# Christian Dior

Annual Report as of December 31, 2022

# Combined Shareholders' Meeting
# April 20, 2023



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

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# Christian Dior

## Annual Report as of December 31, 2022

# Chairman's message

## Forging further ahead

**In 2022, another year marked by a mixed economic environment and a disrupted international context, the Group achieved a remarkable business performance, driven by sustained creative momentum across all our professions and ongoing investment in passing on our expertise.**

### Unparalleled performance

We should be wary of treating numbers as symbolic milestones. Personally, I view them with satisfaction but not as our primary objectives: our staff, products, designers, craftspeople and stores have always meant more to me than numbers. That being said, when we reach or surpass certain milestones for the first time, there is no harm in taking a step back and recognizing what we have accomplished. In 2022, our Group generated nearly 80 billion euros in revenue, more than 20 billion euros in operating profit and over 10 billion euros in cash flow. One of our most time-honored iconic Maisons, Louis Vuitton, has doubled its revenue in the space of five years to more than 20 billion euros. Examples abound of this steady, consistent growth in our businesses. Other indicators, such as the 5 billion euros in corporate income tax we paid worldwide, half of it in France, also reflect the extent of our contribution to society. And one last example, which perhaps warrants an even more measured approach than the others, but I would be remiss not to mention, as it so clearly illustrates the shareholders' confidence in our family group: LVMH's market capitalization topped the symbolic 400 billion euro threshold, which no other European company had ever come close to reaching before.

## Our professions captivate and attract talent

These numerical milestones reflect an even more meaningful human reality. The Group as a whole now has nearly 200,000 employees who take on board, pass on and embody the culture of excellence that drives our Maisons, in France and all over the world. Every day, the Group – which in 2022 became France's number-one private-sector recruiter – welcomes, trains and promotes people who identify with and find fulfillment in the exceptional products designed and sold by our Maisons, but above all in the human qualities needed to achieve all this: imagination and audacity, patience and attention to detail, openness to the cultures of the world and a passion for nature, which is ultimately the source of everything.

Our professions captivate and attract talent. In 2022, 200,000 visitors in 15 countries came to experience the 96 sites that our Maisons opened to the public for the fifth *Journées Particulières* event, where our craftspeople showcased their skills, shared their passion and unveiled the infinite level of detail that they put into each product. We hired 39,000 young people worldwide who, thanks to the opportunities offered by our Maisons, will be able to train in their fields and hone their skills before going on to train others in turn. This point is worth emphasizing: our Maisons offer all new hires the chance to pursue a comprehensive career path with lifelong learning and development opportunities. These opportunities are now sufficiently well-known that the Group receives a substantial influx of applications, not only directly to our Maisons but also to our IME (Institut des Métiers d'Excellence) training programs in France, Italy, Switzerland, Japan and the United States, and to our LIVE (L'Institut des Vocations pour l'Emploi) campuses in Clichy, near Paris, and in my hometown of Roubaix in northern France. Our more recently launched "You and ME" recruitment events in a number of French cities have also attracted strong interest. We now have a total of 33 in-house and external training centers and programs all over the world. This reflects the importance we place not only on preserving and passing on all our expertise but also on enhancing the appeal of these professions. I regularly talk to candidates who have applied to our programs, and for me, their enthusiasm and determination are compelling reasons to be optimistic about the future. By opening our doors to talented applicants and giving them the chance to see their merits rewarded, we secure the Group's future and forward momentum.

## Keeping the creative flame burning bright

All our Maisons pushed their creative boundaries in 2022. Fashion shows by Christian Dior Couture's Maria Grazia Chiuri, in Seville, and Dior Homme's Kim Jones, against the backdrop of the pyramids of Giza, were acclaimed all over the world as major events embodying a level of creative ambition rarely achieved. At Louis Vuitton, Nicolas Ghesquière continued to develop an aesthetic of clean lines and timeless looks, as seen in his Cruise show in California. Celine has also been significantly boosted by the fresh inspiration brought to the Maison by Hedi Slimane over the past five years, while Jonathan Anderson has continued to reveal Loewe's potential over the past ten years, designing collections hailed for their creative integrity and poetic vision. The Group's other businesses have enjoyed similar success: *Sauvage* is the world's best-selling fragrance, and our Wines and Spirits Maisons continue to gain market share every year, building up positions in areas that hold particular promise for the future, such as champagne, rosé wines and cognac. At the most recent Watch Week in Singapore, our watchmaking houses showcased their vibrant development in traditional high-end watchmaking and smartwatches alike, met with steadily growing demand. All our efforts are focused on kindling and keeping the creative flame burning bright at the heart of our Maisons, with this uninterrupted creativity by far the most important factor enabling our Maisons to outpace their competitors year after year.

If I may, I would like to single out two more examples of major creative success. After joining our Group in January 2021, Tiffany immediately set out to reinvent its collections and revitalize its brand image, creating new momentum that was instantly reflected in growth at the Maison, loved the world over. In the same vein, Louis Vuitton, which has crafted the trophy trunk for the World Cup since 2010, teamed up with Annie Leibovitz to produce a picture of two soccer legends that became the world's most viewed ad in just a few days. Lastly, the appointment of Pharrell Williams as Creative Director of Menswear at Louis Vuitton, announced in February 2023, was yet another event filled with promise for the future. These examples perfectly illustrate what I see as my primary focus: financial performance is simply the corollary of creative success. As you can see, this long-held conviction of mine was once again confirmed in 2022.

## The path of environmental excellence

Our passion for beautiful craftsmanship and for natural beauty are two branches of the same tree. Our Maisons have always been very mindful of their environment – which, for almost all of them, is the bedrock on which they have flourished. They have a long-standing, symbiotic relationship with nature. This can be seen in our many vineyards around the world, of course, but also at the production sites of our Maisons that craft fragrances, leather goods and, in many cases, even jewelry and watchmaking. Surrounded by unspoiled countryside, they inhabit – in the fullest sense of the word – these natural spaces, protecting and taking care of them. As the years go by, this rural element of the Group has become a growing source of inspiration for its urban element: our stores. The efficient use of resources that has long been standard practice at our production sites has been extended to all our businesses in record time. Thanks to an unprecedented effort, the Group plans to cut its energy use by 10% between October 2022 and October 2023 and to continue along this trajectory. This range of initiatives, spearheaded by the LIFE 360 environmental program, was also recognized by the Carbon Disclosure Project, which awarded LVMH an AAA rating in 2022 – a score only achieved by 12 companies out of the 15,000 assessed around the world. In 2023, the Group will continue to forge ahead on this path of environmental excellence.

## Uncertainty and hope

Now that we have left 2022 behind us, I hope we have seen the last of the challenges caused by the pandemic, which for two years profoundly changed the world. Yet we have entered into a period of new geopolitical uncertainty. Our diverse range of locations and business lines, together with the appeal of our products across all geographic areas, gives us some protection if business should slow down in any particular region of the world. We have learned to manage the impact and work around the consequences of extreme scenarios that would have been virtually inconceivable three years ago, in particular thanks to the major breakthrough made by digitalizing our logistics operations and our online stores. This was reflected in our fourth-quarter 2022 results: despite the near-total shutdown of China, a major market for our products, the Group as a whole delivered solid growth.

That is why our Group is facing 2023 with confidence. Confidence, because the world, where change comes faster than ever, requires us to keep moving while staying inventive, alert, innovative and pioneering. Confidence, because we will continue to pursue our passion for what makes life beautiful. Creativity and passion are boundless resources, as infinite as the potential preserved in our Maisons' rich heritage, legendary terroirs and singular craftsmanship. Thanks to our deeply engaged staff and our unique expertise, the Group will forge further ahead. Much further.

## Bernard Arnault

Chairman of the Board of Directors

# History

The history of Christian Dior began in 1946, when Monsieur Christian Dior started his own haute couture establishment in a townhouse at 30 Avenue Montaigne in Paris, where the Company still has its headquarters.

In 1984, the Boussac group – which owned Christian Dior at the time – was acquired by Bernard Arnault in association with a group of investors. In 1988, through one of its subsidiaries, Christian Dior took a 32% stake in LVMH, an ownership interest that would be gradually increased over the years. As of December 31, 2022, Christian Dior thus held 41% of the share capital and 57% of the voting rights of LVMH, while the Arnault family group also held about 7% of the share capital and 8% of the voting rights of LVMH as of this same date.

The Christian Dior group was formed through 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 |
| | | Repossi |
| | 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 |

# Executive and Supervisory Bodies; Statutory Auditors as of December 31, 2022

## Board of Directors

Bernard ARNAULT[1]
*Chairman of the Board of Directors*

Antoine ARNAULT[1][2]
*Vice-Chairman and Chief Executive Officer*

Delphine ARNAULT

Nicolas BAZIRE

Hélène DESMARAIS[3]

Renaud DONNEDIEU de VABRES[3]

Ségolène GALLIENNE[3]

Christian de LABRIFFE[3]

Maria Luisa LORO PIANA[1]

## Advisory Board member

Jaime de MARICHALAR y SÁENZ de TEJADA

## Performance Audit Committee

Christian de LABRIFFE[3]
*Chairman*

Nicolas BAZIRE

Renaud DONNEDIEU de VABRES[3]

## Governance & Compensation Committee

Hélène DESMARAIS[3]
*Chairman*

Nicolas BAZIRE

Christian de LABRIFFE[3]

## Statutory Auditors

DELOITTE & Associés
*represented by Guillaume Troussicot*

MAZARS
*represented by Isabelle Sapet and Guillaume Machin*

(1) Renewal proposed at the Shareholders' Meeting of April 20, 2023.
(2) Ratification of the co-optation proposed at the Shareholders' Meeting of April 20, 2023.
(3) Independent Director.

# Financial highlights

## Key consolidated data

| *(EUR millions and as %)* | **2022** | **2021** | **2020** |
|---|---|---|---|
| Revenue | 79,184 | 64,215 | 44,651 |
| Gross margin | 54,196 | 43,860 | 28,780 |
| *Gross margin as a percentage of revenue* | *68%* | *68%* | *65%* |
| Profit from recurring operations | 21,050 | 17,139 | 8,300 |
| *Current operating margin as a percentage of revenue* | *26.6%* | *26.7%* | *18.6%* |
| Net profit, before minority interests | 14,702 | 12,664 | 4,970 |
| Net profit, minority interests' share | 8,905 | 7,718 | 3,037 |
| Net profit, Group share | 5,797 | 4,946 | 1,933 |
| Cash from operations before changes in working capital | 26,765 | 22,611 | 13,990 |
| Operating investments | 4,969 | 2,664 | 2,478 |
| Operating free cash flow(a) | 10,110 | 13,518 | 6,093 |
| Equity, Group share | 19,038 | 15,372 | 11,270 |
| Minority interests | 35,276 | 30,995 | 24,974 |
| Total equity | 54,314 | 46,367 | 36,244 |
| Net financial debt(b) | 8,867 | 9,521 | 4,213 |
| Net financial debt/Total equity ratio | 16.3% | 20.5% | 11.6% |

(a) See the consolidated cash flow statement in the consolidated financial statements for the definition of "Operating free cash flow".
(b) Excluding "Lease liabilities" and "Purchase commitments for minority interests" included in "Other non-current liabilities".

## Data per share

| *(EUR)* | **2022** | **2021** | **2020** |
|---|---|---|---|
| **Earnings per share** | | | |
| Basic Group share of earnings per share | 32.13 | 27.41 | 10.72 |
| Diluted Group share of earnings per share | 32.11 | 27.40 | 10.70 |
| **Dividend per share** | | | |
| Interim | 5.00 | 3.00 | 2.00 |
| Final | 7.00 | 7.00 | 4.00 |
| **Gross amount paid for fiscal year(a)** | **12.00(b)** | **10.00** | **6.00** |

(a) Gross amount excluding the impact of tax regulations applicable to recipients.
(b) For fiscal year 2022, amount proposed at the Shareholders' Meeting of April 20, 2023.

## Information by business group

| **Change in revenue by business group** *(EUR millions and as %)* | **2022** | **2021** | **Change** | | **2020** |
|---|---|---|---|---|---|
| | | | **Published** | **Organic**[(a)] | |
| 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 | 14,582 | 11,754 | +26% | +17% | 10,155 |
| Other activities and eliminations | 281 | 19 | - | - | (70) |
| **Total** | **79,184** | **64,215** | **+23%** | **+17%** | **44,651** |

(a) On a constant consolidation scope and currency basis. For 2022, the net exchange rate impact was +6%, 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 | (279) | (463) | (455) |
| **Total** | **21,050** | **17,139** | **8,300** |

## 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 |
| **Total** | **100** | **100** | **100** |

| **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 |
| **Total** | **100** | **100** | **100** |

| **Number of stores** | **Dec. 31, 2022** | **Dec. 31, 2021** | **Dec. 31, 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 |
| **Total** | **5,664** | **5,556** | **5,003** |

# Management Report of the Board of Directors: The Christian Dior group

## 1. Christian Dior's business model

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. In addition to being a responsible corporate citizen which conducts its business in the most exemplary way, the Group 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 Christian Dior should play within society.

# 1. Business group overview

Christian Dior 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 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 Group's Wines and Spirits activities 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. The Group 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:** The Group 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, the Christian Dior group'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:** The Christian Dior group 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 – the Christian Dior group's youngest business group – operate in the high-end watchmaking, jewelry and high jewelry sectors. The Group 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 the Christian Dior group. 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.

## 2. Group values

The Christian Dior group and its Maisons put heart and soul into everything the Group does. Its core identity is based on the fundamental values that run through the entire Group and are shared by everyone in it.

**Being creative and innovative:** Creativity and innovation are part of the Group'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 mobilize staff towards achieving 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 the Group operates, and that the Group is actively working to build a better future.

## 3. Operating model

The Christian Dior group's unique operating model is based on six pillars, and 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 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 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. Christian Dior's shared strength as a Group is used to benefit each Maison individually.

**Securing expertise for the long term:** The Maisons that make up the Christian Dior group cultivate a long-term vision. To protect their identity and excellence, the Group and its Maisons have implemented numerous tools to pass on expertise and promote artisanal and creative skills in the next generation.

**Balance across business segments and geographies:** The 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 Christian Dior group

## 2. Business overview, highlights and outlook

# 1. Wines and Spirits

In 2022, revenue for the Wines and Spirits business group represented 9% of the Christian Dior 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

The Group 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, the Group 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.

The Group's portfolio of wines beyond champagne includes a number of prestigious appellations in France, Spain, America, Asia and Oceania.

The Group 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 the Group 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, the Group 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 | Group | *(%)* | Region | Group | *(%)* | Region | Group | *(%)* |
| France | 138.4 | 9.1 | 6.5 | 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 |
| **Total** | **325.9** | **73.4** | **22.5** | **320.8** | **69.0** | **21.5** | **244.1** | **52.2** | **21.4** |

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

The geographic breakdown of the Group's 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 |
| **Total export** | **88** | **87** | **87** |
| France | 12 | 13 | 13 |
| **Total** | **100** | **100** | **100** |

## 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 varietals 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, the Group'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 the Group's cellars in the Champagne region, equivalent to about three 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 Epernay, 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 Christian Dior 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.

The Group'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.

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 31 million euros of services, notably pressing, handling and storing bottles.

## 1.2 Cognac and Spirits

### 1.2.1 Cognac and Spirits brands

The Group 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, the Group 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, the Group 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 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, the United Kingdom, etc.).

The leading geographic markets for cognac, both for the industry and for the Group, 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 | Group | *(%)* | Region | Group | *(%)* | Region | Group | *(%)* |
| 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 |
| **Total** | **208.7** | **99.8** | **47.8** | **218.9** | **98.9** | **45.2** | **188.0** | **91.4** | **48.6** |

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

The geographic breakdown of Group 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 |
| **Total export** | **100** | **100** | **100** |
| France | - | - | - |
| **Total** | **100** | **100** | **100** |

## 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 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 [(1)], governed by agreements that have been in place since 1987, 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.

## 1.4 Highlights of 2022 and outlook for 2023

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Revenue** *(EUR millions)* | **7,099** | **5,974** | **4,755** |
| *Of which: Champagne and wines* | *3,474* | *2,793* | *2,119* |
| *Cognac and spirits* | *3,625* | *3,181* | *2,636* |
| **Sales volumes** *(in 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 |
| **Revenue by geographic region of delivery** *(%)* | | | |
| 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 |
| **Total** | **100** | **100** | **100** |
| **Profit from recurring operations** *(EUR millions)* | **2,155** | **1,863** | **1,388** |
| **Operating margin** *(%)* | **30.4** | **31.2** | **29.2** |

### 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.

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 170e Édition* and *Krug Rosé 26e 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 the Group, 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

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

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 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 Christian Dior group's total revenue.

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

In the luxury fashion and leather goods sector, the Group holds a portfolio 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 Couture** 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 the Group in 1996, originally specialized in very high-quality leather work. Today it operates in leather goods, ready-to-wear and footwear. Perfumes 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 the Group 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 the Group since 1996, offers women's and men's ready-to-wear, leather goods, shoes, accessories and 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 and leather goods. Its perfume business is part of the Perfumes and Cosmetics business group.

**Givenchy** was founded in 1952 by Hubert de Givenchy and has been part of the Group since 1988. The Maison is 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 the Group in 2000.

**Berluti**, an artisan bootmaker established in 1895 and held by the Group 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 the Group 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 the Group. Renowned for its prestigious luggage, its products feature an iconic design and reflect its constant quest for excellence.

## 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. The Christian Dior group's 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.

## 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, the Group 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.

The Christian Dior group 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.

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 as 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 the Christian Dior group, particularly in the luxury fashion and leather goods sector. 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, the Group 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 crocodilian leather tannery. In 2012, the Group acquired Tanneries Roux, founded in 1803 and one of the last French tanneries specializing in calfskin. In 2017, the Group formed Thélios, a joint venture with Marcolin, combining the latter's eyewear expertise with the know-how of LVMH. At the end of 2021, the Group 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 |
|---|---|---|---|
| **Revenue** *(EUR millions)* | **38,648** | **30,896** | **21,207** |
| **Revenue by geographic region of delivery** *(%)* | | | |
| 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 |
| **Total** | **100** | **100** | **100** |
| **Type of revenue** *(% of total revenue)* | | | |
| Retail | 95 | 94 | 93 |
| Wholesale | 5 | 6 | 6 |
| Licenses | - | - | 1 |
| **Total** | **100** | **100** | **100** |
| **Profit from recurring operations** *(EUR millions)* | **15,709** | **12,842** | **7,188** |
| **Operating margin** *(%)* | **40.6** | **41.6** | **33.9** |

### 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 the Christian Dior group'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 the Group 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 the Group 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 the Group 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 the Group 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 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 Group's brands have maintained their global competitive position thanks to the success of their fragrances, 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, the LVMH Recherche GIE (economic interest group) is a research and innovation center for the brands that make the Group's perfumes and cosmetics, including Parfums Christian Dior, Guerlain, Givenchy, Kenzo, Make Up For Ever and Fresh.

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 fragrance 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.

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.

## 3.6 Highlights of 2022 and outlook for 2023

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Revenue** *(EUR millions)* | **7,722** | **6,608** | **5,248** |
| **Revenue by geographic region of delivery** *(%)* | | | |
| 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 |
| **Total** | **100** | **100** | **100** |
| **Profit from recurring operations** *(EUR millions)* | **660** | **684** | **80** |
| **Operating margin** *(%)* | **8.5** | **10.3** | **1.5** |

### 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 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 *Irresistible* 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 forty 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*, *J'adore*, *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 Christian Dior group's total revenue.

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

**TAG Heuer**, a pioneer of Swiss watchmaking since 1860, which was acquired by the Group 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*, *Aquaracer*, *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 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 the Group 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 the Group 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*. The Group acquired Bulgari in 2011.

**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 Group acquired Chaumet in 1999.

**Fred**, founded in 1936 and part of the 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.

## 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. The Christian Dior group's brands are present all around the world, and it has established itself as one of the international leaders.

## 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. The Watches and Jewelry business group has a regional organization that covers all European markets, the Americas, 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 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.

## 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 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 |
|---|---|---|---|
| **Revenue** *(EUR millions)* | **10,581** | **8,964** | **3,356** |
| **Revenue by geographic region of delivery** *(%)* | | | |
| 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 |
| **Total** | **100** | **100** | **100** |
| **Profit from recurring operations** *(EUR millions)* | **2,017** | **1,679** | **302** |
| **Operating margin** *(%)* | **19.1** | **18.7** | **9.0** |

### 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 sales. 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 Christian Dior group's total revenue.

## 5.1 Travel retail

**Duty Free Shoppers** (DFS), which joined the Group 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 *Gallerias*, 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 space 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 Group (including Louis Vuitton, Hermès, Bulgari, Tiffany, Christian Dior Couture, Chanel, Prada, Fendi and Celine).

While continuing with the development of its *Gallerias*, 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 the Group 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 withdrew from 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 |
|---|---|---|---|
| **Revenue** *(EUR millions)* | **14,852** | **11,754** | **10,155** |
| **Revenue by geographic region of delivery** *(%)* | | | |
| 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 |
| **Total** | **100** | **100** | **100** |
| **Profit from recurring operations** *(EUR millions)* | **788** | **534** | **(203)** |
| **Operating margin** *(%)* | **5.3** | **4.5** | **(2.0)** |

### 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 Emile 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

The Christian Dior group 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 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.

## 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. The Group 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 Christian Dior group

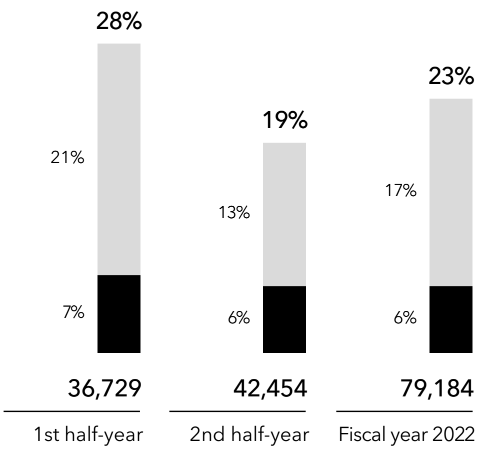
## 3. Business and financial review

# 1. Comments on the consolidated income statement

## 1.1 Breakdown of revenue

### Change in revenue per half-year period

*(EUR millions and as %)*




(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 full-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 |
| **Total** | **100** | **100** | **100** |

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 |
| **Total** | **100** | **100** | **100** |

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) |
| **Total** | **79,184** | **64,215** | **44,651** |

By business group, the breakdown of Group revenue changed as follows: the contributions of Fashion and Leather Goods and 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 contributions of Wines and Spirits and 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.

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.

## 1.2 Profit from recurring operations

| *(EUR millions)* | **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 | (28,150) | (22,306) | (16,790) |
| General and administrative expenses | (5,033) | (4,427) | (3,648) |
| Income/(Loss) from joint ventures and associates | 37 | 13 | (42) |
| **Profit from recurring operations** | **21,050** | **17,139** | **8,300** |
| **Current operating margin** *(%)* | **26.6** | **26.7** | **18.6** |

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 28,150 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.

The geographic breakdown of stores is as follows:

| *(number)* | **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 |
| **Total** | **5,664** | **5,556** | **5,003** |

General and administrative expenses totaled 5,033 million euros, up 14% based on published figures and up 10% on a constant consolidation scope and currency basis. They amounted to 6.4% of revenue.

## 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 | (279) | (463) | (455) |
| **Total** | **21,050** | **17,139** | **8,300** |

The Group's profit from recurring operations was 21,050 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.

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 |
| Current 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 current 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 |
| Current 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 current 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 |
| Current 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 current 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 |
| Current operating margin *(%)* | 19.1 | 18.7 | 9.0 |

Profit from recurring operations for Watches and Jewelry was 2,017 million euros, up 20% from fiscal year 2021. The business group's current 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) |
| Current operating margin *(%)* | 5.3 | 4.5 | (2.0) |

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

### Other activities

The loss from recurring operations of "Other activities and eliminations" was 279 million euros, compared with a loss of 463 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 | 21,050 | 17,139 | 8,300 |
| Other operating income and expenses | (54) | 4 | (333) |
| Operating profit | 20,996 | 17,143 | 7,967 |
| Net financial income/(expense) | (901) | 52 | (611) |
| Income taxes | (5,393) | (4,531) | (2,385) |
| **Net profit before minority interests** | **14,702** | **12,664** | **4,970** |
| Minority interests | (8,905) | (7,718) | (3,037) |
| **Net profit, Group share** | **5,797** | **4,946** | **1,933** |

"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 20,996 million euros, up 22% from the previous fiscal year.

"Net financial income/(expense)" amounted to a net expense of 901 million euros in fiscal year 2022, compared with net income of 52 million euros in fiscal year 2021. This item comprised the following:

- the aggregate cost of net financial debt, which was a cost of 15 million euros, versus a gain of 40 million euros in fiscal year 2021, representing a negative change of 55 million euros mainly 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 632 million euros, compared to net income of 254 million euros in 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 240 million euros, compared to net income of 499 million euros in fiscal year 2021.

The Group's effective tax rate was 26.8%, up 0.5 points from fiscal year 2021, mainly due to the impact of taxes on intra-Group dividends.

Net profit came to 14,702 million euros in 2022, compared with 12,664 million euros in 2021.

Profit attributable to minority interests came to 8,905 million euros, compared with 7,718 million euros in 2021. Minority interests are essentially composed of LVMH SE shareholders excluding Christian Dior's controlling interest, i.e. shareholders owning 59% of LVMH SE, and minority interests in Moët Hennessy and DFS.

The Group's share of net profit was 5,797 million euros in 2022, compared with 4,946 million euros in 2021.

**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 by deducting from revenue for the fiscal year:
- for the fiscal year's acquisitions, revenue generated during that fiscal year by the acquired entities, as of their initial consolidation;
- for the prior fiscal year's acquisitions, revenue generated over the months during which the acquired entities were not consolidated in the prior fiscal year;

and by adding:
- for the fiscal year's disposals, prior fiscal year revenue generated over the months during which the divested entities were no longer consolidated in the fiscal year;
- for the prior fiscal year's disposals, 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 | 47,815 | 48,055 | (239) |
| Property, plant and equipment | 22,414 | 19,543 | 2,871 |
| Right-of-use assets | 14,609 | 13,699 | 910 |
| Other non-current assets | 7,023 | 6,657 | 366 |
| **Non-current assets** | **91,861** | **87,954** | **3,907** |
| Inventories | 20,319 | 16,549 | 3,771 |
| Cash and cash equivalents | 7,588 | 8,122 | (534) |
| Other current assets | 12,183 | 9,731 | 2,452 |
| **Current assets** | **40,090** | **34,402** | **5,688** |
| **Assets** | **131,951** | **122,356** | **9,595** |

| (EUR millions) | 2022 | 2021 | Change |
|---|---|---|---|
| **Equity** | **54,314** | **46,367** | **7,946** |
| Long-term borrowings | 10,380 | 12,165 | (1,786) |
| Non-current lease liabilities | 12,776 | 11,887 | 889 |
| Other non-current liabilities | 22,908 | 23,924 | (1,016) |
| **Non-current liabilities** | **46,064** | **47,976** | **(1,913)** |
| Short-term borrowings | 9,375 | 8,091 | 1,284 |
| Current lease liabilities | 2,632 | 2,387 | 244 |
| Other current liabilities | 19,566 | 17,535 | 2,031 |
| **Current liabilities** | **31,573** | **28,013** | **3,560** |
| **Liabilities and equity** | **131,951** | **122,356** | **9,595** |

The Group's consolidated balance sheet totaled 132.0 billion euros as of December 31, 2022, up 9.6 billion euros from December 31, 2021.

Intangible assets totaled 47.8 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 22.4 billion euros as of the fiscal year-end. This increase resulted from investments, net of depreciation charges, provisions and disposals during the fiscal year, 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.

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 0.3 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 2.5 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 values 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 22.9 billion euros, down 1.0 billion euros from 23.9 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

| *(EUR millions or as %)* | **2022** | **2021** | **Change** |
|---|---|---|---|
| Long-term borrowings | 10,380 | 12,165 | (1,786) |
| Short-term borrowings and derivatives | 9,689 | 8,023 | 1,666 |
| **Gross borrowings after derivatives** | **20,069** | **20,188** | **(119)** |
| Cash, cash equivalents and current available for sale financial assets | (11,202) | (10,667) | (535) |
| **Net financial debt** | **8,867** | **9,521** | **(654)** |
| **Total equity (Group share and minority interests)** | **54,314** | **46,367** | **7,946** |
| **Net financial debt/Total equity ratio** | **16.3%** | **20.5%** | **-4.2 pts** |

Total equity amounted to 54.3 billion euros as of year-end 2022, up 7.9 billion euros from year-end 2021. Net profit for the fiscal year, after the distribution of dividends, contributed 8.6 billion euros to this increase. It also included a 1.7 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 0.2 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 0.3 billion euro increase in the market value of foreign exchange hedges. Conversely, acquisitions and disposals of minority interests had a negative net impact of 16 billion euros, mainly due to the share repurchase program set up during the fiscal year. Changes in purchase commitments for minority interests' shares had a negative impact of 1.0 billion euros.

As of end-December 2022, net financial debt was equal to 16.3% of total equity, compared to 20.5% as of year-end 2021, down 4.2 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 of LVMH's 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 by LVMH. 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 11.2 billion euros as of year-end 2022, remaining relatively stable with respect to their 10.7 billion euro level as of year-end 2021. Net financial debt thus decreased by 0.7 billion euros during the fiscal year.

As of year-end 2022, the Group's undrawn confirmed credit lines amounted to 11.2 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** |
|---|---|---|---|
| **Cash from operations before changes in working capital** | **26,765** | **22,611** | **4,153** |
| Cost of net financial debt: Interest paid or received | (73) | 68 | (141) |
| Lease liabilities: Interest paid | (240) | (231) | (9) |
| Tax paid | (5,603) | (4,239) | (1,364) |
| Change in working capital | (3,019) | 426 | (3,445) |
| **Net cash from operating activities** | **17,830** | **18,636** | **(806)** |
| Operating investments | (4,969) | (2,664) | (2,305) |
| Repayment of lease liabilities | (2,751) | (2,453) | (298) |
| **Operating free cash flow**[(a)] | **10,110** | **13,518** | **(3,408)** |
| Financial investments and purchase and sale of consolidated investments | (950) | (13,315) | 12,365 |
| Equity-related transactions | (8,462) | (5,080) | (3,382) |
| **Change in cash before financing activities** | **697** | **(4,877)** | **5,574** |

(a) 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.

Cash from operations before changes in working capital totaled 26,765 million euros for the fiscal year, up 4,153 million euros from 22,611 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 17,830 million euros, compared with 18,636 million euros in fiscal year 2021.

Interest paid on net financial debt amounted to a net cash outflow of 73 million euros, compared to a net inflow of 68 million euros a year earlier, due to the increase in interest rates over the course of the fiscal year.

Tax paid came to 5,603 million euros, 1,364 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" [(1)] amounted to a net inflow of 10,110 million euros, down by 3,408 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 8,462 million euros. A portion of this amount, 2,165 million euros, arose from dividends paid during the fiscal year by Christian Dior SE, excluding the amount attributable to treasury shares. 3,944 million euros in dividends were paid to minority interests of consolidated subsidiaries (essentially the shareholders of LVMH SE, excluding Christian Dior's controlling interest, i.e. 59% of LVMH SE, and Diageo as a result of its 34% stake in Moët Hennessy), as well as tax related to dividends paid between Group companies for 356 million euros. Net cash used in purchases of minority interests' shares, resulting from transactions in LVMH shares following the share repurchase programs set up during the fiscal year, came to 2,010 million euros.

The cash surplus after all transactions relating to operating activities, investing activities and equity-related transactions came to 697 million euros. Financing activities relating to loans and borrowings, as well as current available for sale financial assets, generated an outflow of 1,282 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 530 million euros compared to year-end 2021. It totaled 7,388 million euros as of the period-end.

# 4. Financial policy

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

- improving the Group's financial structure and flexibility, as evidenced by the following key indicators:
  - a significant reserve of undrawn confirmed credit lines totaling 11.2 billion euros,
  - the Group's access to liquidity 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,
  - the increase in total equity before appropriation of profit, totaling 54.3 billion euros as of year-end 2022, versus 46.4 billion euros a year earlier;

(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.

- 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 euros was paid in December 2022,
  - a total dividend per share of 12 euros is proposed for fiscal year 2022 (i.e. a final dividend of 7 euros to be distributed in 2023). The distribution to shareholders of Christian Dior SE in respect of 2022 thus totals 2.2 billion euros, before the impact of treasury shares.

Net debt came to 8.9 billion euros as of year-end 2022, as against 9.5 billion euros a year earlier. Net financial debt decreased by 0.7 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 |

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.

## 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 |

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

## 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 |

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 |
| **France** | | | | |
| 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 |
| **International** | | | | |
| California (United States) | 639 | 455 | 444 | 274 |
| Argentina | 1714 | 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, the United States, Poland, Argentina, 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 Couture 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.

### 6.1.4 Watches and Jewelry

TAG Heuer has two workshops in Switzerland, one in Cornol and the other in Chevenez, 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 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 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 Couture 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.

### 6.2.2 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 twenty-eight hotels, eight of which are in Italy.

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

| *(number)* | **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 |
| **Total** | **5,664** | **5,556** | **5,003** |

| *(number of stores)* | **2022** | **2021** | **2020** |
|---|---|---|---|
| Fashion and Leather Goods | 2,155 | 2,080 | 2,007 |
| Perfumes and Cosmetics | 536 | 469 | 434 |
| Watches and Jewelry | 865 | 836 | 471 |
| Selective Retailing | 2,086 | 2,150 | 2,072 |
| *Of which: Sephora* | *2,037* | *2,100* | *2,021* |
| *Other, including DFS* | *49* | *50* | *51* |
| Other | 22 | 21 | 19 |
| **Total** | **5,664** | **5,556** | **5,003** |

## 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 the LVMH 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. Stock option and bonus share plans

Detailed information on the stock option and bonus share plans is provided on pages 164 et seq. in the "Christian Dior parent company" section of the Management Report of the Board of Directors.

# 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

The Group 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, the Group 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 Christian Dior group

## 4. Ethics and responsibility

# 1. Background

Given the Group's structure and organization, the Group's policy with respect to ethics and responsibility is primarily led by LVMH and its Maisons, which cover all of the Group's operating activities.

The 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 it 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.

The Group 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 it 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 Statement of Non-Financial Performance and LVMH's Vigilance Plan can be found in the cross-reference tables at the end of this section.

# 2. Standards

The 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 Group, via LVMH, 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 LVMH 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 LVMH in 2007;
- the United Nations Women's Empowerment Principles, signed by LVMH 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

### Codes of Conduct

The Christian Dior and LVMH Codes of Conduct are designed to provide a common ethical foundation for the Group and its Maisons. They outline the rules to be followed by all employees as they go about their work and are 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 all of the governing bodies, they promote consistency and continuous improvement across the Group's various entities. They do not replace existing codes and charters within Maisons, but serve as a shared foundation and source of inspiration. Where appropriate, their policies are defined in greater detail by each Maison according to its business sector or location.

These Codes are 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 them, including an onboarding module and various communication materials developed by LVMH.

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

### Supplier Codes of Conduct

The Christian Dior and LVMH Supplier Codes of Conduct set 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 these Codes 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 LVMH Supplier Code of Conduct. The Code, which has been translated into 27 languages, was approved by LVMH's Executive Committee in April 2022 and then rolled out within the Group.

The Supplier Codes of Conduct also give each Group entity the ability to check that its partners and subcontractors comply with these principles.

If a partner or one of its subcontractors should violate the Supplier Codes of Conduct, 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.

### LVMH Environmental Charter

Adopted in 2001, the LVMH Environmental Charter is the founding document for the Group'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.

### LVMH 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 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.

### LVMH Animal-Based Raw Materials Sourcing Charter

In 2019, the Group launched the LVMH 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.

### LVMH Charter on Working Relations with Fashion Models

In 2017, LVMH 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.

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

### LVMH Internal Competition Law Compliance Charter

In 2012, LVMH 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, the Group 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.

### LVMH's Health and Safety Charter

Signed by the LVMH group's Executive Committee in April 2021, the LVMH Health and Safety Charter serves as the basis for a comprehensive approach across all the 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.

## 3. Governance

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

LVMH's 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.

Christian Dior's Board of Directors verifies the work performed by LVMH with respect to ethics and compliance, notably at presentations that are made to it by LVMH's Privacy, Ethics & Compliance Director.

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

It has its own budget and headcount and is also supported by the representatives of various LVMH departments so as to promote coordination on cross-functional projects led by it. An 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 LVMH's Privacy, Ethics & Compliance Director. It is supported by a network of more than 50 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, LVMH's Privacy, Ethics & Compliance Department reports to the Ethics & Sustainable Development Committee about the Group's progress on these issues. In 2022, LVMH'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.

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 LVMH's 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.

# 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 by LVMH 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 by category and supplier. This work has allowed the Group to categorize 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, $CO_2$ emissions indicator, etc.

The analysis of all these risk factors highlights the severity of 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 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 Group's 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 LVMH'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, the Group 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 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 the Group, 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 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 LVMH's 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 – LVMH's Group Purchasing Department, Louis Vuitton, the Perfumes and Cosmetics business group, Sephora, the Wines and Spirits business group, Bulgari, Fendi and Loewe – new participants Celine, Christian Dior Couture and Chaumet came on board in 2022.

### Assessment and corrective action plans

The Group's Maisons are unique in that they undertake much of their 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 Group's Supplier Codes 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.

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 |

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, the Group, via 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, the Group 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 the Group'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 develop a fair wage policy applicable to all its employees and suppliers. These principles were adopted by its 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 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.

## 5.3 Unrelenting focus on quality and safety

The Group's Maisons are 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 their activities. The Group is motivated by a constant desire to protect the health and safety of its stakeholders.

As regards its own employees, the Group pursues a health, safety and well-being at work 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

The Group 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 the Group 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 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, LVMH'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 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 and Communications Code more than 15 years ago. This code 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.

## 5.4 Ongoing efforts to attract and support talent

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

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.

## 5.5 Constant focus on employee inclusion and fulfillment

The Group 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.

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.

## 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 Group, which is committed to ensuring ethical behavior in all its activities and business relationships, and requires 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 the Group's reputation, cause disruptions in its business activities, and, in certain cases, expose the Group to administrative and/or judicial penalties.

The 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 LVMH's Ethics & Compliance Department and its network of officers within the Maisons.

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

Accordingly, LVMH's 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 Group's 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 effectively 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, the Group'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, the Group 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

The Christian Dior group 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 Christian Dior and LVMH Codes of Conduct define and illustrate prohibited behaviors, in particular those that may constitute corruption or influence-peddling.

In addition to the Codes 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;
- 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 Codes of Conduct and LVMH's 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 Codes of Conduct and LVMH's 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.

LVMH'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 LVMH Ethics & Compliance Intranet, a new version of which is due to go live in 2023.

The Codes of Conduct are communicated to employees, notably when they first join the Group. At LVMH, 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 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 the Group's zero-tolerance policy on corruption;
- expresses the Group's senior executives' 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

The Group encourages a culture of dialogue and communication. 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 and the 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 this 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.

### Compliance control procedure

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

In addition, the Group'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, LVMH's Internal Audit Department carries out compliance audits on certain aspects of the anti-corruption program.

## 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 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 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 (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, the Group 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's 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, the Group and its Maisons monitor not only the security of their own information systems but also assess the security levels of the products and services offered by the third-party providers they use. Providers that have access to the personal data entrusted to the Group 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 the Group and/or its Maisons.

As a general rule, projects carried out by the Group 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 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 the Group to the Maisons who then adapt them to their own context.

To support its 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. LVMH 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 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 Data Protection Officers 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 Christian Dior (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), 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).*

## I. Conclusion

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.

## II. 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.

## III. 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.

## IV. Responsibility of the Company

It is the Board of Directors' responsibility 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.

## V. 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 two people between January and February 2023, for a period of about two 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.

Paris-La Défense, March 24, 2023

One of the Statutory Auditors,

Deloitte & Associés

French original signed by

| Guillaume Troussicot<br>Audit Partner | Olivier Jan<br>Sustainable Development Partner |
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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 $CO_2$ equivalent)
- Greenhouse gas emissions generated by outbound transport – Scope 3 (metric tons of $CO_2$ equivalent)
- Total water consumption for process requirements ($m^3$)
- Total water consumption for agricultural requirements ($m^3$)
- 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 $m^2$) 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 Christian Dior 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 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.

The Group 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 Christian Dior 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 |
| --- | --- | --- |
| **Transfer of key skills and expertise** | – Academic partnerships (§2.1 of the "Attracting and retaining talent" section)<br>– Institut des Métiers d'Excellence (§2.2 of the "Attracting and retaining talent" section)<br>– Employee training and support (§2.3 of the "Attracting and retaining talent" section)<br>– Specific initiatives to promote training and employment for people with disabilities (§4.3 of the "Attracting and retaining talent" section)<br>– Support for high-potential female employees to help them move into key positions (§4.4 of the "Attracting and retaining talent" section) | – Joiners by business group and geographic region (§2.1 of the "Attracting and retaining talent" section)<br>– Investment in training (§2.3 of the "Attracting and retaining talent" section)<br>– Internal mobility data (§2.3 of the "Attracting and retaining talent" section)<br>– Awards, recognition and rankings obtained as an employer (§2.1 of the "Attracting and retaining talent" section) |
| **Health and safety issues faced in the Group's business activities** | – Codes of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– LVMH Alert Line whistleblowing system (§5.6 of the "Ethics and responsibility" section)<br>– LVMH Charter on Working Relations with Fashion Models (§2.2 of the "Ethics and responsibility" section)<br>– Investments in health, safety and security (§3.1 of the "Attracting and retaining talent" section)<br>– Employee training in health, safety and security (§3.1 of the "Attracting and retaining talent" section)<br>– Social audits of suppliers and subcontractors including a health and safety dimension (§5.2 of the "Ethics and responsibility" section)<br>– Measures relating to the use of chemicals and cosmetovigilance (§5.3 of the "Ethics and responsibility" section)<br>– Promoting responsible consumption of wines and spirits (§5.3 of the "Ethics and responsibility" section) | – Breakdown, frequency and severity of work-related accidents (§3.1 of the "Attracting and retaining talent" section)<br>– Data relating to social audits that include a health and safety dimension (§5.2 of the "Ethics and responsibility" section)<br>– Training for employees and suppliers focusing on the LVMH Restricted Substances List (§5.3 of the "Ethics and responsibility" section) |
| **Implementation of a policy of employee inclusion and fulfillment (aspects related to fulfillment at work)** | – Codes of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– LVMH Alert Line whistleblowing system (§5.6 of the "Ethics and responsibility" section)<br>– LVMH Heart Fund (§3.4 of the "Attracting and retaining talent" section)<br>– Specific training for managers (§2.3 of the "Attracting and retaining talent" section)<br>– Group Works Council and SE Works Council (§3.2 of the "Attracting and retaining talent" section) | – Number of meetings held by employee representative bodies in 2022 (§3.2 of the "Attracting and retaining talent" section)<br>– Endowment and number of support requests received in connection with the LVMH Heart Fund (§3.4 of the "Attracting and retaining talent" section) |

## 7.1.2 Respect for human rights

| Risk | Policies | Results |
|---|---|---|
| **Setting up and maintaining responsible supply chains (aspects relating to respect for human rights)** | – Codes of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– Supplier Codes of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– LVMH Charter on Working Relations with Fashion Models (§2.2 of the "Ethics and responsibility" section)<br>– LVMH Alert Line whistleblowing system (§5.6 of the "Ethics and responsibility" section)<br>– Risk analysis (§4 of the "Ethics and responsibility" section)<br>– Social audits of suppliers and subcontractors (§5.2 of the "Ethics and responsibility" section)<br>– Collection of information on suppliers' social and ethical performance via the EcoVadis platform (§5.2 of the "Ethics and responsibility" section)<br>– Participation in multi-party initiatives covering high-risk areas (§5.2 of the "Ethics and responsibility" section) | – Breakdown of suppliers and audits (§5.2 of the "Ethics and responsibility" section)<br>– Data on combined audits and audits examining only social aspects carried out at suppliers (§5.2 of the "Ethics and responsibility" section)<br>– Proportion of follow-up audits (§5.2 of the "Ethics and responsibility" section)<br>– Proportion of suppliers not meeting the Group's standards (§5.2 of the "Ethics and responsibility" section)<br>– Number of contracts terminated following audits (§5.2 of the "Ethics and responsibility" section)<br>– Number of business relationships not initiated following audits (§5.2 of the "Ethics and responsibility" section) |
| **Implementation of a policy of employee inclusion and fulfillment (aspects relating to the fight against discrimination and the promotion of diversity)** | – Codes of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– LVMH Alert Line whistleblowing system (§5.6 of the "Ethics and responsibility" section)<br>– LVMH Recruitment Code of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– Specific training for recruiters (§4.2 of the "Attracting and retaining talent" section)<br>– Independent review of hiring practices (§4.2 of the "Attracting and retaining talent" section)<br>– Specific initiatives to promote training and employment for people with disabilities (§4.3 of the "Attracting and retaining talent" section)<br>– Support for high-potential female employees to help them move into key positions (§4.4 of the "Attracting and retaining talent" section) | – Proportion of employees with disabilities (§4.3 of the "Attracting and retaining talent" section)<br>– Proportion of women among joiners and in the Group's workforce (§4.4 of the "Attracting and retaining talent" section) |
| **Shortcomings in the implementation of personal data protection rules** | – Codes of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– Data protection policy (§5.7 of the "Ethics and responsibility" section) | – Creation of a network of Data Protection Officers (§5.7 of the "Ethics and responsibility" section) |

## 7.1.3 Environmental consequences

| Risk | Policies | Results |
|---|---|---|
| **Business impacts on ecosystems, the climate and natural resources (including aspects relating to the fight against climate change)** | – LVMH Environmental Charter (§1.1 and §1.2 of the "Environment and sustainability" section)<br>– LIFE program and LIFE 360 targets (§1.1 and §1.2 of the "Environment and sustainability" section)<br>– Combating climate change and the LVMH Carbon Fund (§5 of the "Environment and sustainability" section) | – 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)<br>– Accelerated and expanded rollout of sustainable and organic winegrowing (§3.1 of the "Environment and sustainability" section)<br>– Certification of materials used in products (§3.1 of the "Environment and sustainability" section)<br>– Amounts raised via the Carbon Fund and metric tons of carbon-equivalents via the innovative projects supported (§5.2 of the "Environment and sustainability" section)<br>– Increase in the proportion of renewable energy in the Group's energy mix (§5.2 of the "Environment and sustainability" section)<br>– Implementation of an environmental management system at manufacturing sites (§2.1.4 and §2.2.4 of the "Environment and sustainability" section) |
| **Setting up and maintaining responsible supply chains (environmental aspects)** | – Codes of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– Supplier Codes of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– LVMH Environmental Charter (§1.1 and §1.2 of the "Environment and sustainability" section)<br>– LIFE program and LIFE 360 targets (§1.1 and §1.2 of the "Environment and sustainability" section)<br>– LVMH Alert Line whistleblowing system (§5.6 of the "Ethics and responsibility" section)<br>– Collection of information on suppliers' environmental performance via the EcoVadis platform (§5.2 of the "Ethics and responsibility" section)<br>– Participation in multi-party initiatives covering high-risk areas (§5.2 of the "Ethics and responsibility" section) | – 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)<br>– 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) |

### 7.1.4 Fight against corruption

| Risk | Policies | Results |
| --- | --- | --- |
| **Shortcomings in the implementation of business practice compliance arrangements** | – Codes of Conduct (§2.2 and §5.6 of the "Ethics and responsibility" section)<br>– Supplier Codes of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– LVMH Alert Line whistleblowing system (§5.6 of the "Ethics and responsibility" section)<br>– Group Ethics & Compliance Intranet site (§5.6 of the "Ethics and responsibility" section)<br>– Corruption risk mapping (§4 and §5.6 of the "Ethics and responsibility" section)<br>– Anti-corruption assessment of third parties (§5.6 of the "Ethics and responsibility" section)<br>– Role of the Ethics & Compliance Department, officers and committees (§3 and §5.6 of the "Ethics and responsibility" section)<br>– Internal guidelines (§5.6 of the "Ethics and responsibility" section)<br>– Anti-corruption training (§5.6 of the "Ethics and responsibility" section)<br>– Compliance rules included in the internal audit and control framework (§5.6 of the "Ethics and responsibility" section)<br>– Reports to the Ethics & Sustainable Development Committee of LVMH's Board of Directors and to Christian Dior's Board of Directors (§5.6 of the "Ethics and responsibility" section) | – Number of reports made to the LVMH Alert Line (§5.6 of the "Ethics and responsibility" section)<br>– Number of times the anti-corruption training module has been passed (§5.6 of the "Ethics and responsibility" section)<br>– Number of Ethics & Compliance Officers (§3 of the "Ethics and responsibility" section) |

## 7.2 Vigilance plan

The 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 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 LVMH'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 LVMH's Privacy, Ethics & Compliance Department, working in close collaboration with LVMH's 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 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 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

| | Group activities | Activities of suppliers and subcontractors |
|---|---|---|
| **Human rights and fundamental freedoms** | – Specific training for recruiters to prevent discrimination (§2.4 of the "Attracting and retaining talent" section)<br>– Independent review of hiring practices (§2.4 of the "Attracting and retaining talent" section) | – Supplier Codes of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– Training for suppliers and buyers (§5.2 of the "Ethics and responsibility" section)<br>– Participation in multi-party initiatives covering high-risk areas (§5.2 of the "Ethics and responsibility" section)<br>– Supply chain certification targets (§5.2 of the "Ethics and responsibility" section) |
| **Individuals' health and safety** | – LVMH Restricted Substances List (§5.3 of the "Ethics and responsibility" section)<br>– LVMH Testing Program (§5.3 of the "Ethics and responsibility" section)<br>– Promoting responsible consumption of wines and spirits (§5.3 of the "Ethics and responsibility" section)<br>– Third-party liability insurance (§2.3 of the "Financial and operational risk management and internal control" section)<br>– 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) | – Supplier Codes of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– Training for suppliers and buyers (§5.2 of the "Ethics and responsibility" section)<br>– Participation in multi-party initiatives covering high-risk areas (§5.2 of the "Ethics and responsibility" section)<br>– Supply chain certification targets (§5.2 of the "Ethics and responsibility" section)<br>– LVMH assistance guides provided to suppliers for the elimination/substitution of chemicals whose use is restricted or prohibited by the Group (§5.3 of the "Ethics and responsibility" section)<br>– LVMH Charter on Working Relations with Fashion Models (§2.2 of the "Ethics and responsibility" section) |
| **Environment** | – LIFE 360 objectives (§2 to §5 of the "Environment and sustainability" section)<br>– Insurance for environmental damage (§2.3 and §2.4 of the "Financial and operational risk management and internal control" section) | – Supplier Codes of Conduct (§2.2 of the "Ethics and responsibility" section)<br>– Training for suppliers and buyers (§5.3 of the "Ethics and responsibility" section)<br>– Participation in multi-party initiatives covering high-risk areas (§5.2 of the "Ethics and responsibility" section)<br>– Supply chain certification targets (§5.2 of the "Ethics and responsibility" section) |

### Follow-up and assessment measures

| | Group activities | Activities of suppliers and subcontractors |
|---|---|---|
| **Common to all issues** | – Internal control and audit framework (§3.5 of the "Financial and operational risk management and internal control" section)<br>– Regular updates to the risk analysis<br>– Accident analysis and prevention (§3.2 of the "Attracting and retaining talent" section)<br>– Environment management system (§2.1.4 and §2.2.4 of the "Environment and sustainability" section)<br>– Tracking achievement of LIFE 360 targets (§2 to §5 of the "Environment and sustainability" section) | – Audits and follow-up audits (§5.2 of the "Ethics and responsibility" section)<br>– Corrective action plans following audits (§5.2 of the "Ethics and responsibility" section) |
| **Individuals' health and safety** | – Accident analysis and prevention (§3.2 of the "Attracting and retaining talent" section) | |
| **Specific to the environment** | – Environment management system (§2.1.4 and §2.2.4 of the "Environment and sustainability" section)<br>– Tracking achievement of LIFE 360 targets (§2 to §5 of the "Environment and sustainability" section) | |

## 7.2.4 Management of whistleblowing

LVMH, which comprises all of the Group's operating activities, 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 LVMH'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 Christian Dior group

## 5. Environment and sustainability

The Group's policy with respect to the environment and sustainability is pursued via LVMH and its Maisons, which comprise all of the Group's operating activities.

