. OTHER NON-CURRENT ASSETS

<i>(EUR millions)</i>	2022	2021	2020
Warranty deposits	554	482	409
Derivatives <sup>(a)</sup>	97	55	110
Loans and receivables	444	413	280
Other	91	103	46
<b>Total</b>	<b>1,186</b>	<b>1,054</b>	<b>845</b>

(a) See Note 23.

## 11. INVENTORIES AND WORK IN PROGRESS

<i>(EUR millions)</i>	2022			2021	2020
	Gross	Impairment	Net	Net	Net
Wines and <i>eaux-de-vie</i> in the process of aging	5,956	(24)	5,932	5,433	5,313
Other raw materials and work in progress	4,976	(788)	4,187	2,885	1,732
	<b>10,932</b>	<b>(812)</b>	<b>10,120</b>	<b>8,319</b>	<b>7,046</b>
Goods purchased for resale	2,695	(285)	2,410	1,951	1,706
Finished products	9,416	(1,626)	7,790	6,279	4,264
	<b>12,111</b>	<b>(1,911)</b>	<b>10,200</b>	<b>8,230</b>	<b>5,970</b>
<b>Total</b>	<b>23,042</b>	<b>(2,723)</b>	<b>20,319</b>	<b>16,549</b>	<b>13,016</b>

The change in net inventories for the fiscal years presented breaks down as follows:

<i>(EUR millions)</i>	2022			2021	2020
	Gross	Impairment	Net	Net	Net
<b>As of January 1</b>	<b>19,075</b>	<b>(2,526)</b>	<b>16,549</b>	<b>13,016</b>	<b>13,717</b>
Change in gross inventories	4,169	-	4,169	1,567	562
Impact of provision for returns <sup>(a)</sup>	(17)	-	(17)	34	12
Impact of marking harvests to market	24	-	24	(35)	(27)
Changes in provision for impairment	-	(574)	(574)	(447)	(797)
Changes in the scope of consolidation	46	7	53	1,808	-
Translation adjustment	173	(44)	129	605	(457)
Other, including reclassifications	(426)	414	(13)	1	7
<b>As of December 31</b>	<b>23,042</b>	<b>(2,723)</b>	<b>20,319</b>	<b>16,549</b>	<b>13,016</b>

(a) See Note 1.28.

The impact of marking harvests to market on Wines and Spirits' cost of sales and value of inventory is as follows:

<i>(EUR millions)</i>	2022	2021	2020
Impact of marking the period's harvest to market	40	(12)	(7)
Impact of inventory sold during the period	(16)	(23)	(20)
<b>Net impact on cost of sales for the period</b>	<b>24</b>	<b>(35)</b>	<b>(27)</b>
<b>Net impact on the value of inventory as of December 31</b>	<b>82</b>	<b>58</b>	<b>93</b>

See Notes 1.11 and 1.19 on the method of marking harvests to market.

## 12. TRADE ACCOUNTS RECEIVABLE

<i>(EUR millions)</i>	2022	2021	2020
Trade accounts receivable, nominal amount	4,369	3,914	2,880
Provision for impairment	(111)	(127)	(124)
<b>Net amount</b>	<b>4,258</b>	<b>3,787</b>	<b>2,756</b>

The change in trade accounts receivable for the fiscal years presented breaks down as follows:

<i>(EUR millions)</i>	2022			2021		2020
	Gross	Impairment	Net	Net	Net	
<b>As of January 1</b>	<b>3,914</b>	<b>(127)</b>	<b>3,787</b>	<b>2,756</b>	<b>3,450</b>	
Changes in gross receivables	394	-	394	613	(528)	
Changes in provision for impairment	-	6	6	(16)	(41)	
Changes in the scope of consolidation	40	3	42	254	1	
Translation adjustment	51	(3)	49	164	(148)	
Reclassifications	(30)	10	(20)	16	22	
<b>As of December 31</b>	<b>4,369</b>	<b>(111)</b>	<b>4,258</b>	<b>3,787</b>	<b>2,756</b>	

The trade accounts receivable balance is comprised essentially of receivables from wholesalers or agents, who are limited in number and with whom the Group maintains long-term relationships.

As of December 31, 2022, the breakdown of the nominal amount of trade accounts receivable and of provisions for impairment by age was as follows:

<i>(EUR millions)</i>	Nominal amount of receivables	Impairment	Net amount of receivables
Not due:			
– Less than 3 months	3,715	(35)	3,681
– More than 3 months	100	(8)	92
	<b>3,815</b>	<b>(43)</b>	<b>3,772</b>
Overdue:			
– Less than 3 months	415	(15)	400
– More than 3 months	138	(53)	86
	<b>554</b>	<b>(68)</b>	<b>486</b>
<b>Total</b>	<b>4,369</b>	<b>(111)</b>	<b>4,258</b>

The present value of trade accounts receivable is identical to their carrying amount.

## 13. OTHER CURRENT ASSETS

<i>(EUR millions)</i>	2022	2021	2020
Current available for sale financial assets <sup>(a)</sup>	3,552	2,544	752
Derivatives <sup>(b)</sup>	462	258	968
Tax accounts receivable, excluding income taxes	1,602	1,210	956
Advances and payments on account to vendors	386	315	209
Prepaid expenses	613	503	387
Other receivables	875	777	574
<b>Total</b>	<b>7,488</b>	<b>5,606</b>	<b>3,846</b>

(a) See Note 14.

(b) See Note 23.

## 14. CURRENT AVAILABLE FOR SALE FINANCIAL ASSETS

The net value of current available for sale financial assets changed as follows during the fiscal years presented:

<i>(EUR millions)</i>	2022	2021	2020
<b>As of January 1</b>	<b>2,544</b>	<b>752</b>	<b>733</b>
Acquisitions	1,449	1,692	576
Disposals at net realized value	(360)	(296)	(653)
Changes in market value <sup>(a)</sup>	(81)	394	(34)
Changes in the scope of consolidation	-	-	-
Translation adjustment	-	2	-
Reclassifications	-	-	130
<b>As of December 31</b>	<b>3,552</b>	<b>2,544</b>	<b>752</b>
<i>Of which: Historical cost of current available for sale financial assets</i>	<i>3,199</i>	<i>2,117</i>	<i>719</i>

(a) Recognized within "Net financial income/(expense)".

## 15. CASH AND CHANGE IN CASH

### 15.1 Cash and cash equivalents

<i>(EUR millions)</i>	2022	2021	2020
Term deposits (less than 3 months)	1,001	1,828	13,546
SICAV and FCP funds	287	477	1,943
Ordinary bank accounts	6,013	5,717	4,474
<b>Cash and cash equivalents per balance sheet</b>	<b>7,300</b>	<b>8,021</b>	<b>19,963</b>

The reconciliation between cash and cash equivalents as shown in the balance sheet and net cash and cash equivalents appearing in the cash flow statement is as follows:

<i>(EUR millions)</i>	2022	2021	2020
Cash and cash equivalents	7,300	8,021	19,963
Bank overdrafts	(200)	(204)	(157)
<b>Net cash and cash equivalents per cash flow statement</b>	<b>7,100</b>	<b>7,817</b>	<b>19,806</b>



## 15.2 Change in working capital

The change in working capital breaks down as follows for the fiscal years presented:

<i>(EUR millions)</i>	Notes	2022	2021	2020
Change in inventories and work in progress	11	(4,169)	(1,567)	(562)
Change in trade accounts receivable	12	(394)	(613)	528
Change in balance of amounts owed to customers	22	6	27	(10)
Change in trade accounts payable	22	1,532	1,576	(559)
Change in other receivables and payables		8	1,002	237
<b>Change in working capital<sup>(a)</sup></b>		<b>(3,019)</b>	<b>426</b>	<b>(367)</b>

(a) Increase/(Decrease) in cash and cash equivalents.

## 15.3 Operating investments

Operating investments comprise the following elements for the fiscal years presented:

<i>(EUR millions)</i>	Notes	2022	2021	2020
Purchase of intangible assets	3	(685)	(580)	(481)
Purchase of property, plant and equipment	6	(4,397)	(2,675)	(1,984)
Change in accounts payable related to fixed asset purchases		161	221	(55)
Initial direct costs	7	(27)	(37)	(7)
<b>Net cash used in purchases of fixed assets</b>		<b>(4,948)</b>	<b>(3,071)</b>	<b>(2,526)</b>
Net cash from fixed asset disposals		73	444	51
Guarantee deposits paid and other cash flows related to operating investments		(94)	(37)	(3)
<b>Operating investments<sup>(a)</sup></b>		<b>(4,969)</b>	<b>(2,664)</b>	<b>(2,478)</b>

(a) Increase/(Decrease) in cash and cash equivalents.

## 15.4 Interim and final dividends paid and other equity-related transactions

Interim and final dividends paid comprise the following elements for the fiscal years presented:

<i>(EUR millions)</i>		2022	2021	2020
Interim and final dividends paid by LVMH SE		(6,025)	(3,527)	(2,317)
Interim and final dividends paid to minority interests in consolidated subsidiaries		(421)	(408)	(365)
Tax paid related to interim and final dividends paid <sup>(a)</sup>		(329)	(226)	(117)
<b>Interim and final dividends paid</b>		<b>(6,774)</b>	<b>(4,161)</b>	<b>(2,799)</b>

(a) Tax paid related to interim and final dividends paid exclusively related to intra-Group dividends; see Note 28.

Other equity-related transactions comprise the following elements for the fiscal years presented:

<i>(EUR millions)</i>	Notes	2022	2021	2020
Capital increases of LVMH SE	16	-	-	-
Capital increases of subsidiaries subscribed by minority interests		12	4	39
Acquisition and disposal of LVMH shares	16	(1,616)	(556)	(12)
<b>Other equity-related transactions</b>		<b>(1,604)</b>	<b>(552)</b>	<b>27</b>

## 16. EQUITY

### 16.1 Equity

<i>(EUR millions)</i>	Notes	2022	2021	2020
Share capital	16.2	151	152	152
Share premium account	16.2	1,289	2,225	2,225
LVMH shares	16.3	(1,293)	(912)	(260)
Cumulative translation adjustment	16.5	2,586	1,380	(692)
Revaluation reserves		1,286	875	625
Other reserves		37,007	31,363	30,661
Net profit, Group share		14,084	12,036	4,702
<b>Equity, Group share</b>		<b>55,111</b>	<b>47,119</b>	<b>37,412</b>

### 16.2 Share capital and share premium account

As of December 31, 2022, the share capital consisted of 503,257,339 fully paid-up shares (504,757,339 as of December 31, 2021 and 2020), with a par value of 0.30 euros per share, including 231,307,286 shares with double voting rights (238,140,651 as of

December 31, 2021 and 232,538,911 as of December 31, 2020). Double voting rights are attached to registered shares held for more than three years.

Changes in the share capital and share premium account, in value and in terms of number of shares, break down as follows:

<i>(EUR millions)</i>			2022	2021	2020
	Number	Amount			
		Share capital	Share premium account	Total	Amount
<b>As of January 1</b>	<b>504,757,339</b>	<b>152</b>	<b>2,225</b>	<b>2,376</b>	<b>2,470</b>
Exercise of share subscription options	-	-	-	-	-
Retirement of LVMH shares	(1,500,000)	-	(936)	-	(94)
<b>As of period-end</b>	<b>503,257,339</b>	<b>151</b>	<b>1,289</b>	<b>1,440</b>	<b>2,376</b>

### 16.3 LVMH shares

The portfolio of LVMH shares is allocated as follows:

<i>(EUR millions)</i>			2022	2021	2020
	Number	Amount			
		Share capital	Share premium account	Total	
Share subscription option plans	-	-	-	-	-
Bonus share plans	951,460	520	597	242	
<b>Shares held for bonus share and similar plans<sup>(a)</sup></b>	<b>951,460</b>	<b>520</b>	<b>597</b>	<b>242</b>	
Liquidity contract	20,000	14	15	17	
Shares pending retirement	1,208,939	759	300	-	
<b>LVMH shares</b>	<b>2,180,399</b>	<b>1,293</b>	<b>912</b>	<b>260</b>	

(a) See Note 17 regarding bonus share and similar plans.

The market value of LVMH shares held under the liquidity contract as of December 31, 2022 amounted to 14 million euros.

In December 2021, LVMH announced the implementation of a share repurchase program aimed at acquiring its own shares for a maximum amount of 300 million euros over a period beginning on December 21, 2021 and potentially extending until February 15, 2022. The program ended on January 14, 2022 following the acquisition of 417,261 shares, all of which were to be retired.

In May 2022, a new share repurchase program was launched by LVMH aimed at acquiring its own shares for a maximum amount of 1 billion euros over a period beginning on May 17 and potentially extending until November 15, 2022. The program ended on November 15, 2022 following the acquisition of 1,625,050 shares corresponding to the amount of 1 billion euros, all of which were to be retired.

The portfolio movements of LVMH shares during the fiscal year were as follows:

<i>(number of shares or EUR millions)</i>	Number	Amount	Impact on cash
<b>As of December 31, 2021</b>	<b>1,566,220</b>	<b>912</b>	
Share purchases	2,802,105	1,720	(1,944)
Vested bonus shares	(175,499)	(77)	-
Retirement of LVMH shares	(1,500,000)	(936)	-
Disposals at net realized value	(512,427)	(327)	327
Gain/(loss) on disposal	-	1	-
<b>As of December 31, 2022</b>	<b>2,180,399</b>	<b>1,293</b>	<b>(1,617)</b>

#### 16.4 Dividends paid by the parent company LVMH SE

In accordance with French regulations, dividends are taken from the profit for the fiscal year and the distributable reserves of the parent company, after deducting applicable withholding tax and the value attributable to treasury shares. As of December 31, 2022,

the distributable amount was 23,735 million euros; after taking into account the proposed dividend distribution in respect of the 2022 fiscal year, it was 20,212 million euros.

<i>(EUR millions)</i>	2022	2021	2020
Interim dividend for the current fiscal year (2022: 5.00 euros; 2021: 3.00 euros; 2020: 2.00 euros)	2,516	1,514	1,010
Impact of treasury shares	(11)	(3)	(2)
<b>Gross amount disbursed for the fiscal year</b>	<b>2,505</b>	<b>1,511</b>	<b>1,008</b>
Final dividend for the previous fiscal year (2021: 7.00 euros; 2020: 4.00 euros; 2019: 2.60 euros)	3,533	2,019	1,314
Impact of treasury shares	(14)	(3)	(5)
<b>Gross amount disbursed for the previous fiscal year</b>	<b>3,519</b>	<b>2,016</b>	<b>1,309</b>
<b>Total gross amount disbursed during the period<sup>(a)</sup></b>	<b>6,025</b>	<b>3,527</b>	<b>2,317</b>

(a) Excluding the impact of tax regulations applicable to the recipient.

The final dividend for fiscal year 2022, as proposed at the Shareholders' Meeting of April 20, 2023, is 7 euros per share, representing a total of 3,523 million euros before deduction of the amount attributable to treasury shares held at the ex-dividend date.

## 16.5 Cumulative translation adjustment

The change in “Cumulative translation adjustment” recognized within “Equity, Group share”, net of hedging effects of net assets denominated in foreign currency, breaks down as follows by currency:

(EUR millions)	2022	Change	2021	2020
US dollar	1,693	946	747	(832)
Swiss franc	1,044	116	928	778
Japanese yen	(20)	(91)	71	97
Hong Kong dollar	507	(25)	532	285
Pound sterling	(123)	(148)	25	(113)
Other currencies	(317)	300	(616)	(458)
Foreign currency net investment hedges <sup>(a)</sup>	(198)	109	(307)	(449)
<b>Total, Group share</b>	<b>2,586</b>	<b>1,206</b>	<b>1,380</b>	<b>(692)</b>

(a) Including: -144 million euros with respect to the US dollar (-145 million euros as of December 31, 2021 and -125 million euros as of December 31, 2020), -118 million euros with respect to the Hong Kong dollar (-117 million euros as of December 31, 2021 and December 31, 2020), and -223 million euros with respect to the Swiss franc (-228 million euros as of December 31, 2021 and -210 million euros as of December 31, 2020). These amounts include the tax impact.

## 16.6 Strategy relating to the Group’s financial structure

The Group believes that the management of its financial structure, together with the development of the companies it owns and the management of its brand portfolio, helps create value for its shareholders. Maintaining a suitable-quality credit rating is a core objective for the Group, ensuring good access to markets under favorable conditions, allowing it to seize opportunities and procure the resources it needs to develop its business.

To this end, the Group monitors a certain number of financial ratios and aggregate measures of financial risk, including:

- net financial debt (see Note 19) to equity;
- cash from operations before changes in working capital to net financial debt;
- net cash from operating activities;
- operating free cash flow (see the consolidated cash flow statement);

- long-term resources to fixed assets;
- proportion of long-term borrowings in net financial debt.

Long-term resources are understood to correspond to the sum of equity and non-current liabilities.

Where applicable, these indicators are adjusted to reflect the Group’s off-balance sheet financial commitments.

The Group also promotes financial flexibility by maintaining numerous and varied banking relationships, through frequent recourse to several negotiable debt markets (both short- and long-term), by holding a large amount of cash and cash equivalents, and through the existence of sizable amounts of undrawn confirmed credit lines, intended to cover (and exceed) the outstanding portion of its short-term negotiable debt securities programs, while continuing to represent a reasonable cost for the Group.

## 17. BONUS SHARE AND SIMILAR PLANS

### 17.1 Bonus share plans

#### 17.1.1 General characteristics of plans

At the Shareholders' Meeting of April 21, 2022, the shareholders renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2024, to grant existing or newly issued shares as bonus shares to Group company employees or senior executives, on one or more occasions, in an amount not to exceed 1% of the Company's share capital on the date of this authorization.

Except in special cases, (i) the vesting of bonus shares granted by the Board of Directors is subject to continued service and performance conditions being met, (ii) the vesting period is three years, and (iii) shares are not subject to any holding requirement once their vesting period is complete.

Performance conditions generally concern the scope of the Group, but in certain cases may concern targets to be met at the level of a subsidiary or business group. The criteria set by the Board of Directors are mainly financial in nature, but some also concern non-financial factors. Performance is most often measured over two fiscal years, and for certain plans over a longer period of time.

#### 17.1.3 Plans subject to financial performance conditions

Financial performance conditions concern the following plans and fiscal years:

Plan commencement date	Type of plan	Shares awarded if there is a positive change in one of the indicators between fiscal years
October 24, 2019	Bonus shares	2019 and 2020; 2019 and 2021
October 22, 2020	"	2020 and 2021; 2020 and 2022
October 28, 2021	"	2021 and 2022; 2022 and 2023 <sup>(a)</sup>
January 27, 2022	"	2021 and 2022; 2022 and 2023 <sup>(a)(b)</sup>
July 26, 2022	"	2021 and 2022; 2022 and 2023 <sup>(a)(c)</sup>
October 27, 2022	"	2022 and 2023; 2023 and 2024 <sup>(a)</sup>

(a) Financial performance conditions apply to the vesting of 90% of bonus shares for the plans set up on October 28, 2021, January 27 and July 26, 2022 and 85% of bonus shares for the plan set up on October 27, 2022. For the remaining bonus shares, vesting is subject to a non-financial performance condition related to the LIFE 360 program being met.

(b) This condition relates to the plan granting a total of 1,308 shares. See Note 17.2.

(c) This condition relates to the plan granting a total of 1,682 shares. See Note 17.2.

#### 17.1.2 Shares granted during the fiscal year under review

##### Provisional allocations

Under the terms of the resolutions passed on June 30, 2020 and April 21, 2022, the Board of Directors set up six bonus share plans in 2022, with the vesting of shares under most of these plans subject to a continued service condition and performance conditions. The performance conditions mainly involve financial targets to be met by either the Group, a subsidiary or a business group, but also include non-financial targets, in particular with respect to sustainable development.

##### Shares vested

In accordance with the Board of Directors' decision on October 22, 2020, 50% of the bonus shares provisionally granted to recipients by the Board of Directors on October 24, 2019 vested in fiscal year 2022.

The performance condition applicable to shares granted under the plan set up on October 22, 2020 was met in 2021 and 2022. The performance condition applicable to shares granted under the plan set up on October 28, 2021 was met in 2022.

## 17.2 Bonus share plans

The following table presents the main characteristics of the bonus share plans and any changes that occurred during the fiscal year:

Plan commencement date	Number of shares awarded initially	Of which: Performance shares <sup>(a)</sup>	Conditions met?	Vesting period of rights	Shares expired in 2022	Shares vested in 2022	Provisional allocations as of Dec. 31, 2022
October 24, 2019	200,077	200,077	Not met in 2020; met in 2021	3 years	(3,209)	(92,255)	-
October 22, 2020	177,034	177,034	Yes	3 years	(5,118)	-	168,556
January 26, 2021	124,187	40,000	<sup>(b)</sup>	<sup>(c)</sup>	-	(74,187)	50,000
April 15, 2021	40,000	40,000	<sup>(b)</sup>	2 years	-	-	40,000
July 26, 2021	44,225	40,000	<sup>(b)</sup>	<sup>(d)</sup>	-	(4,225)	40,000
October 28, 2021	188,965	184,291	<sup>(b)</sup>	<sup>(e)</sup>	(3,298)	(4,832)	180,835
January 27, 2022	10,790	-	-	1 year	-	-	10,790
January 27, 2022	1,308	1,308	<sup>(b)</sup>	2 years and 9 months	-	-	1,308
July 26, 2022	25,000	25,000	<sup>(b)</sup>	2 years and 8 months	-	-	25,000
July 26, 2022	11,032	-	-	1 year	-	-	11,032
July 26, 2022	1,682	1,682	<sup>(b)</sup>	2 years and 3 months	-	-	1,682
October 27, 2022	139,592	139,592	<sup>(b)</sup>	3 years	-	-	139,592
<b>Total</b>	<b>824,300</b>	<b>709,392</b>			<b>(11,625)</b>	<b>(175,499)</b>	<b>668,795</b>

(a) See Note 17.1.1 "General characteristics of plans".

(b) The performance conditions were considered to have been met for the purpose of determining the expense for fiscal year 2022, on the basis of budget data.

(c) Of which: 44,187 shares with a one-year vesting period not subject to any conditions, 30,000 bonus shares with a one-year vesting period and 50,000 bonus shares with a two-year vesting period.

(d) Of which: 4,225 shares with a one-year vesting period not subject to any conditions and 40,000 bonus shares with a two-year vesting period.

(e) Of which: 4,674 shares with a one-year vesting period not subject to any conditions, 30,000 bonus shares with an 18-month vesting period and 154,291 bonus shares with a three-year vesting period.

The number of provisional allocations of shares awarded changed as follows during the fiscal years presented:

<i>(number of shares)</i>	2022	2021	2020
<b>Provisional allocations as of January 1</b>	<b>666,515</b>	<b>824,733</b>	<b>1,052,718</b>
Provisional allocations for the period	189,404	397,377	177,034
Shares vested during the period	(175,499)	(544,706)	(288,482)
Shares expired during the period	(11,625)	(10,889)	(116,537)
<b>Provisional allocations as of period-end</b>	<b>668,795</b>	<b>666,515</b>	<b>824,733</b>

## 17.3 Share purchase and subscription option plans

At the Shareholders' Meeting of April 15, 2021, the shareholders renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring in June 2023, to grant share subscription or purchase options to Group company employees or senior executives, on one or more occasions, in an amount not to exceed 1% of the Company's share capital.

As of December 31, 2022, this authorization had not been used by the Board of Directors.

No share purchase or subscription option plans have been set up since 2010. No share purchase or subscription option plans were in effect as of December 31, 2022.

## 17.4 Expense for the fiscal year

<i>(EUR millions)</i>	2022	2021	2020
Expense for the period for bonus share plans	132	132	63

The following table presents the LVMH closing share price the day before the grant date of the 2022 plans and the average unit value of provisionally allocated bonus shares in fiscal year 2022:

Plan commencement date	LVMH closing share price the day before the grant date of the plans	Average unit value of provisionally allocated bonus shares
January 27, 2022	683.6	673.4
January 27, 2022	683.6	635.2
July 26, 2022	637.4	607.3
July 26, 2022	637.4	625.5
July 26, 2022	637.4	612.8
October 27, 2022	663.0	625.9

## 18. MINORITY INTERESTS

<i>(EUR millions)</i>	2022	2021	2020
<b>As of January 1</b>	<b>1,790</b>	<b>1,417</b>	<b>1,779</b>
Minority interests' share of net profit	667	662	253
Dividends paid to minority interests	(382)	(428)	(376)
Impact of changes in control of consolidated entities	6	397	7
Impact of acquisition and disposal of minority interests' shares	(138)	(211)	8
Capital increases subscribed by minority interests	28	12	54
Minority interests' share in gains and losses recognized in equity	88	101	(91)
Minority interests' share in bonus share plan-related expenses	5	6	3
Impact of changes in minority interests with purchase commitments	(571)	(166)	(220)
<b>As of December 31</b>	<b>1,493</b>	<b>1,790</b>	<b>1,417</b>

The change in minority interests' share in gains and losses recognized in equity breaks down as follows:

<i>(EUR millions)</i>	Cumulative translation adjustment	Hedges of future foreign currency cash flows and cost of hedging	Vineyard land	Employee benefit commitments	Minority interests' share in cumulative translation adjustment and revaluation reserves
<b>As of December 31, 2019</b>	<b>136</b>	<b>(10)</b>	<b>267</b>	<b>(51)</b>	<b>343</b>
Changes during the fiscal year	(115)	28	-	(2)	(89)
<b>As of December 31, 2020</b>	<b>22</b>	<b>18</b>	<b>267</b>	<b>(53)</b>	<b>254</b>
Changes during the fiscal year	118	(43)	11	14	101
<b>As of December 31, 2021</b>	<b>140</b>	<b>(24)</b>	<b>278</b>	<b>(39)</b>	<b>355</b>
Changes during the fiscal year	61	18	(10)	19	88
<b>As of December 31, 2022</b>	<b>201</b>	<b>(6)</b>	<b>268</b>	<b>(20)</b>	<b>443</b>

Minority interests are composed primarily of Diageo's 34% stake in Moët Hennessy SAS and Moët Hennessy International SAS ("Moët Hennessy") and the 39% stake held by Mari-Cha Group Ltd in DFS. Since the 34% stake held by Diageo in Moët Hennessy is subject to a purchase commitment, it is reclassified at the

period-end within "Purchase commitments for minority interests' shares" under "Other non-current liabilities" and is therefore excluded from the total amount of minority interests at the period-end. See Note 1.14 and Note 21 below.



Dividends paid to Diageo in fiscal year 2022 amounted to 217 million euros in respect of fiscal year 2021. Net profit attributable to Diageo for fiscal year 2022 was 480 million euros, and its share in accumulated minority interests (before recognition of the purchase commitment granted to Diageo) came to 4,265 million euros as of December 31, 2022. As of that date, the condensed consolidated balance sheet of Moët Hennessy was as follows:

<i>(EUR billions)</i>	<b>2022</b>	<i>(EUR billions)</i>	<b>2022</b>
Property, plant and equipment and intangible assets	5.7	Equity	11.8
Other non-current assets	1.0	Non-current liabilities	2.3
<b>Non-current assets</b>	<b>6.7</b>	<b>Equity and non-current liabilities</b>	<b>14.1</b>
Inventories and work in progress	6.8	Short-term borrowings	1.1
Other current assets	1.6	Other current liabilities	2.3
Cash and cash equivalents	2.3	<b>Current liabilities</b>	<b>3.4</b>
<b>Current assets</b>	<b>10.7</b>	<b>Total liabilities and equity</b>	<b>17.5</b>
<b>Total assets</b>	<b>17.5</b>		

No dividend was paid to Mari-Cha Group Ltd in 2022. Net profit attributable to Mari-Cha Group Ltd for 2022 was a loss of 101 million euros, and its share in accumulated minority interests as of December 31, 2022 came to 1,252 million euros.

## 19. BORROWINGS

### 19.1 Net financial debt

<i>(EUR millions)</i>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Bonds and Euro Medium-Term Notes (EMTNs)	10,185	11,872	13,866
Bank borrowings	194	293	199
<b>Long-term borrowings</b>	<b>10,380</b>	<b>12,165</b>	<b>14,065</b>
Bonds and Euro Medium-Term Notes (EMTNs)	1,486	3,072	1,094
Current bank borrowings	222	377	346
Euro- and US dollar-denominated commercial paper	7,247	4,172	8,575
Other borrowings and credit facilities	144	191	418
Bank overdrafts	200	203	156
Accrued interest	60	61	49
<b>Short-term borrowings</b>	<b>9,360</b>	<b>8,075</b>	<b>10,638</b>
<b>Gross borrowings</b>	<b>19,739</b>	<b>20,241</b>	<b>24,703</b>
Interest rate risk derivatives	144	(6)	(68)
Foreign exchange risk derivatives	170	(63)	321
<b>Gross borrowings after derivatives</b>	<b>20,053</b>	<b>20,172</b>	<b>24,956</b>
Current available for sale financial assets <sup>(a)</sup>	(3,552)	(2,544)	(752)
Cash and cash equivalents <sup>(b)</sup>	(7,300)	(8,021)	(19,963)
<b>Net financial debt</b>	<b>9,201</b>	<b>9,607</b>	<b>4,241</b>

(a) See Note 14.

(b) See Note 15.1.

Net financial debt does not include purchase commitments for minority interests' shares (see Note 21) or lease liabilities (see Note 7).

The change in gross borrowings after derivatives during the fiscal year breaks down as follows:

<i>(EUR millions)</i>	As of December 31, 2021	Impact on cash <sup>(a)</sup>	Translation adjustment	Impact of market value changes	Changes in the scope of consolidation	Reclassifications and other	As of December 31, 2022
Long-term borrowings	12,165	(64)	(16)	(153)	59	(1,612)	10,380
Short-term borrowings	8,075	(125)	(254)	1	35	1,628	9,359
<b>Gross borrowings</b>	<b>20,241</b>	<b>(189)</b>	<b>(270)</b>	<b>(152)</b>	<b>93</b>	<b>16</b>	<b>19,739</b>
Derivatives	(69)	8	(1)	375	-	-	314
<b>Gross borrowings after derivatives</b>	<b>20,172</b>	<b>(181)</b>	<b>(271)</b>	<b>224</b>	<b>93</b>	<b>16</b>	<b>20,053</b>

(a) Including a positive impact of 3,774 million euros in respect of proceeds from borrowings, a negative impact of 3,891 million euros in respect of repayment of borrowings and a positive impact of 4 million euros due to a decrease in bank overdrafts.

During the fiscal year, LVMH repaid the 1,750 million euro bond issued in 2020, as well as the 800 million euro bond and the 400 million pound bond both issued in 2017. The associated hedging swaps were unwound on redemption.

During fiscal year 2021, LVMH repaid the 300 million euro bond issued in 2019. The remaining cash-settled convertible bonds issued in 2016, with an initial face value of 750 million US dollars, were also redeemed, in the amount of 156 million US dollars. An amount of 594 million US dollars was redeemed early at the end of 2020, following the exercise of the conversion clause by bondholders. See Note 19 to the 2020 consolidated financial statements for details on the repayment of these bonds. Lastly, LVMH completed the redemption of the 650 million euro bond issued in 2014. The associated hedging swaps were unwound on redemption. Tiffany's bond debt was recognized at its market value at the date of consolidation, i.e. 940 million euros. It comprised four issues in US dollars for a total nominal amount of 800 million US dollars, and an issue of 10 billion Japanese yen.

In February and April 2020, LVMH completed eight bond issues totaling 10.7 billion euros to finance in particular the acquisition of Tiffany & Co., which was completed on January 7, 2021. See Note 19.2 below for details on these bond issues.

The market value of gross borrowings, based on market data and commonly used valuation models, was 18,018 million euros as of December 31, 2022 (19,442 million euros as of December 31, 2021 and 25,132 million euros as of December 31, 2020), including 9,358 million euros in short-term borrowings (8,035 million euros as of December 31, 2021 and 10,603 million euros as of December 31, 2020) and 8,660 million euros in long-term borrowings (11,407 million euros as of December 31, 2021 and 14,529 million euros as of December 31, 2020).

As of December 31, 2022, 2021 and 2020, no financial debt was recognized using the fair value option. See Note 1.23.

## 19.2 Bonds and EMTNs

Nominal amount (in currency)	Year issued	Maturity	Initial effective interest rate <sup>(a)</sup> (%)	2022 (EUR millions)	2021 (EUR millions)	2020 (EUR millions)
GBP 850,000,000	2020	2027	1.125	824	984	970
EUR 1,250,000,000	2020	2024	-	1,250	1,251	1,251
EUR 1,250,000,000	2020	2026	-	1,246	1,245	1,244
EUR 1,750,000,000	2020	2028	0.125	1,727	1,737	1,734
EUR 1,500,000,000	2020	2031	0.375	1,489	1,488	1,487
GBP 700,000,000	2020	2023	1.000	786	832	788
EUR 1,500,000,000	2020	2025	0.375	1,497	1,496	1,494
EUR 1,750,000,000	2020	2022	Floating	-	1,750	1,754
EUR 700,000,000	2019	2023	0.260	700	699	698
EUR 300,000,000	2019	2021	0.030	-	-	300
EUR 1,200,000,000	2017	2024	0.82	1,187	1,202	1,206
EUR 800,000,000	2017	2022	0.46	-	800	801
GBP 400,000,000	2017	2022	1.09	-	477	449
USD 750,000,000 <sup>(b)</sup>	2016	2021	1.92	-	-	127
EUR 650,000,000	2014	2021	1.12	-	-	656
Other				964	984	-
<b>Total bonds and EMTNs</b>				<b>11,672</b>	<b>14,944</b>	<b>14,959</b>

(a) Before the impact of interest-rate hedges implemented when or after the bonds were issued.

(b) Cumulative amounts and weighted average initial effective interest rate based on a 600 million US dollar bond issued in February 2016 at an initial effective interest rate of 1.96% and a 150 million US dollar tap issue carried out in April 2016 at an effective interest rate of 1.74%. These yields were determined excluding the option component.

## 19.3 Breakdown of gross borrowings by payment date and type of interest rate

(EUR millions)		Gross borrowings			Impact of derivatives			Gross borrowings after derivatives		
		Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Maturity:	December 31, 2023	1,796	7,563	9,360	(771)	912	141	1,025	8,475	9,500
	December 31, 2024	2,797	-	2,797	(297)	309	12	2,501	309	2,809
	December 31, 2025	1,559	-	1,559	-	-	-	1,559	-	1,559
	December 31, 2026	1,364	-	1,364	(20)	-	(20)	1,344	-	1,344
	December 31, 2027	885	-	885	(822)	985	164	63	985	1,049
	December 31, 2028	1,745	-	1,745	-	18	18	1,745	18	1,763
	Thereafter	2,029	-	2,029	-	-	-	2,029	-	2,029
<b>Total</b>		<b>12,176</b>	<b>7,563</b>	<b>19,740</b>	<b>(1,910)</b>	<b>2,224</b>	<b>314</b>	<b>10,266</b>	<b>9,787</b>	<b>20,053</b>

See Note 23.3 regarding the market value of interest rate risk derivatives.

The breakdown by quarter of gross borrowings falling due in 2023 is as follows:

(EUR millions)	Falling due in 2023
First quarter	7,558
Second quarter	1,733
Third quarter	19
Fourth quarter	50
<b>Total</b>	<b>9,360</b>

## 19.4 Breakdown of gross borrowings by currency after derivatives

The purpose of foreign currency borrowings is to finance the development of the Group's activities outside the eurozone, as well as the Group's assets denominated in foreign currency.

<i>(EUR millions)</i>	2022	2021	2020
Euro	14,836	17,576	21,281
US dollar	4,564	2,845	3,120
Swiss franc	(26)	588	80
Japanese yen	309	453	762
Other currencies	371	(1,290)	(287)
<b>Total<sup>(a)</sup></b>	<b>20,053</b>	<b>20,172</b>	<b>24,956</b>

(a) The amounts presented above include the impact of swaps to convert Group-level financing into subsidiaries' functional currencies, whether these subsidiaries are borrowers or lenders in the currency concerned.

## 19.5 Undrawn confirmed credit lines and covenants

As of December 31, 2022, undrawn confirmed credit lines came to 11.0 billion euros. This amount exceeded the outstanding portion of the euro- and US dollar-denominated commercial paper (ECP and USCP) programs, which totaled 7.2 billion euros

as of December 31, 2022. In connection with certain credit lines, the Group may undertake to maintain certain financial ratios. As of December 31, 2022, no significant credit lines were concerned by these provisions.

## 19.6 Sensitivity

On the basis of debt as of December 31, 2022:

- an instantaneous 1.5-point increase in the yield curves of the Group's debt currencies would raise the annual cost of net financial debt by approximately 150 million euros after hedging, and would lower the market value of gross fixed-rate borrowings by 410 million euros after hedging;
- an instantaneous 1.5-point decrease in these same yield curves would lower the annual cost of net financial debt by approximately 150 million euros after hedging, and would raise the market value of gross fixed-rate borrowings by 410 million euros after hedging;

## 19.7 Guarantees and collateral

As of December 31, 2022, borrowings secured by collateral were less than 350 million euros.

# 20. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Non-current provisions and other liabilities comprise the following:

<i>(EUR millions)</i>	2022	2021	2020
Non-current provisions	1,529	1,771	1,472
Uncertain tax positions	1,400	1,404	1,180
Derivatives <sup>(a)</sup>	206	45	146
Employee profit sharing	123	105	86
Other liabilities	644	656	438
<b>Non-current provisions and other liabilities</b>	<b>3,902</b>	<b>3,980</b>	<b>3,322</b>

(a) See Note 23.

Provisions concern the following types of contingencies and losses:

<i>(EUR millions)</i>	2022	2021	2020
Provisions for pensions, medical costs and similar commitments	622	915	784
Provisions for contingencies and losses	907	856	688
<b>Non-current provisions</b>	<b>1,529</b>	<b>1,771</b>	<b>1,472</b>
Provisions for pensions, medical costs and similar commitments	17	17	9
Provisions for contingencies and losses	539	582	503
<b>Current provisions</b>	<b>556</b>	<b>598</b>	<b>512</b>
<b>Total</b>	<b>2,085</b>	<b>2,369</b>	<b>1,984</b>

Provisions changed as follows during the fiscal year:

<i>(EUR millions)</i>	As of December 31, 2021	Increases	Amounts used	Amounts released	Changes in the scope of consolidation	Other <sup>(a)</sup>	As of December 31, 2022
Provisions for pensions, medical costs and similar commitments	932	142	(142)	(2)	2	(293)	639
Provisions for contingencies and losses	1,438	402	(234)	(188)	11	16	1,445
<b>Total</b>	<b>2,369</b>	<b>544</b>	<b>(376)</b>	<b>(189)</b>	<b>13</b>	<b>(276)</b>	<b>2,085</b>

(a) Including the impact of translation adjustment and change in revaluation reserves. See Note 29 regarding "Provisions for pensions, medical costs and similar commitments".

Provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes (see Note 32), or actual or probable litigation arising from the Group's activities; such activities are carried out worldwide, within what is often an imprecise regulatory framework that is different for each country, changes over time and applies to areas ranging from product composition and packaging to relations with the Group's partners (distributors, suppliers, shareholders in subsidiaries, etc.).

Non-current liabilities related to uncertain tax positions include an estimate of the risks, disputes, and actual or probable litigation related to the income tax computation. The Group's entities in France and abroad may be subject to tax inspections and, in certain cases, to rectification claims from local administrations. A liability is recognized for these rectification claims, together with any uncertain tax positions that have been identified but not yet officially notified, the amount of which is regularly reviewed in accordance with the criteria of the application of IFRIC 23 Uncertainty over Income Tax Treatments.

## 21. PURCHASE COMMITMENTS FOR MINORITY INTERESTS' SHARES

As of December 31, 2022, purchase commitments for minority interests' shares mainly included the put option granted by LVMH to Diageo for its 34% share in Moët Hennessy for 80% of the fair value of Moët Hennessy at the exercise date of the option. This option may be exercised at any time subject to a six-month notice period. The fair value of this commitment was calculated by applying the share price multiples of comparable firms to Moët Hennessy's consolidated operating results.

Moët Hennessy SAS and Moët Hennessy International SAS ("Moët Hennessy") hold the LVMH group's investments in the Wines and Spirits businesses, with the exception of the equity investments in Château d'Yquem, Château Cheval Blanc, Clos des Lambrays and Colgin Cellars, and excluding certain champagne vineyards.

Purchase commitments for minority interests' shares also include commitments relating to minority shareholders in Loro Piana (15%), and distribution subsidiaries in various countries, mainly in the Middle East.

## 22. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

### 22.1 Trade accounts payable

The change in trade accounts payable for the fiscal years presented breaks down as follows:

<i>(EUR millions)</i>	2022	2021	2020
<b>As of January 1</b>	<b>7,086</b>	<b>5,098</b>	<b>5,814</b>
Changes in trade accounts payable	1,532	1,576	(560)
Changes in amounts owed to customers	6	27	(10)
Changes in the scope of consolidation	62	243	-
Translation adjustment	81	226	(159)
Reclassifications	21	(85)	14
<b>As of December 31</b>	<b>8,788</b>	<b>7,086</b>	<b>5,098</b>

### 22.2 Current provisions and other liabilities

<i>(EUR millions)</i>	2022	2021	2020
Current provisions <sup>(a)</sup>	556	598	512
Derivatives <sup>(b)</sup>	300	195	604
Employees and social security	2,448	2,244	1,530
Employee profit sharing	266	226	116
Taxes other than income taxes	1,261	1,101	823
Advances and payments on account from customers	1,224	1,079	723
Provision for product returns <sup>(c)</sup>	653	648	463
Deferred payment for non-current assets	787	907	538
Deferred income	454	396	353
Other liabilities	1,605	1,779	1,035
<b>Total</b>	<b>9,553</b>	<b>9,174</b>	<b>6,698</b>

(a) See Note 20.

(b) See Note 23.

(c) See Note 1.28.

## 23. FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

### 23.1 Organization of foreign exchange, interest rate and equity market risk management

Financial instruments are mainly used by the Group to hedge risks arising from Group activity and protect its assets.

The management of foreign exchange and interest rate risk, in addition to transactions involving shares and financial instruments, is centralized.

The Group has implemented a stringent policy and rigorous management guidelines to manage, measure and monitor these market risks.

These activities are organized based on a segregation of duties between risk measurement (middle office), hedging (front office), administration (back office) and financial control.

The backbone of this organization is an integrated information system that allows transactions to be checked quickly.

The Group's hedging strategy is presented to the Audit Committee. Hedging decisions are made according to an established process that includes regular presentations to the Group's Executive Committee and detailed documentation.

Counterparties are selected based on their rating and in accordance with the Group's risk diversification strategy.

## 23.2 Summary of derivatives

Derivatives are recorded in the balance sheet for the amounts and in the captions detailed as follows:

(EUR millions)			Notes	2022	2021	2020
<b>Interest rate risk</b>	Assets:	Non-current		-	4	57
		Current		34	31	33
	Liabilities:	Non-current		(159)	(25)	(10)
		Current		(19)	(5)	(12)
			23.3	<b>(144)</b>	<b>6</b>	<b>68</b>
<b>Foreign exchange risk</b>	Assets:	Non-current		97	51	52
		Current		421	218	670
	Liabilities:	Non-current		(47)	(20)	(136)
		Current		(277)	(182)	(330)
			23.4	<b>193</b>	<b>68</b>	<b>257</b>
<b>Other risks</b>	Assets:	Non-current		-	-	-
		Current		7	9	266
	Liabilities:	Non-current		-	-	-
		Current		(3)	(8)	(263)
			23.5	<b>4</b>	<b>1</b>	<b>3</b>
<b>Total</b>	Assets:	Non-current	10	97	55	110
		Current	13	462	258	968
	Liabilities:	Non-current	20	(206)	(45)	(146)
		Current	22	(300)	(195)	(604)
				<b>53</b>	<b>74</b>	<b>328</b>

## 23.3 Derivatives used to manage interest rate risk

The aim of the Group's debt management policy is to adapt the debt maturity profile to the characteristics of the assets held, to curb borrowing costs, and to protect net profit from the impact of significant changes in interest rates.

For these purposes, the Group uses interest rate swaps and options.

Derivatives used to manage interest rate risk outstanding as of December 31, 2022 break down as follows:

(EUR millions)	Nominal amounts by maturity				Market value <sup>(a)(b)</sup>			
	Less than 1 year	From 1 to 5 years	More than 5 years	Total	Future cash flow hedges	Fair value hedges	Not allocated	Total
Interest rate swaps, floating-rate payer	789	1,258	200	2,248	-	(154)	-	(154)
Interest rate swaps, fixed-rate payer	-	-	-	-	-	-	-	-
Foreign currency swaps, euro-rate payer	789	958	-	1,748	-	-	11	11
Foreign currency swaps, euro-rate receiver	133	-	-	133	-	-	(1)	(1)
Interest rate swaptions	-	-	-	-	-	-	-	-
<b>Total</b>					<b>-</b>	<b>(154)</b>	<b>11</b>	<b>(143)</b>

(a) Gain/(Loss).

(b) See Note 1.11 regarding the methodology used for market value measurement.



## 23.4 Derivatives used to manage foreign exchange risk

A significant portion of Group companies' sales to customers and to their own distribution subsidiaries as well as certain purchases are denominated in currencies other than their functional currency; the majority of these foreign currency-denominated cash flows are intra-Group cash flows. Hedging instruments are used to reduce the foreign exchange risks arising from the fluctuations of currencies against the exporting and importing companies' functional currencies, and are allocated to either trade receivables or payables (fair value hedges) for the fiscal year, or to transactions anticipated for future periods (hedges of future cash flows).

Future foreign currency-denominated cash flows are broken down as part of the budget preparation process and are hedged

progressively over a period not exceeding one year unless a longer period is justified by probable commitments. As such, and according to market trends, identified foreign exchange risks are hedged using forward contracts or options.

In addition, the Group is exposed to foreign exchange risk with respect to the Group's net assets, as it owns assets denominated in currencies other than the euro. This foreign exchange risk may be hedged either partially or in full through foreign currency borrowings or by hedging the net worth of subsidiaries outside the eurozone, using appropriate financial instruments with the aim of limiting the impact of foreign currency fluctuations against the euro on consolidated equity.

Derivatives used to manage foreign exchange risk outstanding as of December 31, 2022 break down as follows:

(EUR millions)	Nominal amounts by fiscal year of allocation <sup>(a)</sup>				Market value <sup>(b)(c)</sup>			
	2022	2023	Thereafter	Total	Future cash flow hedges	Fair value hedges	Not allocated	Total
<b>Options purchased</b>								
Call USD	-	125	-	125	2	-	-	2
Put JPY	-	19	-	19	-	-	-	-
Put CNY	-	17	-	17	1	-	-	1
Other	-	25	-	25	1	-	-	1
	-	<b>186</b>	-	<b>186</b>	<b>4</b>	-	-	<b>4</b>
<b>Collars</b>								
Written USD	134	4,497	598	5,229	42	1	-	43
Written JPY	13	1,401	155	1,569	60	1	-	61
Written GBP	37	487	74	598	24	1	-	26
Written HKD	51	269	36	355	-	(1)	-	(1)
Written CNY	44	3,560	310	3,914	118	-	-	118
	<b>279</b>	<b>10,214</b>	<b>1,172</b>	<b>11,665</b>	<b>243</b>	<b>3</b>	-	<b>247</b>
<b>Forward exchange contracts</b>								
USD	11	1,641	-	1,652	103	-	-	103
JPY	-	18	-	18	-	-	-	-
KRW	-	-	-	-	-	(1)	-	(1)
BRL	1	114	-	115	-	(4)	-	(4)
Other	13	143	-	156	4	1	-	4
	<b>25</b>	<b>1,916</b>	-	<b>1,941</b>	<b>106</b>	<b>(5)</b>	-	<b>102</b>
<b>Foreign exchange swaps</b>								
USD	213	(1,250)	-	(1,037)	-	(62)	-	(62)
GBP	15	(665)	(696)	(1,345)	-	(71)	-	(71)
JPY	33	255	118	406	-	35	-	35
CNY	360	576	-	937	-	-	-	-
HKD	1	(1,267)	-	(1,266)	-	(61)	-	(61)
Other	-	367	21	388	-	2	-	2
	<b>623</b>	<b>(1,984)</b>	<b>(557)</b>	<b>(1,918)</b>	-	<b>(158)</b>	-	<b>(158)</b>
<b>Total</b>	<b>927</b>	<b>10,331</b>	<b>616</b>	<b>11,874</b>	<b>353</b>	<b>(160)</b>	-	<b>193</b>

(a) Sale/(Purchase).

(b) See Note 1.11 regarding the methodology used for market value measurement.

(c) Gain/(Loss).

## 23.5 Financial instruments used to manage other risks

The Group's investment policy is designed to take advantage of a long-term investment horizon. Occasionally, the Group may invest in equity-based financial instruments with the aim of enhancing the dynamic management of its investment portfolio.

The Group is exposed to risks of share price changes either directly (as a result of its holding of subsidiaries, equity investments and current available for sale financial assets) or indirectly (as a result of its holding of funds, which are themselves partially invested in shares).

The Group may also use equity-based derivatives to synthetically create an economic exposure to certain assets, to hedge cash-settled compensation plans index-linked to the LVMH share price, or to hedge certain risks related to changes in the LVMH share price. As of December 31, 2022, there were no equity-based derivatives outstanding.

The Group – mainly through its Watches and Jewelry business group – may be exposed to changes in the prices of certain precious metals, such as silver, gold and platinum. In certain cases, in order to ensure visibility with regard to production costs, hedges may be implemented. This is achieved either by negotiating the forecast price of future deliveries of alloys with precious metal refiners, or the price of semi-finished products with producers; or directly by purchasing hedges from top-ranking banks. In the latter case, precious metals may be purchased from banks, or future and/or options contracts may be taken out with a physical delivery of these metals. Derivatives outstanding relating to the hedging of precious metal prices as of December 31, 2022 had a positive market value of 4 million euros. Considering nominal values of 230 million euros for those financial instruments, a uniform 1% change in their underlying assets' prices as of December 31, 2022 would have a negative net impact on the Group's consolidated reserves of 1 million euros. These instruments will mature in 2023.

## 23.6 Financial assets and liabilities recognized at fair value by measurement method

(EUR millions)	2022			2021			2020		
	Available for sale financial assets	Derivatives	Cash and cash equivalents (SICAV and FCP money market funds)	Available for sale financial assets	Derivatives	Cash and cash equivalents (SICAV and FCP money market funds)	Available for sale financial assets	Derivatives	Cash and cash equivalents (SICAV and FCP money market funds)
Valuation based on: <sup>(a)</sup>									
Published price quotations	3,390	-	7,300	2,427	-	8,021	804	-	19,963
Valuation model based on market data	18	559	-	96	314	-	100	1,078	-
Private quotations	1,254	-	-	1,384	-	-	587	-	-
<b>Assets</b>	<b>4,660</b>	<b>559</b>	<b>7,300</b>	<b>3,907</b>	<b>314</b>	<b>8,021</b>	<b>1,491</b>	<b>1,078</b>	<b>19,963</b>
Valuation based on: <sup>(a)</sup>									
Published price quotations	-	-	-	-	-	-	-	-	-
Valuation model based on market data	-	506	-	-	240	-	-	750	-
Private quotations	-	-	-	-	-	-	-	-	-
<b>Liabilities</b>	<b>-</b>	<b>506</b>	<b>-</b>	<b>-</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>750</b>	<b>-</b>

(a) See Note 1.11 for information on the valuation approaches used.

Derivatives used by the Group are measured at fair value according to commonly used valuation models and based on market data. The counterparty risk associated with these derivatives (i.e. the credit valuation adjustment) is assessed on the basis of credit spreads from observable market data, as well as

on the basis of the derivatives' market value adjusted by flat-rate add-ons depending on the type of underlying and the maturity of the derivative. It was not significant as of December 31, 2022, December 31, 2021 and December 31, 2020.

The amount of financial assets valued on the basis of private quotations changed as follows in 2022:

<i>(EUR millions)</i>	<b>2022</b>
<b>As of January 1</b>	<b>1,384</b>
Acquisitions	369
Disposals (at net realized value)	(29)
Gains and losses recognized in the income statement	(70)
Translation adjustment	9
Reclassifications	-
Changes in the scope of consolidation <sup>(a)</sup>	(410)
<b>As of December 31</b>	<b>1,254</b>

(a) See Note 9 for information on the changes in the scope of consolidation.

### 23.7 Impact of financial instruments on the consolidated statement of comprehensive gains and losses

The impact of financial instruments on the consolidated statement of comprehensive gains and losses for the fiscal year breaks down as follows:

<i>(EUR millions)</i>	Revaluation of effective portions, of which:				Foreign exchange risk <sup>(a)</sup>		Interest rate risk <sup>(b)</sup>			Total <sup>(c)</sup>
	Hedges of future foreign currency cash flows	Fair value hedges	Foreign currency net investment hedges	Total	Revaluation of cost of hedging	Total	Revaluation of effective portions	Ineffective portion	Total	
Changes in the income statement	-	42	-	42	-	42	(135)	(2)	(137)	(95)
Changes in consolidated gains and losses	331	-	(2)	329	35	364	-	-	-	364

(a) See Notes 1.10 and 1.24 on the principles of fair value adjustments to foreign exchange risk hedging instruments.

(b) See Notes 1.23 and 1.24 on the principles of fair value adjustments to interest rate risk derivatives.

(c) Gain/(Loss).

Since fair value adjustments to hedged items recognized in the balance sheet offset the effective portions of fair value hedging instruments (see Note 1.22), no ineffective portions of foreign exchange hedges were recognized during the fiscal year.

### 23.8 Sensitivity analysis

The impact on the income statement of gains and losses on hedges of future cash flows, as well as the future cash flows hedged using these instruments, will mainly be recognized in 2023; the amount will depend on exchange rates at that date. The impact on net profit for fiscal year 2022 of a 10% change in

the value of the US dollar, the Japanese yen, the pound sterling and the Hong Kong dollar against the euro, including impact of foreign exchange derivatives outstanding during the period, compared with the rates applying to transactions in 2022, would have been as follows:

<i>(EUR millions)</i>	US dollar		Japanese yen		Pound sterling		Hong Kong dollar	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Impact of:								
– change in exchange rates of cash receipts in respect of foreign currency-denominated sales	65	(124)	25	-	7	(5)	6	(8)
– conversion of net profit of entities outside the eurozone	256	(256)	46	(46)	28	(28)	25	(25)
<b>Impact on net profit</b>	<b>321</b>	<b>(380)</b>	<b>71</b>	<b>(46)</b>	<b>35</b>	<b>(33)</b>	<b>31</b>	<b>(33)</b>

The data presented in the table above should be assessed on the basis of the characteristics of the hedging instruments outstanding in fiscal year 2022, mainly comprising options and collars.

As of December 31, 2022, forecast cash collections for 2023 in US dollars and Japanese yen were 79% and 68% hedged, respectively. For the hedged portion, due to the optional nature of the hedging instruments, the exchange rate upon sale will be more favorable than 1.08 EUR/USD for the US dollar and 137 EUR/JPY for the Japanese yen.

The Group's net equity (excluding net profit) exposure to foreign currency fluctuations as of December 31, 2022 can be assessed by measuring the impact of a 10% change in the value of the US dollar, the Japanese yen, the pound sterling and the Hong Kong dollar against the euro compared to the rates applying as of the same date:

(EUR millions)	US dollar		Japanese yen		Pound sterling		Hong Kong dollar	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
Conversion of foreign currency-denominated net assets	1,744	(1,744)	90	(90)	139	(139)	208	(208)
Change in market value of net investment hedges, after tax	(385)	317	(34)	92	(17)	39	(28)	19
<b>Net impact on equity, excluding net profit</b>	<b>1,359</b>	<b>(1,427)</b>	<b>56</b>	<b>2</b>	<b>122</b>	<b>(100)</b>	<b>180</b>	<b>(189)</b>

### 23.9 Liquidity risk

In addition to local liquidity risks, which are generally immaterial, the Group's exposure to liquidity risk can be assessed in relation to the amount of its short-term borrowings excluding derivatives, i.e. 9.4 billion euros, lower than the 10.9 billion euro balance of cash and cash equivalents and current available for sale financial assets; or in relation to the outstanding amount of its short-term negotiable debt securities programs, i.e. 7.2 billion euros. Should any of these borrowing facilities not be renewed, the

Group has access to undrawn confirmed credit lines totaling 11.0 billion euros.

The Group's liquidity is based on the amount of its investments, its capacity to raise long-term borrowings, the diversity of its investor base (short-term paper and bonds), and the quality of its banking relationships, whether evidenced or not by confirmed lines of credit.

The following table presents the contractual schedule of disbursements for financial liabilities (excluding derivatives) recognized as of December 31, 2022, at nominal value and with interest, excluding discounting effects:

(EUR millions)	2023	2024	2025	2026	2027	More than 5 years	Total
Bonds	1,545	2,756	1,550	1,348	854	3,832	11,885
Bank borrowings	221	88	50	35	3	12	410
Other borrowings and credit facilities	145	8	-	-	-	-	153
Commercial paper (ECP and USCP)	7,247	-	-	-	-	-	7,247
Bank overdrafts	200	-	-	-	-	-	200
<b>Gross borrowings</b>	<b>9,359</b>	<b>2,852</b>	<b>1,600</b>	<b>1,383</b>	<b>857</b>	<b>3,844</b>	<b>19,895</b>
Other current and non-current liabilities <sup>(a)</sup>	8,244	126	49	110	91	44	8,664
Trade accounts payable	8,788	-	-	-	-	-	8,788
<b>Other financial liabilities</b>	<b>17,032</b>	<b>126</b>	<b>49</b>	<b>110</b>	<b>91</b>	<b>44</b>	<b>17,452</b>
<b>Total financial liabilities</b>	<b>26,392</b>	<b>2,978</b>	<b>1,649</b>	<b>1,493</b>	<b>948</b>	<b>3,888</b>	<b>37,347</b>

(a) Corresponds to "Other current liabilities" (excluding derivatives and deferred income) for 8,244 million euros and to "Other non-current liabilities" for 420 million euros (excluding derivatives and deferred income).

See also Note 7 for the schedule of lease payments.

See Note 31.2 regarding contractual maturity dates of collateral and other guarantee commitments, Notes 19.4 and 23.4 regarding foreign exchange derivatives, and Note 23.3 regarding interest rate risk derivatives.

## 24. SEGMENT INFORMATION

The Group's brands and trade names are organized into six business groups. Four business groups – Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, and Watches and Jewelry – comprise brands dealing with the same category of products that use similar production and distribution processes. Information on Louis Vuitton, Bulgari and Tiffany is presented according to the brand's main business, namely the Fashion and Leather Goods business group for Louis Vuitton and the Watches and Jewelry business group for Bulgari and Tiffany.

The Selective Retailing business group comprises the Group's own-label retailing activities. The "Other and holding companies" business group comprises brands and businesses that are not associated with any of the above-mentioned business groups, particularly the media division, the Dutch luxury yacht maker Royal Van Lent, hotel operations and holding or real estate companies.

### 24.1 Information by business group

#### Fiscal year 2022

<i>(EUR millions)</i>	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations and not allocated <sup>(a)</sup>	Total
Sales outside the Group	7,086	38,576	6,701	10,512	14,774	1,536	-	79,184
Intra-Group sales	13	72	1,021	70	79	50	(1,304)	-
<b>Total revenue</b>	<b>7,099</b>	<b>38,648</b>	<b>7,722</b>	<b>10,581</b>	<b>14,852</b>	<b>1,586</b>	<b>(1,304)</b>	<b>79,184</b>
Profit from recurring operations	2,155	15,709	660	2,017	788	(267)	(7)	21,055
Other operating income and expenses	(12)	(7)	(12)	(5)	(208)	190	-	(54)
Depreciation, amortization and impairment expenses	(261)	(2,431)	(480)	(994)	(1,427)	(291)	112	(5,772)
<i>Of which: Right-of-use assets</i>	<i>(34)</i>	<i>(1,422)</i>	<i>(160)</i>	<i>(523)</i>	<i>(883)</i>	<i>(96)</i>	<i>112</i>	<i>(3,007)</i>
<i>Other</i>	<i>(227)</i>	<i>(1,008)</i>	<i>(321)</i>	<i>(471)</i>	<i>(544)</i>	<i>(194)</i>	<i>-</i>	<i>(2,766)</i>
Intangible assets and goodwill <sup>(b)</sup>	8,861	13,937	1,696	20,594	3,609	1,522	(5)	50,213
Right-of-use assets	234	7,138	646	2,277	4,284	922	(886)	14,615
Property, plant and equipment	3,822	5,397	839	2,005	1,688	9,312	(8)	23,055
Inventories and work in progress	6,892	4,793	1,033	5,051	2,805	72	(327)	20,319
Other operating assets <sup>(c)</sup>	1,674	3,297	1,493	1,720	775	1,436	16,048	26,443
<b>Total assets</b>	<b>21,483</b>	<b>34,562</b>	<b>5,707</b>	<b>31,646</b>	<b>13,161</b>	<b>13,264</b>	<b>14,823</b>	<b>134,646</b>
Equity	-	-	-	-	-	-	56,604	56,604
Lease liabilities	247	7,426	695	2,363	4,537	1,019	(879)	15,408
Other liabilities <sup>(d)</sup>	2,161	7,731	2,953	2,583	3,651	1,743	41,812	62,634
<b>Total liabilities and equity</b>	<b>2,408</b>	<b>15,157</b>	<b>3,648</b>	<b>4,946</b>	<b>8,188</b>	<b>2,762</b>	<b>97,537</b>	<b>134,646</b>
Operating investments <sup>(e)</sup>	(440)	(1,872)	(409)	(654)	(523)	(1,074)	1	(4,969)

**Fiscal year 2021**

<i>(EUR millions)</i>	<b>Wines and Spirits</b>	<b>Fashion and Leather Goods</b>	<b>Perfumes and Cosmetics</b>	<b>Watches and Jewelry</b>	<b>Selective Retailing</b>	<b>Other and holding companies</b>	<b>Eliminations and not allocated<sup>(a)</sup></b>	<b>Total</b>
Sales outside the Group	5,965	30,844	5,711	8,872	11,680	1,142	-	64,215
Intra-Group sales	9	52	897	92	74	27	(1,150)	-
<b>Total revenue</b>	<b>5,974</b>	<b>30,896</b>	<b>6,608</b>	<b>8,964</b>	<b>11,754</b>	<b>1,169</b>	<b>(1,150)</b>	<b>64,215</b>
Profit from recurring operations	1,863	12,842	684	1,679	534	(436)	(15)	17,151
Other operating income and expenses	(26)	(47)	(17)	(4)	(53)	151	-	4
Depreciation, amortization and impairment expenses	(228)	(2,142)	(443)	(860)	(1,399)	(294)	113	(5,253)
<i>Of which: Right-of-use assets</i>	<i>(32)</i>	<i>(1,291)</i>	<i>(149)</i>	<i>(410)</i>	<i>(836)</i>	<i>(89)</i>	<i>110</i>	<i>(2,698)</i>
<i>Other</i>	<i>(196)</i>	<i>(851)</i>	<i>(294)</i>	<i>(449)</i>	<i>(563)</i>	<i>(205)</i>	<i>3</i>	<i>(2,555)</i>
Intangible assets and goodwill <sup>(b)</sup>	10,688	13,510	1,417	19,726	3,348	1,766	-	50,455
Right-of-use assets	153	6,755	556	1,922	4,142	841	(665)	13,705
Property, plant and equipment	3,450	4,569	752	1,730	1,667	8,032	(8)	20,193
Inventories and work in progress	6,278	3,374	831	3,949	2,410	41	(335)	16,549
Other operating assets <sup>(c)</sup>	1,597	2,807	1,281	1,409	747	1,060	15,508	24,409
<b>Total assets</b>	<b>22,167</b>	<b>31,016</b>	<b>4,838</b>	<b>28,737</b>	<b>12,313</b>	<b>11,741</b>	<b>14,500</b>	<b>125,311</b>
Equity	-	-	-	-	-	-	48,909	48,909
Lease liabilities	164	6,894	594	1,985	4,362	931	(656)	14,275
Other liabilities <sup>(d)</sup>	1,843	6,800	2,770	2,471	3,050	1,992	43,202	62,128
<b>Total liabilities and equity</b>	<b>2,007</b>	<b>13,694</b>	<b>3,364</b>	<b>4,456</b>	<b>7,412</b>	<b>2,923</b>	<b>91,454</b>	<b>125,311</b>
Operating investments <sup>(e)</sup>	(328)	(1,131)	(290)	(458)	(370)	(89)	1	(2,664)

**Fiscal year 2020**

<i>(EUR millions)</i>	<b>Wines and Spirits</b>	<b>Fashion and Leather Goods</b>	<b>Perfumes and Cosmetics</b>	<b>Watches and Jewelry</b>	<b>Selective Retailing</b>	<b>Other and holding companies</b>	<b>Eliminations and not allocated<sup>(a)</sup></b>	<b>Total</b>
Sales outside the Group	4,744	21,172	4,456	3,315	10,115	849	-	44,651
Intra-Group sales	11	35	792	41	40	19	(938)	-
<b>Total revenue</b>	<b>4,755</b>	<b>21,207</b>	<b>5,248</b>	<b>3,356</b>	<b>10,155</b>	<b>868</b>	<b>(938)</b>	<b>44,651</b>
Profit from recurring operations	1,388	7,188	80	302	(203)	(521)	71	8,305
Other operating income and expenses	(43)	(68)	(20)	(3)	(87)	(112)	-	(333)
Depreciation, amortization and impairment expenses	(254)	(2,069)	(460)	(475)	(1,549)	(313)	117	(5,003)
<i>Of which: Right-of-use assets</i>	<i>(34)</i>	<i>(1,226)</i>	<i>(145)</i>	<i>(254)</i>	<i>(941)</i>	<i>(93)</i>	<i>117</i>	<i>(2,575)</i>
<i>Other</i>	<i>(220)</i>	<i>(843)</i>	<i>(315)</i>	<i>(221)</i>	<i>(608)</i>	<i>(220)</i>	<i>-</i>	<i>(2,428)</i>
Intangible assets and goodwill <sup>(b)</sup>	7,860	13,059	1,340	5,752	3,153	1,890	-	33,054
Right-of-use assets	162	5,736	503	1,151	4,699	888	(618)	12,521
Property, plant and equipment	3,232	4,157	709	577	1,723	7,833	(8)	18,224
Inventories and work in progress	6,040	2,726	742	1,641	2,111	37	(281)	13,016
Other operating assets <sup>(c)</sup>	1,306	1,919	1,151	672	696	1,615	24,497	31,856
<b>Total assets</b>	<b>18,600</b>	<b>27,597</b>	<b>4,445</b>	<b>9,793</b>	<b>12,383</b>	<b>12,263</b>	<b>23,590</b>	<b>108,671</b>
Equity	-	-	-	-	-	-	38,829	38,829
Lease liabilities	170	5,766	516	1,117	4,912	959	(611)	12,828
Other liabilities <sup>(d)</sup>	1,608	4,885	2,164	1,252	2,338	1,673	43,094	57,014
<b>Total liabilities and equity</b>	<b>1,778</b>	<b>10,651</b>	<b>2,680</b>	<b>2,369</b>	<b>7,250</b>	<b>2,632</b>	<b>81,312</b>	<b>108,671</b>
Operating investments <sup>(e)</sup>	(320)	(827)	(280)	(210)	(410)	(431)	-	(2,478)

(a) Eliminations correspond to sales between business groups; these generally consist of sales to Selective Retailing from other business groups. Selling prices between the different business groups correspond to the prices applied in the normal course of business for sales transactions to wholesalers or distributors outside the Group.

(b) Intangible assets and goodwill correspond to the carrying amounts shown in Notes 3 and 4.

(c) Assets not allocated include available for sale financial assets, other financial assets, and current and deferred tax assets.

(d) Liabilities not allocated include financial debt, current and deferred tax liabilities, and liabilities related to purchase commitments for minority interests' shares.

(e) Increase/(Decrease) in cash and cash equivalents.

## 24.2 Information by geographic region

Revenue by geographic region of delivery breaks down as follows:

<i>(EUR millions)</i>	<b>2022</b>	<b>2021</b>	<b>2020</b>
France	6,071	4,111	3,333
Europe (excl. France)	12,717	9,860	7,337
United States	21,542	16,591	10,647
Japan	5,436	4,384	3,164
Asia (excl. Japan)	23,785	22,365	15,366
Other countries	9,632	6,904	4,804
<b>Revenue</b>	<b>79,184</b>	<b>64,215</b>	<b>44,651</b>



Operating investments by geographic region are as follows:

<i>(EUR millions)</i>	2022	2021	2020
France	1,891	1,054	1,002
Europe (excl. France)	905	520	444
United States	955	313	336
Japan	133	82	134
Asia (excl. Japan)	761	488	342
Other countries	324	207	220
<b>Operating investments</b>	<b>4,969</b>	<b>2,664</b>	<b>2,478</b>

No geographic breakdown of segment assets is provided since a significant portion of these assets consists of brands and goodwill, which must be analyzed on the basis of the revenue generated by these assets in each region, and not in relation to the region of their legal ownership.

## 24.3 Quarterly information

Quarterly revenue by business group breaks down as follows:

<i>(EUR millions)</i>	Wines and Spirits	Fashion and Leather Goods	Perfumes and Cosmetics	Watches and Jewelry	Selective Retailing	Other and holding companies	Eliminations	Total
First quarter	1,638	9,123	1,905	2,338	3,040	282	(322)	18,003
Second quarter	1,689	9,013	1,714	2,570	3,591	441	(291)	18,726
Third quarter	1,899	9,687	1,959	2,666	3,465	443	(364)	19,755
Fourth quarter	1,873	10,825	2,145	3,006	4,757	420	(327)	22,699
<b>Total for 2022</b>	<b>7,099</b>	<b>38,648</b>	<b>7,722</b>	<b>10,581</b>	<b>14,852</b>	<b>1,586</b>	<b>(1,304)</b>	<b>79,184</b>
First quarter	1,510	6,738	1,550	1,883	2,337	215	(274)	13,959
Second quarter	1,195	7,125	1,475	2,140	2,748	280	(257)	14,706
Third quarter	1,546	7,452	1,642	2,137	2,710	330	(305)	15,512
Fourth quarter	1,723	9,581	1,941	2,804	3,959	344	(314)	20,038
<b>Total for 2021</b>	<b>5,974</b>	<b>30,896</b>	<b>6,608</b>	<b>8,964</b>	<b>11,754</b>	<b>1,169</b>	<b>(1,150)</b>	<b>64,215</b>
First quarter	1,175	4,643	1,382	792	2,626	251	(273)	10,596
Second quarter	810	3,346	922	527	2,218	153	(179)	7,797
Third quarter	1,364	5,945	1,370	947	2,332	232	(235)	11,955
Fourth quarter	1,406	7,273	1,574	1,090	2,979	232	(251)	14,303
<b>Total for 2020</b>	<b>4,755</b>	<b>21,207</b>	<b>5,248</b>	<b>3,356</b>	<b>10,155</b>	<b>868</b>	<b>(938)</b>	<b>44,651</b>

## 25. REVENUE AND EXPENSES BY NATURE

### 25.1 Breakdown of revenue

Revenue consists of the following:

<i>(EUR millions)</i>	2022	2021	2020
Revenue generated by brands and trade names	78,761	63,920	44,421
Royalties and license revenue	135	105	96
Income from investment property	25	15	14
Other revenue	262	175	119
<b>Total</b>	<b>79,184</b>	<b>64,215</b>	<b>44,651</b>

The portion of total revenue generated by the Group at its own stores, including sales through e-commerce websites, was approximately 75% in 2022 (74% in 2021 and 70% in 2020), i.e.

59,383 million euros in 2022 (47,624 million euros in 2021 and 31,461 million euros in 2020).

## 25.2 Expenses by nature

Profit from recurring operations includes the following expenses:

(EUR millions)	2022	2021	2020
Advertising and promotion expenses	9,584	7,291	4,869
Personnel costs	12,649	10,541	8,537
Research and development expenses	172	147	139

See also Note 7 regarding the breakdown of lease expenses.

Advertising and promotion expenses mainly consist of the cost of media campaigns and point-of-sale advertising; they also

include the personnel costs dedicated to this function. As of December 31, 2022, a total of 5,664 stores were operated by the Group worldwide (5,556 in 2021, 5,003 in 2020), particularly by Fashion and Leather Goods and Selective Retailing.

Personnel costs consist of the following elements:

(EUR millions)	2022	2021	2020
Salaries and social security contributions	12,360	10,264	8,408
Pensions, contribution to medical costs and expenses in respect of defined-benefit plans <sup>(a)</sup>	157	145	66
Expenses related to stock option and similar plans <sup>(b)</sup>	132	132	63
<b>Personnel costs</b>	<b>12,649</b>	<b>10,541</b>	<b>8,537</b>

(a) See Note 30.

(b) See Note 17.4.

In 2022, the average full-time equivalent workforce broke down as follows by job category:

(in number and as %)	2022	%	2021	%	2020	%
Executives and managers	39,181	23%	35,875	23%	33,297	22%
Technicians and supervisors	16,703	10%	15,688	10%	14,760	10%
Administrative and sales staff	86,980	50%	78,297	50%	76,197	51%
Production workers	30,627	18%	28,093	18%	24,089	16%
<b>Total</b>	<b>173,492</b>	<b>100%</b>	<b>157,953</b>	<b>100%</b>	<b>148,343</b>	<b>100%</b>

## 25.3 Statutory Auditors' fees

The amount of fees paid to the Statutory Auditors of LVMH SE and members of their networks recorded in the consolidated income statement for the 2022 fiscal year breaks down as follows:

(EUR millions, excluding VAT)	2022		2022
	Deloitte	Mazars	Total
<b>Audit-related fees</b>	<b>15</b>	<b>14</b>	<b>29</b>
Tax services	1	NS	1
Other	1	2	3
<b>Non-audit-related fees</b>	<b>2</b>	<b>2</b>	<b>4</b>
<b>Total</b>	<b>17</b>	<b>16</b>	<b>33</b>

NS: Not significant.