# 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, 2022. 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 of the main business groups (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 the Group'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, LVMH 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, LVMH 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:

1. impacts on ecosystems;
2. depletion of natural resources;
3. setting up and maintaining responsible supply chains;
4. 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 |
|---|---|---|---|---|---|
| **State of energy resources and climate change** | - Grape growing and yield<br>- Packaging production<br>- Distillation<br>- Transportation of products<br>- Soil erosion | - Store lighting, air conditioning and location<br>- Transportation of products and carbon taxes<br>- Production of resources needed to manufacture products:<br>  - Plant fibers used for textiles (cotton, etc.)<br>  - Leather, including exotic leather<br>  - Fur<br>  - Wool<br>- Customer expectations in relation to more sustainable products<br>- Renewable energy costs | - Packaging production<br>- Store lighting, air conditioning and location<br>- Transportation of products and carbon taxes<br>- Customer expectations in relation to more sustainable products<br>- Renewable energy costs | - Store lighting, air conditioning and location<br>- Renewable energy costs | - Store lighting, air conditioning and location<br>- Transportation of products<br>- Renewable energy costs |
| **Impact on water resources** | - Water consumption (vineyard irrigation in Australia, New Zealand, Argentina and California)<br>- Production of effluents containing organic matter during winemaking and distillation | - Water consumption (crocodilian farms and tanneries)<br>- Production of effluents containing organic matter | - Water consumption (production and transformation of raw materials) | - Water consumption during the extraction of mineral resources needed to manufacture products<br>- Production of effluents containing mineral matter | |
| **Impact on ecosystems (including deforestation and desertification) and depletion of natural resources** | - Production of plant resources needed for other production processes (grape vines, barley, rye, etc.)<br>- Protecting biodiversity | - Production of resources needed to manufacture products:<br>  - Plant fibers used for textiles (cotton, etc.)<br>  - Leather, including exotic leather<br>  - Fur<br>  - Wool<br>  - Eider down<br>- Farming and trapping practices concerning raw materials of animal origin<br>- Protecting biodiversity | - Production of plant resources needed to manufacture products (rose, jasmine, etc.)<br>- Protecting biodiversity | - Extraction of resources needed to manufacture products:<br>  - Gems and precious metals<br>  - Exotic leather<br>- Farming and trapping practices concerning raw materials of animal origin<br>- Protecting biodiversity | |
| **Waste production** | - Production of residues from winemaking or distillation processes and packaging waste<br>- Circular economy | - Unused raw materials, obsolete and unsold products, window displays and events<br>- Customer expectations in relation to more sustainable products<br>- Circular economy | - Point-of-sale advertising, packaging waste, and obsolete and unsold products<br>- Circular economy | - Scrap metal<br>- Circular economy | - Point-of-sale advertising, packaging waste, and obsolete and unsold products<br>- Circular economy |

### 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.

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, the Group has identified those of its activities that qualify as contributing to climate change adaptation and mitigation objectives (see §6, "Environmental taxonomy").

## 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 LVMH 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.

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 plastic 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 §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:

| **Production sites, warehouses, hotels and administrative sites** *(number)* | **2022** |
|---|---|
| Sites covered[(a)] | 327 |
| Sites not covered[(b)(c)] | 150 |
| **Total number of sites** | **477** |

(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.

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.

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[(a)]** | |
|---|---|---|
| | **2022** | **2021** |
| **Group total** | **73** | **74** |

(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.

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 plastic 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 raw 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 raw material 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 plastic in customer packaging by 2026

LVMH aims to have stopped using fossil-based virgin plastic 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 Sustainable packaging design

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 also 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[(a)] | 10.71 | +21.4% |
| EPI score for Wines and Spirits packaging | Champagne: 16.03 | 16.5 | 16.5 | - |
| | Cognac: 10.60 | 12.1 | 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[(a)] | Change[(b)] *(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 | - | - |
| **Total** | **228,453** | **223,649** | **227,616** | **2** |

(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 | - | - | - | - | - | - |
| **Total** | **171,343** | **41,361** | **8,505** | **3,222** | **3,105** | **917** |

## 2.2.2 Reducing and recovering waste

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

| *(in metric tons)* | Waste produced in 2022 | *Of which: Hazardous waste produced in 2022*(a) | Waste produced in 2021 | Waste produced in 2022 pro forma(a) | Change in waste produced(a) *(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 |
| **Total** | **118,332** | ***6,893*** | **113,584** | **121,173** | **6** |

(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:

| *(as % of waste produced)* | 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 |
| **Total** | **6** | **79** | **11** | **95** |

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, the Group 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 Ecologique) 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 received 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 four 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 over 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 |
|---|---|---|---|
| **Zero fossil-based virgin plastic in packaging that reaches customers**<br>Quantity of fossil-based virgin plastic in packaging that reaches customers *(in metric tons)* | 7,942 | 8,632 | 0 (2026) |
| **70% recycled materials in packaging that reaches customers**<br>Percentage of recycled materials in packaging that reaches customers for glass and plastic *(by weight)*(a) | 39% | 38%(b) | 70% (2030) |
| **Presence of ISO 14001-compliant environmental management systems**<br>(at manufacturing sites and distribution hubs) | 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 the Group, 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. The Group 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, the Group 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.

The Group'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, the Group 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, the Group 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, the Group 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, the Group 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. The Group 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 the Group'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. The Group has selected a number of raw materials for which it 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, the Group 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

The Group 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) (1).

As regards exotic leather, all hides purchased by the Heng Long tannery now come from farms certified as complying with the standard developed by the Group 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.

(1) Source: “Chain of Custody models and definitions”, ISEAL Alliance, V 1.0, September 2016 (page 2).

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'Elevage (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.

## Certification of strategic supply chains: LIFE 360 achievements in 2022

| Indicators | Performance in 2022 | Performance in 2021 | Target for 2026 |
|---|---|---|---|
| **Wines and Spirits** | | | |
| Grapes – Sustainable winegrowing certification<br>*(% certified grapes by weight; figures include still wines and eaux-de-vie)* | LVMH vineyards: 94%<br>French vineyards:100%<br>Rest of the world: 87%<br>Independent grape suppliers: 20% | LVMH vineyards: 92%<br>French vineyards: 100%<br>Rest of the world: 86%<br>Independent grape suppliers: 16% | LVMH vineyards: 100%<br><br><br>Independent grape suppliers: 50% |
| **Fashion and Leather Goods** | | | |
| LWG certification of tanneries for bovine and ovine leather<br>*(leather from certified tanneries by weight, as %)* | 91% | 81% | 100% |
| LWG certification of tanneries for crocodilian skin leather<br>*(crocodilian skin leather from certified tanneries by weight, as %)* | 86% | 70% | 100% |
| Certified cotton<br>*(% GOTS, Better Cotton, GRC, OCS and Supima certified cotton by weight)* | 71% | 61% | 100% |
| Certified paper, cardboard and wood[(a)]<br>*(% FSC- and PEFC-certified paper, cardboard and wood by weight)* | 82% | 77% | 100% |
| Certified fur (mink and fox)<br>*(% 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)<br>*(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<br>*(crocodilian skin from farms certified as complying with LVMH's crocodilian standard, as %)* | 100% | 100% | 100% |
| **Perfumes and Cosmetics** | | | |
| Palm oil derivatives<br>*(RSPO-certified Mass Balance or Segregated palm oil derivatives by weight, as %)* | 94% | 95% | 100% |
| **Watches and Jewelry** | | | |
| Diamonds: RJC COP certification<br>*(carats of diamonds from COP-certified direct suppliers, as %)* | 99.5% | 99.9% | 100% |
| Gold: RJC COP certification | 96% | 98% | 100% |
| RJC CoC certification<br>*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.*<br>*Note: in 2022, the Maisons reported exclusively on their Watches and Jewelry business units.*<br>*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

The Group 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. The Group 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, the Group 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;
- 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 changed as follows between 2021 and 2022:

| *(in m³)* | **2022** | **2021** | **2022 pro forma**[(a)] | **Change**[(a)] *(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[(b)] |

(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.

Water consumption for process requirements broke down as follows by business group:

| **Process requirements** *(in m³)* | **2022** | **2021** | **2022 pro forma**[(a)] | **Change**[(a)] *(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 |
| **Total** | **3,992,223** | **3,406,813** | **3,571,580** | **5** |

(a) Value and change at constant scope.

The Group 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.

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.

COD after treatment changed as follows between 2021 and 2022:

| **COD after treatment** *(metric tons/year)* | **2022** | **2021** | **2022 pro forma** (a) | **Change** (a) *(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 |
| **Total** | **1,821** | **1,394** | **1,821** | **31** (b) |

(a) Value and change at constant scope.
(b) Change related to the upturn in business and exceptional cleaning operations at a distillery.

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 the Group's production sites concerned 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** |
|---|---|---|
| **Fashion and Leather Goods** *(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 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 the Group as the Chain of Custody system, defined by ISEAL [1] 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, the Group 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.

### 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, the Group 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, LVMH’s 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.

(1) Source: “Chain of custody models and definitions”, ISEAL Alliance, V 1.0, September 2016 (page 2).

### 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, the Group 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 |
|---|---|---|---|
| **Fashion and Leather Goods** *(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 §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, more than 9,500 products sold by the Group's Maisons were already covered by an information system.

# 5. LIFE 360 – Climate

Combating climate change is a major focus of the Group's environmental policy, and 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 or 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 ($CO_2$ 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.

The Group 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. 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 its 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.

## 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), the Group 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;
- 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 $CO_2$ 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 the Group'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 the Group'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). The Group 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.

Energy consumption by business group changed as follows between 2021 and 2022:

| *(in MWh)* | **2022** | **2022 Estimated store scope[(b)]** | **2021** | **2022 pro forma[(a)]** | **Change[(a)(c)]** *(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 |
| **Total** | **1,346,593** | **184,586** | **1,198,144** | **1,227,513** | **2** |

(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[(a)]** |
|---|---|---|---|---|---|---|---|
| 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 |
| **Total** | **381,276** | **247,560** | **61,002** | **14,657** | **14,795** | **627,303** | **47** |

(a) Not including estimated data for stores not covered by reporting.

## 5.2.2 Greenhouse gas emissions

### 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 $CO_2$ emissions by business group changed as follows between 2021 and 2022:

| *(in metric tons of $CO_2$ equivalent)* | **$CO_2$ emissions in 2022**[(e)] | *Of which:* Direct $CO_2$ emissions | Indirect $CO_2$ emissions | **$CO_2$ emissions in 2022 estimated store scope**[(c)] | **$CO_2$ emissions in 2021** | **$CO_2$ emissions in 2022 pro forma**[(a)] | **Change**[(a)(b)(d)] *(as %)* |
|---|---|---|---|---|---|---|---|
| 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) |
| **Total** | **257,444** | ***67,393*** | ***190,051*** | **71,973** | **290,177** | **247,638** | **(15)** |

(a) Value and change at constant scope.
(b) Update of emissions factors.
(c) $CO_2$ 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.

### 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 $CO_2$ equivalent ($tCO_2e$), 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 $tCO_2e$); leather (357,000 $tCO_2e$); grapes, wines and spirits (94,960 $tCO_2e$, which includes vineyards belonging to the Group's Maisons as well as independent grape suppliers); glass for packaging (97,800 $tCO_2e$); and cotton (187,000 $tCO_2e$);
- 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:

| *(in metric tons of $CO_2$ equivalent)* | 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 |
| **Total** | **40,215** | **52,199** | **1,634** | **8** | **114** | **94,170** |

Greenhouse gas emissions generated by outbound transport (transport of finished products from production sites to distribution centers) broke down as follows in 2022:

| *(in metric tons of $CO_2$ equivalent)* | 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 |
| **Total** | **42,815** | **585** | **411,880** | **25,028** | **-** | **51** | **1,613** | **481,972** |

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 $CO_2$ 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 $CO_2$ 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 §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 $CO_2$ emissions (Scopes 1 and 2, baseline year: 2019) | -11.3%[(a)] | - 6% | - 50% |
| Proportion of renewable energy in the Group's energy mix | 47% | 39% | 100% |
| Proportion of stores lit entirely by LED lighting | 77%[(b)] | 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).

A breakdown of the corresponding information is set out in the following table:

| Category | TCFD recommended disclosures | References in Annual Report (AR) and response to CDP 2022 questionnaire |
|---|---|---|
| **Governance**<br>Describe the organization's governance around climate-related risks and opportunities | a) Describe the board's oversight of climate-related risks and opportunities | – AR: Organization of the Group's environmental approach, p. 76<br>– CDP C1.1b (Details on the board's oversight of climate-related issues) |
| | b) Describe management's role in assessing and managing climate-related risks and opportunities | – CDP C.1.2a (Describe where in the organizational structure… and/or committees lie, what… responsibilities are, and how climate-related issues are monitored) |
| **Strategy**<br>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 | – AR: Risk analysis matrix, p. 142; Strategic, operational and financial risks, p. 142<br>– 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) |
| | b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning | – AR: Risks arising from access to and pricing of raw materials, p. 144; Climate change-related risks, p. 148<br>– CDP: C 2.3a and C2.4a |
| | c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | – AR: Risks arising from access to and pricing of raw materials, p. 144; Climate change-related risks, p. 148<br>– CDP 3.2 (Details of your organization's use of climate-related scenario analysis) |
| **Risk management**<br>Disclose how the organization identifies, assesses, and manages climate-related risks | a) Describe the organization's processes for identifying and assessing climate-related risks | – AR: Risk identification, p. 53; Risk analysis matrix, p. 142<br>– CDP: C2.2 (Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities) |
| | b) Describe the organization's processes for managing climate-related risks | – AR: Risk management, p. 54<br>– CDP: C2.2 |
| | c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management | – AR: Strategic, operational and financial risks, p. 142<br>– CDP: C2.2a |
| **Metrics and targets**<br>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 | – 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) |
| | b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks | – AR: Reduce energy-related GHG emissions by 50% in absolute terms, p. 100; Reduce Scope 3 GHG emissions by 55%, p. 100<br>– CDP: C6 (Emissions data); C7 (Emissions breakdowns) |
| | c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets | – AR: Climate targets in line with the Paris Agreement, p.96; Key achievements in 2022: Climate, p. 98<br>– CDP: C4 (Targets and performance) |

# 6. Environmental taxonomy

In accordance with Regulation (EU) 2020/852 establishing criteria for determining whether an economic activity qualifies as environmentally sustainable ("the Regulation"), the Group 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;
- 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.

The Group's environmental actions are only reflected to a limited extent in its business activities and the indicators to be disclosed at this stage under the Regulation, which are presented below (further information on the Group'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").

## 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 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:

| *(EUR millions or as %)* | | | | | | 2022 |
|---|---|---|---|---|---|---|
| | **Total capex** | **Real estate capex (KPI 1 – Eligible capex)[c]** | | **KPI 2 – Real estate capex deemed energy efficient (KPI 2 – Aligned capex)[a] [c] [d]** | | |
| | **Amount** | **Amount** | **as % of total capex** | **Amount** | **as % of total capex** | **as % of eligible capex** |
| Purchases relating to the real estate sector, of which: | 4,604 | 4,604 | 50% | 345 | 3.7% | 7.5% |
| – Purchases of buildings[e] | 420 | 420 | 5% | 39 | 0.4% | 0.8% |
| – Capitalized fixed lease payments | 3,591 | 3,591 | 39% | 185 | 2.0% | 4.0% |
| – Buildings | 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% | - |
| **Purchases of assets and capitalized fixed lease payments** | **8,675** | **4,604** | **50%** | **345** | **3.7%** | **7.5%** |
| **Changes in the scope of consolidation** | **590** | **-** | **-** | **-** | **-** | **-** |
| **Total[b]** | **9,264** | **4,604** | **50%** | **345** | **3.7%** | **7.5%** |

(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 considered ineligible. Its acquisition cost is included in total capex.

Most of the Group'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 3.9% of real estate capex.

Nevertheless, whenever buildings with inadequate energy efficiency are purchased or leased, the Group 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 KPIs relating to turnover and maintenance, R&D and rental expenses (opex)

Since the Group'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 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, the Group 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

| | | | | Substantial contribution criteria | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Economic activities** | **Code(s)** | **Absolute revenue** | **Percentage of revenue** | **Climate change mitigation** | **Climate change adaptation** | **Water and marine resources** | **Circular economy** | **Pollution** | **Biodiversity and ecosystems** |
| | | *(EUR millions)* | % | % | % | % | % | % | % |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | |
| | | - | | | | | | | |
| **Revenue from environmentally sustainable activities (Taxonomy-aligned) (A.1)** | | **-** | | | | | | | |
| **A.2. Activities that are eligible for the Taxonomy but not environmentally sustainable (non-Taxonomy-aligned)** | | | | | | | | | |
| | | - | | | | | | | |
| **Revenue from activities that are eligible for the Taxonomy but not environmentally sustainable (non-Taxonomy-aligned) (A.2)** | | **-** | | | | | | | |
| **Total (A.1 + A.2)** | | **-** | | | | | | | |
| B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY | | | | | | | | | |
| **Revenue from non-Taxonomy-eligible activities (B)** | | **79,184** | **100%** | | | | | | |
| **Total (A + B)** | | **79,184** | **100%** | | | | | | |

| Do No Significant Harm criteria (DNSH) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Minimum safeguards | Percentage of Taxonomy-aligned revenue, year Y | Percentage of Taxonomy-aligned revenue, year Y-1 | Category (enabling activity) | Category (transition activity) |
| *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *%* | *%* | *E* | *T* |
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| | | | | | | | **-** | | **-** | |

## Table 2 – Capex

### Percentage of capex from products or services associated with Taxonomy-aligned economic activities – 2022 information

| | | | | Substantial contribution criteria | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Economic activities** | **Code(s)** | **Absolute capex** | **Percentage of capex** | **Climate change mitigation** | **Climate change adaptation** | **Water and marine resources** | **Circular economy** | **Pollution** | **Biodiversity and ecosystems** |
| | | *(EUR millions)* | % | % | % | % | % | % | % |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | |
| 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% | | | | | |
| **Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)** | | **345** | **4%** | **100%** | | | | | |
| **A.2. Activities that are eligible for the Taxonomy but not environmentally sustainable (non-Taxonomy-aligned)** | | | | | | | | | |
| 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% | | | | | | |
| **Capex of activities that are eligible for the Taxonomy but not environmentally sustainable (non-Taxonomy-aligned) (A.2)** | | **4,259** | **46%** | | | | | | |
| **Total (A.1 + A.2)** | | **4,604** | **50%** | | | | | | |
| **B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | |
| **Capex of non-Taxonomy-eligible activities (B)** | | **4,661** | **50%** | | | | | | |
| **Total (A + B)** | | **9,265** | **100%** | | | | | | |

| Do No Significant Harm criteria (DNSH) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Minimum safeguards | Percentage of Taxonomy-aligned capex, year Y | Percentage of Taxonomy-aligned capex, year Y-1 | Category (enabling activity) | Category (transition activity) |
| *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *%* | *%* | *E* | *T* |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | Yes | Yes | Yes | Yes | Yes | Yes | 0% | | | T |
| | Yes | | | Yes | | Yes | 0% | | E | |
| | Yes | | | | | Yes | 0% | | E | |
| | Yes | | | | | Yes | 3% | | | |
| | | | | | | | **4%** | | | |
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| | | | | | | | | | | |
| | | | | | | | **4%** | | | |

## Table 3 – Opex

### Percentage of opex from products or services associated with Taxonomy-aligned economic activities – 2022 information

| | | | | Substantial contribution criteria | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) | Absolute opex | Percentage of opex | Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems |
| | | *(EUR millions)* | % | % | % | % | % | % | % |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | |
| | | | | | | | | | |
| **Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)** | | | | | | | | | |
| **A.2. Activities that are eligible for the Taxonomy but not environmentally sustainable (non-Taxonomy-aligned)** | | | | | | | | | |
| | | | | | | | | | |
| **Opex of activities that are eligible for the Taxonomy but not environmentally sustainable (non-Taxonomy-aligned) (A.2)** | | | | | | | | | |
| **Total (A.1 + A.2)** | | | | | | | | | |
| B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY | | | | | | | | | |
| **Opex of non-Taxonomy-eligible activities (B)** | | | | | | | | | |
| **Total (A + 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.

| Do No Significant Harm criteria (DNSH) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Climate change mitigation | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems | Minimum safeguards | Percentage of Taxonomy-aligned opex, year Y | Percentage of Taxonomy-aligned opex, year Y-1 | Category (enabling activity) | Category (transition activity) |
| *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *Y/N* | *%* | *%* | *E* | *T* |
| | | | | | | | | | | |
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# Management Report of the Board of Directors: The Christian Dior group

## 6. Attracting and retaining talent

# 1. General policy

The Group's approach to workforce-related responsibility is led by LVMH and its subsidiaries, which employ the entire workforce of the Christian Dior group.

Through their talent and commitment, the Group's employees create unforgettable experiences for all 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, the Group 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. It 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

The Group 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.

### 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.

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[(1)].

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) 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.

### 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.

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.

The Group'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 (a) | 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 |
| **Total** | **196,006** | **100** | **175,647** | **100** | **150,479** | **100** |

(a) Total permanent and fixed-term headcount.

#### Breakdown by geographic region

| Total workforce as of December 31 (a) | 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 |
| **Total** | **196,006** | **100** | **175,647** | **100** | **150,479** | **100** |

(a) Total permanent and fixed-term headcount.

### Breakdown by job category

| Total workforce as of December 31 (a) | 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 | 91,691 | 52 | 79,059 | 53 |
| Production workers | 31,981 | 16 | 30,197 | 17 | 24,132 | 16 |
| **Total** | **196,006** | **100** | **175,647** | **100** | **150,479** | **100** |

(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 |
| | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| **Average age** | **37** | **40** | **39** | **36** | **39** | **34** | **35** |

## 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 |
| | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |
| **Average length of service** | **6** | **9** | **8** | **5** | **8** | **5** | **5** |

## 1.4 Pursuing an attractive and fair compensation policy

The Group is keen to recognize, attract and motivate talented people 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 devise a pay equity policy applicable to all its employees and to 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 |
| **Total** | **100.0** | **100.0** | **100.0** |

### 1.4.2 Personnel costs[(a)]

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 |
| **Total personnel costs** | **11,961.0** | **9,586.4** | **8,455.3** |

(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 |
| **Total** | **388.4** | **266.2** | **310.9** |

# 2. Ambitious talent development

Through their excellence and their diversity, employees have been instrumental in the success of the Group 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, the Group 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, human resources staff, working closely with the Group's senior executives and managers, have put the annual organizational and talent review 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[(a)] | 24.1 | 13.2 | 17.2 | 40.8 | 10.8 | 25.2 | 28.6 | 23.3 | 24.5 |
| *Of which: Voluntary turnover[(b)]* | *18.3* | *6.4* | *12.4* | *33.1* | *9.9* | *20.8* | *21.0* | *17.2* | *11.7* |
| *Involuntary turnover[(c)]* | *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[(a)] 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 |
| **Total** | **60,772** | **45,076** | **22,922** | **43,198** | **37,857** | **35,140** |

(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

The Group 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, the Group brings together a wide range of unique skills and expertise. Vital to the success of its Maisons, these skills and expertise make the Group 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. 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 (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 talent, managers, leaders and CEOs have provided more than 100 items of content. The hub, which is online at 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

The Group is a major 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 Group senior 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 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.

The Group works to foster a culture focused on personal development to instill a growth mindset among 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 Group has made it all the more crucial for new arrivals to learn about their work environment. More than ever before, the Group 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 Group's culture is understood and valued. In practical terms, they make sure every new arrival is acquainted with their work environment and the 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 the 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 complete a course teaching them about different professions, which is taught by employees from the Group and its Maisons. 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 the Group's success – innovation and creativity, excellence, entrepreneurship and engagement. They enable employees to gain skills and expertise while setting the stage for the Group's future success.

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 business fundamentals, such as management, leadership and excellence, while also providing an agile response to learning requirements based on local priorities.

## 2.3.2 Giving everyone ownership of their career mobility and development

The Group 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 opportunities for job mobility across its different geographic regions, professions and business areas: Wines and Spirits, Perfumes and Cosmetics, Fashion and Leather Goods, Watches and Jewelry, and Selective Retailing.

The Group 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 (Maison, division, global, regional, functional) under the aegis of the heads of talent management and human resources. 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. The Group also 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, the Group 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, the Group 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. The Group 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, the Group 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

The Group 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. The Group also aims to foster constructive labor relations.

## 3.1 An approach to ensure health and safety for all staff

The Group has expanded its scope of action 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' Presidents, 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, in particular 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

| | | Result in 2022[(a)] | Target for 2025 |
|---|---|---|---|
| **Commitment 1** | Each Maison structures its own approach to employee health and safety. | 81% | |
| **Commitment 2** | Each Maison reviews its health and safety approach on a regular basis. | 88% | |
| **Commitment 3** | 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% |
| **Commitment 4** | All employees are engaged in prevention and trained in first aid measures. | 32% | |
| **Commitment 5** | 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 Group employees).

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, the Group 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[(a)(b)] | Severity rate[(b)(c)] |
|---|---|---|---|
| **Breakdown by business group** | | | |
| 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 |
| **Breakdown by geographic region** | | | |
| 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 |
| **LVMH group 2022** | **1,384** | **4.08** | **0.13** |
| 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, the Group 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(a) 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 |

(c) 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.

LVMH's 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 Économiques)*. 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 working methods, 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 |
| **Total** | **873** |

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 well-being at work

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, 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**[(a)] *(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**[(a)] *(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** |
|---|---|---|---|---|---|---|---|
| Other markets | 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.

## 3.3.1 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 the Group'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.

# 4. Building a culture of inclusion

## 4.1 Promoting diversity and inclusion

The Group fundamentally believes that all its employees and their diversity are the source of its performance and success. Recognizing that each person's unique contribution is a valuable asset, the Group is keen to ensure that its workforce is drawn from all backgrounds, reflecting the diversity of its customer base. The Group 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. It 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 LVMH 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.

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, LVMH's Executive Vice President Human Resources & Synergies, Jean-Jacques Guiony, LVMH's Group Chief Financial Officer, and Antoine Arnault, LVMH's 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.

## 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 Group's Codes of Conduct, the employer brand priorities and the risks of acting on preconceptions and stereotyping.

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 directors at the level of the Group and the Maisons, CSR officers and Diversity & Inclusion managers, and have been followed by appropriate action plans.

In 2021, the LVMH group launched a comprehensive update for its Recruitment Code of Conduct, whose final version is expected to be released in 2023.

## 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 it 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, the Group's Maisons have innovated with a recruitment program aimed at advancing both inclusion and employee well-being. In 2022, LVMH Perfumes and Cosmetics Korea hired 11 employees with disabilities (accounting for nearly 5% of all new hires).

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 Group's workforce worldwide, with a total of 2,787 employees.

## 4.4 Ensuring gender equality

Gender equality is an integral part of the Group'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. The Group aims to 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.

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 Maison Presidents 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[(a)]

| *(% women)* | Joiners | | | Group workforce | | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2020** | **2022** | **2021** | **2020** |
| **Breakdown by business group** | | | | | | |
| 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 |
| **Breakdown by job category** | | | | | | |
| 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 |
| **Breakdown by geographic region** | | | | | | |
| 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 |
| **Group** | **73** | **74** | **73** | **71** | **71** | **71** |

(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

The Group 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 reaffirmed their commitment in 2022 by signing up to the LGBT+ Engagement Charter of L'Autre Cercle, France's leading 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.

The Group 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. The Group 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 Christian Dior group

## 7. Outreach and giving back

The Christian Dior group hopes 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.

The Group 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, the Group 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, the Group 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

The Group 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 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 the Group'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 major employers in many labor markets, the Group and its Maisons pay close attention to each region's specific employment situation, and 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 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 the Group's long-standing 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.

The Group 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

The Group 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

The Group 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.

The Group 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'Etudes 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 house event and the annual Show ME event, bringing together and celebrating all those involved in LVMH's *métiers d'excellence* (professions of 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 star and You and ME sponsor Tony Parker, and traveled to five cities in France, starting in Clichy-sous-Bois, where LVMH has long-standing 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 recipients of 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 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.

## 2.2 Helping those in need

The Group 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 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

The Group 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 (1) 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.

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.

**(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.

*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.

The *Hantaï* 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.

## 3.2 Opportunities for arts education initiatives

Once again this year, LVMH's patronage of programs for young people focused on music. LVMH renewed its support for Orchestre à l'École, a nonprofit that enables hundreds of children to start playing a musical instrument. The Group also continued its 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.

## 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 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 Christian Dior group

## 8. Financial and operational risk management and internal control

# 1. Strategic, operational and financial risks

The risk factors to which the Christian Dior group is exposed, the occurrence of which could jeopardize its 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[a] | 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

Operational risks are mainly present – and managed – at the level of LVMH and its subsidiaries.

### 1.1.1 Risks related to products or communication at odds with the Maisons' image

| Risk description | Risk management |
|---|---|
| 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. | • 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 the Group's brands and others with similar names.<br>• 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.<br>• At every stage in the production process, the Group implements an exacting control and quality audit process and selects its subcontractors based on the most stringent product quality and production method standards.<br>• 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. | • The Group conducts an ongoing media watch and monitors social media. Where appropriate, it takes legal action, and has a crisis management unit on permanent stand-by.<br>• 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. |
| Inappropriate conduct by brand ambassadors, employees, distributors or Group suppliers, and breaches of compliance rules (Sapin II Act, GDPR, etc.). | • 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 Christian Dior and LVMH Codes of Conduct, the Christian Dior and LVMH Supplier Codes 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 Management Report of the Board of Directors – "Ethics and responsibility", §2.2).<br>• The Group's distribution agreements include strict guidelines on these matters, which are also regularly monitored by the Maisons through on-site audits.<br>• LVMH has also implemented a responsible supply chain management approach (see the Management Report of the Board of Directors – "Ethics and responsibility", §5.2). |

## 1.1.2 Risks arising from talent management and the loss of strategic competencies

| Risk description | Risk management |
|---|---|
| The 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. | • To avoid any dissipation of this expertise, the Group implements a range of measures to encourage the passing on and promotion of its professions, notably by promoting the recognition of the luxury trades as *métiers d'excellence* (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 Management Report of the Board of Directors – "Attracting and retaining talent", §2.2).<br>• 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 Management Report of the Board of Directors – "Business overview, highlights and outlook", §2.5). |
| 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. | • The Group 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 Management Report of the Board of Directors – "Attracting and retaining talent", §2.3). |

### 1.1.3 Risks arising from access to and pricing of raw materials

| Risk description | Risk management |
| --- | --- |
| The Group 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. | • 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).<br>• 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, the Group 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.<br>• 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.<br>• 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.<br>• In 2019, the Group adopted a specific charter that sets out requirements applicable to supplies of raw materials of animal origin.<br>• The Group is pursuing an ambitious policy of having its suppliers undergo environmental and social audits, with the aim of building long-term partnerships.<br>• 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 Management Report of the Board of Directors – "Business overview, highlights and outlook", §1.1.4).<br>• 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 eaux-de-vie.<br>• The Group 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.<br>• 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, the Group's teams worked to increase the flexibility of supplies of the most sensitive and critical materials and products. |

## 1.1.4 Risks related to cybersecurity

| Risk description | Risk management |
| --- | --- |
| The Group is exposed to cyber risks arising from opportunistic or targeted cyberattacks, malicious acts 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. | • The 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”).<br>• 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.<br>• 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.<br>• 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.<br>• 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.<br>• 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.<br>• These various systems and procedures serve to prevent and/or detect and respond to incidents. |

| Risk description | Risk management |
|---|---|
| | • 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.<br>• 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.<br>• The Group organizes frequent educational and training actions to improve cyber crisis management and has launched a worldwide awareness campaign.<br>• 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. |
| The Group may be exposed to shortcomings in the implementation of rules governing personal data protection. | • The 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 |
|---|---|
| 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.<br>Similarly, some Group products – leather goods, perfumes and cosmetics in particular – may be distributed through parallel retail networks, including online sales networks, without the Group's consent. | • 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 the Group also ensures are made aware of the adverse consequences of counterfeiting.<br>• 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.<br>• The Group 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.<br>• In addition, the Group 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. |

## 1.2.2 Risks arising from laws and regulations in force

| Risk description | Risk management |
| --- | --- |
| 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. | • 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 at LVMH SE and at the Group's Maisons. LVMH's Legal Department is structured into different areas of expertise (stock market and corporate law, M&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.<br>• The Legal Department works closely with the Corporate Affairs, Privacy, Ethics & 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 & Legal Affairs Department, which reports directly to LVMH Executive Management.<br>• 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. |

## 1.2.3 Risks arising from the public-health, political and economic environment

| Risk description | Risk management |
| --- | --- |
| 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. | • 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.<br>• 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.<br>• 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. |

## 1.2.4 Climate change-related risks

| Risk description | Risk management |
| --- | --- |
| 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. | • 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.<br>• The Group has put in place a governance structure at its highest level, with climate strategy signed off and monitored by LVMH's Executive Committee and Board of Directors and monitoring by Christian Dior's Performance Audit Committee.<br>• The Group 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.<br>• The Group 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 an action plan to reduce energy consumption on sites and in stores, promote more sustainable modes of transportation and continue the actions of the LVMH Carbon Fund. In 2015, LVMH launched a Carbon Fund to help finance greenhouse gas emissions reduction initiatives.<br>• 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).<br>• Given its heavy reliance on natural resources, the 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 the Management Report of the Board of Directors – "Environment and sustainability", §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. The Group is also involved in protecting high added-value ecosystems outside of its supply chain, for example in the Amazon basin. |

### 1.2.5 Risks arising from business interruptions

| Risk description | Risk management |
|---|---|
| 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. | • To identify, analyze and provide protection against industrial and environmental risks, the Group relies on a combination of independent experts and qualified professionals from the Group (in particular safety, quality and environmental managers).<br>• Protecting the Group's assets is part of an industrial risk prevention policy that meets the highest safety standards (FM Global and NFPA fire safety standards).<br>• Working with its insurers, the Group has adopted HPR (Highly Protected Risk) standards, in order to significantly reduce fire risk and resulting business interruption. 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 Management Report of the Board of Directors – "Environment and sustainability").<br>• 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.<br>• In addition, prevention and protection plans include contingency planning to ensure business continuity. |

## 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. For LVMH and its subsidiaries, this management is centralized for the most part at the level of LVMH SE and the subsidiary responsible for LVMH's cash pooling arrangement. The risks and their management are presented to LVMH's Performance Audit Committee. Hedging decisions are made according to a clearly established process and are covered in regular presentations to LVMH's Executive Committee, along with detailed documentation. For the rest of the Group, management is centralized at the level of Christian Dior SE. The risks and their management are presented to Christian Dior's Performance Audit Committee. 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.

## Foreign exchange risk

| Risk description | Risk management |
|---|---|
| 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.<br><br>The Group is exposed to foreign exchange risk with respect to the its 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. | • 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.<br><br>• 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. |

## Liquidity risks and risks linked to fluctuations in interest rates

| Risk description | Risk management |
|---|---|
| The Group could have difficulty accessing the liquidity it needs to meet its financial obligations; see Note 23.9 to the consolidated financial statements for the breakdown of financial liabilities by contractual maturity.<br><br>The Group 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. | • 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.<br><br>• In addition, the Group has access to undrawn confirmed credit lines totaling 11.2 billion euros.<br><br>• 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. 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 & Poor's).<br><br>• 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. |

### 1.3.2 Risks arising from tax policy

| Risk description | Risk management |
|---|---|
| Due to its worldwide operations, the Group is subject to a complex and diverse set of tax regulations. As an exporter, it 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.<br><br>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. | • The Group's tax policy is in line with the guiding principles described in its Codes of Conduct. The Group undertakes to comply with applicable laws and regulations in the countries where it operates, supported by the Maisons' finance departments and the Tax Department, with the assistance of outside consultants when necessary.<br><br>• 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.<br><br>• 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.<br><br>• With effect from fiscal year 2022, LVMH 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. |

## 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, the Group 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.

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 United States. Cover is limited to 260 million US dollars per year.

These coverage levels are in line with Group companies' exposure to such risks.

## 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 corresponds to the maximum possible transport loss arising as a result of transportation in progress at a given moment.

## 2.3 Third-party liability

The 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.

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.

## 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 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 Risk management and control activities within Christian Dior SE

#### Control environment

Given the fact that it belongs to a group with the necessary administrative skills, Christian Dior uses the specialized services of Agache SCA, which mainly relate to strategic, legal, financial and accounting matters. A service agreement has been entered into with Agache SCA for this purpose.

Regarding the Group's external services, the Shareholders' Meeting of Christian Dior appointed two first-tier accounting firms as Statutory Auditors, which also serve in the same capacity on behalf of LVMH.

#### Key elements of internal control procedures

Risk management is based first and foremost on a regular review of the risks incurred by the Company so that internal control procedures can be adapted. Given the nature of the Company's activity, the primary objective of internal control systems is to mitigate risks of error and fraud in accounting and finance. The following principles form the basis of the Company's organization:

- very limited, very precise delegations of power, which are known by the counterparties involved, with sub-delegations reduced to a minimum;
- upstream legal control before signing agreements;
- separation of the expense and payment functions;
- secure payments;
- procedural rules known by potential users;
- integrated databases (single entry for all users);
- frequent audits (internal and external).

#### Internal controls relating to the preparation of the parent company's financial and accounting information

The parent company and consolidated financial statements are subject to a detailed set of instructions and a specially adapted data submission system designed to facilitate complete and accurate data processing within suitable timeframes. The exhaustive controls performed at the LVMH sub-consolidation level ensure that information is integrated.

#### Legal control

Securities held by the subsidiaries are subject to reconciliation between the Company's Accounting Department and the Legal Department on a regular basis.

### 3.1.2 Organization of LVMH's 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.

### 3.1.3 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.

## 3.1.4 Group governing bodies

The **Boards of Directors of Christian Dior and LVMH** contribute to the general control environment through their members' expertise and oversight, their help in clarifying issues and their transparent decision-making processes. The Boards are kept informed on a regular basis of the maturity of the internal control system, and oversee the effective management of major risks, which are disclosed in their Management Reports.

The Boards and their Performance Audit Committees are regularly informed of the results of the operation of these systems, any shortcomings and the action plans drawn up to address them.

The **Christian Dior and LVMH Performance Audit Committees** ensure in particular that the Group's accounting policies comply with the standards in force, review the parent company and consolidated financial statements, and monitor effective implementation of the Group's internal control and risk management procedures.

The **LVMH 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 **LVMH Executive Committee**, which consists of the Group's operational and functional executives, lays down strategic objectives within the framework of the direction set by LVMH's 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.

## 3.1.5 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.

## 3.1.6 Second line of defense

The second line of defense is provided by LVMH's functional departments.

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 LVMH's General Administration and Legal Affairs Department, which reports directly to the Chairman and Chief Executive Officer and is now represented on LVMH's 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 LVMH's Ethics & Sustainable Development Committee several times a year on the implementation of its policy.

The **Legal Department** helps with the legal aspects of LVMH's activities and development. It conducts negotiations relating to acquisitions, disposals and partnerships. It determines the 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 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.

## 3.1.7 Third line of defense

The **LVMH Audit & Internal Control Department** covers the entire LVMH 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 LVMH 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 Committees of LVMH and Christian Dior.

## 3.1.8 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.

## 3.1.9 Financial and accounting information: Organization and parties involved

### At Christian Dior level

As noted above, Christian Dior is a holding company that directly owns a 41% equity stake in LVMH. LVMH is a listed company with a governance structure that checks the integrity and relevance of its own financial information. Its organization is described in detail below. At the Christian Dior SE level, financial information intended for the financial markets (financial analysts, investors, individual shareholders, market authorities) is provided under the supervision of the Company's Finance Department, which also oversees the production of the parent company and consolidated financial statements as well as the publication of the Annual Report and the Interim Financial Report. This information is strictly defined by current market rules, specifically the principle of equal treatment of investors.

### At LVMH level

Risk management and internal controls of accounting and financial information are the responsibility of the following departments, which are all part of the LVMH 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 LVMH'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 LVMH 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 LVMH group's financial policy, which includes balance sheet optimization, financing strategy, management of borrowing 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 LVMH's Group Controlling and 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 hedging strategy is presented regularly to the LVMH group's Executive Committee and LVMH's 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 LVMH 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 LVMH's financial information. In particular, it maintains 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 LVMH'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 LVMH's 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.

**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.

## 3.3 Information and communication systems

Strategic plans for developing the Group's information and communication systems are coordinated by LVMH's 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.

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 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 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.

### 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 the level of LVMH, 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 consolidated entities at the LVMH sub-consolidation level produce a strategic plan, a full budget and annual forecasts. Detailed instructions are sent to the companies for each process.

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

A team of controllers at LVMH, 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.

## 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, at LVMH, 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 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, are shared with the Group'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.

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 LVMH'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 LVMH 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.

**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 are the LVMH and Christian Dior Performance Audit Committees, by means of regular briefings;
- reviews are carried out by Internal Audit and the Statutory Auditors, the findings and recommendations of which are passed on to entities' management and LVMH 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.

## 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.

LVMH's 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: Christian Dior parent company

# 1. Results of Christian Dior SE

## 1.1 Comments on the financial statements as of December 31, 2022

The balance sheet, income statement and notes to the financial statements of Christian Dior SE for the fiscal year ended December 31, 2022 have been prepared in accordance with current French legal requirements.

## 1.2 Presentation of the income statement

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 managing subsidiaries and investments as well as the net proceeds or cost of cash and financial debt.

"Operating profit/(loss)" includes costs related to the management of the Company and personnel costs.

"Net financial income/(expense)" and "Operating profit/(loss)" include items relating to the financial management of the Company or administrative operations.

"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)".

## 1.3 Appropriation of net profit

In 2022, the results of Christian Dior SE mainly consisted of dividend income related to its investment in LVMH Moët Hennessy Louis Vuitton SE.

Net financial income was 2,488.4 million euros, compared with 1,457.0 million euros in 2021. It mainly consisted of dividends received from subsidiaries totaling 2,501.4 million euros, less the impairment of securities in the amount of 13.9 million euros and plus financial income of 1.1 million euros.

"Operating profit/(loss)" was a net loss of 6.4 million euros, compared with a net loss of 6.1 million euros in the previous year.

The tax expense was 30.9 million euros, compared with 18.0 million euros a year earlier.

Net profit was 2,451.1 million euros, compared with 1,432.8 million euros a year earlier.

The following appropriation of the amount available for distribution in respect of the fiscal year ended December 31, 2022, is proposed:

| **Amount available for distribution** *(EUR)* | |
|---|---|
| Net profit | 2,451,062,744.33 |
| Retained earnings | 1,916,891,220.78 |
| **Distributable earnings** | **4,367,953,965.11** |
| **Proposed appropriation** | |
| Distribution of a gross dividend of 12.00 euros per share | 2,166,090,192.00 |
| Retained earnings | 2,201,863,773.11 |
| **Total** | **4,367,953,965.11** |

For information, as of December 31, 2022, the Company held 96,936 of its own shares, corresponding to an amount not available for distribution of 16.7 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 gross cash dividend in respect of the fiscal year ended December 31, 2022 will be 12 euros per share. As an interim cash dividend of 5 euros per share was paid on December 5, 2022, the final dividend per share will be 7 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.

Lastly, should the Company hold any treasury shares at the time of payment of this final dividend, the corresponding amount of unpaid dividends will be allocated to retained earnings.

## Distribution of dividends

As required by law, we remind you that the gross cash dividends per share paid out in respect of the past three fiscal years were as follows:

| Fiscal year | Type | Payment date | Gross dividend *(EUR)* |
|---|---|---|---|
| December 31, 2021 | Interim | December 2, 2021 | 3.00 |
| | Final | April 26, 2022 | 7.00 |
| | **Total** | | **10.00** |
| December 31, 2020 | Interim | December 3, 2020 | 2.00 |
| | Final | April 22, 2021 | 4.00 |
| | **Total** | | **6.00** |
| December 31, 2019 | Interim (ordinary) | December 10, 2019 | 2.20 |
| | Interim (exceptional) | December 10, 2019 | 29.20 |
| | Final | July 9, 2020 | 2.60 |
| | **Total** | | **34.00** |

## Invoices received or issued, not yet paid and past due at the fiscal year-end date (Table provided for in Article D. 441-4 I of the French Commercial Code)

| | **Article D. 441 I.- 1°: Invoices received, not yet paid and past due at the fiscal year-end date** | | | | | | **Article D. 441 I.- 2°: Invoices issued, not yet paid and past due at the fiscal year-end date** | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **0 days** | **1 to 30 days** | **31 to 60 days** | **61 to 90 days** | **91 days and up** | **Total (1 day and up)** | **0 days** | **1 to 30 days** | **31 to 60 days** | **61 to 90 days** | **91 days and up** | **Total (1 day and up)** |
| **(A) Past-due invoices** | | | | | | | | | | | | |
| Number of invoices concerned | - | 2 | | 1 | | 3 | - | - | - | - | - | - |
| Total amount of invoices concerned including VAT | - | €1,549 | | €360 | | €1,909 | - | - | - | - | - | - |
| Percentage of total purchases for the fiscal year including VAT | - | 0.028% | | 0.006% | | 0.0347% | - | - | - | - | - | - |
| Percentage of revenue for the fiscal year including VAT | | | | | | | - | - | - | - | - | - |
| **(B) Invoices excluded from (A) relating to payables and receivables that are disputed or not recognized in the accounts** | | | | | | | | | | | | |
| Number of invoices excluded | - | - | - | - | - | - | - | - | - | - | - | - |
| Total amount of invoices excluded | - | - | - | - | - | - | - | - | - | - | - | - |
| **(C) Standard payment terms (contractual or legal deadline – Article L. 441-14 or Article L. 443-1 of the French Commercial Code)** | | | | | | | | | | | | |
| Standard payment terms used to calculate late payments | ✗ Contractual deadline: ✓ Legal deadline: 60 days from invoice date | | | | | | ✗ Contractual deadline: ✓ Legal deadline: 60 days from invoice date | | | | | |

# 2. Share ownership of the Company

## 2.1 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 318 of this Annual Report.

## 2.2 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 318 of this Annual Report.

## 2.3 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 318 of this Annual Report.

# 3. Stock option and bonus share plans

## 3.1 Options granted by the parent company, Christian Dior

No option plans have been set up by the Company since the May 14, 2009 share purchase option plan, which carried performance conditions and expired on May 13, 2019.

No share subscription or purchase option plans were in effect as of December 31, 2022.

For the plans set up with effect from 2007, the Chairman of the Board of Directors and the Chief Executive Officer, if they are recipients of such options, must retain possession, in registered form, 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), until the total value of the shares held exceeds twice the gross amount of their most recently disclosed fixed and variable compensation as of the date the options are exercised. This holding requirement ends upon termination of the recipient's duties at Christian Dior; given the change of Chief Executive Officer in 2022, this means this provision now applies only to the Chairman of the Board of Directors.

## 3.2 Options granted by the Group's subsidiary, LVMH

No option plans have been set up by LVMH SE 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.

## 3.3 Awards of bonus shares and performance shares by the parent company, Christian Dior

No bonus share plans have been set up by the Company since the December 6, 2016 plan, which expired on December 6, 2019.

No bonus share plans were in effect as of December 31, 2022.

For plans set up since 2010, if their shares vest, the Chairman of the Board of Directors and the Chief Executive Officer, recipients of such shares, must retain possession, in registered form, 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 (determined 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). This holding requirement ends upon termination of the recipient's duties at Christian Dior; given the change of Chief Executive Officer in 2022, this means this provision now applies only to the Chairman of the Board of Directors.

## 3.4 Awards of bonus shares and performance shares by the Group's subsidiary, LVMH

| **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** | |
|---|---|---|---|---|---|---|---|---|
| **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** | **Subtotal** |
| **Total number of shares provisionally allocated at plan inception** | **200,077** | **177,034** | **84,187** | **40,000** | **40,000** | **4,225** | **40,000** | **585,523** |
| Of which: Company officers[(a)] | 27,956 | 24,215 | - | - | - | - | - | 52,171 |
| Of which: Top ten employee recipients[(b)] | 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[(c)] | 01/26/2023[(d)] | 04/16/2023[(e)] | 07/26/2022[(f)] | 04/16/2023[(e)] | |
| Date as of which the shares may be sold | 10/25/2022 | 10/23/2023 | 01/26/2023[(c)] | 01/26/2023[(d)] | 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 | |
| **Performance condition** | **Not met in 2020[(g)] but met in 2021** | **Met in 2021 and 2022** | **-** | **Met in 2022** | **Met in 2022** | **-** | **Met in 2022** | |
| 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 |
| **Remaining allocations as of fiscal year-end** | **-** | **168,556** | **10,000** | **40,000** | **40,000** | **-** | **40,000** | **298,556** |

(a) Performance shares allocated to LVMH company officers serving as of the provisional allocation date.
(b) Bonus shares and performance shares allocated to employees – other than LVMH company officers – in service as of the provisional allocation date.
(c) Of which 44,187 bonus shares vesting on January 26, 2022 and 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).
(d) 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.
(e) 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.
(f) Bonus shares for which vesting was not subject to any conditions.
(g) 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 LVMH 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.

| 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** |
| **Total number of shares provisionally allocated at plan inception** | **4,674** | **184,291** | **10,790** | **1,308** | **11,032** | **26,682** | **139,592** | **378,369** | **963,892** |
| Of which: Company officers[(a)] | - | 15,568 | - | - | - | - | 15,803 | 31,371 | 83,542 |
| Of which: Top ten employee recipients[(b)] | 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[(f)] | 10/28/2024[(h)] | 01/27/2023[(i)] | 10/28/2024 | 07/26/2023[(i)] | 10/28/2024[(j)] | 10/27/2025 | | |
| Date as of which the shares may be sold | 10/29/2023 | 10/28/2024[(h)] | 01/28/2024 | 10/28/2024 | 07/27/2024 | 10/28/2024[(j)] | 10/28/2025 | | |
| Unit value as of initial grant date *(EUR)* | 655.28 | 635.23 | 673.38 | 635.23 | 625.45 | 612.84[(j)] | 625.87 | | |
| **Performance condition** | **-** | **Met in 2022 except for 25,000 shares[(h)]** | **-** | **Met in 2022** | **-** | **Met in 2022 except for 25,000 shares[(j)]** | **Not applicable in 2022** | | |
| 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 |
| **Remaining allocations as of fiscal year-end** | **-** | **180,835** | **10,790** | **1,308** | **11,032** | **26,682** | **139,592** | **370,239** | **668,795** |

(h) 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.
(i) 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.
(j) 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.