Audit-related fees include other services related to the certification of the consolidated and parent company financial statements, for non-material amounts.

In addition to tax services – which are mainly performed outside France to ensure that the Group's subsidiaries and expatriates

meet their local tax filing obligations – non-audit-related services include various types of certifications, mainly those required by lessors concerning the revenue of certain stores, and specific checks run at the Group's request, mainly in countries where statutory audit is not required.

## 26. OTHER OPERATING INCOME AND EXPENSES

<i>(EUR millions)</i>	2022	2021	2020
Net gains/(losses) on disposals	(210)	9	(22)
Restructuring costs	3	-	(6)
Remeasurement of shares acquired prior to their initial consolidation	232	119	-
Transaction costs relating to the acquisition of consolidated companies	(25)	(18)	(35)
Impairment or amortization of brands, trade names, goodwill and other fixed assets	(50)	(89)	(235)
Other items, net	(3)	(16)	(35)
<b>Other operating income and expenses</b>	<b>(54)</b>	<b>4</b>	<b>(333)</b>

Net gains/(losses) on disposals mainly relate to Sephora's sale of its subsidiary in Russia, which was finalized in October 2022.

Impairment and amortization expenses recorded in 2022 were primarily for brands and goodwill.

In 2022, the remeasurement of shares acquired prior to their initial consolidation resulted from the acquisition of the remaining 60% stake in Mongoual SA, in which the Group previously held a 40% stake, recognized under "Investments in joint ventures and associates" (see Note 8).

## 27. NET FINANCIAL INCOME/(EXPENSE)

<i>(EUR millions)</i>	2022	2021	2020
Borrowing costs	(128)	4	(85)
Income from cash, cash equivalents and current available for sale financial assets	113	40	46
Fair value adjustment of borrowings and interest rate hedges	(2)	(3)	4
<b>Cost of net financial debt</b>	<b>(17)</b>	<b>41</b>	<b>(35)</b>
<b>Interest on lease liabilities</b>	<b>(254)</b>	<b>(242)</b>	<b>(281)</b>
Dividends received from non-current available for sale financial assets	8	10	12
Cost of foreign exchange derivatives	(358)	(206)	(262)
Fair value adjustment of available for sale financial assets	(225)	499	(4)
Other items, net	(42)	(49)	(38)
<b>Other financial income and expenses</b>	<b>(618)</b>	<b>254</b>	<b>(291)</b>
<b>Net financial income/(expense)</b>	<b>(888)</b>	<b>53</b>	<b>(608)</b>

Income from cash, cash equivalents and current available for sale financial assets comprises the following items:

<i>(EUR millions)</i>	2022	2021	2020
Income from cash and cash equivalents	49	27	38
Income from current available for sale financial assets <sup>(a)</sup>	65	13	8
<b>Income from cash, cash equivalents and current available for sale financial assets</b>	<b>113</b>	<b>40</b>	<b>46</b>

(a) Including 50 million euros related to dividends received as of December 31, 2022 (9 million euros as of December 31, 2021 and 5 million euros as of December 31, 2020).

The fair value adjustment of borrowings and interest rate hedges is attributable to the following items:

<i>(EUR millions)</i>	2022	2021	2020
Hedged financial debt	139	82	(39)
Hedging instruments	(135)	(80)	40
Unallocated derivatives	(6)	(5)	3
<b>Fair value adjustment of borrowings and interest rate hedges</b>	<b>(2)</b>	<b>(3)</b>	<b>4</b>

The cost of foreign exchange derivatives breaks down as follows:

<i>(EUR millions)</i>	2022	2021	2020
Cost of commercial foreign exchange derivatives	(348)	(196)	(234)
Cost of foreign exchange derivatives related to net investments denominated in foreign currency	(12)	3	(20)
Cost and other items related to other foreign exchange derivatives	3	(13)	(8)
<b>Cost of foreign exchange derivatives</b>	<b>(358)</b>	<b>(206)</b>	<b>(262)</b>

## 28. INCOME TAXES

### 28.1 Breakdown of the income tax expense

<i>(EUR millions)</i>	2022	2021	2020
Current income taxes for the fiscal year	(5,877)	(5,316)	(2,608)
Current income taxes relating to previous fiscal years	(18)	(20)	(13)
<b>Current income taxes</b>	<b>(5,896)</b>	<b>(5,336)</b>	<b>(2,620)</b>
Change in deferred income taxes	534	913	297
Impact of changes in tax rates on deferred income taxes	-	(87)	(85)
<b>Deferred income taxes</b>	<b>534</b>	<b>826</b>	<b>212</b>
<b>Total tax expense per income statement</b>	<b>(5,362)</b>	<b>(4,510)</b>	<b>(2,409)</b>
<b>Tax on items recognized in equity</b>	<b>(147)</b>	<b>89</b>	<b>(111)</b>

### 28.2 Breakdown of the net deferred tax asset/(liability)

The net deferred tax asset/(liability) broke down as follows:

<i>(EUR millions)</i>	2022	2021	2020
Deferred tax assets	3,661	3,156	2,325
Deferred tax liabilities	(6,952)	(6,704)	(5,481)
<b>Net deferred tax asset/(liability)</b>	<b>(3,290)</b>	<b>(3,549)</b>	<b>(3,156)</b>

### 28.3 Breakdown of the difference between statutory and effective tax rates

The effective tax rate is as follows:

(EUR millions)	2022	2021	2020
Profit before tax	20,113	17,208	7,364
Total tax expense	(5,362)	(4,510)	(2,409)
<b>Effective tax rate</b>	<b>26.7%</b>	<b>26.2%</b>	<b>32.7%</b>

The statutory tax rate – which is the rate applicable by law to the Group's French companies, including the 3.3% social security contribution – may be reconciled as follows to the effective tax rate disclosed in the consolidated financial statements:

(as % of income before tax)	2022	2021	2020
<b>French statutory tax rate</b>	<b>25.8</b>	<b>28.4</b>	<b>32.0</b>
Changes in tax rates	-	0.5	1.1
Differences in tax rates for foreign companies	(1.3)	(3.0)	(6.0)
Tax losses and tax loss carryforwards, and other changes in deferred tax	0.2	(3.2)	0.9
Differences between consolidated and taxable income, and income taxable at reduced rates	0.3	2.2	2.9
Tax on distribution <sup>(a)</sup>	1.7	1.3	1.8
<b>Effective tax rate of the Group</b>	<b>26.7</b>	<b>26.2</b>	<b>32.7</b>

(a) Tax on distribution is mainly related to intra-Group dividends.

The Group's effective tax rate was 26.7% in 2022, compared with 26.2% in 2021 and 32.7% in 2020. As of December 31, 2022, the effective tax rate was up 0.5 points from December 31, 2021, mainly due to the impact of taxes on intra-Group dividends.

### 28.4 Sources of deferred tax

#### In the income statement<sup>(a)</sup>

(EUR millions)	2022	2021	2020
Valuation of brands	(47)	350	(6)
Other revaluation adjustments	(51)	245	17
Gains and losses on available for sale financial assets	56	(125)	47
Gains and losses on hedges of future foreign currency cash flows	6	(9)	3
Provisions for contingencies and losses	18	121	43
Intra-Group margin included in inventories	268	120	(101)
Other consolidation adjustments	267	157	144
Losses carried forward	18	(30)	65
<b>Total</b>	<b>534</b>	<b>826</b>	<b>212</b>

(a) Income/(Expenses).

#### In equity<sup>(a)</sup>

(EUR millions)	2022	2021	2020
Fair value adjustment of vineyard land	18	(13)	4
Gains and losses on available for sale financial assets	-	-	-
Gains and losses on hedges of future foreign currency cash flows	(85)	161	(121)
Gains and losses on employee benefit commitments	(80)	(59)	6
<b>Total</b>	<b>(147)</b>	<b>89</b>	<b>(111)</b>

(a) Gains/(Losses).

**In the balance sheet<sup>(a)</sup>**

<i>(EUR millions)</i>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Valuation of brands	(5,525)	(5,326)	(3,871)
Fair value adjustment of vineyard land	(578)	(595)	(580)
Other revaluation adjustments	(589)	(615)	(893)
Gains and losses on available for sale financial assets	(90)	(144)	(18)
Gains and losses on hedges of future foreign currency cash flows	(2)	77	(78)
Provisions for contingencies and losses	882	945	719
Intra-Group margin included in inventories	1,209	936	802
Other consolidation adjustments	1,249	1,051	614
Losses carried forward	153	122	148
<b>Total</b>	<b>(3,290)</b>	<b>(3,549)</b>	<b>(3,156)</b>

(a) Asset/(Liability).

**28.5 Losses carried forward**

As of December 31, 2022, unused tax loss carryforwards and tax credits for which no assets were recognized (deferred tax assets or receivables) represented potential tax savings of 398 million euros (416 million euros in 2021 and 440 million euros in 2020).

**28.6 Tax consolidation**

France's tax consolidation system allows virtually all of the Group's French companies to combine their taxable profits to calculate the overall tax expense, for which only the consolidating parent company is liable. This tax consolidation system generated current tax savings of 66 million euros in 2022 (compared with tax savings of 91 million euros in 2021 and 251 million euros in 2020).

The other tax consolidation systems in place, notably in the United States, generated current tax savings of 54 million euros in 2022 (36 million euros in 2021 and 93 million euros in 2020).

**29. EARNINGS PER SHARE**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Net profit, Group share</b> <i>(EUR millions)</i>	<b>14,084</b>	<b>12,036</b>	<b>4,702</b>
Average number of shares outstanding during the fiscal year	504,157,339	504,757,339	505,000,128
Average number of treasury shares held during the fiscal year	(2,036,645)	(1,129,631)	(1,320,856)
<b>Average number of shares on which the calculation before dilution is based</b>	<b>502,120,694</b>	<b>503,627,708</b>	<b>503,679,272</b>
<b>Basic earnings per share</b> <i>(EUR)</i>	<b>28.05</b>	<b>23.90</b>	<b>9.33</b>
Average number of shares outstanding on which the above calculation is based	502,120,694	503,627,708	503,679,272
Dilutive effect of stock option and bonus share plans	359,406	267,884	530,861
Other dilutive effects	-	-	-
<b>Average number of shares on which the calculation after dilution is based</b>	<b>502,480,100</b>	<b>503,895,592</b>	<b>504,210,133</b>
<b>Diluted earnings per share</b> <i>(EUR)</i>	<b>28.03</b>	<b>23.89</b>	<b>9.32</b>

The LVMH share repurchase program that began on December 21, 2021 ended on January 14, 2022, and a new share repurchase program was launched on May 17, 2022 and ended on November 15, 2022 (see Note 16.3); the LVMH shares acquired

under these programs are taken into account in calculating earnings per share before dilution. Shares remaining to be acquired are not taken into account in calculating diluted earnings per share, in respect of "Other dilutive effects".

## 30. PROVISIONS FOR PENSIONS, CONTRIBUTION TO MEDICAL COSTS AND OTHER EMPLOYEE BENEFIT COMMITMENTS

### 30.1 Expense for the fiscal year

The expense recognized in the fiscal years presented for provisions for pensions, contribution to medical costs and other employee benefit commitments is as follows:

(EUR millions)	2022	2021	2020
Service cost	136	130	106
Net interest cost	15	15	8
Actuarial gains and losses	(3)	-	-
Changes in plans	8	(1)	(48)
<b>Total expense for the fiscal year for defined-benefit plans</b>	<b>157</b>	<b>145</b>	<b>66</b>

### 30.2 Net recognized commitment

(EUR millions)	Notes	2022	2021	2020
Benefits covered by plan assets		2,205	2,656	1,894
Benefits not covered by plan assets		362	472	250
<b>Defined-benefit obligation</b>		<b>2,567</b>	<b>3,128</b>	<b>2,144</b>
<b>Market value of plan assets</b>		<b>(2,005)</b>	<b>(2,299)</b>	<b>(1,397)</b>
<b>Net recognized commitment</b>		<b>562</b>	<b>829</b>	<b>747</b>
<i>Of which: Non-current provisions</i>	20	622	915	784
<i>Current provisions</i>	20	17	17	9
<i>Other assets</i>		(77)	(103)	(45)
<b>Total</b>		<b>562</b>	<b>829</b>	<b>747</b>

### 30.3 Breakdown of the change in the net recognized commitment

(EUR millions)	Defined benefit obligation	Market value of plan assets	Net recognized commitment
<b>As of December 31, 2021</b>	<b>3,128</b>	<b>(2,299)</b>	<b>829</b>
Service cost	136	-	136
Net interest cost	59	(44)	15
Payments to recipients	(138)	103	(35)
Contributions to plan assets	-	(117)	(117)
Employee contributions	12	(12)	-
Changes in scope and reclassifications	2	1	3
Changes in plans	8	-	8
Actuarial gains and losses <sup>(a)</sup>	(734)	428	(306)
<i>Of which: Experience adjustments</i>	49	428	477
<i>Changes in demographic assumptions</i>	(13)	-	(13)
<i>Changes in financial assumptions</i>	(770)	-	(770)
Translation adjustment	94	(66)	28
<b>As of December 31, 2022</b>	<b>2,567</b>	<b>(2,005)</b>	<b>562</b>

(a) (Gain)/Loss.



Actuarial gains and losses resulting from experience adjustments related to fiscal years 2018 to 2021 were as follows:

(EUR millions)	2018	2019	2020	2021
Experience adjustments on the defined-benefit obligation	4	31	(12)	(64)
Experience adjustments on the market value of plan assets	41	(82)	(67)	(112)
<b>Actuarial gains and losses resulting from experience adjustments<sup>(a)</sup></b>	<b>45</b>	<b>(51)</b>	<b>(79)</b>	<b>(176)</b>

(a) (Gain)/Loss.

The actuarial assumptions applied to estimate commitments in the main countries concerned were as follows:

(as %)	2022					2021					2020				
	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland	France	United States	United Kingdom	Japan	Switzerland
Discount rate <sup>(a)</sup>	3.38	5.18	4.78	1.27	1.50	0.70	2.89	1.74	1.00	0.06	0.44	2.49	1.43	1.00	0.05
Future salary increase rate	3.00	4.52	N/A	2.10	2.12	1.96	3.59	N/A	2.07	1.75	2.75	4.10	N/A	2.00	1.69

(a) Discount rates were determined with reference to market yields of AA-rated corporate bonds at the fiscal year in the countries concerned. Bonds with maturities comparable to those of the commitments were used.

N/A: Not applicable.

The assumed rate of increase of medical expenses in the United States is 5.2%.

A 1.5-point increase in the discount rate would result in a 229 million euro reduction in the amount of the defined-benefit obligation as of December 31, 2022; a 1.5-point decrease in the discount rate would result in a 243 million euro increase.

### 30.4 Breakdown of benefit obligations

The breakdown of the defined-benefit obligation by type of benefit plan is as follows:

(EUR millions)	2022	2021	2020
Supplementary pensions	2,102	2,601	1,627
Retirement bonuses and similar benefits	308	351	432
Medical costs of retirees	100	133	45
Length-of-service bonuses and other	57	43	40
<b>Defined-benefit obligation</b>	<b>2,567</b>	<b>3,128</b>	<b>2,144</b>

The geographic breakdown of the defined-benefit obligation is as follows:

(EUR millions)	2022	2021	2020
France	577	746	833
Europe (excl. France)	568	647	614
United States	1,183	1,514	506
Japan	148	164	137
Asia (excl. Japan)	49	49	47
Other countries	42	8	7
<b>Defined-benefit obligation</b>	<b>2,567</b>	<b>3,128</b>	<b>2,144</b>

The main components of the Group's net commitment for retirement and other defined-benefit obligations as of December 31, 2022 are as follows:

- In France:
  - These commitments include the commitment to the Group's senior executives and members of the Executive Committee, who were covered by a supplementary pension plan after a certain number of years of service, the amount

of which was determined on the basis of the average of their three highest amounts of annual compensation. Pursuant to the Order of July 3, 2019, this supplementary pension plan has been closed, and the rights frozen as of December 31, 2019.

- They also include end-of-career bonuses and long-service awards, the payment of which is determined by French law and collective bargaining agreements, respectively upon retirement or after a certain number of years of service.
- In Europe (excluding France), commitments concern defined-benefit pension plans set up in the United Kingdom by certain Group companies; participation by Group companies in Switzerland in the mandatory Swiss occupational pension plan, the LPP (*Loi pour la Prévoyance Professionnelle*); and in Italy the TFR (*Trattamento di Fine Rapporto*), a legally required end-of-service allowance, paid regardless of the reason for the employee's departure from the company;
- In the United States, the commitment relates to defined-benefit pension plans or retiree healthcare coverage set up by certain Group companies, Tiffany in particular. Most of the commitment concerns qualified pension plans as defined in the United States Internal Revenue Code.

### 30.5 Breakdown of related plan assets

The breakdown of the market value of plan assets by type of investment is as follows:

<i>(as % of market value of related plan assets)</i>	2022	2021	2020
Shares	26	30	22
Bonds			
– Private issues	34	28	32
– Public issues	12	13	9
Cash, investment funds, real estate and other assets	28	29	37
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

These assets do not include debt securities issued by Group companies, or any LVMH shares for significant amounts. The Group plans to increase the related plan assets in 2023 by paying in approximately 117 million euros.

## 31. OFF-BALANCE SHEET COMMITMENTS

### 31.1 Purchase commitments

<i>(EUR millions)</i>	2022	2021	2020
Grapes, wines and <i>eaux-de-vie</i>	3,138	2,843	2,725
Other purchase commitments for raw materials	810	759	250
Industrial and commercial fixed assets	1,173	715	428
Investments in joint venture shares and non-current available for sale financial assets	181	317	13,237

Some Wines and Spirits companies have contractual purchase arrangements with various local producers for the future supply of grapes, still wines and *eaux-de-vie*. These commitments are valued, depending on the nature of the purchases, on the basis of the contractual terms or known fiscal year-end prices and estimated production yields.

As of December 31, 2020, share purchase commitments included the impact of LVMH's commitment to acquire, for cash, all the shares of Tiffany & Co. ("Tiffany"), for a total of 16.1 billion US dollars. The transaction was completed on January 7, 2021. See also Note 2.2.

As of December 31, 2022, the maturity schedule of these commitments was as follows:

<i>(EUR millions)</i>	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Grapes, wines and <i>eaux-de-vie</i>	1,021	1,847	270	3,138
Other purchase commitments for raw materials	592	218	-	810
Industrial and commercial fixed assets	825	197	151	1,173
Investments in joint venture shares and non-current available for sale financial assets	181	-	-	181

### 31.2 Collateral and other guarantees

As of December 31, 2022, these commitments broke down as follows:

(EUR millions)	2022	2021	2020
Securities and deposits	415	415	444
Other guarantees	328	162	169
<b>Guarantees given</b>	<b>744</b>	<b>577</b>	<b>613</b>
<b>Guarantees received</b>	<b>(53)</b>	<b>(65)</b>	<b>(47)</b>

The maturity dates of these commitments are as follows:

(EUR millions)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Securities and deposits	323	74	19	415
Other guarantees	215	101	12	328
<b>Guarantees given</b>	<b>537</b>	<b>175</b>	<b>31</b>	<b>744</b>
<b>Guarantees received</b>	<b>(32)</b>	<b>(13)</b>	<b>(7)</b>	<b>(53)</b>

### 31.3 Other commitments

The Group is not aware of any significant off-balance sheet commitments other than those described above.

## 32. EXCEPTIONAL EVENTS AND LITIGATION

As part of its day-to-day management, the Group may be party to various legal proceedings concerning trademark rights, personal data protection, the protection of intellectual property rights, the protection of selective retailing networks, consumer protection, licensing agreements, employee relations, tax audits, and any other matters inherent to its business. The Group believes that the provisions recorded in the balance sheet in respect of these risks, litigation proceedings and disputes that are in progress

and any others of which it is aware at the year-end, are sufficient to avoid its consolidated financial position being materially impacted in the event of an unfavorable outcome.

To the best of the Company's knowledge, there are no pending or impending administrative, judicial or arbitration procedures that are likely to have, or have had over the twelve-month period under review, any significant impact on the Group's financial position or profitability.

## 33. RELATED-PARTY TRANSACTIONS

### 33.1 Relations of LVMH with Christian Dior and Agache

The LVMH group is consolidated in the accounts of Christian Dior, a public company listed on the Euronext Paris and controlled by Agache via its subsidiary Financière Agache.

Agache, which has specialist teams, provides assistance to the LVMH group, primarily in the areas of financial engineering,

strategy, development, and corporate and real estate law. Agache also leases office premises to the LVMH group.

Conversely, the LVMH group provides various administrative and operational services and leases real estate and movable property assets to Agache and some of its subsidiaries.

Transactions between LVMH and Agache and its subsidiaries may be summarized as follows:

<i>(EUR millions)</i>	2022	2021	2020
Amounts billed by Agache, Financière Agache and Christian Dior to LVMH	(4)	(2)	(2)
Amount payable outstanding as of December 31	(1)	-	-
Amounts billed by LVMH to Agache, Financière Agache and Christian Dior	12	9	9
Amount receivable outstanding as of December 31	4	3	2

### 33.2 Relations with Diageo

Moët Hennessy SAS and Moët Hennessy International SAS (hereinafter referred to as “Moët Hennessy”) hold the LVMH group’s investments in the Wines and Spirits business group, with the exception of Château d’Yquem, Château Cheval Blanc, Domaine du Clos des Lambrays, Colgin Cellars and certain champagne vineyards. Diageo holds a 34% stake in Moët Hennessy. When that holding was acquired in 1994, an agreement was entered into between Diageo and LVMH for the

apportionment of shared holding company costs between Moët Hennessy and the other holding companies of the LVMH group.

Under this agreement, Moët Hennessy assumed 12% of shared costs in 2022 (13% in 2021 and 14% in 2020), and accordingly re-invoiced the excess costs incurred to LVMH SE. After re-invoicing, the amount of shared costs assumed by Moët Hennessy came to 21 million euros for 2022 (19 million euros in 2021 and 22 million euros in 2020).

### 33.3 Relations with the Fondation Louis Vuitton

In 2014, the Fondation Louis Vuitton opened a modern and contemporary art museum in Paris. The LVMH group finances the Fondation as part of its corporate giving initiatives. Its net contributions to this project are included in “Property, plant

and equipment” and are depreciated from the time the museum opened (2014) over the remaining duration of the public property use agreement awarded by the City of Paris.

### 33.4 Executive bodies

The total compensation paid to the members of the Executive Committee and the Board of Directors, in respect of their functions within the Group, breaks down as follows:

<i>(EUR millions)</i>	2022	2021	2020
Gross compensation, employer social security contributions and benefits in kind	94	78	72
Post-employment benefits	-	-	(20)
Other long-term benefits	7	(5)	22
End-of-contract bonuses	2	-	-
Cost of stock option and similar plans	84	97	25
<b>Total</b>	<b>187</b>	<b>170</b>	<b>99</b>

The commitment recognized as of December 31, 2022 for post-employment benefits net of related plan assets was 24 million euros (71 million euros as of December 31, 2021 and 96 million euros as of December 31, 2020).

## 34. SUBSEQUENT EVENTS

No significant subsequent events occurred between December 31, 2022 and January 26, 2023, the date at which the financial statements were approved for publication by the Board of Directors.

CONSOLIDATED COMPANIES

Company	Registered office	Method of consolidation	Ownership interest	Company	Registered office	Method of consolidation	Ownership interest
<b>WINES AND SPIRITS</b>							
The Glenmorangie Company	Edinburgh, United Kingdom	FC	66%	Hennessy Dublin	Dublin, Ireland	FC	66%
Macdonald & Muir Ltd	Edinburgh, United Kingdom	FC	66%	Edward Dillon & Co. Ltd	Dublin, Ireland	EM	26%
Ardbeg Distillery Limited	Edinburgh, United Kingdom	FC	66%	Hennessy Far East	Hong Kong, China	FC	65%
Glenmorangie Distillery Co. Ltd	Edinburgh, United Kingdom	FC	66%	Moët Hennessy Diageo Hong Kong	Hong Kong, China	JV	66%
James Martin & Company Ltd	Edinburgh, United Kingdom	FC	66%	Riche Monde (China)	Hong Kong, China	JV	66%
Nicol Anderson & Co. Ltd	Edinburgh, United Kingdom	FC	66%	Moët Hennessy Diageo Macau	Macao, China	JV	66%
SAS Château d'Esclans	La Motte, France	FC	66%	Moët Hennessy Diageo Singapore Pte	Singapore	JV	66%
Caves d'Esclans	La Motte, France	FC	66%	Moët Hennessy Diageo Malaysia Sdn.	Kuala Lumpur, Malaysia	JV	66%
Esclans Estate	La Motte, France	FC	66%	Moët Hennessy Cambodia Co.	Phnom Penh, Cambodia	FC	34%
MHCS	Épernay, France	FC	66%	Moët Hennessy Philippines	Makati, Philippines	FC	49%
Moët Hennessy Italia SpA	Milan, Italy	FC	66%	Diageo Moët Hennessy Thailand	Bangkok, Thailand	JV	66%
Société Civile des Crus de Champagne	Reims, France	FC	66%	Moët Hennessy Shanghai	Shanghai, China	FC	66%
Moët Hennessy UK	London, United Kingdom	FC	66%	Moët Hennessy India	Mumbai, India	FC	66%
Moët Hennessy España	Barcelona, Spain	FC	66%	Jas Hennessy Taiwan	Taipei, Taiwan	FC	65%
Moët Hennessy Portugal	Lisbon, Portugal	FC	66%	Moët Hennessy Diageo China Company	Shanghai, China	JV	66%
Moët Hennessy (Suisse)	Geneva, Switzerland	FC	66%	Moët Hennessy Distribution Russia	Moscow, Russia	FC	66%
Moët Hennessy Deutschland GmbH	Munich, Germany	FC	66%	Moët Hennessy Vietnam Importation Co.	Ho Chi Minh City, Vietnam	FC	65%
Moët Hennessy Entreprise Adaptée	Épernay, France	FC	66%	Moët Hennessy Vietnam Distribution	Ho Chi Minh City, Vietnam	FC	33%
SCEA Les Fourmettes	Monthelon, France	FC	66%	Shareholding Co.			
Champagne Des Moutiers	Épernay, France	FC	66%	Moët Hennessy Russia	Moscow, Russia	FC	66%
Moët Hennessy de Mexico	Mexico City, Mexico	FC	66%	MH Champagnes and Wines Korea Ltd	Icheon, South Korea	FC	66%
Chamfipar	Épernay, France	FC	66%	MHD Moët Hennessy Diageo	Tokyo, Japan	JV	66%
Société Viticole de Reims	Épernay, France	FC	66%	Moët Hennessy Asia Pacific Pte Ltd	Singapore	FC	65%
Compagnie Française du Champagne et du Luxe	Épernay, France	FC	66%	Moët Hennessy Australia	Mascot, Australia	FC	65%
Champagne Bernard Breuzon	Colombé-le-Sec, France	FC	66%	Polmos Żyrdarów Sp. z o.o.	Zyrdarów, Poland	FC	66%
Moët Hennessy Belux	Brussels, Belgium	FC	66%	Woodinville Whiskey Company LLC	Washington, USA	FC	66%
Champagne De Mansin	Gyé-sur-Seine, France	FC	66%	RUM Entreprise	Paris, France	FC	66%
Moët Hennessy Österreich	Vienna, Austria	FC	66%	Agrotequilera de Jalisco	Mexico City, Mexico	EM	33%
Moët Hennessy Polska	Warsaw, Poland	FC	66%	Cravan	Paris, France	FC	66%
Moët Hennessy Suomi	Helsinki, Finland	FC	66%	<b>FASHION AND LEATHER GOODS</b>			
Moët Hennessy Czech Republic	Prague, Czech Republic	FC	66%	Manufacture de Souliers Louis Vuitton	Fiesso d'Artico, Italy	FC	100%
Moët Hennessy Sverige	Stockholm, Sweden	FC	66%	Louis Vuitton Malletier	Paris, France	FC	100%
Moët Hennessy Norge	Sandvika, Norway	FC	66%	Louis Vuitton Saint-Barthélemy	Saint-Barthélemy, French Antilles	FC	100%
Moët Hennessy Danmark	Copenhagen, Denmark	FC	66%	Louis Vuitton Cantacilik Ticaret	Istanbul, Turkey	FC	100%
Moët Hennessy Services UK	London, United Kingdom	FC	66%	Louis Vuitton Editeur	Paris, France	FC	100%
Moët Hennessy Turkey	Istanbul, Turkey	FC	66%	Louis Vuitton International	Paris, France	FC	100%
Moët Hennessy South Africa Pty Ltd	Johannesburg, South Africa	FC	66%	Société des Ateliers Louis Vuitton	Paris, France	FC	100%
SCEV 4F	Épernay, France	FC	66%	Les Ateliers Joailliers Louis Vuitton	Paris, France	FC	100%
Moët Hennessy Nigeria	Lagos, Nigeria	FC	66%	Manufacture des Accessoires Louis Vuitton	Fiesso d'Artico, Italy	FC	100%
SAS Champagne Manuel Janisson	Verzenay, France	FC	66%	Louis Vuitton Bahrain WLL	Manama, Bahrain	FC	75%
SCI JVIGNOBLES	Verzenay, France	FC	66%	Société Louis Vuitton Services	Paris, France	FC	100%
Moët Hennessy Middle East FZE	Dubai, United Arab Emirates	FC	66%	Louis Vuitton Qatar LLC	Doha, Qatar	FC	73%
Moët Hennessy Nederland	Baarn, Netherlands	FC	66%	Société des Magasins Louis Vuitton France	Paris, France	FC	100%
Moët Hennessy USA	New York, USA	FC	66%	Belle Jardinière	Paris, France	FC	100%
MHD Moët Hennessy Diageo	Courbevoie, France	JV	66%	La Fabrique du Temps Louis Vuitton	Meyrin, Switzerland	FC	100%
SA du Château d'Yquem	Sauternes, France	FC	97%	Louis Vuitton Monaco	Monte Carlo, Monaco	FC	100%
SC du Château d'Yquem	Sauternes, France	FC	97%	ELV	Paris, France	FC	100%
Société Civile Cheval Blanc (SCCB)	Saint-Émilion, France	EM	50%	Louis Vuitton Services Europe	Brussels, Belgium	FC	100%
Société du Domaine des Lambrays	Morey-Saint-Denis, France	FC	100%	Louis Vuitton UK	London, United Kingdom	FC	100%
Colgin Cellars	California, USA	FC	60%	Louis Vuitton Ireland	Dublin, Ireland	FC	100%
Chandon International	Paris, France	FC	66%	Louis Vuitton Deutschland	Munich, Germany	FC	100%
Domaine Chandon, Inc.	California, USA	FC	66%	Louis Vuitton Ukraine	Kiev, Ukraine	FC	100%
Dioniso Srl	Sesto San Giovanni, Italy	JV	33%	Manufacture de Maroquinerie et Accessoires Louis Vuitton	Barcelona, Spain	FC	100%
Moët Hennessy Do Brasil - Vinhos E Destilados	São Paulo, Brazil	FC	66%	Atepele - Ateliers des Pontes de Lima	Calvelo, Portugal	FC	100%
Bodegas Chandon Argentina	Buenos Aires, Argentina	FC	66%	Louis Vuitton Netherlands	Amsterdam, Netherlands	FC	100%
Domaine Chandon Australia Pty	Coldstream, Victoria, Australia	FC	66%	Louis Vuitton Belgium	Brussels, Belgium	FC	100%
Domaine Chandon (Ningxia)	Yinchuan, China	FC	66%	Louis Vuitton Luxembourg	Luxembourg	FC	100%
Moët Hennessy Co. Ltd				Louis Vuitton Hellas	Athens, Greece	FC	100%
Moët Hennessy Chandon (Ningxia) Vineyards Co. Ltd	Yinchuan, China	FC	40%	Louis Vuitton Portugal Maleiro	Lisbon, Portugal	FC	100%
Ace of Spades Holdings LLC	New York, USA	FC	33%	Louis Vuitton Israel	Tel Aviv, Israel	FC	100%
Cheval des Andes	Buenos Aires, Argentina	EM	33%	Louis Vuitton Denmark	Copenhagen, Denmark	FC	100%
Cape Mentelle Vineyards Ltd	Margaret River, Australia	FC	66%	Louis Vuitton Aktiebolag	Stockholm, Sweden	FC	100%
Veuve Clicquot Pties Pty Ltd	Margaret River, Australia	FC	66%	Louis Vuitton Suisse	Meyrin, Switzerland	FC	100%
Cloudy Bay Vineyards Ltd	Blenheim, New Zealand	FC	66%	Louis Vuitton Polska Sp. Z O.O.	Warsaw, Poland	FC	100%
Moët Hennessy Shangri-La (Deqin) Winery Company	Deqin, China	FC	53%	Louis Vuitton Ceska	Prague, Czech Republic	FC	100%
Newton Vineyard LLC	California, USA	FC	66%	Louis Vuitton Österreich	Vienna, Austria	FC	100%
Château du Galoupet	La Londe-les-Maures, France	FC	66%	Louis Vuitton Kazakhstan	Almaty, Kazakhstan	FC	100%
Joseph Phelps Vineyards	California, USA	FC	66%	Louis Vuitton US Manufacturing, Inc.	California, USA	FC	100%
Jas Hennessy & Co.	Cognac, France	FC	65%	Somarest	Sibiu, Romania	FC	100%
Distillerie de la Groie	Cognac, France	FC	65%	Louis Vuitton Hawaii, Inc.	Hawaii, USA	FC	100%
SICA de Bagnolet	Cognac, France	FC	4%	Louis Vuitton Guam, Inc.	Tamuning, Guam	FC	100%
Sodepa	Cognac, France	FC	65%	Louis Vuitton Saipan Inc.	Saipan, Northern Mariana Islands	FC	100%
Diageo Moët Hennessy BV	Amsterdam, Netherlands	JV	66%	Louis Vuitton Norge	Oslo, Norway	FC	100%
				San Dimas Luggage Company	California, USA	FC	100%

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated companies

Company	Registered office	Method of consolidation	Ownership interest	Company	Registered office	Method of consolidation	Ownership interest
Louis Vuitton North America, Inc.	New York, USA	FC	100%	LVMH Fashion Group Support	Paris, France	FC	100%
Louis Vuitton USA, Inc.	New York, USA	FC	100%	Berluti SA	Paris, France	FC	100%
Louis Vuitton Liban Retail SAL	Beirut, Lebanon	FC	95%	Berluti Monaco	Monte Carlo, Monaco	FC	100%
Louis Vuitton Vietnam Company Limited	Hanoi, Vietnam	FC	100%	Manifattura Berluti Srl	Ferrara, Italy	FC	100%
Louis Vuitton Suomi	Helsinki, Finland	FC	100%	Berluti LLC	New York, USA	FC	100%
Louis Vuitton Romania Srl	Bucharest, Romania	FC	100%	Berluti UK Limited (Company)	London, United Kingdom	FC	100%
LVMH Fashion Group Brasil Ltda	São Paulo, Brazil	FC	100%	Berluti Deutschland GmbH	Munich, Germany	FC	100%
Louis Vuitton Panama, Inc.	Panama City, Panama	FC	100%	Berluti Macau Company Limited	Macao, China	FC	100%
Louis Vuitton Mexico	Mexico City, Mexico	FC	100%	Berluti Singapore Private Ltd	Singapore	FC	100%
Louis Vuitton Chile Spa	Santiago de Chile, Chile	FC	100%	Berluti (Shanghai) Company Limited	Shanghai, China	FC	100%
Louis Vuitton (Aruba)	Oranjestad, Aruba	FC	100%	Berluti Taiwan Ltd	Taipei, Taiwan	FC	100%
Louis Vuitton Republica Dominicana	Santo Domingo, Dominican Republic	FC	100%	Berluti Hong Kong Company Limited	Hong Kong, China	FC	100%
Louis Vuitton Argentina	Buenos Aires, Argentina	FC	100%	Berluti Orient FZ LLC	Ras Al Khaimah, United Arab Emirates	FC	65%
Louis Vuitton Peru Srl	Lima, Peru	FC	100%	Berluti EAU LLC	Dubai, United Arab Emirates	FC	65%
Louis Vuitton Pacific	Hong Kong, China	FC	100%	Berluti Korea Company Ltd	Seoul, South Korea	FC	75%
Louis Vuitton Hong Kong Limited	Hong Kong, China	FC	100%	Berluti Australia	Sydney, Australia	FC	100%
Louis Vuitton (Philippines) Inc.	Makati, Philippines	FC	100%	Berluti Japan KK	Tokyo, Japan	FC	99%
Louis Vuitton Singapore Pte Ltd	Singapore	FC	100%	Berluti Italia Srl	Milan, Italy	FC	100%
LV Information & Operation Services Pte Ltd	Singapore	FC	100%	Rossmoda	Vigonza, Italy	FC	100%
PT Louis Vuitton Indonesia	Jakarta, Indonesia	FC	98%	Rossmoda Romania	Cluj-Napoca, Romania	FC	100%
Louis Vuitton (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%	LVMH Fashion Group Services	Paris, France	FC	100%
Louis Vuitton (Thailand) Société Anonyme	Bangkok, Thailand	FC	100%	Interlux Company	Hong Kong, China	FC	100%
Louis Vuitton Taiwan Ltd	Taipei, Taiwan	FC	100%	John Galliano SA	Paris, France	FC	100%
Louis Vuitton Australia Pty Ltd	Sydney, Australia	FC	100%	Loro Piana	Quarona, Italy	FC	85%
Louis Vuitton (China) Co. Ltd	Shanghai, China	FC	100%	Loro Piana Switzerland	Lugano, Switzerland	FC	85%
Louis Vuitton New Zealand	Auckland, New Zealand	FC	100%	Loro Piana France	Paris, France	FC	85%
Louis Vuitton Kuwait WLL	Kuwait City, Kuwait	FC	37%	Loro Piana	Munich, Germany	FC	85%
Louis Vuitton India Retail Private Limited	Gurugram, India	FC	100%	Loro Piana GB	London, United Kingdom	FC	85%
Louis Vuitton EAU LLC	Dubai, United Arab Emirates	FC	75%	LG Distribution LLC	Delaware, USA	FC	85%
Louis Vuitton Saudi Arabia Ltd	Jeddah, Saudi Arabia	FC	75%	Warren Corporation	Connecticut, USA	FC	85%
Louis Vuitton Middle East	Dubai, United Arab Emirates	FC	75%	Loro Piana & C.	New York, USA	FC	85%
Louis Vuitton - Jordan PSC	Amman, Jordan	FC	95%	Loro Piana USA	New York, USA	FC	85%
Louis Vuitton Orient LLC	Ras Al Khaimah, United Arab Emirates	FC	75%	Loro Piana (HK)	Hong Kong, China	FC	85%
L.D. Manufacture Srl	Sant'Antimo, Italy	FC	90%	Loro Piana (Shanghai) Commercial Co.	Shanghai, China	FC	85%
Microedge Sàrl	Vernier, Switzerland	FC	100%	Loro Piana (Shanghai) Textile Trading Co.	Shanghai, China	FC	85%
LV Qatar Airport QFZ LLC	Doha, Qatar	FC	100%	Loro Piana Mongolia	Ulaanbaatar, Mongolia	FC	85%
Louis Vuitton Korea Ltd	Seoul, South Korea	FC	100%	Loro Piana Korea Co.	Seoul, South Korea	FC	85%
LV Investments SAS	Paris, France	FC	100%	Loro Piana (Macao)	Macao, China	FC	85%
Gérald G.	Meyrin, Switzerland	FC	100%	Loro Piana Monaco	Monte Carlo, Monaco	FC	85%
Daniel R.	Meyrin, Switzerland	FC	100%	Loro Piana España	Madrid, Spain	FC	85%
LVMH Fashion Group Trading Korea Ltd	Seoul, South Korea	FC	100%	Loro Piana Japan Co.	Tokyo, Japan	FC	85%
Louis Vuitton Hungaria Kft.	Budapest, Hungary	FC	100%	Loro Piana Far East	Singapore	FC	85%
Louis Vuitton Vostok	Moscow, Russia	FC	100%	Loro Piana Peru	Lucanas, Peru	FC	85%
LV Colombia SAS	Santa Fé de Bogota, Colombia	FC	100%	Manifattura Loro Piana	Sillavengo, Italy	FC	85%
Louis Vuitton Maroc	Casablanca, Morocco	FC	100%	Loro Piana Oesterreich	Vienna, Austria	FC	85%
Louis Vuitton South Africa	Johannesburg, South Africa	FC	100%	Loro Piana Czech Republic	Prague, Czech Republic	FC	85%
Louis Vuitton Macau Company Limited	Macao, China	FC	100%	Loro Piana Canada	Toronto, Canada	FC	85%
Louis Vuitton Japan KK	Tokyo, Japan	FC	99%	Cashmere Lifestyle Luxury Trading LLC	Dubai, United Arab Emirates	FC	51%
Louis Vuitton Services KK	Tokyo, Japan	FC	99%	Loro Piana Mexico SA de CV	Naucalpan, Mexico	FC	85%
Louis Vuitton Canada, Inc.	Toronto, Canada	FC	100%	Vicuna Trading WLL	Doha, Qatar	FC	53%
Louis Vuitton Italia Srl	Milan, Italy	FC	100%	HLL Holding Pte Ltd	Singapore	FC	100%
Marc Jacobs International	New York, USA	FC	80%	Heng Long International Ltd	Singapore	FC	100%
Marc Jacobs International (UK)	London, United Kingdom	FC	80%	Heng Long Leather Co. (Pte) Ltd	Singapore	FC	100%
Marc Jacobs Trademarks	New York, USA	FC	80%	Heng Long Leather (Guangzhou) Co. Ltd	Guangzhou, China	FC	100%
Marc Jacobs Japan	Tokyo, Japan	FC	80%	HL Australia Proprietary Ltd	Sydney, Australia	FC	100%
Marc Jacobs International France	Paris, France	FC	80%	Starke Holding	Florida, USA	FC	100%
Marc Jacobs Commercial and Trading (Shanghai) Co.	Shanghai, China	FC	80%	Cypress Creek Farms	Florida, USA	FC	100%
Marc Jacobs Hong Kong	Hong Kong, China	FC	80%	The Florida Alligator Company	Florida, USA	FC	100%
Marc Jacobs Holdings	New York, USA	FC	80%	Pellefina	Florida, USA	FC	100%
Marc Jacobs Hong Kong Distribution Company	Hong Kong, China	FC	80%	Sofpar 126	Paris, France	FC	100%
Marc Jacobs Macau Distribution Company	Macao, China	FC	80%	LVMH Métiers d'Art	Paris, France	FC	100%
Marc Jacobs Canada	Toronto, Canada	FC	80%	Tanneries Roux	Romans-sur-Isère, France	FC	100%
Loewe	Madrid, Spain	FC	100%	Jade Creation	Albergaria-a-Velha, Portugal	FC	55%
Loewe Hermanos	Madrid, Spain	FC	100%	Jade Jewellery	Paris, France	FC	55%
Manufacturas Loewe	Madrid, Spain	FC	100%	Off-White LLC	New York, USA	FC	100%
LVMH Fashion Group France	Paris, France	FC	100%	Off-White Operating Srl	Milan, Italy	EM	25%
Loewe Hermanos UK	London, United Kingdom	FC	100%	Jean Patou SAS	Paris, France	FC	70%
Loewe Hong Kong	Hong Kong, China	FC	100%	Rimowa GmbH	Cologne, Germany	FC	100%
Loewe Commercial and Trading (Shanghai) Co.	Shanghai, China	FC	100%	Rimowa GmbH & Co Distribution KG	Cologne, Germany	FC	100%
Loewe Fashion	Singapore	FC	100%	Rimowa Electronic Tag GmbH	Cologne, Germany	FC	100%
Loewe Taiwan	Taipei, Taiwan	FC	100%	Rimowa CZ spol. s r.o.	Pelhrimov, Czech Republic	FC	100%
Loewe Macau Company	Macao, China	FC	100%	Rimowa America Do Sul Malas	São Paulo, Brazil	FC	100%
Loewe Alemania	Frankfurt, Germany	FC	100%	De Viagem Ltda			
Loewe Italy	Milan, Italy	FC	100%	Rimowa North America Inc.	Cambridge, Canada	FC	100%
Loewe Holanda BV	Amsterdam, Netherlands	FC	100%	Rimowa Inc.	New York, USA	FC	100%
Loewe LLC	New York, USA	FC	100%	Rimowa Distribution Inc.	New York, USA	FC	100%
Loewe Australia	Sydney, Australia	FC	100%	Rimowa Far East Limited	Hong Kong, China	FC	100%
Loewe Korea Ltd	Seoul, South Korea	FC	100%	Rimowa Macau Limited	Macao, China	FC	100%
Loewe JV Middle East WLL	Dubai, United Arab Emirates	FC	65%	Rimowa Japan Co. Ltd	Tokyo, Japan	FC	100%
				Rimowa France SARL	Paris, France	FC	100%
				Rimowa Italy Srl	Milan, Italy	FC	100%
				Rimowa Netherlands BV	Amsterdam, Netherlands	FC	100%



Company	Registered office	Method of consolidation	Ownership interest	Company	Registered office	Method of consolidation	Ownership interest
Rimowa Spain SLU	Madrid, Spain	FC	100%	Dior Grèce Société Anonyme	Athens, Greece	FC	100%
Rimowa Great Britain Limited	London, United Kingdom	FC	100%	Garments Trading			
Rimowa Austria GmbH	Innsbruck, Austria	FC	100%	CDC General Trading LLC	Dubai, United Arab Emirates	FC	80%
Rimowa Schweiz AG	Dübendorf, Switzerland	FC	100%	Christian Dior Istanbul	Istanbul, Turkey	FC	100%
110 Vondrau Holdings Inc.	Cambridge, Canada	FC	100%	Magazacilik Anonim Sirketi			
Rimowa China	Shanghai, China	FC	100%	Christian Dior Couture Qatar LLC	Doha, Qatar	FC	82%
Rimowa International	Paris, France	FC	100%	Christian Dior Couture Bahrain W.L.L.	Manama, Bahrain	FC	84%
Rimowa Group Services	Paris, France	FC	100%	PT Fashion Indonesia Trading Company	Jakarta, Indonesia	FC	100%
Rimowa Middle East FZ.LLC	Dubai, United Arab Emirates	FC	100%	Christian Dior Couture Ukraine	Kiev, Ukraine	FC	100%
Rimowa Korea Ltd	Seoul, South Korea	FC	100%	CDCG FZCO	Dubai, United Arab Emirates	FC	85%
Rimowa Orient Trading-LLC	Dubai, United Arab Emirates	FC	100%	COU.BO Srl	Arzano, Italy	FC	100%
Rimowa Singapore	Singapore	FC	100%	Christian Dior Netherlands BV	Amsterdam, Netherlands	FC	100%
Rimowa Australia	Sydney, Australia	FC	100%	Christian Dior Vietnam Limited	Hanoi, Vietnam	FC	100%
Rimowa Group GmbH	Cologne, Germany	FC	100%	Liability Company			
Rimowa Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%	Vermont	Paris, France	FC	100%
Anin Star Holding Limited	London, United Kingdom	EM	49%	Christian Dior Couture Kazakhstan	Almaty, Kazakhstan	FC	100%
Stella McCartney Limited	London, United Kingdom	EM	49%	Christian Dior Austria GmbH	Vienna, Austria	FC	100%
Stella McCartney America, Inc.	Delaware, USA	EM	49%	Manufactures Dior Srl	Milan, Italy	FC	100%
Stella McCartney France SAS	Paris, France	EM	49%	Christian Dior Couture Azerbaijan	Baku, Azerbaijan	FC	100%
Stella McCartney Spain SL	Barcelona, Spain	EM	49%	Draupnir SA	Luxembourg	FC	100%
Stella McCartney Italia Srl a socio unico	Milan, Italy	EM	49%	Myolnir SA	Luxembourg	FC	100%
Stella McCartney (Shanghai) Trading Limited	Shanghai, China	EM	49%	CD Philippines	Makati, Philippines	FC	100%
Stella McCartney Japan Limited	Tokyo, Japan	EM	49%	Christian Dior Couture Luxembourg SA	Luxembourg	FC	100%
Stella McCartney Hong Kong Limited	Harbour City, China	EM	49%	Les Ateliers Horlogers Dior	La Chaux-de-Fonds, Switzerland	FC	100%
Luxury Fashion (L.F.) SA	Candempino, Switzerland	EM	49%				
Thélios	Longarone, Italy	FC	100%	Dior Montres	Paris, France	FC	100%
Thélios France	Paris, France	FC	100%	Christian Dior Couture Canada Inc.	Toronto, Canada	FC	100%
Thélios USA Inc.	New Jersey, USA	FC	100%	IDMC Manufacture	Limoges, France	FC	100%
Thélios Asia Pacific Limited	Harbour City, China	FC	100%	GINZA SA	Luxembourg	FC	100%
Thélios Deutschland GmbH	Cologne, Germany	FC	100%	GFEC. Srl	Casoria, Italy	FC	100%
Thélios Switzerland GmbH	Zurich, Switzerland	FC	100%	CDC Kuwait Fashion Accessories WLL	Kuwait City, Kuwait	FC	85%
Thélios Iberian Peninsula SL	Barcelona, Spain	FC	100%	Aurelia Solutions Srl	Milan, Italy	FC	100%
Thélios Portugal, Unipessoal Lda.	Lisbon, Portugal	FC	100%	Lemanus	Luxembourg	FC	100%
Thélios UK	London, United Kingdom	FC	100%	LikeABee	Lisbon, Portugal	FC	100%
Thélios Eyewear (Shanghai) Co. Ltd	Shanghai, China	FC	100%	CD Norway AS	Oslo, Norway	FC	100%
Thélios Nordics AB	Stockholm, Sweden	FC	100%	Cador	Florence, Italy	FC	100%
Thélios Australia Pty Ltd	Brisbane, Australia	FC	100%	Christian Dior Couture Ireland	Dublin, Ireland	FC	100%
Christian Dior Couture Korea Ltd	Seoul, South Korea	FC	100%	Christian Dior Portugal, Unipessoal LDA	Lisbon, Portugal	FC	100%
Christian Dior KK	Tokyo, Japan	FC	100%	CD Montenegro	Podgorica, Montenegro	FC	100%
Christian Dior Inc.	New York, USA	FC	100%	Christian Dior Couture Travel	Doha, Qatar	FC	100%
Christian Dior Far East Ltd	Hong Kong, China	FC	100%	Retail Company			
Christian Dior Hong Kong Ltd	Hong Kong, China	FC	100%	Christian Dior Couture Saint-Barthélemy	Saint-Barthélemy, French Antilles	FC	100%
Christian Dior Fashion (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%				
Christian Dior Singapore Pte Ltd	Singapore	FC	100%	JW Anderson Limited	London, United Kingdom	EM	46%
Christian Dior Australia Pty Ltd	Sydney, Australia	FC	100%	JW Anderson China	Shanghai, China	EM	46%
Christian Dior New Zealand Ltd	Auckland, New Zealand	FC	100%	Celine SA	Paris, France	FC	100%
Christian Dior Taiwan Limited	Taipei, Taiwan	FC	100%	Avenue M International SCA	Paris, France	FC	100%
Oteline	Rillieux-la-Pape, France	FC	90%	Enilec Gestion SARL	Paris, France	FC	100%
161 NBS Ltd	London, United Kingdom	FC	100%	Celine Montaigne SAS	Paris, France	FC	100%
FG Manufacture	Villeurbanne, France	FC	100%	Celine Monte-Carlo SA	Monte Carlo, Monaco	FC	100%
Rubens	Florence, Italy	FC	100%	Celine Germany GmbH	Berlin, Germany	FC	100%
Art Lab	Santa Croce sull'Arno, Italy	FC	70%	Celine Production Srl	Florence, Italy	FC	100%
Neri Sport	Venice, Italy	FC	55%	Celine Suisse SA	Geneva, Switzerland	FC	100%
Manifattura Salento AF	Casarano, Italy	FC	40%	Celine UK Ltd	London, United Kingdom	FC	100%
Pelleterie Eiffel	Florence, Italy	EM	50%	Celine Inc.	New York, USA	FC	100%
Christian Dior (Thailand) Co. Ltd	Bangkok, Thailand	FC	100%	Celine (Hong Kong) Limited	Hong Kong, China	FC	100%
Christian Dior Saipan Ltd	Saipan, Northern Mariana Islands	FC	100%	Celine Commercial and Trading (Shanghai) Co. Ltd	Shanghai, China	FC	100%
Christian Dior Guam Ltd	Tumon Bay, Guam	FC	100%				
Christian Dior Espanola	Madrid, Spain	FC	100%	Celine Distribution Singapore	Singapore	FC	100%
Christian Dior UK Limited	London, United Kingdom	FC	100%	Celine Boutique Taiwan Co. Ltd	Taipei, Taiwan	FC	100%
Christian Dior Italia Srl	Milan, Italy	FC	100%	CPC Macau Company Limited	Macao, China	FC	100%
Christian Dior Suisse SA	Geneva, Switzerland	FC	100%	LVMH FG Services UK	London, United Kingdom	FC	100%
Christian Dior GmbH	Pforzheim, Germany	FC	100%	Celine Distribution Spain SLU	Madrid, Spain	FC	100%
Christian Dior Fournure M.C.	Monte Carlo, Monaco	FC	100%	RC Diffusion Rive Droite SARL	Paris, France	FC	100%
PT Christian Dior Indonesia	Jakarta, Indonesia	FC	80%	Celine EAU LLC	Dubai, United Arab Emirates	FC	52%
Christian Dior do Brasil Ltda	São Paulo, Brazil	FC	100%	Celine Qatar	Doha, Qatar	FC	65%
Christian Dior Belgique	Brussels, Belgium	FC	100%	Celine Netherlands BV	Baarn, Netherlands	FC	100%
Bopel	Lugagnano Val d'Ardia, Italy	FC	100%	Celine Australia Ltd Co.	Sydney, Australia	FC	100%
Christian Dior Couture CZ	Prague, Czech Republic	FC	100%	Celine Sweden AB	Stockholm, Sweden	FC	100%
Ateliers AS	Pierre-Bénite, France	EM	25%	Celine Czech Republic	Prague, Czech Republic	FC	100%
Christian Dior Couture	Paris, France	FC	100%	Celine Middle East	Dubai, United Arab Emirates	FC	65%
Christian Dior Couture FZE	Dubai, United Arab Emirates	FC	100%	Celine Canada	Toronto, Canada	FC	100%
Christian Dior Couture Maroc	Casablanca, Morocco	FC	100%	Celine Thailand	Bangkok, Thailand	FC	100%
Christian Dior Macau Single Shareholder Company Limited	Macao, China	FC	100%	Celine Philippines	Makati, Philippines	FC	100%
Christian Dior S. de R.L. de C.V.	Mexico City, Mexico	FC	100%	Celine Denmark	Copenhagen, Denmark	FC	100%
Les Ateliers Bijoux GmbH	Pforzheim, Germany	FC	100%	LMP LLC	New York, USA	FC	100%
Christian Dior Commercial (Shanghai) Co. Ltd	Shanghai, China	FC	100%	Celine Korea Ltd	Seoul, South Korea	FC	100%
Christian Dior Trading India Private Limited	Mumbai, India	FC	100%	Celine Italy	Milan, Italy	FC	100%
Christian Dior Couture Stoleshnikov	Moscow, Russia	FC	100%	Phoebe Philo Ltd	London, United Kingdom	EM	30%
CDCH SA	Luxembourg	FC	85%	Givenchy SA	Paris, France	FC	100%
CDC Abu-Dhabi LLC Couture	Abu Dhabi, United Arab Emirates	FC	85%	Givenchy Corporation	New York, USA	FC	100%
				Givenchy China Co.	Hong Kong, China	FC	100%
				Givenchy Couture Ltd	London, United Kingdom	FC	100%



## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated companies

Company	Registered office	Method of consolidation	Ownership interest
Givenchy (Shanghai) Commercial and Trading Co.	Shanghai, China	FC	100%
GCCL Macau Co.	Macao, China	FC	100%
Givenchy Italia Srl	Florence, Italy	FC	100%
Givenchy Germany	Cologne, Germany	FC	100%
LVMH Fashion Group Japan KK	Tokyo, Japan	FC	100%
Givenchy Taiwan	Taipei, Taiwan	FC	100%
Givenchy Trading WLL	Doha, Qatar	FC	52%
LVMH FG ME FZ LLC	Dubai, United Arab Emirates	FC	65%
George V EAU LLC	Dubai, United Arab Emirates	FC	52%
Givenchy Saudi For Trading Company	Riyadh, Saudi Arabia	FC	49%
Givenchy Singapore	Singapore	FC	100%
Givenchy Korea Ltd	Seoul, South Korea	FC	100%
Kenzo SA	Paris, France	FC	100%
Kenzo Belgique SA	Brussels, Belgium	FC	100%
Kenzo Paris Netherlands	Amsterdam, Netherlands	FC	100%
Kenzo UK Limited	London, United Kingdom	FC	100%
Kenzo Italia Srl	Milan, Italy	FC	100%
Kenzo Paris Singapore	Singapore	FC	100%
Kenzo Paris Japan KK	Tokyo, Japan	FC	100%
Kenzo Paris Hong Kong Company	Hong Kong, China	FC	100%
Kenzo Paris USA LLC	New York, USA	FC	100%
Kenzo Paris Macau Company Ltd	Macao, China	FC	100%
Holding Kenzo Asia	Hong Kong, China	FC	51%
Kenzo Paris Shanghai	Shanghai, China	FC	51%
LVMH Fashion Group Malaysia	Kuala Lumpur, Malaysia	FC	100%
Outshine Mexico S. de R.L. de C.V.	Mexico City, Mexico	FC	100%
Fendi Timepieces SA	Neuchâtel, Switzerland	FC	100%
Support Retail Mexico S de R.L. de C.V.	Mexico City, Mexico	FC	100%
Fendi Prague s.r.o.	Prague, Czech Republic	FC	100%
Luxury Kuwait for Ready Wear Company WLL	Kuwait City, Kuwait	FC	62%
Fun Fashion Qatar LLC	Doha, Qatar	FC	80%
Fendi Netherlands BV	Baarn, Netherlands	FC	100%
Fendi Australia Pty Ltd	Sydney, Australia	FC	100%
Fendi Brasil-Comercio de Artigos de Luxo	São Paulo, Brazil	FC	100%
Fendi RU LLC	Moscow, Russia	FC	100%
Fendi Canada Inc.	Toronto, Canada	FC	100%
Fendi International SAS	Paris, France	FC	100%
Fendi Doha LLC	Doha, Qatar	FC	49%
Fendi Spain SL	Madrid, Spain	FC	100%
Fendi Monaco S.A.M.	Monte Carlo, Monaco	FC	100%
Fun Fashion Emirates LLC	Dubai, United Arab Emirates	FC	62%
Borgo Srl	Pienza, Italy	EM	30%
Fashion Furniture Design SpA	Milan, Italy	EM	20%
Fendi Greece Single Member SA	Glyfada, Greece	FC	100%
Fashion Furniture Design UK Limited	London, United Kingdom	EM	20%
FF Design USA, Inc.	New York, USA	EM	20%
Fendi Vietnam Company Limited	Ho Chi Minh City, Vietnam	FC	100%
Fendi Qatar QFZ LLC	Doha, Qatar	FC	100%
Maglificio Matisse Srl	Sant'Egidio alla Vibrata, Italy	FC	60%
Fashion Furniture Design (Shanghai) Co. Ltd	Shanghai, China	EM	20%
Fun Fashion Bahrain Co. WLL	Manama, Bahrain	FC	62%
Fendi Srl	Rome, Italy	FC	100%
Fendi Dis Ticaret Ltd Sti	Istanbul, Turkey	FC	100%
Fendi Philippines Corp.	Makati, Philippines	FC	100%
Fendi Italia Srl	Rome, Italy	FC	100%
Fendi UK Ltd	London, United Kingdom	FC	100%
Fendi France SAS	Paris, France	FC	100%
Fendi North America Inc.	New York, USA	FC	100%
Fendi (Thailand) Company Limited	Bangkok, Thailand	FC	100%
Fendi Asia Pacific Limited	Hong Kong, China	FC	100%
Fendi Korea Ltd	Seoul, South Korea	FC	100%
Fendi Taiwan Ltd	Taipei, Taiwan	FC	100%
Fendi Hong Kong Limited	Hong Kong, China	FC	100%
Fendi China Boutiques Limited	Hong Kong, China	FC	100%
Fendi (Singapore) Pte Ltd	Singapore	FC	100%
Fendi Fashion (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	FC	100%
Fendi Switzerland SA	Mendrisio, Switzerland	FC	100%
Fun Fashion FZCO	Dubai, United Arab Emirates	FC	77%
Fendi Macau Company Limited	Macao, China	FC	100%
Fendi Germany GmbH	Munich, Germany	FC	100%
Fendi Austria GmbH	Vienna, Austria	FC	100%
Fendi (Shanghai) Co. Ltd	Shanghai, China	FC	100%
Fendi Saudi For Trading LLC	Jeddah, Saudi Arabia	FC	77%
Fun Fashion India Private Ltd	Mumbai, India	FC	77%
Interservices & Trading SA	Mendrisio, Switzerland	FC	100%
Fendi Japan KK	Tokyo, Japan	FC	99%
Emilio Pucci Srl	Florence, Italy	FC	100%
Emilio Pucci International	Baarn, Netherlands	FC	100%
Emilio Pucci Ltd	New York, USA	FC	100%

Company	Registered office	Method of consolidation	Ownership interest
Emilio Pucci Hong Kong Company Limited	Hong Kong, China	FC	100%
Emilio Pucci UK Limited	London, United Kingdom	FC	100%
Emilio Pucci France SAS	Paris, France	FC	100%
Emilio Pucci International Srl	Milan, Italy	FC	100%

### PERFUMES AND COSMETICS

Company	Registered office	Method of consolidation	Ownership interest
Perfumes Loewe SA	Madrid, Spain	FC	100%
Parfums Christian Dior	Paris, France	FC	100%
LVMH Perfumes and Cosmetics (Thailand) Ltd	Bangkok, Thailand	FC	49%
LVMH P&C Do Brasil	São Paulo, Brazil	FC	100%
France Argentine Cosmetic	Buenos Aires, Argentina	FC	100%
LVMH P&C Commercial & Trade (Shanghai)	Shanghai, China	FC	100%
LVMH P&C (Shanghai) Co.	Shanghai, China	FC	100%
Shang Pu Ecommerce (Shanghai)	Shanghai, China	FC	100%
Parfums Christian Dior Finland	Helsinki, Finland	FC	100%
LVMH P&C Hainan	Haikou, China	FC	100%
LVMH Recherche	Saint-Jean-de-Braye, France	FC	100%
PCIS	Neuilly-sur-Seine, France	FC	100%
SNC du 33 Avenue Hoche	Paris, France	FC	100%
LVMH Fragrances and Cosmetics (Singapore)	Singapore	FC	100%
Parfums Christian Dior Orient Co.	Dubai, United Arab Emirates	FC	60%
Parfums Christian Dior Emirates	Dubai, United Arab Emirates	FC	48%
OOO Seldico	Moscow, Russia	FC	100%
DP Seldico	Kiev, Ukraine	FC	100%
LVMH Cosmetics	Tokyo, Japan	FC	100%
Parfums Christian Dior Arabia	Jeddah, Saudi Arabia	FC	60%
EPCD	Warsaw, Poland	FC	100%
EPCD CZ & SK	Prague, Czech Republic	FC	100%
EPCD RO Distribution	Bucharest, Romania	FC	100%
EPCD Hungaria	Budapest, Hungary	FC	100%
LVMH P&C Kazakhstan	Almaty, Kazakhstan	FC	100%
LVMH Perfumes e Cosmética	Lisbon, Portugal	FC	100%
L Beauty Pte	Singapore	FC	51%
PT L Beauty Brands	Jakarta, Indonesia	FC	51%
L Beauty Luxury Asia	Taguig City, Philippines	FC	51%
SCI Annabell	Paris, France	FC	100%
Parfums Christian Dior UK	London, United Kingdom	FC	100%
L Beauty Vietnam	Ho Chi Minh City, Vietnam	FC	51%
SCI Rose Blue	Paris, France	FC	100%
PCD St Honoré	Paris, France	FC	100%
LVMH Perfumes & Cosmetics Macau	Macao, China	FC	100%
PCD Dubai General Trading	Dubai, United Arab Emirates	FC	48%
PCD Doha Perfumes & Cosmetics	Doha, Qatar	FC	47%
Cristale	Paris, France	FC	100%
Parfums Christian Dior	Rotterdam, Netherlands	FC	100%
SAS Iparkos	Paris, France	FC	100%
Parfums Christian Dior S.A.B.	Brussels, Belgium	FC	100%
LVMH P&C Luxembourg	Luxembourg	FC	100%
Parfums Christian Dior (Ireland)	Dublin, Ireland	FC	100%
Parfums Christian Dior Hellas	Athens, Greece	FC	100%
Parfums Christian Dior	Zurich, Switzerland	FC	100%
Christian Dior Perfumes	New York, USA	FC	100%
Parfums Christian Dior Canada	Montreal, Canada	FC	100%
LVMH P&C de Mexico	Mexico City, Mexico	FC	100%
Parfums Christian Dior Japon	Tokyo, Japan	FC	100%
Parfums Christian Dior (Singapore)	Singapore	FC	100%
Inalux	Paris, France	FC	100%
LVMH P&C Asia Pacific	Hong Kong, China	FC	100%
Fa Hua Frag. & Cosm. Taiwan	Taipei, Taiwan	FC	100%
P&C (Shanghai)	Shanghai, China	FC	100%
LVMH P&C Korea	Seoul, South Korea	FC	100%
Parfums Christian Dior Hong Kong	Hong Kong, China	FC	100%
LVMH P&C Malaysia Sdn. Berhad	Petaling Jaya, Malaysia	FC	100%
Fa Hua Fragrance & Cosmetic Co.	Hong Kong, China	FC	100%
Pardior	Mexico City, Mexico	FC	100%
Parfums Christian Dior Denmark	Copenhagen, Denmark	FC	100%
LVMH Perfumes & Cosmetics Group	Sydney, Australia	FC	100%
Parfums Christian Dior	Sandvika, Norway	FC	100%
Parfums Christian Dior	Stockholm, Sweden	FC	100%
LVMH Perfumes & Cosmetics (New Zealand)	Auckland, New Zealand	FC	100%
Parfums Christian Dior Austria	Vienna, Austria	FC	100%
LVMH Profumi e Cosmetici Italia Srl	Milan, Italy	FC	100%
Cosmetics of France	Florida, USA	FC	100%
LVMH Fragrance Brands Singapore	Singapore	FC	100%
LVMH Fragrance Brands	Levallois-Perret, France	FC	100%
LVMH Fragrance Brands	London, United Kingdom	FC	100%
LVMH Fragrance Brands	Düsseldorf, Germany	FC	100%
LVMH Fragrance Brands	New York, USA	FC	100%

Company	Registered office	Method of consolidation	Ownership interest	Company	Registered office	Method of consolidation	Ownership interest
LVMH Fragrance Brands Canada	Toronto, Canada	FC	100%	TAG Heuer International	La Chaux-de-Fonds, Switzerland	FC	100%
LVMH Fragrance Brands	Tokyo, Japan	FC	100%	LVMH W&J FZ LLC	Dubai, United Arab Emirates	FC	100%
LVMH Fragrance Brands WHD	Florida, USA	FC	100%	LVMH Watch & Jewelry Thailand Ltd	Bangkok, Thailand	FC	100%
LVMH Fragrance Brands Hong Kong	Hong Kong, China	FC	100%	LVMH Relojería y Joyería España SA	Madrid, Spain	FC	100%
Parfums Francis Kurkdjian SAS	Paris, France	FC	71%	LVMH Montres & Joaillerie France	Paris, France	FC	100%
Parfums Francis Kurkdjian LLC	New York, USA	FC	71%	LVMH Watch & Jewelry UK	Manchester, United Kingdom	FC	100%
Maison Francis Kurkdjian UK	London, United Kingdom	FC	71%	LVMH Watch & Jewelry Canada	Richmond, Canada	FC	100%
Benefit Cosmetics LLC	California, USA	FC	100%	LVMH Watch & Jewelry Far East	Hong Kong, China	FC	100%
Benefit Cosmetics Ireland Ltd	Dublin, Ireland	FC	100%	LVMH Watch & Jewelry Singapore	Singapore	FC	100%
Benefit Cosmetics UK Ltd	Chelmsford, United Kingdom	FC	100%	LVMH Watch & Jewelry Malaysia	Kuala Lumpur, Malaysia	FC	100%
Benefit Cosmetics Services Canada Inc.	Toronto, Canada	FC	100%	LVMH Watch & Jewelry Japan	Tokyo, Japan	FC	100%
Benefit Cosmetics Korea	Seoul, South Korea	FC	100%	LVMH Watch & Jewelry Australia Pty Ltd	Melbourne, Australia	FC	100%
Benefit Cosmetics SAS	Paris, France	FC	100%	LVMH Watch & Jewelry Hong Kong	Hong Kong, China	FC	100%
Benefit Cosmetics Hong Kong Ltd	Hong Kong, China	FC	100%	LVMH Watch & Jewelry Taiwan	Taipei, Taiwan	FC	100%
Fresh Canada	Montreal, Canada	FC	100%	TAG Heuer Connected	Besançon, France	FC	100%
Fresh	New York, USA	FC	100%	LVMH Watch & Jewelry India	New Delhi, India	FC	100%
Fresh Cosmetics	Neuilly-sur-Seine, France	FC	100%	LVMH Watch & Jewelry USA	Illinois, USA	FC	100%
Fresh Hong Kong	London, United Kingdom	FC	100%	LVMH Watch & Jewelry Central Europe	Oberursel, Germany	FC	100%
Fresh Korea	Hong Kong, China	FC	100%	Tag Heuer Boutique Outlet Store Roermond	Oberursel, Germany	FC	100%
L Beauty Sdn. Bhd.	Seoul, South Korea	FC	100%	LVMH Watch & Jewelry (Shanghai) Commercial Co.	Shanghai, China	FC	100%
L Beauty (Thailand) Co. Ltd	Kuala Lumpur, Malaysia	FC	51%	LVMH Watch & Jewelry Russia LLC	Moscow, Russia	FC	100%
Guerlain SA	Bangkok, Thailand	FC	48%	Artecad	Tramelan, Switzerland	FC	100%
LVMH Parfums & Kosmetik Deutschland GmbH	Paris, France	FC	100%	Golfcoders	Paris, France	FC	100%
Guerlain GmbH	Düsseldorf, Germany	FC	100%	LVMH W&J Trading LLC	Dubai, United Arab Emirates	FC	100%
Guerlain Benelux SA	Vienna, Austria	FC	100%	Chaumet International	Paris, France	FC	100%
Guerlain Ltd	Brussels, Belgium	FC	100%	Chaumet London	London, United Kingdom	FC	100%
PC Parfums Cosmétiques SA	London, United Kingdom	FC	100%	Chaumet Horlogerie	Nyon, Switzerland	FC	100%
Guerlain Inc.	Zurich, Switzerland	FC	100%	Chaumet Korea Yuhan Hoesa	Seoul, South Korea	FC	100%
Guerlain (Canada) Ltd	New York, USA	FC	100%	Chaumet Australia	Sydney, Australia	FC	100%
Guerlain de Mexico	Saint-Jean, Canada	FC	100%	Chaumet Monaco	Monte Carlo, Monaco	FC	100%
Guerlain (Asia Pacific) Limited	Mexico City, Mexico	FC	100%	Chaumet Middle East	Dubai, United Arab Emirates	FC	60%
Guerlain KK	Hong Kong, China	FC	100%	Chaumet UAE	Dubai, United Arab Emirates	FC	60%
Guerlain Oceania Australia Pty Ltd	Tokyo, Japan	FC	100%	Farouk Trading	Jeddah, Saudi Arabia	FC	60%
PT Guerlain Cosmetics Indonesia	Botany, Australia	FC	100%	LVMH Watch & Jewelry Macau Company	Macao, China	FC	100%
Guerlain KSA SAS	Jakarta, Indonesia	FC	51%	Chaumet Iberia SL	Madrid, Spain	FC	100%
Guerlain Orient DMCC	Levallois-Perret, France	FC	80%	BMC SpA	Valenza, Italy	FC	60%
Guerlain Saudi Limited	Dubai, United Arab Emirates	FC	100%	Chamnet Russia LLC	Moscow, Russia	FC	100%
Guerlain Polska sp. z o.o.	Jeddah, Saudi Arabia	FC	60%	LVMH Swiss Manufactures	La Chaux-de-Fonds, Switzerland	FC	100%
Guerlain CZ & SK s.r.o.	Warsaw, Poland	FC	100%	Zenith Time Company (GB) Ltd	Manchester, United Kingdom	FC	100%
Guerlain Romania Srl	Prague, Czech Republic	FC	100%	LVMH Watch & Jewelry Italy SpA	Milan, Italy	FC	100%
Guerlain Hungary KFT	Bucharest, Romania	FC	100%	Delano	La Chaux-de-Fonds, Switzerland	FC	100%
Acqua di Parma	Budapest, Hungary	FC	100%	Hublot	Nyon, Switzerland	FC	100%
Acqua di Parma Canada Inc.	Milan, Italy	FC	100%	Bentim International SA	Nyon, Switzerland	FC	100%
Acqua di Parma (Paris Branch)	New York, USA	FC	100%	Hublot SA Genève	Geneva, Switzerland	FC	100%
Make Up For Ever	Toronto, Canada	FC	100%	Hublot of America	Florida, USA	FC	100%
SCI Edison	London, United Kingdom	FC	100%	Benoit de Gorski SA	Geneva, Switzerland	FC	100%
Make Up For Ever Academy China	Paris, France	FC	100%	Hublot Boutique Monaco	Monte Carlo, Monaco	FC	100%
Make Up For Ever	Paris, France	FC	100%	Hublot Canada	Toronto, Canada	FC	100%
Make Up For Ever Canada	Paris, France	FC	100%	LVMH Relojería y Joyería de México	Mexico City, Mexico	FC	100%
Make Up For Ever UK Limited	Shanghai, China	FC	100%	Bulgari SpA	Rome, Italy	FC	100%
Stella McCartney Beauty France	New York, USA	FC	100%	Bulgari Italia	Rome, Italy	FC	100%
Stella McCartney Beauty UK	Montreal, Canada	FC	100%	Bulgari Gioielli	Valenza, Italy	FC	100%
Stella McCartney Beauty US	London, United Kingdom	FC	100%	Bulgari International Corporation (BIC)	Amsterdam, Netherlands	FC	100%
Kendo Holdings Inc.	Paris, France	FC	100%	Bulgari Corporation of America	New York, USA	FC	100%
Fenty Skin LLC	Hersham, United Kingdom	FC	100%	Bulgari Horlogerie	Neuchâtel, Switzerland	FC	100%
Fenty Hair Products LLC	New Jersey, USA	FC	100%	Bulgari Japan	Tokyo, Japan	FC	100%
Fenty Fragrance LLC	California, USA	FC	50%	Bulgari (Deutschland)	Munich, Germany	FC	100%
Fenty Beauty LLC	California, USA	FC	50%	Bulgari France	Paris, France	FC	100%
Ole Henriksen of Denmark Inc.	California, USA	FC	50%	Bulgari Montecarlo	Monte Carlo, Monaco	FC	100%
SLF USA Inc.	California, USA	FC	100%	Bulgari España	Madrid, Spain	FC	100%
Susanne Lang Fragrance	California, USA	FC	100%	Bulgari SA	Geneva, Switzerland	FC	100%
BHUS Inc.	Bulgari South Asian Operations	FC	100%	Bulgari (UK) Ltd	Singapore	FC	100%
KVD Beauty LLC	Bulgari (UK) Ltd	FC	100%	Bulgari Belgium	London, United Kingdom	FC	100%
Kendo Brands Ltd	Bulgari (UK) Ltd	FC	100%	Bulgari Bulgaria	Brussels, Belgium	FC	100%
Kendo Brands SAS	Bulgari (UK) Ltd	FC	100%	Bulgari Australia	Sydney, Australia	FC	100%
Kendo Hong Kong Limited	Bulgari (UK) Ltd	FC	100%	Bulgari (Malaysia)	Kuala Lumpur, Malaysia	FC	100%
Buly France SAS	Bicester, United Kingdom	FC	100%	Bulgari Global Operations	Neuchâtel, Switzerland	FC	100%
Buly UK Ltd	Boulogne-Billancourt, France	FC	100%	Bulgari Denmark	Copenhagen, Denmark	FC	100%
Buly Italy Srl	Hong Kong, China	FC	100%	Bulgari Asia Pacific	Hong Kong, China	FC	100%
Buly Japan KK	Paris, France	FC	100%	Bulgari (Taiwan)	Taipei, Taiwan	FC	100%
Buly HK Limited	London, United Kingdom	FC	100%	Bulgari Korea	Seoul, South Korea	FC	100%
	Milan, Italy	FC	100%	Bulgari Saint Barth	Saint-Barthélemy, French Antilles	FC	100%
	Tokyo, Japan	FC	100%				
	Hong Kong, China	FC	100%	Bulgari Commercial (Shanghai) Co.	Shanghai, China	FC	100%
				Bulgari Accessori	Florence, Italy	FC	100%
				Bulgari (Austria) GmbH	Vienna, Austria	FC	100%
				Bulgari Holding (Thailand)	Bangkok, Thailand	FC	100%
				Bulgari (Thailand)	Bangkok, Thailand	FC	100%
				Bulgari Qatar	Doha, Qatar	FC	49%
				Gulf Luxury Trading	Dubai, United Arab Emirates	FC	51%
				Bulgari do Brazil	São Paulo, Brazil	FC	100%
				Bulgari Ireland	Dublin, Ireland	FC	100%
				Bulgari Turkey Lüks Ürün Ticareti	Istanbul, Turkey	FC	100%