## 3.5 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

### 3.5.1 Bonus shares and bonus performance shares provisionally allocated to the Group's top ten employee recipients, other than company officers, having received the largest number of shares

See §3.4 above.

### 3.5.2 Bonus shares and bonus performance shares vested to the Group's top ten employee recipients, other than company officers(a), having received the largest number of shares

| 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.

## 4. Summary of transactions in Christian Dior securities during the 2022 fiscal year by company officers and closely related persons (as defined 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.

# 5. Share repurchase programs

## 5.1 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, 2022 and December 31, 2022 as part of the share repurchase programs authorized at the Company's Combined Shareholders' Meetings held on April 15, 2021 and April 21, 2022.

The Company did not purchase or sell any shares.

| *(number of shares unless otherwise stated)* | Liquidity contract | Coverage of plans | Coverage of securities giving access to Company shares | Exchange or payment in connection with acquisitions | Shares pending retirement | Total |
|---|---|---|---|---|---|---|
| **Balance as of January 1, 2022** | **-** | **96,936** | **-** | **-** | **-** | **96,936** |
| Purchases | - | - | - | - | - | - |
| Average price *(EUR)* | - | - | - | - | - | - |
| Sales | - | - | - | - | - | - |
| Average price *(EUR)* | - | - | - | - | - | - |
| Share purchase options exercised | - | - | - | - | - | - |
| Average price *(EUR)* | - | - | - | - | - | - |
| Call options exercised | - | - | - | - | - | - |
| Average price *(EUR)* | - | - | - | - | - | - |
| Bonus share awards | - | - | - | - | - | - |
| Reallocations for other purposes | - | - | - | - | - | - |
| Shares retired | - | - | - | - | - | - |
| **Balance as of April 21, 2022** | **-** | **96,936** | | | | **96,936** |
| Purchases | - | - | - | - | - | - |
| Average price *(EUR)* | - | - | - | - | - | - |
| Sales | - | - | - | - | - | - |
| Average price *(EUR)* | - | - | - | - | - | - |
| Share purchase options exercised | - | - | - | - | - | - |
| Average price *(EUR)* | - | - | - | - | - | - |
| Call options exercised | - | - | - | - | - | - |
| Average price *(EUR)* | - | - | - | - | - | - |
| Bonus share awards | - | - | - | - | - | - |
| Reallocations for other purposes | - | - | | - | - | - |
| Shares retired | - | - | - | - | - | - |
| **Balance as of December 31, 2022** | **-** | **96,936** | | | | **96,936** |

## 5.2 Key features of the share repurchase program presented for approval at the Combined Shareholders' Meeting of April 20, 2023

- Securities concerned: Shares issued by Christian Dior 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: 18,050,751 shares; however, taking into account the 96,936 shares held in treasury as of December 31, 2022, only 17,953,815 treasury shares are available to be acquired (i.e. 9.94% of the share capital).
- Maximum purchase 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:

  – buy or sell shares by enlisting the services of an investment services provider acting independently under a liquidity contract set up by the Company and in compliance with the AMF-approved AMAFI ethics charter,

- buy shares to 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,
- buy shares to 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 seventeenth resolution,
- buy shares to 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.

## 5.3 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 to December 31, 2022:

| **As of December 31, 2022** | |
|---|---|
| Percentage of own share capital held directly or indirectly | 0.05% |
| Number of shares retired in the last 24 months | None |
| Number of shares held in the portfolio | 96,936 |
| Carrying amount of the portfolio *(EUR)* | 16,675,987 |
| Market value of the portfolio *(EUR)* | 66,013,416 |

| | **Cumulative gross transactions** | | **Open positions as of December 31, 2022** | | | |
|---|---|---|---|---|---|---|
| | | | **Open "buy" positions** | | **Open "sell" positions** | |
| | **Purchases** | **Sales/ Transfers** | **Call options purchased** | **Forward purchases** | **Call options sold** | **Forward sales** |
| Number of shares | - | - | - | - | - | - |
| Of which: | | | | | | |
| – *Liquidity contract* | - | - | - | - | - | - |
| – *Purchases to cover plans* | - | - | - | - | - | - |
| – *Share purchase options exercised* | - | - | - | - | - | - |
| – *Call options exercised* | - | - | - | - | - | - |
| – *Bonus share awards* | - | - | - | - | - | - |
| – *Purchases of shares to be retired* | - | - | - | - | - | - |
| – *Shares retired* | - | - | - | - | - | - |
| Average maximum maturity | - | - | - | - | - | - |
| Average trading price[(a)] *(EUR)* | - | - | - | - | - | - |
| Average exercise price *(EUR)* | - | - | - | - | - | - |
| Amounts[(a)] *(EUR)* | - | - | - | - | - | - |

(a) Excluding bonus share awards and share retirements.

# Board of Directors' report on corporate governance

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.

The 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.

Two committees have been established by the Board of Directors: the Performance Audit Committee and the Governance & Compensation 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.dior-finance.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 200 of its shares.

## 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.

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 |
|---|---|
| **Article 10 of the Code: Independent Directors**<br><br>§10.5.6: Not to have been a Director of the Company for more than 12 years. | 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 any 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. Furthermore, the Board has carefully taken into account the personality, experience, profile and professional situation 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. |
| **Article 26 of the Code: Compensation of senior executive officers**<br><br>§26.3.3: Provision 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. | In the resolutions put to the vote at the Shareholders' Meeting, the Board of Directors decided not to include a sub-ceiling on the allocation of options or bonus performance shares to senior executive officers, considering that the Governance & Compensation Committee – which consists mostly 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. |

## 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 nine 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 | 534,249 | - | Chairman of the Board of Directors |
| Antoine ARNAULT | French | 45 | 182,787 | - | Director and Vice-Chairman of the Board of Directors |
| | | | | | Chief Executive Officer |
| Delphine ARNAULT | French | 47 | 279,715 | 1 | Director |
| Nicolas BAZIRE | French | 65 | 200 | 1 | Director |
| Hélène DESMARAIS | Canadian | 67 | 375 | - | Director |
| Renaud DONNEDIEU de VABRES | French | 68 | 200 | - | Director |
| Ségolène GALLIENNE | Belgian | 45 | 200 | 1 | Director |
| Christian de LABRIFFE | French | 75 | 204 | 2 | Director |
| Maria Luisa LORO PIANA | Italian | 61 | 200 | - | 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.

### 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 | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Nicolas BAZIRE | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Hélène DESMARAIS | ✓ | | ✓ | ✓ | ✓ | ✓ | |
| Renaud DONNEDIEU de VABRES | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Ségolène GALLIENNE | ✓ | | | ✓ | ✓ | ✓ | |
| Christian de LABRIFFE | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Maria Luisa LORO PIANA | ✓ | | | ✓ | ✓ | ✓ | ✓ |
| **Percentage** | **100%** | **44%** | **78%** | **89%** | **100%** | **100%** | **56%** |

| | | | | |
|---|---|---|---|---|
| | Position on the Board | | Attendance at Board committee meetings | |
| | | | Board committees | |
| Date of first appointment | Independence[(a)] | End of term | Performance Audit Committee | Governance & Compensation Committee |
| 03/20/1985 | No | 2023 | | |
| 12/08/2022 | No | 2023 | | |
| 12/08/2022 | - | | | |
| 04/05/2012 | No | 2024 | | |
| 07/26/2017 | No | 2025 | Member | Member |
| 04/05/2012 | Yes | 2024 | | Chairman |
| 02/05/2009 | Yes[(b)] | 2025 | Member | |
| 04/15/2010 | Yes[(b)] | 2025 | | |
| 05/14/1986 | Yes[(b)] | 2025 | Chairman | Member |
| 04/13/2017 | No | 2023 | | |

## 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 |
|---|---|---|---|
| **Board of Directors** | Sidney TOLEDANO (resigned December 8, 2022) | Antoine ARNAULT (co-opted as Director, Vice-Chairman of the Board of Directors and Chief Executive Officer on December 8, 2022) | – Nicolas BAZIRE (Shareholders’ Meeting of April 21, 2022)<br>– Renaud DONNEDIEU de VABRES (Shareholders’ Meeting of April 21, 2022)<br>– Ségolène GALLIENNE (Shareholders’ Meeting of April 21, 2022)<br>– Christian de LABRIFFE (Shareholders’ Meeting of April 21, 2022) |
| **Performance Audit Committee** | None | None | – Nicolas BAZIRE<br>– Renaud DONNEDIEU de VABRES<br>– Christian de LABRIFFE |
| **Governance & Compensation Committee** | None | None | – Nicolas BAZIRE<br>– Christian de LABRIFFE |

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 Maria Luisa Loro Piana, Antoine Arnault and Bernard Arnault 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 (i) ratify the co-optation of Antoine Arnault as a Director to replace Sidney Toledano, who has resigned, for the latter’s remaining term of office, expiring at the close of the Shareholders’ Meeting of April 20, 2023; and (ii) to renew these terms of office for an additional three-year term. It is also specified that the Company does not fall within the scope of the obligation concerning the representation of employees on the Board of Directors.

Subject to the resolutions being passed at the Shareholders’ Meeting of April 20, 2023, the Board of Directors will thus consist of nine members: Delphine Arnault, Hélène Desmarais, Ségolène Gallienne, Maria Luisa Loro Piana, Antoine Arnault, Bernard Arnault, Nicolas Bazire, Renaud Donnedieu de Vabres and Christian de Labriffe.

Personal information about the Directors is set out in §1.4 below.

Since each gender is represented by at least 40% of Board members, the composition of the Board of Directors will continue to comply with the provisions of the French Commercial Code relating to gender equality on boards of directors.

Bernard Arnault (Chairman of the Board of Directors) and Antoine Arnault (Chief Executive Officer) do not hold directorships at non-Group listed companies, including foreign companies.

## 1.3.4 Independence

At its meeting of December 8, 2022, the Board of Directors reviewed the status of each Director currently in office, based on the work of the Governance & Compensation Committee, 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.

At the end of this review, the Board of Directors concluded that:

(i) Hélène Desmarais meets all these criteria;

(ii) Ségolène Gallienne should be considered an Independent Director notwithstanding the fact that she will have been a member of the Board of Directors for more than 12 years and her service on the Board of Directors of Château Cheval Blanc. In this case, the Board has set aside the recommendation of the AFEP/MEDEF Code with regard to the business relations resulting from the joint and equal ownership of Château Cheval Blanc by the LVMH group and the Frère-Bourgeois group, of which she is a Director, considering that these relations are not material in view of the size of the two groups and are not likely to call into question her independence;

(iii) Renaud Donnedieu de Vabres should be considered an Independent Director notwithstanding his service on the Company's Board of Directors for more than 12 years and his service on the Board of Directors of Fondation d'Entreprise Louis Vuitton, a non-profit institution established to pursue cultural public interest initiatives not falling within the scope of application of the AFEP/MEDEF Code, which only applies to appointments held in companies. Furthermore, he is not paid any compensation for this position;

(iv) Christian de Labriffe should be considered an Independent Director notwithstanding his service on the Board of Directors of the Company for more than 12 years and his former appointment as a Director of Christian Dior Couture SA, for which he received no compensation.

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 Ségolène Gallienne, Renaud Donnedieu de Vabres and Christian de Labriffe 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 any 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. 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, four out of the nine Directors who make up the Board of Directors are thus considered to be independent and to hold no interests in the Company. They represent 44% of the Board of Directors' membership.

### Table summarizing Directors' independent status 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[(a)] | | | | | | | | Considered an Independent Director? |
|---|---|---|---|---|---|---|---|---|---|
| | **Criterion 1** Employee or company officer during previous five years | **Criterion 2** Cross-directorships | **Criterion 3** Material 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 |
| Hélène DESMARAIS | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Yes |
| Renaud DONNEDIEU de VABRES | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ | ✓ | Yes[(b)] |
| Ségolène GALLIENNE | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ | ✓ | Yes[(b)] |
| Christian de LABRIFFE | - | ✓ | ✓ | ✓ | ✓ | - | ✓ | ✓ | Yes[(b)] |
| Maria Luisa LORO PIANA | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | No |

(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 criteria applied by the Company.

## 1.3.5 Operating procedures

- Over the course of the 2022 fiscal year, the Board of Directors met five times as convened by its Chairman. Directors' overall attendance rate at these meetings was 87% on average.

  The Board of Directors approved the annual and interim parent company and consolidated financial statements, monitored quarterly business activity, voted to distribute an interim dividend, and heard the reports presented by the Chairmen of the two committees working under its authority. It reviewed related-party agreements that remained in effect during the fiscal year and familiarized itself with the conclusions of the report prepared by Christian Dior's Legal Department on the routine agreements entered into during the past fiscal year or during prior fiscal years that remained in effect during the past fiscal year. It defined the procedures for the share repurchase program and authorized its implementation, subject to approval at the Shareholders' Meeting, and it gave its opinion on the compensation of senior executive officers, based on the recommendation of the Nominations & Compensation Committee (now called the Governance & Compensation Committee). It renewed the authorization to give sureties, collateral and guarantees to third parties and the authorization to issue bonds.

  The Board of Directors, after being informed of the resignation of Ernst & Young et Autres and having heard the recommendation of the Performance Audit Committee, resolved to submit a resolution to the Shareholders' Meeting to appoint Deloitte as Principal Statutory Auditor, to replace Ernst & Young et Autres, for the remaining term of its predecessor's appointment, that is until the close of the Ordinary Shareholders' Meeting to be convened in 2025 to approve the financial statements for the fiscal year ending December 31, 2024.

  It was informed by a presentation by LVMH's Ethics and Compliance Director on the progress of LVMH's arrangements for complying with the Sapin 2 Act and steps taken to combat money laundering and protect human rights.

  In view of the resignation of Sidney Toledano, the Board of Directors decided on December 8, 2022, at the proposal of the Governance & Compensation Committee, (i) to co-opt Antoine Arnault to serve as a Director in Mr. Toledano's place and (ii) to appoint Antoine Arnault Vice-Chairman of the Board of Directors and Chief Executive Officer. The Board also decided on the fixed compensation payable to the Chief Executive Officer.

In accordance with the provisions of the AFEP/MEDEF Code, the 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 two 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.

Based on the responses to the questionnaire, the Board concluded that its composition is balanced 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 (professional experience and qualifications, gender balance, nationalities, age) and complementarity of its members' expertise and experience.

The Board noted that:

– the frequency of Board meetings and the quality of information provided to Directors (on such topics as strategic direction, current business activity, financial statements, raising Directors' awareness of ethics and compliance rules) are satisfactory;

– Directors' attendance was stable with respect to 2021, and each Director's contribution to the Board of Directors' work was in line with expectations;

– the areas of expertise, qualifications, professional experience and diversity of the Directors, as well as the presence of different nationalities, ensure a diverse range of approaches and views, as is essential to a global group;

– the Board is fulfilling its role with respect to its missions and objectives of increasing the Company's value and protecting its interests;

– the Directors had no particular comments to make concerning the membership of the two committees, the quality of their work, the minimum number of shares that each Director must hold or the rules governing the allocation of Directors' compensation in respect of their service.

On the recommendation of the Nominations & Compensation Committee and to better reflect this committee's role, the Board of Directors also decided to change the committee's name to the "Governance & Compensation Committee". Lastly, the Board of Directors also reviewed the Group's policy of preparing itself for future economic and financial developments.

- At its meeting of January 26, 2023, the Board decided to amend the Charter of the Board of Directors to (i) specify its duties in terms of social and environmental issues; (ii) provide the option of holding joint meetings or working sessions between the different committees; and (iii) give 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 two 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 Christian Dior's Legal Department on the routine agreements entered into during fiscal year 2022 or during prior fiscal years that remained in effect during that 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.

# 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 Directors whose terms of office expire at the Shareholders' Meeting

#### Bernard ARNAULT, Chairman of the Board of Directors

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-Savinel, 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**

**Christian Dior group**

| | | |
|---|---|---|
| France | Christian Dior SE[(1)] | Chairman of the Board of Directors |
| | Château Cheval Blanc SC | Chairman of the Board of Directors |
| | Christian Dior Couture SA | Director |
| | LVMH Moët Hennessy Louis Vuitton SE[(1)] | Chairman and Chief Executive Officer |
| | Louis Vuitton, Fondation d'Entreprise | Chairman of the Board of Directors |

**Agache group**

| | | |
|---|---|---|
| France | Agache SCA | Managing Director – General Partner *(associé commandité)* |

**Positions and offices that have ended since January 1, 2018**

| | | |
|---|---|---|
| France | Agache SEDCS | Chairman of the Executive Board |
| | Carrefour SA[(1)] | Director |
| | Financière Jean Goujon SAS | Member of the Supervisory Committee |
| International | LVMH Moët Hennessy Louis Vuitton Inc. (United States) | Director |
| | LVMH Moët Hennessy Louis Vuitton Japan KK (Japan) | Director |
| | LVMH Services Limited (United Kingdom) | Director |

(1) Listed company.

## Antoine ARNAULT, Vice-Chairman and Chief Executive Officer (2)

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.

### Current positions and offices

**Christian Dior group**

| | | |
|---|---|---|
| France | Christian Dior SE(1) | Chief Executive Officer and Vice-Chairman of the Board of Directors |
| | Berluti SA | Chairman of the Executive Board |
| | Les Echos SAS | Member of the Supervisory Board |
| | LVMH Moët Hennessy Louis Vuitton SE(1) | Director |
| International | Berluti LLC (United States) | Managing Director |
| | Berluti Hong Kong Company Limited (Hong Kong) | Director |
| | Berluti Monaco SA (Principality of Monaco) | Permanent Representative of LVMH Miscellanées SA, Director |
| | Berluti (Shanghai) Company Limited (China) | Director |
| | Loro Piana SpA (Italy) | Chairman of the Board of Directors |
| | Manifattura Berluti Srl (Italy) | Director |

**Other**

| | | |
|---|---|---|
| France | Comité Colbert | Director |
| | GoodPlanet Foundation | Director |
| | Marbeuf Capital SC | Managing Director |
| International | Eniotna LLP (United Kingdom) | Partner |
| | INNOVA E2 (Luxembourg) | Director |

### Positions and offices that have ended since January 1, 2018

| | | |
|---|---|---|
| France | Agache SEDCS | Member of the Executive Board |
| | Association du Musée Louis Vuitton | Permanent Representative of LV Group, Director |
| | LV Group SA | Chairman and Chief Executive Officer |
| | LVMH Moët Hennessy Louis Vuitton SE(1) | Member of the Performance Audit Committee |
| | Vandelay Industrie SC | Managing Director |
| International | Fendi Srl (Italy) | Director |

(1) Listed company.
(2) At the Shareholders' Meeting of April 20, 2023, the shareholders will be asked to ratify the co-optation of Antoine Arnault as a Director before this directorship is renewed.

## Maria Luisa LORO PIANA

Date of birth: November 15, 1961.

Business address: Laprima Holding Srl – Via Paolo Andreani 4 – 20122 Milan (Italy).

Maria Luisa Decol Loro Piana was born and grew up in Venice. After living in London for a number of years, she worked for Krizia, initially in the press department and later on the product team. After meeting Sergio Loro Piana, she worked with him for over 20 years to successfully create and position the Loro Piana brand, opening more than 100 stores worldwide.

She is currently a Director of Loro Piana SpA, as well as an ambassador for the company's brand and image.

### Current positions and offices

**Christian Dior group**

| | | |
|---|---|---|
| France | Christian Dior SE(1) | Director |
| Italy | Loro Piana SpA | Director |

**Other**

| | | |
|---|---|---|
| Italy | Palma Società Semplice | Partner and Director |

### Positions and offices that have ended since January 1, 2018

| | | |
|---|---|---|
| Italy | Fondation Sergio Loro Piana | Director |

## 1.4.1.2 Currently serving Directors

## 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.

### Current positions and offices

**Christian Dior group**

| | | |
|---|---|---|
| France | Christian Dior SE(1) | Director |
| | Celine SA | Director |
| | Château Cheval Blanc SC | Director |
| | Christian Dior Couture SA | Chairman and Chief Executive Officer |
| | LVMH Moët Hennessy Louis Vuitton SE(1) | Director and Member of the Ethics & Sustainable Development Committee |
| International | Emilio Pucci Srl (Italy) | Director |
| | Loewe SA (Spain) | Director |

**Agache group**

| | | |
|---|---|---|
| France | Agache Commandité SAS | Chairman |

**Other**

| | | |
|---|---|---|
| International | Ferrari SpA (Italy)(1) | Director |
| | Gagosian Gallery Inc. (United States) | Director |
| | Phoebe Philo Limited plc (United Kingdom) | Director |

(1) Listed company.

### 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(1) | Director |
| | Métropole Télévision "M6" SA(1) | Member of the Supervisory Board |
| International | 21st Century Fox Corporation (United States)(1) | Director |
| | Actar International SA (Luxembourg) | Permanent representative of Ufipar, Director |
| | Emilio Pucci International BV (Netherlands) | Director |

## Nicolas BAZIRE

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

**Christian Dior group**

| | | |
|---|---|---|
| France | Christian Dior SE(1) | Director, Member of the Performance Audit Committee and Member of the Governance & Compensation Committee |
| | Groupe Les Echos SA | Director |
| | Jean Patou SAS | Member of the Advisory Committee |
| | Les Echos SAS | Vice-Chairman of the Supervisory Board, Chairman of the Compensation Committee and Member of the Appointments Committee |
| | Louis Vuitton Malletier SAS | Permanent Representative of Ufipar, Member of the Steering Committee |
| | LVMH Moët Hennessy Louis Vuitton SE(1) | Director |
| | Louis Vuitton, Fondation d'Entreprise | Director |

**Agache group**

| | | |
|---|---|---|
| France | Agache Développement SA | Director |
| | 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(1) (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 | Member of the Executive Board and Chief Executive Officer |
| | Arjil Commanditée – Arco – SA | Permanent Representative of Financière Agache, Director |
| | Atos SE(1) | Director and Chairman of the Nominations & Compensation Committee |
| | Carrefour SA(1) | Director, Member of the Audit Committee, the Compensation Committee and the Strategy Committee |
| | Europatweb SA | Director |
| | GA Placements SA | Permanent Representative of Montaigne Finance, Director |
| | LV Group SA | Director and Member of the Compensation Committee |
| | Montaigne Finance SAS | Member of the Supervisory Committee |
| | Semyrhamis SA | Non-Director Managing Director and Permanent Representative of Agache SEDCS, Director |
| | Suez SA(1) | Director, Member of the Audit & Accounts Committee and the Nominations, Compensation & Governance Committee |

(1) Listed company.

## Hélène DESMARAIS

Date of birth: June 7, 1955.

Business address: Centre d'Entreprises et d'Innovation de Montréal (CEIM) – 751 square Victoria – Montreal (Quebec) H2Y 2J3 (Canada).

Hélène Desmarais has been Chairman of the Board of Directors and Chief Executive Officer of Centre d'Entreprises et d'Innovation de Montréal – the biggest technology enterprise incubator in Canada – since it was founded in 1996. She holds directorships at a large number of companies and organizations in both the public and private sectors and has led initiatives in the areas of economics, education and health care. Ms. Desmarais is Chairman of the Boards of Directors of Scale AI, the HEC Montréal business school, and the Montreal Economic Institute. She also serves on the Board of Directors of Garda World Security Corporation and is a member of the Board of Governors of the International Economic Forum of the Americas. Hélène Desmarais is Executive Chairman of IVADO Labs, a tech consulting firm which she founded in 2018, specializing in the design and build of cutting-edge artificial intelligence software.

### Current positions and offices

**Christian Dior group**

| | | |
|---|---|---|
| France | Christian Dior SE[1] | Director and Chairman of the Governance & Compensation Committee |

**Other**

| | | |
|---|---|---|
| Canada | C.D. Howe Institute | Director |
| | Centre d'Entreprises et d'Innovation de Montréal (CEIM) | Founder and Chairman of the Board of Directors |
| | Garda World Security Corporation | Director and member of the Verification Committee and the Corporate Governance Committee |
| | International Economic Forum of the Americas | Member of the Board of Governors and Chairman of the Strategic Orientation Committee |
| | Hautes Études Commerciales de Montréal (HEC Montreal) | Chairman of the Board of Directors |
| | Montreal Economic Institute | Chairman of the Board of Directors |
| | Institute for Governance of Private and Public Organizations | Founder and Director |
| | Ivado Labs | Founder and Executive Chairman of the Board of Directors |
| | Scale AI | Chairman of the Board of Directors |

### Positions and offices that have ended since January 1, 2018

| | | |
|---|---|---|
| France | Christian Dior Couture SA | Director |
| Canada | PME MTL Centre-Ville | Founder and Chairman of the Board of Directors |

## Renaud DONNEDIEU de VABRES

Date of birth: March 13, 1954.

Business address: 50 rue de Bourgogne – 75007 Paris (France).

After serving in the prefectural administration as a sub-prefect, Renaud Donnedieu de Vabres was appointed as a member of France's highest administrative body, the Council of State, and embarked on a political career in 1986, notably serving as an aide to the Minister of Defense. He was elected as a deputy to the National Assembly representing the Indre-et-Loire département in 1997 and remained in this post until 2007. In 2002, he was appointed as Minister Delegate for European Affairs and then as Minister of Culture and Communication, from 2004 to 2007. In 2008, he was named the Ambassador for Culture during the French presidency of the European Union. He is now Chairman of RDDV Partner SAS.

(1) Listed company.

### Current positions and offices

**Christian Dior group**

| | | |
|---|---|---|
| France | Christian Dior SE[1] | Director and Member of the Performance Audit Committee |
| | Louis Vuitton, Fondation d'Entreprise | Director |

**Other**

| | | |
|---|---|---|
| France | RDDV Partner SAS | Chairman |

### Positions and offices that have ended since January 1, 2018

None.

## Ségolène GALLIENNE

Date of birth: June 7, 1977.

Business address: 17 allée des Peupliers – 6280 Gerpinnes (Belgium).

Ségolène Gallienne holds a Bachelor of Arts in Business and Economics from Collège Vesalius in Brussels. She has worked as Public Relations Manager at Belgacom and as Director of Communications for Dior Fine Jewelry.

She currently serves on the Boards of Directors of various companies, in France and abroad, and is Chairman of the Board of Directors of Diane, a company specializing in the purchase, sale and rental of art objects.

### Current positions and offices

**Christian Dior group**

| | | |
|---|---|---|
| France | Christian Dior SE[1] | Director |
| | Château Cheval Blanc SC | Director |

**Other**

| | | |
|---|---|---|
| France | Cheval Blanc Finance SAS | Director |
| International | Compagnie Nationale à Portefeuille SA (Belgium) | Director |
| | Diane SA (Switzerland) | Chairman of the Board of Directors |
| | Domaine Frère Bourgeois SA (Belgium) | Director |
| | Esso SDC (Belgium) | Managing Director |
| | Frère Bourgeois SA (Belgium) | Director |
| | Fonds Charles Albert Frère ASBL (Belgium) | Director |
| | Groupe Bruxelles Lambert SA (Belgium)[1] | Director and Member of the Standing Committee |

### Positions and offices that have ended since January 1, 2018

| | | |
|---|---|---|
| International | Erbé SA (Belgium) | Director |
| | Pargesa Holding SA (Switzerland)[1] | Director |
| | Stichting Administratiekantoor Frère-Bourgeois (Netherlands) | Director |
| | Stichting Administratiekantoor Peupleraie (Netherlands) | Chairman of the Board of Directors |

(1) Listed company.

### Christian de LABRIFFE

Date of birth: March 13, 1947.

Business address: Tikehau Capital – 32 rue de Monceau – 75008 Paris (France).

Christian de Labriffe began his career with Lazard Frères & Cie, where he was Managing Partner from 1987 to 1994. He then served as Managing Partner of Rothschild & Cie Banque until September 2013, then Chairman and Chief Executive Officer of Salvepar SA until March 31, 2017. He has served as Chairman of the Supervisory Board of Tikehau Capital SCA since March 31, 2017.

#### Current positions and offices

**Christian Dior group**

| | | |
|---|---|---|
| France | Christian Dior SE[(1)] | Director, Chairman of the Performance Audit Committee and Member of the Governance & Compensation Committee |

**Other**

| | | |
|---|---|---|
| France | Bénéteau SA[(1)] | Advisory member of the Supervisory Board |
| | Forges de Baudin SAS | Chairman |
| | Parc Monceau SARL | Managing Director |
| | TCA Partnership SAS | Chairman |
| | Tikehau Ace Capital SAS | Chairman of the Supervisory Board |
| | Tikehau Capital SCA[(1)] | Chairman of the Supervisory Board |
| | Fondation Nationale des Arts Graphiques et Plastiques | Director |
| International | TC Belgium Investments (Belgium) | Director |

#### Positions and offices that have ended since January 1, 2018

| | | |
|---|---|---|
| France | Bénéteau SA[(1)] | Permanent Representative of Parc Monceau, Advisory Board member |
| | Christian Dior Couture SA | Director |
| | DRT SA | Permanent Representative of Tikehau Capital, Director |

## 1.4.2 Statutory Auditors

| | Start date of first term | Current term | |
|---|---|---|---|
| | | **Date of appointment/ renewal** | **End of term** |
| **DELOITTE & Associés**<br>6 place de la Pyramide – 92908 Paris-La Défense Cedex<br>Represented by Guillaume Troussicot | April 21, 2022 | April 21, 2022 | Annual Meeting convened to approve the financial statements for the 2024 fiscal year[(a)] |
| **MAZARS**<br>Tour Exaltis – 61 rue Henri Regnault – 92400 Courbevoie<br>Represented by Isabelle Sapet and Guillaume Machin | May 15, 2003 | April 18, 2019 | Annual Meeting convened to approve the financial statements for the 2024 fiscal year |

(a) At the Shareholders' Meeting of April 21, 2022, Deloitte was appointed Principal Statutory Auditor to replace Ernst & Young et Autres, following the latter's resignation and for its remaining term of office.

(1) Listed company.

# 1.5 Executive Management

## 1.5.1 Mode of Executive Management

In 2020, the Board of Directors reappointed Bernard Arnault as Chairman of the Board of Directors. At its meeting of December 8, 2022, the Board of Directors decided, at the proposal of the Governance & Compensation Committee, not to alter its decision to separate the roles of Chairman of the Board of Directors and Chief Executive Officer, and appointed Antoine Arnault as Chief Executive Officer of the Company to replace Sidney Toledano following the latter's resignation.

At its meeting following the Shareholders' Meeting of April 20, 2023, the Board of Directors will be asked to decide whether to reappoint him as Chairman of the Board of Directors, subject to his being reappointed as a Director at that Shareholders' Meeting.

## 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 two committees formed by it, which specify the duties of each of those committees.

It 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, in light of the criteria applied by the Company, as of the date of this report, at least 40% of the Directors on the Board are Independent Directors.

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.

# 1.6 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 and a committee in charge of governance and compensation.

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 two committees may work together, in particular on matters concerning corporate social and environmental responsibility.

## 1.6.1 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 Christian Dior SE 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 Christian Dior 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.

The committee consists of three members appointed by the Board of Directors: Christian de Labriffe (Chairman), who served as Managing Partner at Lazard Frères & Cie and at Rothschild & Cie Banque; Renaud Donnedieu de Vabres, who has held high public office and government positions; and Nicolas Bazire, LVMH's Senior Vice-President for Development and Acquisitions. By virtue of their professional experience (see also §1.4.1 "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, each of these three members has the expertise necessary to fulfill their responsibilities.

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 LVMH's Statutory Auditors, Chief Financial Officer, Deputy Chief Financial Officer and Head of Management Control and Accounting. Audit Committee members were able to discuss matters with the Statutory Auditors without any members of the Company's Finance Department in attendance.

On the basis of presentations made by Christian Dior's Finance Department, the work of the Performance Audit Committee mainly covered the following areas: the process for the preparation and publication of financial information; a review of the Group's operations; a review of significant financial transactions of the Company; a detailed review of the parent company and consolidated financial statements for the fiscal year ended December 31, 2021 and the interim financial statements for the six months ended June 30, 2022; a review of the accounting position serving as the basis for the distribution of an interim dividend; an assessment of the Group's exposure to risk, risk management procedures and off-balance sheet commitments; related-party agreements involving Christian Dior; and the Christian Dior share repurchase program. The committee also verified the independence of the Statutory Auditors and monitored the statutory audit of Christian Dior's parent company and consolidated financial statements, on the basis of presentations and summary reports by the Statutory Auditors. Following the tender process it had launched and having interviewed the candidates, the committee also issued a recommendation to the Board of Directors on a candidate for the office of Statutory Auditor in order to cover the potential resignation of Ernst & Young et Autres.

As part of the review of the parent company and consolidated financial statements, the Statutory Auditors gave a presentation covering, in particular, internal control, major events, and the main audit issues identified and accounting treatments adopted. The Statutory Auditors submitted an additional Statutory Auditors' report on items including the scope of and timetable for their work, the materiality thresholds above which anomalies are reported, the approach by subsidiary to the audit of the consolidated financial statements, the principal risks and points requiring attention noted during the audit, the accounting adjustments identified by the Statutory Auditors, an assessment of the Group's ability to continue as a going concern, and any weaknesses detected in the internal control system or the accounting system.

The committee noted the conclusions of the report prepared by the 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 Performance Audit 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.

The Performance Audit Committee held a specific meeting to review LVMH's environmental actions (under its LVMH Initiatives for the Environment – or LIFE – program), with LVMH's Environment Director in attendance; and another meeting to review the effectiveness of internal control, risk management and internal audit systems at LVMH, which was attended by LVMH's Audit & Internal Control Director.

Among other items of business, during its meeting of January 25, 2023, the committee completed a detailed review of the parent company and consolidated financial statements to December 31, 2022, presented by the Statutory Auditors.

## 1.6.2 Governance & Compensation Committee

The Governance & Compensation Committee is responsible for issuing reasoned 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 how the selection procedure for Directors is applied in practice in the Company's Board of Directors' report on corporate governance.

In particular, the committee discusses whether Board members may be deemed Independent Directors with regard to applicable criteria. 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.

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 candidates for Executive Management positions at the Company. 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 by the Company, 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 executive officers, and issues recommendations on any severance pay that may be paid to a senior executive officer upon leaving the Company.

The committee issues an opinion on the fixed and variable, immediate and deferred compensation, benefits in kind, options and bonus shares to be awarded by the Company to its Directors and senior executive officers. To this end, the committee may request copies of any agreements entered into with those individuals and of any accounting information pertaining 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 each year for the Shareholders' Meeting, which it shall submit to the Board of Directors, on the compensation of company officers, any bonus share awards granted to them during the fiscal year and any options granted to or exercised by them during 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.

The committee consists of three members appointed by the Board of Directors: Hélène Desmarais (Chairman), Nicolas Bazire and Christian de Labriffe.

The committee met twice in fiscal year 2022, with all of its members in attendance. Among other items of business, the committee (i) drew up proposals for the fixed compensation to be paid to Sidney Toledano in his capacity as Chief Executive Officer of Christian Dior SE, and approved and recommended for approval his fixed compensation as Chairman of LVMH's Fashion Group; (ii) approved and recommended that the Board adopt the decisions of LVMH SE's Board of Directors concerning the fixed compensation for 2022 payable to the Chairman of the Board and the Directors in respect of their functions at LVMH; (iii) was informed of the decision of the Board of Directors concerning the performance criteria applicable to the variable compensation of LVMH's Chairman of the Board of Directors in respect of his functions at LVMH in 2022; and (iv) proposed to approve the allocation by LVMH of bonus performance shares to Sidney Toledano in respect of his functions as Chairman of LVMH's Fashion Group. It also familiarized itself with the statement of compensation paid to Directors and the Advisory Board member during fiscal year 2021 and reviewed the Board of Directors' draft report on the compensation policy that will be submitted for shareholder approval.

In addition, 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 the reappointment as Directors of Ségolène Gallienne, Nicolas Bazire, Renaud Donnedieu de Vabres and Christian de Labriffe. The committee also recommended that Christian de Labriffe be reappointed Chairman of the Performance Audit Committee, subject to his reappointment as a Director.

Having been informed of Sidney Toledano's decision to resign from his positions as Director and Chief Executive Officer, the committee proposed (i) that Antoine Arnault be co-opted to replace him as a Director, (ii) that the decision to separate the roles of Chairman of the Board of Directors and Chief Executive Officer remain unchanged and (iii) that Antoine Arnault be appointed Chief Executive Officer and Vice-Chairman of the Board of Directors. The committee also recommended that the gross annual fixed compensation payable to Antoine Arnault in his capacity as Chief Executive Officer be set at the same amount as that paid to Sidney Toledano.

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 reviewed the fixed compensation for 2023 of the senior executive officers and found that there were no grounds for any changes. It approved and recommended that the Board adopt decisions made by the Board of Directors of LVMH concerning fixed compensation payable for 2023 to the Chairman of the Board of Directors in respect of his duties at LVMH and to the Chief Executive Officer and those Directors receiving compensation, other than that received in respect of their offices at Christian Dior, from controlled companies.

The committee also reviewed all directorships expiring in 2023 and issued a favorable opinion on the reappointment of Maria Luisa Loro Piana, Antoine Arnault and Bernard Arnault as Directors, as well as on the reappointment of Bernard Arnault as Chairman of the Board of Directors and of Antoine Arnault as Vice-Chairman of the Board of Directors.

## 1.6.3 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.

## 1.7 Vice-Chairman of the Board of Directors

The Vice-Chairman is responsible for chairing the meetings of the Board of Directors or the Shareholders' Meeting in the absence of the Chairman of the Board of Directors. Antoine Arnault was appointed Vice-Chairman of the Board of Directors on December 8, 2022. At its meeting following the Shareholders' Meeting of April 20, 2023, the Board of Directors will be asked to decide whether to reappoint him as Vice-Chairman of the Board of Directors, subject to his being reappointed as a Director at that Shareholders' Meeting.

## 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 one Advisory Board member: Jaime de Marichalar y Sáenz de Tejada, whose extensive knowledge of the Group and the global luxury goods market represents a valuable asset during the Board of Directors' discussions.

#### Advisory Board member

| Name | Nationality | Date of first appointment | End of term |
|---|---|---|---|
| Jaime de MARICHALAR y SÁENZ de TEJADA | Spanish | 05/11/2006[(a)] | 2024 |

(a) Date of first appointment to the Board of Directors.

### 1.8.2 List of positions and offices held by the Advisory Board member

#### Jaime de MARICHALAR y SÁENZ de TEJADA

Date of birth: April 7, 1963.

Business address: SCCE – Avenida del Juncal 15-17 – 28703 San Sebastián de los Reyes – Madrid (Spain).

Jaime de Marichalar y Sáenz de Tejada began his career in 1986 in Paris where he worked for Banque Indosuez on the MATIF Futures Market. He then joined Credit Suisse, where he worked in investment banking and private banking. In January 1998, he was appointed Chief Executive Officer of Credit Suisse in Madrid.

**Current positions and offices**

**Christian Dior group**

| | | |
|---|---|---|
| France | Christian Dior SE(1) | Advisory Board member |
| International | Fendi Retail Spain SL (Spain) | Director |
| | LVMH group | Advisor to the Chairman for Spain |
| | Loewe SA (Spain) | Director |

**Other**

| | | |
|---|---|---|
| International | Art+Auction Editorial (United States and United Kingdom) | Member of the Supervisory Board |
| | La Sociedad General Inmobiliaria de Canarias 2000 SA (Spain) | Director |
| | La Sociedad General Inmobiliaria de España SA (Spain) | Director |

## 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 Annual Report.

## 1.10 Summary of existing delegations and financial authorizations and use made of them

### 1.10.1 Share repurchase program (Articles L. 22-10-62 et seq. of the French Commercial Code)(a)

| Type | Authorization date | Expiry/ Duration | Amount authorized | Use as of December 31, 2022 |
|---|---|---|---|---|
| Share repurchase program<br>Maximum purchase price: 950 euros | SM of April 21, 2022 (16th resolution) | October 20, 2023 (18 months) | 10% of the share capital(b) | Movements during the fiscal year:<br>– Purchases: None<br>– Disposals: None<br>96,936 shares held as of December 31, 2022 |
| Reduction of capital through the retirement of shares purchased under a share repurchase program | SM of April 21, 2022 (17th resolution) | October 20, 2023 (18 months) | 10% of the share capital per 24-month period(b) | Shares retired during the fiscal year: None |

(a) A resolution renewing these authorizations under the terms and conditions mentioned in §1.11 below will be presented at the Shareholders' Meeting of April 20, 2023.
(b) As a guide, this equates to 18,050,751 shares on the basis of the share capital under the Bylaws as of December 31, 2022.

(1) Listed company.

## 1.10.2 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 | 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 of April 21, 2022 (18th resolution) | June 20, 2024 (26 months) | 120 million euros(a) | Not applicable | None |
| With preferential subscription rights: Ordinary shares and securities giving access to the share capital | SM of April 21, 2022 (19th resolution) | June 20, 2024 (26 months) | 120 million euros(a)(b) | 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 of April 21, 2022 (20th resolution) | June 20, 2024 (26 months) | 120 million euros(a)(b) | At least equal to the minimum price required by regulations(c) | None |
| – for qualified investors or a restricted group of investors (L. 225-135 et seq.) | SM of April 21, 2022 (21st resolution) | June 20, 2024 (26 months) | 120 million euros(a)(b) 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(c) | 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 19th, 20th and 21st resolutions of the Shareholders' Meeting of April 21, 2022 | SM of April 21, 2022 (22nd resolution) | June 20, 2024 (26 months) | Up to a maximum of 15% of the initial issue and up to 120 million euros(a) | Same price as the initial issue | None |
| In connection with a public exchange offer (L. 225-148) | SM of April 21, 2022 (23rd resolution) | June 20, 2024 (26 months) | 120 million euros(a) | Free | None |
| In connection with in-kind contributions (L. 225-147) | SM of April 21, 2022 (24th resolution) | June 20, 2024 (26 months) | 10% of the share capital at the issue date(a)(d) | Free | None |

(a) Maximum nominal amount (i.e. 60,000,000 shares based on a nominal value of 2 euros per share). This is an overall cap set by the Shareholders' Meeting of April 21, 2022 for any issues decided upon pursuant to the 18th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th and 28th resolutions.
(b) The amount of the capital increase decided by the Board of Directors may be increased up to a maximum of 15% of the initial issue in the event that the issue is oversubscribed up to the overall cap of 120 million euros stated in (a) (Shareholders' Meeting of April 21, 2022, 22nd 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 21, 2022, 20th and 21st resolutions).
(d) As a guide, this equates to 18,050,751 shares on the basis of the share capital under the Bylaws as of December 31, 2022.

## 1.10.3 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 (Articles L. 225-177 et seq. and L. 22-10-56 of the French Commercial Code) | SM of April 21, 2022 (25th resolution) | June 20, 2024 (26 months) | 1% of the share capital(a)(b) | Average share price over the 20 trading days preceding the grant date(c), with no discount | – Granted: None<br>– Available to be granted: 1,805,075 shares |
| Bonus share awards (Articles L. 225-197-1 et seq., L. 22-10-59 and L. 22-10-60 of the French Commercial Code) | SM of April 21, 2022 (28th resolution) | June 20, 2024 (26 months) | 1% of the share capital(a)(b) | Not applicable | – Granted: None<br>– Available to be granted: 1,805,075 shares |
| Capital increase reserved for employees who are members of a company savings plan (Article L. 225-129-6 of the French Commercial Code) | SM of April 21, 2022 (26th resolution) | June 20, 2024 (26 months) | 1% of the share capital(a)(b) | Average share price over the 20 trading days preceding the grant date, with a maximum discount of 30% | None |

(a) Up to the overall maximum of 120 million euros set at the Shareholders' Meeting of April 21, 2022 (27th resolution), against which this amount is offset.
(b) As a guide, this equates to 1,805,075 shares on the basis of the share capital under the Bylaws as of December 31, 2022.
(c) For purchase options, the price may not be less than the average purchase price of the shares.

## 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<br>Maximum purchase price: 1,200 euros | SM of April 20, 2023 (16th resolution) | October 19, 2024 (18 months) | 10% of the share capital(a) |
| Reduction of capital through the retirement of shares purchased under the share repurchase program | SM of April 20, 2023 (17th resolution) | October 19, 2024 (18 months) | 10% of the share capital per 24-month period(a) |

(a) As a guide, this equates to 18,050,751 shares on the basis of the share capital under the Bylaws as of December 31, 2022.

## 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

Pursuant to 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: As of December 31, 2022, the Arnault family group held 97.50% of the share capital and 98.41% of voting rights exercisable at Shareholders' Meetings (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 120 million euros, i.e. more than 33% 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 report's findings to the Board of Directors, which may reclassify agreements if it deems appropriate. 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 of the Board of Directors and the Chief Executive Officer, 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 severance pay 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 of the Board of Directors, the Chief Executive Officer, and where applicable, the Group Managing Director and the Directors who are employees of the Company or any of its subsidiaries by virtue of an employment contract, 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 fiscal year under review, 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

#### 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.

Annual compensation awarded to each Director is set in accordance with the rules indicated below:

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

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

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

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

with the understanding that the amount corresponding to one unit is obtained by dividing the sum allotted at the Shareholders' Meeting by the total number of units to be distributed.

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) above, proportional to the number of Board meetings the Director in question does not attend. In addition, for committee members, a reduction in the amount to be paid is applied to the additional compensation described under (ii) and (iii) 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.

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.

#### 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.

#### 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 companies controlled by the Company is paid by the relevant companies.

#### 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.

#### 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 these companies' employees.

### Supplementary pension plan

As from January 1, 1997, LVMH SE set up a supplementary pension plan for members of the LVMH group's Executive Committee. The plan's potential recipients included certain non-senior-executive company officers of Christian Dior by virtue of their status as members of the 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 executives of companies covered by the supplementary pension plan rules and who had, as of December 31, 2019, been members of the LVMH group's Executive 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, as long as they do not take up any other professional activity until such time as they have begun to draw external pensions.

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:

### Annual fixed/variable compensation

The Chairman of the Board of Directors waived his entitlement to fixed or variable compensation from Christian Dior SE in 2022. The Chief Executive Officer's gross annual compensation is comprised of fixed compensation, with no variable component; it has been decided to keep this compensation stable.

### 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 any new stock option plans were to be set up by the Board of Directors, both the Chairman of the Board of Directors and the Chief Executive Officer would be eligible for these plans, the vesting of options would be subject to continued service and performance conditions, and a specific holding requirement would apply to the options exercised by the Chairman of the Board of Directors and the Chief Executive Officer, under terms to be determined by the Board, until the end of their respective terms of office.

The Chairman of the Board of Directors and the Chief Executive Officer are eligible for the bonus share plans set up by the Board of Directors for the Group's managers and senior executives.

No bonus share plans have been set up by the Company since the December 6, 2016 plan, which expired on December 6, 2019.

If new bonus share plans were set up by the Board of Directors, the Chairman of the Board of Directors and the Chief Executive Officer would be eligible for such plans. 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 would be subject to a specific holding requirement. They must retain possession, in registered form and until the end of their respective terms of office, of a number of shares, under terms to be determined by the Board.

In the resolutions put to the vote at the Shareholders' Meeting, the Board of Directors decided not to include a specific cap on the allocation of options or bonus performance shares to senior executive officers, considering that the Governance & Compensation Committee – which consists mostly 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.

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.

### Benefits in kind

Christian Dior SE does not award any benefits in kind to the Chairman of the Board of Directors or the Chief Executive Officer.

### Compensation for serving as a company officer

Like the other members of the Board of Directors, the Chairman of the Board of Directors and Chief Executive Officer receive compensation for serving as a Director in accordance with the rules for the allocation of this compensation presented in §2.1.1 "Compensation for serving as a company officer".

### Employment contracts or service agreements entered into with the Company

No employment contract or service agreement may be entered into by the Company with its senior executive officers.

### Severance benefits

Neither the Chairman of the Board of Directors nor the Chief Executive Officer benefit from provisions granting them specific compensation upon leaving the Company.

### Obligations under company pension and provident insurance plans

In return for their duties at controlled companies, senior executive officers qualify for the mandatory company provident insurance plan and statutory basic and supplementary pension plans applicable to employees at the companies concerned. The Chief Executive Officer also benefits from these plans by virtue of his appointment as a company officer at Christian Dior SE.

### 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 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, as long as they do not take up any other professional activity until such time as they have begun to draw external pensions.

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 personal circumstances, in 2019 his potential supplementary pension no longer entitled him to the annual vesting of any additional rights, such that the Order of July 3, 2019 had no impact on his potential supplementary pension. It remains subject to the arrangements presented above that LVMH put in place.

On the basis of compensation paid to the Chairman of the Board of Directors by the LVMH group in 2022, the supplementary pension under the aforementioned system would not exceed 45% of the amount of his 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 company 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

**Compensation for serving as a Director**[(a)]

| **Directors** *(EUR)* | **Gross compensation awarded in respect of fiscal year 2022/paid in 2022** | | | | **Gross compensation awarded in respect of fiscal year 2021/paid in 2021** | | | |
|---|---|---|---|---|---|---|---|---|
| | **Awarded** | | **Paid** | | **Awarded** | | **Paid** | |
| | **By Christian Dior SE** | **By controlled companies** | **By Christian Dior SE**[(b)] | **By controlled companies** | **By Christian Dior SE** | **By controlled companies** | **By Christian Dior SE**[(b)(c)] | **By controlled companies** |
| Delphine Arnault | 9,848 | 64,096 | 9,848 | 64,096 | 9,848 | 57,346 | 6,893 | 57,346 |
| Nicolas Bazire | 19,695 | 35,875 | 19,695 | 35,875 | 19,695 | 32,500 | 8,559 | 32,500 |
| Hélène Desmarais | 19,695 | - | 19,695 | - | 19,695 | - | 13,787 | - |
| Renaud Donnedieu de Vabres | 14,772 | - | 14,772 | - | 14,772 | - | 10,340 | - |
| Ségolène Gallienne | 8,535 | - | 8,206 | - | 8,206 | - | 6,893 | - |
| Christian de Labriffe | 24,619 | - | 24,619 | - | 24,619 | - | 17,233 | - |
| Maria Luisa Loro Piana | 9,848 | - | 9,848 | - | 9,848 | - | 4,136 | - |

(a) Gross compensation awarded in respect of the Director's term of office by the Company and companies controlled by it, as provided for in Article L. 22-10-9 of the French Commercial Code, and received by the company officer.
(b) Amount paid in respect of the prior fiscal year.
(c) After the 30% reduction decided on by the Board of Directors at its meeting on April 15, 2020.

In addition, the gross compensation paid in 2022 by the Company to the Advisory Board member in respect of his term of office[(a)] amounted to:

| **Advisory Board member** | *(EUR)* |
|---|---|
| Jaime de Marichalar y Sáenz de Tejada | 9,848 |

(a) Amount paid in respect of the prior fiscal year.

In respect of fiscal year 2022, Christian Dior SE paid a total gross amount of 141,151 euros to the members of its Board of Directors and the Advisory Board member.

## Compensation, benefits in kind and commitments given to non-senior-executive company officers[a]

### *Delphine Arnault – Compensation, benefits in kind and commitments given[b]*

| Compensation (EUR) | 2022 | | 2021 | |
|---|---|---|---|---|
| | Amounts allocated | Amounts paid | Amounts allocated | Amounts paid |
| **Fixed compensation** | | | | |
| – Christian Dior | - | - | | |
| – Controlled companies | 970,000 | 970,000 | 940,000 | 940,000 |
| **Variable compensation** | | | | |
| – Christian Dior | | | | |
| – Controlled companies | 910,000 | 880,000[c] | 880,000 | 0[d] |
| **Exceptional compensation** | | | - | - |
| – Christian Dior | | | | |
| – Controlled companies | 3,000,000[e] | 1,500,000[e] | | |
| **Benefits in kind[f]** | | | | |
| – Christian Dior | | | | |
| – Controlled companies | 11,536 | 11,536 | 10,889 | 10,889 |
| **Total** | **4,891,536** | **3,361,536** | **1,830,889** | **950,889** |

(a) Gross compensation and/or fees and benefits in kind paid or borne by the Company and companies controlled by it, as provided for in Article L. 22-10-9 of the French Commercial Code, and received by the company officer.
(b) A breakdown of equity securities or securities giving access to the Company's share capital allocated to company officers during the fiscal year is set out in §2.2.1.2 below.
(c) Amounts paid in respect of the prior fiscal year.
(d) No variable compensation in respect of fiscal year 2020.
(e) 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).
(f) Benefits in kind: Company car.

### *Nicolas Bazire – Compensation, benefits in kind and commitments given[b]*

| Compensation (EUR) | 2022 | | 2021 | |
|---|---|---|---|---|
| | Amounts allocated | Amounts paid | Amounts allocated | Amounts paid |
| **Fixed compensation** | | | | |
| – Christian Dior | | | | |
| – Controlled companies | 1,235,000 | 1,235,000 | 1,235,000 | 1,235,000 |
| **Variable compensation** | | | | |
| – Christian Dior | | | | |
| – Controlled companies | 2,700,000 | 2,700,000[c] | 2,700,000 | 0[d] |
| **Exceptional compensation** | - | - | - | - |
| – Christian Dior | | | | |
| – Controlled companies | | | | |
| **Benefits in kind[e][f]** | | | | |
| – Christian Dior | | | | |
| – Controlled companies | 12,184 | 12,184 | 12,741 | 12,741 |
| **Total** | **3,947,184** | **3,947,184** | **3,947,741** | **1,247,741** |

(a) Gross compensation and/or fees and benefits in kind paid or borne by the Company and companies controlled by it, as provided for in Article L. 22-10-9 of the French Commercial Code, and received by the company officer.
(b) A breakdown of equity securities or securities giving access to the Company's share capital allocated to company officers during the fiscal year is set out in §2.2.1.2 below.
(c) Amounts paid in respect of the prior fiscal year.
(d) No variable compensation in respect of fiscal year 2020.
(e) Benefits in kind: Company car.
(f) Other benefits: Supplementary pension, as described in §2.1.1.

*Maria Luisa Loro Piana – Compensation, benefits in kind and commitments given*[(a)]

| Compensation *(EUR)* | 2022 | | 2021 | |
|---|---|---|---|---|
| | Amounts allocated | Amounts paid | Amounts allocated | Amounts paid |
| **Fixed compensation** | | | | |
| – Christian Dior | - | - | - | - |
| – Controlled companies | | | 458,000 | 458,000 |
| **Variable compensation** | - | - | - | - |
| – Christian Dior | | | | |
| – Controlled companies | | | | |
| **Exceptional compensation** | - | - | - | - |
| – Christian Dior | | | | |
| – Controlled companies | | | | |
| **Benefits in kind** | - | - | - | - |
| – Christian Dior | | | | |
| – Controlled companies | | | | |
| **Total** | **-** | **-** | **458,000** | **458,000** |

(a) Gross compensation and/or fees and benefits in kind paid or borne by the Company and companies controlled by it, as provided for in Article L. 22-10-9 of the French Commercial Code, and received by the company officer. No compensation was paid or awarded either during or in respect of fiscal year 2022.

### 2.2.1.2 Options granted to and options exercised by non-senior-executive company officers of the Company

No new option plans were set up 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 |
|---|---|---|---|
| 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 |
|---|---|---|---|
| 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 bonus shares granted to senior executive officers[(a)]

*Bernard Arnault – Chairman of the Board of Directors*

| *(EUR)* | **2022** | **2021** |
|---|---|---|
| Compensation awarded in respect of the fiscal year (cf. §2.2.2.2)[(b)] | 3,472,081 | 3,459,546 |
| Valuation of options awarded during the fiscal year | - | - |
| Valuation of bonus performance shares provisionally allocated during the fiscal year[(c)] | 4,483,107 | 4,482,818 |

*Sidney Toledano – Chief Executive Officer[(d)]*
*(stepped down December 8, 2022)*

| *(EUR)* | **2022** | **2021** |
|---|---|---|
| Compensation awarded in respect of the fiscal year (cf. §2.2.2.2) | 7,345,149 | 3,307,751 |
| Valuation of options awarded during the fiscal year | - | - |
| Valuation of bonus performance shares provisionally allocated during the fiscal year[(c)] | 1,506,469 | 1,506,130 |

*Antoine Arnault – Chief Executive Officer[(e)]*
*(took up office December 8, 2022)*

| *(EUR)* | **2022** | **2021** |
|---|---|---|
| Compensation awarded in respect of the fiscal year (cf. §2.2.2.2) | 1,335,913 | 1,253,740 |
| Valuation of options awarded during the fiscal year | - | - |
| Valuation of bonus performance shares provisionally allocated during the fiscal year[(c)] | 301,669 | 301,099 |

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled by it, as provided for in Article L. 22-10-9 of the French Commercial Code.
(b) Compensation due or paid by the LVMH group, with no compensation being due or paid by Christian Dior.
(c) A breakdown of equity securities or securities giving access to the Company's share capital allocated to senior executive officers during the fiscal year is set out in §2.2.2.5 below (see also §3.4 in the "Management Report of the Board of Directors: Christian Dior parent company" section).
(d) Resignation effective December 8, 2022.
(e) Appointment effective December 8, 2022.

### 2.2.2.2 Summary of compensation paid to each senior executive officer[a]

Christian Dior SE did not pay any fixed or variable compensation to Bernard Arnault in respect of fiscal year 2022. The amounts of fixed and variable compensation listed below correspond solely to compensation due or paid to him by the LVMH group.

*Bernard Arnault – Chairman of the Board of Directors*

| **Compensation** *(EUR)* | **2022** | | **2021** | |
|---|---|---|---|---|
| | **Amounts allocated** | **Amounts paid** | **Amounts allocated** | **Amounts paid** |
| **Fixed compensation**[b] | | | | |
| – Christian Dior | - | - | - | - |
| – Controlled companies | 1,138,307 | 1,138,307 | 1,138,307 | 1,138,307 |
| **Variable compensation**[b] | | | | |
| – Christian Dior | - | - | - | - |
| – Controlled companies | 2,200,000[c] | 2,200,000[d] | 2,200,000 | 0[e] |
| **Exceptional compensation** | **-** | **-** | **-** | **-** |
| – Christian Dior | | | | |
| – Controlled companies | | | | |
| **Compensation for serving as a Director**[f] | **92,068** | **90,755** | **80,630** | **76,691** |
| – Christian Dior | 14,443 | 13,130 | 13,130 | 9,191[g] |
| – Controlled companies | 77,625 | 77,625 | 67,500 | 67,500 |
| **Benefits in kind**[h] | | | | |
| – Christian Dior | - | - | - | - |
| – Controlled companies | 41,706 | 41,706 | 40,609 | 40,609 |
| **Total** | **3,472,081** | **3,470,768** | **3,459,546** | **1,255,607** |

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled by it, as provided for in Article L. 22-10-9 of the French Commercial Code.
(b) Compensation due or paid by the LVMH group, with no compensation being due or paid by Christian Dior.
(c) Subject to approval at the LVMH Shareholders' Meeting of April 20, 2023.
(d) Amount approved at the LVMH Shareholders' Meeting of April 21, 2022 and paid by LVMH in respect of the previous fiscal year.
(e) No variable compensation in respect of fiscal year 2020.
(f) The rules for awarding compensation for serving as a Director at the Company are presented in §2.1.1 above.
(g) After the 30% reduction decided on by the Board of Directors at its meeting on April 15, 2020. Amount paid in respect of the prior fiscal year.
(h) Company car.

### *Sidney Toledano – Chief Executive Officer*

| Compensation (EUR) | 2022 | | 2021 | |
|---|---|---|---|---|
| | Amounts allocated | Amounts paid | Amounts allocated | Amounts paid |
| **Fixed compensation** | **1,287,879** | **1,287,879** | **1,300,000** | **1,300,000** |
| – Christian Dior | 187,879 (b) | 187,879 (b) | 200,000 | 200,000 |
| – Controlled companies | 1,100,000 | 1,100,000 | 1,100,000 | 1,100,000 |
| **Variable compensation** | | | | |
| – Christian Dior | | - | - | - |
| – Controlled companies | 1,950,000 | 3,900,000 (c) | 1,950,000 | 0 (d) |
| **Exceptional compensation** | | | | |
| – Christian Dior | | | | |
| – Controlled companies | 4,050,000 | 4,050,000 | - | - |
| **Compensation for serving as a Director (e)** | **48,573** | **49,194** | **49,194** | **46,239** |
| – Christian Dior | 9,227 | 9,848 | 9,848 | 6,893 (f) |
| – Controlled companies | 39,346 | 39,346 | 39,346 | 39,346 |
| **Benefits in kind (g)** | | | | |
| – Christian Dior | - | - | - | - |
| – Controlled companies | 8,697 | 8,697 | 8,557 | 8,557 |
| **Total** | **7,345,149** | **9,295,770** | **3,307,751** | **1,354,796** |

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled by it, as provided for in Article L. 22-10-9 of the French Commercial Code.
(b) Gross annual fixed compensation of 200,000 euros pro rata.
(c) Annual variable compensation paid in 2022 in respect of fiscal years 2021 and 2022.
(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) After the 30% reduction decided on by the Board of Directors at its meeting on April 15, 2020. Amount paid in respect of the prior fiscal year.
(g) Company car.

### *Antoine Arnault – Chief Executive Officer*

| Compensation (EUR) | 2022 | | 2021 | |
|---|---|---|---|---|
| | Amounts allocated | Amounts paid | Amounts allocated | Amounts paid |
| **Fixed compensation** | **827,121** | **827,121** | | |
| – Christian Dior | 12,121 (b) | 12,121 (b) | - | - |
| – Controlled companies | 815,000 | 815,000 | 800,000 | 800,000 |
| **Variable compensation** | | | | |
| – Christian Dior | - | - | | |
| – Controlled companies | 325,000 | 300,000 (c) | 300,000 | 0 (d) |
| **Exceptional compensation** | | | | |
| – Christian Dior | | | | |
| – Controlled companies | 125,000 | 100,000 (c) | 100,000 | - |
| **Compensation for serving as a Director (e)** | **36,496** | **35,875** | | |
| – Christian Dior | 621 | - | - | - |
| – Controlled companies | 35,875 | 35,875 | 32,500 | 32,500 |
| **Benefits in kind (f)** | | | | |
| – Christian Dior | - | - | - | - |
| – Controlled companies | 22,296 | 22,296 | 21,240 | 21,240 |
| **Total** | **1,335,913** | **1,285,292** | **1,253,740** | **853,740** |

(a) Gross compensation and benefits in kind paid or borne by the Company and companies controlled by it, as provided for in Article L. 22-10-9 of the French Commercial Code.
(b) Gross annual fixed compensation of 200,000 euros pro rata.
(c) Amounts paid in respect of the prior 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) Company car.

The variable portion of compensation paid to senior executive officers is based on the achievement of both quantifiable and qualitative targets. The variable portion of annual compensation paid to the Chairman of the Board of Directors is paid by the LVMH group; quantifiable and qualitative targets are weighted at 60% and 40%, respectively, for the purposes of determining variable compensation.

### 2.2.2.3 Pay ratios

As Christian Dior SE does not have any employees, it is not subject to the obligations resulting from 6° and 7° of Article L. 22-10-9 of French Commercial Code.

### 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 |
| **Bernard Arnault**<br>Chairman of the Board of Directors | | ✓ | ✓ | | | ✓ | | ✓ |
| **Sidney Toledano**<br>Chief Executive Officer | ✓(a) | | | ✓ | | ✓ | ✓(a) | |
| **Antoine Arnault Chief**<br>Chief Executive Officer | ✓(b) | | | ✓ | | ✓ | | ✓ |

(a) Non-compete clause, for a period of 12 months, included in Sidney Toledano's employment contract with LVMH SE, providing for the monthly payment during its application of compensation equal to his monthly average gross salary over the 12 months preceding the effective termination of his employment contract.
(b) Employment contract with a controlled company.

LVMH SE 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 of this report.

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 set up in 2022, and no plans were in force in 2022.

See also §3.1 in the "Management Report of the Board of Directors: Christian Dior parent company" section 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 Shares allocated to senior executive officers during the fiscal year

See also §3.3 in the "Management Report of the Board of Directors: Christian Dior parent company" section for the allocation and holding arrangements.

#### Shares provisionally allocated to senior executive officers of the Company during the fiscal year

| 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 |
| Antoine Arnault | LVMH | 04/21/2022 | 10/27/2022 | 482 | 0.0001 | 301,669 |
| Sidney Toledano | LVMH | 04/21/2022 | 10/27/2022 | 2,407 | 0.0005 | 1,506,469 |

#### Shares vested to senior executive officers of the Company

| Recipients | Company having allocated the shares | Plan date | Number of bonus shares | Number of performance shares |
|---|---|---|---|---|
| Bernard Arnault | LVMH | 10/24/2019 | - | 6,337 |
| Antoine Arnault | LVMH | 10/24/2019 | - | 425 |
| Sidney Toledano | LVMH | 10/24/2019 | - | 2,129 |

### 2.2.2.7 Prior allocations of options

#### 2.2.2.7.1 Share subscription option plans

No share subscription option plans were in effect in 2022.

#### 2.2.2.7.2 Share purchase option plans

No option plans have been set up by the Company since the May 14, 2009 share purchase option plan, which carried performance conditions and expired on May 13, 2019.

No share purchase option plans were in effect as of December 31, 2022.

For the plans set up since 2007, the Chairman of the Board of Directors and the Chief Executive Officer, if they are recipients of such options, must retain possession, in registered form, 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), until the total value of the shares held exceeds twice the gross amount of their most recently disclosed fixed and variable compensation as of the date the options are exercised. This holding requirement ends upon termination of the recipient's duties at Christian Dior; given the change of Chief Executive Officer in 2022, this means this provision now applies only to the Chairman of the Board of Directors.

### 2.2.2.8 Bonus share and performance share plans set up in previous years

No bonus share plans have been set up by the Company since the December 6, 2016 plan, which expired on December 6, 2019.

No bonus share plans were in effect as of December 31, 2022.

For plans set up since 2010, if their shares vest, the Chairman of the Board of Directors and the Chief Executive Officer, recipients of such shares, must retain possession, in registered form, 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 (determined 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). This holding requirement ends upon termination of the recipient's duties at Christian Dior; given the change of Chief Executive Officer in 2022, this means this provision now applies only to the Chairman of the Board of Directors.

# 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, at the Shareholders' Meeting of April 20, 2023, the shareholders will be asked 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 *(ninth 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 components 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, as Chairman of the Board; to Sidney Toledano, whose term as Chief Executive Officer ended on December 8, 2022; and to Antoine Arnault, whose term as Chief Executive Officer began on December 8, 2022, it being specified that (i) no fixed, variable or exceptional compensation, other than that paid or awarded in respect of his term of office, was paid or awarded to Bernard Arnault in his capacity as Chairman of the Board of Directors of Christian Dior SE during or in respect of fiscal year 2022; and (ii) no variable or exceptional compensation was paid or awarded to Sidney Toledano or Antoine Arnault in their capacity as Chief Executive Officer of Christian Dior SE during or in respect of fiscal year 2022 *(tenth to twelfth resolutions)*.

**Summary of compensation paid to each senior executive officer**

With the exception of compensation for serving as a Director, Christian Dior SE did not pay any fixed or variable compensation to Bernard Arnault in respect of fiscal year 2022.

*Bernard Arnault*

| **Items of compensation** *(EUR)* | **Gross amount awarded in respect of fiscal year 2022** | **Gross amount paid during fiscal year 2022** | **Remarks** |
|---|---|---|---|
| Fixed compensation | - | - | None |
| Variable compensation | - | - | None |
| Medium-term incentive plan | - | - | None |
| Exceptional compensation | - | - | None |
| Bonus performance shares | - | - | None |
| Compensation for serving as a Director | 14,443 | 13,130(a) | |
| Benefits in kind | - | - | None |
| Severance pay | - | - | None |
| Non-compete payment | - | - | None |
| Supplementary pension plan | - | - | None(b) |

(a) Amount paid in respect of the prior fiscal year.
(b) Supplementary pension at LVMH, as a member of its Executive Committee.

### *Sidney Toledano*

| **Items of compensation** *(EUR)* | **Gross amount awarded in respect of fiscal year 2022** | **Gross amount paid during fiscal year 2022** | **Remarks** |
|---|---|---|---|
| Fixed compensation | 187,879(a) | 187,879(a) | It was decided to keep fixed compensation stable. |
| Variable compensation | - | - | None |
| Medium-term incentive plan | - | - | None |
| Exceptional compensation | - | - | None |
| Bonus performance shares | - | - | None |
| Compensation for serving as a Director | 9,227 | 9,848(b) | |
| Benefits in kind | - | - | None |
| Severance pay | - | - | None |
| Non-compete payment | - | - | None(c) |
| Supplementary pension plan | - | - | None |

(a) Gross annual fixed compensation of 200,000 euros pro rata.
(b) Amount paid in respect of the prior fiscal year.
(c) Employment contract with LVMH SE as Chairman of its Fashion Group: non-compete clause providing for the payment, for a period of 12 months, of compensation equal to his monthly average gross salary over the 12 months preceding the effective termination of his employment contract.

### *Antoine Arnault*

| **Items of compensation** *(EUR)* | **Gross amount awarded in respect of fiscal year 2022** | **Gross amount paid during fiscal year 2022** | **Remarks** |
|---|---|---|---|
| Fixed compensation | 12,121(a) | 12,121(a) | The Governance & Compensation Committee observed that the gross annual fixed compensation does not entail any change to compensation policy in respect of 2022. |
| Variable compensation | - | - | None |
| Medium-term incentive plan | - | - | None |
| Exceptional compensation | - | - | None |
| Bonus performance shares | - | - | None |
| Compensation for serving as a Director | 621 | - | |
| Benefits in kind | - | - | None |
| Severance pay | - | - | None |
| Non-compete payment | - | - | None |
| Supplementary pension plan | - | - | None |

(a) Gross annual fixed compensation of 200,000 euros pro rata.

### 2.3.2 Vote on the compensation policy

In accordance with Article L. 22-10-8 II of the French Commercial Code, at the Shareholders' Meeting of April 20, 2023, the shareholders will be asked to approve the compensation policy for Directors *(thirteenth resolution)*, as well as that for senior executive officers *(fourteenth and fifteenth 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 Christian Dior securities during the 2022 fiscal year by company officers and closely related persons (as defined in Article L. 621-18-2 of the French Monetary and Financial Code)

To the best of the Company's knowledge, no transactions were effected in the 2022 fiscal year in the shares, debt securities or financial instruments of the Company by company officers or closely related persons, as defined in Article L. 621-18-2 of the French Monetary and Financial Code.

# Consolidated financial statements



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

# 1. Consolidated income statement

| *(EUR millions, except for earnings per share)* | Notes | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Revenue** | 24-25 | **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 | | (28,150) | (22,306) | (16,790) |
| General and administrative expenses | | (5,033) | (4,427) | (3,648) |
| Income/(Loss) from joint ventures and associates | 8 | 37 | 13 | (42) |
| **Profit from recurring operations** | 24-25 | **21,050** | **17,139** | **8,300** |
| Other operating income and expenses | 26 | (54) | 4 | (333) |
| **Operating profit** | | **20,996** | **17,143** | **7,967** |
| Cost of net financial debt | | (15) | 40 | (38) |
| Interest on lease liabilities | | (254) | (242) | (281) |
| Other financial income and expenses | | (632) | 254 | (292) |
| **Net financial income/(expense)** | 27 | **(901)** | **52** | **(611)** |
| Income taxes | 28 | (5,393) | (4,531) | (2,385) |
| **Net profit before minority interests** | | **14,702** | **12,664** | **4,970** |
| Minority interests | 18 | 8,905 | 7,718 | 3,037 |
| **Net profit, Group share** | | **5,797** | **4,946** | **1,933** |
| **Basic Group share of net earnings per share** *(EUR)* | 29 | **32.13** | **27.41** | **10.72** |
| Number of shares on which the calculation is based | | 180,410,580 | 180,410,580 | 180,410,580 |
| **Diluted Group share of net earnings per share** *(EUR)* | 29 | **32.11** | **27.40** | **10.70** |
| Number of shares on which the calculation is based | | 180,410,580 | 180,410,580 | 180,410,580 |

# 2. Consolidated statement of comprehensive gains and losses

| *(EUR millions)* | Notes | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Net profit before minority interests** | | **14,702** | **12,664** | **4,970** |
| Translation adjustments | | 1,311 | 2,178 | (1,645) |
| Amounts transferred to income statement | | (32) | (4) | (11) |
| Tax impact | | (4) | 17 | (10) |
| | 16.5, 18 | **1,275** | **2,191** | **(1,666)** |
| Change in value of hedges of future foreign currency cash flows[(a)] | | 28 | 281 | 73 |
| Amounts transferred to income statement | | 290 | (303) | (123) |
| Tax impact | | (73) | 127 | (112) |
| | | **245** | **105** | **(162)** |
| 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) |
| | | **21** | **(105)** | **14** |
| **Gains and losses recognized in equity, transferable to income statement** | | **1,542** | **2,191** | **(1,814)** |
| Change in value of vineyard land | 6 | (72) | 52 | (3) |
| Amounts transferred to consolidated reserves | | - | - | - |
| Tax impact | | 18 | (12) | 3 |
| | | **(53)** | **40** | **-** |
| Employee benefit obligations: | | | | |
| Change in value resulting from actuarial gains and losses | | 301 | 251 | (20) |
| Tax impact | | (77) | (58) | 6 |
| | | **223** | **193** | **(14)** |
| **Gains and losses recognized in equity, not transferable to income statement** | | **170** | **233** | **(14)** |
| **Total gains and losses recognized in equity** | | **1,712** | **2,423** | **(1,829)** |
| **Comprehensive income** | | **16,414** | **15,087** | **3,141** |
| Minority interests | | 9,941 | 9,180 | 1,926 |
| **Comprehensive income, Group share** | | **6,473** | **5,907** | **1,215** |

(a) In 2021, this amount included 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.

# 3. Consolidated balance sheet

## Assets

| *(EUR millions)* | Notes | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|---|
| Brands and other intangible assets | 3 | 24,565 | 23,684 | 16,143 |
| Goodwill | 4 | 23,250 | 24,371 | 14,508 |
| Property, plant and equipment | 6 | 22,414 | 19,543 | 17,575 |
| Right-of-use assets | 7 | 14,609 | 13,699 | 12,515 |
| 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 | 1,187 | 1,054 | 845 |
| Deferred tax | 28 | 3,661 | 3,156 | 2,325 |
| **Non-current assets** | | **91,861** | **87,954** | **65,640** |
| 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 | 401 |
| Other current assets | 13 | 7,550 | 5,606 | 3,846 |
| Cash and cash equivalents | 15 | 7,588 | 8,122 | 20,358 |
| **Current assets** | | **40,090** | **34,402** | **40,377** |
| **Total assets** | | **131,951** | **122,356** | **106,017** |

## Liabilities and equity

| *(EUR millions)* | Notes | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|---|
| Equity, Group share | 16.1 | 19,038 | 15,372 | 11,270 |
| Minority interests | 18 | 35,276 | 30,995 | 24,974 |
| **Equity** | | **54,314** | **46,367** | **36,244** |
| 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 | 3,866 | 3,945 | 3,288 |
| Deferred tax | 28 | 6,553 | 6,302 | 5,079 |
| Purchase commitments for minority interests’ shares | 21 | 12,489 | 13,677 | 10,991 |
| **Non-current liabilities** | | **46,064** | **47,976** | **44,088** |
| Short-term borrowings | 19 | 9,375 | 8,091 | 11,005 |
| Current lease liabilities | 7 | 2,632 | 2,387 | 2,163 |
| Trade accounts payable | 22.1 | 8,788 | 7,086 | 5,098 |
| Income taxes | | 1,224 | 1,275 | 721 |
| Current provisions and other liabilities | 22.2 | 9,554 | 9,174 | 6,698 |
| **Current liabilities** | | **31,573** | **28,013** | **25,685** |
| **Total liabilities and equity** | | **131,951** | **122,356** | **106,017** |

# 4. Consolidated statement of changes in equity

| *(EUR millions)* | Number of shares | Share capital | Share premium account | Christian Dior 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 commit-ments | | Group share | Minority interests | Total |
| **Notes** | | **16.1** | **16.1** | **16.3** | **16.5** | | | | | | | **18** | |
| **As of December 31, 2019** | **180,507,516** | **361** | **194** | **(17)** | **362** | **-** | **(43)** | **471** | **(81)** | **9,632** | **10,880** | **24,837** | **35,717** |
| Gains and losses recognized in equity | | | | | (640) | - | (73) | - | (5) | - | (718) | (1,111) | (1,829) |
| Net profit | | | | | | | | | | 1,933 | 1,933 | 3,037 | 4,970 |
| **Comprehensive income** | | **-** | **-** | **-** | **(640)** | **-** | **(73)** | **-** | **(5)** | **1,933** | **1,215** | **1,926** | **3,141** |
| Bonus share plan-related expenses | | | | | | | | | | 26 | 26 | 36 | 62 |
| (Acquisition)/disposal of Christian Dior treasury shares | | | | | | | | | | - | - | - | - |
| Capital increase in subsidiaries | | | | | | | | | | - | - | 54 | 54 |
| Interim and final dividends paid | | | | | | | | | | (830) | (830) | (1,733) | (2,563) |
| Changes in control of consolidated entities | | | | | | | | | | (13) | (13) | (10) | (23) |
| Acquisition and disposal of minority interests' shares | | | | | - | - | - | - | - | (88) | (88) | (29) | (117) |
| Purchase commitments for minority interests' shares | | | | | | | | | | 80 | 80 | (107) | (27) |
| **As of December 31, 2020** | **180,507,516** | **361** | **194** | **(17)** | **(278)** | **-** | **(116)** | **471** | **(86)** | **10,740** | **11,270** | **24,974** | **36,244** |
| Gains and losses recognized in equity | | | | | 857 | - | 18 | 12 | 74 | - | 961 | 1,462 | 2,423 |
| Net profit | | | | | | | | | | 4,946 | 4,946 | 7,718 | 12,664 |
| **Comprehensive income** | | **-** | **-** | **-** | **857** | **-** | **18** | **12** | **74** | **4,946** | **5,907** | **9,180** | **15,087** |
| Bonus share plan-related expenses | | | | | | | | | | 52 | 52 | 80 | 132 |
| (Acquisition)/disposal of Christian Dior treasury shares | | | | | | | | | | - | - | - | - |
| Capital increase in subsidiaries | | | | | | | | | | - | - | 12 | 12 |
| Interim and final dividends paid | | | | | | | | | | (1,263) | (1,263) | (2,498) | (3,761) |
| Changes in control of consolidated entities | | | | | | | | | | (18) | (18) | 373 | 355 |
| Acquisition and disposal of minority interests' shares | | | | | - | - | - | 1 | - | (568) | (567) | (947) | (1,514) |
| Purchase commitments for minority interests' shares | | | | | | | | | | (9) | (9) | (179) | (188) |
| **As of December 31, 2021** | **180,507,516** | **361** | **194** | **(17)** | **579** | **-** | **(98)** | **484** | **(12)** | **13,880** | **15,372** | **30,995** | **46,367** |
| Gains and losses recognized in equity | | | | | 506 | - | 103 | (18) | 85 | - | 676 | 1,036 | 1,712 |
| Net profit | | | | | | | | | | 5,797 | 5,797 | 8,905 | 14,702 |
| **Comprehensive income** | | **-** | **-** | **-** | **506** | **-** | **103** | **(18)** | **85** | **5,797** | **6,473** | **9,941** | **16,414** |
| Bonus share plan-related expenses | | | | | | | | | | 53 | 53 | 79 | 132 |
| (Acquisition)/disposal of Christian Dior treasury shares | | | | | | | | | | - | - | - | - |
| Capital increase in subsidiaries | | | | | | | | | | - | - | 28 | 28 |
| Interim and final dividends paid | | | | | | | | | | (2,165) | (2,165) | (3,905) | (6,070) |
| Changes in control of consolidated entities | | | | | | | | | | 3 | 3 | 10 | 13 |
| Acquisition and disposal of minority interests' shares | | | | | 2 | - | (1) | 2 | 2 | (536) | (531) | (1,068) | (1,599) |
| Purchase commitments for minority interests' shares | | | | | | | | | - | (166) | (166) | (804) | (970) |
| **As of December 31, 2022** | **180,507,516** | **361** | **194** | **(17)** | **1,087** | **-** | **4** | **468** | **75** | **16,866** | **19,038** | **35,276** | **54,314** |

# 5. Consolidated cash flow statement

| *(EUR millions)* | Notes | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| I. OPERATING ACTIVITIES | | | | |
| Operating profit | | 20,996 | 17,143 | 7,967 |
| (Income)/Loss and dividends received from joint ventures and associates | 8 | 26 | 41 | 64 |
| Net increase in depreciation, amortization and provisions | | 3,219 | 3,136 | 3,478 |
| Depreciation of right-of-use assets | 7.1 | 3,007 | 2,691 | 2,572 |
| Other adjustments and computed expenses | | (483) | (400) | (91) |
| **Cash from operations before changes in working capital** | | **26,765** | **22,611** | **13,990** |
| Cost of net financial debt: interest paid | | (73) | 68 | (62) |
| Lease liabilities: interest paid | | (240) | (231) | (290) |
| Tax paid | | (5,603) | (4,239) | (2,397) |
| Change in working capital | 15.2 | (3,019) | 426 | (369) |
| **Net cash from/(used in) operating activities** | | **17,830** | **18,636** | **10,873** |
| II. INVESTING ACTIVITIES | | | | |
| Operating investments | 15.3 | (4,969) | (2,664) | (2,478) |
| Purchase and proceeds from sale of consolidated investments | 2.4 | (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 |
| **Net cash from/(used in) investing activities** | | **(5,920)** | **(15,979)** | **(2,939)** |
| III. FINANCING ACTIVITIES | | | | |
| Interim and final dividends paid | 15.4 | (6,465) | (3,967) | (2,685) |
| Purchase and proceeds from sale of minority interests | 2.4 | (2,010) | (1,117) | (163) |
| Other equity-related transactions | 15.4 | 12 | 4 | 39 |
| Proceeds from borrowings | 19 | 3,774 | 251 | 17,499 |
| Repayment of borrowings | 19 | (3,891) | (6,763) | (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 | (1,165) | (1,393) | 69 |
| **Net cash from/(used in) financing activities** | | **(12,495)** | **(15,438)** | **7,433** |
| IV. EFFECT OF EXCHANGE RATE CHANGES | | 55 | 498 | (1,052) |
| **Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)** | | **(530)** | **(12,283)** | **14,315** |
| **Cash and cash equivalents at beginning of period** | 15.1 | **7,918** | **20,201** | **5,886** |
| **Cash and cash equivalents at end of period** | 15.1 | **7,388** | **7,918** | **20,201** |
| **Total tax paid** | | **(5,959)** | **(4,465)** | **(2,527)** |

### 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:

| *(EUR millions)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| Net cash from operating activities | 17,830 | 18,636 | 10,873 |
| Operating investments | (4,969) | (2,664) | (2,478) |
| Repayment of lease liabilities | (2,751) | (2,453) | (2,302) |
| **Operating free cash flow**[(a)] | **10,110** | **13,518** | **6,093** |

(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".

# 6. Notes to the consolidated financial statements

# Note 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 the Group

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

The Group's operations in Russia via LVMH 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 its environmental strategy into practice, the Group – via LVMH, which comprises all of its operating activities – has launched a plan to transform its value chains.

The implementation of this program is reflected in the 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 Christian Dior group retrospectively restated acquisitions made since 1988, the date of the initial consolidation of LVMH, 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. The Group 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 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 completion 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 deducted from 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.

At its level, Christian Dior integrates data from the LVMH group without restatement. Regarding its own available for sale financial assets, as it is authorized to do under IFRS 9, Christian Dior reserves the right to choose, for each accounting item, the method for recognizing their change in market value: either within "Net financial income/(expense)" or directly in equity.

## 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 Christian Dior and LVMH treasury shares

### Christian Dior treasury shares

Christian Dior 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 are taken directly to equity.

### LVMH treasury shares

Purchases and sales by LVMH of its own shares, as well as LVMH SE capital increases reserved for recipients of share subscription options, resulting in changes in the percentage held by the Christian Dior group in LVMH, are accounted for in the consolidated financial statements of the Christian Dior group as changes in ownership interests in consolidated entities.

As from January 1, 2010, in accordance with the revised version of IFRS 3, changes in the Christian Dior group's ownership interest in LVMH have been taken to equity.

As this standard is applied prospectively, goodwill recognized as of December 31, 2009 has been maintained as an asset on the balance sheet.

## 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, deferred tax resulting from temporary differences, and 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 and 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 the Group 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

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.

Where applicable, diluted earnings per share are calculated based on the weighted average number of shares before dilution. Dilutive instruments issued by subsidiaries are also taken into consideration for the purposes of determining the Group's share of net profit after dilution.

## Note 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.

#### 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.

### 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.

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:

| *(EUR millions)* | **Final purchase price allocation** |
|---|---|
| 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 | - |
| **Net assets acquired** | **6,824** |
| Goodwill | 6,750 |
| **Carrying amount of shares held as of January 7, 2021** | **13,574** |

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 euro- and 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%.

### 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 represents the first step in establishing Sephora's presence in the United Kingdom. This equity investment 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%.

## 2.3 Fiscal year 2020

There were no significant changes in ownership interests in consolidated entities during the fiscal year.

## 2.4 Impact on net cash and cash equivalents of changes in ownership interests in consolidated entities

| *(EUR millions)* | **2022** | **2021** | **2020** |
|---|---|---|---|
| Purchase price of consolidated investments and of minority interests' shares | (3,147) | (15,200) | (887) |
| Positive cash balance/(net overdraft) of companies acquired | 14 | 658 | - |
| Proceeds from sale of consolidated investments | 334 | 231 | 206 |
| (Positive cash balance)/net overdraft of companies sold | (20) | (32) | (18) |
| **Impact of changes in ownership interests in consolidated entities on net cash and cash equivalents** | **(2,819)** | **(14,343)** | **(699)** |
| *Of which: Purchase and proceeds from sale of consolidated investments* | *(809)* | *(13,226)* | *(536)* |
| *Purchase and proceeds from sale of minority interests* | *(2,010)* | *(1,117)* | *(163)* |

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. It also included the cash impact of LVMH share repurchase programs, the main purpose of which is to retire the shares purchased.

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. It also included the impact of the LVMH liquidity contract.

# Note 3. Brands, trade names and other intangible assets

| *(EUR millions)* | | | **Dec. 31, 2022** | **Dec. 31, 2021** | **Dec. 31, 2020** |
|---|---|---|---|---|---|
| | **Gross** | **Amortization and impairment** | **Net** | **Net** | **Net** |
| Brands | 21,491 | (806) | 20,685 | 20,013 | 12,877 |
| Trade names | 4,103 | (1,693) | 2,410 | 2,285 | 2,130 |
| License rights | 51 | (35) | 17 | 46 | 46 |
| Software, websites | 3,603 | (2,677) | 926 | 849 | 665 |
| Other | 1,220 | (692) | 528 | 490 | 425 |
| **Total** | **30,469** | **(5,903)** | **24,565** | **23,684** | **16,143** |

## 3.1 Changes during the fiscal year

The carrying amounts of brands, trade names and other intangible assets changed as follows during the fiscal year:

| **Gross value** *(EUR millions)* | **Brands** | **Trade names** | **Software, websites** | **Other intangible assets** | **Total** |
|---|---|---|---|---|---|
| **As of December 31, 2021** | **20,786** | **3,889** | **3,143** | **1,193** | **29,011** |
| 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 | 21 | 829 |
| Reclassifications | - | - | 168 | (203) | (35) |
| **As of December 31, 2022** | **21,491** | **4,103** | **3,603** | **1,271** | **30,469** |

| **Amortization and impairment** *(EUR millions)* | **Brands** | **Trade names** | **Software, websites** | **Other intangible assets** | **Total** |
|---|---|---|---|---|---|
| **As of December 31, 2021** | **(773)** | **(1,604)** | **(2,294)** | **(657)** | **(5,328)** |
| Amortization expense | (7) | - | (425) | (171) | (603) |
| 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) | (170) |
| Reclassifications | - | - | - | - | - |
| **As of December 31, 2022** | **(806)** | **(1,693)** | **(2,677)** | **(727)** | **(5,903)** |
| **Carrying amount as of December 31, 2022** | **20,685** | **2,410** | **926** | **544** | **24,565** |

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.

## 3.2 Changes during prior fiscal years

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** |
|---|---|---|---|---|---|
| **As of December 31, 2019** | **12,875** | **2,303** | **650** | **507** | **16,335** |
| Acquisitions | - | - | 194 | 286 | 480 |
| Disposals and retirements | - | - | 2 | (3) | (2) |
| Changes in the scope of consolidation | 14 | - | - | 1 | 15 |
| Amortization expense | (24) | (1) | (329) | (129) | (483) |
| Impairment expense | (32) | - | - | (1) | (33) |
| Translation adjustment | (25) | (172) | (21) | (9) | (228) |
| Reclassifications | 68 | - | 170 | (179) | 58 |
| **As of December 31, 2020** | **12,877** | **2,130** | **665** | **472** | **16,143** |
| 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) | (147) | (528) |
| Impairment expense | 1 | - | (1) | (13) | (13) |
| Translation adjustment | 641 | 156 | 33 | 16 | 845 |
| Reclassifications | - | - | 140 | (157) | (17) |
| **As of December 31, 2021** | **20,013** | **2,285** | **849** | **536** | **23,684** |

## 3.3 Brands and trade names

The breakdown of brands and trade names by business group is as follows:

| *(EUR millions)* | | | **December 31, 2022** | **Dec. 31, 2021** | **Dec. 31, 2020** |
|---|---|---|---|---|---|
| | **Gross** | **Amortization and impairment** | **Net** | **Net** | **Net** |
| Wines and Spirits | 3,425 | (158) | 3,267 | 3,104 | 2,734 |
| Fashion and Leather Goods | 5,561 | (336) | 5,225 | 5,211 | 4,958 |
| Perfumes and Cosmetics | 1,395 | (86) | 1,309 | 1,291 | 1,287 |
| Watches and Jewelry | 10,694 | (101) | 10,594 | 10,119 | 3,606 |
| Selective Retailing | 4,056 | (1,646) | 2,410 | 2,285 | 2,130 |
| Other activities | 462 | (172) | 290 | 290 | 292 |
| **Brands and trade names** | **25,594** | **(2,499)** | **23,095** | **22,298** | **15,006** |

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: Hennessy, Moët & Chandon, Dom Pérignon, 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 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-Feadship 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, Christian Dior Couture, 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.

# Note 4. Goodwill

| *(EUR millions)* | | | December 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| Goodwill arising on consolidated investments | 18,366 | (2,015) | 16,351 | 15,302 | 7,911 |
| Goodwill arising on purchase commitments for minority interests' shares | 6,899 | - | 6,899 | 9,070 | 6,597 |
| **Total** | **25,265** | **(2,015)** | **23,250** | **24,371** | **14,508** |

Changes in net goodwill during the fiscal years presented break down as follows:

| *(EUR millions)* | | | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| **As of January 1** | **26,349** | **(1,977)** | **24,371** | **14,508** | **14,500** |
| 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 | 587 | (81) | 506 | 596 | (67) |
| **As of December 31** | **25,265** | **(2,015)** | **23,250** | **24,371** | **14,508** |

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.

Translation adjustments mainly related to goodwill recognized in US dollars, based on fluctuations 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.

# Note 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:

| Business group *(as %)* | December 31, 2022 | | | | December 31, 2021 | | | December 31, 2020 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Discount rate | | Compound annual growth rate for revenue during the plan period | Growth rate for the period after the plan | Post-tax discount rate | Compound annual growth rate for revenue during the plan period | Growth rate for the period after the plan | Post-tax discount rate | Compound 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 |
|---|---|---|---|---|---|---|
| Louis Vuitton | 2,059 | 613 | 2,673 | 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 |
| Hennessy | 1,067 | 47 | 1,114 | 7.1 | 2.0 | 5 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-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 December 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 plans 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) |
| **Total** | **17,971** | **(207)** | **(1,612)** | **(180)** |

The Group considers that changes in excess of the limits 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 euros 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.

# Note 6. Property, plant and equipment

| *(EUR millions)* | December 31, 2022 | | | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|---|---|
| | Gross | Depreciation and impairment | Net | Net | Net |
| Land | 4,968 | (21) | 4,947 | 4,230 | 3,907 |
| Vineyard land and producing vineyards[(a)] | 2,861 | (132) | 2,729 | 2,623 | 2,551 |
| Buildings | 7,566 | (2,847) | 4,720 | 4,042 | 3,400 |
| Investment property | 481 | (44) | 437 | 323 | 318 |
| Leasehold improvements, machinery and equipment | 19,486 | (13,714) | 5,773 | 5,114 | 4,459 |
| Assets in progress | 1,810 | (1) | 1,809 | 1,302 | 1,176 |
| Other property, plant and equipment | 2,565 | (564) | 2,000 | 1,909 | 1,763 |
| **Total** | **39,737** | **(17,323)** | **22,414** | **19,543** | **17,575** |
| *Of which: Historical cost of vineyard land* | *760* | - | *760* | *608* | *601* |

(a) Almost all of the carrying amount of "Vineyard land and producing vineyards" corresponds to vineyard land.

## 6.1 Changes during the fiscal year

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** | | | |
| **As of December 31, 2021** | **2,739** | **10,850** | **362** | **11,972** | **3,598** | **2,039** | **1,303** | **2,456** | **35,320** |
| 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 | 86 | 5 | 181 | 30 | 48 | 13 | 22 | 387 |
| Other movements, including transfers | 39 | 496 | - | 832 | 125 | 98 | (1,274) | 30 | 347 |
| **As of December 31, 2022** | **2,861** | **12,534** | **481** | **13,298** | **3,943** | **2,244** | **1,810** | **2,565** | **39,737** |

| **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** | | | |
| **As of December 31, 2021** | **(117)** | **(2,577)** | **(38)** | **(8,573)** | **(2,447)** | **(1,476)** | **(1)** | **(547)** | **(15,777)** |
| 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 |
| **As of December 31, 2022** | **(132)** | **(2,867)** | **(44)** | **(9,446)** | **(2,680)** | **(1,588)** | **(1)** | **(564)** | **(17,323)** |
| **Carrying amount as of December 31, 2022** | **2,729** | **9,667** | **437** | **3,853** | **1,263** | **657** | **1,809** | **2,000** | **22,414** |

"Other property, plant and equipment" included 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.

Translation adjustments on property, plant and equipment mainly related to fixed assets recognized in US dollars, based on fluctuations 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.

## 6.2 Changes during prior fiscal years

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** | | | |
| **As of December 31, 2019** | **2,537** | **6,948** | **322** | **3,216** | **1,015** | **486** | **1,650** | **1,706** | **17,878** |
| 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) | (239) | (6) | (156) | (16) | (13) | (31) | (15) | (490) |
| Other movements, including transfers | 21 | 565 | 8 | 466 | 100 | 77 | (1,344) | 83 | (25) |
| **As of December 31, 2020** | **2,551** | **7,307** | **318** | **2,957** | **1,012** | **490** | **1,176** | **1,763** | **17,575** |
| 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) | (40) |
| 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) |
| **As of December 31, 2021** | **2,623** | **8,272** | **323** | **3,398** | **1,152** | **564** | **1,302** | **1,909** | **19,543** |

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.

# Note 7. Leases

## 7.1 Right-of-use assets

Right-of-use assets break down as follows, by type of underlying asset:

| *(EUR millions)* | | December 31, 2022 | | Dec. 31, 2021 | Dec. 31, 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 |
| **Capitalized fixed lease payments** | **22,729** | **(8,397)** | **14,332** | **13,398** | **12,207** |
| Leasehold rights | 847 | (570) | 277 | 301 | 308 |
| **Total** | **23,576** | **(8,967)** | **14,609** | **13,699** | **12,515** |

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 | | |
| **As of December 31, 2021** | **16,065** | **2,762** | **1,046** | **19,873** | **840** | **20,713** |
| 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) |
| **As of December 31, 2022** | **18,270** | **3,273** | **1,185** | **22,729** | **847** | **23,576** |

| **Depreciation and impairment** *(EUR millions)* | | Capitalized fixed lease payments | | | Leasehold rights | Total |
|---|---|---|---|---|---|---|
| | Stores | Offices | Other | Total | | |
| **As of December 31, 2021** | **(5,428)** | **(772)** | **(275)** | **(6,475)** | **(539)** | **(7,014)** |
| 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 |
| **As of December 31, 2022** | **(7,069)** | **(1,000)** | **(329)** | **(8,397)** | **(570)** | **(8,967)** |
| **Carrying amount as of December 31, 2022** | **11,202** | **2,274** | **856** | **14,332** | **277** | **14,609** |

"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.

Translation adjustments mainly related to leases recognized in US dollars, based on fluctuations 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)* | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Non-current lease liabilities | 12,776 | 11,887 | 10,665 |
| Current lease liabilities | 2,632 | 2,387 | 2,163 |
| **Total** | **15,408** | **14,275** | **12,829** |

The change in lease liabilities during the fiscal year breaks down as follows:

| *(EUR millions)* | Stores | Offices | Other | Total |
|---|---|---|---|---|
| **As of December 31, 2021** | **11,309** | **2,198** | **768** | **14,275** |
| 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) |
| **As of December 31, 2022** | **12,024** | **2,530** | **854** | **15,408** |

The following table presents the contractual schedule of disbursements for lease liabilities as of December 31, 2022:

| *(EUR millions)* | | As of December 31, 2022<br>Total minimum future payments |
|---|---|---|
| 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 |
| **Total minimum future payments** | | **17,076** |
| Impact of discounting | | (1,668) |
| **Total lease liability** | | **15,408** |

## 7.3 Breakdown of lease expense

The lease expense for the fiscal year breaks down as follows:

| (EUR millions) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Depreciation and impairment of capitalized fixed lease payments | 2,950 | 2,634 | 2,572 |
| Interest on lease liabilities | 254 | 242 | 281 |
| **Capitalized fixed lease expense** | **3,204** | **2,876** | **2,853** |
| Variable lease payments | 2,445 | 1,702 | 755 |
| Short-term leases and/or low-value leases | 458 | 506 | 320 |
| **Other lease expenses** | **2,902** | **2,208** | **1,075** |
| **Total** | **6,107** | **5,084** | **3,928** |

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 | | |
| **As of December 31, 2019** | **9,861** | **1,436** | **749** | **12,047** | **362** | **12,409** |
| 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 | 3 | 16 |
| **As of December 31, 2020** | **10,054** | **1,433** | **722** | **12,207** | **308** | **12,515** |
| 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) |
| **As of December 31, 2021** | **10,636** | **1,991** | **771** | **13,398** | **301** | **13,699** |

The change in lease liabilities during the previous fiscal years breaks down as follows:

| (EUR millions) | Stores | Offices | Other | Total |
|---|---|---|---|---|
| **As of December 31, 2019** | **10,264** | **1,532** | **749** | **12,545** |
| 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) |
| **As of December 31, 2020** | **10,556** | **1,555** | **718** | **12,829** |
| 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) |
| **As of December 31, 2021** | **11,309** | **2,198** | **768** | **14,275** |

## 7.5 Off-balance sheet commitments

Off-balance sheet commitments relating to leases with fixed lease payments break down as follows:

| (EUR millions) | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Contracts commencing after the balance sheet date | 872 | 459 | 1,324 |
| Low-value leases and short-term leases | 207 | 167 | 180 |
| **Total undiscounted future payments** | **1,078** | **626** | **1,504** |

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:

| (as %) | 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 |
| **Average rate for the Group** | **1.9** | **2.0** |

## 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:

| *(EUR millions)* | As of December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Lease liabilities | Of which: | | Impact of options not taken into account[(a)] | |
| | | *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 | - | - | - | - |
| **Total** | **15,408** | ***(52)*** | ***1,617*** | **1,720** | **(940)** |

(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.

# Note 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* |
| **Share of net assets of joint ventures and associates as of January 1** | **1,084** | **-** | **1,084** | ***432*** | **990** | ***426*** | **1,074** | ***448*** |
| 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* |
| **Share of net assets of joint ventures and associates as of December 31** | **1,066** | **-** | **1,066** | ***496*** | **1,084** | ***432*** | **990** | ***426*** |

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.