**WATCHES AND JEWELRY**

Fred Paris	Neuilly-sur-Seine, France	FC	100%
Joaillerie de Monaco	Monte Carlo, Monaco	FC	100%
Fred	New York, USA	FC	100%
Fred Londres	Manchester, United Kingdom	FC	100%
Fred Jewellery Trading LLC	Dubai, United Arab Emirates	FC	100%







## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated companies

Company	Registered office	Method of consolidation	Ownership interest	Company	Registered office	Method of consolidation	Ownership interest
LBD Holding	Paris, France	FC	100%	Belmond Italia SpA	Genoa, Italy	FC	100%
LVMH MJ Holdings Inc.	New York, USA	FC	100%	Hotel Caruso SpA	Florence, Italy	FC	100%
Arbelos Insurance Inc.	New York, USA	FC	100%	Hotel Cipriani SpA	Venice, Italy	FC	100%
1896 Corp.	New York, USA	FC	100%	Hotel Splendido SpA	Portofino, Italy	FC	100%
313-317 N. Rodeo LLC	New York, USA	FC	100%	Villa San Michele SpA	Florence, Italy	FC	100%
319-323 N. Rodeo LLC	New York, USA	FC	100%	Luxury Trains Servizi Srl	Venice, Italy	FC	100%
420 N. Rodeo LLC	New York, USA	FC	100%	Castello di Casole SpA	Querceto, Italy	FC	100%
456 North Rodeo Drive	New York, USA	FC	100%	Castello di Casole Agricoltura SpA	Querceto, Italy	FC	100%
LVMH Services Limited	London, United Kingdom	FC	100%	Belmond Spanish Holdings SL	Madrid, Spain	FC	100%
Moët Hennessy Investissements	Paris, France	FC	66%	Nomis Mallorcan Investments SA	Madrid, Spain	FC	100%
LVMH Moët Hennessy Louis Vuitton BV	Baarn, Netherlands	FC	100%	Son Moragues SA	Deià, Spain	FC	100%
LVMH Italia SpA	Milan, Italy	FC	100%	Reid's Hoteis Lda	Funchal, Portugal	FC	100%
Investir Publications	Paris, France	FC	100%	Europe Hotel LLC	Saint Petersburg, Russia	FC	100%
Les Echos Solutions	Paris, France	FC	100%	Belmond USA Inc	Delaware, USA	FC	100%
Les Echos Publishing	Paris, France	FC	100%	21 Club Inc.	New York, USA	FC	100%
Editio	Paris, France	FC	100%	Belmond Pacific Inc	Delaware, USA	FC	100%
EuroArts Music International	Berlin, Germany	FC	95%	Belmond Reservation Services Inc	Delaware, USA	FC	100%
Wansquare	Paris, France	FC	95%	Charleston Centre LLC	South Carolina, USA	FC	100%
Agence d'Événements Culturels	Paris, France	FC	55%	Charleston Place Holdings Inc	South Carolina, USA	FC	100%
Tamaris Holding	Paris, France	EM	50%	El Encanto Inc	Delaware, USA	FC	100%
LVMH Hotel Management	Paris, France	FC	100%	Inn at Perry Cabin Corporation	Maryland, USA	FC	100%
Société d'Exploitation Hôtelière de la Samaritaine	Paris, France	FC	100%	Mountbay Holdings Inc	Delaware, USA	FC	100%
Société d'Exploitation Hôtelière Isle de France	Saint-Barthélemy, French Antilles	FC	56%	Venice Simphon Orient Express Inc	Delaware, USA	FC	100%
Société d'Investissement Cheval Blanc Saint Barth Isle de France	Saint-Barthélemy, French Antilles	FC	56%	Windsor Court Hotel Inc	Delaware, USA	FC	100%
Société Cheval Blanc Saint-Tropez	Saint-Tropez, France	FC	100%	Windsor Court Hotel LP	Delaware, USA	FC	100%
Villa Jacquemone	Saint-Tropez, France	FC	100%	Windsor Great Park Inc	Delaware, USA	FC	100%
33 Hoche	Paris, France	FC	100%	Belmond Cap Juluca Limited	Anguilla	FC	100%
Royal Van Lent Shipyard BV	Kaag, Netherlands	FC	100%	Belmond Holdings 1 Ltd	Hamilton, Bermuda	FC	100%
Tower Holding BV	Kaag, Netherlands	FC	100%	Belmond Peru Ltd	Hamilton, Bermuda	FC	100%
Green Bell BV	Kaag, Netherlands	FC	100%	Leisure Holdings Asia Ltd	Hamilton, Bermuda	FC	100%
Gebr. Olie Beheer BV	Waddinxveen, Netherlands	FC	100%	Vessel Holdings 2 Ltd	Hamilton, Bermuda	FC	100%
Van der Loo Yachtinteriors BV	Waddinxveen, Netherlands	FC	100%	Belmond Anguilla Holdings LLC	Hamilton, Bermuda	FC	100%
Red Bell BV	Kaag, Netherlands	FC	100%	Belmond Anguilla Member LLC	Hamilton, Bermuda	FC	100%
De Voogt Naval Architects BV	Haarlem, Netherlands	EM	49%	Belmond Anguilla Owner LLC	Hamilton, Bermuda	FC	100%
Feadship Holland BV	Amsterdam, Netherlands	EM	49%	Belmond Interfin Ltd	Hamilton, Bermuda	FC	100%
Feadship America Inc.	Florida, USA	EM	49%	Belmond Ltd	Hamilton, Bermuda	FC	100%
OGMNL BV	Nieuw-Lekkerland, Netherlands	EM	49%	Gametrackers (Botswana) (Pty) Ltd	Maun, Botswana	FC	100%
Firstship BV	Amsterdam, Netherlands	EM	49%	Game Viewers (Pty) Ltd	Maun, Botswana	FC	100%
RVL Holding BV	Kaag, Netherlands	FC	100%	Xaxaba Camp (Pty) Ltd	Gaborone, Botswana	FC	100%
Le Jardin d'Acclimatation	Paris, France	FC	80%	Phoenix Argente SAS	Marigot, Saint Martin	FC	100%
Pallados Overseas Holding	London, United Kingdom	FC	100%	Societe d'Exploitation Résidence La Samanna SAS	Marigot, Saint Martin	FC	100%
75 Sloane Street Services Limited	London, United Kingdom	FC	100%	CSN Inmobiliaria SA de CV	San Miguel de Allende, Mexico	FC	100%
Belmond (UK) Limited	London, United Kingdom	FC	100%	OEH Operadora San Miguel SA de CV	San Miguel de Allende, Mexico	FC	100%
Belmond Dollar Treasury Limited	London, United Kingdom	FC	100%	CSN Real Estate 1 SA de CV	San Miguel de Allende, Mexico	FC	100%
Belmond Finance Services Limited	London, United Kingdom	FC	100%	OEH Servicios San Miguel SA de CV	San Miguel de Allende, Mexico	FC	100%
Belmond Management Limited	London, United Kingdom	FC	100%	Miraflores Ventures Ltd SA de CV	Riviera Maya, Mexico	FC	99%
Belmond Sterling Treasury Limited	London, United Kingdom	FC	100%	Belmond Brasil Hoteis SA	Foz do Iguaçu, Brazil	FC	100%
Blanc Restaurants Limited	London, United Kingdom	FC	100%	Companhia Hoteis Palace SA	Rio de Janeiro, Brazil	FC	98%
Great Scottish and Western Railway Holdings Limited	London, United Kingdom	FC	100%	Iguassu Experiences Agencia de Turismo Ltda	Foz do Iguaçu, Brazil	FC	100%
The Great Scottish and Western Railway Company Limited	London, United Kingdom	FC	100%	Belmond Brasil Servicos Hoteleiros SA	Rio de Janeiro, Brazil	FC	100%
Horatio Properties Limited	London, United Kingdom	FC	100%	Robisi Empreendimentos e Participacoes SA	Rio de Janeiro, Brazil	EM	50%
Island Hotel (Madeira) Limited	London, United Kingdom	FC	100%	Signature Boutique Ltda	Rio de Janeiro, Brazil	FC	100%
Mount Nelson Hotel Limited	London, United Kingdom	FC	100%	CSN (San Miguel) Holdings Ltd	Tortola, British Virgin Islands	FC	100%
La Residencia Limited	London, United Kingdom	FC	100%	Grupo Conceptos SA	Road Town, British Virgin Islands	FC	100%
Reid's Hotel Madeira Limited	London, United Kingdom	FC	100%	Miraflores Ventures Ltd	Road Town, British Virgin Islands	FC	100%
VSOE Holdings Limited	London, United Kingdom	FC	100%	Belmond Peru Management SA	Lima, Peru	FC	100%
Venice Simphon-Orient-Express Limited	London, United Kingdom	FC	100%	Belmond Peru SA	Lima, Peru	FC	100%
Belmond CJ Dollar Limited	London, United Kingdom	FC	100%	Ferrocarril Transandino SA	Lima, Peru	EM	50%
Croisieres Orex SAS	Saint-Usage, France	FC	100%	Perurail SA	Lima, Peru	EM	50%
VSOE Voyages SA	Paris, France	FC	100%	Peru Belmond Hotels SA	Lima, Peru	EM	50%
VSOE Deutschland GmbH	Cologne, Germany	FC	100%	Peru Experiences Belmond SA	Lima, Peru	EM	50%
Ireland Luxury Rail Tours Ltd	Dublin, Ireland	FC	100%	Belmond Japan Ltd	Tokyo, Japan	FC	100%
Villa Margherita SpA	Florence, Italy	FC	100%	Belmond Pacific Ltd	Hong Kong, China	FC	100%
Charleston Partners Inc.	South Carolina, USA	FC	100%	Belmond China Ltd	Hong Kong, China	FC	100%
La Samanna SAS	Marigot, Saint Martin	FC	100%	Belmond Hong Kong Ltd	Hong Kong, China	FC	100%
Operadora de Hoteles Rivera Maya SA de CV	Riviera Maya, Mexico	FC	100%	Hosia Company Ltd	Hong Kong, China	FC	100%
Plan Costa Maya SA de CV	Riviera Maya, Mexico	FC	100%	Belmond Hotels Singapore Pte Ltd	Singapore	FC	100%
Spa Residencial SA de CV	Riviera Maya, Mexico	FC	99%	Belmond (Thailand) Company Ltd	Bangkok, Thailand	FC	100%
Società Agricola SGG Srl	Fiesole, Italy	FC	100%	Fine Resorts Co. Ltd	Bangkok, Thailand	FC	100%
Luxury Trains Switzerland AG	Zurich, Switzerland	FC	100%	Samui Island Resort Co. Ltd	Koh Samui, Thailand	FC	100%
Gambetta SAS	Paris, France	FC	85%	Khmer Angkor Hotel Co. Ltd	Siem Reap, Cambodia	FC	99%
Belmond (Shanghai) Management & Consultancy Co. Ltd	Shanghai, China	FC	100%	Société Hôtelière de Pho Vao	Luang Prabang, Laos	FC	69%
360 N. Rodeo Drive LLC	Illinois, USA	FC	100%	Myanmar Cruises Ltd	Yangon, Myanmar	FC	100%
Eastern & Oriental Express Ltd	Hamilton, Bermuda	FC	100%	Myanmar Hotels & Cruises Ltd	Yangon, Myanmar	FC	100%
E&O Services (Singapore) Pte Ltd	Singapore	FC	100%	Myanmar Shwe Kyet Yet Tours Ltd	Yangon, Myanmar	FC	100%
E&O Services (Thailand) Pte Ltd	Bangkok, Thailand	FC	100%	PRA-FMI Pansea Hotel Development Co. Ltd	Yangon, Myanmar	FC	100%
Belmond Sicily SpA	Florence, Italy	FC	100%	PT Bali Resort & Leisure Co. Ltd	Bali, Indonesia	FC	100%
				Belmond Australia Pty Ltd	Melbourne, Australia	FC	100%
				Exclusive Destinations (Pty) Ltd	Cape Town, South Africa	FC	100%
				Fraser's Helmsley Properties (Pty) Ltd	Cape Town, South Africa	FC	100%

Company	Registered office	Method of consolidation	Ownership interest	Company	Registered office	Method of consolidation	Ownership interest
Mount Nelson Commerical Properties (Pty) Ltd	Cape Town, South Africa	FC	100%	Le Parisien Libéré	Saint-Ouen, France	FC	100%
Mount Nelson Residential Properties (Pty) Ltd	Cape Town, South Africa	FC	100%	Team Diffusion	Saint-Ouen, France	FC	100%
LVMH Client Services	Paris, France	FC	100%	Team Media	Paris, France	FC	100%
LVMH Happening SAS	Paris, France	FC	100%	Société Nouvelle SICAVIC L.P.M.	Paris, France	FC	100%
LVMHappening LLC	New York, USA	FC	100%	LP Management	Paris, France	FC	100%
				Magasins de la Samaritaine	Paris, France	FC	99%

FC: Fully consolidated.

EM: Accounted for using the equity method.

JV: Joint venture company with Diageo: only the Moët Hennessy activity is consolidated. See also Notes 1.7 and 1.27 for the revenue recognition policy for these companies.

- (a) LVMH is a Societas Europaea (SE). Its registered office is located at 22 avenue Montaigne, 75008 Paris, France. The term of the Company is 99 years as of January 1, 2017, i.e. until December 31, 2115.

Companies not included in the scope of consolidation

## COMPANIES NOT INCLUDED IN THE SCOPE OF CONSOLIDATION

Company	Registered office	Ownership interest	Company	Registered office	Ownership interest
Société d'Exploitation Hôtelière de Saint-Tropez	Paris, France	100%	Prolepsis Investment Ltd	Paris, France	100%
Société Nouvelle de Libraire et de l'Édition	Paris, France	100%	Innovación en Marcas de Prestigio SA	Paris, France	65%
Samos 1850	Paris, France	100%	MS 33 Expansion	Paris, France	100%
BRN Invest NV	Baarn, Netherlands	100%	Shinsegae International Co. Ltd LLC	Paris, France	51%
Toiltech	Paris, France	90%	Crystal Pumpkin	Florence, Italy	99%
Sephora Macao Limited	Macao, China	100%	Groupement Forestier des Bois de la Celle	Cognac, France	65%
Sofpar 116	Paris, France	100%	Augesco	Paris, France	50%
Sofpar 125	Paris, France	100%	Folio St. Barths	New York, USA	100%
Sofpar 128	Bourg-de-Péage, France	100%	Pedemonte	Alessandria, Italy	100%
Tina	Paris, France	100%	Editions Croque Futur	Paris, France	40%
Sofpar 132	Paris, France	100%	Sofpar 151	Paris, France	100%
Nona Source	Paris, France	100%	Sofpar 152	Paris, France	100%
Sofpar 135	Paris, France	100%	LVMH Luxury Ventures Advisors SAS	Paris, France	100%
Sofpar 136	Paris, France	100%	Sofpar 154	Paris, France	100%
Sofpar 137	Paris, France	100%	Enable	Paris, France	100%
Sofpar 138	Paris, France	100%	SNC Hôtel Les Anémones Courchevel	Lyon, France	100%
Sofpar 139	Paris, France	100%	Sofpar 156	Paris, France	100%
Sofpar 141	Paris, France	100%	Sofpar 157	Paris, France	100%
Sofpar 142	Paris, France	100%	Sofpar 158	Paris, France	100%
Sofpar 144	Paris, France	100%	Sofpar 159	Paris, France	100%
Sofpar 145	Paris, France	100%	Sofpar 160	Paris, France	100%
Sofpar 146	Paris, France	100%	Sofpar 161	Paris, France	100%
Omega	Paris, France	100%	Sofpar 162	Paris, France	100%
Sofpar 148	Paris, France	100%	Sofpar 163	Paris, France	100%
Sofpar 149	Paris, France	100%	Opinion Way	Paris, France	76%
LVMH Holdings Inc.	New York, USA	100%	Art and D	Carouges, Switzerland	100%

The companies which are not included in the scope of consolidation are either entities that are inactive and/or being liquidated, or entities whose individual or collective consolidation would not have a significant impact on the Group's main aggregates.



# STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders' Meeting of LVMH Moët Hennessy Louis Vuitton SE,

## 1. Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of LVMH Moët Hennessy Louis Vuitton SE for the fiscal year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position as of December 31, 2022 and of the results of its operations for the fiscal year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Performance Audit Committee.

## 2. Basis for our opinion

### Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the section of our report entitled "Statutory Auditors' responsibilities for the audit of the consolidated financial statements".

### Independence

We conducted our audit engagement in compliance with the independence rules provided by the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2022 to the date of our report. We did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014.

## 3. Justification of assessments - Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement which, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

### Valuation of fixed assets, in particular intangible assets

#### Risk identified

As of December 31, 2022, the value of the Group's fixed assets totaled 87.9 billion euros. These fixed assets mainly comprise brands, trade names and goodwill recognized on external growth transactions, property, plant and equipment (land, vineyard land, buildings, and fixtures and fittings at stores and hotels in particular) and right-of-use assets.

We considered the valuation of these fixed assets – in particular intangible assets (brands, trade names and other intangible assets with indefinite useful lives, as well as goodwill) – to be a key audit matter, due to their significance in the Group's financial statements and because the determination of their recoverable amount, which is usually based on each Maison's discounted forecast cash flows, requires the use of assumptions, estimates and other forms of judgment, as specified in Notes 1.17 and 5 to the consolidated financial statements.

## Our response

The Group tests these assets for impairment, as described in Notes 1.17 and 5 to the consolidated financial statements. In this context, we assessed the methods used to perform these impairment tests and focused our work primarily on the Maisons most affected by the negative changes in the current business environment, or where the carrying amount of intangible assets represents a high multiple of profit from recurring operations. In the context of our audit of the consolidated financial statements, our work, carried out in conjunction with our valuation experts, consisted in particular in:

- obtaining an understanding of the methods used to perform these impairment tests and assessing the relevance of the measurement method used by the Group with regard to the applicable accounting standard;
- comparing the components of the carrying amount of the Maisons used to conduct impairment tests with the consolidated financial statements;
- assessing the reasonableness of the future cash flows used:
  - by analyzing the relevance and consistency of the process used to produce these estimates by comparing results with previous forecasts, and
  - by comparing the Maisons' business plans on which these cash flows were based with the budgets and forecasts approved by management as well as the market outlook;
- assessing the reasonableness, with regard to market data, of the long-term growth rate and discount rates used for each Maison;
- conducting our own sensitivity analyses on the growth rates, margins and discount rates used to calculate recoverable amounts;
- corroborating the recoverable amounts estimated by comparison with recent similar transactions with the analyses provided and available market data;
- assessing the appropriateness of the information disclosed in the notes to the consolidated financial statements.

## Valuation of inventories and work in progress

### Risk identified

As of December 31 2022, the gross value of inventories and work in progress and the total amount of impairment of inventories and work in progress came to 23,042 million euros and 2,723 million euros, respectively, as presented in Note 11 to the consolidated financial statements.

The success of the Group's products depends among other factors on its ability to identify new trends as well as changes in behaviors and tastes, enabling it to offer products that meet consumers' expectations. The Group determines the amount of impairment of inventories and work in progress on the basis of sales prospects in its various markets or due to product obsolescence, as specified in Note 1.19 to the consolidated financial statements.

We considered the valuation and impairment of inventories and work in progress to constitute a key audit matter since the aforementioned projections and any resulting impairment are intrinsically dependent on assumptions, estimates and other forms of judgment made by the Group, as indicated in Note 1.7 to the consolidated financial statements. Furthermore, inventories are present at a large number of subsidiaries, and determining their gross value and impairment depends in particular on estimated returns and on the monitoring of internal margins, which are eliminated in the consolidated financial statements unless and until inventories are sold to non-Group clients.

### Our response

As part of our procedures, we analyzed sales prospects as estimated by the Group in light of past performance and the most recent budgets in order to assess the resulting impairment amounts. Where applicable, we assessed the assumptions made for the recognition of non-recurring impairment.

We also assessed the consistency of internal margins eliminated in the consolidated financial statements, by assessing in particular the margins generated with the various distribution subsidiaries and comparing them to the elimination percentage applied.

We assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

## Provisions for contingencies, losses and uncertain tax positions

### Risk identified

The Group's activities are carried out worldwide, within what is often an imprecise regulatory framework that is different for each country, changes over time and applies to areas ranging from product composition and packaging to the income tax computation and relations with the Group's partners (distributors, suppliers, shareholders in subsidiaries, etc.). Within this context, the Group's activities may give rise to risks, disputes or litigation, and the Group's entities in France and abroad may be subject to tax inspections and, in certain cases, to rectification claims from local administrations.

As indicated in Notes 1.22 and 20 to the consolidated financial statements:

- provisions for contingencies and losses correspond to the estimate of the impact on assets and liabilities of risks, disputes, or actual or probable litigation arising from the Group's activities;
- non-current liabilities related to uncertain tax positions include an estimate of the risks, disputes and actual or probable litigation related to the income tax computation, in accordance with IFRIC 23.

We considered provisions for contingencies, losses and uncertain tax positions to constitute a key audit matter due to the significance of the amounts concerned (1,446 million euros and 1,400 million euros, respectively, as of December 31, 2022), the importance of monitoring ongoing regulatory changes and the level of judgment involved in evaluating these provisions in the context of a constantly evolving international regulatory environment.

### Our response

In the context of our audit of the consolidated financial statements, our work consisted in particular in:

- assessing the procedures implemented by the Group to identify and catalogue all risks, disputes, litigation and uncertain tax positions;
- obtaining an understanding of the risk analysis performed by the Group and the corresponding documentation and, where applicable, reviewing written confirmations from external advisors;
- assessing – with our experts, tax specialists in particular – the main risks identified and assessing the assumptions made by Group management to estimate the amount of the provisions and of liabilities related to uncertain tax positions;
- carrying out a critical review of analyses relating to the use of provisions for contingencies and losses, and of liabilities related to uncertain tax positions, prepared by the Group;
- assessing – with our tax specialists – the evaluations drawn up by the Group's Tax Department relating to the consequences of changes in tax laws;
- assessing the appropriateness of information relating to these risks, disputes, litigation and uncertain tax positions disclosed in the notes to the financial statements.

## 4. Specific verifications

In accordance with professional standards applicable in France, we also performed the specific verifications required by laws and regulations of the information concerning the Group provided in the *Management Report of the Board of Directors*.

We have no matters to report as to this information's fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated statement of non-financial performance provided for by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the information concerning the Group provided in the Management Report, with the proviso that, in accordance with the provisions of Article L. 823-10 of said code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained in this statement, which must be subject to a report by an independent third party.

## 5. Other verifications or information required by laws and regulations

### Presentation format for the consolidated financial statements to be included in the Annual Financial Report

In accordance with the professional standards governing the procedures to be carried out by the Statutory Auditor on parent company and consolidated financial statements presented in the European Single Electronic Format, we also checked compliance with this format as defined by Commission Delegated Regulation (EU) 2019/815 of December 17, 2018 in the presentation of the consolidated financial statements to be included in the Annual Financial Report mentioned in Article L. 451-1-2 I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chief Financial Officer, a member of the Executive Committee, under delegation from the Chairman and Chief Executive Officer. As this concerned consolidated financial statements, our work included checking the compliance of the tags used for these accounts with the format defined by the aforementioned regulation.

On the basis of our work, we concluded that the presentation of the consolidated financial statements to be included in the Annual Financial Report complies, in all material respects, with the European Single Electronic Format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

In addition, it is not our responsibility to check that the consolidated financial statements actually included by your Company in the Annual Financial Report filed with the AMF correspond to those on which we performed our work.

### Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of LVMH Moët Hennessy Louis Vuitton SE by the shareholders at the Shareholders' Meetings held on April 21, 2022 (for Deloitte & Associés) and April 14, 2016 (for Mazars).

As of December 31, 2022, Deloitte & Associés was in the first year of its engagement and Mazars was in its seventh consecutive year.

## 6. Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing any matters related to going concern, and for using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Performance Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, internal audit, regarding accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

## 7. Statutory Auditors' responsibilities for the audit of the consolidated financial statements

### Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance as to whether the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability or the quality of management of your Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; designs and performs audit procedures responsive to those risks; and obtains audit evidence considered to be sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- assesses the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of its audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to issue a qualified or adverse audit opinion;
- assesses the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the scope of consolidation to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these financial statements.

### Report to the Performance Audit Committee

We submit a report to the Performance Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Performance Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the fiscal year and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Performance Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set out in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. We discuss any risks that may reasonably be thought to bear on our independence, and the related safeguards, with the Performance Audit Committee.

The Statutory Auditors

Paris-La Défense, February 9, 2023

French original signed by

Mazars

Isabelle Sapet  
Partner

Simon Beillevaire  
Partner

Deloitte & Associés

Guillaume Troussicot  
Partner

Bénédicte Sabadie  
Partner

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French. It is provided solely for the convenience of English-speaking users. This Statutory Auditors' report includes information required under European regulations and French law, such as information about the appointment of the Statutory Auditors and the verification of information concerning the Group presented in the Management Report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.



# FINANCIAL STATEMENTS

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## INCOME STATEMENT

Income/(Expenses) <i>(EUR millions)</i>	Notes	2022	2021
Financial income from subsidiaries and investments		9,248.7	2,611.4
Investment portfolio: Impairment and provisions		(213.0)	(300.9)
Gains and losses on disposal		4,415.7	3,355.3
<b>Income from managing subsidiaries and investments</b>	4.1	<b>13,451.4</b>	<b>5,665.8</b>
Cost of net financial debt	4.2	(52.3)	21.3
Foreign exchange gains and losses	4.3	16.0	(41.7)
Other financial income and expenses	4.4	(17.4)	(3.8)
<b>NET FINANCIAL INCOME/(EXPENSE)</b>	4	<b>13,397.7</b>	<b>5,641.6</b>
Services provided and other income	5	505.5	445.2
Personnel costs	6	(262.5)	(298.4)
Other net management charges	7	(589.6)	(439.6)
<b>OPERATING PROFIT/(LOSS)</b>		<b>(346.5)</b>	<b>(292.8)</b>
<b>RECURRING PROFIT BEFORE TAX</b>		<b>13,051.2</b>	<b>5,348.8</b>
<b>NET EXCEPTIONAL INCOME/(EXPENSE)</b>		<b>(5.0)</b>	<b>(14.0)</b>
Income tax income/(expense)	8	105.4	(127.1)
<b>NET PROFIT</b>		<b>13,151.6</b>	<b>5,207.7</b>

## BALANCE SHEET

ASSETS (EUR millions)	Notes	2022		2021	
		Gross	Depreciation, amortization and impairment	Net	Net
Intangible assets		23.6	(11.2)	12.4	6.8
Vineyard land		45.2	-	45.2	45.2
Other property, plant and equipment		76.8	(2.3)	74.6	56.5
<b>Intangible assets and property, plant and equipment</b>	9	<b>145.7</b>	<b>(13.5)</b>	<b>132.2</b>	<b>108.5</b>
Equity investments	10	51,885.6	(4,020.1)	47,865.5	43,206.4
Receivables from equity investments	11	139.1	(59.2)	79.9	57.4
LVMH treasury shares	12	759.0	-	759.0	74.3
Other non-current financial assets	13	1.2	-	1.2	1.1
<b>Non-current financial assets</b>		<b>52,784.9</b>	<b>(4,079.3)</b>	<b>48,705.6</b>	<b>43,339.2</b>
<b>NON-CURRENT ASSETS</b>		<b>52,930.6</b>	<b>(4,092.8)</b>	<b>48,837.8</b>	<b>43,447.7</b>
Receivables	14	306.9	-	306.9	301.3
LVMH treasury shares	12	533.5	-	533.5	612.4
Cash and cash equivalents		29.6	-	29.6	52.8
<b>CURRENT ASSETS</b>		<b>870.0</b>	<b>-</b>	<b>870.0</b>	<b>966.5</b>
Prepayments and accrued income	15	65.7	-	65.7	33.5
<b>TOTAL ASSETS</b>		<b>53,866.2</b>	<b>(4,092.8)</b>	<b>49,773.4</b>	<b>44,447.7</b>

LIABILITIES AND EQUITY (EUR millions)	Notes	2022		2021	
		Before appropriation	Before appropriation	Before appropriation	Before appropriation
Share capital (fully paid up: 151.0)	16.1	151.0	151.4	151.4	151.4
Share premium account	16.2	1,289.1	2,224.9	2,224.9	2,224.9
Reserves and revaluation adjustments	17	387.9	387.9	387.9	387.9
Retained earnings		12,791.6	12,613.8	12,613.8	12,613.8
Interim dividend		(2,505.4)	(1,510.8)	(1,510.8)	(1,510.8)
Net profit for the fiscal year		13,151.6	5,207.7	5,207.7	5,207.7
Regulated provisions		0.1	0.1	0.1	0.1
<b>EQUITY</b>	16.2	<b>25,265.9</b>	<b>19,075.0</b>	<b>19,075.0</b>	<b>19,075.0</b>
<b>PROVISIONS FOR CONTINGENCIES AND LOSSES</b>	18	<b>1,220.2</b>	<b>1,106.8</b>	<b>1,106.8</b>	<b>1,106.8</b>
Bonds	19	10,923.8	14,043.0	14,043.0	14,043.0
Other financial debt	19	11,715.0	9,773.7	9,773.7	9,773.7
Other debt	20	647.6	448.6	448.6	448.6
<b>OTHER LIABILITIES</b>		<b>23,286.4</b>	<b>24,265.3</b>	<b>24,265.3</b>	<b>24,265.3</b>
Accruals and deferred income	21	1.0	0.6	0.6	0.6
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>49,773.4</b>	<b>44,447.7</b>	<b>44,447.7</b>	<b>44,447.7</b>

## CASH FLOW STATEMENT

<i>(EUR millions)</i>	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES</b>		
Net profit	13,151.6	5,207.7
Depreciation, amortization and impairment of fixed assets	193.3	316.1
Change in other provisions	25.8	203.0
Gains or losses on sales of assets	(4,339.6)	(3,214.3)
<b>CASH FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL</b>	<b>9,031.1</b>	<b>2,512.5</b>
Change in intra-Group current accounts	2,424.5	4,746.3
Change in other receivables and payables	(175.4)	427.0
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>11,280.2</b>	<b>7,685.8</b>
<b>INVESTING ACTIVITIES</b>		
(Acquisition)/Disposal of intangible assets and property, plant and equipment	(25.3)	(14.2)
Acquisition of equity investments	(148.2)	(179.0)
Disposal of equity investments and similar transactions	2,412.0	872.2
Subscription to capital increases carried out by subsidiaries	(2,606.9)	(58.1)
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>(368.4)</b>	<b>620.9</b>
<b>FINANCING ACTIVITIES</b>		
Capital increase	-	-
Acquisition and disposal of LVMH treasury shares	(1,618.1)	(568.1)
Interim and final dividends paid during the fiscal year	(6,024.5)	(3,527.3)
Proceeds from borrowings	(29.4)	(30.8)
Repayments of borrowings	(3,255.1)	(4,203.0)
(Acquisition)/Disposal of available-for-sale financial assets	-	27.6
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>(10,927.1)</b>	<b>(8,301.6)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(15.4)</b>	<b>5.1</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR</b>	<b>45.0</b>	<b>39.9</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR</b>	<b>29.6</b>	<b>45.0</b>

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS: LVMH MOËT HENNESSY LOUIS VUITTON

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## 1. BUSINESS ACTIVITY AND KEY EVENTS DURING THE FISCAL YEAR

### 1.1 Business activity

In addition to managing its portfolio of investments in its capacity as the Group's holding company, LVMH Moët Hennessy Louis Vuitton SE ("LVMH", "the Company") manages and coordinates the operational activities of all of its subsidiaries, and offers them various management support services, for which they are invoiced, particularly in legal, financial, tax and insurance matters.

### 1.2 Key events during the fiscal year

On September 30, 2022, the Company completed the merger by absorption of its wholly-owned subsidiary LV Group SA. This transaction formed part of an effort to streamline the operational and administrative ownership structure of the LVMH

group's subsidiaries. The merger involved dissolving LV Group SA without liquidating its assets, which were transferred in full to LVMH SE. The merger was backdated to January 1, 2022 (the "Effective Date").

Assets and liabilities transferred from LV Group SA were recognized in the Company's accounts at their carrying amount at the Effective Date. Net assets transferred totaled 5.4 billion euros, mainly consisting of equity investments worth 4 billion euros and a financial current account with a balance of 2.4 billion euros. LV Group SA's shares are recognized in the Company's reference accounts at a net carrying amount of 1 billion euros (of which 127 million euros acquired during the fiscal year), resulting in a merger gain of 4.4 billion euros. This technical gain is recognized in the Company's financial statements against "Gains and losses on disposals" under "Net financial income/(expense)".

## 2. ACCOUNTING POLICIES AND METHODS

### 2.1 General framework and changes in accounting policies

The balance sheet and income statement of LVMH have been prepared in accordance with French legal requirements, particularly Regulations 2014-03 and 2015-05 of the Autorité des Normes Comptables (the French accounting standard-setter); it should be noted that the presentation of the income statement was modified in 2011.

The presentation used for the income statement is designed to clearly distinguish between the Company's two types of activities: its asset management activities, related to its equity investments, and its activities related to managing and coordinating all the entities that make up the LVMH group, as described in Note 1.1.

The presentation of the income statement includes three main components of profit or loss: "Net financial income/(expense)", "Operating profit/(loss)" and "Net exceptional income/(expense)". The total of "Net financial income/(expense)" and "Operating profit/(loss)" corresponds to "Recurring profit before tax".

"Net financial income/(expense)" includes net income from the management of subsidiaries and other investments; the cost of net financial debt relating, in essence, to the holding of these investments; and other items resulting from the management of subsidiaries or of financial debt, particularly gains or losses on foreign exchange or hedging instruments. Net income from managing subsidiaries and investments includes all portfolio management items: dividends, changes in impairment of securities and receivables from equity investments, changes in provisions for contingencies and losses related to the portfolio, and gains or losses arising on the disposal of investments.

"Operating profit/(loss)" includes costs related to the management of the Company and to the Group's operational management

and coordination costs, personnel costs or other administrative costs, less the amount rebilled to subsidiaries, either by billing for management support services or rebilling expenses incurred on their behalf.

"Net financial income/(expense)" and "Operating profit/(loss)" include items relating to the financial management of the Company or administrative operations, irrespective of their amounts or their occurrence. "Net exceptional income/(expense)" thus comprises only those transactions that, due to their nature, may not be included in "Net financial income/(expense)" or "Operating profit/(loss)".

### 2.2 Intangible assets and property, plant and equipment

Intangible assets, property, plant and equipment are stated at acquisition cost (purchase price and incidental costs, excluding acquisition expenses) or at contribution value, with the exception of property, plant and equipment acquired prior to December 31, 1976 which was revalued in 1978 (revaluation pursuant to the French law of 1976).

Intangible assets are composed of leasehold rights amortized over the duration of the underlying leases and of IT development costs amortized over a period of 3 to 5 years.

Property, plant and equipment are depreciated, where applicable, on a straight-line basis over their estimated useful lives; the following useful lives are applied:

- vehicles: 4 years;
- fixtures, furniture and leasehold improvements: 5 to 25 years;
- buildings: 40 to 100 years.

Vineyard land is not subject to depreciation.

## 2.3 Non-current financial assets

Non-current financial assets, excluding receivables, loans and deposits, are stated at acquisition cost (excluding incidental costs) or at contribution value.

If the recoverable amount as of the fiscal year-end is lower than the carrying amount, a provision is recorded in the amount of the difference. The recoverable amount is measured with reference to the value in use or the net selling price. Value in use is based on the entities' forecast future cash flows or the share of their net worth. The net selling price is calculated with reference to ratios or share prices of similar entities, on the basis of valuations performed by independent experts for the purposes of a disposal transaction, or by comparison with recent similar transactions.

Where the recoverable amount of the investment is negative, an impairment loss is recognized against any associated receivables in addition to the impairment loss against the investment itself, with any remaining liability covered by a provision for contingencies.

Changes in the amount of provisions for impairment of the equity investment portfolio are classified under "Income from managing subsidiaries and investments".

Portfolio investments held as of December 31, 1976 were revalued in 1978 (revaluation pursuant to the French law of 1976).

## 2.4 Receivables

Receivables are recorded at their face value. Impairment for doubtful accounts is recorded if their recoverable amount, based on the probability of their collection, is lower than their carrying amount.

## 2.5 Short-term investments

Short-term investments, including money market investments on which interest is rolled up, are stated at acquisition cost (excluding transaction costs); if their market value is lower than their acquisition cost, an impairment expense is recorded in "Net financial income/(expense)" for the amount of the difference.

The market value of short-term investments is calculated, for listed securities, based on average listed share prices during the last month of the fiscal year and translated, where applicable, at year-end exchange rates. The market value of non-listed securities is calculated based on their estimated realizable value.

This calculation is performed on a line-by-line basis, without offsetting any unrecognized capital gains and losses.

In the event of partial investment sales, any gains or losses are calculated based on the FIFO method.

## 2.6 Treasury shares and bonus share plans

### 2.6.1 LVMH treasury shares

Treasury shares acquired under share allocation plans or under the terms of the liquidity contract are recognized under short-term investments. Shares held on a long-term basis, or intended to be cancelled or exchanged at a later date are recognized within "Non-current financial assets".

Treasury shares held for bonus share plans are allocated to these plans.

Treasury shares are recorded, on their date of delivery, at their acquisition cost excluding transaction costs.

In the event of disposal, the cost of the shares disposed of is determined by allocation category using the FIFO method.

### 2.6.2 Impairment of LVMH treasury shares

If the market value of LVMH shares recorded in short-term investments (calculated as described in Note 2.5 above) falls below their purchase price, impairment in the amount of the difference is recognized and charged to "Net financial income/(expense)", under "Other financial income and expenses".

No impairment is recognized for LVMH shares allocated to bonus share plans or shares recorded within "Non-current financial assets".

### 2.6.3 Expense relating to LVMH share-based bonus share plans

The expense relating to LVMH share-based bonus share plans is allocated on a straight-line basis over the vesting periods of the plans. It is recognized in the income statement under the heading "Personnel costs", offset by a provision for losses recorded in the balance sheet.

The expense relating to bonus share plans involving LVMH shares corresponds to the portfolio value of the shares allocated to those plans.

## 2.7 Income from equity investments

Amounts distributed by subsidiaries and other investments, in addition to the share in income from GIEs (economic interest groups) subject to statutory clauses providing for the allocation of income to partners, are recognized as of the date that they accrue to the shareholders or partners.

## 2.8 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the dates of transactions.

Foreign currency receivables and payables are revalued at exchange rates as of December 31. Any resulting unrealized gains and losses are recorded in the cumulative translation adjustment if the receivables and payables are not hedged. Provisions are recorded for unrealized foreign exchange losses as of December 31, except for losses offset by unrealized gains in the same currency.

If the receivables and payables are hedged, the unrealized gains and losses arising on the revaluation are offset against unrealized gains and losses on the associated hedging transactions.

Fiscal year-end foreign exchange gains and losses on foreign currency cash and cash equivalents are recorded in the income statement.

## 2.9 Derivatives

Foreign exchange derivatives are accounted for based on the following principles:

- in the case of derivatives designated as hedging instruments:
  - they are remeasured at year-end exchange rates under “Other receivables” and “Other liabilities”; the unrealized gains and losses resulting from this remeasurement offset unrealized gains and losses on the assets and liabilities hedged by these instruments,
  - unrealized gains and losses are deferred if these instruments are allocated to future transactions,
  - gains and losses realized on maturity are recorded as an offset against gains and losses on the assets and liabilities hedged by these instruments;
- in the case of derivatives not designated as hedging instruments (isolated open positions):
  - any unrealized gains resulting from their remeasurement at year-end exchange rates are recognized within “Other receivables” and offset against “Accruals and deferred income”,

- any unrealized losses give rise to a provision for losses, recognized within “Foreign exchange gains and losses”,
- realized gains and losses are recorded under “Foreign exchange gains and losses”.

The swap points are recognized on a pro rata basis over the term of the contracts under “Cost of net financial debt”.

Interest rate derivatives designated as hedging instruments are recognized on a pro rata basis over the term of the contracts, without any impact on the face value of the debt whose rate is hedged.

Interest rate derivatives not designated as hedging instruments are remeasured at market value as of the balance sheet date. Any unrealized gains resulting from this remeasurement are deferred; any unrealized losses give rise to a provision for losses.

## 2.10 Bond issue premiums

Bond issue premiums are amortized over the life of bonds. Issue costs are expensed upon issuance.

## 2.11 Provisions

A provision is recognized whenever an obligation exists towards a third party resulting in a probable disbursement for the Company, the amount of which may be reliably estimated.

## 2.12 Income tax - Tax consolidation agreement

LVMH is the parent company of a tax group comprising most of its French subsidiaries (Article 223-A *et seq.* of the French General Tax Code). In the majority of cases, the tax consolidation agreement does not alter the tax expense or the right to the benefit from the tax losses carried forward of the subsidiaries concerned: their tax position with respect to LVMH, insofar as they remain part of the tax group, remains identical to that which would have been reported had the subsidiaries been taxed individually. Any additional tax savings or tax expense – i.e. the sum of any difference between the tax recognized by each consolidated company and the tax resulting from the calculation of taxable income for the tax group – is recognized by LVMH.

# 3. SIGNIFICANT SUBSEQUENT EVENTS

As of January 26, 2023, when the financial statements were approved for publication, no significant events had occurred after the balance sheet date.



## 4. NET FINANCIAL INCOME/(EXPENSE)

### 4.1 Income from managing subsidiaries and investments

The income from managing subsidiaries and investments breaks down as follows:

<i>(EUR millions)</i>	2022	2021
Dividends received from French companies	5,934.5	553.1
Dividends received from foreign companies	3,311.4	2,059.1
Share of income from GIEs (economic interest groups)	2.8	(0.8)
<b>Financial income from subsidiaries and investments</b>	<b>9,248.7</b>	<b>2,611.4</b>
Changes in impairment	(191.7)	(319.2)
Changes in provisions for contingencies and losses	(21.3)	18.3
<b>Impairment and provisions related to subsidiaries and investments</b>	<b>(213.0)</b>	<b>(300.9)</b>
<b>Gains and losses on disposal</b>	<b>4,415.7</b>	<b>3,355.3</b>
<b>Income from managing subsidiaries and investments</b>	<b>13,451.4</b>	<b>5,665.8</b>

See also Note 18 concerning the change in impairment and provisions.

Gains and losses on disposals consist of a 4.4 billion euro merger gain recognized in connection with the merger by absorption of LV Group SA by LVMH SE (see also Note 1.2, “Key events during the fiscal year”).

### 4.2 Cost of net financial debt

The cost of net financial debt, including the impact of interest rate hedging instruments, breaks down as follows:

<i>(EUR millions)</i>	2022	2021
Interest and premiums on borrowings	(138.3)	(59.1)
Financial income and revenue	116.4	78.3
<b>Cost of non-Group net financial debt</b>	<b>(21.9)</b>	<b>19.2</b>
Intra-Group interest expense	(34.7)	-
Intra-Group interest income	4.3	2.1
<b>Cost of intra-Group net financial debt</b>	<b>(30.4)</b>	<b>2.1</b>
<b>Cost of net financial debt</b>	<b>(52.3)</b>	<b>21.3</b>

### 4.3 Foreign exchange gains and losses

Foreign exchange gains and losses comprise the following items:

<i>(EUR millions)</i>	2022	2021
Foreign exchange gains	18.9	31.1
Foreign exchange losses	(29.5)	(49.7)
Changes in provisions for unrealized foreign exchange losses	26.6	(23.1)
<b>Foreign exchange gains and losses</b>	<b>16.0</b>	<b>(41.7)</b>

See also Note 18 on changes in provisions.

Foreign exchange gains and losses mainly correspond to those arising on the outstanding borrowings denominated in foreign currency and foreign exchange derivatives entered into for the purposes described in Note 22 (foreign currency net investment hedges of subsidiaries).

#### 4.4 Other financial income and expenses

Other financial income and expenses break down as follows:

<i>(EUR millions)</i>	2022	2021
Income and expenses from LVMH shares	1.3	7.4
Other financial income	-	2.2
Other financial expenses	(18.7)	(13.4)
Changes in provisions	-	-
<b>Other financial income and expenses</b>	<b>(17.4)</b>	<b>(3.8)</b>

## 5. SERVICES PROVIDED AND OTHER INCOME

Services provided and other income break down as follows:

<i>(EUR millions)</i>	2022	2021
Services provided	224.3	194.8
Rebilled expenses	273.1	243.0
Real estate revenue	8.1	7.4
<b>Total</b>	<b>505.5</b>	<b>445.2</b>

“Services provided and other income” concerns related companies:

- “services provided” consist of support services (see also Note 1.1);
- “rebilled expenses” refer to compensation paid and expenses incurred by LVMH on behalf of related companies;
- “real estate revenue” is attributable to the lease of Champagne vineyard land owned by LVMH.

## 6. PERSONNEL COSTS

In 2022, personnel costs included gross compensation and employer social security contributions, post-employment benefits, other long-term benefits and the cost of stock option and similar plans (see also Note 12.2.2).

### 6.1 Gross compensation

Due to the nature of the Company’s business, as described in Note 1.1, “Business activity”, a significant portion of this compensation is rebilled to Group companies as management support services.

The total gross compensation paid to company officers and members of the Company’s Executive Committee for fiscal year 2022 amounted to 68 million euros, including 1.1 million euros in directors’ fees.

### 6.2 Post-employment benefit commitments – Supplementary pensions and retirement bonuses

These commitments mainly relate to members of the Executive Committee, who are covered by a supplementary pension plan after a certain number of years of service, the amount of which is determined on the basis of the average of their three highest amounts of annual compensation.

As of December 31, 2022, the commitment that has not been recognized, net of financial assets covering this commitment, determined according to the same principles as those used for the LVMH group’s consolidated financial statements, amounts to 13.4 million euros.

This commitment includes the impact of the lock-in of benefits in respect of supplementary pension plans covering the Group's Executive Committee members and senior executives, following the entry into force of the French PACTE law and the Order of July 3, 2019.

The discount rate used to estimate this commitment was 3.4%.

No payments were made to cover this commitment in 2022 (none in 2021).

### 6.3 Average headcount

In 2022, the Company had an average headcount of 23 (2021: 22).

## 7. OTHER NET MANAGEMENT CHARGES

Management charges include fees, communication expenses, insurance premiums and rent.

Due to the nature of the Company's business, as described in Note 1.1, "Business activity", a significant portion of other management charges are rebilled to Group companies, either by billing for management support services or rebilling expenses incurred on their behalf.

Moreover, when Diageo acquired a stake in the Moët Hennessy group in 1994, Diageo and LVMH entered into an agreement for

the apportionment of shared holding company costs between Moët Hennessy SAS and the other holding companies of the LVMH group. Pursuant to this agreement, the proportion of shared costs re-invoiced by Moët Hennessy to LVMH amounted to 235 million euros.

Taxes, duties and similar levies recognized in "Other management charges" amounted to 5.3 million euros for fiscal year 2022 (4.8 million euros in 2021).

## 8. INCOME TAXES

### 8.1 Breakdown of corporate income tax

Corporate income tax breaks down as follows:

<i>(EUR millions)</i>	<b>Profit before tax</b>	<b>Tax (expense)/ income</b>	<b>Net profit</b>
Recurring profit before tax	13,051.2	28.8	13,080.0
Net exceptional income/(expense)	(5.0)	-	(5.0)
	13,046.2	28.8	13,075.0
Tax in respect of prior fiscal years <sup>(a)</sup>	-	(0.7)	(0.7)
Provisions for general contingencies	-	5.0	5.0
Impact of tax consolidation	-	72.3	72.3
	<b>13,046.2</b>	<b>105.4</b>	<b>13,151.6</b>

(a) Net of reversals of related provisions.

For information on provisions for general contingencies, see also Note 18.

### 8.2 Tax losses related to the tax consolidation agreement

As of December 31, 2022, the amount of tax losses that may be reclaimed from LVMH by its subsidiaries totaled 3,831 million euros.

### 8.3 Deferred tax

Deferred tax arising from temporary differences amounted to a net debit balance of 18.5 million euros as of December 31, 2022, including 5.7 million euros relating to temporary differences that are expected to reverse in 2023.

## 9. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

<i>(EUR millions)</i>	<b>2022</b>
<b>Carrying amount of fixed assets as of December 31, 2021</b>	<b>108.5</b>
Additions	25.2
Disposals and retirements	-
Net change in depreciation/amortization	(1.5)
<b>Carrying amount of fixed assets as of December 31, 2022</b>	<b>132.2</b>

## 10. EQUITY INVESTMENTS

<i>(EUR millions)</i>	<b>2022</b>	<b>2021</b>
Gross amount of equity investments	51,885.6	46,048.4
Impairment expense	(4,020.1)	(2,842.0)
<b>Carrying amount of equity investments</b>	<b>47,865.5</b>	<b>43,206.4</b>

In September 2022, LVMH completed the merger by absorption of its wholly-owned subsidiary LV Group SA. The merger involved dissolving LV Group SA without liquidating its assets, which were transferred in full to LVMH SE. Net assets transferred totaled 5.4 billion euros, mainly consisting of equity investments worth 4 billion euros (see also Note 1.2).

In 2022, LVMH completed capital increases for its subsidiaries totaling 2.6 billion euros, of which 2.5 billion for LVMH Investissements.

In November 2022, LVMH acquired 100% of Repossi for 21.7 million euros.

The investment portfolio is presented in the “Subsidiaries and investments” table.

The methods used to calculate the impairment of equity investments are described in Note 2.3. In most cases, impairment is calculated with reference to the value in use of the investment in question, which is determined on the basis of forecast cash flows generated by the entity in question.

The change in impairment of the investment portfolio is analyzed in Note 18.

## 11. RECEIVABLES FROM EQUITY INVESTMENTS

The change in receivables from equity investments is partly a result of the merger by absorption of LV Group SA by LVMH SE (see Note 1.2).

Receivables from equity investments are detailed in the “Subsidiaries and investments” table.

The methods used to calculate the impairment of receivables from equity investments are described in Note 2.3.

The change in impairment of receivables from equity investments is broken down in Note 18.

## 12. TREASURY SHARES AND RELATED DERIVATIVES

### 12.1 LVMH treasury shares

As of December 31, 2022, the value of the treasury shares held was allocated as follows:

(EUR millions)	2022			2021	
	Gross	Impairment	Net	Net	
Share subscription option plans	-	-	-	-	
Pending retirement	759.0	-	759.0	74.3	
<b>Long-term investments</b>	<b>759.0</b>	<b>-</b>	<b>759.0</b>	<b>74.3</b>	
Bonus share plans	519.6	-	519.6	597.0	
Liquidity contract	13.9	-	13.9	15.4	
<b>Short-term investments</b>	<b>533.5</b>	<b>-</b>	<b>533.5</b>	<b>612.4</b>	

A share buyback program for a maximum amount of 300 million euros was implemented in the fourth quarter of 2021 and ended in February 2022, resulting in the acquisition in 2022 of 313,610 shares to be retired.

A new share buyback program for a maximum amount of 1 billion euros ran from May to November 2022, resulting in the acquisition of 1,625,050 shares to be retired.

Portfolio movements during the fiscal year were as follows:

Long-term investments (EUR millions)	Share subscription option plans		Pending retirement		Total	
	Number	Gross	Number	Gross	Number	Gross
<b>As of January 1, 2022</b>	-	-	<b>103,651</b>	<b>74.3</b>	<b>103,651</b>	<b>74.3</b>
Purchases	-	-	2,605,288	1,621.0	2,605,288	1,621.0
Transfers	-	-	-	-	-	-
Retirement of LVMH shares	-	-	(1,500,000)	(936.3)	(1,500,000)	(936.3)
<b>As of December 31, 2022</b>	-	-	<b>1,208,939</b>	<b>759.0</b>	<b>1,208,939</b>	<b>759.0</b>

Short-term investments (EUR millions)	Other plans		Liquidity contract		Total	
	Number	Gross	Number	Gross	Number	Gross
<b>As of January 1, 2022</b>	<b>1,126,959</b>	<b>597.0</b>	<b>22,000</b>	<b>15.4</b>	<b>1,148,959</b>	<b>612.4</b>
Purchases	-	-	510,427	324.9	510,427	324.9
Disposals at net realized value	-	-	(512,427)	(327.7)	(512,427)	(327.7)
Gain/(loss) on disposal	-	-	-	1.3	-	1.3
Transfers	-	-	-	-	-	-
Vested bonus shares	(175,499)	(77.4)	-	-	(175,499)	(77.4)
<b>As of December 31, 2022</b>	<b>951,460</b>	<b>519.6</b>	<b>20,000</b>	<b>13.9</b>	<b>971,460</b>	<b>533.5</b>

As of December 31, 2022, based on stock market quotes at that date, the value of shares held under the liquidity contract was 13.6 million euros.

## 12.2 Bonus share and similar plans

### 12.2.1 General characteristics of plans

#### Share purchase and subscription option plans

No option plans have been set up by the Company since the May 14, 2009 share subscription option plan, which carried performance conditions and expired on May 13, 2019.

No share purchase or subscription option plans were in effect as of December 31, 2022.

#### Bonus share plans

At the Shareholders' Meeting of April 21, 2022, the shareholders renewed the authorization given to the Board of Directors, for a period of twenty-six months expiring June 2024, to allocate existing or newly issued shares as bonus shares to employees and/or senior executive officers of the Company and related entities, on one or more occasions, up to a maximum of 1% of the Company's share capital as of the date of this authorization, with the proviso that the total number of bonus shares allocated to senior executive officers in the course of a fiscal year may not exceed 15% of all shares allocated by the Board of Directors during that same fiscal year.

For the plans set up starting in 2016 – except where otherwise stated below – bonus shares and (if performance conditions are met) bonus performance shares vest to all recipients after a three-year period and are freely transferable once they have vested.

Performance conditions generally concern the scope of the Group, but in certain cases may concern targets to be met at the level of a subsidiary or business group. These criteria set by the Board of Directors are mainly financial in nature, but some also concern non-financial factors. Performance is most often measured over two fiscal years, and for certain plans over a longer period of time.

#### Performance conditions

With certain exceptions, the vesting of bonus shares is subject to a condition under which recipients must still be with the Group on the date the shares are allocated.

The vesting of bonus shares under certain plans is subject to conditions related to LVMH's financial performance, which must be met in order for recipients to be entitled to them.

The plans set up on October 24, 2019, October 22, 2020, and October 22, 2022 provide solely for the allocation of bonus shares subject to conditions relating to the performance of the LVMH group.

The plan put in place on January 26, 2021 allocates (i) bonus shares for which vesting is subject to conditions relating specifically to the performance of a subsidiary, (ii) bonus shares subject to a continued service condition and (iii) bonus shares for which vesting is not subject to any conditions.

The plan set up on April 15, 2021 includes conditions relating specifically to the performance of a subsidiary.

The plan put in place on July 26, 2021 allocates (i) bonus shares for which vesting is subject to conditions relating specifically to the performance of a subsidiary and (ii) bonus shares for which vesting is not subject to any conditions.

The plan put in place on October 28, 2021 allocates (i) bonus shares for which vesting is subject to conditions relating to the performance of the LVMH group, (ii) bonus shares for which vesting is subject to conditions relating specifically to the performance of a subsidiary and (iii) bonus shares for which vesting is not subject to any conditions.

The plan put in place on January 27, 2022 allocates (i) bonus shares for which vesting is subject to conditions relating to the performance of the LVMH group and (ii) bonus shares for which vesting is subject to their recipients not resigning during the vesting period.

The plan put in place on July 26, 2022 allocates (i) bonus shares for which vesting is subject to conditions relating to the performance of the LVMH group, (ii) bonus shares for which vesting is subject to conditions relating specifically to the performance of a subsidiary and (iii) bonus shares for which vesting is subject to their recipients not resigning during the vesting period.

For bonus shares allocated under the plans set up on October 24, 2019 and October 22, 2020, for which vesting is subject to a condition relating to the LVMH group's performance, shares only vest if LVMH's consolidated financial statements for fiscal years Y+1 and Y+2 show a positive change, relative to the fiscal year in which the plan was set up (fiscal year "Y"), in one or more of the following indicators: profit from recurring operations, operating free cash flow, the Group's current operating margin (hereinafter referred to as the "Indicators").

The performance condition for the plan set up on October 24, 2019 was not met in 2020. Given the exceptional circumstances related to the Covid-19 pandemic that resulted in the performance condition not being met, the Board of Directors decided at its meeting on October 22, 2020, in accordance with the principle of a safeguard mechanism laid down in the award plan rules, and where the relevant condition is not satisfied, to amend the

plan's regulations such that 50% of their provisional allocation vests with grantees provided that the consolidated profit from recurring operations stated in the 2021 budget adopted by the Board of Directors is achieved. Since this condition had been met, on October 24, 2022 the recipients received a number of shares equal to 50% of their initial allocation; where the number of shares vesting to a recipient included a decimal, it was rounded up to the nearest whole number.

The performance condition is assessed on a like-for-like basis to exclude the impact of acquisitions made during the two calendar years following the reference fiscal year and to neutralize the impact of disposals that took place during this same period. Only significant transactions (for more than 150 million euros) are restated in the accounts.

The performance condition applicable to bonus shares allocated under the plan set up on October 22, 2020 was met in 2021 and 2022. The shares will vest on October 22, 2023 subject to recipients' continued service at that date.

Bonus shares allocated under the January 26, 2021 plan, for which vesting is subject to the recipients' continued service as of December 31, 2022 and the achievement of quantitative targets relating to a subsidiary's consolidated profit from recurring operations during the fiscal year ending in 2022 and of qualitative targets, will vest on January 26, 2023 subject to those conditions having been met as of December 31, 2022.

Bonus shares allocated under the April 15, July 26 and October 28, 2021 plans, for which vesting is subject to the recipients' continued service as of December 31, 2022 and the achievement of quantitative targets relating to a subsidiary's consolidated profit from recurring operations during the fiscal year ending in 2022 and of qualitative targets, will vest on April 16, 2023 subject to those conditions having been met as of December 31, 2022.

Bonus shares allocated under the plans put in place on October 28, 2021 and January 27 and July 26, 2022, for which vesting is subject to a continued service condition and a condition relating to the performance of the LVMH group, will vest on October 28, 2024 in the following proportions: (i) 90% of the allocated shares will vest if LVMH's consolidated financial statements for each of fiscal years 2022 and 2023 show a positive year-on-year change in any of the Indicators and (ii) 10% of the allocated shares will vest if the non-financial condition relating to the Group's social and environmental responsibility is met in 2023.

Bonus shares allocated under the October 28, 2021 plan, for which vesting is subject to conditions relating to the performance of Group subsidiaries, will vest on March 31, 2025 subject to the recipients' continued service as of December 31, 2024 and the achievement of quantitative targets by the subsidiaries in question relating to their average consolidated profit from

recurring operations in respect of the fiscal years ending in 2023 and 2024, as well as qualitative targets.

Bonus shares allocated under the July 26, 2022 plan, for which vesting is subject to conditions relating to the performance of a Group subsidiary, will vest on March 31, 2025 subject to the recipients' continued service as of December 31, 2024 and the achievement of quantitative targets by the subsidiary in question relating to growth in its consolidated profit from recurring operations between January 1, 2023 and December 31, 2024, as well as qualitative targets.

Bonus shares allocated under the plan put in place on October 27, 2022, for which vesting is subject to a continued service condition and a condition relating to the performance of the LVMH group will vest on October 27, 2025 in the following proportions: (i) 85% of the allocated shares will vest if LVMH's consolidated financial statements for each of fiscal years 2023 and 2024 show a positive year-on-year change in any of the Indicators and (ii) 15% of the allocated shares will vest if the non-financial condition relating to the Group's social and environmental responsibility is met in 2024.

## 12.2.2 Movements relating to stock option and similar plans

Movements during the fiscal year relating to the various LVMH share-based plans were as follows:

<i>(number)</i>	<b>Bonus share awards</b>
<b>Rights not exercised as of January 1, 2022</b>	<b>666,515</b>
Provisional allocations for the period	189,404
Shares expired in 2022	(11,625)
Shares vested in 2022	(175,499)
<b>Rights not exercised as of December 31, 2022</b>	<b>668,795</b>

Previously owned shares were remitted in settlement of the bonus shares vested.

The total expense recognized under "Personnel costs" in 2022 for stock option and similar plans was 128.3 million euros (2021: expense of 210.2 million euros).

The value used as the basis for calculating the 20% social security contribution, payable when the plans vest, was, for plans with provisionally allocated shares, the LVMH closing share price on December 31, 2022, which was 679.90 euros; and, for plans for which shares vested in 2022, a share price of 629.50 euros for the October 2019 plan; 673.70 euros for the January 2021 plan; 635.00 euros for the July 2021 plan; and 564.40 euros for the October 2021 plan granted early.



## 13. OTHER NON-CURRENT FINANCIAL ASSETS

As of December 31, 2022, other non-current financial assets mainly comprised 1.1 million euros of deposits and guarantees paid.

## 14. RECEIVABLES

Receivables break down as follows:

(EUR millions)	2022			2021
	Gross	Impairment	Net	Net
Receivables from related companies	187.5	-	187.5	146.4
<i>of which: Tax consolidation current accounts</i>	44.5	-	44.5	53.2
Receivables from the State	98.4	-	98.4	43.9
Other receivables	21.0	-	21.0	111.0
<i>of which: Currency revaluation of hedging derivatives</i>	13.4	-	13.4	107.3
<b>Total</b>	<b>306.9</b>	<b>-</b>	<b>306.9</b>	<b>301.3</b>

All these receivables mature within one year.

## 15. PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income mainly consist of bond issue premiums and interest payable on US commercial paper.

## 16. SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

### 16.1 Share capital

The Company's share capital comprises 503,257,339 fully paid-up shares, each with a par value of 0.30 euros.

All the shares comprising the Company's share capital have the same voting and dividend rights, except for registered shares held for more than three years, which have double voting rights.

Treasury shares do not have voting or dividend rights.

As of December 31, 2022, the Company's share capital broke down as follows:

	Number	%
Shares with double voting rights	231,307,286	45.96
Shares with single voting rights	269,769,654	53.61
	501,076,940	99.57
LVMH treasury shares	2,180,399	0.43
<b>Total number of shares</b>	<b>503,257,339</b>	<b>100.00</b>

## 16.2 Change in equity

The change in equity during the fiscal year broke down as follows:

<i>(EUR millions)</i>	Number of shares	Share capital	Share premium account	Other reserves and regulated provisions	Retained earnings	Interim dividend	Net profit for the fiscal year	Equity
<b>As of December 31, 2021 before appropriation of net profit</b>	<b>504,757,339</b>	<b>151.4</b>	<b>2,224.9</b>	<b>388.0</b>	<b>12,613.8</b>	<b>(1,510.8)</b>	<b>5,207.7</b>	<b>19,075.0</b>
Appropriation of net profit for 2021	-	-	-	-	5,207.7	-	(5,207.7)	-
2021 dividends	-	-	-	-	(5,047.5)	1,510.8	-	(3,536.7)
Impact of treasury shares	-	-	-	-	17.6	-	-	17.6
<b>As of December 31, 2021 after appropriation of net profit</b>	<b>504,757,339</b>	<b>151.4</b>	<b>2,224.9</b>	<b>388.0</b>	<b>12,791.6</b>	<b>-</b>	<b>-</b>	<b>15,555.9</b>
Retirement of shares	(1,500,000)	(0.4)	(935.8)	-	-	-	-	(936.2)
2022 interim dividend	-	-	-	-	-	(2,516.2)	-	(2,516.2)
Impact of treasury shares	-	-	-	-	-	10.8	-	10.8
Net profit for fiscal year 2022	-	-	-	-	-	-	13,151.6	13,151.6
<b>As of December 31, 2022 before appropriation of net profit</b>	<b>503,257,339</b>	<b>151.0</b>	<b>1,289.1</b>	<b>388.0</b>	<b>12,791.6</b>	<b>(2,505.4)</b>	<b>13,151.6</b>	<b>25,265.9</b>

The appropriation of net profit for fiscal year 2021 resulted from the resolutions of the Combined Shareholders' Meeting of April 21, 2022.

## 17. RESERVES AND REVALUATION ADJUSTMENTS

Reserves break down as follows:

<i>(EUR millions)</i>	2022	2021
Legal reserve	15.1	15.1
Regulated reserves	331.3	331.3
Revaluation reserves	41.5	41.5
<b>Total</b>	<b>387.9</b>	<b>387.9</b>

### 17.1 Regulated reserves

Regulated reserves comprise the special reserve for long-term capital gains and restricted reserves, in the amount of 2.2 million euros, created as a result of the reduction in capital undertaken

when the Company's share capital was converted into euros. The special reserve for long-term capital gains may only be distributed after tax has been levied.

### 17.2 Revaluation reserves

Revaluation adjustments are the result of revaluations carried out in 1978 pursuant to the French law of 1976.

The adjustments concern the following non-amortizable fixed assets:

<i>(EUR millions)</i>	2022	2021
Vineyard land	17.9	17.9
Equity investments (Parfums Christian Dior)	23.6	23.6
<b>Total</b>	<b>41.5</b>	<b>41.5</b>

## 18. CHANGES IN IMPAIRMENT AND PROVISIONS

Changes in asset impairment and provisions break down as follows:

<i>(EUR millions)</i>	As of December 31, 2021	Increases <sup>(a)</sup>	Amounts used	Amounts released	As of December 31, 2022
Equity investments	2,842.0	1,240.0	-	(61.9)	4,020.1
Receivables from equity investments	15.7	43.5	-	-	59.2
LVMH treasury shares	-	-	-	-	-
Other assets	-	-	-	-	-
<b>Asset impairment</b>	<b>2,857.7</b>	<b>1,283.5</b>	<b>-</b>	<b>(61.9)</b>	<b>4,079.3</b>
Stock option and similar plans	105.5	96.2	(61.5)	-	140.2
General contingencies	777.2	234.3	(5.6)	(233.7)	772.2
Unrealized forex losses	26.6	0.2	(26.6)	-	0.2
Other contingencies and losses	197.5	206.8	(69.4)	(27.3)	307.6
<b>Provisions for contingencies and losses</b>	<b>1,106.8</b>	<b>537.5</b>	<b>(163.1)</b>	<b>(261.0)</b>	<b>1,220.2</b>
<b>Total</b>	<b>3,964.5</b>	<b>1,821.0</b>	<b>(163.1)</b>	<b>(322.9)</b>	<b>5,299.5</b>
<i>Of which: Net financial income/(expense)</i>		350.5	(84.1)	(79.9)	
<i>Operating profit/(loss)</i>		118.8	(73.4)	(9.3)	
<i>of which: Personnel costs</i>		118.6	(73.4)	(9.3)	
<i>Other<sup>(a)</sup></i>		1,351.7	(5.6)	(233.7)	
		<b>1,821.0</b>	<b>(163.1)</b>	<b>(322.9)</b>	

(a) Including the effect of the merger by absorption of LV Group SA by LVMH SE (1,117.4 million euros).

Provisions for general contingencies correspond to an estimate of the impact on assets and liabilities of risks, disputes, or actual or probable litigation arising from the Company's activities or those of its subsidiaries; such activities are carried out worldwide, within what is often an imprecise regulatory framework that is different for each country, changes over time, and applies to areas ranging from product composition to the tax computation.

In particular, the Company may be subject to tax inspections and, in certain cases, to rectification claims from tax administrations.

These rectification claims, together with any uncertain tax positions that have been identified but not yet officially notified, give rise to appropriate provisions, the amount of which is regularly reviewed in accordance with the criteria of Regulation 2014-03 of the Autorité des Normes Comptables (France's accounting standards authority). Changes in provisions mainly reflect the resolution of certain discussions with tax authorities, customs or other administrations, both in France and abroad.

See also Notes 4, 8, 10 and 11.

## 19. GROSS BORROWINGS

Gross borrowings break down as follows:

<i>(EUR millions)</i>	2022	2021
Bonds	10,923.8	14,043.0
US dollar-denominated commercial paper	3,140.2	3,615.5
Bank loans and borrowings	0.1	7.8
Intra-Group financial debt	8,574.8	6,150.4
Other financial debt	11,715.0	9,773.7
<b>Gross borrowings</b>	<b>22,638.8</b>	<b>23,816.7</b>

## 19.1 Bonds

Bonds consist of the following:

	Nominal interest rate	Floating-rate swap	Issue price <sup>(a)</sup> (as % of the par value)	Maturity	Par value as of December 31, 2022 (EUR millions)	Accrued interest after swap (EUR millions)	Total (EUR millions)
GBP 850,000,000; 2020	1.125%	Total	99.071%	2027	958.4	3.0	961.3
EUR 1,250,000,000; 2020	-	-	100.106%	2024	1,250.0	-	1,250.0
EUR 1,250,000,000; 2020	-	-	99.423%	2026	1,250.0	-	1,250.0
EUR 1,750,000,000; 2020	0.125%	11.43%	98.991%	2028	1,750.0	1.5	1,751.5
EUR 1,500,000,000; 2020	0.375%	-	99.038%	2031	1,500.0	5.0	1,505.0
GBP 700,000,000; 2020	1.000%	Total	99.799%	2023	789.2	2.4	791.6
EUR 1,500,000,000; 2020	0.750%	-	99.547%	2025	1,500.0	8.3	1,508.3
EUR 700,000,000; 2019	0.125%	-	99.470%	2023	700.0	0.7	700.7
EUR 1,200,000,000; 2017	0.750%	25.00%	99.542%	2024	1,200.0	5.4	1,205.4
<b>Total</b>					<b>10,897.6</b>	<b>26.2</b>	<b>10,923.8</b>

(a) After fees.