## Note 9. Non-current available for sale financial assets

| *(EUR millions)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| **As of January 1** | **1,363** | **739** | **915** |
| Acquisitions | 369 | 569 | 159 |
| Disposals at net realized value | (98) | (107) | (213) |
| Changes in market value[(a)] | (125) | 153 | 24 |
| Changes in the scope of consolidation | (410) | (3) | - |
| Translation adjustment | 10 | 12 | (13) |
| Reclassifications[(b)] | - | - | (133) |
| **As of December 31** | **1,109** | **1,363** | **739** |

(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 temporarily not been consolidated due to their low materiality.

## Note 10. Other non-current assets

| *(EUR millions)* | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Warranty deposits | 554 | 482 | 409 |
| Derivatives[(a)] | 97 | 55 | 110 |
| Loans and receivables | 444 | 413 | 280 |
| Other | 91 | 103 | 46 |
| **Total** | **1,187** | **1,054** | **845** |

(a) See Note 23.

## Note 11. Inventories and work in progress

| *(EUR millions)* | | | December 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| Wines and eaux-de-vie 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 |
| | **10,932** | **(812)** | **10,120** | **8,319** | **7,046** |
| 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 |
| | **12,111** | **(1,911)** | **10,200** | **8,230** | **5,970** |
| **Total** | **23,042** | **(2,723)** | **20,319** | **16,549** | **13,016** |

The change in net inventories for the fiscal years presented breaks down as follows:

| (EUR millions) | | | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| **As of January 1** | **19,075** | **(2,526)** | **16,549** | **13,016** | **13,717** |
| Change in gross inventories | 4,169 | - | 4,169 | 1,567 | 562 |
| Impact of provision for returns[(a)] | (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 |
| **As of December 31** | **23,042** | **(2,723)** | **20,319** | **16,549** | **13,016** |

(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:

| (EUR millions) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Impact of marking the fiscal year's harvest to market | 40 | (12) | (7) |
| Impact of inventory sold during the fiscal year | (16) | (23) | (20) |
| **Net impact on cost of sales for the fiscal year** | **24** | **(35)** | **(27)** |
| **Net impact on the value of inventory as of December 31** | **82** | **58** | **93** |

See Notes 1.11 and 1.19 on the method of marking harvests to market.

# Note 12. Trade accounts receivable

| (EUR millions) | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Trade accounts receivable, nominal amount | 4,369 | 3,914 | 2,880 |
| Provision for impairment | (111) | (127) | (124) |
| **Net amount** | **4,258** | **3,787** | **2,756** |

The change in trade accounts receivable for the fiscal years presented breaks down as follows:

| (EUR millions) | | | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| | Gross | Impairment | Net | Net | Net |
| **As of January 1** | **3,914** | **(127)** | **3,787** | **2,756** | **3,450** |
| 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 |
| **As of December 31** | **4,369** | **(111)** | **4,258** | **3,787** | **2,756** |

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:

| *(EUR millions)* | | 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 |
| | | **3,815** | **(43)** | **3,772** |
| Overdue: | – Less than 3 months | 415 | (15) | 400 |
| | – More than 3 months | 138 | (53) | 86 |
| | | **554** | **(68)** | **486** |
| **Total** | | **4,369** | **(111)** | **4,258** |

The present value of trade accounts receivable is identical to their carrying amount.

# Note 13. Other current assets

| *(EUR millions)* | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Current available for sale financial assets[a] | 3,614 | 2,544 | 752 |
| Derivatives[b] | 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 |
| **Total** | **7,550** | **5,606** | **3,846** |

(a) See Note 14.
(b) See Note 23.

# Note 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:

| *(EUR millions)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| **As of January 1** | **2,544** | **752** | **733** |
| Acquisitions | 1,525 | 1,692 | 576 |
| Disposals at net realized value | (360) | (296) | (653) |
| Changes in market value[a] | (95) | 394 | (34) |
| Changes in the scope of consolidation | - | - | - |
| Translation adjustment | - | 2 | - |
| Reclassifications | - | - | 130 |
| **As of December 31** | **3,614** | **2,544** | **752** |
| *Of which: Historical cost of current available for sale financial assets* | *3,275* | *2,117* | *719* |

(a) Recognized within "Net financial income/(expense)".

# Note 15. Cash and change in cash

## 15.1 Cash and cash equivalents

| (EUR millions) | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Term deposits (less than 3 months) | 1,088 | 1,828 | 13,546 |
| SICAV and FCP funds | 287 | 477 | 1,943 |
| Ordinary bank accounts | 6,213 | 5,818 | 4,869 |
| **Cash and cash equivalents per balance sheet** | **7,588** | **8,122** | **20,358** |

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:

| (EUR millions) | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Cash and cash equivalents | 7,588 | 8,122 | 20,358 |
| Bank overdrafts | (200) | (203) | (156) |
| **Net cash and cash equivalents per cash flow statement** | **7,388** | **7,918** | **20,201** |

## 15.2 Change in working capital

The change in working capital breaks down as follows for the fiscal years presented:

| (EUR millions) | 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 | 22.1 | 6 | 27 | (10) |
| Change in trade accounts payable | 22.1 | 1,532 | 1,576 | (560) |
| Change in other receivables and payables | | 8 | 1,002 | 235 |
| **Change in working capital**[a] | | **(3,019)** | **426** | **(369)** |

(a) Increase/(Decrease) in cash and cash equivalents.

## 15.3 Operating investments

Operating investments comprise the following elements for the fiscal years presented:

| (EUR millions) | Notes | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Purchase of intangible assets | 3 | (685) | (580) | (480) |
| Purchase of property, plant and equipment | 6 | (4,398) | (2,675) | (1,984) |
| Change in accounts payable related to fixed asset purchases | | 161 | 221 | (55) |
| Initial direct costs | 7 | (27) | (37) | (7) |
| **Net cash used in purchases of fixed assets** | | **(4,948)** | **(3,071)** | **(2,526)** |
| Net cash from fixed asset disposals | | 73 | 444 | 51 |
| Guarantee deposits paid and other cash flows related to operating investments | | (94) | (37) | (3) |
| **Operating investments**[a] | | **(4,969)** | **(2,664)** | **(2,478)** |

(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:

| *(EUR millions)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| Interim and final dividends paid by Christian Dior SE[(a)] | (2,165) | (1,263) | (830) |
| Interim and final dividends paid to minority interests in consolidated subsidiaries | (3,944) | (2,477) | (1,725) |
| Tax paid related to interim and final dividends paid[(b)] | (356) | (226) | (130) |
| **Interim and final dividends paid** | **(6,465)** | **(3,967)** | **(2,685)** |

(a) See Note 16.4.
(b) 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:

| *(EUR millions)* | Notes | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Capital increases of subsidiaries subscribed by minority interests | | 12 | 4 | 39 |
| Acquisition and disposal of Christian Dior treasury shares | 16.3 | - | - | - |
| **Other equity-related transactions** | | **12** | **4** | **39** |

# Note 16. Equity

## 16.1 Equity

| *(EUR millions)* | Notes | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|---|
| Share capital | 16.2 | 361 | 361 | 361 |
| Share premium account | | 194 | 194 | 194 |
| Christian Dior shares | 16.3 | (17) | (17) | (17) |
| Cumulative translation adjustment | 16.5 | 1,087 | 579 | (278) |
| Revaluation reserves | | 547 | 374 | 270 |
| Other reserves | | 11,068 | 8,934 | 8,807 |
| Net profit, Group share | | 5,797 | 4,946 | 1,933 |
| **Equity, Group share** | | **19,038** | **15,372** | **11,270** |

## 16.2 Share capital and share premium account

As of December 31, 2022, the share capital consisted of 180,507,516 fully paid-up shares (180,507,516 as of both December 31, 2021 and December 31, 2020), with a par value of 2 euros per share, including 130,155,394 shares with double voting rights (130,045,992 as of December 31, 2021 and 127,282,026 as of December 31, 2020). Double voting rights are attached to registered shares held for more than three years.

## 16.3 Christian Dior shares

The portfolio of Christian Dior shares is allocated as follows:

| *(number of shares or EUR millions)* | December 31, 2022 | | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|---|
| | Number | Amount | Amount | Amount |
| Share purchase option plans | - | - | - | - |
| Bonus share and performance share plans | - | - | - | - |
| Future plans | 96,936 | 17 | 17 | 17 |
| **Christian Dior shares** | **96,936** | **17** | **17** | **17** |

No portfolio movements of Christian Dior shares took place during the fiscal year ended December 31, 2022.

## 16.4 Dividends paid by the parent company, Christian Dior 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 cost of treasury shares.

As of December 31, 2022, the distributable amount was 3,643 million euros; after taking into account the proposed dividend distribution in respect of the 2022 fiscal year, it was 2,380 million euros.

| *(EUR millions)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| Interim dividend for the current fiscal year<br>(2022: 5.00 euros; 2021: 3.00 euros; 2020: 2.00 euros) | 902 | 541 | 361 |
| Impact of treasury shares | - | - | - |
| **Gross amount disbursed for the fiscal year** | **902** | **541** | **361** |
| Final dividend for the previous fiscal year<br>(2021: 7.00 euros; 2020: 4.00 euros; 2019: 2.60 euros) | 1,264 | 722 | 469 |
| Impact of treasury shares | (1) | - | - |
| **Gross amount disbursed for the previous fiscal year** | **1,263** | **722** | **469** |
| **Total gross amount disbursed during the fiscal year**[a] | **2,165** | **1,263** | **830** |

(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 1,264 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)* | Dec. 31, 2022 | Change | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|---|
| US dollar | 705 | 395 | 310 | (343) |
| Swiss franc | 441 | 51 | 391 | 327 |
| Japanese yen | (5) | (36) | 31 | 41 |
| Hong Kong dollar | 211 | (9) | 220 | 118 |
| Pound sterling | (51) | (61) | 10 | (46) |
| Other currencies | (131) | 124 | (255) | (189) |
| Foreign currency net investment hedges(a) | (82) | 45 | (127) | (186) |
| **Total, Group share** | **1,087** | **508** | **579** | **(278)** |

(a) Including: -60 million euros with respect to the US dollar (-60 million euros as of December 31, 2021 and -52 million euros as of December 31, 2020), -49 million euros with respect to the Hong Kong dollar (-48 million euros as of December 31, 2021 and 2020) and -93 million euros with respect to the Swiss franc (-94 million euros as of December 31, 2021 and -87 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 short-term negotiable debt securities programs, while continuing to represent a reasonable cost for the Group.

# Note 17. Bonus share and similar plans

## 17.1 General characteristics of plans

### Bonus share and performance 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 in June 2024, to grant existing or newly issued shares as bonus shares to Group company employees and/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.

No Christian Dior bonus share or performance share plans have been set up since December 6, 2016.

## 17.2 Bonus share and performance share plans

No bonus share plans were in effect in fiscal year 2022.

## 17.3 Expense for the fiscal year

Expenses recognized for the fiscal year for share purchase option, bonus share and performance share plans break down as follows:

| *(EUR millions)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Expense for the fiscal year** | **132** | **132** | **62** |

See Note 1.30 regarding the method used to determine the accounting expense.

### For LVMH

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 | Number of shares awarded initially | *Of which: Performance shares* | Vesting period of rights | LVMH closing share price the day before the grant date | Average unit value of provisionally allocated bonus shares |
|---|---|---|---|---|---|
| January 27, 2022 | 10,790 | - | 1 year | 683.6 | 673.4 |
| January 27, 2022 | 1,308 | *1,308* | 2 years and 9 months | 683.6 | 635.2 |
| July 26, 2022 | 25,000 | *25,000* | 2 years and 8 months | 637.4 | 607.3 |
| July 26, 2022 | 11,032 | - | 1 year | 637.4 | 625.5 |
| July 26, 2022 | 1,682 | *1,682* | 2 years and 3 months | 637.4 | 612.8 |
| October 27, 2022 | 139,592 | *139,592* | 3 years | 663.0 | 625.9 |
| **Total** | **189,404** | ***167,582*** | | | |

### For Christian Dior

No share purchase option, bonus share or performance share plans involving Christian Dior shares were set up in fiscal year 2022.

# Note 18. Minority interests

| *(EUR millions)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| **As of January 1** | **30,995** | **24,974** | **24,837** |
| Minority interests' share of net profit | 8,905 | 7,718 | 3,037 |
| Dividends paid to minority interests | (3,905) | (2,498) | (1,733) |
| Impact of changes in control of consolidated entities | 10 | 373 | (10) |
| Impact of acquisition and disposal of minority interests' shares | (1,068) | (947) | (29) |
| Capital increases subscribed by minority interests | 28 | 12 | 54 |
| Minority interests' share in gains and losses recognized in equity | 1,036 | 1,462 | (1,111) |
| Minority interests' share in expenses related to bonus share and similar plans | 79 | 80 | 36 |
| Impact of changes in minority interests with purchase commitments | (804) | (179) | (107) |
| **As of December 31** | **35,276** | **30,995** | **24,974** |

The change in minority interests' share in gains and losses recognized in equity, including the tax impact, breaks down as follows:

| *(EUR millions)* | **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** |
|---|---|---|---|---|---|
| **As of December 31, 2019** | **648** | **(72)** | **936** | **(159)** | **1,353** |
| Changes during the fiscal year | (1,026) | (75) | - | (10) | (1,111) |
| Changes due to LVMH SE treasury shares | - | - | - | - | - |
| **As of December 31, 2020** | **(378)** | **(148)** | **936** | **(168)** | **242** |
| Changes during the fiscal year | 1,334 | (18) | 28 | 119 | 1,462 |
| Changes due to LVMH SE treasury shares | - | - | (1) | - | (1) |
| **As of December 31, 2021** | **956** | **(165)** | **963** | **(50)** | **1,704** |
| Changes during the fiscal year | 770 | 163 | (35) | 138 | 1,036 |
| Changes due to LVMH SE treasury shares | (2) | 1 | (3) | 1 | (3) |
| **As of December 31, 2022** | **1,723** | **(1)** | **925** | **89** | **2,737** |

Minority interests are essentially composed of LVMH SE shareholders excluding Christian Dior SE's controlling interest, i.e. shareholders owning 58% of LVMH SE. They were paid a total of 3,523 million euros in dividends during the fiscal year.

Minority interests also include 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 Notes 1.14 and 21.

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:

| *(EUR billions)* | **Dec. 31, 2022** |
|---|---|
| Property, plant and equipment and intangible assets | 5.7 |
| Other non-current assets | 1.0 |
| **Non-current assets** | **6.7** |
| Inventories and work in progress | 6.8 |
| Other current assets | 1.6 |
| Cash and cash equivalents | 2.3 |
| **Current assets** | **10.7** |
| **Total assets** | **17.5** |

| *(EUR billions)* | **Dec. 31, 2022** |
|---|---|
| Equity | 11.8 |
| Non-current liabilities | 2.3 |
| **Equity and non-current liabilities** | **14.1** |
| Short-term borrowings | 1.1 |
| Other current liabilities | 2.3 |
| **Current liabilities** | **3.4** |
| **Total liabilities and equity** | **17.5** |

No dividend was paid to Mari-Cha Group Ltd in 2022. Net profit attributable to Mari-Cha Group Ltd for fiscal year 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.

# Note 19. Borrowings

## 19.1 Net financial debt

| *(EUR millions)* | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Bonds and Euro Medium-Term Notes (EMTNs) | 10,185 | 11,872 | 13,866 |
| Bank borrowings | 194 | 293 | 199 |
| **Long-term borrowings** | **10,380** | **12,165** | **14,065** |
| Bonds and Euro Medium-Term Notes (EMTNs) | 1,486 | 3,072 | 1,444 |
| Current bank borrowings | 222 | 377 | 346 |
| Short-term negotiable debt securities | 7,247 | 4,172 | 8,575 |
| Other borrowings and credit facilities | 160 | 207 | 433 |
| Bank overdrafts | 200 | 203 | 156 |
| Accrued interest | 60 | 61 | 51 |
| **Short-term borrowings** | **9,375** | **8,091** | **11,005** |
| **Gross borrowings** | **19,755** | **20,256** | **25,070** |
| Interest rate risk derivatives | 144 | (6) | (68) |
| Foreign exchange risk derivatives | 170 | (63) | 321 |
| **Gross borrowings after derivatives** | **20,069** | **20,188** | **25,323** |
| Current available for sale financial assets[(a)] | (3,614) | (2,544) | (752) |
| Cash and cash equivalents[(b)] | (7,588) | (8,122) | (20,358) |
| **Net financial debt** | **8,867** | **9,521** | **4,213** |

(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:

| *(EUR millions)* | Dec. 31, 2021 | Impact on cash[(a)] | Translation adjustment | Impact of market value changes | Changes in the scope of consolidation | Reclassifications and other | Dec. 31, 2022 |
|---|---|---|---|---|---|---|---|
| Long-term borrowings | 12,165 | (64) | (16) | (153) | 59 | (1,612) | 10,380 |
| Short-term borrowings | 8,091 | (125) | (254) | 1 | 35 | 1,628 | 9,375 |
| **Gross borrowings** | **20,256** | **(189)** | **(270)** | **(152)** | **93** | **16** | **19,755** |
| Derivatives | (69) | 8 | (1) | 375 | - | - | 314 |
| **Gross borrowings after derivatives** | **20,188** | **(181)** | **(271)** | **224** | **93** | **16** | **20,069** |

(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, Christian Dior repaid the 350 million euro bond issued in 2016, in advance of its scheduled maturity in June 2021.

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, 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 18,033 million euros as of December 31, 2022 (19,457 million euros as of December 31, 2021 and 25,500 million euros as of December 31, 2020), including 9,373 million euros in short-term borrowings (8,050 million euros as of December 31, 2021 and 10,971 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**[(a)] *(as %)* | **Dec. 31, 2022** *(EUR millions)* | **Dec. 31, 2021** *(EUR millions)* | **Dec. 31, 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 | 0.820 | 1,187 | 1,202 | 1,206 |
| EUR 800,000,000 | 2017 | 2022 | 0.460 | - | 800 | 801 |
| GBP 400,000,000 | 2017 | 2022 | 1.090 | - | 477 | 449 |
| EUR 350,000,000 | 2016 | 2021 | 0.860 | - | - | 350 |
| USD 750,000,000[(b)] | 2016 | 2021 | 1.920 | - | - | 127 |
| EUR 650,000,000 | 2014 | 2021 | 1.120 | - | - | 656 |
| Other | | | | 964 | 984 | - |
| **Total bonds and EMTNs** | | | | **11,672** | **14,944** | **15,309** |

(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 | 7,579 | 9,375 | (771) | 912 | 141 | 1,025 | 8,491 | 9,516 |
| | 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 |
| **Total** | | **12,176** | **7,579** | **19,755** | **(1,910)** | **2,224** | **314** | **10,266** | **9,803** | **20,069** |

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 | 34 |
| Fourth quarter | 50 |
| **Total** | **9,375** |

## 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.

| (EUR millions) | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Euro | 14,851 | 17,592 | 21,648 |
| US dollar | 4,564 | 2,846 | 3,120 |
| Swiss franc | (26) | 588 | 80 |
| Japanese yen | 309 | 453 | 762 |
| Other currencies | 371 | (1,290) | (287) |
| **Total** [(a)] | **20,069** | **20,188** | **25,323** |

(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 totaled 11.2 billion euros. This amount exceeded the outstanding portion of the short-term negotiable debt securities programs (euro- and US dollar-denominated commercial paper), 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.

# Note 20. Provisions and other non-current liabilities

Non-current provisions and other liabilities comprise the following:

| *(EUR millions)* | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Non-current provisions | 1,529 | 1,771 | 1,473 |
| Uncertain tax positions | 1,364 | 1,368 | 1,144 |
| Derivatives[(a)] | 206 | 45 | 146 |
| Employee profit sharing | 123 | 105 | 86 |
| Other liabilities | 644 | 656 | 438 |
| **Non-current provisions and other liabilities** | **3,866** | **3,945** | **3,288** |

(a) See Note 23.

Provisions concern the following types of contingencies and losses:

| *(EUR millions)* | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Provisions for pensions, medical costs and similar commitments | 622 | 915 | 784 |
| Provisions for contingencies and losses | 907 | 856 | 690 |
| **Non-current provisions** | **1,529** | **1,771** | **1,473** |
| Provisions for pensions, medical costs and similar commitments | 17 | 17 | 9 |
| Provisions for contingencies and losses | 539 | 582 | 503 |
| **Current provisions** | **556** | **598** | **512** |
| **Total** | **2,085** | **2,369** | **1,985** |

Provisions changed as follows during the fiscal year:

| *(EUR millions)* | Dec. 31, 2021 | Increases | Amounts used | Amounts released | Changes in the scope of consolidation | Other[(a)] | Dec. 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 |
| **Total** | **2,369** | **544** | **(376)** | **(189)** | **13** | **(276)** | **2,085** |

(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.

# Note 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 plc 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.

# Note 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:

| *(EUR millions)* | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| **As of January 1** | **7,086** | **5,098** | **5,814** |
| Change in trade accounts payable | 1,532 | 1,576 | (560) |
| Change 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 |
| **As of December 31** | **8,788** | **7,086** | **5,098** |

## 22.2 Current provisions and other liabilities

| *(EUR millions)* | **Dec. 31, 2022** | **Dec. 31, 2021** | **Dec. 31, 2020** |
|---|---|---|---|
| Current provisions[a] | 556 | 598 | 512 |
| Derivatives[b] | 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 |
| Provisions for product returns[c] | 653 | 648 | 463 |
| Deferred payment for non-current assets | 787 | 907 | 538 |
| Deferred income | 454 | 396 | 353 |
| Other liabilities | 1,606 | 1,779 | 1,035 |
| **Total** | **9,554** | **9,174** | **6,698** |

(a) See Note 20.
(b) See Note 23.
(c) See Note 1.28.

# Note 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 at each sub-consolidation level.

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.

This organization relies on information systems that allow hedging transactions to be monitored quickly.

Hedging decisions are made according to an established process that includes regular presentations to the management bodies concerned 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 | **Dec. 31, 2022** | **Dec. 31, 2021** | **Dec. 31, 2020** |
|---|---|---|---|---|---|---|
| **Interest rate risk** | Assets: | Non-current | | - | 4 | 57 |
| | | Current | | 34 | 31 | 33 |
| | Liabilities: | Non-current | | (159) | (25) | (10) |
| | | Current | | (19) | (5) | (12) |
| | | | 23.3 | **(144)** | **6** | **68** |
| **Foreign exchange risk** | Assets: | Non-current | | 97 | 51 | 52 |
| | | Current | | 421 | 218 | 670 |
| | Liabilities: | Non-current | | (47) | (20) | (136) |
| | | Current | | (277) | (182) | (330) |
| | | | 23.4 | **193** | **68** | **257** |
| **Other risks** | Assets: | Non-current | | - | - | - |
| | | Current | | 7 | 9 | 266 |
| | Liabilities: | Non-current | | - | - | - |
| | | Current | | (3) | (8) | (263) |
| | | | 23.5 | **4** | **1** | **3** |
| **Total** | Assets: | Non-current | 10 | 97 | 55 | 110 |
| | | Current | 13 | 462 | 258 | 968 |
| | Liabilities: | Non-current | 20 | (206) | (45) | (146) |
| | | Current | 22 | (300) | (195) | (604) |
| | | | | **53** | **74** | **328** |

## 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(a) (b)** | | | |
|---|---|---|---|---|---|---|---|---|
| | **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 | - | - | - | - | - | - | - | - |
| **Total** | | | | | **-** | **(154)** | **11** | **(144)** |

(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 fiscal years (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[(a)] | | | | Market value[(b)(c)] | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2023 | Thereafter | Total | Future cash flow hedges | Fair value hedges | Not allocated | Total |
| **Options purchased** | | | | | | | | |
| Call USD | - | 125 | - | 125 | 2 | - | - | 2 |
| Put JPY | - | 19 | - | 19 | - | - | - | - |
| Put CNY | - | 17 | - | 17 | 1 | - | - | 1 |
| Other | - | 25 | - | 25 | 1 | - | - | 1 |
| | **-** | **186** | **-** | **186** | **4** | **-** | **-** | **4** |
| **Collars** | | | | | | | | |
| 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 |
| | **279** | **10,214** | **1,172** | **11,665** | **243** | **3** | **-** | **247** |
| **Forward exchange contracts** | | | | | | | | |
| 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 |
| | **25** | **1,916** | **-** | **1,941** | **106** | **(5)** | **-** | **102** |
| **Foreign exchange swaps** | | | | | | | | |
| 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 |
| | **623** | **(1,984)** | **(557)** | **(1,918)** | **-** | **(158)** | **-** | **(158)** |
| **Total** | **927** | **10,331** | **616** | **11,874** | **353** | **(160)** | **-** | **193** |

(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)* | December 31, 2022 | | | December 31, 2021 | | | December 31, 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:(a) | | | | | | | | | |
| Published price quotations | 3,452 | - | 7,588 | 2,427 | - | 8,122 | 804 | - | 20,358 |
| Valuation model based on market data | 18 | 559 | - | 96 | 314 | - | 100 | 1,078 | - |
| Private quotations | 1,254 | - | - | 1,384 | - | - | 587 | - | - |
| **Assets** | **4,722** | **559** | **7,588** | **3,907** | **314** | **8,122** | **1,491** | **1,078** | **20,358** |
| Valuation based on:(a) | | | | | | | | | |
| Published price quotations | | - | | | - | | | - | |
| Valuation model based on market data | | 506 | | | 240 | | | 751 | |
| Private quotations | | - | | | - | | | - | |
| **Liabilities** | | **506** | | | **240** | | | **751** | |

(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:

| *(EUR millions)* | **2022** |
|---|---|
| **As of January 1** | **1,384** |
| 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[(a)] | (410) |
| **As of December 31** | **1,254** |

(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:

| *(EUR millions)* | Foreign exchange risk[(a)] | | | | | | Interest rate risk[(b)] | | | Total[(c)] |
|---|---|---|---|---|---|---|---|---|---|---|
| | Revaluation of effective portions, of which: | | | | Revaluation of cost of hedging | Total | Revaluation of effective portions | Ineffective portion | Total | |
| | Hedges of future foreign currency cash flows | Fair value hedges | Foreign currency net investment hedges | 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 fiscal year, compared with the rates applying to transactions in 2022, would have been as follows:

| *(EUR millions)* | 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) |
| **Impact on net profit** | **321** | **(380)** | **71** | **(46)** | **35** | **(33)** | **31** | **(33)** |

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 USD/EUR for the US dollar and 137 JPY/EUR 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 |
| **Net impact on equity, excluding net profit** | **1,359** | **(1,427)** | **56** | **2** | **122** | **(100)** | **180** | **(189)** |

## 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 11.2 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 11.2 billion euros.

The Group's liquidity is based on the amount of its investments, its capacity to secure 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 and EMTNs | 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 | 161 | 8 | - | - | - | - | 169 |
| Short-term negotiable debt securities | 7,247 | - | - | - | - | - | 7,247 |
| Bank overdrafts | 200 | - | - | - | - | - | 200 |
| **Gross borrowings** | **9,375** | **2,852** | **1,600** | **1,383** | **857** | **3,844** | **19,910** |
| Other current and non-current liabilities[(a)] | 8,244 | 126 | 49 | 110 | 91 | 44 | 8,664 |
| Trade accounts payable | 8,788 | - | - | - | - | - | 8,788 |
| **Other financial liabilities** | **17,032** | **126** | **49** | **110** | **91** | **44** | **17,452** |
| **Total financial liabilities** | **26,408** | **2,978** | **1,649** | **1,493** | **948** | **3,888** | **37,363** |

(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.

# Note 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

| *(EUR millions)* | **Wines and Spirits** | **Fashion and Leather Goods** | **Perfumes and Cosmetics** | **Watches and Jewelry** | **Selective Retailing** | **Other and holding companies** | **Eliminations and not allocated**[(a)] | **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 | 51 | (1,305) | - |
| **Total revenue** | **7,099** | **38,648** | **7,722** | **10,581** | **14,852** | **1,586** | **(1,304)** | **79,184** |
| Profit from recurring operations | 2,155 | 15,709 | 660 | 2,017 | 788 | (272) | (7) | 21,050 |
| Other operating income and expenses | (12) | (7) | (12) | (5) | (208) | 190 | - | (54) |
| Depreciation, amortization and impairment expenses | (260) | (2,431) | (480) | (994) | (1,427) | (291) | 112 | (5,771) |
| *Of which: Right-of-use assets* | *(34)* | *(1,422)* | *(160)* | *(523)* | *(883)* | *(96)* | *112* | *(3,007)* |
| *Other* | *(226)* | *(1,008)* | *(321)* | *(471)* | *(544)* | *(194)* | - | *(2,764)* |
| Intangible assets and goodwill[(b)] | 10,906 | 8,463 | 2,415 | 20,594 | 3,609 | 1,834 | (5) | 47,815 |
| Right-of-use assets | 234 | 7,132 | 646 | 2,277 | 4,284 | 922 | (886) | 14,609 |
| Property, plant and equipment | 3,822 | 4,730 | 839 | 2,005 | 1,688 | 9,339 | (8) | 22,414 |
| Inventories and work in progress | 6,892 | 4,793 | 1,033 | 5,051 | 2,805 | 72 | (327) | 20,319 |
| Other operating assets | 1,674 | 3,297 | 1,493 | 1,720 | 775 | 1,436 | 16,398[(c)] | 26,794 |
| **Total assets** | **23,528** | **28,415** | **6,426** | **31,646** | **13,161** | **13,602** | **15,173** | **131,951** |
| Equity | - | - | - | - | - | - | 54,314 | 54,314 |
| Lease liabilities | 247 | 7,426 | 695 | 2,363 | 4,537 | 1,019 | (879) | 15,408 |
| Other liabilities | 2,161 | 7,731 | 2,953 | 2,583 | 3,651 | 1,744 | 41,406[(d)] | 62,229 |
| **Total liabilities and equity** | **2,408** | **15,157** | **3,648** | **4,946** | **8,188** | **2,763** | **94,841** | **131,951** |
| Operating investments[(e)] | (440) | (1,872) | (409) | (654) | (523) | (1,074) | 1 | (4,969) |

## Fiscal year 2021

| *(EUR millions)* | Wines and Spirits | Fashion and Leather Goods | Perfumes and Cosmetics | Watches and Jewelry | Selective Retailing | Other and holding companies | Eliminations and not allocated[(a)] | Total |
|---|---|---|---|---|---|---|---|---|
| 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) | - |
| **Total revenue** | **5,974** | **30,896** | **6,608** | **8,964** | **11,754** | **1,169** | **(1,150)** | **64,215** |
| Profit from recurring operations | 1,863 | 12,842 | 684 | 1,679 | 534 | (436) | (27) | 17,139 |
| Other operating income and expenses | (26) | (47) | (17) | (4) | (53) | 151 | - | 4 |
| Depreciation, amortization and impairment expenses | (226) | (2,142) | (443) | (860) | (1,399) | (294) | 113 | (5,251) |
| *Of which: Right-of-use assets* | *(32)* | *(1,291)* | *(149)* | *(410)* | *(836)* | *(89)* | *110* | *(2,698)* |
| *Other* | *(195)* | *(851)* | *(294)* | *(449)* | *(563)* | *(205)* | *3* | *(2,554)* |
| Intangible assets and goodwill[(b)] | 12,732 | 8,034 | 2,136 | 19,726 | 3,348 | 2,078 | - | 48,055 |
| Right-of-use assets | 153 | 6,749 | 556 | 1,922 | 4,142 | 841 | (665) | 13,699 |
| Property, plant and equipment | 3,450 | 3,893 | 752 | 1,730 | 1,667 | 8,059 | (8) | 19,543 |
| Inventories and work in progress | 6,278 | 3,374 | 831 | 3,949 | 2,410 | 41 | (335) | 16,549 |
| Other operating assets | 1,597 | 2,807 | 1,281 | 1,409 | 747 | 1,060 | 15,609[(c)] | 24,510 |
| **Total assets** | **24,211** | **24,858** | **5,557** | **28,737** | **12,313** | **12,079** | **14,601** | **122,356** |
| Equity | - | - | - | - | - | - | 46,367 | 46,367 |
| Lease liabilities | 164 | 6,894 | 594 | 1,985 | 4,362 | 931 | (656) | 14,275 |
| Other liabilities | 1,843 | 6,800 | 2,770 | 2,471 | 3,050 | 1,993 | 42,788[(d)] | 61,715 |
| **Total liabilities and equity** | **2,007** | **13,694** | **3,364** | **4,456** | **7,412** | **2,924** | **88,499** | **122,356** |
| Operating investments[(e)] | (328) | (1,131) | (290) | (458) | (370) | (89) | 1 | (2,664) |

### Fiscal year 2020

| (EUR millions) | Wines and Spirits | Fashion and Leather Goods | Perfumes and Cosmetics | Watches and Jewelry | Selective Retailing | Other and holding companies | Eliminations and not allocated(a) | Total |
|---|---|---|---|---|---|---|---|---|
| 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) | - |
| **Total revenue** | **4,755** | **21,207** | **5,248** | **3,356** | **10,155** | **868** | **(938)** | **44,651** |
| Profit from recurring operations | 1,388 | 7,188 | 80 | 302 | (203) | (526) | 71 | 8,300 |
| Other operating income and expenses | (43) | (68) | (20) | (3) | (87) | (112) | - | (333) |
| Depreciation, amortization and impairment expenses | (253) | (2,069) | (460) | (475) | (1,549) | (313) | 117 | (5,002) |
| *Of which: Right-of-use assets* | *(34)* | *(1,226)* | *(145)* | *(254)* | *(941)* | *(93)* | *117* | *(2,575)* |
| *Other* | *(219)* | *(843)* | *(315)* | *(221)* | *(608)* | *(220)* | - | *(2,427)* |
| Intangible assets and goodwill(b) | 9,909 | 7,577 | 2,058 | 5,752 | 3,153 | 2,202 | - | 30,651 |
| Right-of-use assets | 162 | 5,730 | 503 | 1,151 | 4,699 | 888 | (618) | 12,515 |
| Property, plant and equipment | 3,232 | 3,482 | 709 | 577 | 1,723 | 7,860 | (8) | 17,575 |
| Inventories and work in progress | 6,040 | 2,726 | 742 | 1,641 | 2,111 | 37 | (281) | 13,016 |
| Other operating assets | 1,306 | 1,919 | 1,151 | 672 | 696 | 1,615 | 24,901(c) | 32,260 |
| **Total assets** | **20,650** | **21,433** | **5,163** | **9,793** | **12,383** | **12,602** | **23,994** | **106,017** |
| Equity | - | - | - | - | - | - | 36,244 | 36,244 |
| Lease liabilities | 170 | 5,766 | 516 | 1,117 | 4,912 | 959 | (611) | 12,828 |
| Other liabilities | 1,608 | 4,885 | 2,164 | 1,252 | 2,338 | 1,677 | 43,021(d) | 56,945 |
| **Total liabilities and equity** | **1,778** | **10,651** | **2,680** | **2,369** | **7,250** | **2,636** | **78,654** | **106,017** |
| Operating investments(e) | (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 retailers 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:

| (EUR millions) | 2022 | 2021 | 2020 |
|---|---|---|---|
| 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 |
| **Revenue** | **79,184** | **64,215** | **44,651** |

Operating investments by geographic region are as follows:

| *(EUR millions)* | 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 |
| **Operating investments** | **4,969** | **2,664** | **2,478** |

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:

| *(EUR millions)* | 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 |
| **Total for 2022** | **7,099** | **38,648** | **7,722** | **10,581** | **14,852** | **1,586** | **(1,304)** | **79,184** |
| 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 |
| **Total for 2021** | **5,974** | **30,896** | **6,608** | **8,964** | **11,754** | **1,169** | **(1,150)** | **64,215** |
| 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 |
| **Total for 2020** | **4,755** | **21,207** | **5,248** | **3,356** | **10,155** | **868** | **(938)** | **44,651** |

# Note 25. Revenue and expenses by nature

## 25.1 Breakdown of revenue

Revenue consists of the following:

| *(EUR millions)* | 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 |
| **Total** | **79,184** | **64,215** | **44,651** |

The portion of total revenue generated by the Group at its own stores, including sales through e-commerce websites, was approximately 75% in fiscal year 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 | 10,543 | 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 as of December 31, 2021; 5,003 as of December 31, 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 | 10,266 | 8,410 |
| Pensions, contribution to medical costs and expenses in respect of defined-benefit plans[a] | 157 | 145 | 66 |
| Expenses related to bonus share and similar plans[b] | 132 | 132 | 62 |
| **Personnel costs** | **12,649** | **10,543** | **8,537** |

(a) See Note 30.
(b) See Note 17.3.

The average full-time equivalent workforce broke down as follows by job category during the fiscal years presented:

| *(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 |
| **Total** | **173,492** | **100** | **157,953** | **100** | **148,343** | **100** |

## 25.3 Statutory Auditors' fees

The amount of fees paid to the Statutory Auditors of Christian Dior 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** |
|---|---|---|---|
| | **Deloitte & Associés** | **Mazars** | **Total** |
| **Audit-related fees** | **15** | **14** | **29** |
| Tax services | 1 | NS | 1 |
| Other | 1 | 2 | 3 |
| **Non-audit-related fees** | **2** | **2** | **4** |
| **Total** | **17** | **16** | **33** |

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, verification of the statement of non-financial performance, and specific checks run at the Group's request, mainly in countries where statutory audit is not required.

# Note 26. Other operating income and expenses

| *(EUR millions)* | **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) |
| **Other operating income and expenses** | **(54)** | **4** | **(333)** |

"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).

# Note 27. Net financial income/(expense)

| *(EUR millions)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| Borrowing costs | (129) | 3 | (88) |
| Income from cash, cash equivalents and current available for sale financial assets | 116 | 40 | 46 |
| Fair value adjustment of borrowings and interest rate hedges | (2) | (3) | 4 |
| **Cost of net financial debt** | **(15)** | **40** | **(38)** |
| **Interest on lease liabilities** | **(254)** | **(242)** | **(281)** |
| 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 | (240) | 499 | (4) |
| Other items, net | (42) | (49) | (38) |
| **Other financial income and expenses** | **(632)** | **254** | **(292)** |
| **Net financial income/(expense)** | **(901)** | **52** | **(611)** |

Income from cash, cash equivalents and current available for sale financial assets comprises the following items:

| *(EUR millions)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| Income from cash and cash equivalents | 49 | 27 | 38 |
| Income from current available for sale financial assets[(a)] | 67 | 13 | 8 |
| **Income from cash, cash equivalents and current available for sale financial assets** | **116** | **40** | **46** |

(a) Including 52 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:

| *(EUR millions)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| Hedged financial debt | 139 | 82 | (39) |
| Hedging instruments | (135) | (80) | 40 |
| Unallocated derivatives | (6) | (5) | 3 |
| **Fair value adjustment of borrowings and interest rate hedges** | **(2)** | **(3)** | **4** |

The cost of foreign exchange derivatives breaks down as follows:

| *(EUR millions)* | 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) |
| **Cost of foreign exchange derivatives** | **(358)** | **(206)** | **(262)** |

# Note 28. Income taxes

## 28.1 Breakdown of the income tax expense

| *(EUR millions)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| Current income taxes for the fiscal year | (5,908) | (5,336) | (2,617) |
| Current income taxes relating to previous fiscal years | (18) | (20) | (13) |
| **Current income taxes** | **(5,927)** | **(5,356)** | **(2,630)** |
| Change in deferred income taxes | 534 | 913 | 330 |
| Impact of changes in tax rates on deferred income taxes | - | (87) | (85) |
| **Deferred income taxes** | **534** | **826** | **246** |
| **Total tax expense per income statement** | **(5,393)** | **(4,531)** | **(2,385)** |
| **Tax on items recognized in equity** | **(147)** | **89** | **(122)** |

## 28.2 Breakdown of the net deferred tax asset/(liability)

The net deferred tax asset/(liability) broke down as follows:

| *(EUR millions)* | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Deferred tax assets | 3,661 | 3,156 | 2,325 |
| Deferred tax liabilities | (6,553) | (6,302) | (5,079) |
| **Net deferred tax asset/(liability)** | **(2,891)** | **(3,147)** | **(2,753)** |

## 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 | 20,095 | 17,195 | 7,355 |
| Total tax expense | (5,393) | (4,531) | (2,385) |
| **Effective tax rate** | **26.8%** | **26.4%** | **32.4%** |

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 |
|---|---|---|---|
| **French statutory tax rate** | **25.8** | **28.4** | **32.0** |
| 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 | 2.4 |
| Tax on distribution[(a)] | 1.8 | 1.4 | 2.0 |
| **Effective tax rate of the Group** | **26.8** | **26.4** | **32.4** |

(a) Tax on distribution is mainly related to intra-Group dividends.

The Group's effective tax rate was 26.8% in 2022, compared with 26.4% in 2021 and 32.4% in 2020. As of December 31, 2022, the effective tax rate was up 0.4 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[(a)]

| *(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 | 78 |
| Intra-Group margin included in inventories | 268 | 120 | (101) |
| Other consolidation adjustments | 267 | 157 | 143 |
| Losses carried forward | 18 | (30) | 65 |
| **Total** | **534** | **826** | **246** |

(a Income/(Expenses).

### Change in deferred tax recognized in equity[(a)]

| *(EUR millions)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| Fair value adjustment of vineyard land | 18 | (13) | 3 |
| 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 |
| **Total** | **(147)** | **89** | **(112)** |

(a) Gains/(Losses).

### In the balance sheet[(a)]

| *(EUR millions)* | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Valuation of brands | (5,300) | (5,101) | (3,646) |
| Fair value adjustment of vineyard land | (578) | (595) | (580) |
| Other revaluation adjustments | (415) | (439) | (716) |
| 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 | 1,250 | 1,052 | 615 |
| Losses carried forward | 153 | 122 | 148 |
| **Total** | **(2,891)** | **(3,147)** | **(2,755)** |

(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 French companies belonging to the same tax consolidation group to combine their taxable profits to calculate the overall tax expense, for which only the consolidating parent company is liable.

Since January 1, 2018, Christian Dior SE and its French subsidiaries in which it has an ownership interest of more than 95% have been part of a tax consolidation group, the parent company of which is Agache SCA.

LVMH SE and most of its French subsidiaries in which it has an ownership interest of more than 95% comprise another tax consolidation group, the consolidating parent company of which is LVMH SE. This tax consolidation system generated current tax savings of 66 million euros in 2022 (compared with 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).

# Note 29. Earnings per share

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Net profit, Group share** *(EUR millions)* | **5,797** | **4,946** | **1,933** |
| Impact of dilutive instruments on the subsidiaries *(EUR millions)* | (4) | (2) | (2) |
| **Net profit, diluted Group share** *(EUR millions)* | **5,793** | **4,944** | **1,931** |
| Average number of shares outstanding during the fiscal year | 180,507,516 | 180,507,516 | 180,507,516 |
| Average number of Christian Dior treasury shares held during the fiscal year | (96,936) | (96,936) | (96,936) |
| **Average number of shares on which the calculation before dilution is based** | **180,410,580** | **180,410,580** | **180,410,580** |
| **Basic Group share of net earnings per share** *(EUR)* | **32.13** | **27.41** | **10.72** |
| Average number of shares outstanding on which the above calculation is based | 180,410,580 | 180,410,580 | 180,410,580 |
| Dilutive effect of stock option, bonus share and performance share plans | - | - | - |
| **Average number of shares on which the calculation after dilution is based** | **180,410,580** | **180,410,580** | **180,410,580** |
| **Diluted Group share of net earnings per share** *(EUR)* | **32.11** | **27.40** | **10.70** |

No events occurred between December 31, 2022 and the date at which the financial statements were approved for publication that would have significantly affected the number of shares outstanding or the potential number of shares.

# Note 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) |
| **Total expense for the fiscal year for defined-benefit plans** | **157** | **145** | **66** |

## 30.2 Net recognized commitment

| (EUR millions) | Notes | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|---|
| Benefits covered by plan assets | | 2,205 | 2,656 | 1,894 |
| Benefits not covered by plan assets | | 362 | 472 | 250 |
| **Defined-benefit obligation** | | **2,567** | **3,128** | **2,144** |
| **Market value of plan assets** | | **(2,005)** | **(2,299)** | **(1,397)** |
| **Net recognized commitment** | | **562** | **829** | **747** |
| *Of which: Non-current provisions* | 20 | *622* | *915* | *784* |
| *Current provisions* | 20 | *17* | *17* | *9* |
| *Other assets* | | *(77)* | *(103)* | *(45)* |
| **Total** | | **562** | **829** | **747** |

## 30.3 Breakdown of the change in the net recognized commitment

| (EUR millions) | Defined-benefit obligation | Market value of plan assets | Net recognized commitment |
|---|---|---|---|
| **As of December 31, 2021** | **3,128** | **(2,299)** | **829** |
| 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, of which: | (734) | 428 | (306) |
| – *Experience adjustments*[(a)] | *49* | *428* | *477* |
| – *Changes in demographic assumptions*[(a)] | *(13)* | - | *(13)* |
| – *Changes in financial assumptions*[(a)] | *(770)* | - | *(770)* |
| Translation adjustment | 94 | (66) | 28 |
| **As of December 31, 2022** | **2,567** | **(2,005)** | **562** |

(a) (Gains)/Losses.

Actuarial gains and losses resulting from experience adjustments related to the four previous fiscal years were as follows:

| (EUR millions) | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Experience adjustments on the defined-benefit obligation | (64) | (12) | 31 | 4 |
| Experience adjustments on the market value of plan assets | (112) | (67) | (82) | 41 |
| **Actuarial gains and losses resulting from experience adjustments**[(a)] | **(176)** | **(79)** | **(51)** | **45** |

(a) (Gains)/Losses.

The actuarial assumptions applied to estimate commitments for the fiscal years presented in the main countries concerned were as follows:

| *(as %)* | December 31, 2022 | | | | | December 31, 2021 | | | | | December 31, 2020 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | France | United States | United Kingdom | Japan | Switzer-land | France | United States | United Kingdom | Japan | Switzer-land | France | United States | United Kingdom | Japan | Switzer-land |
| Discount rate[(a)] | 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 period-end 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)* | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 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 |
| **Defined-benefit obligation** | **2,567** | **3,128** | **2,144** |

The geographic breakdown of the defined-benefit obligation is as follows:

| *(EUR millions)* | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 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 |
| **Defined-benefit obligation** | **2,567** | **3,128** | **2,144** |

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 LVMH's 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:

| *(as % of market value of related plan assets)* | **Dec. 31, 2022** | **Dec. 31, 2021** | **Dec. 31, 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 |
| **Total** | **100** | **100** | **100** |

These assets do not include debt securities issued by Group companies, nor any LVMH or Christian Dior shares for significant amounts.

The Group plans to increase the related plan assets in 2023 by paying in approximately 117 million euros.

# Note 31. Off-balance sheet commitments

## 31.1 Purchase commitments

| *(EUR millions)* | **Dec. 31, 2022** | **Dec. 31, 2021** | **Dec. 31, 2020** |
|---|---|---|---|
| Grapes, wines and eaux-de-vie | 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:

| *(EUR millions)* | **Less than 1 year** | **From 1 to 5 years** | **More than 5 years** | **Total** |
|---|---|---|---|---|
| Grapes, wines and eaux-de-vie | 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)* | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Securities and deposits | 415 | 415 | 444 |
| Other guarantees | 328 | 162 | 169 |
| **Guarantees given** | **744** | **577** | **613** |
| **Guarantees received** | **(53)** | **(65)** | **(47)** |

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 |
| **Guarantees given** | **537** | **175** | **31** | **744** |
| **Guarantees received** | **(32)** | **(13)** | **(7)** | **(53)** |

## 31.3 Other commitments

The Group is not aware of any significant off-balance sheet commitments other than those described above.

# Note 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.

# Note 33. Related-party transactions

## 33.1 Relations of the Christian Dior group with Agache and its subsidiaries

The Christian Dior group is consolidated in the accounts of Financière Agache, which is owned by Agache SCA.

Agache SCA, which has specialist teams, provides assistance to the Christian Dior group, primarily in the areas of financial engineering, strategy, development, and corporate and real estate law. Agache SCA also leases office premises to the Christian Dior group.

Conversely, the Christian Dior group provides various administrative and operational services and leases real estate and movable property assets to Agache SCA and some of its subsidiaries.

Transactions between the Christian Dior group and Agache and its subsidiaries may be summarized as follows:

| (EUR millions) | 2022 | 2021 | 2020 |
|---|---|---|---|
| – Amounts billed by Agache and its subsidiaries to the Christian Dior group | (4) | (4) | (5) |
| Amount payable outstanding as of December 31 | (1) | - | - |
| – Amounts billed by the Christian Dior group to Agache and its subsidiaries | 12 | 10 | 9 |
| Amount receivable outstanding as of December 31 | 4 | 3 | 2 |

## 33.2 Relations of the Christian Dior group 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 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. Its net contributions to this project are included in "Property, plant and equipment" and are depreciated from the time the museum opened (October 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 Board of Directors in respect of their functions within the Group breaks down as follows:

| (EUR millions) | Dec. 31, 2022 | Dec. 31, 2021 | Dec. 31, 2020 |
|---|---|---|---|
| Gross compensation, employer social security contributions and benefits in kind | 25 | 7 | 17 |
| Post-employment benefits | - | - | 12 |
| Other long-term benefits | - | - | - |
| End-of-contract bonuses | - | - | - |
| Cost of stock option and similar plans | 9 | 7 | 9 |
| **Total** | **34** | **14** | **38** |

The commitment recognized as of December 31, 2022 for post-employment benefits net of related plan assets was 7 million euros (18 million euros as of December 31, 2021 and 24 million euros as of December 31, 2020).

# Note 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.

# 7. Consolidated companies

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| **WINES AND SPIRITS** | | | |
| The Glenmorangie Company | Edinburgh, United Kingdom | FC | 27% |
| Macdonald & Muir Ltd | Edinburgh, United Kingdom | FC | 27% |
| Ardbeg Distillery Limited | Edinburgh, United Kingdom | FC | 27% |
| Glenmorangie Distillery Co. Ltd | Edinburgh, United Kingdom | FC | 27% |
| James Martin & Company Ltd | Edinburgh, United Kingdom | FC | 27% |
| Nicol Anderson & Co. Ltd | Edinburgh, United Kingdom | FC | 27% |
| SAS Château d'Esclans | La Motte, France | FC | 27% |
| Caves d'Esclans | La Motte, France | FC | 27% |
| Esclans Estate | La Motte, France | FC | 27% |
| MHCS | Épernay, France | FC | 27% |
| Moët Hennessy Italia SpA | Milan, Italy | FC | 27% |
| Société Civile des Crus de Champagne | Reims, France | FC | 27% |
| Moët Hennessy UK | London, United Kingdom | FC | 27% |
| Moët Hennessy España | Barcelona, Spain | FC | 27% |
| Moët Hennessy Portugal | Lisbon, Portugal | FC | 27% |
| Moët Hennessy (Suisse) | Geneva, Switzerland | FC | 27% |
| Moët Hennessy Deutschland GmbH | Munich, Germany | FC | 27% |
| Moët Hennessy Entreprise Adaptée | Épernay, France | FC | 27% |
| SCEA Les Fournettes | Monthelon, France | FC | 27% |
| Champagne Des Moutiers | Épernay, France | FC | 27% |
| Moët Hennessy de Mexico | Mexico City, Mexico | FC | 27% |
| Chamfipar | Épernay, France | FC | 27% |
| Société Viticole de Reims | Épernay, France | FC | 27% |
| Compagnie Française du Champagne et du Luxe | Épernay, France | FC | 27% |
| Champagne Bernard Breuzon | Colombé-le-Sec, France | FC | 27% |
| Moët Hennessy Belux | Brussels, Belgium | FC | 27% |
| Champagne De Mansin | Gyé-sur-Seine, France | FC | 27% |
| Moët Hennessy Österreich | Vienna, Austria | FC | 27% |
| Moët Hennessy Polska | Warsaw, Poland | FC | 27% |
| Moët Hennessy Suomi | Helsinki, Finland | FC | 27% |
| Moët Hennessy Czech Republic | Prague, Czech Republic | FC | 27% |
| Moët Hennessy Sverige | Stockholm, Sweden | FC | 27% |
| Moët Hennessy Norge | Sandvika, Norway | FC | 27% |
| Moët Hennessy Danmark | Copenhagen, Denmark | FC | 27% |
| Moët Hennessy Services UK | London, United Kingdom | FC | 27% |
| Moët Hennessy Turkey | Istanbul, Turkey | FC | 27% |
| Moët Hennessy South Africa Pty Ltd | Johannesburg, South Africa | FC | 27% |
| SCEV 4F | Épernay, France | FC | 27% |
| Moët Hennessy Nigeria | Lagos, Nigeria | FC | 27% |
| SAS Champagne Manuel Janisson | Verzenay, France | FC | 27% |
| SCI JVIGNOBLES | Verzenay, France | FC | 27% |
| Moët Hennessy Middle East FZE | Dubai, United Arab Emirates | FC | 27% |
| Moët Hennessy Nederland | Baarn, Netherlands | FC | 27% |
| Moët Hennessy USA | New York, USA | FC | 27% |
| MHD Moët Hennessy Diageo | Courbevoie, France | JV | 27% |
| SA Du Château d'Yquem | Sauternes, France | FC | 40% |
| SC Du Château d'Yquem | Sauternes, France | FC | 40% |
| Société Civile Cheval Blanc (SCCB) | Saint-Émilion, France | EM | 21% |
| Société du Domaine des Lambrays | Morey-Saint-Denis, France | FC | 42% |
| Colgin Cellars | California, USA | FC | 25% |
| Chandon International | Paris, France | FC | 27% |
| Domaine Chandon, Inc. | California, USA | FC | 27% |
| Dioniso Srl | Sesto San Giovanni, Italy | JV | 14% |
| Moët Hennessy Do Brasil – Vinhos E Destilados | São Paulo, Brazil | FC | 27% |
| Bodegas Chandon Argentina | Buenos Aires, Argentina | FC | 27% |
| Domaine Chandon Australia Pty | Coldstream, Victoria, Australia | FC | 27% |
| Domaine Chandon (Ningxia) Moët Hennessy Co. Ltd | Yinchuan, China | FC | 27% |
| Moët Hennessy Chandon (Ningxia) Vineyards Co. Ltd | Yinchuan, China | FC | 16% |
| Ace of Spades Holdings LLC | New York, USA | FC | 14% |
| Cheval des Andes | Buenos Aires, Argentina | EM | 14% |
| Cape Mentelle Vineyards Ltd | Margaret River, Australia | FC | 27% |
| Veuve Clicquot Pties Pty Ltd | Margaret River, Australia | FC | 27% |
| Cloudy Bay Vineyards Ltd | Blenheim, New Zealand | FC | 27% |
| Moët Hennessy Shangri-La (Deqin) Winery Company | Deqin, China | FC | 22% |
| Newton Vineyard LLC | California, USA | FC | 27% |
| Château du Galoupet | La Londe-les-Maures, France | FC | 27% |
| Joseph Phelps Vineyards | California, USA | FC | 27% |
| Jas Hennessy & Co. | Cognac, France | FC | 27% |
| Distillerie de la Groie | Cognac, France | FC | 27% |
| SICA de Bagnolet | Cognac, France | FC | 2% |
| Sodepa | Cognac, France | FC | 27% |
| Diageo Moët Hennessy BV | Amsterdam, Netherlands | JV | 27% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Hennessy Dublin | Dublin, Ireland | FC | 27% |
| Edward Dillon & Co. Ltd | Dublin, Ireland | EM | 11% |
| Hennessy Far East | Hong Kong, China | FC | 27% |
| Moët Hennessy Diageo Hong Kong | Hong Kong, China | JV | 27% |
| Riche Monde (China) | Hong Kong, China | JV | 27% |
| Moët Hennessy Diageo Macau | Macao, China | JV | 27% |
| Moët Hennessy Diageo Singapore Pte | Singapore | JV | 27% |
| Moët Hennessy Diageo Malaysia Sdn. | Kuala Lumpur, Malaysia | JV | 27% |
| Moët Hennessy Cambodia Co. | Phnom Penh, Cambodia | FC | 14% |
| Moët Hennessy Philippines | Makati, Philippines | FC | 21% |
| Diageo Moët Hennessy Thailand | Bangkok, Thailand | JV | 27% |
| Moët Hennessy Shanghai | Shanghai, China | FC | 27% |
| Moët Hennessy India | Mumbai, India | FC | 27% |
| Jas Hennessy Taiwan | Taipei, Taiwan | FC | 27% |
| Moët Hennessy Diageo China Company | Shanghai, China | JV | 27% |
| Moët Hennessy Distribution Russia | Moscow, Russia | FC | 27% |
| Moët Hennessy Vietnam Importation Co. | Ho Chi Minh City, Vietnam | FC | 27% |
| Moët Hennessy Vietnam Distribution Shareholding Co. | Ho Chi Minh City, Vietnam | FC | 14% |
| Moët Hennessy Russia | Moscow, Russia | FC | 27% |
| MH Champagnes and Wines Korea Ltd | Icheon, South Korea | FC | 27% |
| MHD Moët Hennessy Diageo | Tokyo, Japan | JV | 27% |
| Moët Hennessy Asia Pacific Pte Ltd | Singapore | FC | 27% |
| Moët Hennessy Australia | Mascot, Australia | FC | 27% |
| Polmos Żyrardów Sp. z o.o. | Żyrardów, Poland | FC | 27% |
| Woodinville Whiskey Company LLC | Washington, USA | FC | 27% |
| RUM Entreprise | Paris, France | FC | 27% |
| Agrotequilera de Jalisco | Mexico City, Mexico | EM | 14% |
| Cravan | Paris, France | FC | 27% |
| **FASHION AND LEATHER GOODS** | | | |
| Manufacture de Souliers Louis Vuitton | Fiesso d'Artico, Italy | FC | 42% |
| Louis Vuitton Malletier | Paris, France | FC | 42% |
| Louis Vuitton Saint-Barthélemy | Saint-Barthélemy, French Antilles | FC | 42% |
| Louis Vuitton Cantacilik Ticaret | Istanbul, Turkey | FC | 42% |
| Louis Vuitton Editeur | Paris, France | FC | 42% |
| Louis Vuitton International | Paris, France | FC | 42% |
| Société des Ateliers Louis Vuitton | Paris, France | FC | 42% |
| Les Ateliers Joailliers Louis Vuitton | Paris, France | FC | 42% |
| Manufacture des Accessoires Louis Vuitton | Fiesso d'Artico, Italy | FC | 42% |
| Louis Vuitton Bahrain WLL | Manama, Bahrain | FC | 31% |
| Société Louis Vuitton Services | Paris, France | FC | 42% |
| Louis Vuitton Qatar LLC | Doha, Qatar | FC | 30% |
| Société des Magasins Louis Vuitton France | Paris, France | FC | 42% |
| Belle Jardinière | Paris, France | FC | 42% |
| La Fabrique du Temps Louis Vuitton | Meyrin, Switzerland | FC | 42% |
| Louis Vuitton Monaco | Monte Carlo, Monaco | FC | 42% |
| ELV | Paris, France | FC | 42% |
| Louis Vuitton Services Europe | Brussels, Belgium | FC | 42% |
| Louis Vuitton UK | London, United Kingdom | FC | 42% |
| Louis Vuitton Ireland | Dublin, Ireland | FC | 42% |
| Louis Vuitton Deutschland | Munich, Germany | FC | 42% |
| Louis Vuitton Ukraine | Kiev, Ukraine | FC | 42% |
| Manufacture de Maroquinerie et Accessoires Louis Vuitton | Barcelona, Spain | FC | 42% |
| Atepeli – Ateliers des Ponte de Lima | Calvelo, Portugal | FC | 42% |
| Louis Vuitton Netherlands | Amsterdam, Netherlands | FC | 42% |
| Louis Vuitton Belgium | Brussels, Belgium | FC | 42% |
| Louis Vuitton Luxembourg | Luxembourg | FC | 42% |
| Louis Vuitton Hellas | Athens, Greece | FC | 42% |
| Louis Vuitton Portugal Maleiro | Lisbon, Portugal | FC | 42% |
| Louis Vuitton Israel | Tel Aviv, Israel | FC | 42% |
| Louis Vuitton Danmark | Copenhagen, Denmark | FC | 42% |
| Louis Vuitton Aktiebolag | Stockholm, Sweden | FC | 42% |
| Louis Vuitton Suisse | Meyrin, Switzerland | FC | 42% |
| Louis Vuitton Polska Sp. Z O.O. | Warsaw, Poland | FC | 42% |
| Louis Vuitton Ceska | Prague, Czech Republic | FC | 42% |
| Louis Vuitton Österreich | Vienna, Austria | FC | 42% |
| Louis Vuitton Kazakhstan | Almaty, Kazakhstan | FC | 42% |
| Louis Vuitton US Manufacturing, Inc. | California, USA | FC | 42% |
| Somarest | Sibiu, Romania | FC | 42% |
| Louis Vuitton Hawaii, Inc. | Hawaii, USA | FC | 42% |
| Louis Vuitton Guam, Inc. | Tamuning, Guam | FC | 42% |
| Louis Vuitton Saipan Inc. | Saipan, Northern Mariana Islands | FC | 42% |
| Louis Vuitton Norge | Oslo, Norway | FC | 42% |
| San Dimas Luggage Company | California, USA | FC | 42% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Louis Vuitton North America, Inc. | New York, USA | FC | 42% |
| Louis Vuitton USA, Inc. | New York, USA | FC | 42% |
| Louis Vuitton Liban Retail SAL | Beirut, Lebanon | FC | 40% |
| Louis Vuitton Vietnam Company Limited | Hanoi, Vietnam | FC | 42% |
| Louis Vuitton Suomi | Helsinki, Finland | FC | 42% |
| Louis Vuitton Romania Srl | Bucharest, Romania | FC | 42% |
| LVMH Fashion Group Brasil Ltda | São Paulo, Brazil | FC | 42% |
| Louis Vuitton Panama, Inc. | Panama City, Panama | FC | 42% |
| Louis Vuitton Mexico | Mexico City, Mexico | FC | 42% |
| Louis Vuitton Chile Spa | Santiago de Chile, Chile | FC | 42% |
| Louis Vuitton (Aruba) | Oranjestad, Aruba | FC | 42% |
| Louis Vuitton Republica Dominicana | Santo Domingo, Dominican Republic | FC | 42% |
| Louis Vuitton Argentina | Buenos Aires, Argentina | FC | 42% |
| Louis Vuitton Peru Srl | Lima, Peru | FC | 42% |
| Louis Vuitton Pacific | Hong Kong, China | FC | 42% |
| Louis Vuitton Hong Kong Limited | Hong Kong, China | FC | 42% |
| Louis Vuitton (Philippines) Inc. | Makati, Philippines | FC | 42% |
| Louis Vuitton Singapore Pte Ltd | Singapore | FC | 42% |
| LV Information & Opération Services Pte Ltd | Singapore | FC | 42% |
| PT Louis Vuitton Indonesia | Jakarta, Indonesia | FC | 41% |
| Louis Vuitton (Malaysia) Sdn. Bhd. | Kuala Lumpur, Malaysia | FC | 42% |
| Louis Vuitton (Thailand) Société Anonyme | Bangkok, Thailand | FC | 42% |
| Louis Vuitton Taiwan Ltd | Taipei, Taiwan | FC | 42% |
| Louis Vuitton Australia Pty Ltd | Sydney, Australia | FC | 42% |
| Louis Vuitton (China) Co. Ltd | Shanghai, China | FC | 42% |
| Louis Vuitton New Zealand | Auckland, New Zealand | FC | 42% |
| Louis Vuitton Kuwait WLL | Kuwait City, Kuwait | FC | 15% |
| Louis Vuitton India Retail Private Limited | Gurugram, India | FC | 42% |
| Louis Vuitton EAU LLC | Dubai, United Arab Emirates | FC | 31% |
| Louis Vuitton Saudi Arabia Ltd | Jeddah, Saudi Arabia | FC | 31% |
| Louis Vuitton Middle East | Dubai, United Arab Emirates | FC | 31% |
| Louis Vuitton – Jordan PSC | Amman, Jordan | FC | 40% |
| Louis Vuitton Orient LLC | Ras Al Khaimah, United Arab Emirates | FC | 31% |
| L.D. Manufacture Srl | Sant'Antimo, Italy | FC | 37% |
| Microedge Sàrl | Vernier, Switzerland | FC | 42% |
| LV Qatar Airport QFZ LLC | Doha, Qatar | FC | 42% |
| Louis Vuitton Korea Ltd | Seoul, South Korea | FC | 42% |
| LV Investments SAS | Paris, France | FC | 42% |
| Gérald G. | Meyrin, Switzerland | FC | 42% |
| Daniel R. | Meyrin, Switzerland | FC | 42% |
| LVMH Fashion Group Trading Korea Ltd | Seoul, South Korea | FC | 42% |
| Louis Vuitton Hungaria Kft. | Budapest, Hungary | FC | 42% |
| Louis Vuitton Vostok | Moscow, Russia | FC | 42% |
| LV Colombia SAS | Santa Fé de Bogota, Colombia | FC | 42% |
| Louis Vuitton Maroc | Casablanca, Morocco | FC | 42% |
| Louis Vuitton South Africa | Johannesburg, South Africa | FC | 42% |
| Louis Vuitton Macau Company Limited | Macao, China | FC | 42% |
| Louis Vuitton Japan KK | Tokyo, Japan | FC | 41% |
| Louis Vuitton Services KK | Tokyo, Japan | FC | 41% |
| Louis Vuitton Canada, Inc. | Toronto, Canada | FC | 42% |
| Louis Vuitton Italia Srl | Milan, Italy | FC | 42% |
| Marc Jacobs International | New York, USA | FC | 33% |
| Marc Jacobs International (UK) | London, United Kingdom | FC | 33% |
| Marc Jacobs Trademarks | New York, USA | FC | 33% |
| Marc Jacobs Japan | Tokyo, Japan | FC | 33% |
| Marc Jacobs International France | Paris, France | FC | 33% |
| Marc Jacobs Commercial and Trading (Shanghai) Co. | Shanghai, China | FC | 33% |
| Marc Jacobs Hong Kong | Hong Kong, China | FC | 33% |
| Marc Jacobs Holdings | New York, USA | FC | 33% |
| Marc Jacobs Hong Kong Distribution Company | Hong Kong, China | FC | 33% |
| Marc Jacobs Macau Distribution Company | Macao, China | FC | 33% |
| Marc Jacobs Canada | Toronto, Canada | FC | 33% |
| Loewe | Madrid, Spain | FC | 42% |
| Loewe Hermanos | Madrid, Spain | FC | 42% |
| Manufacturas Loewe | Madrid, Spain | FC | 42% |
| LVMH Fashion Group France | Paris, France | FC | 42% |
| Loewe Hermanos UK | London, United Kingdom | FC | 42% |
| Loewe Hong Kong | Hong Kong, China | FC | 42% |
| Loewe Commercial and Trading (Shanghai) Co. | Shanghai, China | FC | 42% |
| Loewe Fashion | Singapore | FC | 42% |
| Loewe Taiwan | Taipei, Taiwan | FC | 42% |
| Loewe Macau Company | Macao, China | FC | 42% |
| Loewe Alemania | Frankfurt, Germany | FC | 42% |
| Loewe Italy | Milan, Italy | FC | 42% |
| Loewe Holanda BV | Amsterdam, Netherlands | FC | 42% |
| Loewe LLC | New York, USA | FC | 42% |
| Loewe Australia | Sydney, Australia | FC | 42% |
| Loewe Korea Ltd | Seoul, South Korea | FC | 42% |
| Loewe JV Middle East WLL | Dubai, United Arab Emirates | FC | 27% |
| LVMH Fashion Group Support | Paris, France | FC | 42% |
| Berluti SA | Paris, France | FC | 42% |
| Berluti Monaco | Monte Carlo, Monaco | FC | 42% |
| Manifattura Berluti Srl | Ferrara, Italy | FC | 42% |
| Berluti LLC | New York, USA | FC | 42% |
| Berluti UK Limited (Company) | London, United Kingdom | FC | 42% |
| Berluti Deutschland GmbH | Munich, Germany | FC | 42% |
| Berluti Macau Company Limited | Macao, China | FC | 42% |
| Berluti Singapore Private Ltd | Singapore | FC | 42% |
| Berluti (Shanghai) Company Limited | Shanghai, China | FC | 42% |
| Berluti Taiwan Ltd | Taipei, Taiwan | FC | 42% |
| Berluti Hong Kong Company Limited | Hong Kong, China | FC | 42% |
| Berluti Orient FZ LLC | Ras Al Khaimah, United Arab Emirates | FC | 27% |
| Berluti EAU LLC | Dubai, United Arab Emirates | FC | 27% |
| Berluti Korea Company Ltd | Seoul, South Korea | FC | 31% |
| Berluti Australia | Sydney, Australia | FC | 42% |
| Berluti Japan KK | Tokyo, Japan | FC | 41% |
| Berluti Italia Srl | Milan, Italy | FC | 42% |
| Rossimoda | Vigonza, Italy | FC | 42% |
| Rossimoda Romania | Cluj-Napoca, Romania | FC | 42% |
| LVMH Fashion Group Services | Paris, France | FC | 42% |
| Interlux Company | Hong Kong, China | FC | 42% |
| John Galliano SA | Paris, France | FC | 42% |
| Loro Piana | Quarona, Italy | FC | 35% |
| Loro Piana Switzerland | Lugano, Switzerland | FC | 35% |
| Loro Piana France | Paris, France | FC | 35% |
| Loro Piana | Munich, Germany | FC | 35% |
| Loro Piana GB | London, United Kingdom | FC | 35% |
| LG Distribution LLC | Delaware, USA | FC | 35% |
| Warren Corporation | Connecticut, USA | FC | 35% |
| Loro Piana & C. | New York, USA | FC | 35% |
| Loro Piana USA | New York, USA | FC | 35% |
| Loro Piana (HK) | Hong Kong, China | FC | 35% |
| Loro Piana (Shanghai) Commercial Co. | Shanghai, China | FC | 35% |
| Loro Piana (Shanghai) Textile Trading Co. | Shanghai, China | FC | 35% |
| Loro Piana Mongolia | Ulaanbaatar, Mongolia | FC | 35% |
| Loro Piana Korea Co. | Seoul, South Korea | FC | 35% |
| Loro Piana (Macau) | Macao, China | FC | 35% |
| Loro Piana Monaco | Monte Carlo, Monaco | FC | 35% |
| Loro Piana España | Madrid, Spain | FC | 35% |
| Loro Piana Japan Co. | Tokyo, Japan | FC | 35% |
| Loro Piana Far East | Singapore | FC | 35% |
| Loro Piana Peru | Lucanas, Peru | FC | 35% |
| Manifattura Loro Piana | Sillavengo, Italy | FC | 35% |
| Loro Piana Oesterreich | Vienna, Austria | FC | 35% |
| Loro Piana Czech Republic | Prague, Czech Republic | FC | 35% |
| Loro Piana Canada | Toronto, Canada | FC | 35% |
| Cashmere Lifestyle Luxury Trading LLC | Dubai, United Arab Emirates | FC | 21% |
| Loro Piana Mexico SA de CV | Naucalpan, Mexico | FC | 35% |
| Vicuna Trading WLL | Doha, Qatar | FC | 22% |
| HLI Holding Pte Ltd | Singapore | FC | 42% |
| Heng Long International Ltd | Singapore | FC | 42% |
| Heng Long Leather Co. (Pte) Ltd | Singapore | FC | 42% |
| Heng Long Leather (Guangzhou) Co. Ltd | Guangzhou, China | FC | 42% |
| HL Australia Proprietary Ltd | Sydney, Australia | FC | 42% |
| Starke Holding | Florida, USA | FC | 42% |
| Cypress Creek Farms | Florida, USA | FC | 42% |
| The Florida Alligator Company | Florida, USA | FC | 42% |
| Pellefina | Florida, USA | FC | 42% |
| Sofpar 126 | Paris, France | FC | 42% |
| LVMH Métiers D'Art | Paris, France | FC | 42% |
| Tanneries Roux | Romans-sur-Isère, France | FC | 42% |
| Jade Creaction | Albergaria-a-Velha, Portugal | FC | 23% |
| Jade Jewellery | Paris, France | FC | 23% |
| Off-White LLC | New York, USA | FC | 42% |
| Off-White Operating Srl | Milan, Italy | EM | 10% |
| Jean Patou SAS | Paris, France | FC | 29% |
| Rimowa GmbH | Cologne, Germany | FC | 42% |
| Rimowa GmbH & Co Distribution KG | Cologne, Germany | FC | 42% |
| Rimowa Electronic Tag GmbH | Cologne, Germany | FC | 42% |
| Rimowa CZ spol. s r.o. | Pelhrimov, Czech Republic | FC | 42% |
| Rimowa America Do Sul Malas De Viagem Ltda | São Paulo, Brazil | FC | 42% |
| Rimowa North America Inc. | Cambridge, Canada | FC | 42% |
| Rimowa Inc. | New York, USA | FC | 42% |
| Rimowa Distribution Inc. | New York, USA | FC | 42% |
| Rimowa Far East Limited | Hong Kong, China | FC | 42% |
| Rimowa Macau Limited | Macao, China | FC | 42% |
| Rimowa Japan Co. Ltd | Tokyo, Japan | FC | 42% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Rimowa France SARL | Paris, France | FC | 42% |
| Rimowa Italy Srl | Milan, Italy | FC | 42% |
| Rimowa Netherlands BV | Amsterdam, Netherlands | FC | 42% |
| Rimowa Spain SLU | Madrid, Spain | FC | 42% |
| Rimowa Great Britain Limited | London, United Kingdom | FC | 42% |
| Rimowa Austria GmbH | Innsbruck, Austria | FC | 42% |
| Rimowa Schweiz AG | Dübendorf, Switzerland | FC | 42% |
| 110 Vondrau Holdings Inc. | Cambridge, Canada | FC | 42% |
| Rimowa China | Shanghai, China | FC | 42% |
| Rimowa International | Paris, France | FC | 42% |
| Rimowa Group Services | Paris, France | FC | 42% |
| Rimowa Middle East FZ-LLC | Dubai, United Arab Emirates | FC | 42% |
| Rimowa Korea Ltd | Seoul, South Korea | FC | 42% |
| Rimowa Orient Trading-LLC | Dubai, United Arab Emirates | FC | 42% |
| Rimowa Singapore | Singapore | FC | 42% |
| Rimowa Australia | Sydney, Australia | FC | 42% |
| Rimowa Group GmbH | Cologne, Germany | FC | 42% |
| Rimowa Malaysia Sdn. Bhd. | Kuala Lumpur, Malaysia | FC | 42% |
| Anin Star Holding Limited | London, United Kingdom | EM | 20% |
| Stella McCartney Limited | London, United Kingdom | EM | 20% |
| Stella McCartney America, Inc. | Delaware, USA | EM | 20% |
| Stella McCartney France SAS | Paris, France | EM | 20% |
| Stella McCartney Spain SL | Barcelona, Spain | EM | 20% |
| Stella McCartney Italia Srl a socio unico | Milan, Italy | EM | 20% |
| Stella McCartney (Shanghai) Trading Limited | Shanghai, China | EM | 20% |
| Stella McCartney Japan Limited | Tokyo, Japan | EM | 20% |
| Stella McCartney Hong Kong Limited | Harbour City, China | EM | 20% |
| Luxury Fashion (L.F.) SA | Candempino, Switzerland | EM | 20% |
| Thélios | Longarone, Italy | FC | 42% |
| Thélios France | Paris, France | FC | 42% |
| Thélios USA Inc. | New Jersey, USA | FC | 42% |
| Thélios Asia Pacific Limited | Harbour City, China | FC | 42% |
| Thélios Deutschland GmbH | Cologne, Germany | FC | 42% |
| Thélios Switzerland GmbH | Zurich, Switzerland | FC | 42% |
| Thélios Iberian Peninsula SL | Barcelona, Spain | FC | 42% |
| Thélios Portugal, Unipersoal Lda. | Lisbon, Portugal | FC | 42% |
| Thélios UK | London, United Kingdom | FC | 42% |
| Thelios Eyewear (Shanghai) Co. Ltd | Shanghai, China | FC | 42% |
| Thélios Nordics AB | Stockholm, Sweden | FC | 42% |
| Thelios Australia Pty Ltd | Brisbane, Australia | FC | 42% |
| Christian Dior Couture Korea Ltd | Seoul, South Korea | FC | 42% |
| Christian Dior KK | Tokyo, Japan | FC | 42% |
| Christian Dior Inc. | New York, USA | FC | 42% |
| Christian Dior Far East Ltd | Hong Kong, China | FC | 42% |
| Christian Dior Hong Kong Ltd | Hong Kong, China | FC | 42% |
| Christian Dior Fashion (Malaysia) Sdn. Bhd. | Kuala Lumpur, Malaysia | FC | 42% |
| Christian Dior Singapore Pte Ltd | Singapore | FC | 42% |
| Christian Dior Australia Pty Ltd | Sydney, Australia | FC | 42% |
| Christian Dior New Zealand Ltd | Auckland, New Zealand | FC | 42% |
| Christian Dior Taiwan Limited | Taipei, Taiwan | FC | 42% |
| Oteline | Rillieux-la-Pape, France | FC | 37% |
| 161 NBS Ltd | London, United Kingdom | FC | 42% |
| FG Manufacture | Villeurbanne, France | FC | 42% |
| Rubens | Florence, Italy | FC | 42% |
| Art Lab | Santa Croce sull'Arno, Italy | FC | 29% |
| Neri Sport | Venice, Italy | FC | 23% |
| Manifattura Salento AF | Casarano, Italy | FC | 17% |
| Pelleterie Eiffel | Florence, Italy | EM | 21% |
| Christian Dior (Thailand) Co. Ltd | Bangkok, Thailand | FC | 42% |
| Christian Dior Saipan Ltd | Saipan, Northern Mariana Islands | FC | 42% |
| Christian Dior Guam Ltd | Tumon Bay, Guam | FC | 42% |
| Christian Dior Espanola | Madrid, Spain | FC | 42% |
| Christian Dior UK Limited | London, United Kingdom | FC | 42% |
| Christian Dior Italia Srl | Milan, Italy | FC | 42% |
| Christian Dior Suisse SA | Geneva, Switzerland | FC | 42% |
| Christian Dior GmbH | Pforzheim, Germany | FC | 42% |
| Christian Dior Fourrure M.C. | Monte Carlo, Monaco | FC | 42% |
| PT Christian Dior Indonesia | Jakarta, Indonesia | FC | 33% |
| Christian Dior do Brasil Ltda | São Paulo, Brazil | FC | 42% |
| Christian Dior Belgique | Brussels, Belgium | FC | 42% |
| Bopel | Lugagnano Val d'Arda, Italy | FC | 42% |
| Christian Dior Couture CZ | Prague, Czech Republic | FC | 42% |
| Ateliers AS | Pierre-Bénite, France | EM | 10% |
| Christian Dior Couture | Paris, France | FC | 42% |
| Christian Dior Couture FZE | Dubai, United Arab Emirates | FC | 42% |
| Christian Dior Couture Maroc | Casablanca, Morocco | FC | 42% |
| Christian Dior Macau Single Shareholder Company Limited | Macao, China | FC | 42% |
| Christian Dior S. de R.L. de C.V. | Mexico City, Mexico | FC | 42% |
| Les Ateliers Bijoux GmbH | Pforzheim, Germany | FC | 42% |
| Christian Dior Commercial (Shanghai) Co. Ltd | Shanghai, China | FC | 42% |
| Christian Dior Trading India Private Limited | Mumbai, India | FC | 42% |
| Christian Dior Couture Stoleshnikov | Moscow, Russia | FC | 42% |
| CDCH SA | Luxembourg | FC | 35% |
| CDC Abu-Dhabi LLC Couture | Abu Dhabi, United Arab Emirates | FC | 35% |
| Dior Grèce Société Anonyme Garments Trading | Athens, Greece | FC | 42% |
| CDC General Trading LLC | Dubai, United Arab Emirates | FC | 33% |
| Christian Dior Istanbul Magazacilik Anonim Sirketi | Istanbul, Turkey | FC | 42% |
| Christian Dior Couture Qatar LLC | Doha, Qatar | FC | 34% |
| Christian Dior Couture Bahrain W.L.L. | Manama, Bahrain | FC | 35% |
| PT Fashion Indonesia Trading Company | Jakarta, Indonesia | FC | 42% |
| Christian Dior Couture Ukraine | Kiev, Ukraine | FC | 42% |
| CDCG FZCO | Dubai, United Arab Emirates | FC | 35% |
| COU.BO Srl | Arzano, Italy | FC | 42% |
| Christian Dior Netherlands BV | Amsterdam, Netherlands | FC | 42% |
| Christian Dior Vietnam Limited Liability Company | Hanoi, Vietnam | FC | 42% |
| Vermont | Paris, France | FC | 42% |
| Christian Dior Couture Kazakhstan | Almaty, Kazakhstan | FC | 42% |
| Christian Dior Austria GmbH | Vienna, Austria | FC | 42% |
| Manufactures Dior Srl | Milan, Italy | FC | 42% |
| Christian Dior Couture Azerbaijan | Baku, Azerbaijan | FC | 42% |
| Draupnir SA | Luxembourg | FC | 42% |
| Myolnir SA | Luxembourg | FC | 42% |
| CD Philippines | Makati, Philippines | FC | 42% |
| Christian Dior Couture Luxembourg SA | Luxembourg | FC | 42% |
| Les Ateliers Horlogers Dior | La Chaux-de-Fonds, Switzerland | FC | 42% |
| Dior Montres | Paris, France | FC | 42% |
| Christian Dior Couture Canada Inc. | Toronto, Canada | FC | 42% |
| IDMC Manufacture | Limoges, France | FC | 42% |
| GINZA SA | Luxembourg | FC | 42% |
| GFEC. Srl | Casoria, Italy | FC | 42% |
| CDC Kuwait Fashion Accessories WLL | Kuwait City, Kuwait | FC | 35% |
| Aurelia Solutions Srl | Milan, Italy | FC | 42% |
| Lemanus | Luxembourg | FC | 42% |
| LikeABee | Lisbon, Portugal | FC | 42% |
| CD Norway AS | Oslo, Norway | FC | 42% |
| Cador | Florence, Italy | FC | 42% |
| Christian Dior Couture Ireland | Dublin, Ireland | FC | 42% |
| Christian Dior Portugal, Unipessoal LDA | Lisbon, Portugal | FC | 42% |
| CD Montenegro | Podgorica, Montenegro | FC | 42% |
| Christian Dior Couture Travel Retail Company | Doha, Qatar | FC | 42% |
| Christian Dior Couture Saint-Barthélemy | Saint-Barthélemy, French Antilles | FC | 42% |
| JW Anderson Limited | London, United Kingdom | EM | 19% |
| JW Anderson China | Shanghai, China | EM | 19% |
| Celine SA | Paris, France | FC | 42% |
| Avenue M International SCA | Paris, France | FC | 42% |
| Enilec Gestion SARL | Paris, France | FC | 42% |
| Celine Montaigne SAS | Paris, France | FC | 42% |
| Celine Monte-Carlo SA | Monte Carlo, Monaco | FC | 42% |
| Celine Germany GmbH | Berlin, Germany | FC | 42% |
| Celine Production Srl | Florence, Italy | FC | 42% |
| Celine Suisse SA | Geneva, Switzerland | FC | 42% |
| Celine UK Ltd | London, United Kingdom | FC | 42% |
| Celine Inc. | New York, USA | FC | 42% |
| Celine (Hong Kong) Limited | Hong Kong, China | FC | 42% |
| Celine Commercial and Trading (Shanghai) Co. Ltd | Shanghai, China | FC | 42% |
| Celine Distribution Singapore | Singapore | FC | 42% |
| Celine Boutique Taiwan Co. Ltd | Taipei, Taiwan | FC | 42% |
| CPC Macau Company Limited | Macao, China | FC | 42% |
| LVMH FG Services UK | London, United Kingdom | FC | 42% |
| Celine Distribution Spain S.L.U. | Madrid, Spain | FC | 42% |
| RC Diffusion Rive Droite SARL | Paris, France | FC | 42% |
| Celine EAU LLC | Dubai, United Arab Emirates | FC | 22% |
| Celine Qatar | Doha, Qatar | FC | 27% |
| Celine Netherlands BV | Baarn, Netherlands | FC | 42% |
| Celine Australia Ltd Co. | Sydney, Australia | FC | 42% |
| Celine Sweden AB | Stockholm, Sweden | FC | 42% |
| Celine Czech Republic | Prague, Czech Republic | FC | 42% |
| Celine Middle East | Dubai, United Arab Emirates | FC | 27% |
| Celine Canada | Toronto, Canada | FC | 42% |
| Celine Thailand | Bangkok, Thailand | FC | 42% |
| Celine Philippines | Makati, Philippines | FC | 42% |
| Celine Denmark | Copenhagen, Denmark | FC | 42% |
| LMP LLC | New York, USA | FC | 42% |
| Celine Korea Ltd | Seoul, South Korea | FC | 42% |
| Celine Italia | Milan, Italy | FC | 42% |
| Phoebe Philo Ltd | London, United Kingdom | EM | 12% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Givenchy SA | Paris, France | FC | 42% |
| Givenchy Corporation | New York, USA | FC | 42% |
| Givenchy China Co. | Hong Kong, China | FC | 42% |
| Givenchy Couture Ltd | London, United Kingdom | FC | 42% |
| Givenchy (Shanghai) Commercial and Trading Co. | Shanghai, China | FC | 42% |
| GCCL Macau Co. | Macao, China | FC | 42% |
| Givenchy Italia Srl | Florence, Italy | FC | 42% |
| Givenchy Germany | Cologne, Germany | FC | 42% |
| LVMH Fashion Group Japan KK | Tokyo, Japan | FC | 42% |
| Givenchy Taiwan | Taipei, Taiwan | FC | 42% |
| Givenchy Trading WLL | Doha, Qatar | FC | 22% |
| LVMH FG ME FZ LLC | Dubai, United Arab Emirates | FC | 27% |
| George V EAU LLC | Dubai, United Arab Emirates | FC | 22% |
| Givenchy Saudi For Trading Company | Riyadh, Saudi Arabia | FC | 20% |
| Givenchy Singapore | Singapore | FC | 42% |
| Givenchy Korea Ltd | Seoul, South Korea | FC | 42% |
| Kenzo SA | Paris, France | FC | 42% |
| Kenzo Belgique SA | Brussels, Belgium | FC | 42% |
| Kenzo Paris Netherlands | Amsterdam, Netherlands | FC | 42% |
| Kenzo UK Limited | London, United Kingdom | FC | 42% |
| Kenzo Italia Srl | Milan, Italy | FC | 42% |
| Kenzo Paris Singapore | Singapore | FC | 42% |
| Kenzo Paris Japan KK | Tokyo, Japan | FC | 42% |
| Kenzo Paris Hong Kong Company | Hong Kong, China | FC | 42% |
| Kenzo Paris USA LLC | New York, USA | FC | 42% |
| Kenzo Paris Macau Company Ltd | Macao, China | FC | 42% |
| Holding Kenzo Asia | Hong Kong, China | FC | 21% |
| Kenzo Paris Shanghai | Shanghai, China | FC | 21% |
| LVMH Fashion Group Malaysia | Kuala Lumpur, Malaysia | FC | 42% |
| Outshine Mexico S. de R.L. de C.V. | Mexico City, Mexico | FC | 42% |
| Fendi Timepieces SA | Neuchâtel, Switzerland | FC | 42% |
| Support Retail Mexico S de R.L. de C.V. | Mexico City, Mexico | FC | 42% |
| Fendi Prague s.r.o. | Prague, Czech Republic | FC | 42% |
| Luxury Kuwait for Ready Wear Company WLL | Kuwait City, Kuwait | FC | 26% |
| Fun Fashion Qatar LLC | Doha, Qatar | FC | 33% |
| Fendi Netherlands BV | Baarn, Netherlands | FC | 42% |
| Fendi Australia Pty Ltd | Sydney, Australia | FC | 42% |
| Fendi Brasil-Comercio de Artigos de Luxo | São Paulo, Brazil | FC | 42% |
| Fendi RU LLC | Moscow, Russia | FC | 42% |
| Fendi Canada Inc. | Toronto, Canada | FC | 42% |
| Fendi International SAS | Paris, France | FC | 42% |
| Fendi Doha LLC | Doha, Qatar | FC | 21% |
| Fendi Spain SL | Madrid, Spain | FC | 42% |
| Fendi Monaco S.A.M. | Monte Carlo, Monaco | FC | 41% |
| Fun Fashion Emirates LLC | Dubai, United Arab Emirates | FC | 26% |
| Borgo Srl | Pienza, Italy | EM | 12% |
| Fashion Furniture Design SpA | Milan, Italy | EM | 8% |
| Fendi Greece Single Member SA | Glyfada, Greece | FC | 42% |
| Fashion Furniture Design UK Limited | London, United Kingdom | EM | 8% |
| FF Design USA, Inc. | New York, USA | EM | 8% |
| Fendi Vietnam Company Limited | Ho Chi Minh City, Vietnam | FC | 42% |
| Fendi Qatar QFZ LLC | Doha, Qatar | FC | 42% |
| Maglificio Matisse Srl | Sant'Egidio alla Vibrata, Italy | FC | 25% |
| Fashion Furniture Design (Shanghai) Co. Ltd | Shanghai, China | EM | 8% |
| Fun Fashion Bahrain Co. WLL | Manama, Bahrain | FC | 26% |
| Fendi Srl | Rome, Italy | FC | 42% |
| Fendi Dis Ticaret Ltd Sti | Istanbul, Turkey | FC | 42% |
| Fendi Philippines Corp. | Makati, Philippines | FC | 42% |
| Fendi Italia Srl | Rome, Italy | FC | 42% |
| Fendi UK Ltd | London, United Kingdom | FC | 42% |
| Fendi France SAS | Paris, France | FC | 42% |
| Fendi North America Inc. | New York, USA | FC | 42% |
| Fendi (Thailand) Company Limited | Bangkok, Thailand | FC | 42% |
| Fendi Asia Pacific Limited | Hong Kong, China | FC | 42% |
| Fendi Korea Ltd | Seoul, South Korea | FC | 42% |
| Fendi Taiwan Ltd | Taipei, Taiwan | FC | 42% |
| Fendi Hong Kong Limited | Hong Kong, China | FC | 42% |
| Fendi China Boutiques Limited | Hong Kong, China | FC | 42% |
| Fendi (Singapore) Pte Ltd | Singapore | FC | 42% |
| Fendi Fashion (Malaysia) Sdn. Bhd. | Kuala Lumpur, Malaysia | FC | 42% |
| Fendi Switzerland SA | Mendrisio, Switzerland | FC | 42% |
| Fun Fashion FZCO | Dubai, United Arab Emirates | FC | 32% |
| Fendi Macau Company Limited | Macao, China | FC | 42% |
| Fendi Germany GmbH | Munich, Germany | FC | 42% |
| Fendi Austria GmbH | Vienna, Austria | FC | 42% |
| Fendi (Shanghai) Co. Ltd | Shanghai, China | FC | 42% |
| Fendi Saudi For Trading LLC | Jeddah, Saudi Arabia | FC | 32% |
| Fun Fashion India Private Ltd | Mumbai, India | FC | 32% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Interservices & Trading SA | Mendrisio, Switzerland | FC | 42% |
| Fendi Japan KK | Tokyo, Japan | FC | 41% |
| Emilio Pucci Srl | Florence, Italy | FC | 42% |
| Emilio Pucci International | Baarn, Netherlands | FC | 42% |
| Emilio Pucci Ltd | New York, USA | FC | 42% |
| Emilio Pucci Hong Kong Company Limited | Hong Kong, China | FC | 42% |
| Emilio Pucci UK Limited | London, United Kingdom | FC | 42% |
| Emilio Pucci France SAS | Paris, France | FC | 42% |
| Emilio Pucci International Srl | Milan, Italy | FC | 42% |