Bond issues are mainly carried out as part of a Euro Medium-Term Note (EMTN) program capped at 30 billion euros as of December 31, 2022.

Unless otherwise indicated, bonds are redeemable at par upon maturity.

The interest rate swaps presented in the table above were entered into either on the issue date of the bonds or as part of subsequent optimization transactions. All foreign currency-denominated bonds are covered by foreign exchange hedges (see Note 22.2).

During the fiscal year, LVMH repaid the 1,750 million euro bond issued in 2020 and maturing in February 2022. LVMH also redeemed early the 800 million euro and 400 million pound sterling bonds issued in 2017, originally set to mature in May and June 2022 respectively. The associated hedging swaps were unwound on redemption.

## 19.2 Breakdown of gross borrowings by payment date

The breakdown of gross borrowings by type and payment date, and the related accrued expenses, are shown in the table below:

Borrowings (EUR millions)	Total	Amount			Of which: Accrued expenses	Of which: Related companies
		Less than 1 year	From 1 to 5 years	More than 5 years		
Bonds	10,923.8	1,515.5	6,158.4	3,250.0	26.2	-
US dollar-denominated commercial paper	3,140.2	3,140.2	-	-	-	-
Bank loans and borrowings	0.1	0.1	-	-	-	-
Intra-Group financial debt	8,574.8	8,574.8	-	-	14.3	8,574.8
Other financial debt	11,715.0	11,715.0	-	-	14.3	8,574.8
<b>Gross borrowings</b>	<b>22,638.8</b>	<b>13,230.6</b>	<b>6,158.4</b>	<b>3,250.0</b>	<b>40.5</b>	<b>8,574.8</b>

### 19.3 Intra-Group financial debt

Intra-Group financial debt mainly corresponds to a current account taken out with the Company that pools the Group's cash.

### 19.4 Covenants

In connection with certain credit lines, LVMH may undertake to maintain a net financial debt to equity ratio calculated based on consolidated figures. As of December 31, 2022, no drawn or undrawn credit lines were concerned by this provision.

### 19.5 Guarantees and collateral

As of December 31, 2022, financial debt was not subject to any guarantees or collateral.

## 20. OTHER DEBT

The breakdown of other debt by type and payment date and the related accrued expenses is shown in the table below:

<i>(EUR millions)</i>	Total	Amount			Of which: Accrued expenses	Of which: Related companies
		Less than 1 year	From 1 to 5 years	More than 5 years		
Trade accounts payable	256.4	256.4	-	-	230.9	205.5
Tax and social security liabilities	64.9	64.9	-	-	48.1	-
Other debt	326.2	282.5	43.8	-	24.9	38.0
<i>Of which: Tax consolidation current accounts</i>	37.9	37.9	-	-	-	37.9
<b>Other debt</b>	<b>647.6</b>	<b>603.8</b>	<b>43.8</b>	<b>-</b>	<b>303.9</b>	<b>243.5</b>

## 21. ACCRUALS AND DEFERRED INCOME

Accruals and deferred income mainly consist of deferred income relating to other net management charges.

## 22. MARKET RISK EXPOSURE

LVMH SE regularly uses financial instruments. This practice meets the foreign currency and interest rate hedging needs for financial assets and liabilities, including dividends receivable from foreign investments; each instrument used is allocated to the hedged risk.

Given LVMH's role within the Group, financial instruments designed to hedge net investments denominated in foreign currency may be used in the consolidated financial statements but not matched in the parent company financial statements; as such, they constitute isolated open positions.

Counterparties for hedging contracts are selected on the basis of their credit rating as well as for reasons of diversification.

## 22.1 Interest rate risk

The Company partially hedges against fluctuations in the value of fixed-rate bond debt (net of non-current available for sale financial assets used to hedge financial debt). Interest rate

instruments are generally used to hedge borrowings falling due either at the same time as or after the instruments.

As of December 31, 2022, the Company's financial positions with respect to interest rate risk broke down as follows:

<i>(EUR millions)</i>	Fixed rate	Floating rate	Total <sup>(a)</sup>
Bond debt (see Note 19)	(10,923.8)	-	(10,923.8)
US dollar-denominated commercial paper (see Note 19)	-	(3,140.2)	(3,140.2)
Total financial positions	(10,923.8)	(3,140.2)	(14,064.0)
Hedging instruments	2,247.6	(2,247.6)	-
<b>Financial positions after hedging</b>	<b>(8,676.2)</b>	<b>(5,387.8)</b>	<b>(14,064.0)</b>

(a) Asset/(Liability).

The following table presents the types of instruments outstanding as of December 31, 2022, their notional amounts broken down by maturity and their market value:

<i>(EUR millions)</i>	Total	Maturity			Market value <sup>(a)</sup>
		Less than 1 year	From 1 to 5 years	Thereafter	
Interest rate swaps, floating-rate payer	2,247.6	789.2	1,258.4	200.0	(154.1)
Interest rate swaps, fixed-rate payer	-	-	-	-	-
Foreign currency swaps, euro-rate payer	1,747.6	789.2	958.4	-	9.4
Foreign currency swaps, euro-rate receiver	-	-	-	-	-

(a) Gain/(Loss), excluding accrued coupons.

## 22.2 Foreign exchange derivatives

The foreign exchange risk related to operating activities is not significant.

The Company hedges the foreign exchange risk arising from its financial positions in foreign currency by using foreign exchange swaps or cross-currency swaps.

These broke down as follows as of December 31, 2022:

<i>(EUR millions)</i>	US dollar	Pound sterling	Total <sup>(a)</sup>
Bond debt (see Note 19)	-	(1,747.6)	(1,747.6)
US dollar-denominated commercial paper	(3,140.2)	-	(3,140.2)
Total financial positions	(3,140.2)	(1,747.6)	(4,887.8)
Derivatives used to hedge financial positions	3,140.2	1,747.6	4,887.8
<b>Net financial position</b>	<b>-</b>	<b>-</b>	<b>-</b>

(a) Asset/(Liability).

In 2022, the Company also took a management decision to terminate the last remaining foreign exchange hedges relating to the Group's net assets located outside the eurozone. As of December 31, 2022, no hedges remained in place in any currency.

<i>(EUR millions)</i>	2022	2021
Other receivables	-	-
Other payables	-	-
Provisions for contingencies and losses	-	(25.5)
<b>Market value of isolated open positions</b>	<b>-</b>	<b>(25.5)</b>

The nominal values of hedges outstanding as of December 31, 2022, as well as their year-end market values, broke down as follows:

<i>(EUR millions)</i>	Notional amount <sup>(a)</sup>	Maturity			Market value <sup>(b)</sup>
		Less than 1 year	From 1 to 5 years	More than 5 years	
US dollar	3,140.2	3,140.2	-	-	(118.7)
Pound sterling	1,747.6	789.2	958.4	-	(85.3)
<b>Hedges of financial positions</b>	<b>4,887.8</b>	<b>3,929.4</b>	<b>958.4</b>	<b>-</b>	<b>(204.0)</b>

(a) Purchase/(Sale).

(b) Gain/(Loss).

## 23. OTHER INFORMATION

### 23.1 Share purchase commitments

Share purchase commitments amount to 12,830 million euros and represent the contractual commitments entered into by the Group to purchase minority interests' shares in consolidated companies, shareholdings or additional shareholdings in unconsolidated companies, or for additional payments in connection with transactions already entered into.

This amount includes the impact of the memorandum of understanding entered into on January 20, 1994 between LVMH and Diageo, according to which LVMH agreed to purchase Diageo's 34% interest in Moët Hennessy SAS and Moët Hennessy International SAS, with six months' notice, for an amount equal to 80% of its market value at the exercise date of the commitment.

### 23.2 Other commitments given in favor of third parties

<i>(EUR millions)</i>	As of December 31, 2022
Guarantees and comfort letters granted to subsidiaries or other Group companies	5,911.9

The above amounts include LVMH's commitments guaranteeing LVMH Finance Belgique's commercial paper program and LVMH Moët Hennessy Louis Vuitton Inc.'s US commercial paper program. These commitments are recognized for the amount outstanding on each of those programs at December 31, 2022.



### 23.3 Other commitments given in favor of LVMH

As of December 31, 2022, undrawn confirmed credit lines totaled 11 billion euros.

### 23.4 Related-party transactions

No new related-party agreements, within the meaning of Article R. 123-198 of the French Commercial Code, were entered into during the fiscal year in material amounts or under conditions other than normal market conditions.

In October 2014, the Fondation Louis Vuitton opened a modern and contemporary art museum in Paris. The LVMH group

finances the Fondation as part of its corporate giving initiatives. The Fondation Louis Vuitton also obtains external financing guaranteed by LVMH. These guarantees are included in off-balance sheet commitments (see Note 23.2).

See also Note 7 for information on the agreement between Diageo and LVMH.

### 23.5 Identity of the consolidating parent company

The financial statements of LVMH Moët Hennessy Louis Vuitton SE are fully consolidated by Christian Dior SE (30 avenue Montaigne – 75008 Paris, France).

## SUBSIDIARIES AND INVESTMENTS

Company (in millions of units of currency)	Registered office	Currency	Share capital <sup>(a)</sup>	Equity other than share capital <sup>(a)(b)</sup>	Percentage of share capital held (as %)	Carrying amount of shares held <sup>(c)</sup>		Loans and advances provided <sup>(c)</sup>	Deposits and sureties granted <sup>(c)</sup>	Revenue before taxes <sup>(a)(d)</sup>	Net profit/ (loss) from the prior fiscal year <sup>(a)</sup>	Dividends received in 2022 <sup>(c)(e)</sup>
						Gross	Net					
<b>1. Subsidiaries (&gt; 50%)</b>												
LVMH Inc.	New York	USD	16,350.0	3,356.9	100.00%	19,082.7	19,082.7	-	1,987.4	2,593.7	2,542.9	2,464.3
Christian Dior Couture SA	Paris	EUR	291.1	5,533.8	100.00%	6,000.0	6,000.0	-	-	5,266.2	2,014.6	-
Bulgari SpA	Rome	EUR	24.5	968.9	100.00%	4,268.7	4,268.7	-	-	983.8	571.6	400.0
LVMH Finance Belgique SA	Brussels	EUR	4,140.6	414.9	99.99%	3,734.4	3,734.4	-	2,388.2	-	69.2	-
LVMH Miscellanées SA	Paris	EUR	1,552.5	(801.2)	99.99%	3,290.5	928.7	-	-	-	36.2	-
LVMH Investissements SAS	Paris	EUR	2,954.0	(6.2)	100.00%	2,954.0	2,954.0	-	-	-	(10.7)	-
Vicuna Holding SpA	Milan	EUR	110.1	1,711.9	100.00%	1,533.4	1,533.4	-	-	76.3	76.3	35.0
Moët Hennessy SAS	Paris	EUR	428.7	2,966.7	66.00%	1,211.0	1,211.0	-	6.2	1,233.5	489.5	278.1
Fendi Srl	Rome	EUR	13.3	1,251.2	86.99%	1,181.1	1,181.1	-	19.9	1,183.3	312.8	-
DFS Holdings Limited	Hamilton	USD	1.2	242.9	61.25%	1,105.6	1,105.6	-	-	-	(1.8)	-
Guerlain SAS	Paris	EUR	19.8	120.8	99.96%	659.5	659.5	-	-	666.2	72.5	25.0
Rimowa Group GmbH	Cologne	EUR	642.8	(3.1)	100.00%	642.8	642.8	-	-	-	(1.1)	-
TAG Heuer International SA	La Chaux-de-Fonds	CHF	59.2	109.7	100.00%	595.7	595.7	-	-	-	-	-
Magasins de La Samaritaine SA	Paris	EUR	0.5	131.6	98.77%	526.5	526.5	-	-	61.7	11.5	-
Sephora SAS	Neuilly-sur-Seine	EUR	78.3	473.9	100.00%	517.0	517.0	-	-	1,889.6	46.5	90.0
Berluti SA	Paris	EUR	3.1	(27.5)	99.99%	461.2	-	-	4.4	116.5	(27.9)	-
Celine SA	Paris	EUR	2.8	430.6	99.97%	444.9	444.9	-	78.9	1,267.9	365.3	156.0
LVMH BV	Baarn	EUR	3.4	687.7	100.00%	417.0	417.0	-	-	58.0	157.3	-
LVMH Asia Pacific Ltd	Hong Kong	HKD	4,309.5	(2,465.6)	100.00%	383.2	228.0	-	-	137.2	13.8	-
Bentim International SA	Nyon	CHF	5.5	128.1	100.00%	303.1	303.1	-	-	109.3	108.8	393.4
Le Bon Marché SA	Paris	EUR	29.4	93.6	99.99%	259.2	259.2	-	-	579.5	33.6	-
Fred Paris SA	Paris	EUR	15.5	17.0	99.99%	251.2	0.3	-	-	172.2	24.7	-
Chaumet International SA	Paris	EUR	42.4	35.6	99.99%	197.6	197.6	-	-	332.9	29.4	-
Emilio Pucci Srl	Milan	EUR	5.5	(22.6)	100.00%	181.2	-	-	18.8	30.6	(22.8)	-
Parfumerie Amicale SAS	Paris	EUR	0.1	8.7	100.00%	179.0	179.0	-	-	17.3	(1.0)	-
Make Up For Ever SA	Paris	EUR	1.1	(28.3)	99.99%	153.1	-	-	-	113.6	(37.4)	-
Givenchy SA	Paris	EUR	3.0	0.1	99.99%	148.8	3.1	-	-	311.9	(1.4)	-
Kenzo SA	Paris	EUR	2.2	87.8	99.98%	114.9	114.9	-	-	173.9	0.5	20.0
Moët Hennessy Inter. SAS	Paris	EUR	151.6	323.8	66.00%	92.7	92.7	-	-	137.2	135.5	143.5
LVMH Fragrance Brands SAS	Levallois-Perret	EUR	13.7	42.8	74.14%	92.1	92.1	-	-	497.8	25.7	19.2
Fendi International SAS	Paris	EUR	47.1	59.4	100.00%	85.0	85.0	-	3.7	-	0.1	-
Parfums Christian Dior SA	Paris	EUR	2.6	1,107.8	99.99%	76.5	76.5	-	0.3	2,316.0	392.8	400.0
24 Sèvres SAS	Paris	EUR	-	(48.0)	100.00%	72.3	-	-	-	126.4	(13.3)	-
LVMH - Métiers d'Art SAS	Paris	EUR	21.2	(4.1)	100.00%	70.8	17.1	-	-	1.1	(4.1)	-
Louis Vuitton Malletier SA	Paris	EUR	21.1	7,314.4	99.99%	48.0	48.0	-	4.2	13,108.0	6,589.8	4,799.8
LVMH Services Ltd	London	GBP	34.4	(8.4)	100.00%	43.8	28.9	-	-	8.9	(0.2)	-
Acqua di Parma Srl	Milan	EUR	0.4	41.5	100.00%	37.8	37.8	-	0.1	94.4	0.8	-
Cha Ling SCA	Paris	EUR	4.0	0.1	99.99%	31.7	4.1	-	-	0.1	0.5	-
Sofpar 124 SAS	Paris	EUR	60.0	(101.1)	50.01%	30.0	-	38.3 <sup>(f)</sup>	-	-	(2.1)	-
Repossi SAS	Paris	EUR	55.7	(15.2)	100.00%	21.7	21.7	10.1	-	13.3	(2.8)	-
LVMH Fashion Group Services SAS	Paris	EUR	7.7	(4.2)	100.00%	19.4	3.5	-	-	12.4	(1.2)	-
LVMH Fashion Group France SNC	Paris	EUR	14.4	(18.7)	99.99%	17.0	7.5	-	-	53.4	(5.9)	-
LVMH Client Services SAS	Paris	EUR	-	(1.2)	100.00%	12.0	-	-	-	9.6	(2.0)	-
LVMH Canada Inc.	Toronto	CAD	16.0	(2.3)	100.00%	11.3	9.5	-	-	-	(1.0)	-
LVMH KK	Tokyo	JPY	1,150.0	1,575.4	100.00%	7.6	7.6	-	-	1,554.0	252.5	1.0
Jean Patou SAS	Paris	EUR	10.0	(30.8)	70.00%	7.0	-	20.9 <sup>(f)</sup>	0.1	8.2	(5.0)	-
Fresh SAS	Neuilly-sur-Seine	EUR	-	0.6	100.00%	4.2	0.7	-	-	7.0	0.1	-
P&C International SAS	Paris	EUR	0.7	(0.2)	100.00%	1.6	0.5	-	-	-	(0.1)	-
Other subsidiaries						1.0	0.6	-	-	-	-	3.0

Company <i>(in millions of units of currency)</i>	Registered office	Currency	Share capital <sup>(a)</sup>	Equity other than share capital <sup>(a)(b)</sup>	Percentage of share capital held <i>(as %)</i>	Carrying amount of shares held <sup>(c)</sup>		Loans and advances provided <sup>(c)</sup>	Deposits and sureties granted <sup>(c)</sup>	Revenue before taxes <sup>(a)(d)</sup>	Net profit/ (loss) from the prior fiscal year <sup>(a)</sup>	Dividends received in 2022 <sup>(c)(e)</sup>
						Gross	Net					
<b>2. Investments (&gt; 10% and &lt; 50%)</b>												
Anin Star Holding Limited	London	EUR	-	322.7	49.00%	250.0	188.7	69.8	-	-	(3.2)	-
Loewe SA	Madrid	EUR	5.3	171.7	23.28%	45.8	45.8	-	-	618.7	127.6	17.6
GIE Polynomes	Paris	EUR	44.3	16.5	20.00%	8.9	8.9	-	-	1.9	14.2	-
Other investments						0.2	0.2					-
<b>3. Investments (&lt; 10%)</b>												
Other												
<b>Total</b>						<b>51,885.6</b>	<b>47,865.5</b>	<b>139.1</b>	<b>4,512.2</b>			<b>9,245.9</b>

(a) In local currency for foreign subsidiaries.

(b) Prior to the appropriation of earnings for the fiscal year.

(c) In millions of euros.

(d) Including financial income from subsidiaries and investments.

(e) Excluding share of income from GIEs (economic interest groups).

(f) Fully impaired.

## COMPANY RESULTS OVER THE LAST FIVE FISCAL YEARS

(EUR millions, except earnings per share, expressed in euros)	2018	2019	2020	2021	2022
<b>1. Share capital</b>					
Share capital	151.5	151.6	151.4	151.4	151.0
Number of ordinary shares outstanding	505,029,495	505,431,285	504,757,339	504,757,339	503,257,339
Maximum number of future shares to be created:					
– through conversion of bonds	-	-	-	-	-
– through exercise of equity warrants	-	-	-	-	-
– through exercise of share subscription options	411,088	-	-	-	-
<b>2. Operations and profit for the fiscal year</b>					
Income from investments and other revenue	3,866.5	4,631.5	3,920.7	3,056.6	9,754.2
Profit before taxes, depreciation, amortization and movements in provisions	3,322.8	3,789.1	3,305.4	5,643.9	13,270.3
Income tax (income)/expense <sup>(a)</sup>	-	-	-	-	-
Profit after taxes, depreciation, amortization and movements in provisions <sup>(b)</sup>	3,384.1	3,711.5	3,212.7	5,207.7	13,151.6
Profit distributed as dividends <sup>(c)</sup>	3,030.2	2,426.1	3,028.5	5,047.6	6,039.1
<b>3. Earnings per share</b>					
Earnings per share after taxes but before depreciation, amortization and movements in provisions	7.04	7.75	6.99	10.93	26.58
Earnings per share after taxes, depreciation, amortization and movements in provisions <sup>(b)</sup>	6.70	7.34	6.36	10.32	26.13
Gross dividend distributed per share <sup>(c)(d)</sup>	6.00	4.80	6.00	10.00	12.00
<b>4. Employees</b>					
Average number of employees	19	20	22	22	23
Total payroll	161.0	219.7	170.9	234.8	221.5
Amounts paid in respect of employee benefits	20.1	33.0	25.5	63.6	41.0

(a) Excluding the impact of the tax consolidation agreement, the share of tax profits of "flow-through" entities, tax in respect of prior fiscal years and provisions.

(b) Including the impact of the tax consolidation agreement, the share of tax profits of "flow-through" entities, tax in respect of prior fiscal years and provisions.

(c) Amount of the distribution resulting from the resolution of the Shareholders' Meeting, before the impact of LVMH treasury shares held as of the distribution date. In respect of fiscal year 2022, amount proposed by the Board of Directors at its meeting of January 26, 2023 for approval at the Shareholders' Meeting of April 20, 2023.

(d) Excluding the impact of tax regulations applicable to the recipient.

# STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the Shareholders' Meeting of LVMH Moët Hennessy Louis Vuitton SE

## 1. Opinion

In compliance with the engagement entrusted to us by the Shareholders' Meeting, we have audited the accompanying parent company financial statements of LVMH Moët Hennessy Louis Vuitton SE for the fiscal year ended December 31, 2022.

In our opinion, the parent company financial statements give a true and fair view of the Company's assets, liabilities and financial position as of December 31, 2022 and of the results of its operations for the fiscal year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Performance Audit Committee.

## 2. Basis for our opinion

### Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' responsibilities for the audit of the parent company financial statements" section of our report.

### Independence

We conducted our audit engagement in compliance with the independence rules provided by the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2022 to the date of our report. We did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014.

## 3. Justification of assessments - Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement which, in our professional judgment, were of most significance in our audit of the parent company financial statements for the fiscal year, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the parent company financial statements as a whole, and in forming our opinion expressed above. We do not provide a separate opinion on specific items of the parent company financial statements.

### Valuation of equity investments

#### Risk identified

As of December 31, 2022, the net amount of equity investments recognized as assets amounted to 47.9 billion euros, after impairment of 4 billion euros, representing 96% of total assets. They are stated at acquisition cost (excluding incidental costs) or at contribution value, after revaluation pursuant to French law where appropriate.

If the recoverable amount as of the fiscal year-end is lower than the carrying amount, a provision in the amount of the difference is recorded. As specified in Note 2.3 to the parent company financial statements, the recoverable amount is measured with reference to the value in use or the net selling price. Value in use is based on the forecast future cash flows or the share of net worth of entities owned by the Company. The net selling price is calculated with reference to ratios or share prices of similar entities, on the basis of valuations performed by independent experts for the purposes of a disposal transaction, or by comparison with recent similar transactions.

We considered the valuation of equity investments to be a key audit matter due to their significance in the parent company financial statements and because the determination of their recoverable amount, especially as regards value in use, requires the use of assumptions, estimates and other forms of judgment with a high degree of uncertainty.

### Our response

We assessed the methods used to perform these impairment tests, as set out in Note 2.3 to the parent company financial statements, and focused our work primarily on the most significant equity investments, and on those whose recoverable amount is close to their net carrying amount.

We assessed the data and assumptions that served as the basis for the main estimates used, in particular forecast cash flows, long-term growth rates and the discount rates applied. We analyzed the consistency of forecasts with past performance and market outlook, and conducted impairment test sensitivity analyses. In addition, where the recoverable amount is estimated by comparison with recent similar transactions, we corroborated the analyses provided with available market data. These analyses were carried out in conjunction with our valuation experts.

Lastly, we assessed the appropriateness of the information disclosed in the notes to the parent company financial statements.

### Provisions for contingencies and losses

#### Risk identified

As of December 31, 2022, provisions for contingencies and losses amounted to 1.2 billion euros and essentially comprised provisions for general contingencies amounting to 0.8 billion euros.

The Company's activities and those of its subsidiaries are carried out in an international regulatory environment that is often imprecise, varies from country to country, changes over time and applies to areas ranging from product composition to the tax computation.

In particular, as stated in Note 18 to the parent company financial statements, the Company may be subject to tax inspections and, in certain cases, to rectification claims from tax administrations. These rectification claims, together with any uncertain tax positions that have been identified but not yet officially notified, give rise to appropriate provisions, the amount of which is regularly reviewed in accordance with the criteria of Regulation 2014-03 of the Autorité des Normes Comptables (France's accounting standards authority). Changes in provisions mainly reflect the resolution of certain discussions with tax authorities, customs or other administrations, both in France and abroad.

We considered provisions for contingencies and losses to be a key audit matter due to the significance of the amounts concerned and the level of judgment required to evaluate these provisions within a constantly evolving international regulatory environment.

### Our response

In the context of our audit of the parent company financial statements, our work consisted in particular in:

- assessing the procedures implemented by the Company in order to identify and catalogue all risks;
- obtaining an understanding of the risk analysis performed by the Company and the corresponding documentation and, where applicable, reviewing written confirmations received from external advisors;
- assessing – with our experts, tax specialists in particular – the main risks identified and assessing the assumptions made by management to estimate the amount of the provisions;
- verifying the appropriateness of information relating to these risks disclosed in the notes to the parent company financial statements.

#### 4. Specific verifications

We also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

##### **Information provided in the Management Report and in the other documents given to shareholders related to the financial position and the parent company financial statements**

We have no matters to report as to the fair presentation and the consistency with the parent company financial statements of the information provided in the *Management Report of the Board of Directors* and in the other documents given to shareholders related to the financial position and the parent company financial statements.

We attest to the fair presentation and the consistency with the parent company financial statements of the information on payment terms set out in Article D. 441-6 of the French Commercial Code.

##### **Report on corporate governance**

We attest that the *Board of Directors' report on corporate governance* sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the information provided in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to compensation and benefits paid or awarded to company officers and any other commitments made in their favor, we have verified its consistency with the financial statements or the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled companies included in the scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code, we verified their compliance with the source documents communicated to us. Based on our work, we have no observations to make on this information.

##### **Other information**

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the Management Report.

#### 5. Other verifications or information required by laws and regulations

##### **Presentation format for the parent company financial statements to be included in the Annual Financial Report**

In accordance with the professional standards governing the procedures to be carried out by the Statutory Auditor on parent company and consolidated financial statements presented in the European Single Electronic Format, we also checked compliance with this format as defined by Commission Delegated Regulation (EU) 2019/815 of December 17, 2018 in the presentation of the parent company financial statements to be included in the Annual Financial Report mentioned in Article L. 451-1-2 I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chief Financial Officer, a member of the Executive Committee, under delegation from the Chairman and Chief Executive Officer.

On the basis of our work, we concluded that the presentation of the parent company financial statements to be included in the Annual Financial Report complies, in all material respects, with the European Single Electronic Format. It is not our responsibility to check that the parent company financial statements actually included by your Company in the Annual Financial Report filed with the AMF correspond to those on which we performed our work.

##### **Appointment of the Statutory Auditors**

We were appointed as Statutory Auditors of LVMH Moët Hennessy Louis Vuitton SE by the shareholders at the Shareholders' Meetings held on April 21, 2022 (for Deloitte & Associés) and April 14, 2016 (for Mazars).

As of December 31, 2022, Deloitte & Associés was in the first year of its engagement and Mazars was in its seventh consecutive year.



## 6. Responsibilities of management and those charged with governance for the parent company financial statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing any matters related to going concern, and for using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Performance Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, internal audit, regarding accounting and financial reporting procedures.

The parent company financial statements have been approved by the Board of Directors.

## 7. Statutory Auditors' responsibilities for the audit of the parent company financial statements

### Objectives and audit approach

Our role is to issue a report on the parent company financial statements. Our objective is to obtain reasonable assurance as to whether the parent company financial statements taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability or the quality of management of your Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the parent company financial statements, whether due to fraud or error; designs and performs audit procedures responsive to those risks; and obtains audit evidence considered to be sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- assesses the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the parent company financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of its audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the parent company financial statements or, if such disclosures are not provided or inadequate, to issue a qualified or adverse audit opinion;
- assesses the overall presentation of the parent company financial statements and whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Report to the Performance Audit Committee

We submit a report to the Performance Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Performance Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the parent company financial statements for the fiscal year and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Performance Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set out in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. We discuss any risks that may reasonably be thought to bear on our independence, and the related safeguards, with the Performance Audit Committee.

Paris-La Défense, February 9, 2023

The Statutory Auditors

French original signed by

Mazars

Simon Beillevaire

Isabelle Sapet

Deloitte & Associés

Guillaume Troussicot Bénédicte Sabadie

This is a free translation into English of the Statutory Auditors' report on the parent company financial statements of the Company, issued in French. It is provided solely for the convenience of English-speaking users. This Statutory Auditors' report includes information required under European regulations and French law, such as information about the appointment of the Statutory Auditors and the verification of information concerning the Group presented in the Management Report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

## STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

To the Shareholders' Meeting of LVMH Moët Hennessy Louis Vuitton SE,

In our capacity as Statutory Auditors of your company, we hereby present to you our report on related-party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit your company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

In accordance with Article R. 225-31 of the French Commercial Code, we are also required to inform you of the continuation of the implementation, during the fiscal year under review, of any agreements previously approved at a Shareholders' Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

### 1. Agreements authorized and entered into during the fiscal year under review

We hereby inform you that we were not informed of any agreements authorized and entered into during the fiscal year under review to be submitted for approval at the Shareholders' Meeting, pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

### 2. Agreements already approved at a Shareholders' Meeting

In accordance with Article R. 225-30 of the French Commercial Code, we have been notified that the implementation of the following agreements, which were approved at a Shareholders' Meeting in a prior fiscal year, remained in effect during the fiscal year under review.

#### With Agache: Assistance agreement

##### Persons concerned

- Bernard Arnault, Chairman and Chief Executive Officer of your company, and Chairman of the Executive Board of Agache SE, then Managing Director and General Partner of Agache SCA (following its transformation from a *Société Européenne* into a *Société Anonyme* and then into a *Société en Commandite par Actions* or limited joint-stock partnership on December 6, 2022);
- Antoine Arnault, a Director of your company, and a member of the Executive Board of Agache SE (until its conversion on December 6, 2022);
- Delphine Arnault, a Director of your company and Vice-Chairman of the Supervisory Board of Agache SE (until its conversion on December 6, 2022);
- Nicolas Bazire, a Director of your company, and Chief Executive Officer and a member of the Executive Board of Agache SE (until its conversion on December 6, 2022).

##### Nature, purpose and conditions

The assistance agreement of July 31, 1998, amended on February 2, 2016, January 25, 2018 and January 29, 2019, relating to various services – mainly in the fields of legal assistance and financial engineering, business law and real estate law – entered into between your company and Agache continued to have effect during the fiscal year. This agreement covers a wide range of high value-added services, mainly relating to financial, legal, tax and administrative matters, provided by specialists with considerable experience in these areas. It provides for the sharing of skills as well as certain costs, thus reducing expenses in the interests of both parties.

For the fiscal year ended December 31, 2022, your company billed Agache 1,500,000 euros (exclusive of VAT) in respect of this agreement.

#### With Moët Hennessy SAS, a subsidiary of your company: LVMH group holding company cost-sharing agreement

##### Nature, purpose and conditions

The Diageo group holds a 34% stake in Moët Hennessy SAS. When that holding was acquired in 1994, an agreement was entered into between the Diageo group and your company for the apportionment of shared holding company costs between Moët Hennessy SAS and the other holding companies of the LVMH group.

This apportionment of shared costs is laid out in the shareholders' agreement entered into in 1994 with the Diageo group.

Under this agreement, Moët Hennessy SAS assumed 12.10% of shared costs in 2022 and accordingly re-invoiced the excess costs incurred to your company. After re-invoicing, the amount of shared costs assumed by Moët Hennessy SAS under this agreement was 20.8 million euros for the fiscal year ended December 31, 2022.

### **With Christian Dior SE: Service agreement**

#### **Persons concerned**

- Bernard Arnault, Chairman and Chief Executive Officer of your company and Chairman of the Board of Directors of Christian Dior SE;
- Antoine Arnault, a Director of your company, and Chief Executive Officer and Vice-Chairman of the Board of Directors of Christian Dior SE (since December 2022);
- Delphine Arnault, a Director of your company and of Christian Dior SE;
- Nicolas Bazire, a Director of your company and of Christian Dior SE.

#### **Nature, purpose and conditions**

The service agreement of June 7, 2002, amended on May 16, 2014 and relating to legal services, particularly for corporate law issues and the management of securities services, entered into between your Company and Christian Dior SE, remained in effect during fiscal year 2022.

Pursuant to this agreement, your company received annual fees of 60,000 euros (exclusive of VAT) from Christian Dior SE for the fiscal year ended December 31, 2022.

### **With Bernard Arnault, Antonio Belloni and Nicolas Bazire: Supplementary pension plan**

#### **Persons concerned**

- Bernard Arnault, Chairman and Chief Executive Officer of your company;
- Antonio Belloni, Group Managing Director and a Director of your company;
- Nicolas Bazire, a Director of your company.

#### **Nature, purpose and conditions**

The supplementary pension plan, set up via an insurance company in 1999 and modified in 2004 and 2012 for the benefit of Executive Committee members, employees and senior executives of French companies, some of whom are also Directors of your company, was closed and the corresponding rights frozen as of December 31, 2019.

The resulting impact for your company as of December 31, 2022 is included in the amount of the net commitment, disclosed in Note 33.4 to the consolidated financial statements.

Paris-La Défense, February 9, 2023

The Statutory Auditors

French original signed by

Mazars

Isabelle Sapet

Simon Beillevaire

Deloitte & Associés

Guillaume Troussicot Bénédicte Sabadie

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# OTHER INFORMATION

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## 1. INFORMATION ABOUT THE COMPANY

### 1.1 Role of the parent company within the Group

LVMH SE manages and coordinates the operational activities of all its subsidiaries, and offers them various management assistance services, particularly in legal, financial, tax, ethical and insurance matters, information systems and digital technology.

All these services are invoiced to the subsidiaries in question, based on the real cost price or normal market conditions, depending on the type of service. For fiscal year 2022, LVMH

billed its subsidiaries 224.34 million euros for management assistance.

LVMH also manages the Group's long-term financial debt and the associated interest rate risk, in addition to foreign exchange transactions for proprietary foreign exchange transactions.

Since Group brands belong to the various operating subsidiaries, LVMH does not collect any royalties in connection with these brands.

### 1.2 General information

**Company name** (Article 3 of the Bylaws): LVMH Moët Hennessy Louis Vuitton.

**Registered office** (Article 4 of the Bylaws): 22 avenue Montaigne, 75008 Paris (France). Phone number: +33 (0)1 44 13 22 22.

**Legal form** (Article 1 of the Bylaws): *Société Européenne* (Societas Europaea). The Company was converted from a *Société Anonyme* (SA) to a *Société Européenne* (SE) on October 27, 2014.

**Jurisdiction:** the Company is governed by French law.

**Trade and Companies Register:** the Company is registered in the Paris Trade and Companies Register under number 775 670 417 RCS Paris. APE code (company activity code): 7010Z.

Legal Entity Identifier (LEI): IOG4E947OATN0KJYSD45.

**Date of incorporation – Term** (Article 5 of the Bylaws): LVMH was incorporated on January 1, 1923 for a term of 99 years,

expiring on December 31, 2021, unless the Company is dissolved early or extended by a resolution at the Extraordinary Shareholders' Meeting. At the Shareholders' Meeting of April 14, 2016, the shareholders voted to preemptively extend the term of the Company by 99 years as of January 1, 2017, thus until December 31, 2115.

**Location where documents concerning the Company may be consulted:** the Bylaws, financial statements and reports, and the minutes of Shareholders' Meetings may be consulted at the registered office at the address indicated above; information that is not included in this Universal Registration Document can be found on the Company's website, with the exception of the minutes of Shareholders' Meetings.

**Website:** www.lvmh.com.

### 1.3 Additional information

The text of the Bylaws currently in effect is presented in full on the Company's website, www.lvmh.com.

**Corporate purpose** (Extract from Article 2 of the Bylaws): Acquiring any stakes in any company or grouping of entities primarily engaged in (i) trade in champagne and other wines, cognac and other spirits, or in any perfume and cosmetic products; (ii) the manufacture, sale and promotion of leather goods, clothing, accessories as well as any other high-quality and branded articles or products; (iii) the operation of vineyards; or (iv) the use of any intellectual property right.

**Board of Directors** (Extract from Articles 11, 12, 13, 14 and 15 of the Bylaws)

The Company is administered by a Board of Directors whose members are elected using two different procedures: (i) Directors appointed by vote of the shareholders at the Shareholders' Meeting, who may be individuals or legal entities; and (ii) Directors representing the employees appointed by the Group Works Council and, where applicable, by the SE Works Council.

- Directors appointed by vote of the shareholders at the Shareholders' Meeting:

The Company shall be administered by a Board of Directors with between three and eighteen members.

Each Director must own at least five hundred (500) shares in the Company throughout his/her entire term of office.