## PERFUMES AND COSMETICS

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Perfumes Loewe SA | Madrid, Spain | FC | 42% |
| Parfums Christian Dior | Paris, France | FC | 42% |
| LVMH Perfumes and Cosmetics (Thailand) Ltd | Bangkok, Thailand | FC | 20% |
| LVMH P&C Do Brasil | São Paulo, Brazil | FC | 42% |
| France Argentine Cosmetic | Buenos Aires, Argentina | FC | 42% |
| LVMH P&C Commercial & Trade (Shanghai) | Shanghai, China | FC | 42% |
| LVMH P&C (Shanghai) Co. | Shanghai, China | FC | 42% |
| Shang Pu Ecommerce (Shanghai) | Shanghai, China | FC | 42% |
| Parfums Christian Dior Finland | Helsinki, Finland | FC | 42% |
| LVMH P&C Hainan | Haikou, China | FC | 42% |
| LVMH Recherche | Saint-Jean-de-Braye, France | FC | 42% |
| PCIS | Neuilly-sur-Seine, France | FC | 42% |
| SNC du 33 Avenue Hoche | Paris, France | FC | 42% |
| LVMH Fragrances and Cosmetics (Singapore) | Singapore | FC | 42% |
| Parfums Christian Dior Orient Co. | Dubai, United Arab Emirates | FC | 25% |
| Parfums Christian Dior Emirates | Dubai, United Arab Emirates | FC | 20% |
| OOO Seldico | Moscow, Russia | FC | 42% |
| DP Seldico | Kiev, Ukraine | FC | 42% |
| LVMH Cosmetics | Tokyo, Japan | FC | 42% |
| Parfums Christian Dior Arabia | Jeddah, Saudi Arabia | FC | 25% |
| EPCD | Warsaw, Poland | FC | 42% |
| EPCD CZ & SK | Prague, Czech Republic | FC | 42% |
| EPCD RO Distribution | Bucharest, Romania | FC | 42% |
| EPCD Hungaria | Budapest, Hungary | FC | 42% |
| LVMH P&C Kazakhstan | Almaty, Kazakhstan | FC | 42% |
| LVMH Perfumes e Cosmética | Lisbon, Portugal | FC | 42% |
| L Beauty Pte | Singapore | FC | 21% |
| PT L Beauty Brands | Jakarta, Indonesia | FC | 21% |
| L Beauty Luxury Asia | Taguig City, Philippines | FC | 21% |
| SCI Annabell | Paris, France | FC | 42% |
| Parfums Christian Dior UK | London, United Kingdom | FC | 42% |
| L Beauty Vietnam | Ho Chi Minh City, Vietnam | FC | 21% |
| SCI Rose Blue | Paris, France | FC | 42% |
| PCD St Honoré | Paris, France | FC | 42% |
| LVMH Perfumes & Cosmetics Macau | Macao, China | FC | 42% |
| PCD Dubai General Trading | Dubai, United Arab Emirates | FC | 20% |
| PCD Doha Perfumes & Cosmetics | Doha, Qatar | FC | 19% |
| Cristale | Paris, France | FC | 42% |
| Parfums Christian Dior | Rotterdam, Netherlands | FC | 42% |
| SAS Iparkos | Paris, France | FC | 42% |
| Parfums Christian Dior S.A.B. | Brussels, Belgium | FC | 42% |
| LVMH P&C Luxembourg | Luxembourg | FC | 42% |
| Parfums Christian Dior (Ireland) | Dublin, Ireland | FC | 42% |
| Parfums Christian Dior Hellas | Athens, Greece | FC | 42% |
| Parfums Christian Dior | Zurich, Switzerland | FC | 42% |
| Christian Dior Perfumes | New York, USA | FC | 42% |
| Parfums Christian Dior Canada | Montreal, Canada | FC | 42% |
| LVMH P&C de Mexico | Mexico City, Mexico | FC | 42% |
| Parfums Christian Dior Japon | Tokyo, Japan | FC | 42% |
| Parfums Christian Dior (Singapore) | Singapore | FC | 42% |
| Inalux | Paris, France | FC | 42% |
| LVMH P&C Asia Pacific | Hong Kong, China | FC | 42% |
| Fa Hua Frag. & Cosm. Taiwan | Taipei, Taiwan | FC | 42% |
| P&C (Shanghai) | Shanghai, China | FC | 42% |
| LVMH P&C Korea | Seoul, South Korea | FC | 42% |
| Parfums Christian Dior Hong Kong | Hong Kong, China | FC | 42% |
| LVMH P&C Malaysia Sdn. Berhad | Petaling Jaya, Malaysia | FC | 42% |
| Fa Hua Fragance & Cosmetic Co. | Hong Kong, China | FC | 42% |
| Pardior | Mexico City, Mexico | FC | 42% |
| Parfums Christian Dior Denmark | Copenhagen, Denmark | FC | 42% |
| LVMH Perfumes & Cosmetics Group | Sydney, Australia | FC | 42% |
| Parfums Christian Dior | Sandvika, Norway | FC | 42% |
| Parfums Christian Dior | Stockholm, Sweden | FC | 42% |
| LVMH Perfumes & Cosmetics (New Zealand) | Auckland, New Zealand | FC | 42% |
| Parfums Christian Dior Austria | Vienna, Austria | FC | 42% |
| LVMH Profumi e Cosmetici Italia Srl | Milan, Italy | FC | 42% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Cosmetics of France | Florida, USA | FC | 42% |
| LVMH Fragrance Brands Singapore | Singapore | FC | 42% |
| LVMH Fragrance Brands | Levallois-Perret, France | FC | 42% |
| LVMH Fragrance Brands | London, United Kingdom | FC | 42% |
| LVMH Fragrance Brands | Düsseldorf, Germany | FC | 42% |
| LVMH Fragrance Brands | New York, USA | FC | 42% |
| LVMH Fragrance Brands Canada | Toronto, Canada | FC | 42% |
| LVMH Fragrance Brands | Tokyo, Japan | FC | 42% |
| LVMH Fragrance Brands WHD | Florida, USA | FC | 42% |
| LVMH Fragrance Brands Hong Kong | Hong Kong, China | FC | 42% |
| Parfums Francis Kurkdjian SAS | Paris, France | FC | 30% |
| Parfums Francis Kurkdjian LLC | New York, USA | FC | 30% |
| Maison Francis Kurkdjian UK | London, United Kingdom | FC | 30% |
| Benefit Cosmetics LLC | California, USA | FC | 42% |
| Benefit Cosmetics Ireland Ltd | Dublin, Ireland | FC | 42% |
| Benefit Cosmetics UK Ltd | Chelmsford, United Kingdom | FC | 42% |
| Benefit Cosmetics Services Canada Inc. | Toronto, Canada | FC | 42% |
| Benefit Cosmetics Korea | Seoul, South Korea | FC | 42% |
| Benefit Cosmetics SAS | Paris, France | FC | 42% |
| Benefit Cosmetics Hong Kong Ltd | Hong Kong, China | FC | 42% |
| Fresh Canada | Montreal, Canada | FC | 42% |
| Fresh | New York, USA | FC | 42% |
| Fresh | Neuilly-sur-Seine, France | FC | 42% |
| Fresh Cosmetics | London, United Kingdom | FC | 42% |
| Fresh Hong Kong | Hong Kong, China | FC | 42% |
| Fresh Korea | Seoul, South Korea | FC | 42% |
| L Beauty Sdn. Bhd. | Kuala Lumpur, Malaysia | FC | 21% |
| L Beauty (Thailand) Co. Ltd | Bangkok, Thailand | FC | 20% |
| Guerlain SA | Paris, France | FC | 42% |
| LVMH Parfums & Kosmetik Deutschland GmbH | Düsseldorf, Germany | FC | 42% |
| Guerlain GmbH | Vienna, Austria | FC | 42% |
| Guerlain Benelux SA | Brussels, Belgium | FC | 42% |
| Guerlain Ltd | London, United Kingdom | FC | 42% |
| PC Parfums Cosmétiques SA | Zurich, Switzerland | FC | 42% |
| Guerlain Inc. | New York, USA | FC | 42% |
| Guerlain (Canada) Ltd | Saint-Jean, Canada | FC | 42% |
| Guerlain de Mexico | Mexico City, Mexico | FC | 42% |
| Guerlain (Asia Pacific) Limited | Hong Kong, China | FC | 42% |
| Guerlain KK | Tokyo, Japan | FC | 42% |
| Guerlain Oceania Australia Pty Ltd | Botany, Australia | FC | 42% |
| PT Guerlain Cosmetics Indonesia | Jakarta, Indonesia | FC | 21% |
| Guerlain KSA SAS | Levallois-Perret, France | FC | 33% |
| Guerlain Orient DMCC | Dubai, United Arab Emirates | FC | 42% |
| Guerlain Saudi Limited | Jeddah, Saudi Arabia | FC | 25% |
| Guerlain Polska sp. z o.o. | Warsaw, Poland | FC | 42% |
| Guerlain CZ & SK s.r.o. | Prague, Czech Republic | FC | 42% |
| Guerlain Romania Srl | Bucharest, Romania | FC | 42% |
| Guerlain Hungary KFT | Budapest, Hungary | FC | 42% |
| Acqua di Parma | Milan, Italy | FC | 42% |
| Acqua di Parma | New York, USA | FC | 42% |
| Acqua di Parma Canada Inc. | Toronto, Canada | FC | 42% |
| Acqua di Parma | London, United Kingdom | FC | 42% |
| Acqua di Parma Srl (Paris Branch) | Paris, France | FC | 42% |
| Make Up For Ever | Paris, France | FC | 42% |
| SCI Edison | Paris, France | FC | 42% |
| Make Up For Ever Academy China | Shanghai, China | FC | 42% |
| Make Up For Ever | New York, USA | FC | 42% |
| Make Up For Ever Canada | Montreal, Canada | FC | 42% |
| Make Up For Ever UK Limited | London, United Kingdom | FC | 42% |
| Stella McCartney Beauty France | Paris, France | FC | 42% |
| Stella McCartney Beauty UK | Hersham, United Kingdom | FC | 42% |
| Stella McCartney Beauty US | New Jersey, USA | FC | 42% |
| Kendo Holdings Inc. | California, USA | FC | 42% |
| Fenty Skin LLC | California, USA | FC | 21% |
| Fenty Hair Products LLC | California, USA | FC | 21% |
| Fenty Fragrance LLC | California, USA | FC | 21% |
| Fenty Beauty LLC | California, USA | FC | 21% |
| Ole Henriksen of Denmark Inc. | California, USA | FC | 42% |
| SLF USA Inc. | California, USA | FC | 42% |
| Susanne Lang Fragrance | Toronto, Canada | FC | 42% |
| BHUS Inc. | California, USA | FC | 42% |
| KVD Beauty LLC | California, USA | FC | 42% |
| Kendo Brands Ltd | Bicester, United Kingdom | FC | 42% |
| Kendo Brands SAS | Boulogne-Billancourt, France | FC | 42% |
| Kendo Hong Kong Limited | Hong Kong, China | FC | 42% |
| Buly France SAS | Paris, France | FC | 42% |
| Buly UK Ltd | London, United Kingdom | FC | 42% |
| Buly Italy Srl | Milan, Italy | FC | 42% |
| Buly Japan KK | Tokyo, Japan | FC | 42% |
| Buly HK Limited | Hong Kong, China | FC | 42% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| **WATCHES AND JEWELRY** | | | |
| Fred Paris | Neuilly-sur-Seine, France | FC | 42% |
| Joaillerie de Monaco | Monte Carlo, Monaco | FC | 42% |
| Fred | New York, USA | FC | 42% |
| Fred Londres | Manchester, United Kingdom | FC | 42% |
| Fred Jewellery Trading LLC | Dubai, United Arab Emirates | FC | 42% |
| TAG Heuer International | La Chaux-de-Fonds, Switzerland | FC | 42% |
| LVMH W&J FZ LLC | Dubai, United Arab Emirates | FC | 42% |
| LVMH Watch & Jewelry Thailand Ltd | Bangkok, Thailand | FC | 42% |
| LVMH Relojeria y Joyeria España SA | Madrid, Spain | FC | 42% |
| LVMH Montres & Joaillerie France | Paris, France | FC | 42% |
| LVMH Watch & Jewelry UK | Manchester, United Kingdom | FC | 42% |
| LVMH Watch & Jewelry Canada | Richmond, Canada | FC | 42% |
| LVMH Watch & Jewelry Far East | Hong Kong, China | FC | 42% |
| LVMH Watch & Jewelry Singapore | Singapore | FC | 42% |
| LVMH Watch & Jewelry Malaysia | Kuala Lumpur, Malaysia | FC | 42% |
| LVMH Watch & Jewelry Japan | Tokyo, Japan | FC | 42% |
| LVMH Watch & Jewelry Australia Pty Ltd | Melbourne, Australia | FC | 42% |
| LVMH Watch & Jewelry Hong Kong | Hong Kong, China | FC | 42% |
| LVMH Watch & Jewelry Taiwan | Taipei, Taiwan | FC | 42% |
| TAG Heuer Connected | Besançon, France | FC | 42% |
| LVMH Watch & Jewelry India | New Delhi, India | FC | 42% |
| LVMH Watch & Jewelry USA | Illinois, USA | FC | 42% |
| LVMH Watch & Jewelry Central Europe | Oberursel, Germany | FC | 42% |
| Tag Heuer Boutique Outlet Store Roermond | Oberursel, Germany | FC | 42% |
| LVMH Watch & Jewelry (Shanghai) Commercial Co. | Shanghai, China | FC | 42% |
| LVMH Watch & Jewelry Russia LLC | Moscow, Russia | FC | 42% |
| Artecad | Tramelan, Switzerland | FC | 42% |
| Golfcoders | Paris, France | FC | 42% |
| LVMH W&J Trading LLC | Dubai, United Arab Emirates | FC | 42% |
| Chaumet International | Paris, France | FC | 42% |
| Chaumet London | London, United Kingdom | FC | 42% |
| Chaumet Horlogerie | Nyon, Switzerland | FC | 42% |
| Chaumet Korea Yuhan Hoesa | Seoul, South Korea | FC | 42% |
| Chaumet Australia | Sydney, Australia | FC | 42% |
| Chaumet Monaco | Monte Carlo, Monaco | FC | 42% |
| Chaumet Middle East | Dubai, United Arab Emirates | FC | 25% |
| Chaumet UAE | Dubai, United Arab Emirates | FC | 25% |
| Farouk Trading | Jeddah, Saudi Arabia | FC | 25% |
| LVMH Watch & Jewelry Macau Company | Macao, China | FC | 42% |
| Chaumet Iberia SL | Madrid, Spain | FC | 42% |
| BMC SpA | Valenza, Italy | FC | 25% |
| Chaumet Russia LLC | Moscow, Russia | FC | 42% |
| LVMH Swiss Manufactures | La Chaux-de-Fonds, Switzerland | FC | 42% |
| Zenith Time Company (GB) Ltd | Manchester, United Kingdom | FC | 42% |
| LVMH Watch & Jewelry Italy SpA | Milan, Italy | FC | 42% |
| Delano | La Chaux-de-Fonds, Switzerland | FC | 42% |
| Hublot | Nyon, Switzerland | FC | 42% |
| Bentim International SA | Nyon, Switzerland | FC | 42% |
| Hublot SA Genève | Geneva, Switzerland | FC | 42% |
| Hublot of America | Florida, USA | FC | 42% |
| Benoît de Gorski SA | Geneva, Switzerland | FC | 42% |
| Hublot Boutique Monaco | Monte Carlo, Monaco | FC | 42% |
| Hublot Canada | Toronto, Canada | FC | 42% |
| LVMH Relojería y Joyería de México | Mexico City, Mexico | FC | 42% |
| Bulgari SpA | Rome, Italy | FC | 42% |
| Bulgari Italia | Rome, Italy | FC | 42% |
| Bulgari Gioielli | Valenza, Italy | FC | 42% |
| Bulgari International Corporation (BIC) | Amsterdam, Netherlands | FC | 42% |
| Bulgari Corporation of America | New York, USA | FC | 42% |
| Bulgari Horlogerie | Neuchâtel, Switzerland | FC | 42% |
| Bulgari Japan | Tokyo, Japan | FC | 42% |
| Bulgari (Deutschland) | Munich, Germany | FC | 42% |
| Bulgari France | Paris, France | FC | 42% |
| Bulgari Montecarlo | Monte Carlo, Monaco | FC | 42% |
| Bulgari España | Madrid, Spain | FC | 42% |
| Bulgari SA | Geneva, Switzerland | FC | 42% |
| Bulgari South Asian Operations | Singapore | FC | 42% |
| Bulgari (UK) Ltd | London, United Kingdom | FC | 42% |
| Bulgari Belgium | Brussels, Belgium | FC | 42% |
| Bulgari Australia | Sydney, Australia | FC | 42% |
| Bulgari (Malaysia) | Kuala Lumpur, Malaysia | FC | 42% |
| Bulgari Global Operations | Neuchâtel, Switzerland | FC | 42% |
| Bulgari Denmark | Copenhagen, Denmark | FC | 42% |
| Bulgari Asia Pacific | Hong Kong, China | FC | 42% |
| Bulgari (Taiwan) | Taipei, Taiwan | FC | 42% |
| Bulgari Korea | Seoul, South Korea | FC | 42% |
| Bulgari Saint Barth | Saint-Barthélemy, French Antilles | FC | 42% |
| Bulgari Commercial (Shanghai) Co. | Shanghai, China | FC | 42% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Bulgari Accessori | Florence, Italy | FC | 42% |
| Bulgari (Austria) GmbH | Vienna, Austria | FC | 42% |
| Bulgari Holding (Thailand) | Bangkok, Thailand | FC | 42% |
| Bulgari (Thailand) | Bangkok, Thailand | FC | 41% |
| Bulgari Qatar | Doha, Qatar | FC | 20% |
| Gulf Luxury Trading | Dubai, United Arab Emirates | FC | 21% |
| Bulgari do Brazil | São Paulo, Brazil | FC | 42% |
| Bulgari Ireland | Dublin, Ireland | FC | 42% |
| Bulgari Turkey Lüks Ürün Ticareti | Istanbul, Turkey | FC | 42% |
| Lux Jewels Kuwait for Trading In Gold Jewelry and Precious Stones | Kuwait City, Kuwait | FC | 33% |
| Lux Jewels Bahrain | Manama, Bahrain | FC | 33% |
| India Luxco Retail | New Delhi, India | FC | 42% |
| BK for Jewelry and Precious Metals and Stones Co. | Kuwait City, Kuwait | FC | 33% |
| Bulgari Canada | Montreal, Canada | FC | 42% |
| Bulgari Commercial Mexico | Mexico City, Mexico | FC | 42% |
| Bulgari Russia | Moscow, Russia | FC | 42% |
| Bulgari Prague | Prague, Czech Republic | FC | 42% |
| Bulgari Portugal | Lisbon, Portugal | FC | 42% |
| Bulgari Philippines | Makati, Philippines | FC | 42% |
| Bulgari Vietnam | Ho Chi Minh City, Vietnam | FC | 42% |
| Bulgari New Zealand | Auckland, New Zealand | FC | 42% |
| Bulgari Saudi for Trading LLC | Riyadh, Saudi Arabia | FC | 29% |
| Bulgari Distribuzione Srl | Florence, Italy | FC | 42% |
| Bulgari Roma | Rome, Italy | FC | 42% |
| Bulgari Hotels and Resorts Milano Srl | Rome, Italy | EM | 21% |
| Repossi | Paris, France | FC | 42% |
| Laurelton Sourcing, LLC | Delaware, USA | FC | 42% |
| Laurelton Diamonds, Inc. | Delaware, USA | FC | 42% |
| Tiffany & Co. | Delaware, USA | FC | 42% |
| Tiffany and Company | New York, USA | FC | 42% |
| Tiffany & Co. International | Delaware, USA | FC | 42% |
| Tiffany Distribution Company LLC | Delaware, USA | FC | 42% |
| Tiffany and Company U.S. Sales, LLC | Delaware, USA | FC | 42% |
| East Pond Holdings, Inc. | Delaware, USA | FC | 42% |
| LCT Insurance Company | New York, USA | FC | 42% |
| T. Risk Holdings, Inc. | New York, USA | FC | 42% |
| TRM Investments, LLC | New Jersey, USA | FC | 42% |
| Tiffany Atlantic City, Inc. | New Jersey, USA | FC | 42% |
| Tiffany & Co. Luxembourg SARL | Luxembourg | FC | 42% |
| Tiffany & Co. Holding I LLC | Delaware, USA | FC | 42% |
| Tiffany & Co. Holding II LLC | Delaware, USA | FC | 42% |
| Tiffany & Co. Asia Holdings LLC | Delaware, USA | FC | 42% |
| Tiffany & Co. Limited | London, United Kingdom | FC | 42% |
| Tiffany & Co. (GB) | London, United Kingdom | FC | 42% |
| Tiffany & Co. (UK) Holdings Limited | London, United Kingdom | FC | 42% |
| Tiffany and Company (Germany Branch) | Munich, Germany | FC | 42% |
| Tiffany and Company (Zurich Branch) | Zurich, Switzerland | FC | 42% |
| Tiffany & Co. (Switzerland) Jewelers SARL | Geneva, Switzerland | FC | 42% |
| Tiffany Switzerland Watch Company SAGL | Chiasso, Switzerland | FC | 42% |
| Tiffany & Co. Swiss Watches SAGL | Chiasso, Switzerland | FC | 42% |
| TIF Watch Holdings SAGL | Chiasso, Switzerland | FC | 42% |
| TIF Swiss Holdings GmbH | Chiasso, Switzerland | FC | 42% |
| Tiffany & Co. Italia SpA | Milan, Italy | FC | 42% |
| Tiffany & Co. | Paris, France | FC | 42% |
| Tiffany & Co. (FR) Holdings SAS | Paris, France | FC | 42% |
| Laurelton Diamonds Belgium BVBA | Antwerp, Belgium | FC | 42% |
| Tiffany and Company (Austria Branch) | Vienna, Austria | FC | 42% |
| Tiffany & Co. Netherlands BV | Amsterdam, Netherlands | FC | 42% |
| Tiffany & Co. (CR) s.r.o. | Prague, Czech Republic | FC | 42% |
| Tiffany & Co. Denmark ApS | Copenhagen, Denmark | FC | 42% |
| TCO (NL) Logistics BV | Amsterdam, Netherlands | FC | 42% |
| Tiffany & Co. Sweden AB | Sundsvall, Sweden | FC | 42% |
| Tiffany & Co. Kuwait | Salmiya, Kuwait | FC | 33% |
| TCO Kuwait Holding Company | Kuwait City, Kuwait | FC | 33% |
| Tiffany & Co. of New York Limited | Hong Kong, China | FC | 42% |
| Tiffany & Co. Hong Kong Holding LLC | Delaware, USA | FC | 42% |
| Tiffany & Co. Pte Ltd | Singapore | FC | 42% |
| Tiffany & Co. International (Taiwan Branch) | Taipei, Taiwan | FC | 42% |
| Tiffany Korea Ltd | Seoul, South Korea | FC | 42% |
| Tiffany & Co. Korea Holding LLC | Delaware, USA | FC | 42% |
| Tiffany & Co. (Australia) Pty Ltd | Sydney, Australia | FC | 42% |
| Tiffany & Co. (NZ) Limited | Auckland, New Zealand | FC | 42% |
| Tiffany & Co. Asia Pacific Limited | Hong Kong, China | FC | 42% |
| Uptown Alliance (M) Sdn. Bhd. | Kuala Lumpur, Malaysia | FC | 42% |
| Tiffany & Co. Pte Ltd (Malaysia Branch) | Kuala Lumpur, Malaysia | FC | 42% |
| TCO Macau Limited | Macao, China | FC | 42% |
| Tiffany & Co. (Shanghai) Commercial Company Limited | Shanghai, China | FC | 42% |
| Tiffany & Co. Jewelers (Thailand) Company Limited | Bangkok, Thailand | FC | 42% |
| TCO Jewelers Vietnam LLC | Ho Chi Minh City, Vietnam | FC | 42% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Tiffany & Co. Philippines Corporation | Makati, Philippines | FC | 42% |
| Tiffany & Co. Canada | Halifax, Canada | FC | 42% |
| Tiffany & Co. (Canada) LP | Winnipeg, Canada | FC | 42% |
| Tiffany & Co. Mexico, SA de CV | Mexico City, Mexico | FC | 42% |
| Tiffany-Brasil Ltda. | São Paulo, Brazil | FC | 42% |
| Tiffany Importacao e Comercio de Joias Ltda. | São Paulo, Brazil | FC | 42% |
| Tiffany & Co. Belgium SPRL | Brussels, Belgium | FC | 42% |
| Tiffany & Co. (Jewellers) Limited | Dublin, Ireland | FC | 42% |
| Tiffany of New York (Spain) SLU | Madrid, Spain | FC | 42% |
| Tiffany & Co. Chile SpA | Santiago de Chile, Chile | FC | 42% |
| Tiffany & Co. Puerto Rico | San Juan, United States | FC | 42% |
| Tiffany and Company (Dubai Branch) | Dubai, United Arab Emirates | FC | 42% |
| TCO Damas Associates LLC | Dubai, United Arab Emirates | FC | 42% |
| TCO Holdings Limited | Dubai, United Arab Emirates | FC | 42% |
| Tiffany Russia LLC | Moscow, Russia | FC | 42% |
| TCO Saudi for Trade | Jeddah, Saudi Arabia | FC | 31% |
| TCO KSA Holdings BV | Amsterdam, Netherlands | FC | 42% |
| Tiffany Japan | Tokyo, Japan | FC | 42% |
| Tiffany & Co. Overseas Finance BV | Amsterdam, Netherlands | FC | 42% |
| Tiffany NJ LLC | New Jersey, USA | FC | 42% |
| Iridesse, Inc. | Delaware, USA | FC | 42% |
| MVTCO, Inc. | Delaware, USA | FC | 42% |
| DPFH Co. Ltd | Tortola, British Virgin Islands | FC | 42% |
| Tiffco Investment Vehicle, Inc. | Tortola, British Virgin Islands | FC | 42% |
| NHC, LLC | Delaware, USA | FC | 42% |
| Laurelton Diamonds South Africa (Proprietary) Limited | Johannesburg, South Africa | FC | 42% |
| Laurelton Diamonds Vietnam, LLC | Hai Duong, Vietnam | FC | 42% |
| Laurelton Diamonds (Mauritius) Limited | Port Louis, Mauritius | FC | 42% |
| BWHC, LLC | Delaware, USA | FC | 42% |
| Laurelton Diamonds Botswana (Proprietary) Limited | Gaborone, Botswana | FC | 33% |
| Laurelton Gems (Thailand) Ltd | Bangkok, Thailand | FC | 42% |
| Laurelton Jewelry, SRL | Bajos de Haina, Dominican Republic | FC | 42% |
| TCORD Holding Company LLC | Delaware, USA | FC | 42% |
| Tiffany Thailand Holdings I LLC | Delaware, USA | FC | 42% |
| Tiffany Thailand Holdings II LLC | Delaware, USA | FC | 42% |
| Laurelton-Reign Diamonds (Pty) Ltd | Windhoek, Namibia | FC | 42% |
| Laurelton Diamonds (Cambodia) Co. Ltd | Phnom Penh, Cambodia | FC | 42% |

## SELECTIVE RETAILING

| | | | |
|---|---|---|---|
| Sephora SAS | Neuilly-sur-Seine, France | FC | 42% |
| DFS Guam L.P. | Tamuning, Guam | FC | 25% |
| LAX Duty Free Joint Venture 2000 | California, USA | FC | 19% |
| JFK Terminal 4 Joint Venture 2001 | New York, USA | FC | 20% |
| SFO Duty Free & Luxury Store Joint Venture | California, USA | FC | 19% |
| SFOIT Specialty Retail Joint Venture | California, USA | FC | 19% |
| DFS Merchandising Limited | Delaware, USA | FC | 25% |
| DFS Group LP | Delaware, USA | FC | 25% |
| DFS Korea Limited | Seoul, South Korea | FC | 25% |
| DFS Cotai Limitada | Macao, China | FC | 25% |
| DFS New Zealand Limited | Auckland, New Zealand | FC | 25% |
| DFS Australia Pty Limited | Sydney, Australia | FC | 25% |
| DFS Group Limited – USA | Delaware, USA | FC | 25% |
| DFS Venture Singapore (Pte) Limited | Singapore | FC | 25% |
| DFS Vietnam (S) Pte Ltd | Singapore | FC | 18% |
| New Asia Wave International (S) Pte Ltd | Singapore | FC | 18% |
| Ipp Group (S) Pte Ltd | Singapore | FC | 18% |
| DFS Van Don LLC | Van Don, Vietnam | FC | 25% |
| DFS Vietnam Limited Liability Company | Ho Chi Minh City, Vietnam | FC | 25% |
| DFS Venture Vietnam Company Limited | Ho Chi Minh City, Vietnam | FC | 25% |
| DFS (Cambodia) Limited | Phnom Penh, Cambodia | FC | 18% |
| DFS Singapore (Pte) Limited | Singapore | FC | 25% |
| DFS Middle East LLC | Abu Dhabi, United Arab Emirates | FC | 25% |
| DFS France SAS | Paris, France | FC | 25% |
| DFS Italia Srl. | Venice, Italy | FC | 25% |
| DFS Holdings Limited | Hamilton, Bermuda | FC | 25% |
| DFS Okinawa KK | Okinawa, Japan | FC | 25% |
| DFS Saipan Limited | Saipan, Northern Mariana Islands | FC | 25% |
| Commonwealth Investment Company Inc. | Saipan, Northern Mariana Islands | FC | 24% |
| Kinkai Saipan LP | Saipan, Northern Mariana Islands | FC | 25% |
| DFS Liquor Retailing Limited | Delaware, USA | FC | 25% |
| Twenty-Seven Twenty Eight Corp. | Delaware, USA | FC | 25% |
| DFS Group Limited – HK | Hong Kong, China | FC | 25% |
| DFS Retail (Hainan) Company Limited | Haikou, China | FC | 25% |
| DFS Management Consulting (Shenzhen) Company Limited | Shenzhen, China | FC | 25% |
| DFS Business Consulting (Shanghai) Co. Ltd | Shanghai, China | FC | 25% |
| JAL/DFS Co. Ltd | Chiba, Japan | EM | 10% |
| PT Sona Topas Tourism industry Tbk | Jakarta, Indonesia | EM | 11% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Central DFS Co. Ltd | Bangkok, Thailand | EM | 12% |
| Shenzhen DFG E-Commerce Co Ltd | Shenzhen, China | EM | 6% |
| Sephora Greece SA | Athens, Greece | FC | 42% |
| Sephora Cosmetics Romania SA | Bucharest, Romania | FC | 42% |
| Sephora Cyprus Limited | Nicosia, Cyprus | FC | 42% |
| Sephora Cosmetics Ltd (Serbia) | Belgrade, Serbia | FC | 42% |
| Sephora Bulgaria EOOD | Sofia, Bulgaria | FC | 42% |
| Sephora Danmark ApS | Copenhagen, Denmark | FC | 42% |
| Sephora Sweden AB | Copenhagen, Denmark | FC | 42% |
| Sephora Switzerland SA | Geneva, Switzerland | FC | 42% |
| Sephora Germany GmbH | Düsseldorf, Germany | FC | 42% |
| Sephora UK | Northampton, United Kingdom | FC | 42% |
| Feelunique Holding Limited | St. Helier, Jersey | FC | 42% |
| The Big Web Limited | St. Helier, Jersey | FC | 42% |
| Channel Island Commercial Group Limited | St. Helier, Jersey | FC | 42% |
| Feelunique International Limited | Nottingham, United Kingdom | FC | 42% |
| Feelunique Delivery Company Limited | Nottingham, United Kingdom | FC | 42% |
| Ocapel Limited | St. Helier, Jersey | FC | 42% |
| Feelunique France SAS | Paris, France | FC | 42% |
| Feelunique International Asia Limited | Hong Kong, China | FC | 42% |
| Sephora Luxembourg SARL | Luxembourg | FC | 42% |
| LVMH Iberia SL | Madrid, Spain | FC | 42% |
| Sephora Italia Srl | Milan, Italy | FC | 42% |
| Sephora Portugal Perfumaria Lda | Lisbon, Portugal | FC | 42% |
| Sephora Polska Sp. z o.o. | Warsaw, Poland | FC | 42% |
| Sephora Sro (Czech Republic) | Prague, Czech Republic | FC | 42% |
| Sephora Monaco SAM | Monte Carlo, Monaco | FC | 41% |
| Sephora Cosmeticos España S.L. | Madrid, Spain | EM | 21% |
| Sephora Kozmetik AS (Turquie) | Istanbul, Turkey | FC | 42% |
| Sephora (Shanghai) Cosmetics Co. Ltd | Shanghai, China | FC | 34% |
| Sephora (Beijing) Cosmetics Co. Ltd | Beijing, China | FC | 34% |
| Sephora Xiangyang (Shanghai) Cosmetics Co. Ltd | Shanghai, China | FC | 34% |
| Sephora Hong Kong Limited | Hong Kong, China | FC | 42% |
| Le Bon Marché | Paris, France | FC | 42% |
| SEGEP | Paris, France | FC | 42% |
| Franck & Fils | Paris, France | FC | 42% |
| STB Servici Tecnici Per Bordo | Florence, Italy | FC | 42% |
| Starboard Holdings | Florida, USA | FC | 42% |
| On-Board Media Inc. | Florida, USA | FC | 42% |
| Cruise Line Holdings Co. | Florida, USA | FC | 42% |
| International Cruise Shops Ltd | Cayman Islands | FC | 42% |
| Sephora Moyen-Orient SA | Fribourg, Switzerland | FC | 29% |
| Sephora Middle East FZE | Dubai, United Arab Emirates | FC | 29% |
| Sephora Emirates LLC | Dubai, United Arab Emirates | FC | 29% |
| Sephora Bahrain WLL | Manama, Bahrain | FC | 22% |
| Sephora Qatar WLL | Doha, Qatar | FC | 26% |
| Sephora Arabia Limited | Jeddah, Saudi Arabia | FC | 29% |
| Sephora Kuwait Co. WLL | Kuwait City, Kuwait | FC | 25% |
| Sephora Holding South Asia | Singapore | FC | 42% |
| Sephora Singapore Pte Ltd | Singapore | FC | 42% |
| Beauty In Motion Sdn. Bhd. | Kuala Lumpur, Malaysia | FC | 42% |
| Sephora Cosmetics Private Limited (India) | New Delhi, India | FC | 42% |
| PT Sephora Indonesia | Jakarta, Indonesia | FC | 42% |
| Sephora (Thailand) Company (Limited) | Bangkok, Thailand | FC | 42% |
| Sephora Australia Pty Ltd | Sydney, Australia | FC | 42% |
| Sephora Digital Pte Ltd | Singapore | FC | 42% |
| Sephora Digital (Thailand) Ltd | Bangkok, Thailand | FC | 42% |
| LX Services Pte Ltd | Singapore | FC | 42% |
| PT MU and SC Trading (Indonesia) | Jakarta, Indonesia | FC | 42% |
| Sephora Services Philippines (Branch) | Manila, Philippines | FC | 42% |
| Sephora New Zealand Limited | Wellington, New Zealand | FC | 42% |
| Sephora Korea Ltd | Seoul, South Korea | FC | 42% |
| 24 Sèvres | Paris, France | FC | 42% |
| Sephora USA Inc. | California, USA | FC | 42% |
| LGCS Inc. | New York, USA | FC | 42% |
| Sephora Beauty Canada Inc. | Toronto, Canada | FC | 42% |
| Sephora Puerto Rico LLC | California, USA | FC | 42% |
| S+ SAS | Neuilly-sur-Seine, France | FC | 42% |
| Sephora Mexico S. de R.L. de C.V. | Mexico City, Mexico | FC | 42% |
| Servicios Ziphorah S. de R.L. de C.V. | Mexico City, Mexico | FC | 42% |
| Dotcom Group Comércio de Presentes SA | Rio de Janeiro, Brazil | FC | 42% |
| Avenue Hoche Varejista Limitada | São Paulo, Brazil | FC | 42% |

## OTHER ACTIVITIES

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Amicitia | New York, USA | FC | 21% |
| Lupicini | New York, USA | FC | 20% |
| Pasticceria Confetteria Cova | Milan, Italy | FC | 33% |
| Cova Montenapoleone | Milan, Italy | FC | 33% |
| Cova France SAS | Paris, France | FC | 33% |
| Groupe Les Echos | Paris, France | FC | 42% |
| Museec | Paris, France | FC | 21% |
| Change Now | Vincennes, France | FC | 23% |
| Les Echos Management | Paris, France | FC | 42% |
| Radio Classique | Paris, France | FC | 42% |
| Mezzo | Paris, France | FC | 21% |
| Les Echos Medias | Paris, France | FC | 42% |
| SFPA | Paris, France | FC | 42% |
| Dematis | Paris, France | FC | 42% |
| Les Echos Légal | Paris, France | FC | 42% |
| Les Echos | Paris, France | FC | 42% |
| Pelham Media Ltd | London, United Kingdom | FC | 41% |
| WordAppeal | Paris, France | FC | 41% |
| Pelham Media SARL | Paris, France | FC | 41% |
| L'Eclaireur | Paris, France | FC | 41% |
| KCO Events | Paris, France | FC | 41% |
| Pelham Media Production | Paris, France | FC | 41% |
| Alto International SARL | Paris, France | FC | 25% |
| Happeningco SAS | Paris, France | FC | 33% |
| LVMH Moët Hennessy Louis Vuitton SE | Paris, France | FC | 42% |
| Bayard (Shanghai) Investment and Consultancy Co. Ltd | Shanghai, China | FC | 42% |
| LVMH (Shanghai) Management & Consultancy Co. Ltd | Shanghai, China | FC | 42% |
| LVMH Korea Ltd | Seoul, South Korea | FC | 42% |
| LVMH South & South East Asia Pte Ltd | Singapore | FC | 42% |
| Alderande | Paris, France | FC | 23% |
| LVMH Finance Belgique | Brussels, Belgium | FC | 42% |
| Sofidiv Art Trading Company | New York, USA | FC | 42% |
| Sofidiv Inc. | New York, USA | FC | 42% |
| Probinvest | Paris, France | FC | 42% |
| LVMH Publica | Brussels, Belgium | FC | 42% |
| Glacea | Luxembourg | FC | 42% |
| Naxara | Luxembourg | FC | 42% |
| Ufipar | Paris, France | FC | 42% |
| Pronos | Luxembourg | FC | 42% |
| Eupalinos 1850 | Paris, France | FC | 42% |
| L. Courtage Réassurance | Paris, France | FC | 42% |
| Villa Foscarini Srl | Milan, Italy | FC | 42% |
| Vicuna Holding | Milan, Italy | FC | 42% |
| Gorgias | Luxembourg | FC | 42% |
| LC Investissements | Paris, France | FC | 21% |
| LVMH Representações Ltda | São Paulo, Brazil | FC | 42% |
| LVMH Investissements | Paris, France | FC | 42% |
| Ufinvest | Paris, France | FC | 42% |
| White 1921 Courchevel Société d'Exploitation Hôtelière | Courchevel, France | FC | 42% |
| Delta | Paris, France | FC | 42% |
| Société Immobilière Paris Savoie Les Tovets | Courchevel, France | FC | 42% |
| Investissement Hôtelier Saint Barth Plage des Flamands | Saint-Barthélemy, French Antilles | FC | 23% |
| P&C International | Paris, France | FC | 42% |
| Dajbog SA | Luxembourg | FC | 42% |
| LVMH Participations BV | Baarn, Netherlands | FC | 42% |
| LVMH Services BV | Baarn, Netherlands | FC | 42% |
| 2181 Kalakaua Holdings LLC | Texas, USA | EM | 21% |
| 2181 Kalakaua LLC | Texas, USA | EM | 21% |
| Polynomes | Paris, France | FC | 35% |
| Breakfast Holdings Acquisition | New York, USA | FC | 42% |
| L Catterton Management | London, United Kingdom | EM | 8% |
| 449 North Beverly Drive | New York, USA | FC | 42% |
| Moët Hennessy | Paris, France | FC | 27% |
| Moët Hennessy International | Paris, France | FC | 27% |
| Osaka Fudosan Company | Tokyo, Japan | FC | 42% |
| Moët Hennessy Inc. | New York, USA | FC | 27% |
| One East 57th Street LLC | New York, USA | FC | 42% |
| Creare | Luxembourg | FC | 42% |
| LVMH Moët Hennessy Louis Vuitton KK | Tokyo, Japan | FC | 42% |
| Mongoual SA | Paris, France | FC | 42% |
| Société Montaigne Jean Goujon | Paris, France | FC | 42% |
| DAVES place des États-Unis | Paris, France | FC | 42% |
| DAVES rue de la Paix | Paris, France | FC | 42% |
| Montaigne 1BV | Paris, France | FC | 42% |
| LVMH EU | Luxembourg | FC | 42% |
| Marithé | Luxembourg | FC | 42% |
| Delphine | Paris, France | FC | 42% |
| Meadowland Florida LLC | New York, USA | FC | 42% |
| 461 North Beverly Drive | New York, USA | FC | 42% |
| GIE CAPI13 | Paris, France | FC | 42% |
| LVMH Miscellanées | Paris, France | FC | 42% |
| Sofidiv UK Limited | London, United Kingdom | FC | 42% |
| Primae | Paris, France | FC | 42% |
| LVMH Asia Pacific | Hong Kong, China | FC | 42% |
| LVMH Canada | Toronto, Canada | FC | 42% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| LVMH Perfumes & Cosmetics Inc. | New York, USA | FC | 42% |
| LVMH Moët Hennessy Louis Vuitton Inc. | New York, USA | FC | 42% |
| Lafayette Art I LLC | New York, USA | FC | 42% |
| Island Cay Inc | New York, USA | FC | 42% |
| Halls Pond Exuma Ltd | Nassau, Bahamas | FC | 42% |
| 598 Madison Leasing Corp. | New York, USA | FC | 42% |
| Eutrope | Paris, France | FC | 42% |
| 468 North Rodeo Drive | New York, USA | FC | 42% |
| Flavius Investissements | Paris, France | FC | 42% |
| LVMH BH Holdings LLC | New York, USA | FC | 42% |
| Rodeo Partners LLC | New York, USA | FC | 42% |
| LBD Holding | Paris, France | FC | 42% |
| LVMH MJ Holdings Inc. | New York, USA | FC | 42% |
| Arbelos Insurance Inc. | New York, USA | FC | 42% |
| 1896 Corp. | New York, USA | FC | 42% |
| 313-317 N. Rodeo LLC | New York, USA | FC | 42% |
| 319-323 N. Rodeo LLC | New York, USA | FC | 42% |
| 420 N. Rodeo LLC | New York, USA | FC | 42% |
| 456 North Rodeo Drive | New York, USA | FC | 42% |
| LVMH Services Limited | London, United Kingdom | FC | 42% |
| Moët Hennessy Investissements | Paris, France | FC | 27% |
| LVMH Moët Hennessy Louis Vuitton BV | Baarn, Netherlands | FC | 42% |
| LVMH Italia SpA | Milan, Italy | FC | 42% |
| Investir Publications | Paris, France | FC | 42% |
| Les Echos Solutions | Paris, France | FC | 42% |
| Les Echos Publishing | Paris, France | FC | 42% |
| Editio | Paris, France | FC | 42% |
| EuroArts Music International | Berlin, Germany | FC | 40% |
| Wansquare | Paris, France | FC | 40% |
| Agence d'Evénements Culturels | Paris, France | FC | 23% |
| Tamaris Holding | Paris, France | EM | 21% |
| LVMH Hotel Management | Paris, France | FC | 42% |
| Société d'Exploitation Hôtelière de la Samaritaine | Paris, France | FC | 42% |
| Société d'Exploitation Hôtelière Isle de France | Saint-Barthélemy, French Antilles | FC | 23% |
| Société d'Investissement Cheval Blanc Saint Barth Isle de France | Saint-Barthélemy, French Antilles | FC | 23% |
| Société Cheval Blanc Saint-Tropez | Saint-Tropez, France | FC | 42% |
| Villa Jacquemone | Saint-Tropez, France | FC | 42% |
| 33 Hoche | Paris, France | FC | 42% |
| Royal Van Lent Shipyard BV | Kaag, Netherlands | FC | 42% |
| Tower Holding BV | Kaag, Netherlands | FC | 42% |
| Green Bell BV | Kaag, Netherlands | FC | 42% |
| Gebr. Olie Beheer BV | Waddinxveen, Netherlands | FC | 42% |
| Van der Loo Yachtinteriors BV | Waddinxveen, Netherlands | FC | 42% |
| Red Bell BV | Kaag, Netherlands | FC | 42% |
| De Voogt Naval Architects BV | Haarlem, Netherlands | EM | 20% |
| Feadship Holland BV | Amsterdam, Netherlands | EM | 20% |
| Feadship America Inc. | Florida, USA | EM | 20% |
| OGMNL BV | Nieuw-Lekkerland, Netherlands | EM | 20% |
| Firstship BV | Amsterdam, Netherlands | EM | 20% |
| RVL Holding BV | Kaag, Netherlands | FC | 42% |
| Le Jardin d'Acclimatation | Paris, France | FC | 33% |
| Palladios Overseas Holding | London, United Kingdom | FC | 42% |
| 75 Sloane Street Services Limited | London, United Kingdom | FC | 42% |
| Belmond (UK) Limited | London, United Kingdom | FC | 42% |
| Belmond Dollar Treasury Limited | London, United Kingdom | FC | 42% |
| Belmond Finance Services Limited | London, United Kingdom | FC | 42% |
| Belmond Management Limited | London, United Kingdom | FC | 42% |
| Belmond Sterling Treasury Limited | London, United Kingdom | FC | 42% |
| Blanc Restaurants Limited | London, United Kingdom | FC | 42% |
| Great Scottish and Western Railway Holdings Limited | London, United Kingdom | FC | 42% |
| The Great Scottish and Western Railway Company Limited | London, United Kingdom | FC | 42% |
| Horatio Properties Limited | London, United Kingdom | FC | 42% |
| Island Hotel (Madeira) Limited | London, United Kingdom | FC | 42% |
| Mount Nelson Hotel Limited | London, United Kingdom | FC | 42% |
| La Residencia Limited | London, United Kingdom | FC | 42% |
| Reid's Hotel Madeira Limited | London, United Kingdom | FC | 42% |
| VSOE Holdings Limited | London, United Kingdom | FC | 42% |
| Venice Simplon-Orient-Express Limited | London, United Kingdom | FC | 42% |
| Belmond CJ Dollar Limited | London, United Kingdom | FC | 42% |
| Croisieres Orex SAS | Saint-Usage, France | FC | 42% |
| VSOE Voyages SA | Paris, France | FC | 42% |
| VSOE Deutschland GmbH | Cologne, Germany | FC | 42% |
| Ireland Luxury Rail Tours Ltd | Dublin, Ireland | FC | 42% |
| Villa Margherita SpA | Florence, Italy | FC | 42% |
| Charleston Partners Inc. | South Carolina, USA | FC | 42% |
| La Samanna SAS | Marigot, Saint Martin | FC | 42% |
| Operadora de Hoteles Rivera Maya SA de CV | Riviera Maya, Mexico | FC | 42% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Plan Costa Maya SA de CV | Riviera Maya, Mexico | FC | 42% |
| Spa Residencial SA de CV | Riviera Maya, Mexico | FC | 41% |
| Società Agricola SGG Srl | Fiesole, Italy | FC | 42% |
| Luxury Trains Switzerland AG | Zurich, Switzerland | FC | 42% |
| Gambetta SAS | Paris, France | FC | 35% |
| Belmond (Shanghai) Management & Consultancy Co., Ltd | Shanghai, China | FC | 42% |
| 360 N. Rodeo Drive LLC | Illinois, USA | FC | 42% |
| Eastern & Oriental Express Ltd | Hamilton, Bermuda | FC | 42% |
| E&O Services (Singapore) Pte Ltd | Singapore | FC | 42% |
| E&O Services (Thailand) Pte Ltd | Bangkok, Thailand | FC | 42% |
| Belmond Sicily SpA | Florence, Italy | FC | 42% |
| Belmond Italia SpA | Genoa, Italy | FC | 42% |
| Hotel Caruso SpA | Florence, Italy | FC | 42% |
| Hotel Cipriani SpA | Venice, Italy | FC | 42% |
| Hotel Splendido SpA | Portofino, Italy | FC | 42% |
| Villa San Michele SpA | Florence, Italy | FC | 42% |
| Luxury Trains Servizi Srl | Venice, Italy | FC | 42% |
| Castello di Casole SpA | Querceto, Italy | FC | 42% |
| Castello di Casole Agricoltura SpA | Querceto, Italy | FC | 42% |
| Belmond Spanish Holdings SL | Madrid, Spain | FC | 42% |
| Nomis Mallorcan Investments SA | Madrid, Spain | FC | 42% |
| Son Moragues SA | Deià, Spain | FC | 42% |
| Reid's Hoteis Lda | Funchal, Portugal | FC | 42% |
| Europe Hotel LLC | Saint Petersburg, Russia | FC | 42% |
| Belmond USA Inc | Delaware, USA | FC | 42% |
| 21 Club Inc | New York, USA | FC | 42% |
| Belmond Pacific Inc | Delaware, USA | FC | 42% |
| Belmond Reservation Services Inc | Delaware, USA | FC | 42% |
| Charleston Centre LLC | South Carolina, USA | FC | 42% |
| Charleston Place Holdings Inc | South Carolina, USA | FC | 42% |
| El Encanto Inc | Delaware, USA | FC | 42% |
| Inn at Perry Cabin Corporation | Maryland, USA | FC | 42% |
| Mountbay Holdings Inc | Delaware, USA | FC | 42% |
| Venice Simplon Orient Express Inc | Delaware, USA | FC | 42% |
| Windsor Court Hotel Inc | Delaware, USA | FC | 42% |
| Windsor Court Hotel LP | Delaware, USA | FC | 42% |
| Windsor Great Park Inc | Delaware, USA | FC | 42% |
| Belmond Cap Juluca Limited | Anguilla | FC | 42% |
| Belmond Holdings 1 Ltd | Hamilton, Bermuda | FC | 42% |
| Belmond Peru Ltd | Hamilton, Bermuda | FC | 42% |
| Leisure Holdings Asia Ltd | Hamilton, Bermuda | FC | 42% |
| Vessel Holdings 2 Ltd | Hamilton, Bermuda | FC | 42% |
| Belmond Anguilla Holdings LLC | Hamilton, Bermuda | FC | 42% |
| Belmond Anguilla Member LLC | Hamilton, Bermuda | FC | 42% |
| Belmond Anguilla Owner LLC | Hamilton, Bermuda | FC | 42% |
| Belmond Interfin Ltd | Hamilton, Bermuda | FC | 42% |
| Belmond Ltd | Hamilton, Bermuda | FC | 42% |
| Gametrackers (Botswana) (Pty) Ltd | Maun, Botswana | FC | 42% |
| Game Viewers (Pty) Ltd | Maun, Botswana | FC | 42% |
| Xaxaba Camp (Pty) Ltd | Gaborone, Botswana | FC | 42% |
| Phoenix Argente SAS | Marigot, Saint Martin | FC | 42% |
| Societe D'Exploitation Residence La Samanna SAS | Marigot, Saint Martin | FC | 42% |
| CSN Immobiliaria SA de CV | San Miguel de Allende, Mexico | FC | 42% |
| OEH Operadora San Miguel SA de CV | San Miguel de Allende, Mexico | FC | 42% |
| CSN Real Estate 1 SA de CV | San Miguel de Allende, Mexico | FC | 42% |
| OEH Servicios San Miguel SA de CV | San Miguel de Allende, Mexico | FC | 42% |
| Miraflores Ventures Ltd SA de CV | Riviera Maya, Mexico | FC | 41% |
| Belmond Brasil Hoteis SA | Foz do Iguaçu, Brazil | FC | 42% |
| Companhia Hoteis Palace SA | Rio de Janeiro, Brazil | FC | 41% |
| Iguassu Experiences Agencia de Turismo Ltda | Foz do Iguaçu, Brazil | FC | 42% |
| Belmond Brasil Servicos Hoteleiros SA | Rio de Janeiro, Brazil | FC | 42% |
| Robisi Empreendimentos e Participacoes SA | Rio de Janeiro, Brazil | EM | 21% |
| Signature Boutique Ltda | Rio de Janeiro, Brazil | FC | 42% |
| CSN (San Miguel) Holdings Ltd | Tortola, British Virgin Islands | FC | 42% |
| Grupo Conceptos SA | Road Town, British Virgin Islands | FC | 42% |
| Miraflores Ventures Ltd | Road Town, British Virgin Islands | FC | 42% |
| Belmond Peru Management SA | Lima, Peru | FC | 42% |
| Belmond Peru SA | Lima, Peru | FC | 42% |
| Ferrocarril Transandino SA | Lima, Peru | EM | 21% |
| Perurail SA | Lima, Peru | EM | 21% |
| Peru Belmond Hotels SA | Lima, Peru | EM | 21% |
| Peru Experiences Belmond SA | Lima, Peru | EM | 21% |
| Belmond Japan Ltd | Tokyo, Japan | FC | 42% |
| Belmond Pacific Ltd | Hong Kong, China | FC | 42% |
| Belmond China Ltd | Hong Kong, China | FC | 42% |
| Belmond Hong Kong Ltd | Hong Kong, China | FC | 42% |
| Hosia Company Ltd | Hong Kong, China | FC | 42% |

| Companies | Registered office | Method of consolidation | Ownership interest |
|---|---|---|---|
| Belmond Hotels Singapore Pte Ltd | Singapore | FC | 42% |
| Belmond (Thailand) Company Ltd | Bangkok, Thailand | FC | 41% |
| Fine Resorts Co. Ltd | Bangkok, Thailand | FC | 42% |
| Samui Island Resort Co. Ltd | Koh Samui, Thailand | FC | 42% |
| Khmer Angkor Hotel Co. Ltd | Siem Reap, Cambodia | FC | 41% |
| Société Hotelière de Pho Vao | Luang Prabang, Laos | FC | 29% |
| Myanmar Cruises Ltd | Yangon, Myanmar | FC | 42% |
| Myanmar Hotels & Cruises Ltd | Yangon, Myanmar | FC | 42% |
| Myanmar Shwe Kyet Yet Tours Ltd | Yangon, Myanmar | FC | 41% |
| PRA-FMI Pansea Hotel Development Co Ltd | Yangon, Myanmar | FC | 42% |
| PT Bali Resort & Leisure Co. Ltd | Bali, Indonesia | FC | 42% |
| Belmond Australia Pty Ltd | Melbourne, Australia | FC | 42% |
| Exclusive Destinations (Pty) Ltd | Cape Town, South Africa | FC | 42% |
| Fraser's Helmsley Properties (Pty) Ltd | Cape Town, South Africa | FC | 42% |
| Mount Nelson Commerical Properties (Pty) Ltd | Cape Town, South Africa | FC | 42% |
| Mount Nelson Residential Properties (Pty) Ltd | Cape Town, South Africa | FC | 42% |
| LVMH Client Services | Paris, France | FC | 42% |
| LVMH Happening SAS | Paris, France | FC | 42% |
| LVMHappening LLC | New York, USA | FC | 42% |
| Le Parisien Libéré | Saint-Ouen, France | FC | 42% |
| Team Diffusion | Saint-Ouen, France | FC | 42% |
| Team Media | Paris, France | FC | 42% |
| Société Nouvelle SICAVIC | Paris, France | FC | 42% |
| L.P.M. | Paris, France | FC | 42% |
| LP Management | Paris, France | FC | 42% |
| Magasins de la Samaritaine | Paris, France | FC | 41% |
| Sadifa SA | Paris, France | FC | 100% |
| Lakenblaker BV | Baarn, Netherlands | FC | 100% |
| FJG | Paris, France | FC | 100% |
| Christian Dior SE(a) | Paris, France | Parent company | |

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 1.6 and 1.25 for the revenue recognition policy for these companies.

(a) Christian Dior is a *Société Européenne* (SE) with its registered office located at 30 avenue Montaigne, 75008 Paris, France. The term of the Company is set at 99 years from October 8, 1946 until October 7, 2045.

# 8. Companies not included in the scope of consolidation

| Companies | Registered office | Ownership interest |
|---|---|---|
| CD Investissements | Paris, France | 100% |
| Société d'Exploitation Hôtelière de Saint-Tropez | Paris, France | 42% |
| Société Nouvelle de Libraire et de l'Edition | Paris, France | 42% |
| Samos 1850 | Paris, France | 42% |
| BRN Invest NV | Baarn, Netherlands | 42% |
| Toiltech | Paris, France | 37% |
| Sephora Macau Limited | Macao, China | 42% |
| Sofpar 116 | Paris, France | 42% |
| Sofpar 125 | Paris, France | 42% |
| Sofpar 128 | Bourg-de-Péage, France | 42% |
| Tina | Paris, France | 42% |
| Sofpar 132 | Paris, France | 42% |
| Nona Source | Paris, France | 42% |
| Sofpar 135 | Paris, France | 42% |
| Sofpar 136 | Paris, France | 42% |
| Sofpar 137 | Paris, France | 42% |
| Sofpar 138 | Paris, France | 42% |
| Sofpar 139 | Paris, France | 42% |
| Sofpar 141 | Paris, France | 42% |
| Sofpar 142 | Paris, France | 42% |
| Sofpar 144 | Paris, France | 42% |
| Sofpar 145 | Paris, France | 42% |
| Sofpar 146 | Paris, France | 42% |
| Omega | Paris, France | 42% |
| Sofpar 148 | Paris, France | 42% |
| Sofpar 149 | Paris, France | 42% |
| LVMH Holdings Inc. | New York, USA | 42% |

| Companies | Registered office | Ownership interest |
|---|---|---|
| Prolepsis Investment Ltd | Paris, France | 42% |
| Innovación en Marcas de Prestigio SA | Paris, France | 27% |
| MS 33 Expansion | Paris, France | 41% |
| Shinsegae International Co. Ltd LLC | Paris, France | 21% |
| Crystal Pumpkin | Florence, Italy | 41% |
| Groupement Forestier des Bois de la Celle | Cognac, France | 27% |
| Augesco | Paris, France | 21% |
| Folio St. Barths | New York, USA | 42% |
| Pedemonte | Alessandria, Italy | 42% |
| Editions Croque Futur | Paris, France | 17% |
| Sofpar 151 | Paris, France | 41% |
| Sofpar 152 | Paris, France | 41% |
| LVMH Luxury Ventures Advisors | Paris, France | 41% |
| Sofpar 154 | Paris, France | 41% |
| Enable | Paris, France | 41% |
| SNC Hôtel Les Anémones Courchevel | Lyon, France | 41% |
| Sofpar 156 | Paris, France | 41% |
| Sofpar 157 | Paris, France | 41% |
| Sofpar 158 | Paris, France | 41% |
| Sofpar 159 | Paris, France | 41% |
| Sofpar 160 | Paris, France | 41% |
| Sofpar 161 | Paris, France | 41% |
| Sofpar 162 | Paris, France | 41% |
| Sofpar 163 | Paris, France | 41% |
| Opinion Way | Paris, France | 31% |
| Arts and D | Carouge, Switzerland | 42% |

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.

# 9. Statutory Auditors' report on the consolidated financial statements

To the Shareholders' Meeting of Christian Dior SE,

## I. Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Christian Dior 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.

## II. 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.

## III. Justification of assessments

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 84.8 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 perpetual growth rates 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 1,364 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.

## IV. 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.

## V. 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, under delegation from the 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 in block tagging the consolidated financial statements according to the European Single Electronic Format, it is possible that the content of certain tags in the notes may not be displayed in exactly the same way as in 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 Christian Dior SE by the shareholders at the Shareholders' Meetings held on April 21, 2022 (for Deloitte & Associés) and May 15, 2003 (for Mazars).

As of December 31, 2022, Deloitte & Associés was in the first year of its engagement and Mazars was in its twentieth consecutive year.

## VI. 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.

## VII. 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

Courbevoie and Paris-La Défense, February 15, 2023

French original signed by

| Mazars | | Deloitte & Associés |
|---|---|---|
| Guillaume MACHIN<br>Partner | Isabelle SAPET<br>Partner | Guillaume TROUSSICOT<br>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.