No one over the age of seventy shall be appointed as a Director if, as a result of his/her appointment, the number of Directors over seventy would exceed one-third of the Board members. The number of members of the Board of Directors who are more than seventy years old may not exceed one-third, rounded to the next higher number if this total is not a whole number, of the Directors in office. Whenever this limit is exceeded, the term of office of the oldest Director shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements for the fiscal year during which the limit is exceeded.



Directors shall be appointed for three-year terms. The duties of a Director shall expire at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements for the preceding fiscal year and held in the year during which the term of office of that Director comes to an end.

However, to make the renewal of appointments as balanced over time as possible, and in any event to make them complete for each three-year period, the Board will have the option of determining the order in which Directors' appointments expire by drawing lots at a Board meeting for one-third of its members each year. Once the rotation has been established, renewals will take place according to seniority.

In the event of the death or resignation of one or several Directors, the Board of Directors may make provisional appointments between two Shareholders' Meetings.

- Directors representing the employees:

As provided by law, if the number of members of the Board of Directors, calculated in accordance with the provisions of Article L. 225-27-1-II of the French Commercial Code, is less than or equal to eight, a Director representing the employees shall be appointed by LVMH's Group Works Council.

If the Board of Directors has more than eight members, a second Director representing the employees shall be appointed by the SE Works Council. If the number of members of the Board of Directors is initially more than eight but subsequently falls to eight or fewer members, the Director appointed by the SE Works Council shall remain in office until the end of his/her term.

Pursuant to Article L. 225-28 of the French Commercial Code, the Director representing the employees appointed by LVMH's Group Works Council must have entered into an employment contract at least two years prior to his/her appointment that corresponds to actual employment, either with the Company or with any of its direct or indirect subsidiaries whose registered office is in France. The Director representing the employees appointed by the SE Works Council must have entered into an employment contract at least two years prior to his/her appointment that corresponds to actual employment, either with the Company or with any of its direct or indirect subsidiaries.

The term of office of the Directors representing the employees will begin from the date of notice of the first meeting of the Board of Directors following their appointment by the Works Council that appointed them.

The Directors representing the employees are not counted for the purpose of calculating the minimum or maximum number of Directors as provided for by law.

Pursuant to Article L. 225-25 §3 of the French Commercial Code, the Directors representing the employees are not required to hold shares in the Company for the duration of their term of office.

The Director representing the employees shall be appointed for a term of three years expiring at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements for the preceding fiscal year and held in the year during which the term of office of that Director comes to an end. The term of the Director representing the employees is renewable.

The appointment of the Director representing the employees may be terminated early as provided by law and by the Bylaws, in particular if his/her employment contract is terminated (excluding intra-Group transfers). If the conditions for the application of Article L. 225-27-1 of the French Commercial Code are no longer met at the end of a fiscal year, the term of office of the Director or Directors representing the employees shall end at the close of the meeting during which the Board of Directors observes that the Company no longer falls within the scope of application of the law.

Should the position of a Director representing the employees fall vacant for any reason, the vacant position shall be filled in accordance with the conditions set out in Article L. 225-34 of the French Commercial Code, it being specified that until the date of replacement of the Director(s) representing the employees, the Board of Directors shall be able to hold valid proceedings.

Directors representing the employees are entitled to vote. Subject to the provisions specific to their role, the Directors representing the employees have the same powers, are subject to the same obligations (in particular as regards confidentiality) and incur the same liabilities as the other Directors.

- The Board of Directors shall elect a Chairman, who must be an individual, from among its members. It shall determine his/her term of office, which cannot exceed that of his/her office as Director, and may dismiss him/her at any time.

The Chairman of the Board of Directors shall chair Board meetings, organize and direct the work of the Board, and report on the latter at Shareholders' Meetings. He/she shall ensure the proper operation of corporate bodies and, in particular, shall verify that the Directors are able to perform their duties.

The Chairman of the Board of Directors cannot be more than seventy-five years old. Should the Chairman reach this age limit during his/her term of office, his/her appointment shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached. Subject to this provision, the Chairman of the Board may always be re-elected.

The Board may appoint one or more of its members as Vice-Chairmen and set their term of office, which may not exceed their term of office as a Director.

General information regarding the parent company and its share capital; Stock market information

- The Board of Directors, convened by its Chairman, shall meet as often as is required by the interests of the Company, and in any event at least every three months.

Notice is served to each Director by any means, at least eight days prior to the meeting; the notice of meeting shall mention the agenda of the meeting as set by the person convening the meeting. However, the Board may meet without notice and without an agenda set in advance if all Directors in office are present or represented or when it is convened by the Chairman during a Shareholders' Meeting.

The meetings of the Board are held at the registered office or at any place, in France or abroad.

A meeting of the Board of Directors shall be valid if at least half of its members are present or represented. Decisions are made by a majority of votes of the members present or represented, each Director being entitled to one vote for himself and one for the Director he represents. In the event of a tie vote, the Chairman's vote is the deciding vote. In accordance with Article L. 225-37 of the French Commercial Code, the Board of Directors may cast votes in writing, as provided for in the regulations.

The Board of Directors sets guidelines for the Company's activities and shall ensure their implementation, in accordance with its corporate interest, taking into account the social and environmental issues facing its business and, where applicable, the Company's mission statement. Subject to the powers expressly granted to the shareholders at Shareholders' Meetings, and within the limits of the corporate purpose, it addresses any issues relating to the Company's proper operation and settles the affairs concerning it through its resolutions. The Board of Directors performs such monitoring and verifications as it deems appropriate.

**Executive Management** (Extract from Article 16 of the Bylaws): The Company's Executive Management function is performed under the responsibility of either the Chairman of the Board of Directors or another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer; the Board of Directors chooses one of these two methods of exercising the Executive Management function. It shall inform the shareholders thereof in accordance with the regulatory conditions.

If the Company's Executive Management function is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer shall apply to him/her.

The Chief Executive Officer may or may not be chosen from among the Directors. The Board sets his/her term of office and compensation. The age limit for serving as Chief Executive Officer is eighty. Should the Chief Executive Officer reach this age limit during his/her term of office, his/her appointment

shall be deemed to have expired at the close of the Ordinary Shareholders' Meeting convened to approve the financial statements of the fiscal year during which the limit was reached.

The Chief Executive Officer is vested with the most extensive powers to act under any circumstances on behalf of the Company. He/she exercises such powers within the limits of the corporate purpose, and subject to the powers expressly granted by law to the Shareholders' Meeting and to the Board of Directors.

He/she shall represent the Company in its relations with third parties. The Company is bound even by acts of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it demonstrates that the third party knew that the act exceeded such purpose or could not have ignored it given the circumstances, it being specified that mere publication of the Bylaws is not sufficient to establish such proof.

Upon the proposal of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer, with the title of Group Managing Director, for whom it shall set the compensation.

There may not be more than five Group Managing Directors serving in this capacity at the same time. In agreement with the Chief Executive Officer, the Board of Directors sets the scope and duration of the powers granted to Group Managing Directors. With regard to third parties, they shall have the same powers as the Chief Executive Officer.

**Advisory Board** (Extract from Article 21 of the Bylaws): Shareholders at the Shareholders' Meeting may, upon proposal of the Board of Directors, appoint Advisory Board members, whose number shall not exceed nine.

Advisory Board members are invited to meetings of the Board of Directors and are consulted for decision-making purposes, though their absence does not affect the validity of the Board of Directors' proceedings.

Advisory Board members may be consulted by the Chairman of the Board of Directors on the Group's strategic direction and, more generally, on any issues relating to the Company's organization and development. The committee Chairmen may also solicit their opinion on matters falling within their respective areas of expertise.

**Shareholders' Meetings** (Extract from Article 23 of the Bylaws): Shareholders' Meetings are convened and held pursuant to the provisions of laws. The agenda of a Shareholders' Meeting shall be stated on the convening notice and letters, and is set by the person issuing the notice.

One or more shareholders who together hold at least 10% of the Company's subscribed share capital may also request that the Board of Directors convene a Shareholders' Meeting, and draw up its agenda.

Meetings are held at the registered office or at any other place mentioned in the convening notice.

The right to attend and vote at Shareholders' Meetings is subject to the registration of the shareholder in the Company's share register.

A shareholder can always be represented by proxy at a Shareholders' Meeting by another shareholder, his/her spouse, the partner with whom he/she has entered into a *pacte civil de solidarité* (PACS, the French civil union contract), or any other private individual or legal entity of his/her choice.

Shareholders may vote by mail at any Meeting in accordance with applicable laws and regulations.

In accordance with the conditions set by applicable legal and regulatory provisions, and pursuant to a decision of the Board of Directors, Shareholders' Meetings may also be held using videoconferencing or other means of telecommunication that allow shareholders to be identified.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by the oldest Vice-Chairman of the Board of Directors or, in the absence of a Vice-Chairman, by a Director appointed by the Board for that purpose. In all other cases, the shareholders at the meeting elect its Chairman.

The role of scrutineer is served by the two shareholders present at the meeting who have the greatest number of votes and accept this role. The officers of the meeting appoint a secretary, who may or may not be a shareholder.

**Rights, preferences and restrictions attached to shares** (Extracts from Articles 6, 8, 9, 23 and 28 of the Bylaws): All shares belong to the same category, whether issued in registered or bearer form. Voting rights attached to shares are proportional to the share of capital represented by those shares. Assuming they have the same par value, each capital share or dividend share (*action de jouissance*) entitles its holder to one vote.

A voting right equal to twice the voting right attached to the other shares is granted to all fully paid-up registered shares for which evidence of registration for at least three years under the name of the same shareholder may be demonstrated, as well as to shares issued in the event of a capital increase through the incorporation of reserves, unappropriated retained earnings, or issue premiums, on the basis of existing shares giving the holder such right. This right may only be removed by a vote at the Extraordinary Shareholders' Meeting with the approval at a Special Meeting of the holders of this right.

This double voting right shall automatically lapse in the case of shares being converted into bearer shares or conveyed in

property. However, any transfer by right of inheritance, by way of liquidation of community property between spouses or deed of gift *inter vivos* to a spouse or a family heir shall neither cause the acquired right to be lost nor interrupt the abovementioned three-year qualifying period. The same shall also apply to any transfer, following the merger or spin-off of a shareholding company, to the absorbing company or the Company benefiting from the spin-off, or, as the case may be, to the new company created as a result of the merger or spin-off.

Each share gives the right to a proportional stake in the ownership of the Company's assets, as well as in the sharing of profits and of any liquidation surplus. Whenever a certain number of shares is required in order to exercise a right, any shareholders who do not hold the required number shall be responsible for forming a group with a sufficient number of shares.

**Crossing of shareholding thresholds** (Extract from Article 24 of the Bylaws): Independently of legal obligations, the Bylaws stipulate that any individual or legal entity that becomes the owner of a fraction of capital greater than or equal to 1% must inform the Company, within seven calendar days of crossing this threshold, of the total number of shares held. The same obligation applies whenever the portion of capital held increases by at least 1%. It ceases to apply when the shareholder in question reaches the threshold of 60% of the share capital.

**Fiscal year** (Extract from Article 26 of the Bylaws): From January 1 to December 31.

**Distribution of profits** (Extract from Article 28 of the Bylaws): An initial deduction is made from distributable earnings in the amount required to distribute to shareholders a preliminary dividend, equal to 5% of the amount paid up on the shares that has not been repaid to shareholders by the Company. From the remaining amount, the shareholders at a Shareholders' Meeting may deduct the amounts they deem appropriate to allocate to all optional, ordinary or special reserve funds, or retain. Any remaining balance is divided among shareholders as a special dividend.

In addition, the shareholders may vote at a Shareholders' Meeting to distribute amounts appropriated from reserves, either to provide or supplement an ordinary dividend, or by way of an exceptional distribution.

**Actions necessary to modify the rights of shareholders:** The Bylaws do not contain any stricter provision governing the modification of shareholders' rights than those required by law.

**Provisions governing changes in the share capital:** The Bylaws do not contain any stricter provision governing changes in the share capital than those required by law.

## 2. INFORMATION REGARDING THE CAPITAL

### 2.1 Share capital

As of December 31, 2022, the Company's share capital under the Bylaws was 150,977,201.70 euros, consisting of 503,257,339 fully paid-up shares with a par value of 0.30 euros each. Of these 503,257,339 shares, 231,307,286 shares conferred double voting rights.

At its meeting of January 26, 2023, the Board of Directors reduced the Company's share capital by retiring 1,208,939 shares purchased under the share repurchase program in order to be retired. As of January 26, 2023, the Company's share capital under the Bylaws was 150,614,520 euros, consisting of 502,048,400 fully paid-up shares with a par value of 0.30 euros each.

### 2.2 Authorized share capital

As of December 31, 2022, the Company's authorized share capital was 170,977,201.50 euros, divided into 569,924,005 shares with a par value of 0.30 euros each.

The authorized share capital represents the maximum amount that the share capital could reach should the Board of Directors make use of all of the authorizations and delegations of authority granted at the Shareholders' Meeting that permit the Company to increase its amount.

### 2.3 Status of delegations and authorizations granted to the Board of Directors

This information is provided in §1.10, "Summary of existing delegations and financial authorizations and use made of them" in the *Board of Directors' report on corporate governance*.

### 2.4 Identifying holders of securities

Article 25 of the Bylaws authorizes the Company to set up a procedure for identifying holders of securities, in accordance with applicable laws and regulations.

### 2.5 Non-capital shares

The Company has not issued any non-capital shares.

### 2.6 Securities giving access to the Company's capital

No securities giving access to the Company's share capital were outstanding as of December 31, 2022.

### 2.7 Changes in the Company's share capital during the last three fiscal years

(EUR thousands)	Type of transaction	Number of shares	Change in capital		Capital after transaction	
			Par value	Issue premium	Amount	Total number of shares
<b>As of December 31, 2019</b>					<b>151,629</b>	<b>505,431,285</b>
Fiscal year 2020	Retirement of shares	673,946	(202)	(93,912)	151,427	504,757,339
Fiscal year 2021	None	-	-	-	151,427	504,757,339
Fiscal year 2022	Retirement of shares	1,500,000	(450)	(935,784)	150,977	503,257,339
<b>As of December 31, 2022</b>					<b>150,977</b>	<b>503,257,339</b>

### 3. BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

#### 3.1 Share ownership of the Company

As of December 31, 2022, the Company's share capital comprised 503,257,339 shares:

- 244,533,233 pure registered shares;
- 6,900,773 administered registered shares;
- 251,823,333 bearer shares.

Taking into consideration treasury shares, 501,076,940 shares carried voting rights, of which 231,307,286 shares carried double voting rights.

Shareholders	Number of shares	Number of voting rights <sup>(a)</sup>	% of share capital	% of voting rights
Arnault family group <sup>(b)</sup>	242,483,355	467,981,597	48.18	63.90
<i>Of which: Christian Dior</i>	<i>208,469,842</i>	<i>416,432,292</i>	<i>41.42</i>	<i>56.86</i>
Other shareholders <sup>(c)</sup>	260,773,984	264,402,629	51.82	36.10
<b>Total as of December 31, 2022</b>	<b>503,257,339</b>	<b>732,384,226</b>	<b>100.00</b>	<b>100.00</b>

(a) Voting rights exercisable at Shareholders' Meetings.

(b) Aside from the Company's shares and voting rights held by Christian Dior SE, the Arnault family and companies owned by it directly or indirectly hold 6.76% of the Company's share capital and 7.04% of the voting rights exercisable at Shareholders' Meetings (see also §3.2 and 3.4 below).

(c) Including 2,180,399 treasury shares, i.e. 0.43% of the share capital.

On the basis of registered shareholders and information provided by the latest Euroclear survey of depository banks in November 2021, without applying an ownership threshold, the Company had about 300,000 shareholders.

Subject to the provisions of §3.4 below, to the Company's knowledge:

- no shareholder held at least 5% of the Company's share capital and voting rights as of December 31, 2022;
- no shareholder held 5% or more of the Company's share capital or voting rights, either directly, indirectly, or acting in concert;
- no shareholders' agreement or any other agreement constituting an action in concert existed involving at least 0.5% of the Company's share capital or voting rights.

As of December 31, 2022, members of the Executive Committee and the Board of Directors directly held 0.5% of the Company's share capital and less than 0.7% of the voting rights, personally and as registered shares.

As of December 31, 2022, the Company held 2,180,399 treasury shares: 971,460 were recognized in short-term investments and held mainly for the purpose of covering bonus share plans; 1,208,939 were recognized in long-term investments and held for the purpose of retiring shares. In accordance with legal requirements, these shares are stripped of their voting rights.

As of December 31, 2022, employees of the Company and affiliated companies, as defined in Article L. 225-180 of the French Commercial Code, held the equivalent of less than 0.5% of the share capital, in employee savings plans and in registered form

as bonus shares identified as having been awarded under plans set up since October 20, 2016.

During fiscal year 2022, Caisse des Dépôts et Consignations, indirectly via CNP Assurances, informed the Company that it had exceeded and then gone below the threshold of 1% of voting rights specified in the Bylaws. Pursuant to the most recent occasion on which it fell below a shareholding threshold, on May 19, 2022, Caisse des Dépôts et Consignations held 1.37% of the Company's share capital and less than 1% of its voting rights.

The MSF Group informed the Company that, after falling below a shareholding threshold on February 24, 2022, it held 1.46% of the Company's share capital and less than 1% of its voting rights.

As a result of a contribution in kind of LVMH shares made by Agache to Financière Agache on March 16, 2022, Financière Agache informed the Company on March 18, 2022 that it had directly fallen below the thresholds, specified in the Bylaws, of 2% and 1% of the Company's share capital and that, as of March 16, 2022, following the contribution in kind, it directly held 2,500,000 shares, to which 4,668,693 voting rights were attached, representing 0.50% of the Company's share capital and 0.64% of its theoretical voting rights, respectively. Meanwhile, on March 18, 2022 Financière Agache informed the Company and the AMF that, as a result of that contribution, as of March 16, 2022 it directly held 27,923,542 shares, to which 39,957,098 voting rights were attached, representing 5.53% of the Company's share capital and 5.44% of its theoretical voting rights, respectively, and that it had thus directly exceeded (i) the statutory thresholds of 5% of LVMH's share capital and voting rights and (ii) the thresholds specified in the Bylaws of 4% and 5% of LVMH's share capital.



General information regarding the parent company and its share capital; Stock market information

On July 27, 2022, Agache informed the Company that, following the retirement of 1,500,000 LVMH shares as decided by its Board of Directors on July 26, 2022, the Arnault family group had exceeded the threshold specified in the Bylaws of 48% of LVMH's share capital and, as of July 26, 2022, held 242,246,689 shares representing 48.14% of the share capital.

Following the change in Agache's legal form into a *société en commandite par actions* (SCA or limited joint-stock partnership), with Bernard Arnault appointed as its managing general partner (*gérant commandité*), and the creation of Agache Commandité SAS, a *société par actions simplifiée à capital variable* (simplified limited company with variable capital) owned equally by Bernard Arnault's five children and appointed as general partner (*associé commandité*) of Agache SCA, Agache Commandité SAS (i) informed the AMF (notice published on December 9, 2022) and the Company that on December 6, 2022, it had indirectly exceeded the statutory thresholds of 5%, 10%, 15%, 20%, 25%, 30% and one-third of the Company's share capital and voting rights and 50% of its voting rights and (ii) informed the Company that it had indirectly exceeded the thresholds specified in the

Bylaws of between 1% (inclusive) and 47% (inclusive) of the share capital. An exemption from the requirement to file a proposed public offer for the Company's shares was obtained from the AMF on this occasion (notice published on July 21, 2022).

During the fiscal year ended December 31, 2022 and as of the date at which this Universal Registration Document was filed with the Autorité des Marchés Financiers, no public purchase or exchange offer nor price guarantee was made by a third party involving the Company's shares.

The Company's main shareholders have voting rights identical to those of other shareholders.

In order to protect the rights of each and every shareholder, the Charter of the Board of Directors requires that at least one-third of its appointed members be Independent Directors. In addition, at least two-thirds of the members of the Performance Audit Committee must be Independent Directors. A majority of the members of the Governance & Compensation Committee and the Ethics & Sustainable Development Committee must also be Independent Directors.

## 3.2 Changes in share ownership during the last three fiscal years

### As of December 31, 2022

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable at SM	% of voting rights exercisable at SM
Arnault family group <sup>(a)</sup>	242,483,355	48.18	467,981,597	63.71	467,981,597	63.90
<i>Of which: Christian Dior SE</i>	<i>208,469,842</i>	<i>41.42</i>	<i>416,432,292</i>	<i>56.69</i>	<i>416,432,292</i>	<i>56.86</i>
Treasury shares	2,180,399	0.43	2,180,399	0.30	-	-
Free-float registered	7,048,516	1.40	12,857,560	1.75	12,857,560	1.76
Free-float bearer	251,545,069	49.99	251,545,069	34.24	251,545,069	34.34
<b>Total</b>	<b>503,257,339</b>	<b>100.00</b>	<b>734,564,625</b>	<b>100.00</b>	<b>732,384,226</b>	<b>100.00</b>

(a) Aside from the Company's shares and voting rights held by Christian Dior SE, the Arnault family and companies owned by it directly or indirectly hold 6.76% of the Company's share capital and 7.04% of the voting rights exercisable at Shareholders' Meetings.

### As of December 31, 2021

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable at SM	% of voting rights exercisable at SM
Arnault family group <sup>(a)</sup>	241,445,600	47.83	473,815,600	63.78	473,815,600	63.89
<i>Of which: Christian Dior SE</i>	<i>208,403,273</i>	<i>41.29</i>	<i>416,365,723</i>	<i>56.05</i>	<i>416,365,723</i>	<i>56.14</i>
Treasury shares	1,252,610	0.25	1,252,610	0.17	-	-
Free-float registered	6,892,563	1.37	12,663,214	1.70	12,663,214	1.71
Free-float bearer	255,166,566	50.55	255,166,566	34.35	255,166,566	34.40
<b>Total</b>	<b>504,757,339</b>	<b>100.00</b>	<b>742,897,990</b>	<b>100.00</b>	<b>741,645,380</b>	<b>100.00</b>

(a) Aside from the Company's shares and voting rights held by Christian Dior SE, the Arnault family and companies owned by it directly or indirectly hold 6.54% of the Company's share capital and 7.75% of the voting rights exercisable at Shareholders' Meetings.

## As of December 31, 2020

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable at SM	% of voting rights exercisable at SM
Arnault family group <sup>(a)</sup>	239,640,275	47.48	467,373,733	63.39	467,373,733	63.46
Of which: Christian Dior SE	208,212,746	41.25	416,034,096	56.43	416,034,096	56.49
Treasury shares	861,456	0.17	861,456	0.12	-	-
Free-float registered	6,622,203	1.31	11,427,656	1.55	11,427,656	1.55
Free-float bearer	257,633,405	51.04	257,633,405	34.94	257,633,405	34.98
<b>Total</b>	<b>504,757,339</b>	<b>100.00</b>	<b>737,296,250</b>	<b>100.00</b>	<b>736,434,794</b>	<b>100.00</b>

(a) Aside from the Company's shares and voting rights held by Christian Dior SE, which absorbed Financière Jean Goujon effective September 30, 2020, the Arnault family and companies it controls directly or indirectly hold 6.23% of the Company's share capital and 6.97% of the voting rights exercisable at Shareholders' Meetings.

### 3.3 Pledges of pure registered shares by main shareholders

The Company is not aware of any pledge of pure registered shares by the main shareholders.

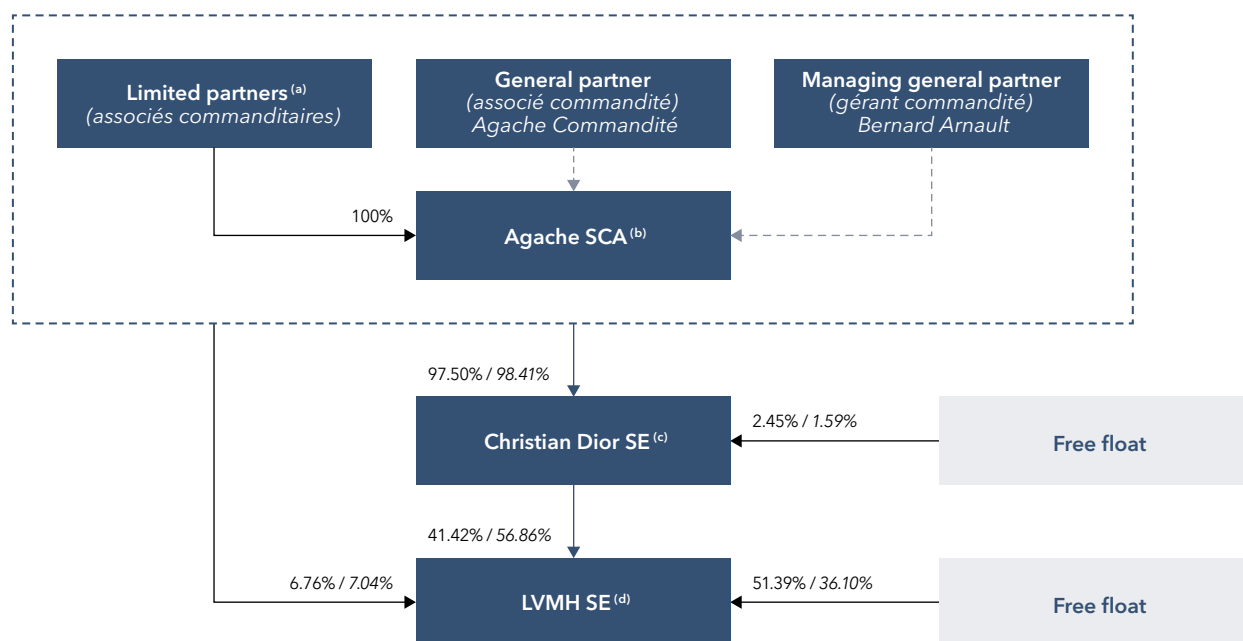
### 3.4 Natural persons or legal entities that may exercise control over the Company

As of December 31, 2022, the Arnault family group – comprising the Arnault family and the companies it controls, including Agache SCA – owned, directly and indirectly, 48.18% of the share capital of the Company (i.e. 242,483,355 shares) and 63.90% of the voting rights that may be exercised at Shareholders' Meetings, which breaks down as follows:

- 41.42% of the Company's share capital (208,469,842 shares) and 56.86% of the voting rights exercisable at Shareholders' Meetings, via Christian Dior SE; and

- 6.76% of the share capital of the Company (i.e. 34,013,513 shares) and 7.04% of the voting rights that may be exercised at Shareholders' Meetings via the Arnault family and other Arnault family group companies.

The organizational chart below provides a simplified overview of the shareholding structure (% of share capital/% of voting rights exercisable at Shareholders' Meetings) and control of the Company as of December 31, 2022:



(a) Members of the Arnault family group.

(b) A *société en commandite par actions* (SCA or limited joint-stock partnership) controlled by Agache Commandité SAS, with Bernard Arnault and Agache Commandité SAS as its general partners (*associés commandités*).

(c) Treasury shares: 0.05% based on the share capital under the Bylaws as of December 31, 2022.

(d) Treasury shares: 0.43% based on the share capital under the Bylaws as of December 31, 2022.



## 4. MARKET FOR FINANCIAL INSTRUMENTS ISSUED BY LVMH

### 4.1 Market for LVMH shares

The Company's shares are listed on Euronext Paris (ISIN code FR0000121014) and are eligible for the deferred settlement service of Euronext Paris.

LVMH is included in the main French and European indices used by fund managers: CAC 40, DJ Euro Stoxx 50, MSCI Europe and the FTSE Eurotop 100, as well as the Global Dow and FTSE4Good, one of the key indices for socially responsible investing.

As of end-December, LVMH's market capitalization was 340.7 billion euros, making it the largest company on the CAC 40.

In 2022, 110,108,212 LVMH shares were traded on Euronext for a total of 73 billion euros. This corresponds to an average daily volume of 428,437 shares.

#### Trading volumes and amounts on Euronext Paris and share price movement in 2022

	Opening price, first day (EUR)	Closing price, last day (EUR)	Highest share price <sup>(a)</sup> (EUR)	Lowest share price <sup>(a)</sup> (EUR)	Number of shares traded (EUR millions)	Value of shares traded (EUR billions)
January	734.00	722.60	758.50	661.70	9.6	6.8
February	721.00	659.90	738.50	625.00	9.5	6.5
March	659.00	649.40	675.20	543.90	14.3	8.8
April	650.20	619.50	667.50	603.10	7.8	4.9
May	614.40	597.20	619.00	537.50	10.9	6.2
June	601.40	581.70	620.90	535.00	9.7	5.6
July	577.20	675.00	680.10	567.60	7.9	4.9
August	671.90	647.50	708.40	647.50	7.2	4.9
September	635.20	610.40	668.90	595.70	8.6	5.4
October	601.00	639.00	663.60	594.70	7.8	4.9
November	652.00	737.30	737.30	623.60	9.4	6.5
December	736.90	679.90	739.40	670.10	7.4	7.4

Source: Euronext.

(a) Intra-day share price.

### 4.2 Share repurchase program

LVMH has implemented a share repurchase program that allows it to buy back up to 10% of its share capital. This program was approved at the Combined Shareholders' Meetings of May 28, 2021 and April 21, 2022. Under this program, between January 1

and December 31, 2022, stock market purchases of LVMH shares by LVMH SE amounted 3,115,715 shares, or 0.62% of its share capital. Disposals of shares, bonus share awards and retired shares involved the equivalent of 2,187,926 LVMH shares.

### 4.3 LVMH bond markets

Among the bonds issued by LVMH Moët Hennessy Louis Vuitton outstanding as of December 31, 2022, those presented below are admitted to trading on a regulated market.

#### Bonds listed in Luxembourg

Currency	Amount outstanding (in currency)	Year of issue	Year of maturity	Coupon
EUR	1,500,000,000	2020	2031	0.375%
EUR	1,750,000,000	2020	2028	0.125%
GBP	850,000,000	2020	2027	1.125%
EUR	1,250,000,000	2020	2026	0.000%
EUR	1,500,000,000	2020	2025	0.750%
EUR	1,250,000,000	2020	2024	0.000%
GBP	700,000,000	2020	2023	1.000%
EUR	700,000,000	2019	2023	0.125%
EUR	1,200,000,000	2017	2024	0.750%

## 4.4 Dividend

A dividend of 12.00 euros per share is being proposed for fiscal year 2022, which represents an increase of 2.00 euros per share on the dividend paid in respect of fiscal year 2021.

Based on the 503,257,339 shares outstanding as of December 31, 2022, the total LVMH Moët Hennessy Louis Vuitton distribution will amount to 6,039 million euros for fiscal year 2022, before the impact of treasury shares.

### Dividend distribution in respect of fiscal years 2017 to 2021

Fiscal year	Gross dividend per share (EUR)	Dividend distribution (EUR millions)
2022 <sup>(a)</sup>	12.00	6,039
2021	10.00	5,048
2020	6.00	3,029
2019	4.80	2,426
2018	6.00	3,030
2017	5.00	2,535

(a) Amount proposed at the Shareholders' Meeting of April 20, 2023.

The Company has a dividend distribution policy, designed to ensure a stable return to shareholders, while making them partners in the Group's growth and, where appropriate, in response to exceptional events.

In accordance with applicable laws in France, dividends and interim dividends not claimed within five years become void and are paid to the French state.

## 4.5 Change in the number of shares outstanding

No shares were issued as a result of the exercise of share subscription options; 1,500,000 shares were retired, bringing the number of shares outstanding as of December 31, 2022 to 503,257,339.

## 4.6 Performance per share

(EUR)	2022	2021	2020
Diluted Group share of earnings per share	28.03	23.89	9.32
Gross dividend per share	12.00 <sup>(a)</sup>	10.00	6.00
Change compared to previous year	20.0%	66.7%	25.0%
Highest share price (intra-day)	758.50	741.60	517.20
Lowest share price (intra-day)	535.00	489.05	278.70
Share price as of December 31	679.90	727.00	510.90
Change compared to previous year	(6.5)%	42.3%	23.3%

(a) Amount proposed at the Shareholders' Meeting of April 20, 2023.



## OTHER INFORMATION

### Person responsible for the Universal Registration Document; financial information

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## 1. STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

We declare that the information contained in this Universal Registration Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

We declare that, to the best of our knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and of all consolidated companies, and that the Management Report presented on page 9 gives a true and fair picture of the business performance, profit or loss and financial position of the parent company and of all consolidated companies, and describes the main risks and uncertainties faced by all of these entities.

Paris, March 28, 2023

Under delegation from the Chairman and Chief Executive Officer

Jean-Jacques GUIONY

Chief Financial Officer, Member of the Executive Committee

## 2. INFORMATION INCORPORATED BY REFERENCE IN THE UNIVERSAL REGISTRATION DOCUMENT

In application of Article 19 of Regulation (EU) 2017/1129 of June 14, 2017, the following information is incorporated by reference in this Universal Registration Document:

- the consolidated financial statements for fiscal year 2021, prepared in accordance with IFRS, and the Statutory Auditors' report on these statements, which can be found on pages 205 to 280 and 281 to 286, respectively, of the 2021 Universal Registration Document, filed with the AMF on March 29, 2022 under number D. 22-0189;
- the consolidated financial statements for fiscal year 2020, prepared in accordance with IFRS, and the Statutory Auditors' report on these statements, which can be found on pages 195 to 272 and 273 to 277, respectively, of the 2020 Universal Registration Document, filed with the AMF on March 25, 2021 under number D. 21-0192;
- the developments in the Group's financial position and in the results of its operations between fiscal years 2020 and 2021, presented on pages 14 to 47 of the 2021 Universal Registration Document, filed with the AMF on March 29, 2022 under number D. 22-0189;
- the developments in the Group's financial position and in the results of its operations between fiscal years 2019 and 2020, presented on pages 14 to 47 of the 2020 Universal Registration Document, filed with the AMF on March 25, 2021 under number D. 21-0192;
- the Company's parent company financial statements for fiscal year 2021, prepared in accordance with French GAAP, and the Statutory Auditors' report on these statements, which can be found on pages 287 to 312 and 313 to 317, respectively, of the 2021 Universal Registration Document, filed with the AMF on March 29, 2022 under number D. 22-0189;
- the Company's parent company financial statements for fiscal year 2020, prepared in accordance with French GAAP, and the Statutory Auditors' report on these statements, which can be found on pages 279 to 304 and 305 to 309, respectively, of the 2020 Universal Registration Document, filed with the AMF on March 25, 2021 under number D. 21-0192;
- the Statutory Auditors' special report on related-party agreements for fiscal year 2021, which can be found on pages 318 to 319 of the 2021 Universal Registration Document, filed with the AMF on March 29, 2022 under number D. 22-0189;
- the Statutory Auditors' special report on related-party agreements for fiscal year 2020, which can be found on pages 310 to 312 of the 2020 Universal Registration Document, filed with the AMF on March 25, 2021 under number D. 21-0192.

The sections of the 2021 and 2020 Universal Registration Document that are not incorporated are either not relevant to investors or are included in this year's Universal Registration Document.

## 3. DOCUMENTS ON DISPLAY

The full text of the Bylaws of LVMH Moët Hennessy Louis Vuitton SE is available on the Company's website: [www.lvmh.com](http://www.lvmh.com). Other legal documents pertaining to the Company may be consulted at its registered office under the conditions provided by law.

The Universal Registration Document filed by LVMH with the Autorité des Marchés Financiers (the French financial markets regulator), the Company's press releases relating to revenue and earnings, as well as the annual and interim reports and the parent company and consolidated financial statements and information relating to transactions in treasury shares and the total number of voting rights and shares may be consulted on the Company's website at the following address: [www.lvmh.com](http://www.lvmh.com).





# OTHER INFORMATION

## Cross-reference tables

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Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, this Universal Registration Document includes the main sections required by Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017.

It also includes information published by the Company pursuant to applicable legal and regulatory requirements, in particular:

- the Annual Financial Report required by Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF's General Regulation;

- the Management Report as defined by Articles L. 255-100 *et seq.* of the French Commercial Code, which includes:
  - the report on corporate governance, required by Article L. 225-37 of the French Commercial Code, and
  - the statement of non-financial performance, required by Articles L. 225-102-1 and R. 225-105 of the French Commercial Code.

As such, and pursuant to the position-recommendation of AMF DOC-2021-02, this Universal Registration Document is presented in the form of a “3-in-1 URD”. The purpose of the cross-reference tables below is to make it easier to identify and locate within this document the information set out above.

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N/A : Not applicable

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N/A : Not applicable



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The original French version of the Universal Registration Document was filed on March 28, 2023 with the AMF in its capacity as the competent authority designated under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of that regulation.

The original French version of the Universal Registration Document may be used for the purposes of a public offering of securities or the admission of securities to trading on a regulated market if it is accompanied by a prospectus and, where applicable, a summary and any amendments to the Universal Registration Document. This set of documents is then approved by the AMF, in accordance with Regulation (EU) 2017/1129.

# LVMH

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