# Parent company financial statements: Christian Dior



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

# 1. Income statement

| **Income/(Expenses)** *(EUR millions)* | Notes | **2022** | **2021** |
|---|---|---|---|
| Financial income from subsidiaries and investments | | 2,501.4 | 1,458.1 |
| Investment portfolio: Impairment and provisions | | (13.9) | 0.2 |
| Gains and losses on disposal | | - | - |
| Other | | (0.2) | (0.4) |
| **Income from managing subsidiaries and investments** | 4.1 | **2,487.3** | **1,457.8** |
| Proceeds/(cost) of net financial debt | 4.2 | 1.1 | (0.9) |
| Other financial income and expenses | | - | - |
| **NET FINANCIAL INCOME/(EXPENSE)** | 4 | **2,488.4** | **1,457.0** |
| Personnel costs | 5 | (0.4) | (0.7) |
| Other net management charges | 6 | (6.0) | (5.4) |
| **OPERATING PROFIT/(LOSS)** | | **(6.4)** | **(6.1)** |
| **RECURRING PROFIT BEFORE TAX** | | **2,482.0** | **1,450.8** |
| **NET EXCEPTIONAL INCOME/(EXPENSE)** | | **-** | **-** |
| Income tax income/(expense) | 7 | (30.9) | (18.0) |
| **NET PROFIT** | | **2,451.1** | **1,432.8** |

# 2. Balance sheet

## Assets

| *(EUR millions)* | Notes | | | 2022 | 2021 |
|---|---|---|---|---|---|
| | | Gross | Depreciation, amortization and impairment | Net | Net |
| Intangible assets | | 0.0 | 0.0 | 0.0 | 0.0 |
| Property, plant and equipment | | 0.3 | 0.3 | - | - |
| **Intangible assets and property, plant and equipment** | | **0.3** | **0.3** | **0.0** | **0.0** |
| Equity investments | 8 | 3,783.7 | 61.4 | 3,722.3 | 3,663.6 |
| Receivables from equity investments | 9 | 45.9 | - | 45.9 | - |
| Other non-current financial assets | | 0.0 | - | 0.0 | 0.0 |
| **Non-current financial assets** | | **3,829.7** | **61.4** | **3,768.2** | **3,663.6** |
| **NON-CURRENT ASSETS** | | **3,830.0** | **61.7** | **3,768.3** | **3,663.6** |
| Receivables | | 0.0 | - | 0.0 | 0.0 |
| Short-term investments | 10 | 16.7 | - | 16.7 | 16.7 |
| Cash and cash equivalents | | 287.3 | - | 287.3 | 100.9 |
| **CURRENT ASSETS** | | **304.0** | **-** | **304.0** | **117.6** |
| Prepayments and accrued income | | 0.1 | - | 0.1 | 0.0 |
| **TOTAL ASSETS** | | **4,134.1** | **61.7** | **4,072.4** | **3,781.2** |

## Liabilities and equity

| *(EUR millions)* | Notes | 2022 | 2021 |
|---|---|---|---|
| | | Before appropriation | Before appropriation |
| Share capital (of which, fully paid up: 361.0) | 11.1 | 361.0 | 361.0 |
| Share premium account | | 194.2 | 194.2 |
| Reserves and revaluation adjustments | | 36.4 | 36.4 |
| Retained earnings[(a)] | | 1,916.9 | 2,288.2 |
| Interim dividend | | (902.5) | (541.5) |
| **Net profit for the fiscal year** | | **2,451.1** | **1,432.8** |
| **EQUITY** | 11 | **4,057.0** | **3,771.1** |
| Other debt | 13 | 15.3 | 10.1 |
| **OTHER LIABILITIES** | | **15.3** | **10.1** |
| Accruals and deferred income | | 0.0 | - |
| **TOTAL LIABILITIES AND EQUITY** | | **4,072.4** | **3,781.2** |

(a) Dividends attributable to treasury shares were reclassified under "Retained earnings" as of December 31, 2021 and December 31, 2022.

# 3. Cash flow statement

| *(EUR millions)* | | 2022 | 2021 |
|---|---|---|---|
| I. OPERATING ACTIVITIES | | | |
| Net profit | | 2,451 | 1,433 |
| Net depreciation, amortization, impairment and provisions | | 14 | (11) |
| Dividends in kind received | | - | - |
| Net gain/(loss) on disposals | | 0 | - |
| **Cash from operations before changes in working capital** | | **2,465** | **1,422** |
| Change in current assets | | (0) | 8 |
| Change in current liabilities | | 5 | 9 |
| **Change in working capital** | | **5** | **17** |
| **Net cash from operating activities** | **I** | **2,470** | **1,440** |
| II. INVESTING ACTIVITIES | | | |
| Acquisitions of property, plant and equipment and intangible assets | | - | 0 |
| Acquisitions of equity investments | | (73) | (119) |
| Acquisitions of other long-term investments | | - | - |
| Net change in other non-current financial assets | | (46) | - |
| **Net cash from/(used in) investing activities** | **II** | **(119)** | **(119)** |
| III. FINANCING ACTIVITIES | | | |
| Capital increase | | - | - |
| Proceeds from new loans and borrowings | | - | - |
| Repayments of loans and borrowings | | - | (351) |
| Change in current accounts | | - | - |
| **Net cash from/(used in) financing activities** | **III** | **-** | **(351)** |
| IV. DIVIDENDS PAID DURING THE FISCAL YEAR | **IV** | (2,165) | (1,263) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | **I + II + III + IV** | **186** | **(294)** |
| **Cash and cash equivalents at beginning of fiscal year** | | **118** | **411** |
| **Cash and cash equivalents at end of fiscal year** | | **304** | **118** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | **186** | **(294)** |

The cash flow statement breaks down the changes in cash from one fiscal year to the next (after deducting bank overdrafts) as well as cash equivalents comprised of short-term investments, net of any impairment.

# 4. Notes to the parent company financial statements



*Amounts are expressed in millions of euros unless otherwise indicated.*

# Note 1. Business activity and key events during the fiscal year

Christian Dior SE is a listed holding company that, as of December 31, 2022, directly owned a 41.42% equity stake in LVMH Moët Hennessy Louis Vuitton SE, a listed company.

# Note 2. Accounting policies and methods

## 2.1 General framework and changes in accounting policies

The parent company financial statements have been prepared in accordance with Regulation 2014-03 dated June 5, 2014 of the Autorité des Normes Comptables, France's accounting standards authority, in accordance with the same accounting principles and methods as those used for the previous fiscal year.

General accounting conventions have been applied observing the principle of prudence in conformity with the basic assumptions of going concern, consistency of accounting methods, and accrual basis, and in conformity with the general rules for the preparation and presentation of parent company financial statements; it should be noted that the presentation of the income statement was modified in 2019.

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 managing subsidiaries and investments, the net proceeds or cost of cash and financial debt, and other items resulting from the management of subsidiaries or of debt. Net income from managing subsidiaries and investments includes all portfolio management items: dividends, changes in impairment of securities, changes in provisions for contingencies and losses related to the portfolio, and gains or losses arising on the disposal of securities.

"Operating profit/(loss)" includes costs related to the management of the Company and to the Group's management and coordination costs, personnel costs or other administrative costs.

"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)".

The accounting items recorded have been evaluated using the historical cost method.

## 2.2 Intangible assets

Software is amortized using the straight-line method over one year.

## 2.3 Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

- furniture: 10 years.

## 2.4 Non-current financial assets

Equity investments and other long-term investments are stated at acquisition cost (excluding incidental costs) or at contribution value. If their value in use as of the fiscal year-end is lower than the carrying amount, a provision is recorded in the amount of the difference.

For investments in listed companies, the value in use is generally estimated on the basis of market capitalization, the share of the company's net asset value and/or discounted forecast cash flows.

The value in use of unlisted investments is generally estimated on the basis of the share of the net asset value of the companies concerned, market comparables and/or discounted forecast cash flows.

Christian Dior shares purchased for retirement are recorded under "Non-current financial assets" and are not impaired.

Gains or losses on sales of equity investments are calculated according to the weighted average cost method and disclosed under "Income from managing subsidiaries and investments" in "Net financial income/(expense)".

In accordance with Regulation 2015-06 dated November 23, 2015 of the Autorité des Normes Comptables (France's accounting standards authority), merger losses allocated to non-current financial assets are recognized under a specific line item within the asset category concerned: "Merger losses on financial assets". Technical losses, in the amount of the equity investment previously held by the absorbing entity, correspond to unrealized gains on assets, whether recognized or not in the accounts of the absorbed entity, after deducting, unless otherwise required under accounting rules, liabilities not recognized in the accounts of the absorbed entity.

At the end of each fiscal year, the net carrying amount of each asset transferred, plus the associated technical loss, is assessed. Where applicable, if this value is lower than the real value of these assets, impairment is recorded.

Technical losses are reduced proportionately upon the sale or disposal of the assets concerned.

## 2.5 Receivables and payables

Receivables and payables are recorded at their face value. Impairment is recorded if their net realizable value, based on the probability of their collection, is lower than their carrying amount.

## 2.6 Short-term investments

Short-term investments are valued at their acquisition cost. Impairment is recorded if their acquisition cost is higher than their market value determined as follows:

- listed securities: average listed share price during the last month of the fiscal year;
- other securities: estimated realizable value or liquidation value.

In the event of partial investment sales, any gains or losses are calculated based on the FIFO method.

## 2.7 Equity

In accordance with the recommendations of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)*, interim dividends are recorded as a deduction from equity.

## 2.8 Provisions for contingencies and losses

The Company establishes a provision for definite and likely contingencies and losses at the end of each fiscal year, observing the principle of prudence.

## 2.9 Net financial income/(expense)

Due to its type of activity, the Company records sales of investments according to the following principles:

- gains or losses on sales of equity investments are calculated according to the weighted average cost method;
- gains or losses on sales of short-term investments are calculated using the FIFO method.

# Note 3. Subsequent events

As of January 26, 2023, the date on which the financial statements were approved for publication, no subsequent events had occurred that would call into question the assumptions used in preparing the financial statements for the fiscal year ended December 31, 2022.

# Note 4. Net financial income/(expense)

## 4.1 Income from managing subsidiaries and investments

The income from managing subsidiaries and investments breaks down as follows:

| *(EUR millions)* | 2022 | 2021 |
|---|---|---|
| Dividends received | 2,501.4 | 1,458.1 |
| **Financial income from subsidiaries and investments** | **2,501.4** | **1,458.1** |
| Changes in impairment | (13.9) | 0.2 |
| Changes in provisions for contingencies and losses | - | - |
| **Impairment and provisions related to subsidiaries and investments** | **(13.9)** | **0.2** |
| Other | (0.2) | (0.4) |
| **Income from managing subsidiaries and investments** | **2,487.3** | **1,457.8** |

See also Note 12 concerning the change in impairment and provisions.

## 4.2 Cost of net financial debt

The cost of net financial debt breaks down as follows:

| *(EUR millions)* | 2022 | 2021 |
|---|---|---|
| Interest and premiums on borrowings | (0.3) | (0.9) |
| Other financial income/(expenses) | 0.0 | 0.0 |
| **Proceeds/(cost) of non-Group net financial debt** | **(0.3)** | **(0.9)** |
| Intra-Group interest expense | - | - |
| Intra-Group interest income | 1.4 | - |
| **Proceeds/(cost) of intra-Group net financial debt** | **1.4** | **-** |
| **Proceeds/(cost) of net financial debt** | **1.1** | **(0.9)** |

# Note 5. Personnel costs

In 2022, personnel costs included gross compensation and employer social security contributions.

During the 2022 fiscal year, gross compensation of 200 thousand euros was paid to the individuals who served as Chief Executive Officer: in addition, in January 2023, 141 thousand euros was paid in compensation for serving as a Director in fiscal year 2022.

# Note 6. Other net management charges

Other management charges mainly consist of expenses under the assistance agreement entered into with Agache SCA.

# Note 7. Income taxes

## 7.1 Breakdown of corporate income tax

Corporate income tax breaks down as follows, according to the presentation adopted for profit before tax:

| *(EUR millions)* | Pre-tax | Tax (expense)/ income | Post-tax |
|---|---|---|---|
| Recurring profit | 2,482.0 | (30.9) | 2,451.1 |
| Net exceptional income/(expense) | - | - | - |
| | **2,482.0** | **(30.9)** | **2,451.1** |

## 7.2 Tax position

Since January 1, 2018, Christian Dior SE has been a member of the tax consolidation group of which Agache SCA is the consolidating parent company.

Christian Dior calculates and recognizes its tax expense as if it were individually subject to tax, and remits this amount to the consolidating parent company.

# Note 8. Equity investments

| *(EUR millions)* | Dec. 31, 2022 | Dec. 31, 2021 |
|---|---|---|
| Gross amount of equity investments | 3,783.7 | 3,711.1 |
| Impairment expense | (61.4) | (47.5) |
| **Carrying amount of equity investments** | **3,722.3** | **3,663.6** |

The change in the carrying amount of equity investments was mainly due to the acquisition of LVMH Moët Hennessy Louis Vuitton SE shares and subscription to capital increases carried out by subsidiaries (under the terms described in Note 2.4).

The investment portfolio is presented in the "Subsidiaries and equity investments" table.

The methods used to calculate the impairment of equity investments are described in Note 2.4.

The change in impairment of the investment portfolio is broken down in Note 12.

# Note 9. Receivables from equity investments

The balance of receivables from equity investments breaks down as follows:

| *(EUR millions)* | December 31, 2022 | | | Gross amounts by maturity | | *Of which: Related companies* |
|---|---|---|---|---|---|---|
| | Gross | Impairment | Net | Up to 1 year | More than 1 year | |
| | 45.9 | - | 45.9 | 0.1 | 45.8 | *45.9* |
| **Total** | **45.9** | **-** | **45.9** | **0.1** | **45.8** | ***45.9*** |

Receivables from equity investments comprise advances granted to a subsidiary under a bilateral medium-term agreement.

# Note 10. Short-term investments

## 10.1 Treasury shares

As of December 31, 2022, the value of the treasury shares held was allocated as follows:

| *(EUR millions)* | As of December 31, 2022 | | | |
|---|---|---|---|---|
| | Number of shares | Gross carrying amount | Impairment | Net carrying amount |
| Shares intended to be granted to employees and allocated to specific plans | - | - | - | - |
| Shares available to be granted to employees | 96,936 | 16.7 | - | 16.7 |
| **Short-term investments** | **96,936** | **16.7** | **-** | **16.7** |

There were no portfolio movements during the fiscal year.

## 10.2 Stock option and similar plans

### 10.2.1 Share purchase option plans

At the Company's 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 on June 21, 2024, 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 the date of this authorization.

Each share purchase option plan has a term of ten years. Provided the conditions set by the plan are met, options may be exercised after a four-year period from the plan's commencement date.

No Christian Dior share purchase or subscription option plans were in effect during the fiscal year.

### 10.2.2 Bonus share and performance 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 on June 21, 2024, to grant existing or newly issued shares as bonus shares to Group company employees and/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.

For plans put in place after November 30, 2015, bonus shares awarded to all recipients vest – provided certain conditions are met and irrespective of their residence for tax purposes – after a three-year vesting period, without any subsequent holding period.

The plans combine awards of bonus shares and of performance shares in proportions determined in accordance with the recipient's level in the hierarchy and status.

No Christian Dior bonus share or performance share plans were in effect during the fiscal year.

Vesting of such shares does not lead to any dilution for shareholders, since they are allocations of existing shares.

### 10.2.3 Performance conditions

Most of the share purchase option plans and bonus share plans are subject to performance conditions that determine vesting.

For the plans set up after November 30, 2015, performance shares only vest, in addition to the continued service condition under which recipients must still be with the Group, if Christian Dior's consolidated financial statements for calendar years Y+1 and Y+2 after the year the plan was set up show a positive change compared to calendar year Y with respect to one or more of the following indicators: the Group's profit from recurring operations, net cash from operating activities and operating investments, and current operating margin. 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.

# Note 11. Equity

## 11.1 Share capital

As of December 31, 2022, the share capital consisted of 180,507,516 fully paid-up shares, each with a par value of 2 euros per share, including 130,155,394 shares with double voting rights.

## 11.2 Change in equity

| *(EUR millions)* | |
|---|---|
| **Equity as of December 31, 2021 (prior to appropriation of net profit)** | **3,771.1** |
| Net profit for the fiscal year ended December 31, 2022 | 2,451.1 |
| Dividends paid for the fiscal year ended December 31, 2021 | (1,263.6) |
| Impact of treasury shares | 1.0 |
| Interim dividends for the fiscal year ended December 31, 2022 | (902.5) |
| **Equity as of December 31, 2022 (prior to appropriation of net profit)** | **4,057.0** |

The appropriation of net profit for fiscal year 2021 was approved at the Combined Shareholders' Meeting of April 21, 2022.

# Note 12. Changes in impairment

Changes in asset impairment and provisions for contingencies and losses during the fiscal year break down as follows:

| *(EUR millions)* | **Amount as of January 1, 2022** | **Provisions during the fiscal year** | **Reversals during the fiscal year** | **Amount as of December 31, 2022** |
|---|---|---|---|---|
| Equity investments | 47.5 | 14.2 | 0.2 | 61.4 |
| **Asset impairment** | **47.5** | **14.2** | **0.2** | **61.4** |
| **Total** | **47.5** | **14.2** | **0.2** | **61.4** |

# Note 13. Other debt

| *(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** | | |
| Trade accounts payable | 0.7 | 0.7 | - | - | *0.7* | *0.4* |
| Tax and social security liabilities | 0.1 | 0.1 | - | - | *0.1* | - |
| Other debt | 14.5 | 14.5 | - | - | - | *13.9* |
| *Of which: Tax consolidation current account* | *13.9* | *13.9* | - | - | - | *13.9* |
| **Other debt** | **15.3** | **15.3** | **-** | **-** | ***0.8*** | ***14.2*** |

# Note 14. Other information

## 14.1 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 significant amounts and under conditions other than normal market conditions.

## 14.2 Identity of the consolidating parent companies

| **Company name** | **Registered office** | **SIREN** |
|---|---|---|
| Financière Agache | 11 rue François 1er<br>75008 Paris (France) | 775 625 767 |
| Agache | 41 avenue Montaigne<br>75008 Paris (France) | 314 685 454 |

# Note 15. Financial commitments

### Commitments received

Christian Dior SE has access to a confirmed credit line entered into with a bank, of which the undrawn amount available totaled 200 million euros as of December 31, 2022.

# 5. Subsidiaries and equity investments

| *(EUR millions)* | Carrying amount of shares held | | Dividends received in 2022 | Loans and advances provided | Deposits and sureties granted |
|---|---|---|---|---|---|
| | Gross | Net | | | |
| **Information on subsidiaries and equity investments** | | | | | |
| **1. Subsidiaries (more than 50% held)** | | | | | |
| – French subsidiaries | 32.8 | 18.6 | - | 45.9 | - |
| – Foreign subsidiaries | 56.0 | 8.7 | - | - | - |
| **2. Equity investments (between 10% and 50% held)** | | | | | |
| – LVMH Moët Hennessy Louis Vuitton SE | 3,591.2 | 3,591.2 | 2,501.4 | - | - |
| **Total** | **3,680.0** | **3,618.6** | **2,501.4** | **45.9** | **-** |

# 6. Company results over the last five fiscal years

| *(EUR millions, except earnings per share, expressed in euros)* | **Dec. 31, 2018** | **Dec. 31, 2019** | **Dec. 31, 2020** | **Dec. 31, 2021** | **Dec. 31, 2022** |
|---|---|---|---|---|---|
| **1. Share capital** | | | | | |
| Share capital | 361.0 | 361.0 | 361.0 | 361.0 | 361.0 |
| Number of ordinary shares outstanding | 180,507,516 | 180,507,516 | 180,507,516 | 180,507,516 | 180,507,516 |
| Maximum number of future shares to be created: | | | | | |
| – through exercise of equity warrants | - | - | - | - | - |
| – through exercise of share subscription options | - | - | - | - | - |
| **2. Operations and profit for the fiscal year** | | | | | |
| Revenue before taxes | - | - | - | - | - |
| Profit before taxes, depreciation, amortization, impairment and movements in provisions | 1,007.2 | 1,207.8 | 947.9 | 1,440.3 | 2,495.9 |
| Income tax (income)/expense | (0.1) | 5.0 | 9.8 | 18.0 | 30.9 |
| Profit after taxes, depreciation, amortization, impairment and movements in provisions | 1,031.0 | 1,215.5 | 934.3 | 1,432.8 | 2,451.1 |
| Profit distributed as dividends[(a)] | 1,083.0 | 6,498.3 | 1,083.0 | 1,805.1 | 2,166.1 |
| **3. Earnings per share** *(EUR)* | | | | | |
| Earnings per share after taxes but before depreciation, amortization, impairment and movements in provisions | 5.58 | 6.66 | 5.20 | 7.88 | 13.66 |
| Earnings per share after taxes, depreciation, amortization, impairment and movements in provisions | 5.71 | 6.73 | 5.18 | 7.94 | 13.58 |
| Gross dividend distributed per share[(b)] | 6.00 | 34.00[(d)] | 6.00 | 10.00 | 12.00 |
| **4. Employees** | | | | | |
| Average number of employees | - | - | - | - | - |
| Total payroll[(c)] | 15.6 | 1.3 | 0.2 | 7.2 | 0.2 |
| Amounts paid in respect of employee benefits | 1.7 | 2.1 | 0.1 | 3.7 | 0.1 |

(a) Amount of the distribution resulting from the resolution of the Shareholders' Meeting, before the impact of Christian Dior treasury shares held as of the distribution date. For the fiscal year ended December 31, 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.
(b) Excluding the impact of tax regulations applicable to recipients.
(c) Including provisions, on plans deemed exercisable relating to share purchase options and awards of bonus shares and performance shares, recognized under "Personnel costs".
(d) Of which 4.80 euros per share as an ordinary component and 29.20 euros per share as an exceptional component.

# 7. Statutory Auditors' report on the parent company financial statements

To the Shareholders' Meeting of Christian Dior SE

## I. Opinion

In compliance with the engagement entrusted to us by the Shareholders' Meeting, we have audited the accompanying parent company financial statements of Christian Dior 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.

## II. 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.

## III. 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 are required to 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.

We determined that there were no key audit matters to disclose in our report.

## IV. 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.

## V. Other verifications or information required by laws and regulations

### Presentation format for the parent company financial statements 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 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, under delegation from the Chief Executive Officer.

On the basis of our work, we concluded that the presentation of the parent company financial statements 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 Christian Dior SE by the shareholders at the Shareholders' Meetings held on May 15, 2003 (for Mazars) and April 21, 2022 (for Deloitte & Associés).

As of December 31, 2022, Mazars was in the twentieth consecutive year of its engagement and Deloitte & Associés was in its first year.

## VI. 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.

## VII. 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.

Courbevoie and Paris-La Défense, February 15, 2023

The Statutory Auditors

French original signed by

| Mazars | | Deloitte & Associés |
|---|---|---|
| Isabelle SAPET | Guillaume MACHIN | Guillaume TROUSSICOT |

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.

# 8. Statutory Auditors' special report on related-party agreements

To the Shareholders' Meeting of Christian Dior 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 the 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.

## I. Agreements submitted for approval at the Shareholders' Meeting

### 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.

## II. 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.

### 1. With LVMH Moët Hennessy Louis Vuitton SE: Service agreement

*Persons concerned*

- Bernard Arnault, Chairman of the Board of Directors of your Company, and Chairman and Chief Executive Officer of LVMH Moët Hennessy Louis Vuitton SE;
- Antoine Arnault, Chief Executive Officer and Vice-Chairman of the Board of Directors of your Company (since December 2022), and a Director of LVMH Moët Hennessy Louis Vuitton SE;
- Delphine Arnault, a Director of your Company and of LVMH Moët Hennessy Louis Vuitton SE;
- Nicolas Bazire, a Director of your Company and of LVMH Moët Hennessy Louis Vuitton 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 the Company and LVMH SE, remained in effect in 2022.

Annual remuneration is 60,000 euros excluding taxes. Under this agreement, Christian Dior SE incurred an expense of 72,000 euros (including taxes) for fiscal year 2022.

## 2. With Agache SCA: Assistance agreement

*Persons concerned*

- Bernard Arnault, Chairman of the Board of Directors of your Company, and Chairman of the Executive Board of Agache SE, then Managing Director and General Partner of Agache SCA (following its conversion 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, Chief Executive Officer and Vice-Chairman of the Board of Directors of your Company (since December 2022), and a member of the Executive Board of Agache SE (until its conversion into an SCA on December 6, 2022);
- Delphine Arnault, a Director of your Company and Vice-Chairman of the Supervisory Board of Agache SE (until its conversion into an SCA 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 into an SCA on December 6, 2022).

*Nature, purpose and conditions*

The assistance agreement of November 27, 1995, amended on March 27, 2003 and again on June 30, 2020, entered into between your Company and Agache, remained in effect in 2022. Remuneration totaled 2,408,000 euros excluding taxes for fiscal year 2022.

During the fiscal year ended December 31, 2022, your Company paid 2,962,234 euros (including taxes) to Agache in respect of this agreement.

## Agreements approved in prior fiscal years but not in effect during the fiscal year under review

We have also been notified of the ongoing implementation of the following agreements, which were approved at a Shareholders' Meeting in a prior fiscal year but were not in effect during the fiscal year under review.

## 1. With Sidney Toledano: Non-compete clause

*Persons concerned*

- Sidney Toledano: Chief Executive Officer and a Director of your Company (until December 2022).

*Nature, purpose and conditions*

This non-compete clause, made in the interest of your Group, provides for the payment, for a period of 12 months, of compensation equal to his monthly average gross salary received over the 12 months preceding the effective termination of his employment contract.

Your Company did not incur any expenses in respect of this commitment for fiscal year 2022.

Courbevoie and Paris-La Défense, February 15, 2023

The Statutory Auditors

French original signed by

| Mazars | | Deloitte & Associés |
|---|---|---|
| Isabelle SAPET | Guillaume MACHIN | Guillaume TROUSSICOT |

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# Other information

## General information regarding the parent company and its share capital; stock market information

# 1. Information regarding the parent company

## 1.1 Role of the parent company within the Group

Christian Dior SE is a holding company that held 41.42% of the share capital and 56.86% of the voting rights of LVMH exercisable at Shareholders' Meetings as of December 31, 2022.

## 1.2 General information

**Company name** (Article 3 of the Bylaws): Christian Dior.

**Registered office** (Article 4 of the Bylaws): 30 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 December 9, 2014.

**Jurisdiction** (Article 1 of the Bylaws): Company governed by European Community and national provisions in effect, and by the Bylaws.

**Trade and Companies Register**: The Company is registered in the Paris Trade and Companies Register under number 582 110 987. APE code (company activity code): 6420Z.

**Legal Entity Identifier** (LEI): 969500WESYQMQ1F2C272.

**Date of incorporation – Term** (Article 5 of the Bylaws): Christian Dior was incorporated on October 8, 1946 for a term of 99 years, which expires on October 7, 2045, unless the Company is dissolved early or extended by a resolution at the Extraordinary Shareholders' Meeting.

**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 Annual Report can be found on the Company's website, with the exception of the minutes of Shareholders' Meetings.

**Website**: www.dior-finance.com.

## 1.3 Additional information

The text of the Bylaws is presented in full on the Company's website, www.dior-finance.com.

**Corporate purpose** (Extract from Article 2 of the Bylaws): The taking and management of interests in any company or entity, whether commercial, industrial, or financial, whose direct or indirect activity involves the manufacture and/or distribution of prestige products, through the acquisition, in any form whatsoever, of shares, corporate interests, bonds, other securities or investment rights.

**Board of Directors** (Extracts from Articles 9, 10, 11, 12, 13 and 15 of the Bylaws)

- The Company is administered by a Board of Directors composed of at least three and no more than eighteen members, appointed by the Shareholders' Meeting for a term of office lasting three years.

  A legal entity may be appointed as a Director but is required, at the time of its appointment, to designate an individual who shall serve as its Permanent Representative on the Board of Directors.

  Each Director must own at least two hundred shares in the Company for the entire duration of his/her/its term of office.

  No one over the age of eighty-five shall be appointed as a Director if, as a result of his/her appointment, the number of Directors over eighty-five would exceed one-third of the Board members. The number of members of the Board of Directors who are more than eighty-five 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.

  The duties of a Director 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 more Directors, the Board of Directors may make provisional appointments between two Shareholders' Meetings, subject to their ratification by the next Ordinary Shareholders' Meeting.

  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.

The Chairman of the Board of Directors cannot be more than eighty years old, subject to the eighteenth resolution being approved at the Shareholders' Meeting of April 20, 2023. 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 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 Board of Directors shall meet as often as is required by the interests of the Company, and in any event at least once per quarter.

  Meetings are held at the registered office or at any other location specified in the convening notice.

  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.

  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; in the event of a tie vote, the Chairman's vote is the deciding vote. Pursuant to Article L. 225-37 of the French Commercial Code, the Board of Directors may cast votes in writing, as provided by law.

- 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 "raison d'être" (purpose). 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 15 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 seventy-five. If the Chief Executive Officer reaches this age limit while in office, he/she will automatically be considered to have resigned 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 14a of the Bylaws)

Between one and three Advisory Board members may be appointed. Their appointment or dismissal is subject to the same rules as those applying to Directors.

Advisory Board members are convened to the meetings of the Board of Directors, in which they have a consultative vote.

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** (Extracts from Articles 17 to 23 of the Bylaws)

Shareholders' Meetings are convened and held as provided by law.

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.

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 address their proxy form and/or their voting form for any Shareholders' Meeting, in accordance with applicable laws and regulations, either by mail or, if decided by the Board of Directors, electronically.

Meetings are held at the registered office or at any other place mentioned in the convening notice.

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 Vice-Chairman of the Board of Directors or, in the absence of both of these individuals, by a member of the Board of Directors appointed by the Board for that purpose; if no Chairman has been appointed, the shareholders at the meeting elect its Chairman.

In most cases, the agenda of the Meeting is set by the person convening the Meeting.

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.

**Rights, preferences and restrictions attached to shares** (Extracts from Articles 6, 8, 17 and 30 of the Bylaws)

All shares belong to the same category, whether issued in registered or bearer form. Shareholders have as many votes as they hold shares.

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.

**Crossing of shareholding thresholds** (Extract from Article 8 of the Bylaws): Independently of legal obligations, the Bylaws stipulate that any individual or legal entity that becomes the owner of a number of shares representing more than 1% of the capital must inform the Company within eight days of crossing this threshold. The same obligation applies whenever the portion of capital held crosses the threshold of 1% once again. It ceases to apply when the shareholder in question reaches the threshold of 60% of the share capital.

**Fiscal year** (Extract from Article 24 of the Bylaws): From January 1 to December 31 each year.

**Distribution of profits** (Extract from Article 26 of the Bylaws): The Shareholders' Meeting may deduct from the profit for the fiscal year such sums as it deems appropriate, either to be carried forward to the following fiscal year, or to be applied to one or more general or special reserve funds, whose allocation or use it shall freely determine. Any remaining balance is to be distributed among all shareholders in the form of a dividend, prorated in accordance with the share capital represented by each share.

**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 and January 26, 2023, the Company's share capital was 361,015,032 euros, consisting of 180,507,516 fully paid-up shares with a par value of 2 euros each. The shares issued by the Company are all of the same class. Of these 180,507,516 shares, 130,155,394 shares conferred double voting rights as of December 31, 2022.

## 2.2 Authorized share capital

As of December 31, 2022, the Company's authorized share capital was 481,015,032 euros, divided into 240,507,516 shares with a par value of 2 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 8 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)* | Type of transaction | Number of shares | Change in capital | | Capital after transaction | |
|---|---|---|---|---|---|---|
| | | | Par value | Issue premium | Amount | Total number of shares |
| **As of December 31, 2019** | | | | | **361,015,032** | **180,507,516** |
| Fiscal year 2020 | None | - | - | - | 361,015,032 | 180,507,516 |
| Fiscal year 2021 | None | - | - | - | 361,015,032 | 180,507,516 |
| Fiscal year 2022 | None | - | - | - | 361,015,032 | 180,507,516 |
| **As of December 31, 2022** | | | | | **361,015,032** | **180,507,516** |

# 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 180,507,516 shares:

- 174,611,712 pure registered shares;
- 2,047,215 administered registered shares;
- 3,848,589 bearer shares.

Taking into consideration treasury shares, 180,410,580 shares carried voting rights, of which 130,155,394 shares carried double voting rights.

As of December 31, 2022, the Company's share ownership was as follows:

| Shareholders | Number of shares | Number of voting rights(a) | % of share capital | % of voting rights |
|---|---|---|---|---|
| Arnault family group | 175,997,947 | 305,618,659 | 97.50 | 98.41 |
| – *Of which: Financière Agache* | *173,288,273* | *300,239,043* | *96.00* | *96.67* |
| Treasury shares | 96,936 | - | 0.05 | - |
| Other shareholders | 4,412,633 | 4,947,315 | 2.45 | 1.59 |
| **Total as of December 31, 2022** | **180,507,516** | **310,565,974** | **100.00** | **100.00** |

(a) Voting rights exercisable at Shareholders' Meetings.

As of December 31, 2022, a total of 171 registered shareholders held at least 100 shares each.

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 Board of Directors directly held 0.6% of the Company's share capital and voting rights, personally and as registered shares.

As of December 31, 2022, the Company held 96,936 shares as treasury shares recognized as short-term investments, with the objective of covering commitments for share purchase option and bonus share plans. 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 0.15% of the share capital, in employee savings plans and in registered form as bonus shares identified as having been awarded pursuant to an authorization by the Shareholders' Meeting subsequent to the Act passed on August 6, 2015.

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 *(associée commanditée)* of Agache SCA, Agache Commandité SAS (i) informed the AMF (notice published on December 9, 2022) and the Company that it had indirectly exceeded on December 6, 2022 the statutory thresholds of 5%, 10%, 15%, 20%, 25%, 30%, one-third, 50%, two-thirds, 90% and 95% of the Company's share capital and voting rights and (ii) informed the Company that it had indirectly exceeded the thresholds specified in the Bylaws of between 1% (inclusive) and 59% (inclusive) of the share capital, although the obligation to inform the Company that the thresholds specified in the Bylaws have been exceeded ceases to apply when the portion of capital held is equal to or greater than 60% of the Company's 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 January 26, 2023, 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 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(a) | % of voting rights exercisable at SM(a) |
|---|---|---|---|---|---|---|
| Arnault family group | 175,997,947 | 97.50 | 305,618,659 | 98.38 | 305,618,659 | 98.41 |
| *- Of which: Financière Agache* | *173,288,273* | *96.00* | *300,239,043* | *96.64* | *300,239,043* | *96.67* |
| Treasury shares | 96,936 | 0.05 | 96,936 | 0.03 | - | - |
| Free-float registered | 603,776 | 0.34 | 1,138,458 | 0.37 | 1,138,458 | 0.37 |
| Free-float bearer | 3,808,857 | 2.11 | 3,808,857 | 1.22 | 3,808,857 | 1.22 |
| **Total** | **180,507,516** | **100.00** | **310,662,910** | **100.00** | **310,565,974** | **100.00** |

(a) SM: Shareholders' Meeting.

### As of December 31, 2021

| Shareholders | Number of shares | % of share capital | Theoretical voting rights | % of theoretical voting rights | Voting rights exercisable at SM(a) | % of voting rights exercisable at SM(a) |
|---|---|---|---|---|---|---|
| Arnault family group | 175,997,947 | 97.50 | 305,491,769 | 98.37 | 305,491,769 | 98.40 |
| *- Of which: Financière Agache* | *173,288,273* | *96.00* | *300,239,043* | *96.68* | *300,239,043* | *96.71* |
| Treasury shares | 96,936 | 0.05 | 96,936 | 0.03 | - | - |
| Free-float registered | 609,596 | 0.34 | 1,161,766 | 0.37 | 1,161,766 | 0.37 |
| Free-float bearer | 3,803,037 | 2.11 | 3,803,037 | 1.22 | 3,803,037 | 1.22 |
| **Total** | **180,507,516** | **100.00** | **310,553,508** | **100.00** | **310,456,572** | **100.00** |

(a) SM: Shareholders' Meeting.

### As of December 31, 2020

| Shareholders | Number of shares | % of share capital | Theoretical voting rights | % of theoretical voting rights | Voting rights exercisable at SM(b) | % of voting rights exercisable at SM(b) |
|---|---|---|---|---|---|---|
| Arnault family Group(a) | 175,997,947 | 97.50 | 302,885,655 | 98.41 | 302,885,655 | 98.44 |
| *- Of which: Financière Agache* | *171,917,039* | *95.24* | *296,518,401* | *96.34* | *296,518,401* | *96.37* |
| Treasury shares | 96,936 | 0.05 | 96,936 | 0.03 | - | - |
| Free-float registered | 620,938 | 0.34 | 1,015,256 | 0.33 | 1,015,256 | 0.33 |
| Free-float bearer | 3,791,695 | 2.10 | 3,791,695 | 1.23 | 3,791,695 | 1.23 |
| **Total** | **180,507,516** | **100.00** | **307,789,542** | **100.00** | **307,692,606** | **100.00** |

(a) Aside from the shares and voting rights held by Financière Agache SA, which absorbed Semyrhamis SA effective December 15, 2020, the Arnault family and companies it controls directly or indirectly held 2.26% of the Company's share capital and 2.08% of the voting rights exercisable at Shareholders' Meetings.
(b) SM: Shareholders' Meeting.

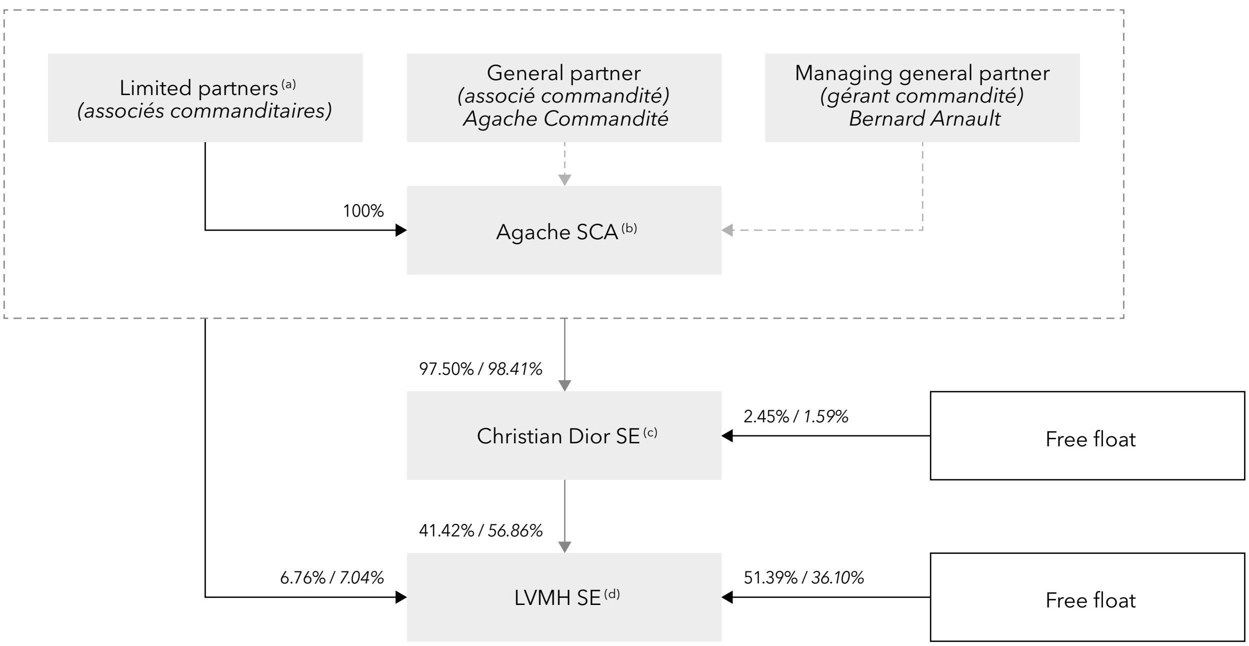
## 3.3 Pledges of pure registered shares by main shareholders

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, 97.50% of the share capital of the Company (i.e. 175,997,947 shares) and 98.41% of the voting rights that may be exercised at Shareholders' Meetings, of which 96.00% of the share capital of the Company (i.e. 173,288,273 shares) and 96.67% of the voting rights that may be exercised at Shareholders' Meetings, via Financière Agache SA.

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 Christian Dior

## 4.1 Market for Christian Dior shares

During fiscal year 2022, global stock markets were adversely affected by monetary tightening policies adopted by the main central banks to combat sharply rising inflation mainly fueled by soaring energy (gas and oil) and food prices. The Russian invasion of Ukraine, fears of a global recession and the continuing zero-Covid policy in China also weighed on stock markets throughout the year. Against this backdrop, the US market lost almost 20%, followed by China (down 19%) and Europe (down 12%).

In 2022, inflation rates significantly exceeded US and European central bank targets, peaking at 10.6% in the United States and 9.1% in Europe and prompting the US Federal Reserve and the European Central Bank to raise their benchmark interest rates by 425 and 250 basis points respectively over the course of the year. At the same time, these central banks began to downsize their balance sheets by further scaling back their asset purchase programs.

This brought an end to the phenomenon of negative interest rates in Europe, with German 10-year sovereign yields ending the year at an annual high of 2.6%, compared with -0.2% at year-end 2021, and their Italian counterparts ending the year at 4.7%, close to their highest level that year. Meanwhile, US 10-year sovereign yields rose to 4.3% before falling back to end the year at 3.8%, up around 2.3% year on year.

For much of the year, the US dollar benefited from the rapid rise in US interest rates, appreciating against other major currencies to reach 0.95 dollars to the euro at the end of the third quarter before losing some of its gains to end the year at 1.07 dollars to the euro.

Oil prices were highly volatile, rising from 79 dollars a barrel at the beginning of the year to over 120 dollars a barrel following the Russian invasion of Ukraine before falling back below 100 dollars a barrel amid recessionary fears in the second half and ending the year at 85 dollars a barrel.

Gold followed a similar trend, rising from 1,815 US dollars an ounce at year-end 2021 to over 2,000 dollars an ounce at the beginning of March before ending the year virtually unchanged at 1,824 dollars an ounce.

Despite this adverse environment, growth proved resilient in both the United States and Europe, supported by a still buoyant US labor market and firm domestic demand in Europe. GDP growth for 2022 is expected to come in at around 2% for the United States and over 3% for Europe.

In China, the government's zero-Covid policy and the deterioration in the real estate market hampered growth, which is likely to come in below 3% for 2022, whereas inflation remained moderate compared with the rest of the world.

In Japan, the central bank maintained its monetary policy unchanged and a new stimulus package, equating to 7% of GDP, was adopted.

In this environment, the Christian Dior share price recorded a slight decrease of 6% between January 1 and December 31, 2022, compared with decreases of 12% and 10% in the Euro Stoxx 50 and the Euronext 100, respectively. Over the same period, the S&P 500 lost 19%, Japan's Topix fell 5% and the Shanghai SE 180 lost 19%. Christian Dior's closing share price on December 31, 2022 was 681 euros. As of the same date, Christian Dior's stock market capitalization was 122.9 billion euros.

## Market for the issuer's shares

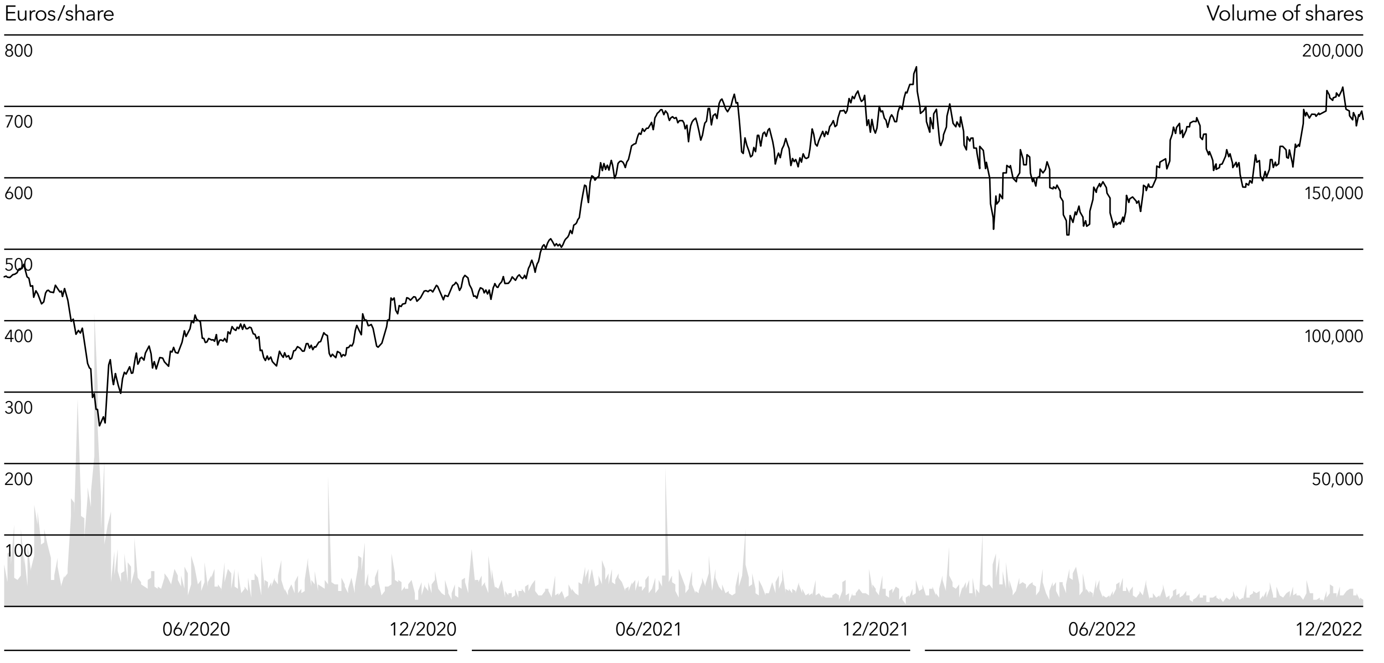
Christian Dior's shares are listed on Compartment A of Euronext Paris (Reuters: DIOR.PA; Bloomberg: CDI FP; ISIN: FR0000130403).

### Trading volumes and amounts on Euronext Paris and share price movement over the last twelve months

| | **Opening price, first day** *(EUR)* | **Closing price, last day** *(EUR)* | **Highest share price**[(a)] *(EUR)* | **Lowest share price**[(a)] *(EUR)* | **Number of shares traded** | **Value of shares traded** *(EUR millions)* |
|---|---|---|---|---|---|---|
| January 2022 | 730 | 685 | 755.5 | 638 | 142,382 | 97 |
| February 2022 | 687.5 | 638.5 | 709.5 | 590.5 | 143,557 | 94 |
| March 2022 | 622 | 618.5 | 642.5 | 513 | 204,955 | 120 |
| April 2022 | 621.5 | 590 | 638 | 576 | 123,711 | 75 |
| May 2022 | 580 | 580 | 590 | 516 | 165,453 | 91 |
| June 2022 | 581 | 566 | 599.5 | 525 | 114,923 | 64 |
| July 2022 | 561 | 661.5 | 669 | 551 | 88,806 | 53 |
| August 2022 | 663 | 623.5 | 685.5 | 621 | 70,859 | 47 |
| September 2022 | 617 | 595.5 | 646.5 | 576.5 | 67,259 | 41 |
| October 2022 | 591.5 | 626.5 | 648 | 580 | 89,996 | 55 |
| November 2022 | 636 | 724 | 725 | 605.5 | 80,453 | 54 |
| December 2022 | 720 | 681 | 734.5 | 671.5 | 81,478 | 57 |

Source: Euronext.
(a) Intra-day share price.

### Christian Dior share price over time and volume of shares traded on Euronext Paris




### Stock market capitalization

| *(EUR millions)* | |
|---|---|
| As of December 31, 2019 | 82,456 |
| As of December 31, 2020 | 82,059 |
| As of December 31, 2021 | 131,770 |
| As of December 31, 2022 | 122,926 |

## 4.2 Share repurchase program

The Company did not purchase or sell any shares in 2022 under the share repurchase program.

## 4.3 Bonds issued by Christian Dior

As of December 31, 2022, no bonds issued by Christian Dior were admitted to trading.

## 4.4 Dividend

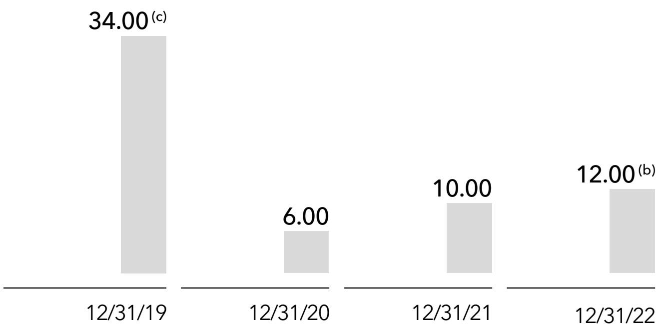
A gross cash dividend of 12 euros per share is being proposed for the fiscal year ended December 31, 2022. Based on the number of shares making up the share capital as of December 31, 2022 (180,507,516 shares), Christian Dior's gross cash dividend would amount to 2.2 billion euros for the fiscal year ended December 31, 2022, before the effect of treasury shares.

### Dividend distribution in respect of fiscal years 2019 to 2022

| **Fiscal year** | **Gross cash dividend[(a)] per share** *(EUR)* | **Gross cash dividend distribution** *(EUR millions)* |
|---|---|---|
| December 31, 2022[(b)] | 12.00 | 2,166 |
| December 31, 2021 | 10.00 | 1,805 |
| December 31, 2020 | 6.00 | 1,083 |
| December 31, 2019 | 34.00[(c)] | 6,137 |

(a) Excluding the impact of tax regulations applicable to recipients.
(b) Proposed at the Shareholders' Meeting of April 20, 2023.
(c) Of which 4.80 euros as an ordinary component and 29.20 euros as an exceptional component.

**Gross cash dividend[(a)] per share** *(EUR)*




(a) Excluding the impact of tax regulations applicable to recipients.
(b) Proposed at the Shareholders' Meeting of April 20, 2023.
(c) Of which 4.80 euros as an ordinary component and 29.20 euros as an exceptional component.

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 share capital

As of December 31, 2022, Christian Dior SE's share capital was 361,015,032 euros, consisting of 180,507,516 fully paid-up shares with a par value of 2 euros each.

The number of shares did not change during the fiscal year.

## 4.6 Performance per share

| *(EUR)* | **2022** | **2021** |
|---|---|---|
| Diluted Group share of earnings per share | 32.11 | 27.40 |
| Dividend | 12.00[(a)] | 10.00 |
| Change compared to previous fiscal year | +20% | +66% |
| Highest share price (intra-day) | 755.50 | 733.50 |
| Lowest share price (intra-day) | 513.00 | 427.60 |
| Share price as of December 31 (closing price) | 681.00 | 730.00 |
| Change compared to previous fiscal year | -6.7% | +60.6% |

(a) Proposed at the Shareholders' Meeting of April 20, 2023.

# Statement by the person responsible for the Annual Report

We declare, having taken all reasonable care to ensure that such is the case, that the information contained in this Annual Report 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 as well as a description of the main risks and uncertainties faced by all of these entities.

Paris, March 29, 2023

Under delegation from the Chief Executive Officer

Aymeric LE CLERE

Chief Financial Officer

Design and production: Agence Marc Praquin

Christian Dior

30, avenue Montaigne – Paris 8e